



# **Oil Outlook: Challenges and Opportunities**

## **Keynote Speech**

**Mohammed Barkindo**  
**Acting for the Secretary General**

**Nigeria Oil And Gas 2006**

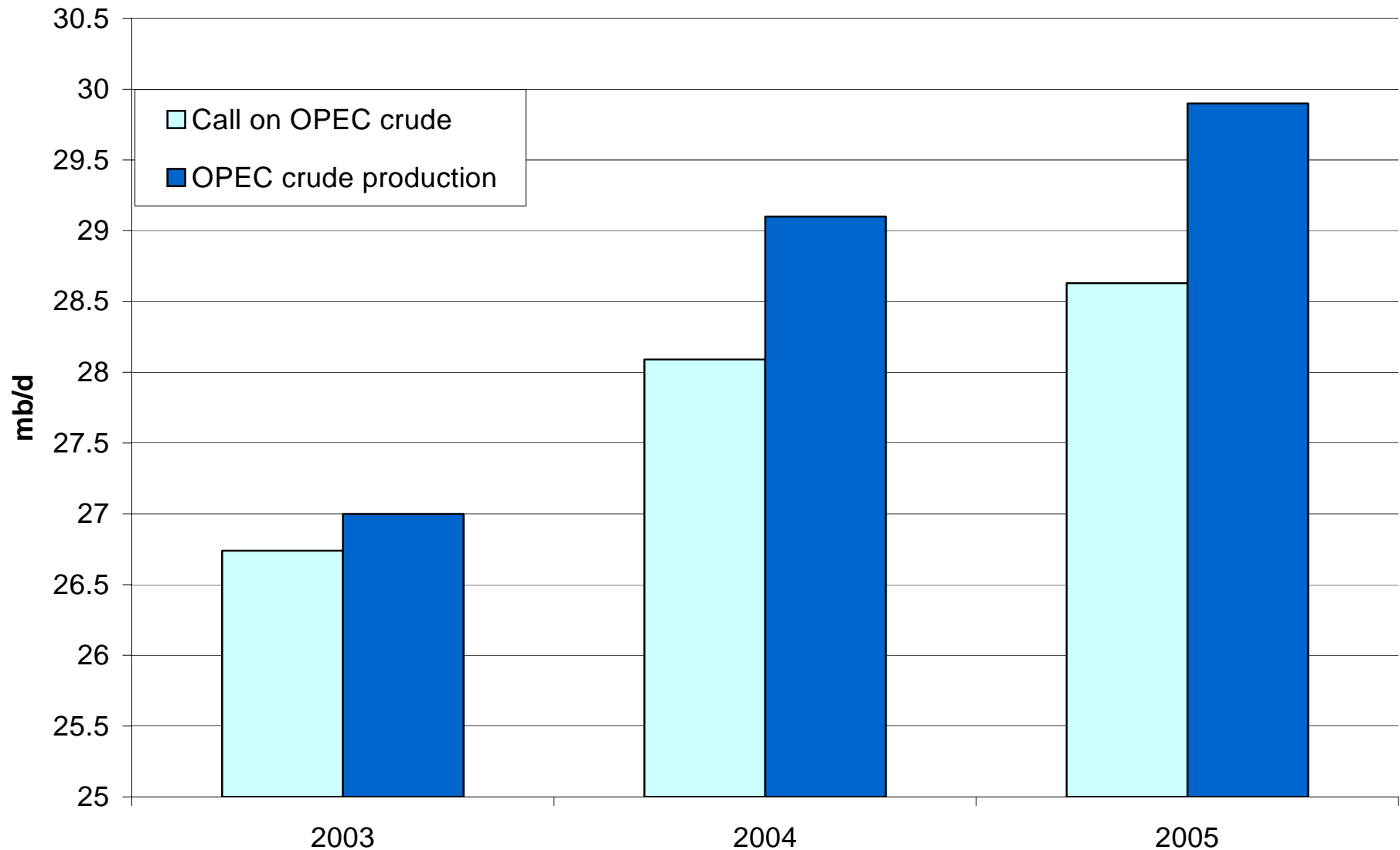
3-5 April 2006

Abuja, Nigeria

- **Energy security must be seen from many perspectives**
- **Recent price behaviour has moved the issue of energy security high up on the agenda**
- **Non-energy commodity prices have also risen**
- **Perceptions of capacity availability exacerbated by disruptions to the supply system and other factors**
- **Security of supply and security of demand are two sides of the same coin**
- **OPEC's recent responses demonstrate the commitment to support energy supply security**



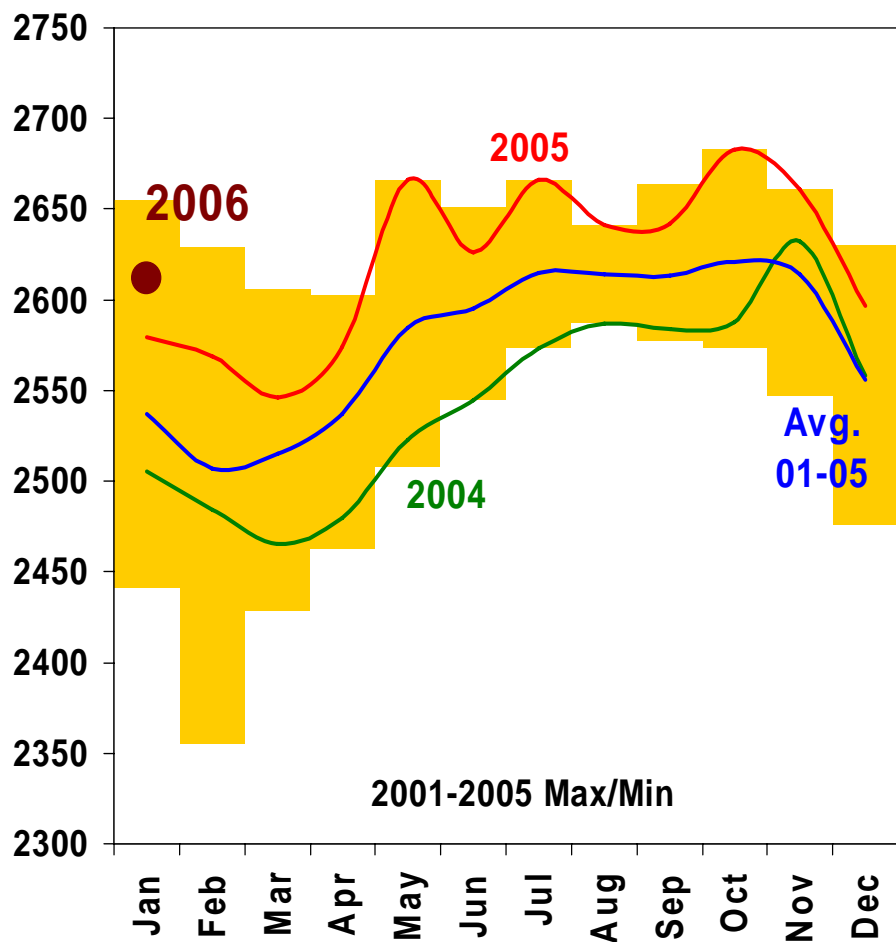
# OPEC crude oil supply has risen 4.5 mb/d since 2002



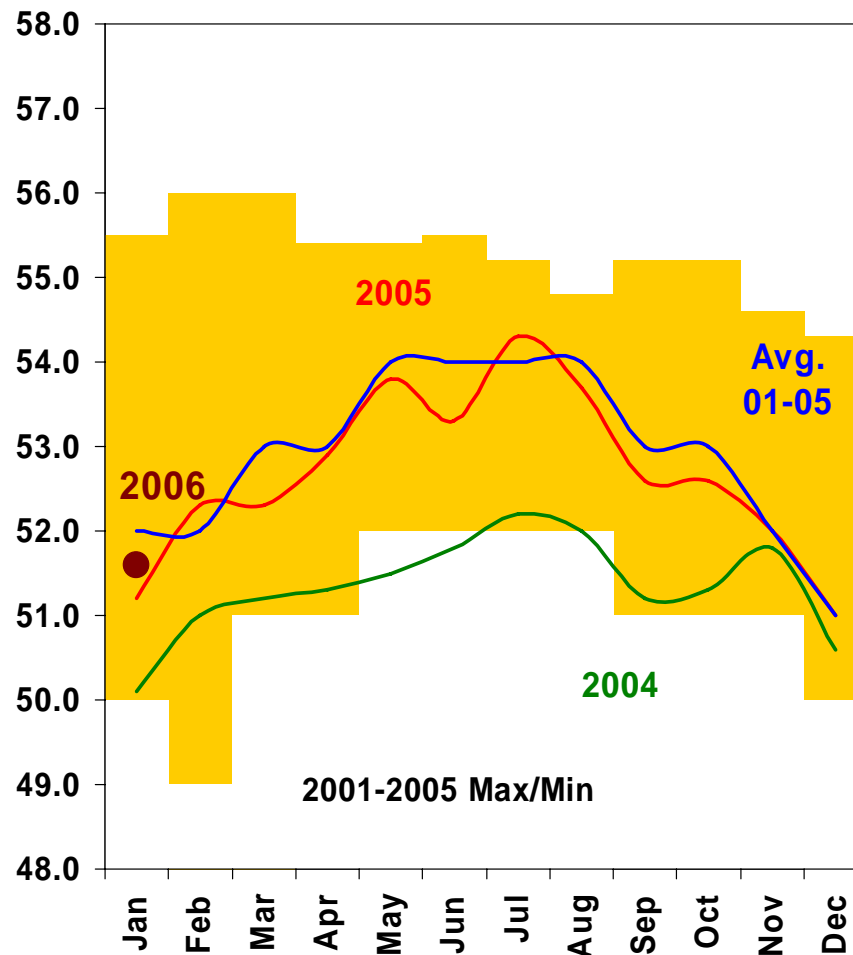


# OPEC OECD commercial stocks, month-ending

## million barrels

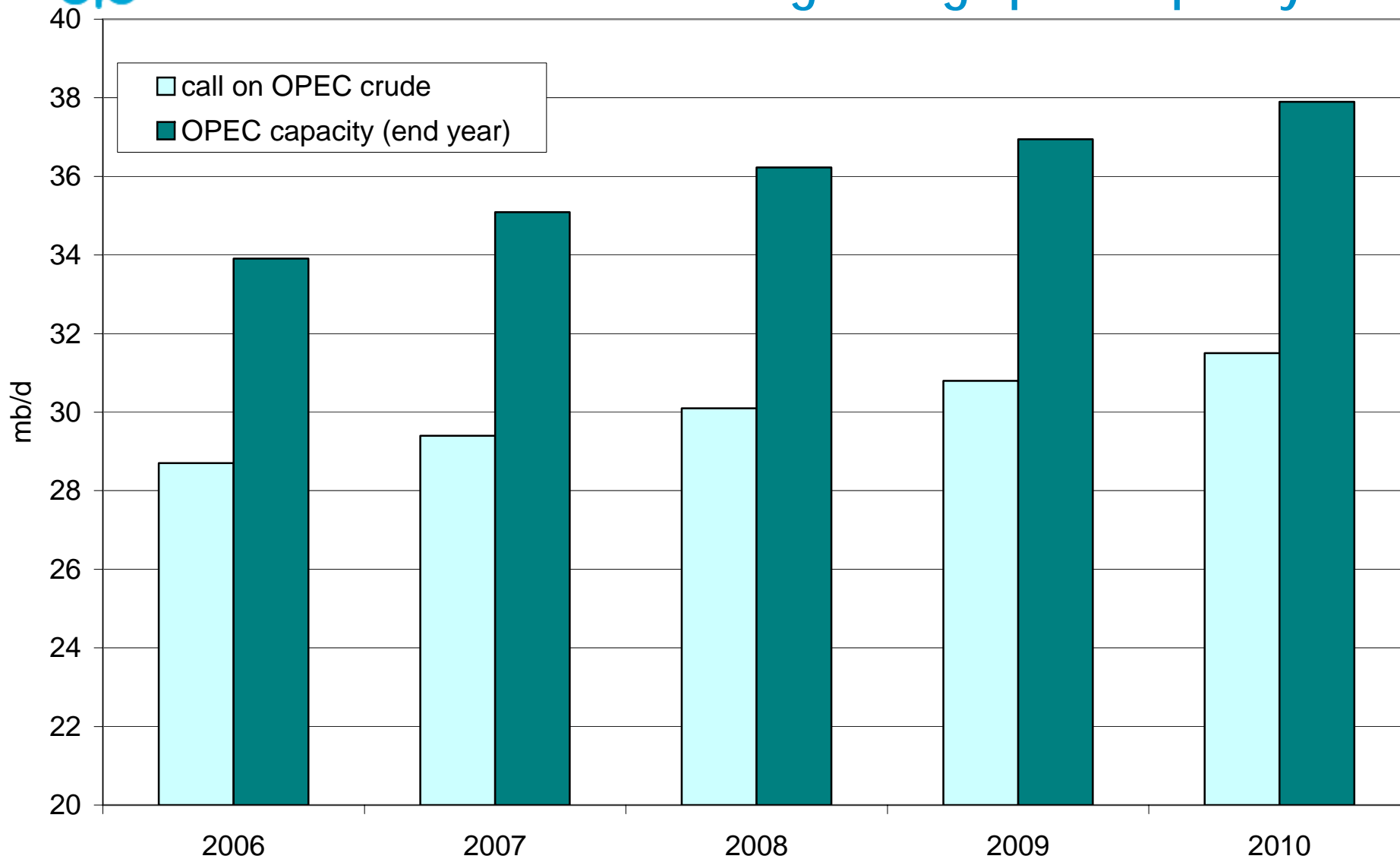


## Days of forward cover





# OPEC capacity expansions up to 2010 should lead to growing spare capacity





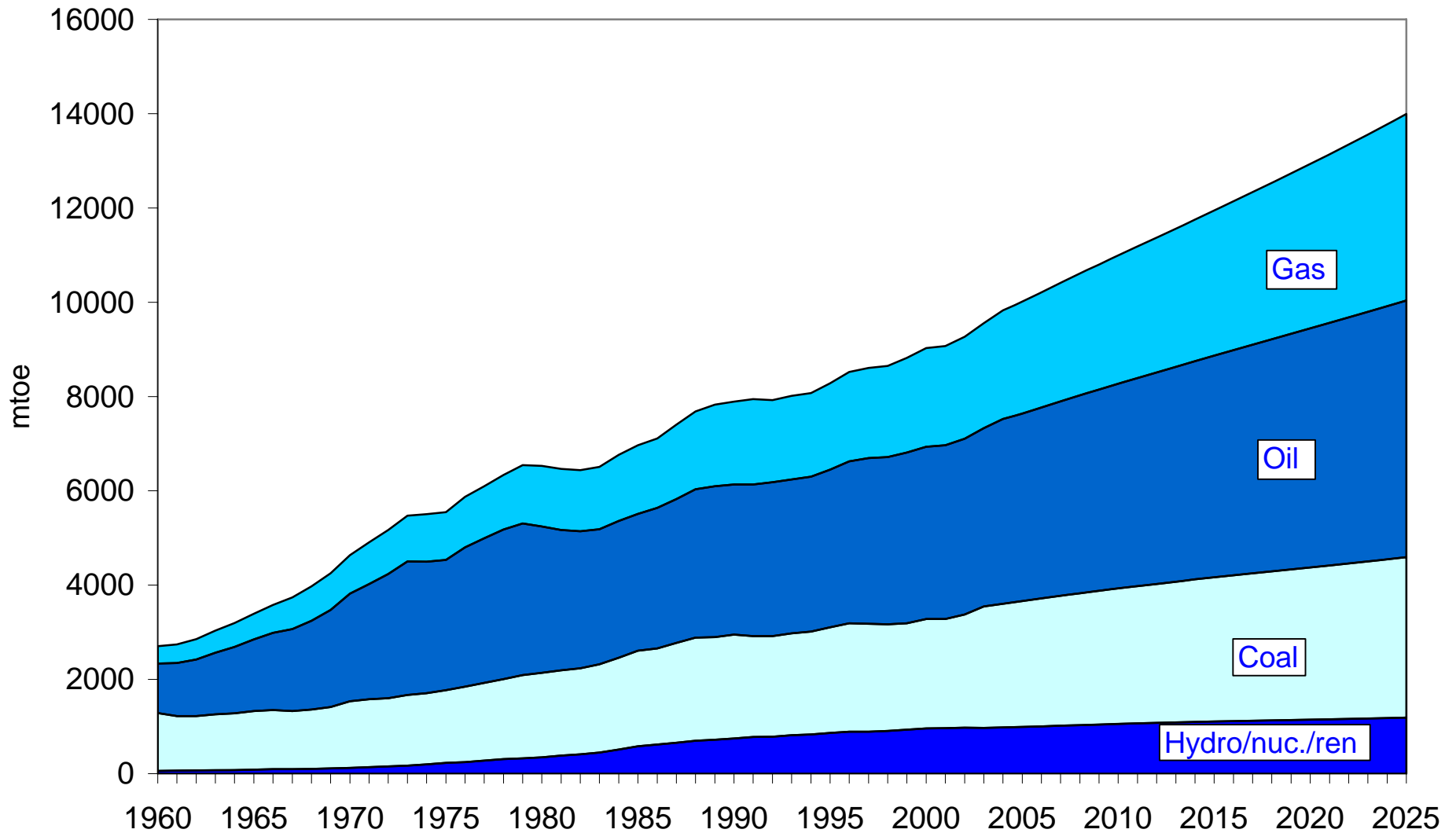
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But the downstream is also critical

- **Supply security relevant for entire supply chain**
- **Inadequate investment in refining capacity a key factor behind recent price movements**
- **Increasingly stringent product specifications**
- **OPEC NOCs are undertaking part of the investments needed in the downstream**
- **But the major responsibility lies with the consuming countries and international oil companies**



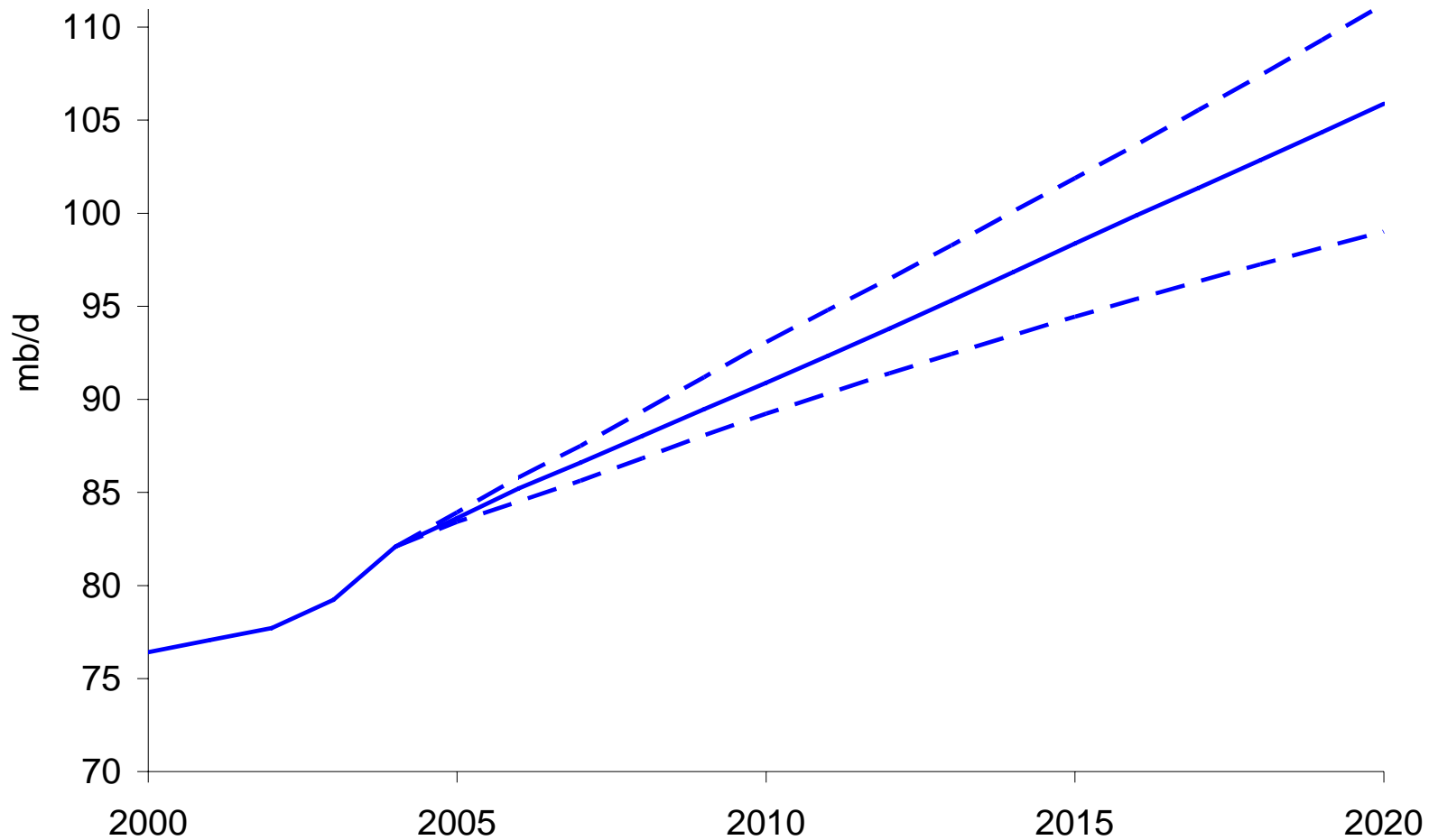
# Fossil fuels will continue to provide the energy needed for socio-economic development





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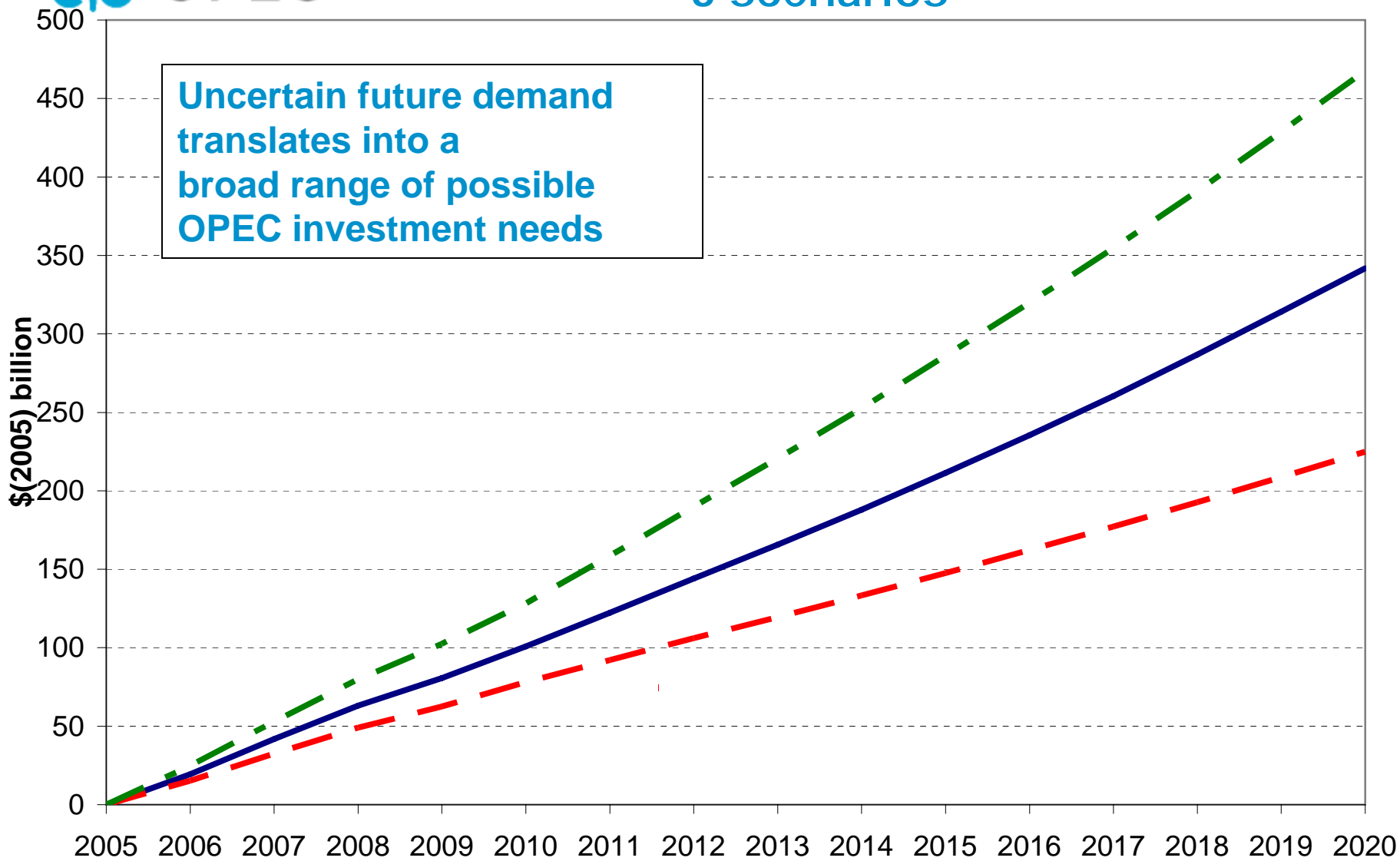
## But oil demand growth is uncertain







# Cumulative investment needs in OPEC: 3 scenarios





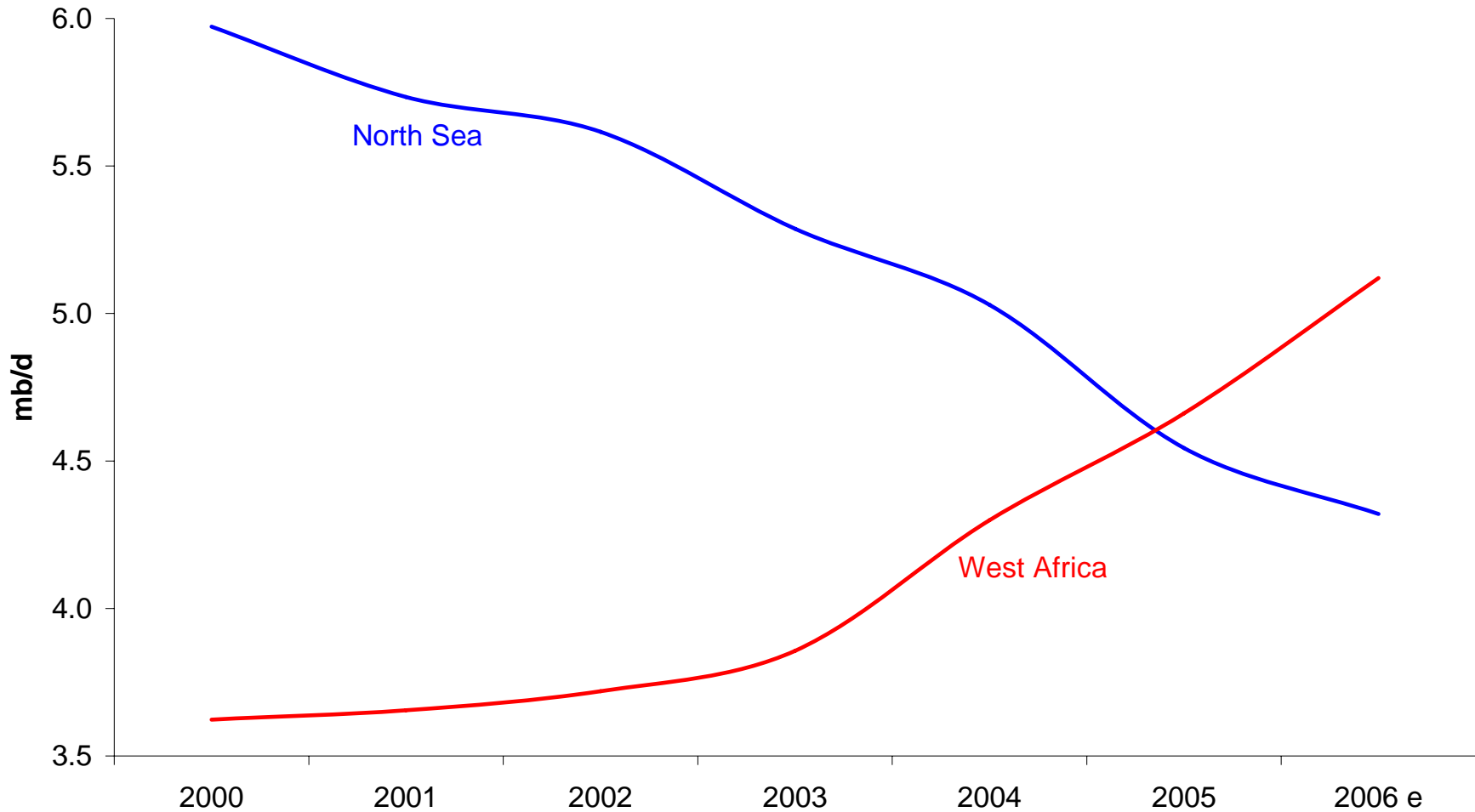
## Security of demand: a real issue

- **Security of demand and security of supply are mutually supportive**
- **Security of demand is a legitimate concern of producers**
- **Uncertainty over future demand translates into a broad range of potential levels of demand for OPEC oil**
- **Investment requirements are large, subject to long lead-times and pay-back periods**
- **More transparency in evolution and implementation of policies is key**
- **Improved data availability and quality needed for demand and stocks, as well as other demand variables**



# Gulf of Guinea is now the main supplier of sweet crude

Crude supply from West Africa and North Sea, 2000-2006





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## Dialogue and co-operation

- **OPEC continues to engage in dialogue and co-operation**
- **Later this month, 10th International Energy Forum (IEF), Doha, Qatar, is an important meeting**
- **IEF Secretariat opened in Riyadh, Saudi Arabia**
- **OPEC a leading participant in the Joint Oil Data Initiative**
- **Need for better data on demand and stocks: higher quality, timely**
- **OPEC sees dialogue and co-operation among all parties as the way forward with regard to security of supply and demand**



## Poverty eradication

- **The other two pillars of sustainable development are also crucial: economic development and social progress**
- **Over 1 billion people live on less than \$1 per day**
- **Millennium Development Goal number 1: poverty eradication**
- **Access to modern energy services must be improved upon**
- **NEPAD spearheads efforts to alleviate poverty in Africa**
- **Developed countries have commitments to fulfil, such as capacity building, technology transfer and financial resources**

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**Thank you**



*Stability in the oil market*