Selected IEF Observations on the IEA and OPEC Outlooks

Third IEA-IEF-OPEC Symposium on Energy Outlooks
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Secretary General, IEF
Overview

1. What We Learned from the Second IEA-IEF-OPEC Symposium on Energy Outlooks

2. Observations Drawn from Recent IEA and OPEC Outlooks
   a. Short-term Demand | Short-term Supply
   b. Medium-term Demand | Medium-term Supply
   c. Long-term Demand | Long-term Supply

3. Mapping Out a Path Towards Shared Progress
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Lessons from the Second IEA-IEF-OPEC Symposium on Energy Outlooks

1. Comparability of the outlooks could be improved by promoting action in four areas:

- More convergence in definitions.
- Greater disaggregation of datasets.
- More effective exchange of data and information through a strengthened and improved JODI.
- Encourage and support more frequent exchanges for market actors to discuss energy outlooks.
Lessons from the Second IEA-IEF-OPEC Symposium on Energy Outlooks

2. Energy and environmental policies are key drivers of future energy demand and supply and are the most uncertain determinants of the outlooks.

3. The IEA-IEF-OPEC Symposium is an opportunity to develop a better understanding of the potential effects of various policy assumptions on the outlooks.
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The IEA and OPEC Outlooks We Will Discuss Today

<table>
<thead>
<tr>
<th></th>
<th>IEA</th>
<th>OPEC</th>
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<tbody>
<tr>
<td><strong>Medium-term</strong></td>
<td>Medium-Term Oil Market Report (MTOMR), published October 2012</td>
<td>World Oil Outlook (WOO 2012), published November 2012</td>
</tr>
<tr>
<td><strong>Long-term</strong></td>
<td>World Energy Outlook (WEO), published November 2012</td>
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Ongoing downward adjustments to **short-term demand** during 2012, in light of concerns about the global economic recovery.
The gap between the IEA’s and OPEC’s global demand figures (b/d) has risen since 2007.

Part of this trend can be explained by the following factors:

- Different definitions of how demand is measured in some regions
- How stocks in apparent consumption are treated
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Ongoing downward **short-term supply** adjustments during 2012, due to unexpectedly high levels of production stoppages

IEA and OPEC Monthly Revisions of 2012 non-OPEC Supply Growth Projections
North America leads expected **non-OPEC supply growth**, though the IEA and OPEC differ on the size of that growth.

**Non-OPEC Short-term Supply Growth by Region**

Focus: differing views on expected supply growth from North America.
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Though the top line outlook figures are similar, there are differences in **medium-term demand** at the regional and country levels that merit closer analysis.

**Focus:**
- Expected demand from China
- Expected non-OECD demand

### IEA and OPEC Medium-term Global Demand Outlooks

![Graph showing medium-term demand outlooks](image-url)
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The IEA and OPEC medium-term global supply outlooks present different views on North America.
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Mind the gaps: a 29 mb/d gap between IEA’s low long-term demand and OPEC’s high; and a 6 mb/d gap between the two central scenarios

Long-term Global Demand Scenarios
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Different outlooks, methodologies, expected regional crude demand and regional cost assumptions yield different views on projected investment needed to meet demand in 2035.
Long-term non-OPEC supply: National, regional and fuel-type differences merit discussion

Focus on Biofuels
Focus on China
Focus on Latin America
Focus on North America
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The goal is not (necessarily) to reach consensus in all scenarios, but to understand their assumptions and drivers.

Long-term Demand Outlooks

<table>
<thead>
<tr>
<th>Scenario</th>
<th>mb/d</th>
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<tbody>
<tr>
<td>OPEC Reference Case</td>
<td>90</td>
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<tr>
<td>OPEC Lower Growth Scenario</td>
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<tr>
<td>OPEC Higher Growth Scenario</td>
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<tr>
<td>IEA Current Policy Scenario</td>
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<tr>
<td>IEA New Policy Scenario</td>
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<tr>
<td>IEA 450 Scenario</td>
<td>130</td>
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<tr>
<td>IEA Efficient World Scenario</td>
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Mapping Out a Path Towards Shared Progress

Two objectives are for us to:

1. Collectively leverage this Third Symposium to **gain a better understanding** of the different assumptions held by the IEA and OPEC.

2. **Hear from the experts** who have traveled from near and far to share their insights.
Mapping Out a Path Towards Shared Progress

How else can we leverage the Symposium and ongoing IEA-IEF-OPEC cooperation to make concrete progress?

1. **Data presentation**: different presentation of data on a regional level (e.g. OPEC’s representation of its member countries). *No methodology change necessary.*

2. **Biofuels**: differences in presentation and assumptions of biofuels demand.

3. **Bunker and aviation fuel**: differences in treatment of bunker and aviation fuel.
Thank You