

# THE IEA: 30 YEARS YOUNG

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**UPEI Conference - Brussels**

**22 April 2004**



# Overview

- **The role and evolution of the IEA**
  - Emergency preparedness & strategic stocks
  - Data transparency
  - Market analysis and industry structure
  - Economic policy and diversification
  - Energy efficiency, environmental protection, technology
  - Outreach – non-Member Countries
- **Short-term market outlook**

# International Energy Agency

- Established in 1974 – to counteract threat of political oil embargoes & growing prominence of OPEC
- Creature of the Organization of Economic Corporation and Development (OECD), Paris, France
- Currently, energy forum for 26 industrialized countries
- Member governments committed to shared goals:
  - taking joint measures to meet oil supply emergencies
  - Share information
  - co-ordinate energy policies
  - Co-operate in the development of rational energy programmes



# IEA MEMBER COUNTRIES

## OECD EUROPE

- AUSTRIA
- BELGIUM
- CZECH REPUBLIC
- DENMARK
- FINLAND
- FRANCE
- GERMANY
- GREECE
- HUNGARY
- IRELAND
- ITALY
- LUXEMBOURG
- NETHERLANDS
- NORWAY
- PORTUGAL
- SPAIN
- SWEDEN
- SWITZERLAND
- TURKEY
- UNITED KINGDOM

## OECD NORTH AMERICA

- CANADA
- UNITED STATES

## OECD PACIFIC

- AUSTRALIA
- JAPAN
- KOREA
- NEW ZEALAND

IEA members include some key producing countries (US, Canada, Norway, UK)

Mexico, an important Latin American producer, is an OECD country - submits monthly data to IEA



# Treaty Objectives

- To maintain and improve systems for coping with oil supply disruptions
- To promote rational energy policies in a global context through co-operative relations with non-Member countries, industry and international organizations
- To operate a permanent information system on the international oil market
- To improve the world's energy supply and demand structure by developing alternative energy sources and increasing efficiency of energy use
- To assist in the integration of environmental and energy policies



# People in the News



Executive Director  
Mr. Claude Mandil



Deputy Executive Director  
Amb. William Ramsay



# INTERNATIONAL ENERGY AGENCY

Energy  
Statistics

Information  
Systems

Administrative  
Unit

Non-Member  
Countries

Central & Eastern  
Europe  
Africa  
Asia  
Latin America  
Middle East

**Executive Director**  
Special Assistant  
**Deputy Executive Director**  
Special Assistant



Public Information  
Office

Legal Counsel

Energy Efficiency  
Technology and  
R&D

Oil Markets &  
Emergency  
Preparedness

Long Term  
Co-operation and  
Policy Analysis

Energy Efficiency  
Policy Analysis  
Energy Technology  
Policy  
Energy Technology  
Collaboration

Oil Industry  
and Markets  
Emergency Planning  
and Preparation

Economic Analysis  
Energy & Environment  
Energy Diversification  
Country Studies




# Emergency Planning & Preparedness

- **IEA 90-day emergency oil stocks**
  - Government strategic stocks
  - core of the Agency – raison d'être
  - released only once during first Gulf war
- **CERM alternatives**
  - demand restraint
  - fuel substitution
  - fuel switching
  - surge production
- **General policy initiatives**
  - no construction of new oil-fired utilities
  - promote energy efficiency and alternative fuel use
  - technology development and transfer
  - more equitable access & sharing of energy resources
- **Broadened concept of energy security**
  - natural gas, electricity grid, LNG




# Oil Market Report



The image shows the cover of the Oil Market Report, February 2004 issue. The cover is white with a green vertical bar on the left side. The text on the green bar reads "INTERNATIONAL ENERGY AGENCY/AGENCE INTERNATIONALE DE L'ENERGIE" at the top, "OIL MARKET REPORT" in large white letters in the middle, and "A MONTHLY OIL MARKET AND STOCKS ASSESSMENT" at the bottom. The main content area is white and contains the following information:

[www.oilmarketreport.org](http://www.oilmarketreport.org)



11 February 2004

**HIGHLIGHTS**

- World oil supply held level in January at 82.1 mb/d. Non-OPEC production rose 130 kb/d while OPEC crude supply fell by 145 kb/d. The rise in non-OPEC production came from strong Russian growth and a recovery in both North Sea and deepwater Brazilian output.
- OPEC-10 crude production was 25.8 mb/d in January or 1.3 mb/d above the November target. Production in Iran, Saudi Arabia, Kuwait, UAE and Algeria eased. Iraq's output rose to 2.0 mb/d in January, up 70 kb/d. Effective OPEC spare capacity is assessed at 1.5 mb/d.
- Global oil demand growth for 2004 has been raised by 220 kb/d to 1.4 mb/d. Growth is surging in some developing economies, led in part by Chinese economic expansion, but temporarily slowing in the OECD, where the reversal of one-off factors that lifted demand last winter is dampening the economic recovery's impact on oil demand.
- OECD industry oil stocks fell 1.26 mb/d in December and 0.46 mb/d in 4Q 2003, closing 56 mb above last year. Forward demand cover remained at historical lows of 51 days. Crude stocks were tight in the US but returned to more comfortable levels in Europe and the Pacific.
- Benchmark WTI and Brent averaged above \$34 and \$31 per barrel respectively in January, supported by low US crude stocks, colder weather and strong East Asian demand. Asia Pacific refinery margins remained firm drawing arbitrated crude and product into the region.

Next Issue: 11 March 2004

Provides the most extensive, up-to-date, statistical data available on current world oil market trends.

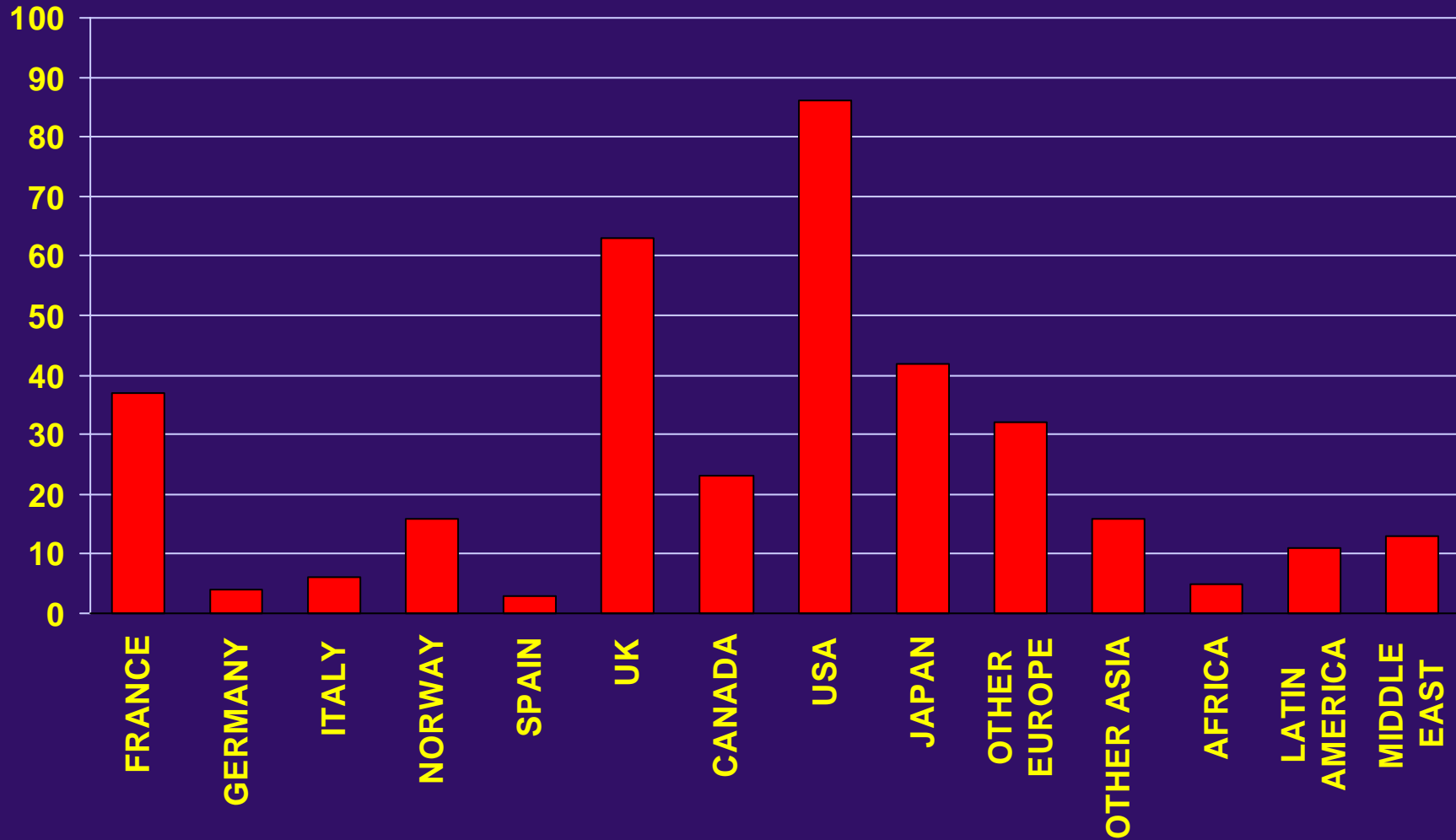
The first and exclusive source to present official government statistics from all OECD countries and data from non-OECD countries.

Provides both historical data from previous months and forecasts for the year ahead.

Covers supply, demand, OECD stocks, prices, refinery activity and selected OECD and non-OECD trade.



# OMR Subscriptions by Country



Some countries are more avid subscribers than others – excludes complimentary, government and media readership and time-delayed public access via website



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**Highlights of the latest OMR**

- ▶ Japanese
- ▶ English
- ▶ French
- ▶ Norwegian
- ▶ Italian
- ▶ Spanish

see the disclaimer at the bottom of the page

September world oil production rose 300 kb/d from August to 80.11 mb/d. Non-OPEC supply was up 135 kb/d, OPEC crude by 90 kb/d and other OPEC supply by 70 kb/d. OPEC crude output averaged 26.66 mb/d with Iraqi production increasing by 380 kb/d. Output from other Mideast Gulf producers and Venezuela fell.

OPEC's 24 September decision to cut targets by 900 kb/d to 24.5 mb/d from 1 November took observers by surprise. A further meeting has been scheduled for 4 December in Vienna to review market developments. Additional cuts by the OPEC-10 to below 24 mb/d are seen as unlikely without co-operation from non-OPEC producers.

The estimate of global oil demand is unchanged at 78.4 mb/d for 2003 and 79.4 mb/d for 2004. A counter-seasonal contraction in heating oil deliveries lowered the assessment of OECD demand for the third quarter, but set the stage for a sharp rebound in distillate demand in the fourth quarter.

OECD industry oil stocks closed August at 2551 mb, 3 mb higher than in July but 76 mb below 2002. Crude oil inventories fell by 640 kb/d while growth in product inventories barely outpaced crude's fall. Forward demand cover held level at 53 days, 2 days below 2002.

Brent and WTI crude prices fell more than \$4.50 in September from end-August levels due to weaker gasoline, rising Iraqi supplies, more comfortable product stocks and refinery maintenance. OPEC's production target cut stemmed the decline. WTI ended the month at \$29.41/bbl, \$2.45 lower than end August.

[The latest full Oil Market Report](#)

**Market Fundamentals**

**Marker Crude Prices (\$/bbl)**

**Marker Crude Spreads (\$/bbl)**

**World Oil Supply (mb/d)**

**OPEC Crude Oil Supply (mb/d)**





[Demand](#) | [Supply](#) | [Trade](#) | [Stocks](#) | [Prices](#) | [Refinery](#) | [Tables](#)

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## Latest World Oil Balance Charts

Most Recent Table 1 of the Oil Market Report

► [Quarterly World Balance \(a compilation pdf of all the tables shown below\)](#)

[OECD North America Oil Demand](#)

[OECD Europe Oil Demand](#)

[OECD Pacific Oil Demand](#)

[Total OECD Oil Demand](#)

[FSU Oil Demand](#)

[Non-OECD Europe Oil Demand](#)

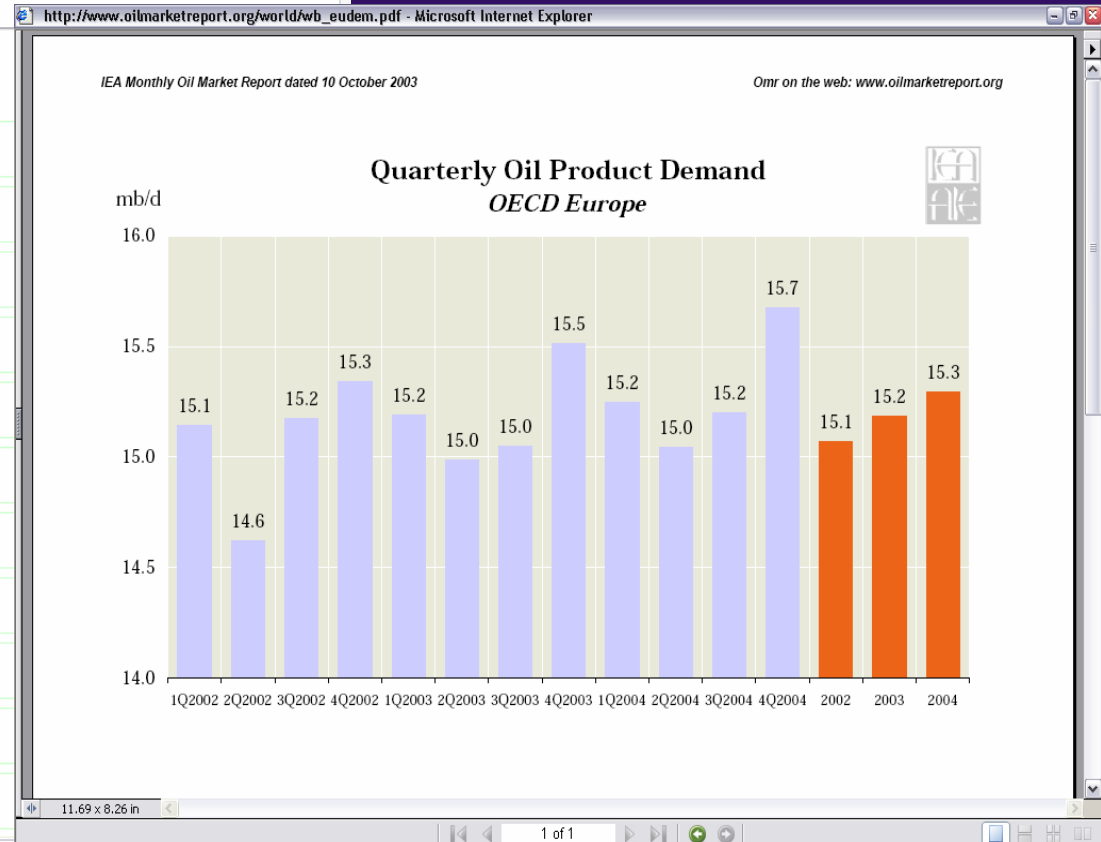
[China Oil Demand](#)

[Non-OECD Other Asia Oil Demand](#)

[Latin America Oil Demand](#)

[Middle East Oil Demand](#)

[Africa Oil Demand](#)



# Monthly Oil Data Service (MOS)

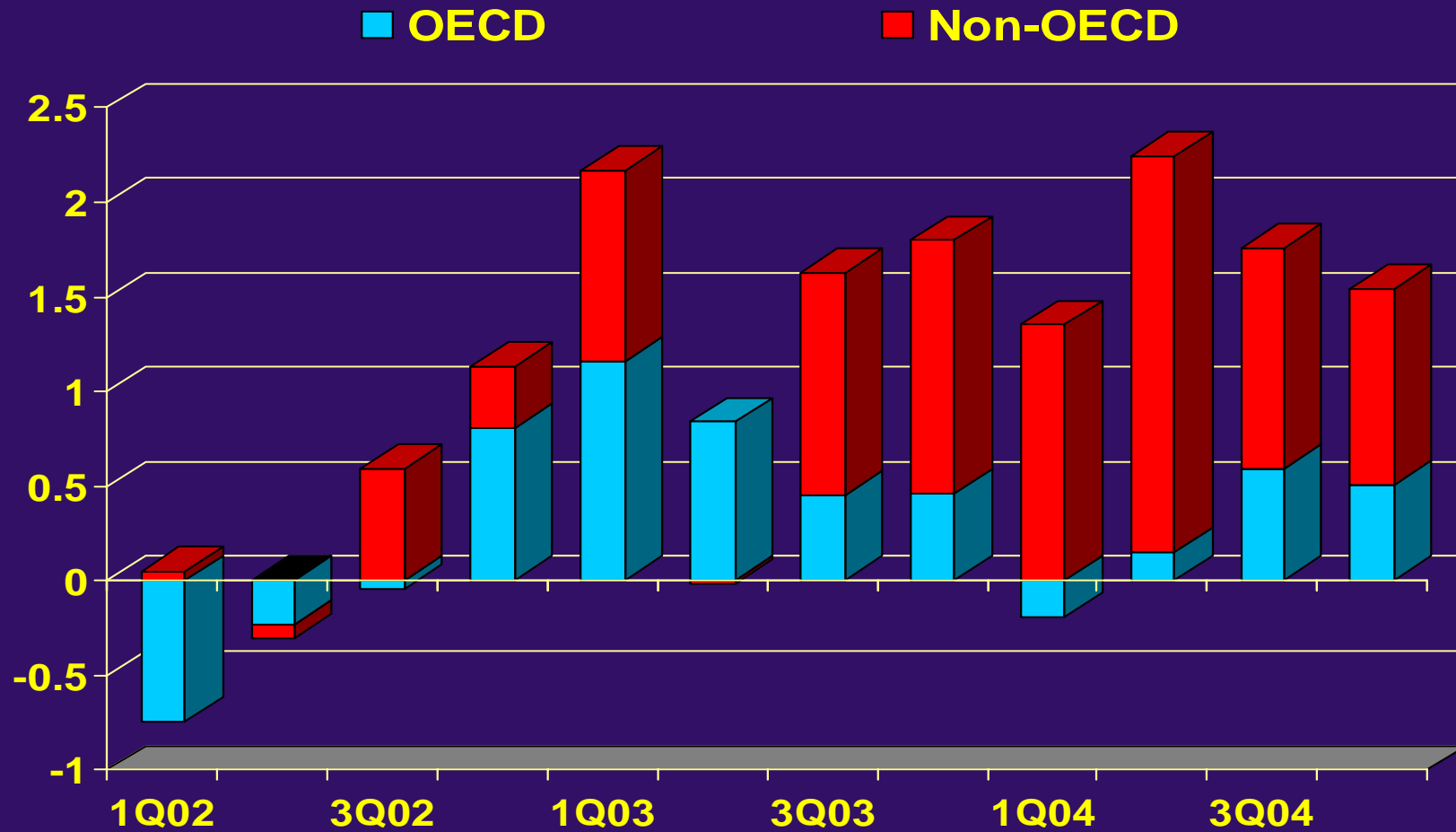
## Backbone of the IEA

- **Electronic data service which provides even greater detail in the form of an extensive database of historical and projected energy information**
- **Based on monthly information (supply, demand, stocks, trade) collected from OECD Member governments and data gathered from non-Member governments, industry, agencies and other third-party information**
- **Includes software and data text files to facilitate importing of tables into other database software**
- **Available on OMR release day**
- **Inexpensive on a comparative basis**



# Oil Demand Recovery: OECD Vs Non-OECD

April OMR Forecast of Quarterly Demand Growth (mb/d)

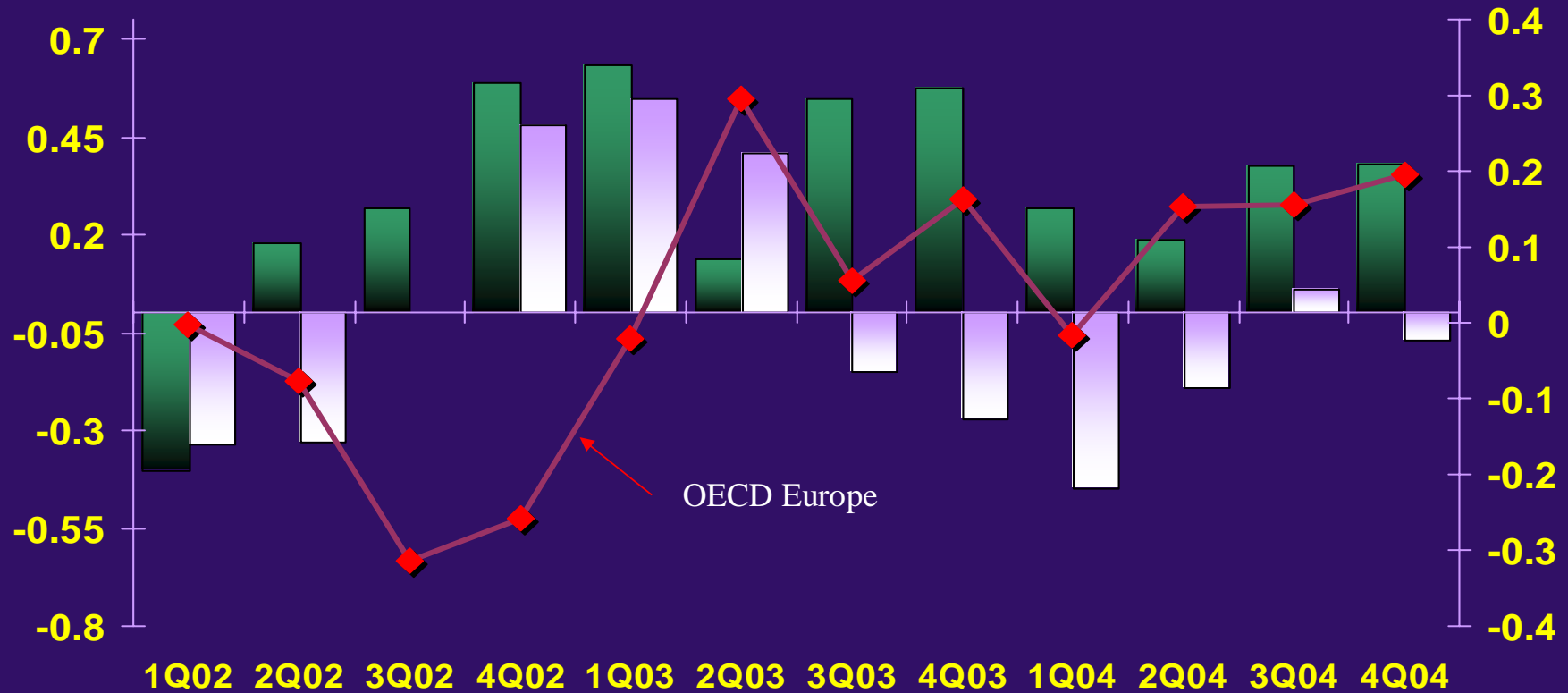


Strong demand recovery driven by non-OECD & China in particular



# OECD Demand

## April OMR Forecast of Quarterly Demand Growth by Region (mb/d)

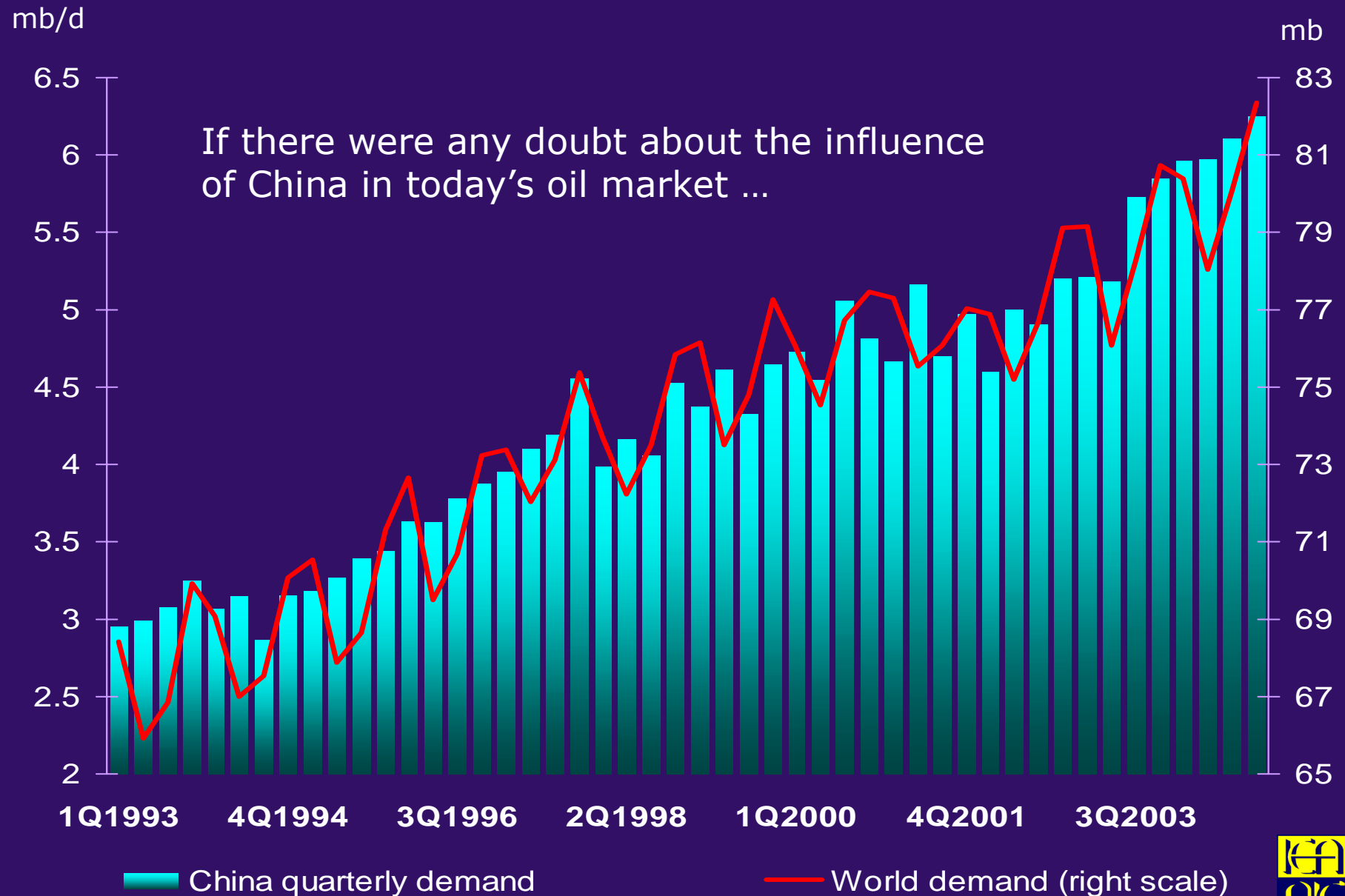


■ N. America (left axis) ■ Asia Pacific (l. axis) ◆ Europe (right axis)

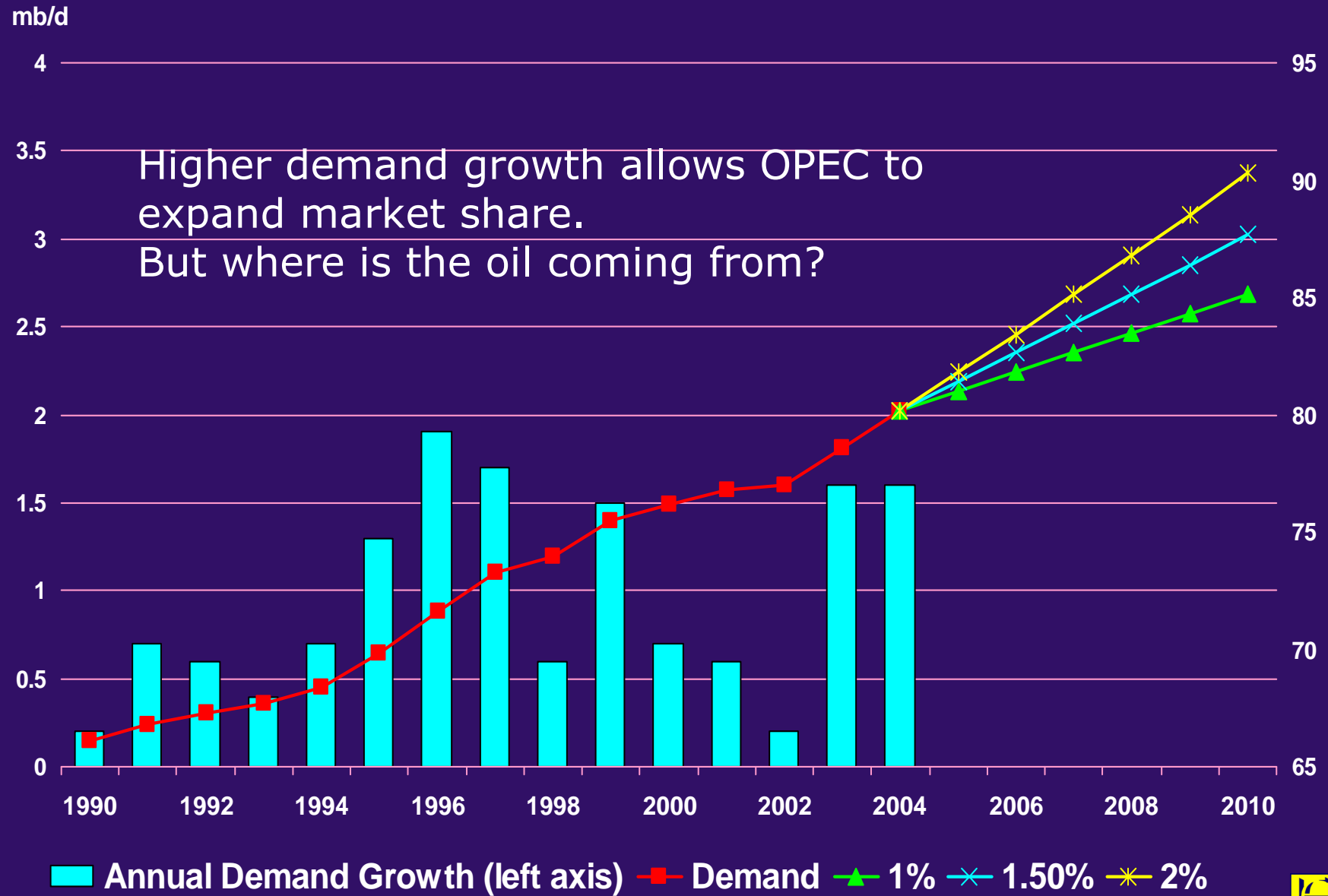
OECD Asia – Odd man out



# China: Engine of Demand Growth



# Key variable: global demand growth



# Russia Now No. 1 Crude Producer

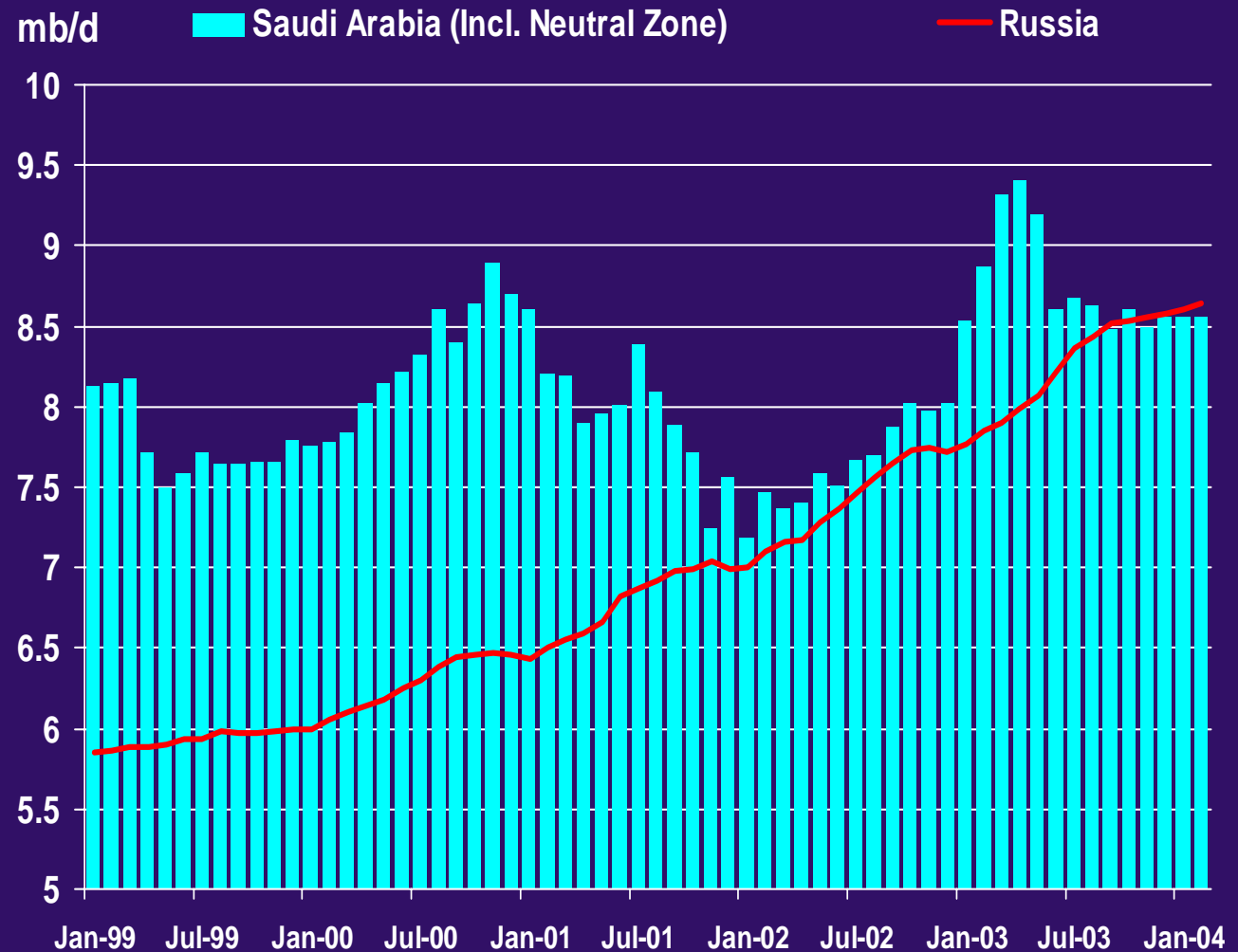
Russia production increased by 11% in 2003

Can +10% annual growth continue, or will production run into infrastructure or political constraints?

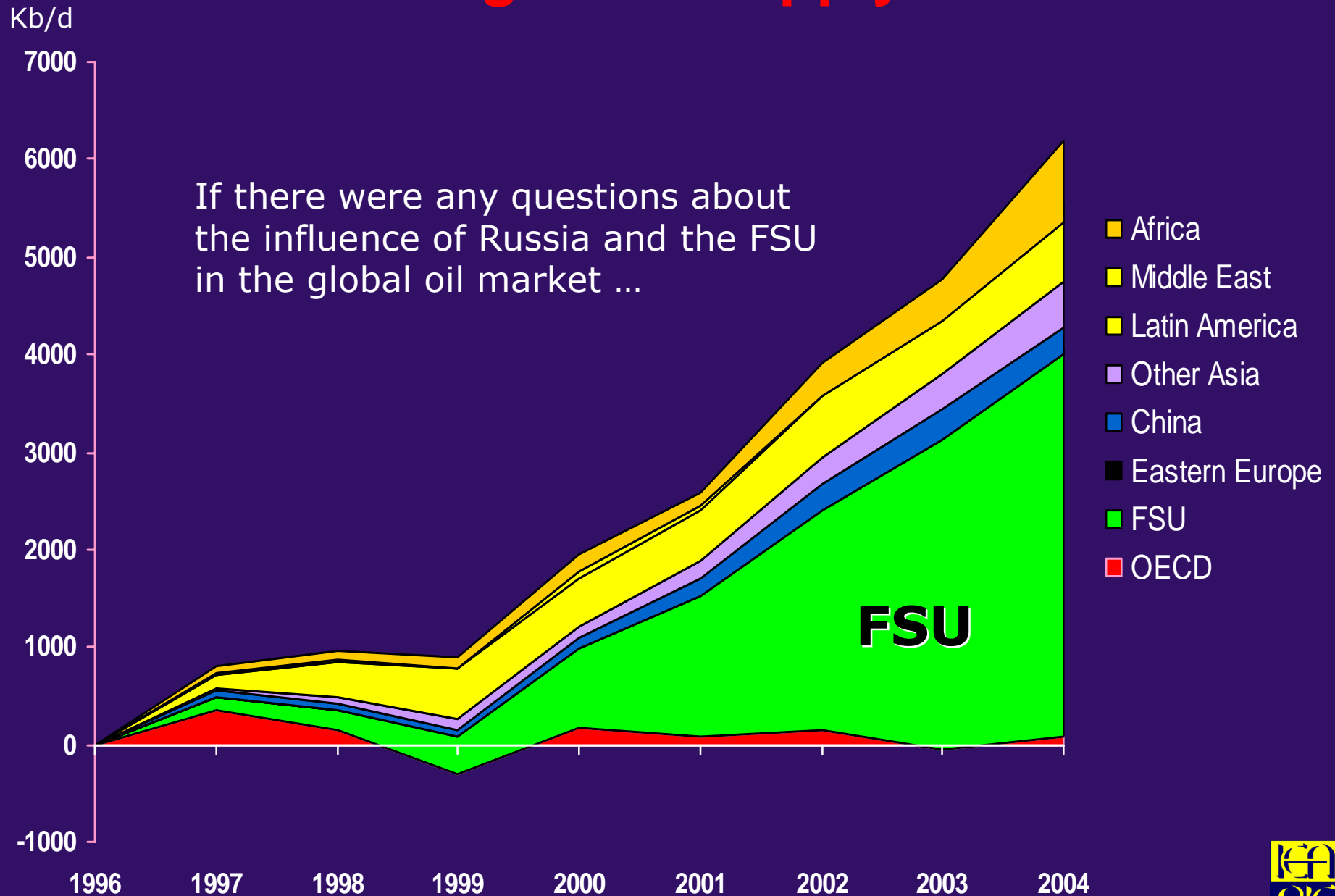
Russia a primary beneficiary of OPEC price policies and supply constraint

IEA estimates Russia took over #1 spot from Saudi Arabia in Sept & again in November

Will Saudi Arabia cede market share to make room for Iraq *and* allow Russia to stay top producer?

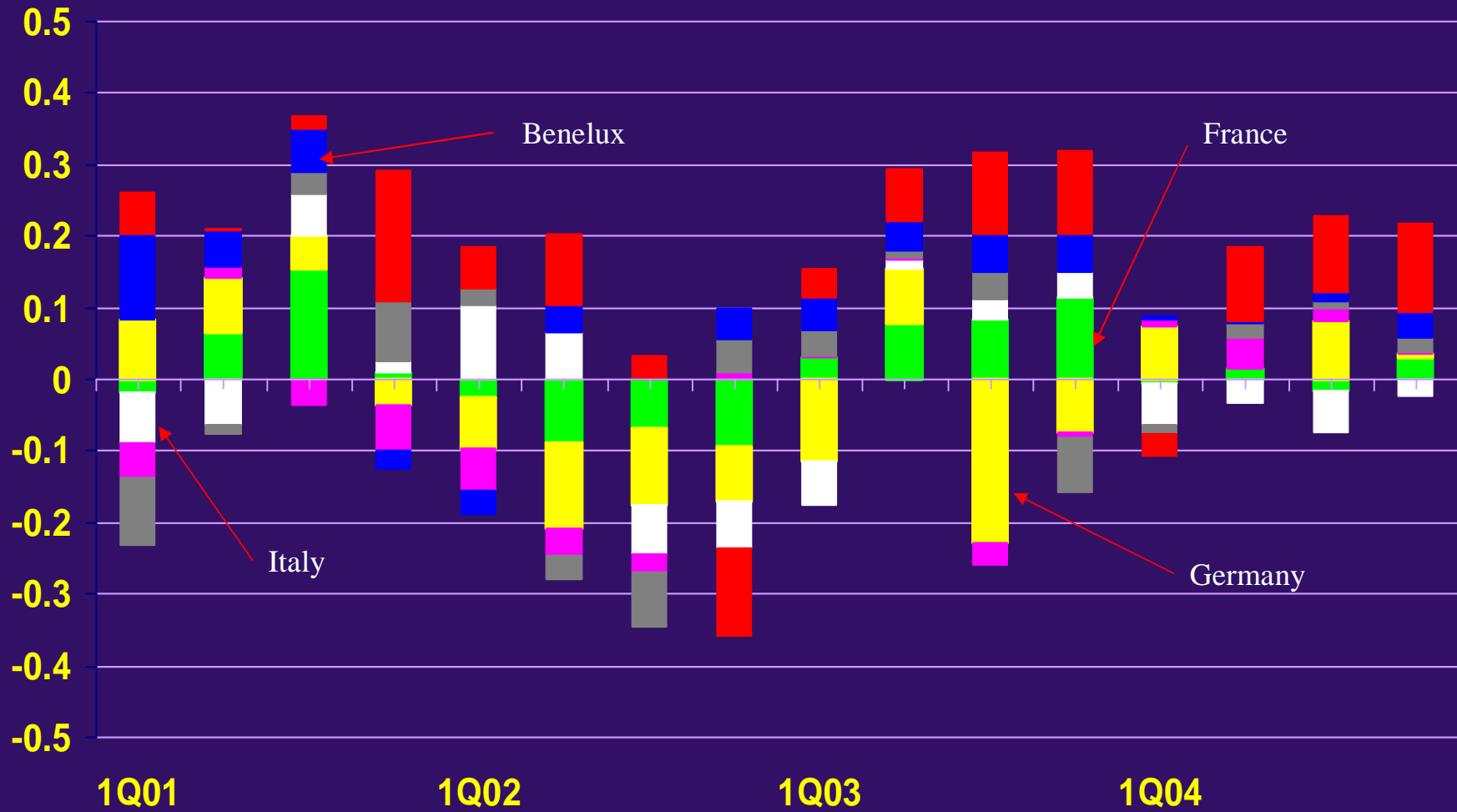


# FSU: Engine of Supply Growth



# OECD Europe Quarterly Demand Growth (mb/d)

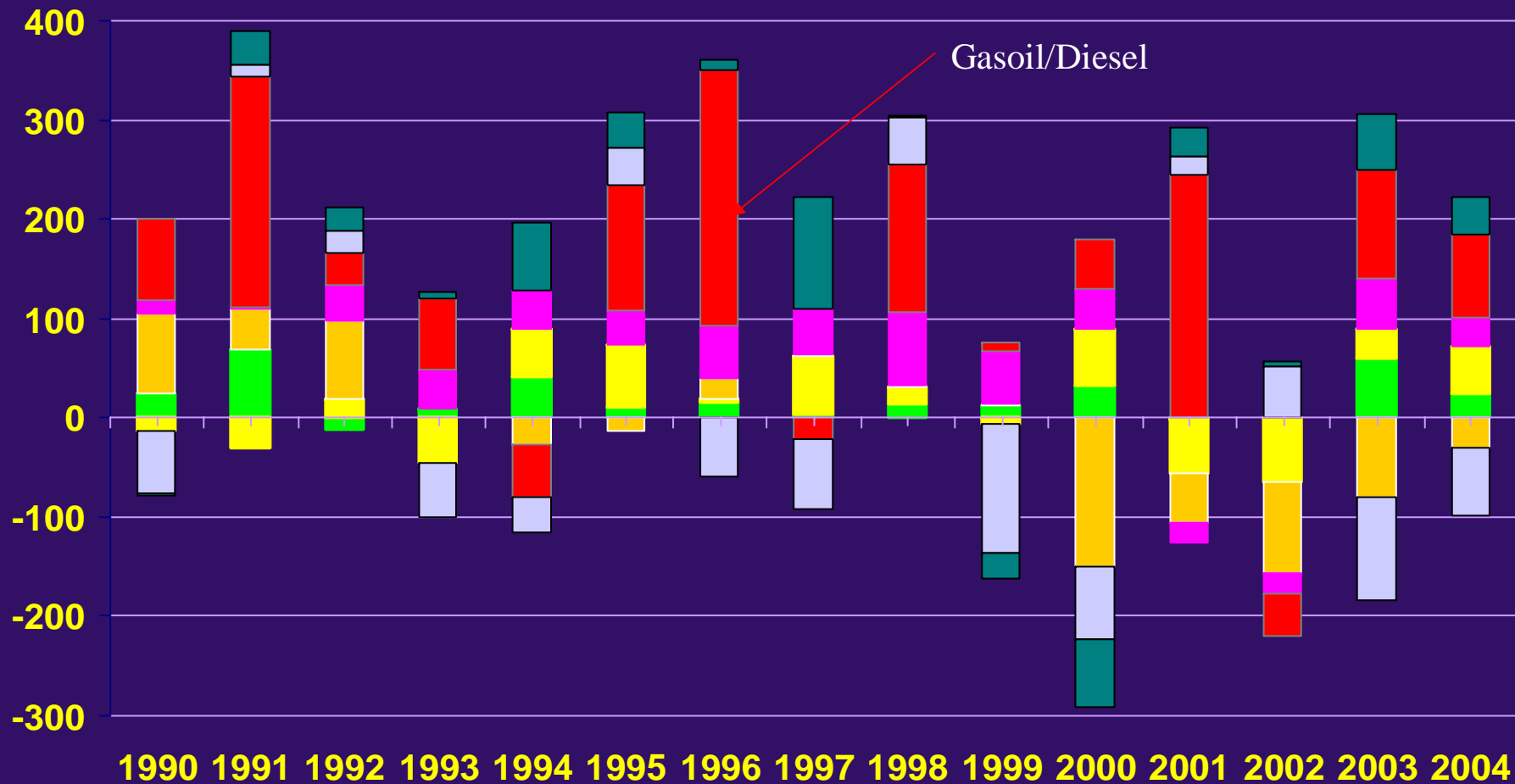
## By country



■ France   
 ■ Germany   
 ■ Italy   
 ■ United Kingdom   
 ■ Scandinavia   
 ■ Benelux   
 ■ Other



# Annual Demand Growth by Product (kb/d) OECD Europe



■ LPG and Ethane

■ Naphtha

■ Motor Gasoline

■ Jet and Kerosene

■ Gas/Diesel Oil

■ Residual Fuels

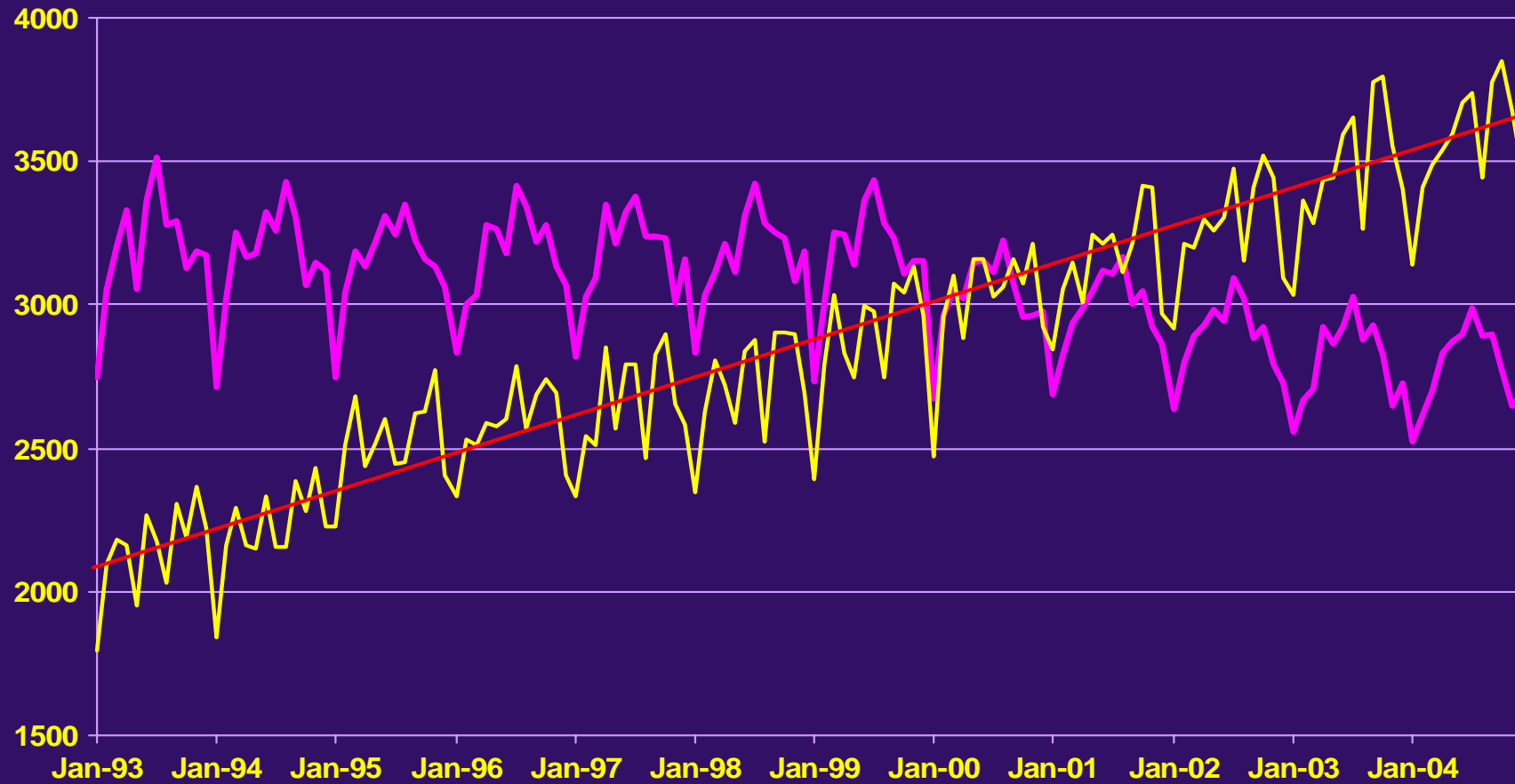
■ Other Products



# OECD Europe Gasoline vs. Diesel Demand

## - Divergent Trends -

mb/d



— MOTOR GAS

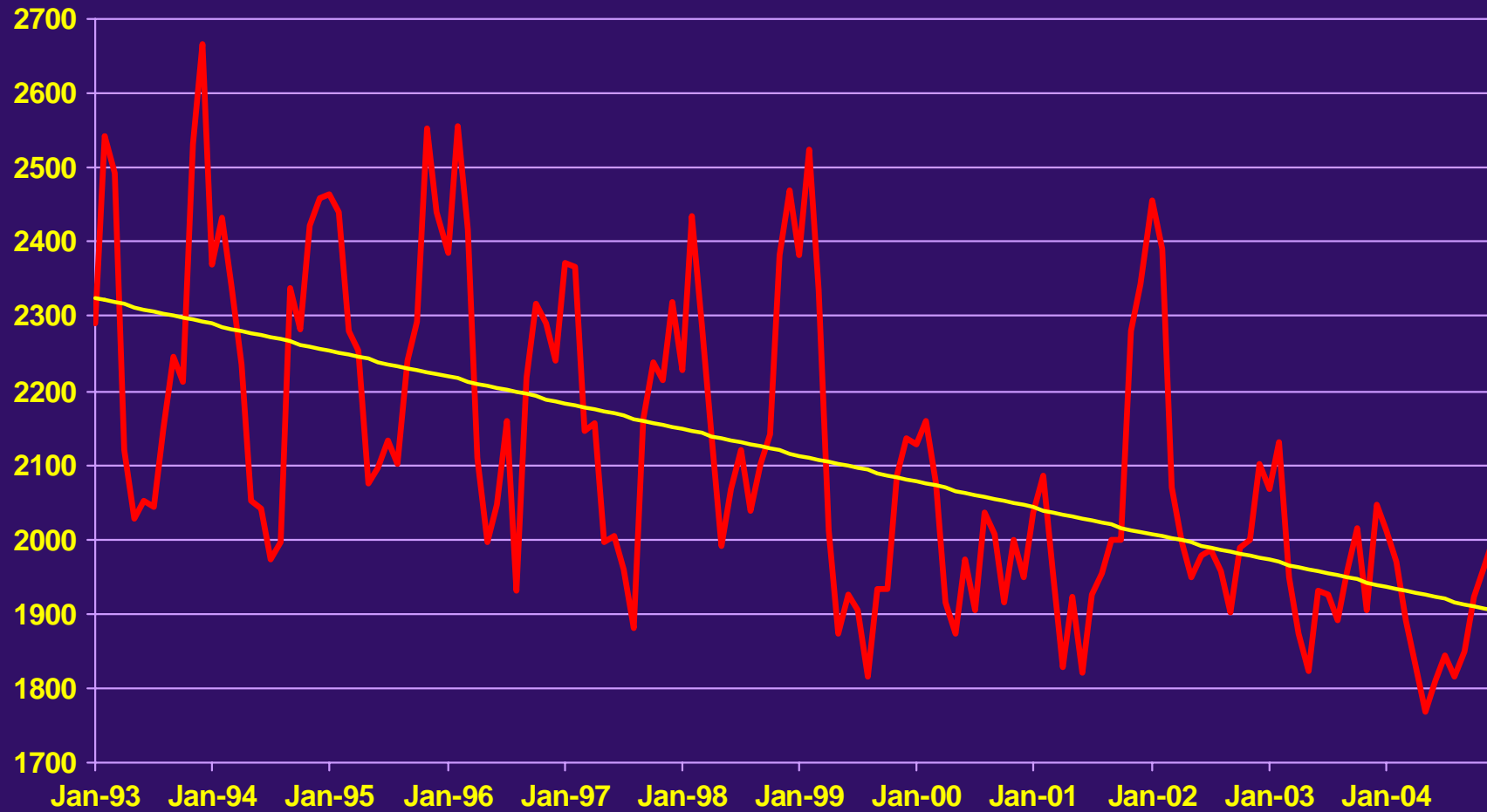
— DIESEL



# OECD Europe Fuel Oil Demand

- How much lower can it go? -

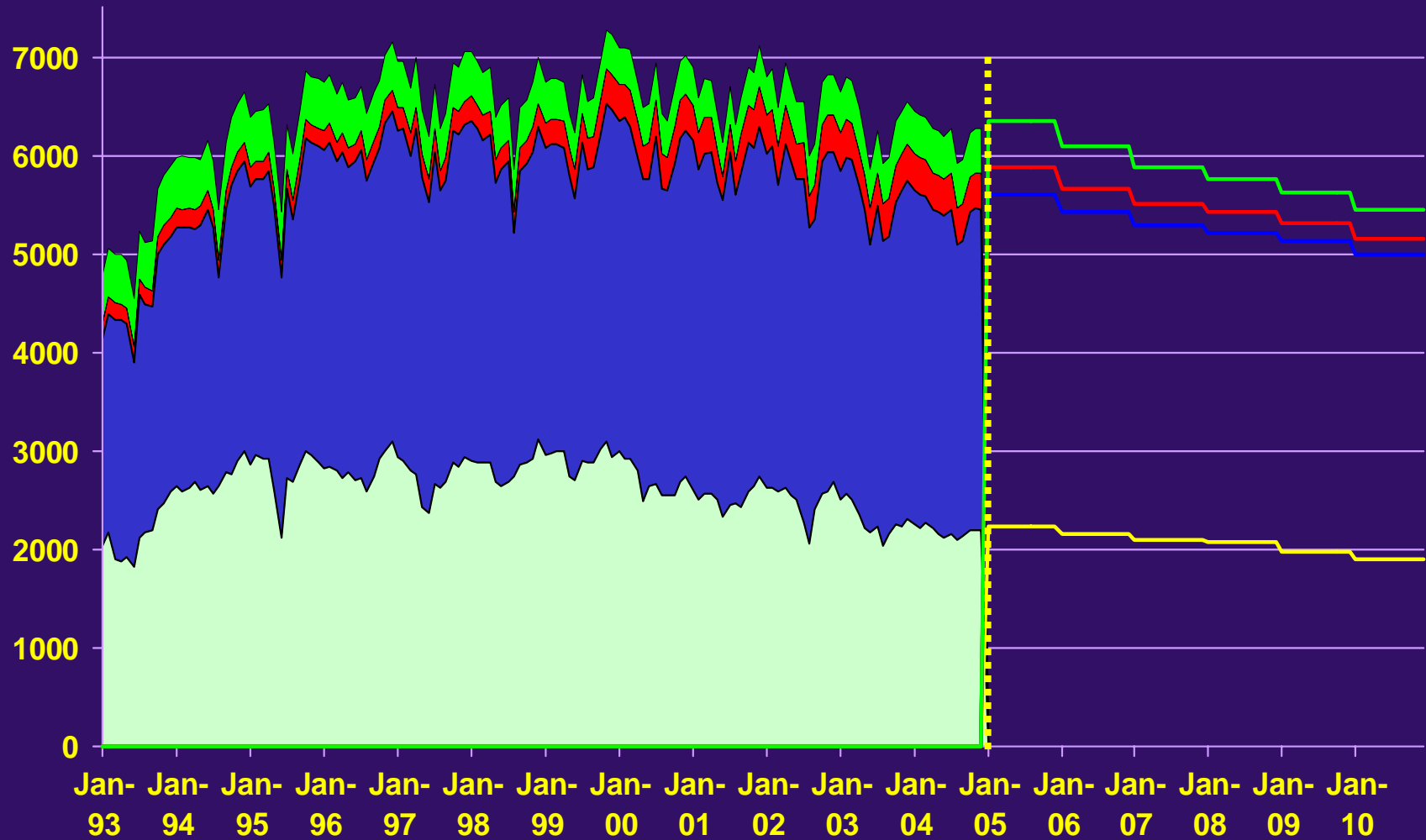
mb/d



# OECD Europe Oil Production

- Steady, Long-Term Decline -

kb/d



■ UK

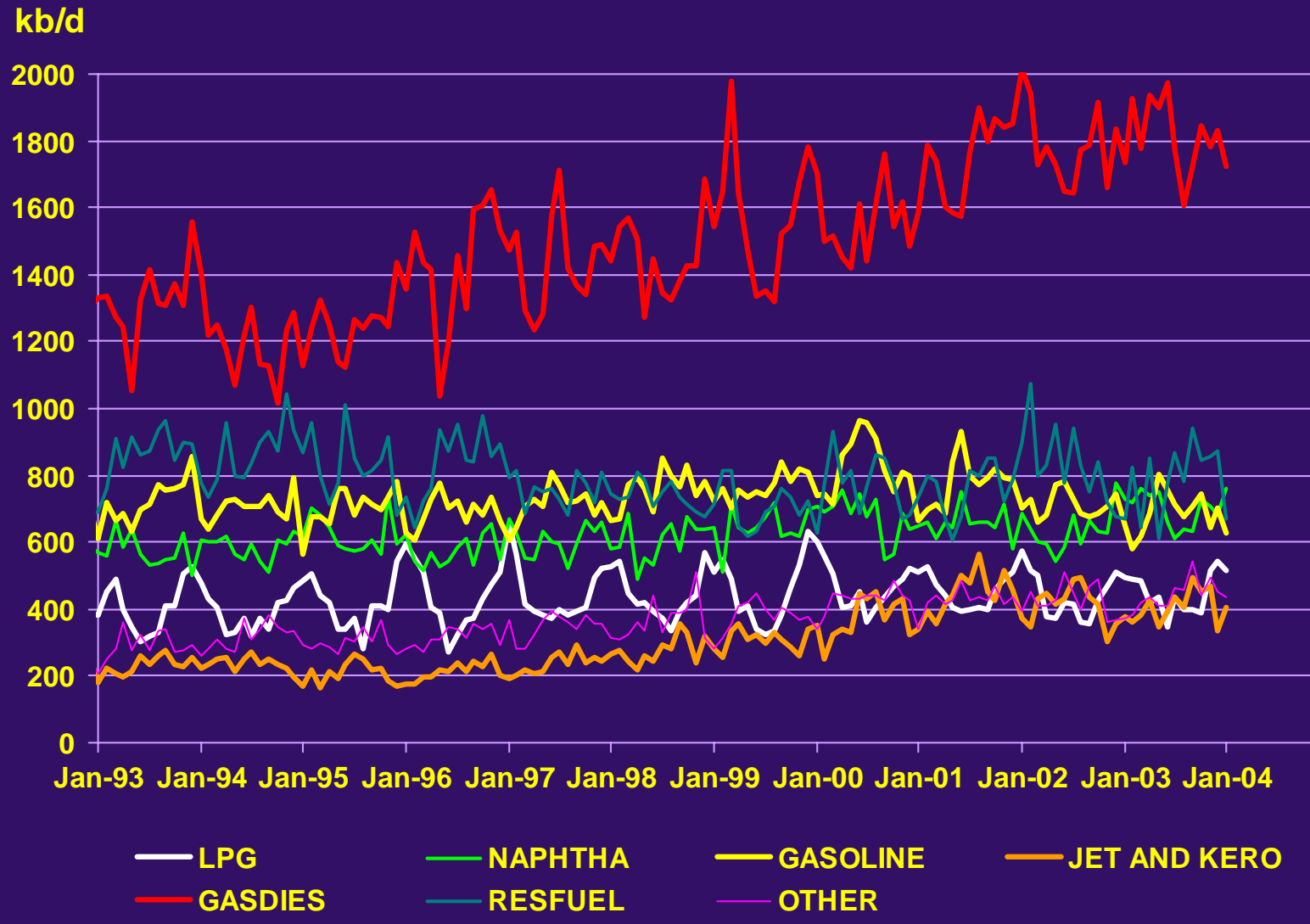
■ NORWAY

■ DENMARK

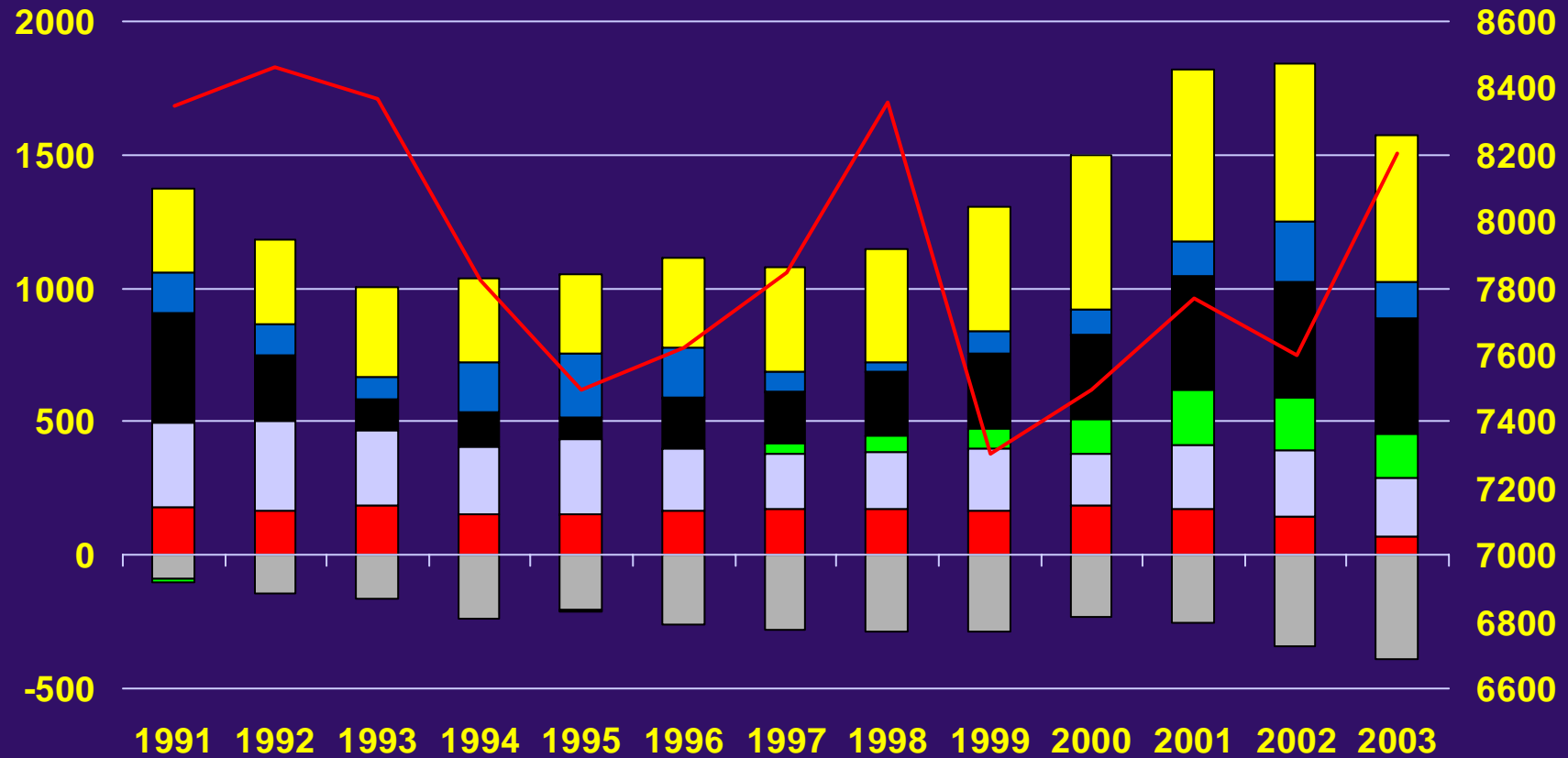
■ OTHER



# Petroleum Product Imports - OECD Europe -



# Net imports OECD Europe



Excludes intra-regional trade



# Conclusion

**Chinese curse:**

**“ May you live in interesting times”**

**Thank you for your attention.**

