



**China International Petroleum & Petrochemical Industry Summit
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The Current Global Oil Market Situation and the IEA Emergency Response System

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Main Speaking Points

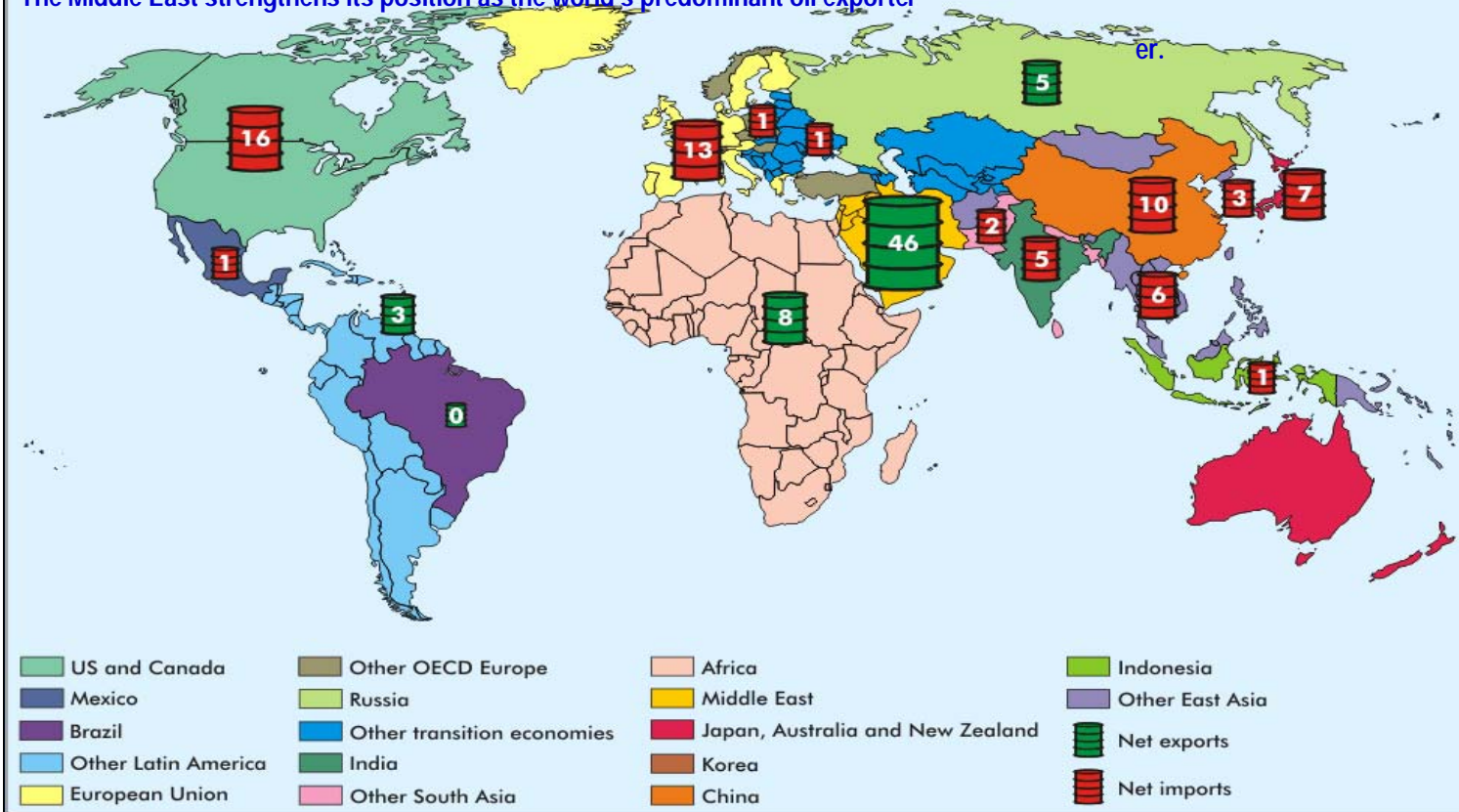
- A.** Outline of the short and long-term world oil supply and demand
- B.** The key characteristics of near-term risks in today's oil market
- C.** Co-operation between the IEA and non-IEA countries, in particular, China
- D.** The importance of future co-operation between the IEA and China in energy fields especially in the area of emergency response policy



1. Diversification: Regional Mismatch in 2030

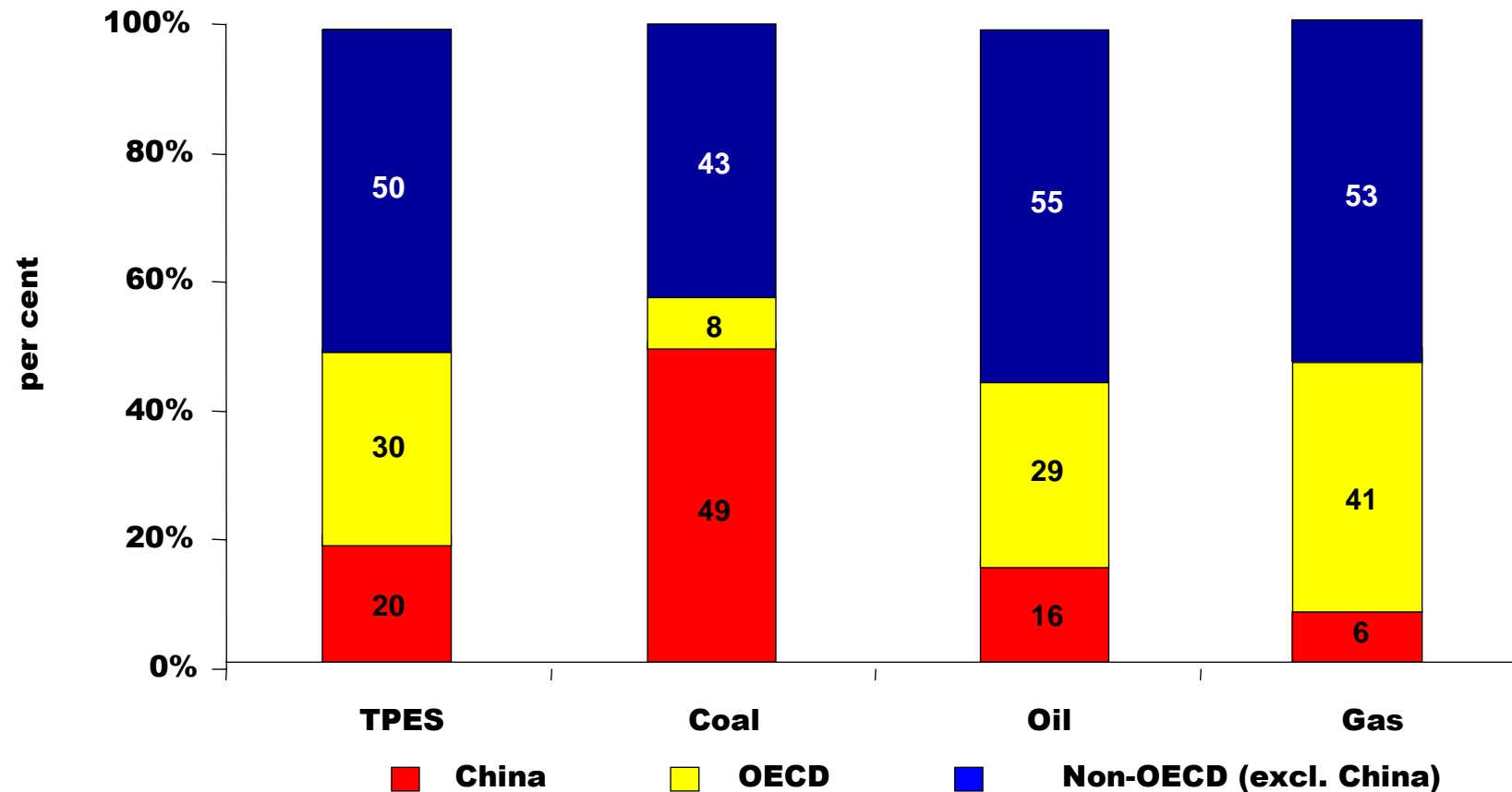
Growing international and inter-regional trade in energy

- International oil trade grows considerably as the gap widens between P&Cs
- Inter-regional trade will rise from 32m/bd (43%) in 2000 to 66 mb/d (55%) in 2030
- Asia: from 4.9 mb/d in 2000 to 24 mb/d in 2030. (China: 2m/bd -10 mb/d).
- The Middle East strengthens its position as the world's predominant oil exporter





2. Share of China in World Incremental Energy Demand: 2000-2030



- China continues to be the 2nd largest energy consumer
- China will account for 20% of world incremental energy demand and for half of the increase in coal use over the next three decades



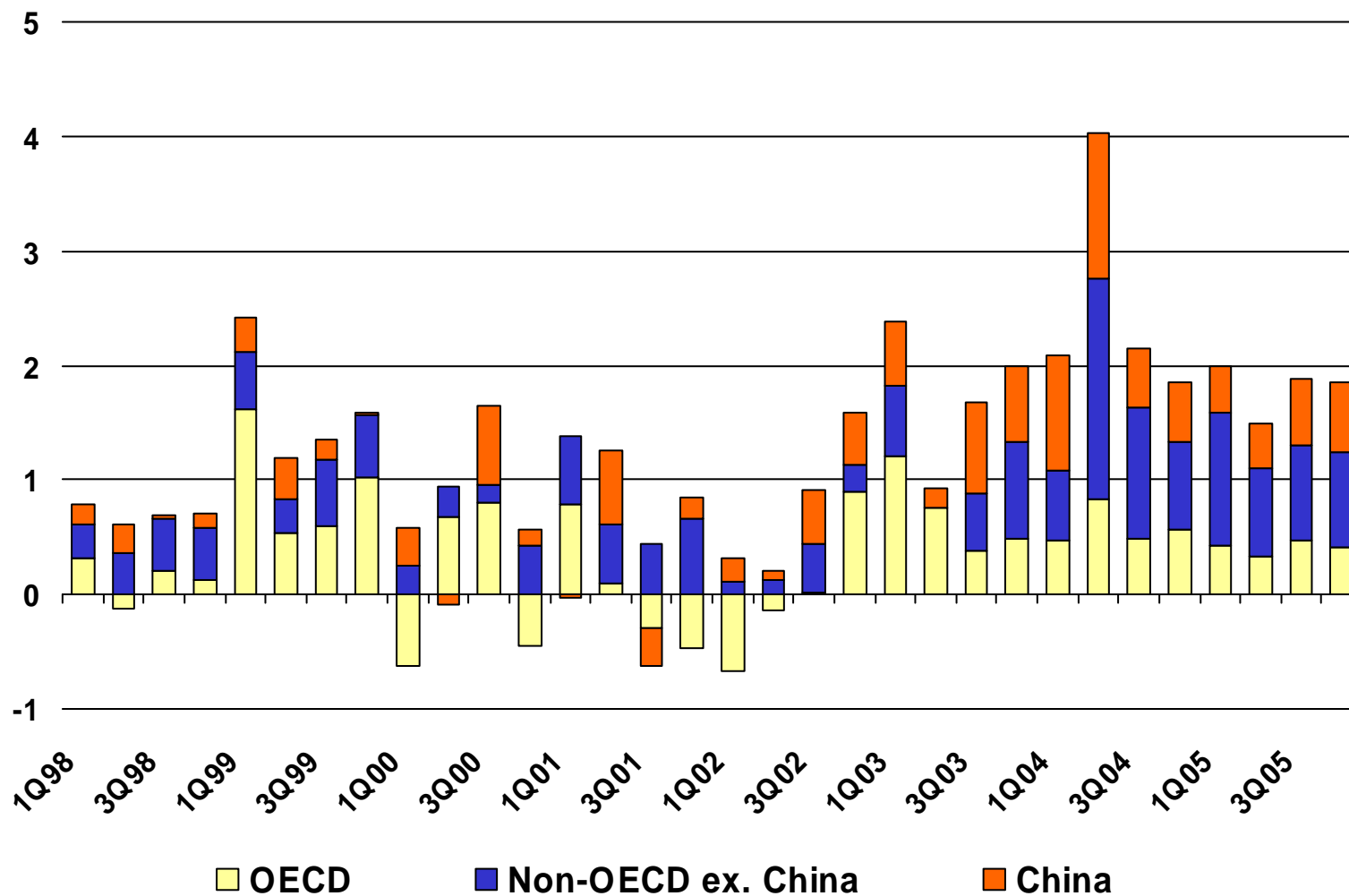
3. World Oil Balances (mb/d)

Based on OMR dated August 11th 2004

	1998	1999	2000	2001	2002	2003	2004	2005
OECD Demand	46.9	47.8	47.9	47.9	48.0	48.7	49.3	49.7
Non-OECD Demand	27.5	28.2	28.7	29.4	29.9	31.0	32.9	34.3
World Demand	74.4	76.0	76.6	77.3	77.9	79.6	82.2	84.0
Non-OPEC Supply	44.9	44.9	46.0	46.8	48.1	48.9	50.2	51.4
OPEC Crude	28.0	26.5	27.8	27.0	25.1	26.8		
OPEC NGLs	3.0	3.0	3.1	3.4	3.7	3.9	4.4	4.8
World Supply	75.9	74.5	76.9	77.2	76.9	79.6		
Total Stock ch. and Misc.	1.6	-1.5	0.3	-0.2	-1.0	0.0		
Call on OPEC Crude + stock ch.	26.5	28.1	27.5	27.2	26.1	26.8	27.6	27.7

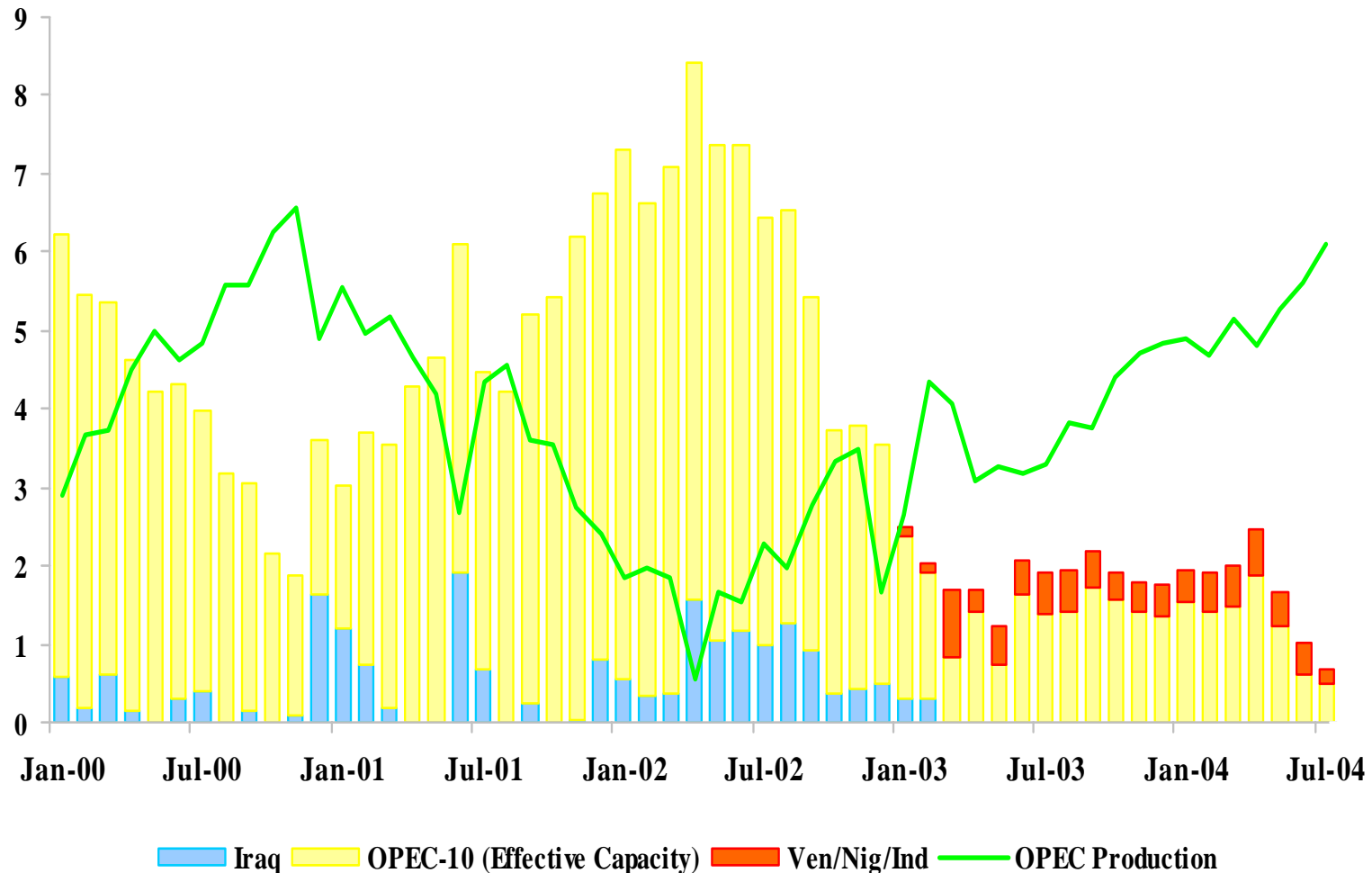


4. Year-on Year Quarterly Oil Demand Growth (mb/d)





5. OPEC Spare Production Capacity *



* **IEA definition: available in 30 days and sustainable for 90 days**



6. Basis for the non-IEA Countries and IEA Collaboration

- **IEA Ministerial Communiqué in April 2003**
 - Emerging need to collaborate with key non-Member countries
 - Lessons from the past and share the policy goals
- **China, India and Russia as key strategic partners with MOUs**
- **Same challenges and objectives :**
 - Oil supply security
 - Investment
 - Market volatility and economic damage



7. Suggestions for Joint Work in the Future

- **Energy security co-operation with non-IEA countries and IEA's Emergency Response Measures**
 - Experience-sharing for energy policy and market reform to foster investment
 - Harmonization of the regional framework with world energy security
 - => simulation exercise in 2004, joint workshop in the future, etc.
 - => 2nd site visit to European countries
 - => hotlines in a real emergency situation
- **Oil data system and market monitoring**
 - JODI (M-1 Data on level of production, consumption, stocks etc.)
 - Information exchange for energy market transparency
 - Producer-consumer dialogue: IEF in 2004 in Amsterdam & EEM in 2005 Paris
- **The IEA's contribution to capacity building**
 - Training of experts and statisticians