



Organization of the Petroleum Exporting Countries

Oil and gas: the engine of the world economy

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Indonesian Governor for OPEC
Acting for the Secretary General

Delivered on behalf of

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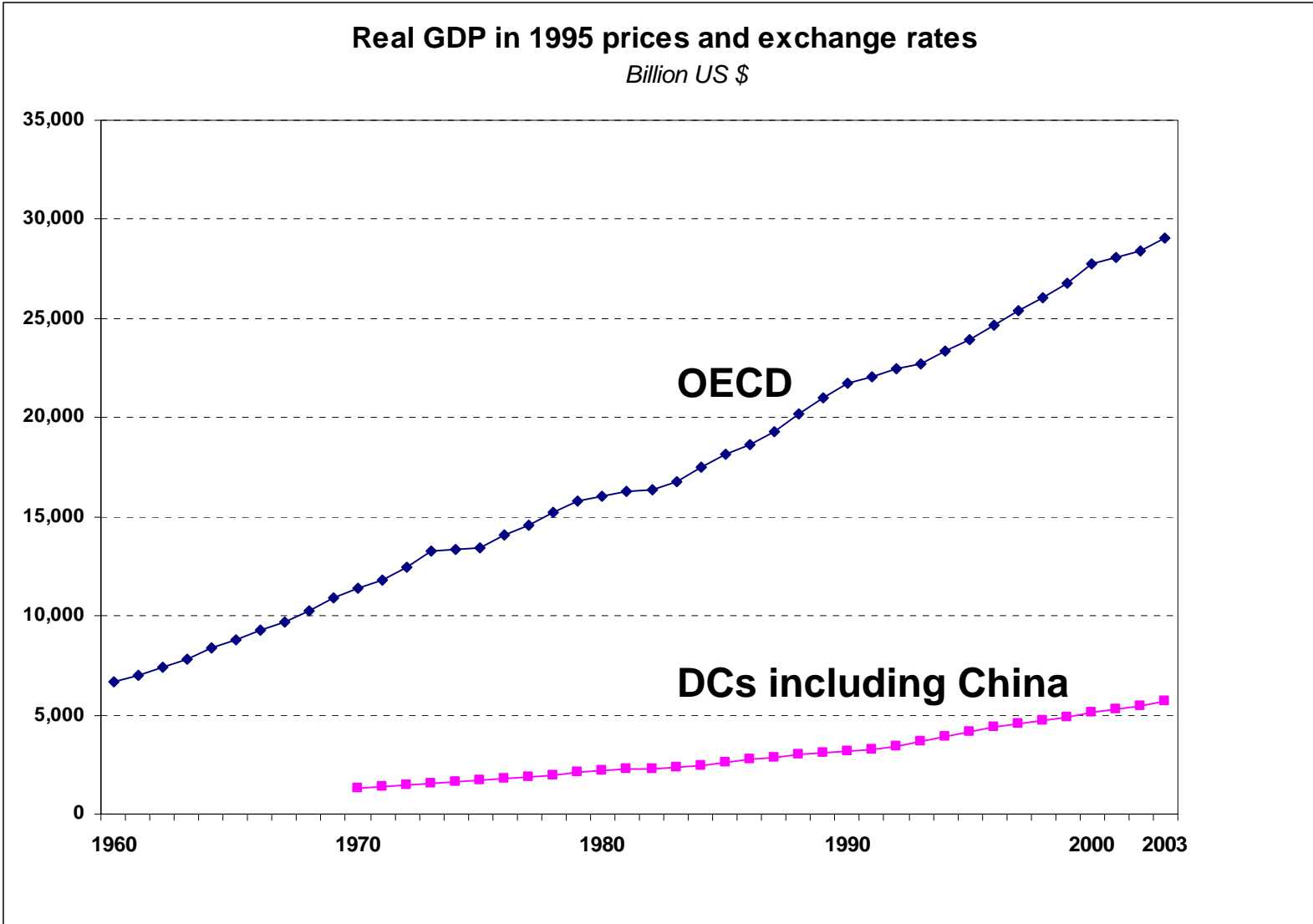
President of the Conference, and OPEC Secretary General
Indonesian Minister of Energy and Mineral Resources

Tenth International Financial and Economic Forum

Vienna, Austria, 10–11 November 2004



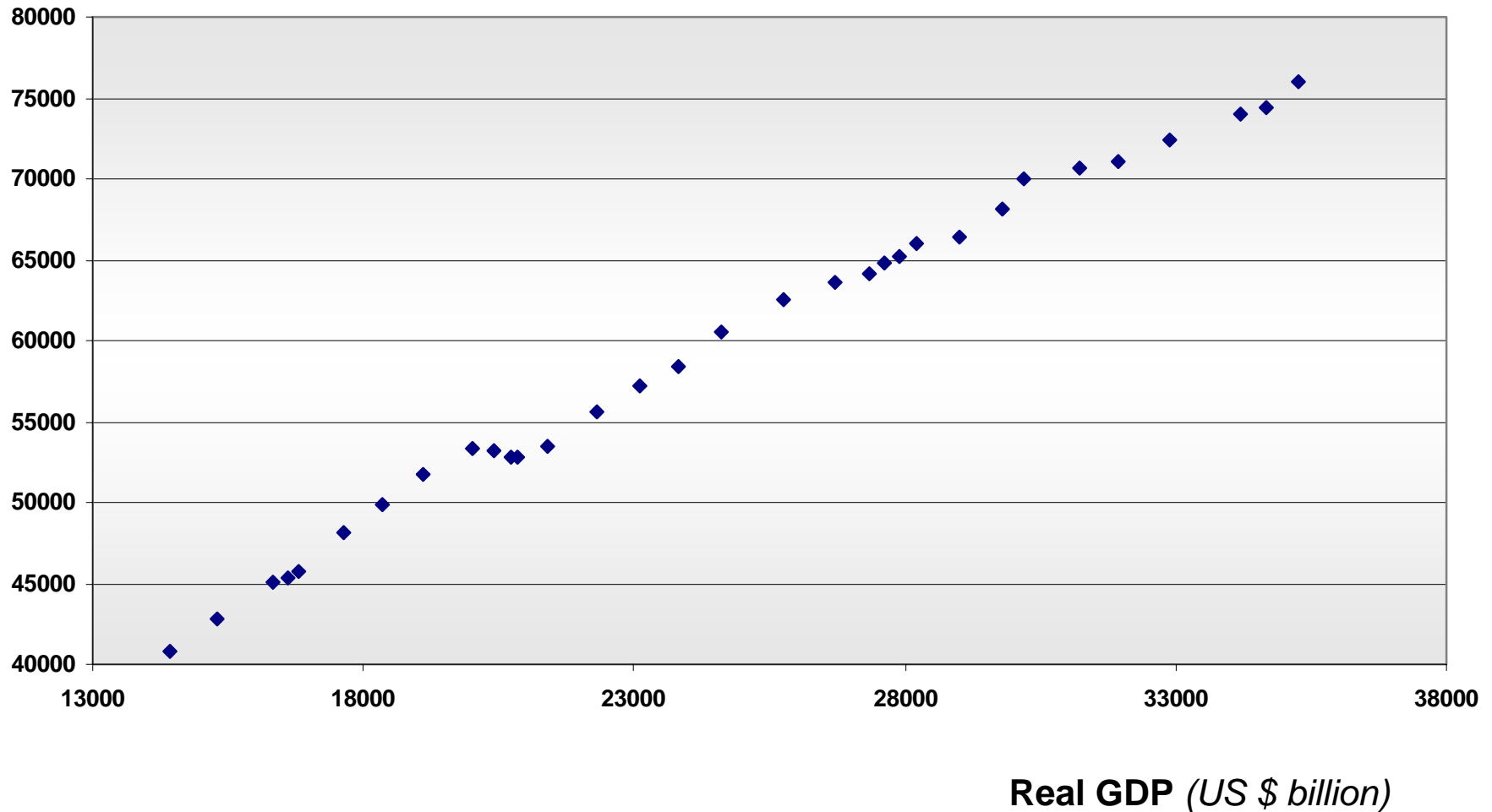
Real gross domestic product: 1960–2003





GDP versus energy growth (world): 1971–2002

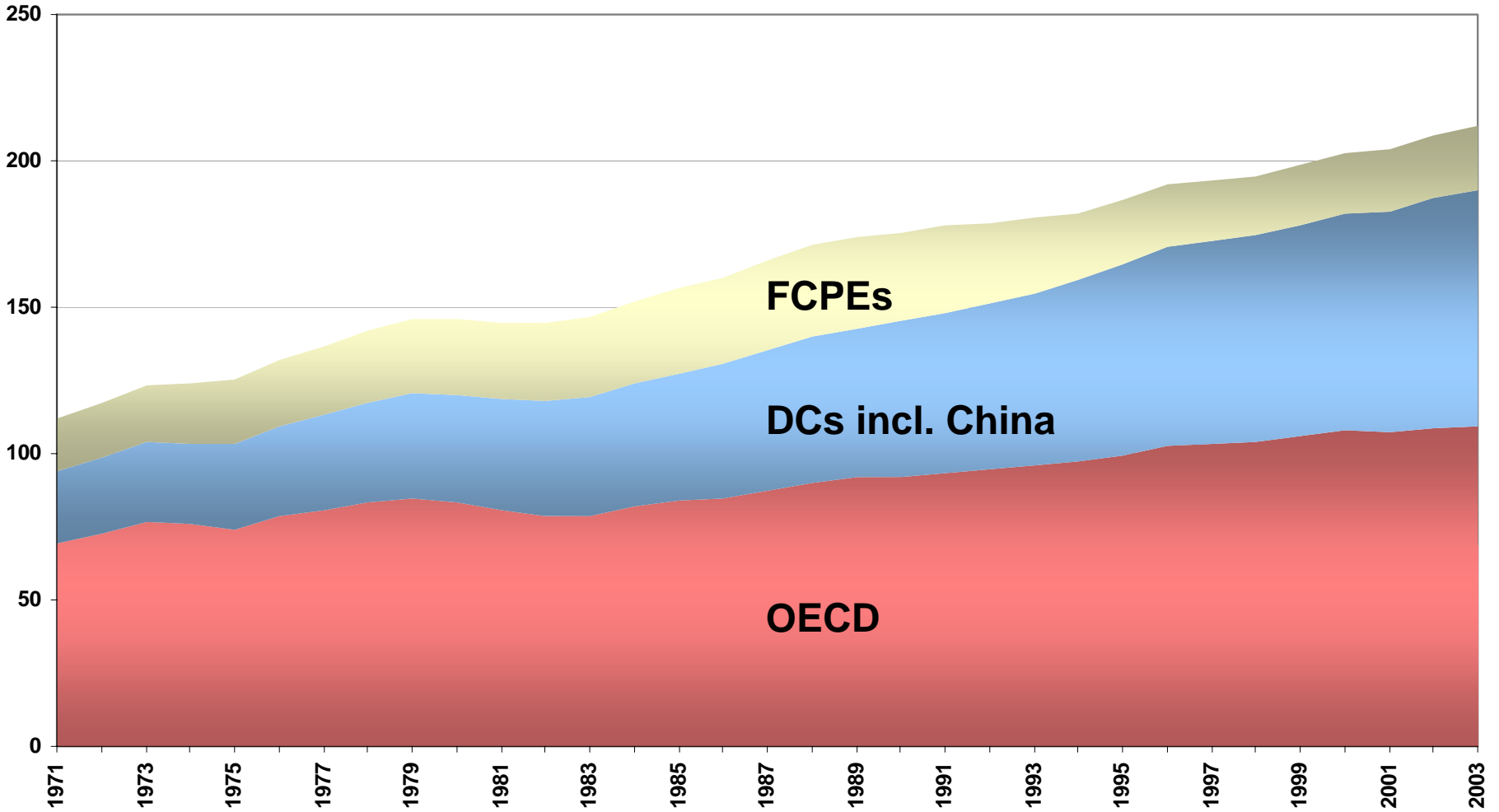
Total primary energy requirement (*mtoe*)





Energy consumption for OECD and DCs: 1971–2003

mboe/d





Appeal of petroleum

Unique combination of attributes

**Sufficiency, accessibility, versatility,
transportability**

Low costs in many areas

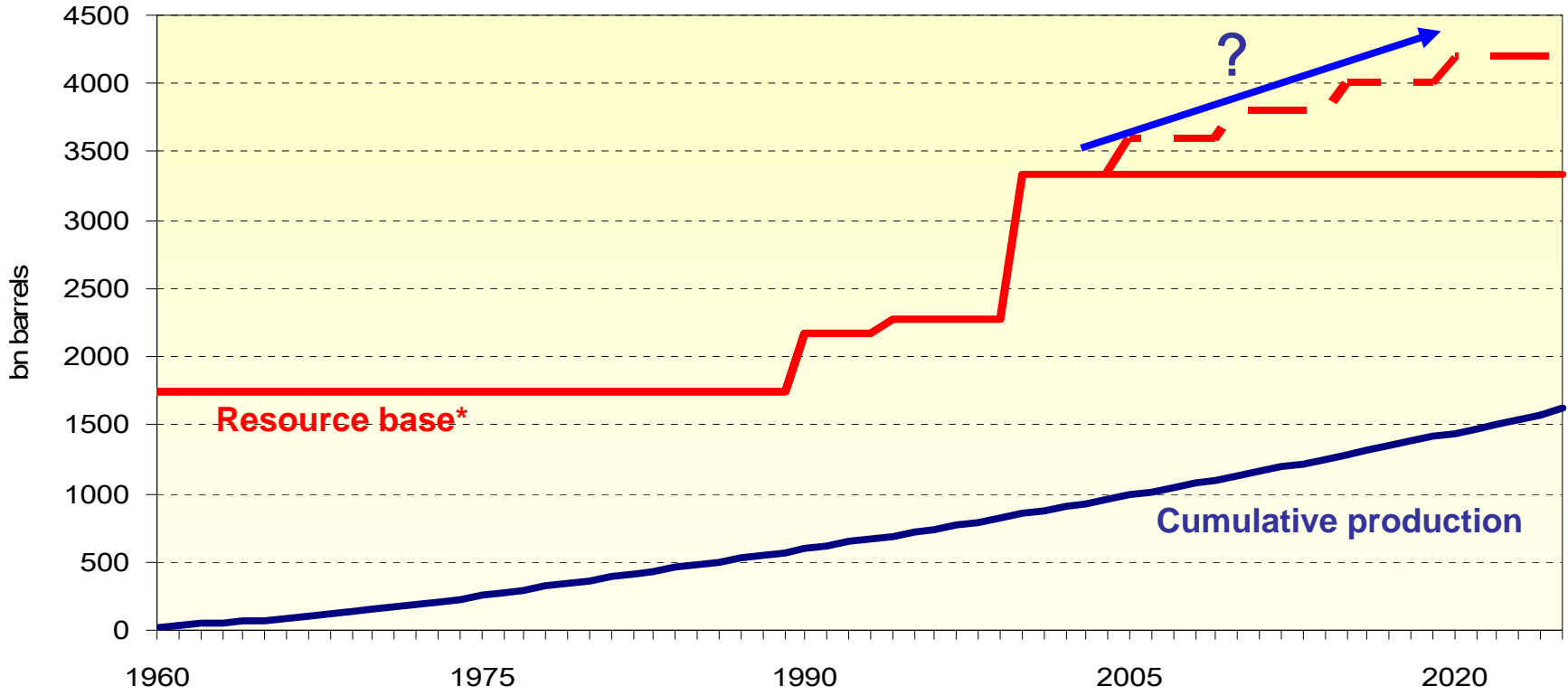
Established infrastructure

Ever cleaner, safer and more efficient



The resource base is not a constraint

Cumulative production, as a percentage of the estimated resource base, has been relatively stable



*/ Source: USGC



The challenge for gas

Sufficient world resources

Many shared challenges with oil

Prices linked with oil in many markets

Production costs falling

Transportation still expensive



World energy mix

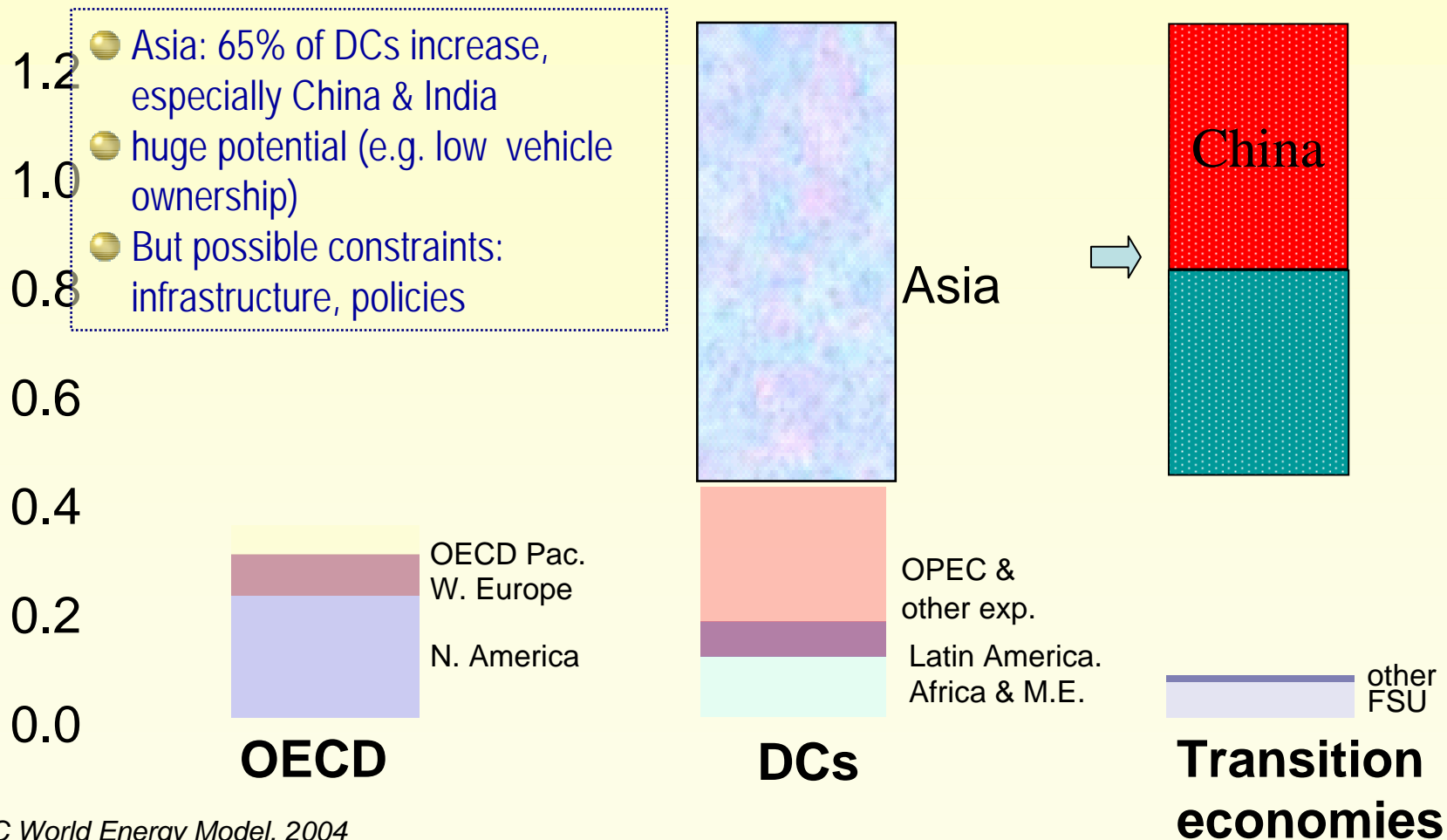
%

	2000	2010	2025
Oil	40.1	38.7	36.9
Gas	23.3	25.7	29.9
Solids	26.0	25.8	25.2
Hydro/nuclear/ renewables	10.6	9.8	8.0



Annual growth in oil demand: 2002-25

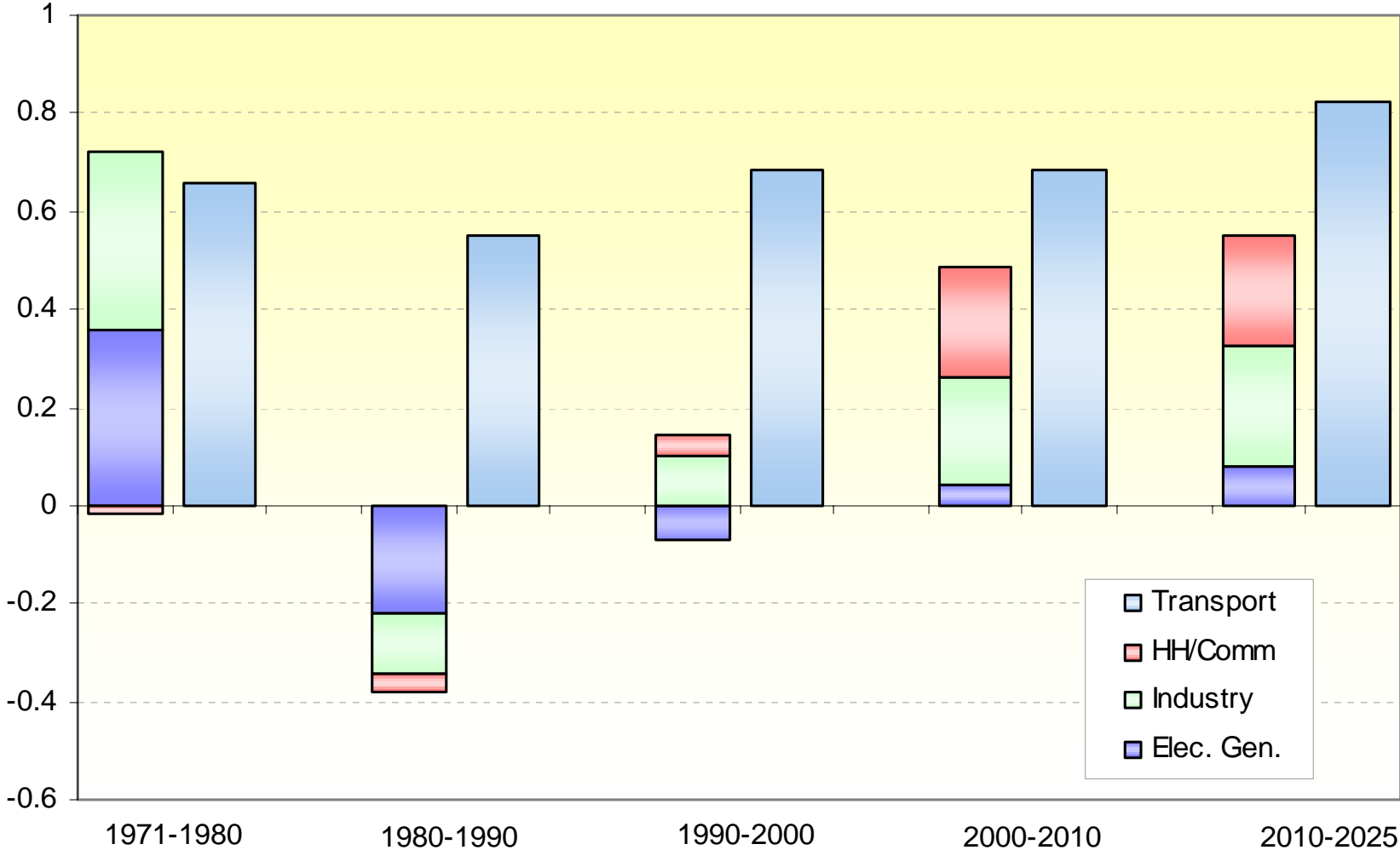
million barrels a day p.a.





Annual global growth in oil demand by sector

million barrels a day





World oil production outlook in the reference case

million barrels a day

	<u>2002</u>	<u>2010</u>	<u>2020</u>	<u>2025</u>
Non-OPEC	47.8	54.6	56.9	56.3
OPEC (incl. NGLs)	29.2	34.1	48.9	58.3
World	77.0	88.7	105.8	114.6
<i>OPEC market share %</i>	<i>37.9</i>	<i>38.4</i>	<i>46.2</i>	<i>50.9</i>



OPEC crude oil

Proven reserves **891 billion barrels**
78.3% of world figure

Production **29 million barrels a day**
40.1% of world figure

Cheaper to exploit than non-OPEC oil
Increasing call on OPEC oil in coming years
51% world oil market projected for 2025



OPEC's objectives

Stable markets

Reasonable prices

Steady revenues

Secure supply

Fair returns to investors

Short, medium and long terms



Investment in production capacity

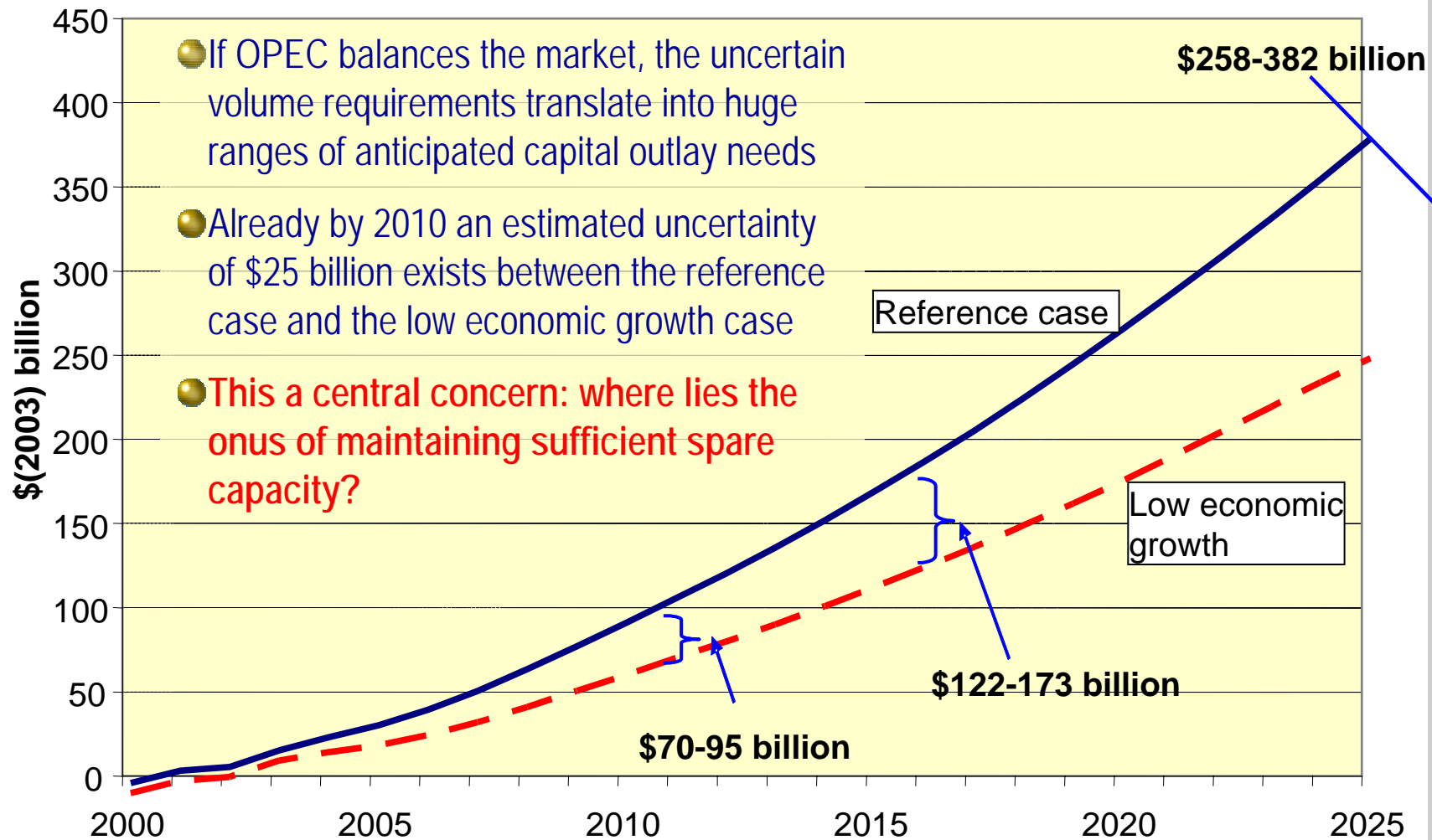
To meet increase in overall demand
To replace exhausted reserves
To cope with unexpected shortages

Oil must be cleaner, safer and more efficient

Security of demand is AS IMPORTANT AS
security of supply



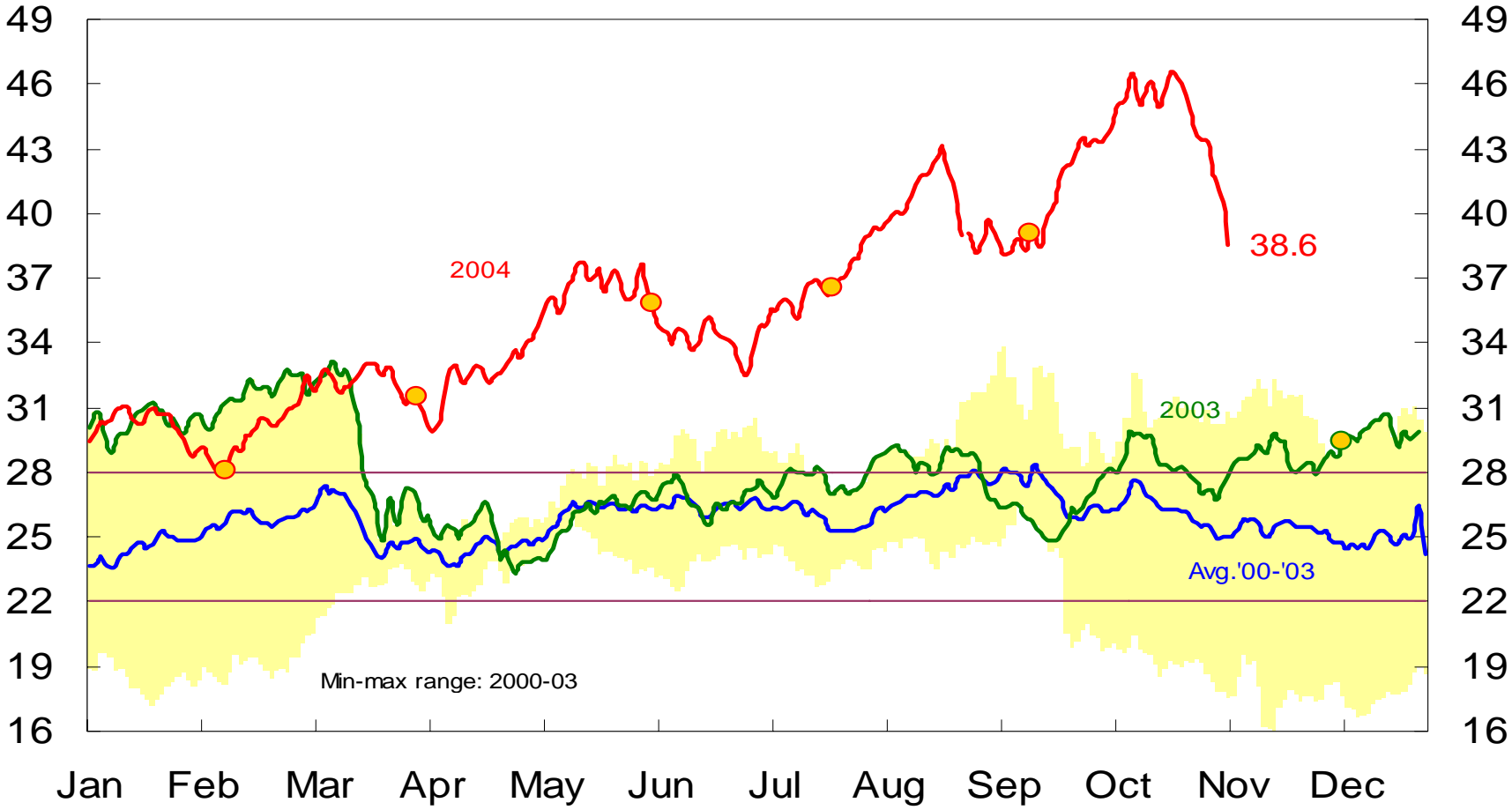
Cumulative OPEC investment requirements: effect of 1% lower world economic growth



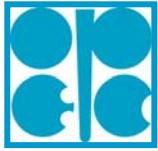


Today's oil market

OPEC concerned about high oil prices and volatility



Note: orange rings denote OPEC Conferences.



Today's oil market

Market well-supplied with crude

but

Higher-than-expected demand

Downstream bottlenecks

Geopolitical tensions

Speculation



OPEC's production agreements*

Objective: reasonable prices and stability

Three-stage OPEC-10 output ceiling rise

from 23.5 mb/d to:

25.5 mb/d from 1 July

26.0 mb/d from 1 August

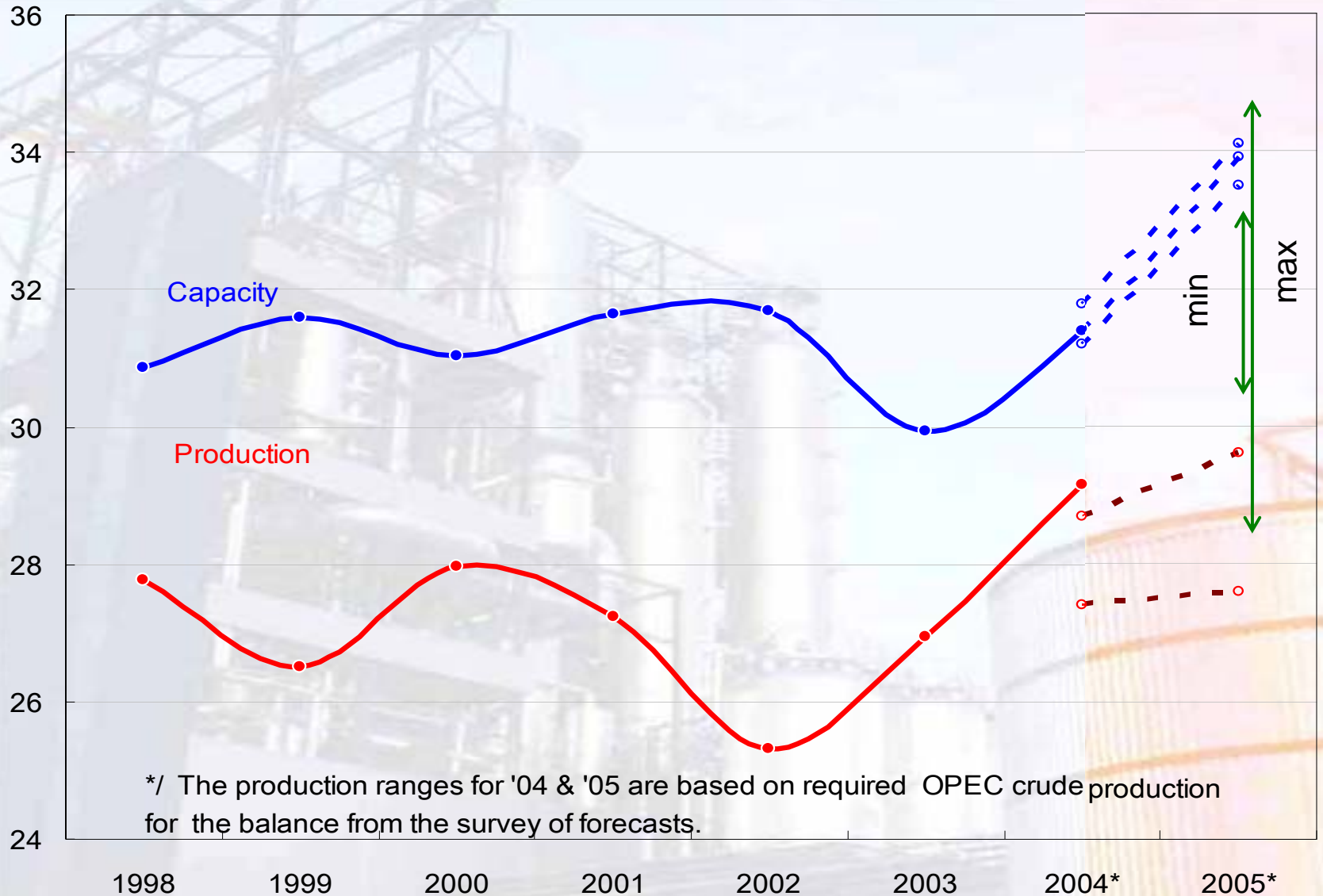
27.0 mb/d from 1 November

Total rise 3.5 mb/d

**Agreements made at OPEC Conferences in Beirut on 3 June and Vienna on 15 September*



OPEC crude oil production and capacity





Dialogue and cooperation

Big advances in recent years

The industry is much better off if there is an underlying consensus on such major issues as price stability, security, investment, the environment and sustainable development



Rising to the challenges

Globalisation

Technology

Environment

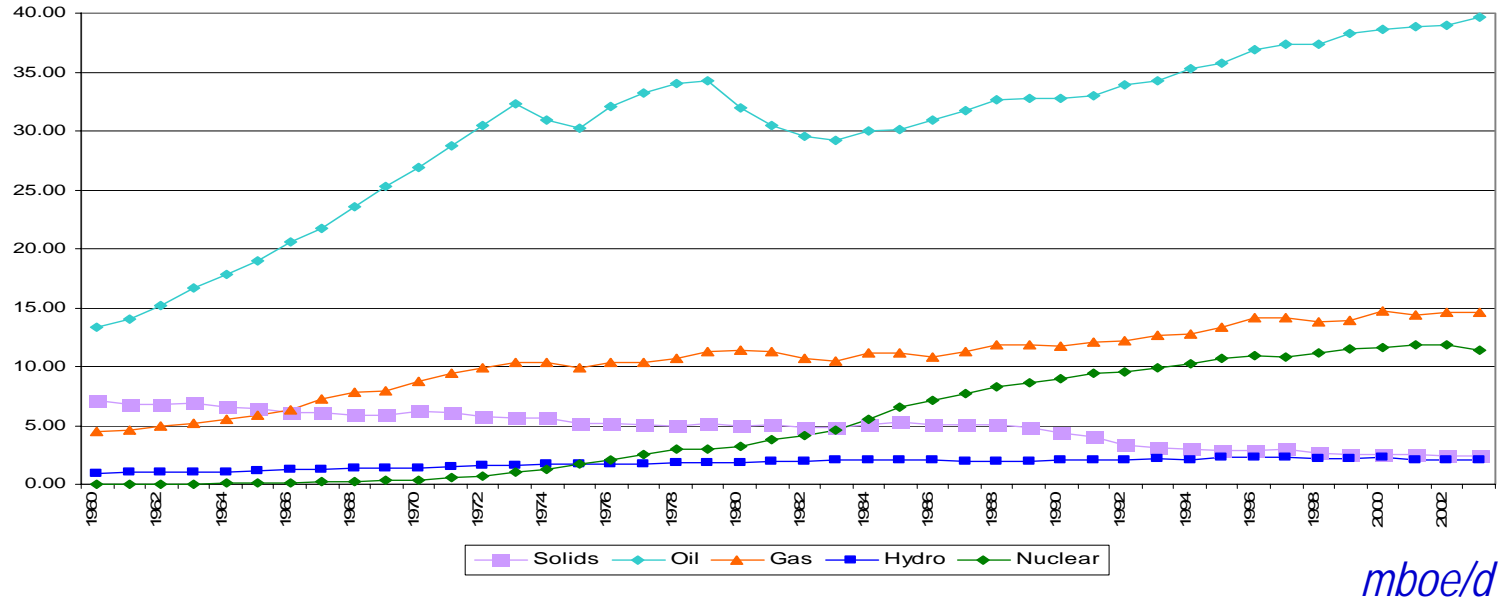
Sustainable development





Energy consumption by primary source: 1960–2003

OECD



DCs

