

WORLD ENERGY OUTLOOK 2005: FACT SHEET

WHAT HAPPENS IF ENERGY INVESTMENT FALLS SHORT IN KEY PRODUCING COUNTRIES?

The WEO-2005 develops a Deferred Investment Scenario which analyses the impact on world energy markets if upstream investment in the Middle East and North Africa (MENA) increases more slowly than assumed in the Reference Scenario.

- The **Deferred Investment Scenario** depicts a more constrained energy future than does the Reference Scenario. It shows the effects of MENA government policies that are intended to, or have the effect of, limiting funds into MENA upstream projects.
- One notable impact is that **international crude prices** increase by \$13 (or 20% on average) by 2030, reaching \$52 -- up one-third over the Reference Scenario. The increase in the oil price drives up the prices of natural gas and coal, subsequently, pushing up the cost of electricity. In addition, MENA's **share of world oil production** drops from 35% in 2004 to 33% in 2030 (whereas it increases to 44% in the Reference Scenario). And **world GDP growth**, the main driver of energy demand, is reduced by an average 0.23 percentage points per year.
- **Global energy demand growth** falls to 1.3% per year, about 6% lower in 2030 than in the Reference Scenario.
- **Global oil demand** growth slows to 1.1%, 12.8 mb/d lower (or 9% less) than in the Reference Scenario in 2030. Higher oil prices encourage greater energy efficiency and development and deployment of alternative fuels.
- **World gas demand** grows by only 1.9% per year, down from 2.1% in the Reference Scenario. Demand in 2030 will be 370 bcm, 8% lower than in the Reference Scenario. Biggest slowdown in Europe and North America.
- **MENA oil production** is down by 15mb/d or 30% in 2030 compared to the Reference Scenario. **MENA world refinery throughput and output** falls by 10mb/d or 9%. **Oil exports** fall to 15mb/d, 38% lower than the Reference Scenario.
- **MENA gas production** would be 20% lower in 2030. **MENA gas exports** fall by 46% in percentage terms.
- Cumulative **MENA oil and gas export revenues** fall by \$1 000 billion (in real 2004 prices) from 2005-2030 compared with the Reference Scenario, mainly toward the end of the period. This is over four times the reduction in investment. Oil accounts for 70%.

- Cumulative **investment** in oil and gas falls to \$830 billion, \$220 billion (or one-fifth) less than in the Reference Scenario.