

**WORLD ENERGY OUTLOOK 2007: FACT SHEET- OIL**  
**IS THERE ENOUGH OIL TO GO AROUND? WHAT ARE THE**  
**IMPLICATIONS OF RISING OIL DEMAND IN CHINA AND INDIA FOR**  
**GLOBAL ENERGY MARKETS?**

*The world's remaining oil resources are expected to be sufficient to meet rising demand over the next two-and-a-half decades. Much of the increase in demand will come from China and India, driven largely by the rapid growth in demand for mobility. As much of their incremental oil needs will have to be imported, the reliance on a small number of major oil exporters – notably in the Middle East – is set to grow, raising concerns about energy security.*

- **Global oil demand is projected to reach 116 million barrels per day in 2030 in the Reference Scenario – 32 mb/d up on 2006.** Fast-growing energy demand for transport is the main driver. Today, there are about 900 million cars and trucks on the world's roads; by 2030, the number is expected to pass 2.1 billion. Some 42% of the increase in global oil demand by 2030 comes from China and India. China accounts for the biggest increase in oil demand in absolute terms of any country or region.
- **World oil resources are estimated to be sufficient to meet the projected growth in demand to 2030, but output becomes more concentrated in OPEC countries – provided the necessary investment is forthcoming.** OPEC's share of world oil supply jumps from 42% now to 52% by 2030. Although new oil-production capacity additions are expected to increase over the next five years, it is very uncertain whether they will be sufficient to compensate for the decline in output at existing fields and keep pace with the projected increase in demand. A supply-side crunch in the period to 2015, involving an abrupt escalation in oil prices, cannot be ruled out.
- **To maintain growth in production capacity, the oil industry needs to invest a total of \$5.4 trillion over the period 2006-2030,** mostly for upstream developments and mainly to replace capacity that will become obsolete over the projection period. Underinvestment in the exporting countries could drive up prices in the longer term.
- **China's and India's combined oil consumption increases from 9.3 mb/d in 2005 to 23.1 mb/d in 2030.** Almost two-thirds of this increase come from the transport sector. The total number of light-duty vehicles on the road is projected to jump from about 22 million in 2005 to

more than 200 million in 2030 in China, and from 11 million to 115 million in India. As a result of rising demand and limited indigenous resources, both countries need to import more oil. China's and India's combined oil imports surge, from 5.4 mb/d in 2006 to 19.1 mb/d in 2030 – this is more than today's imports of Japan and the United States together. Imports in all other consuming regions also rise.

- **Much of the additional oil imports required by China, India and other countries will come from the Middle East**, the scene of most past supply disruptions, and will transit vulnerable maritime routes to both eastern and western markets. Supply disruptions drive up prices to *all* consuming countries, regardless of where they obtain their oil. Ensuring reliable and affordable supply will be a formidable challenge.
- **The assumed oil prices underlying these projections are slightly higher than in *WEO-2006***, mainly because of the continuing tightness of crude oil and product markets and supply-side constraints (including growing barriers to upstream investment in several resource-rich countries and refinery bottlenecks). In this *Outlook*, the IEA crude oil import price – a proxy for international oil prices – is assumed to be around \$60 in year-2006 dollars in 2015 and to rise slightly to \$62 by 2030 (or \$108 in nominal terms). Prices of the major benchmark crude oils, West Texas Intermediate (WTI) and Brent, will correspondingly be higher. In 2006, WTI was up \$4.40 per barrel compared to the average IEA crude oil import price, and Brent was up \$4.53. Future price trends hinge on the investment and production policies of a small number of countries – mainly Middle Eastern members of OPEC – that hold the bulk of the world's remaining oil reserves, as well as on demand prospects.
- **Oil demand reaches 120 mb/d in 2030 in the High Growth Scenario – 3.6 mb/d more than in the Reference Scenario.** This scenario assumes higher rates of GDP growth in China and India. These higher rates result in faster growth in energy demand in both countries. But it also boosts international trade between each of the two countries and the rest of the world. Higher growth in energy demand, in turn, coupled with supply constraints, drives up international energy prices.