OIL

Medium-Term Market Report 2013

International Energy Agency

International Energy Statistics and the Changing Oil Map

EIA Energy Conference

Washington, DC, June 18, 2013

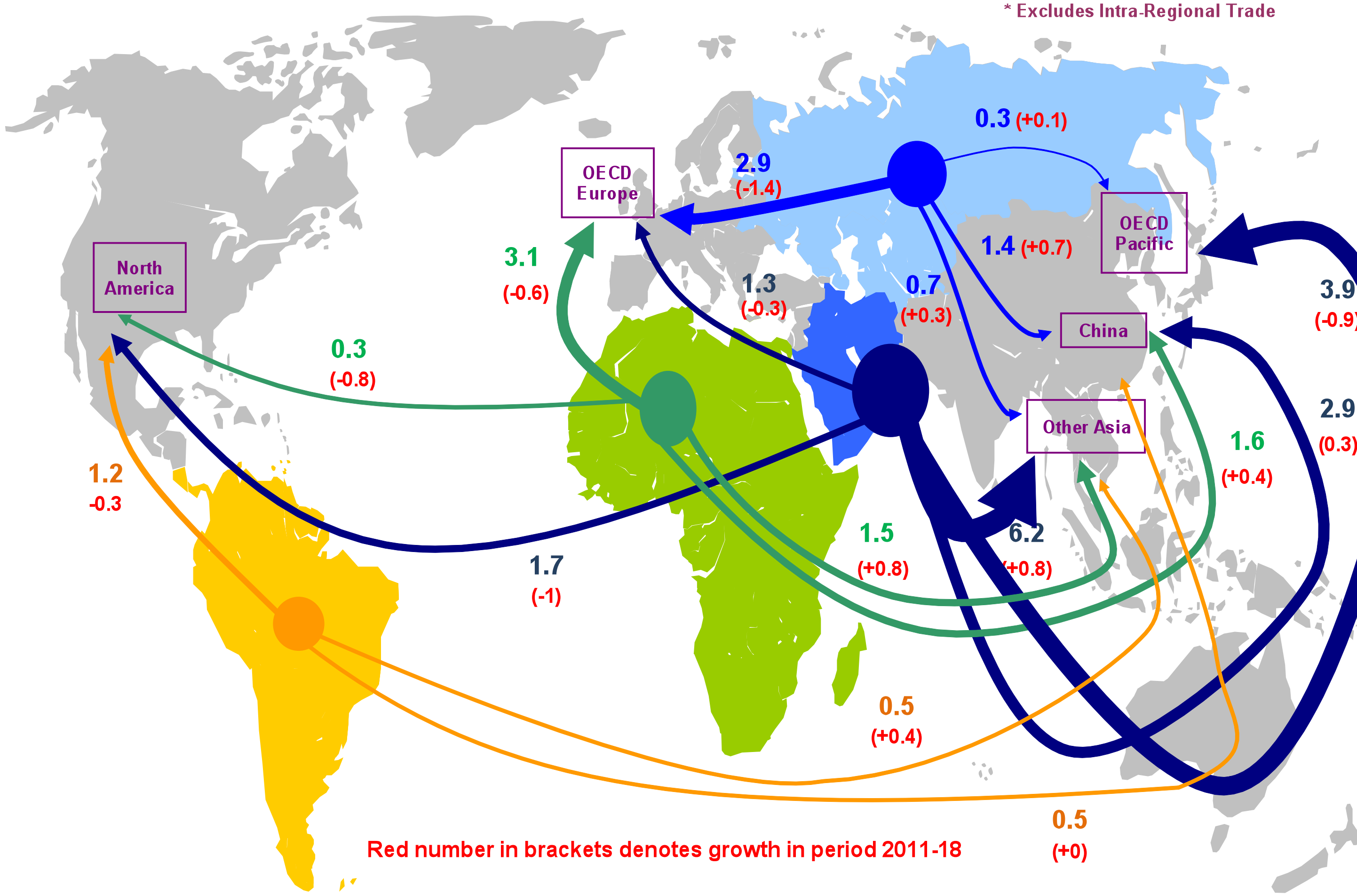
Market Trends and Projections to 2018

New map, new challenges

Crude Exports in 2018 and Growth in 2012-18 for Key Trade Routes*

(million barrels per day)

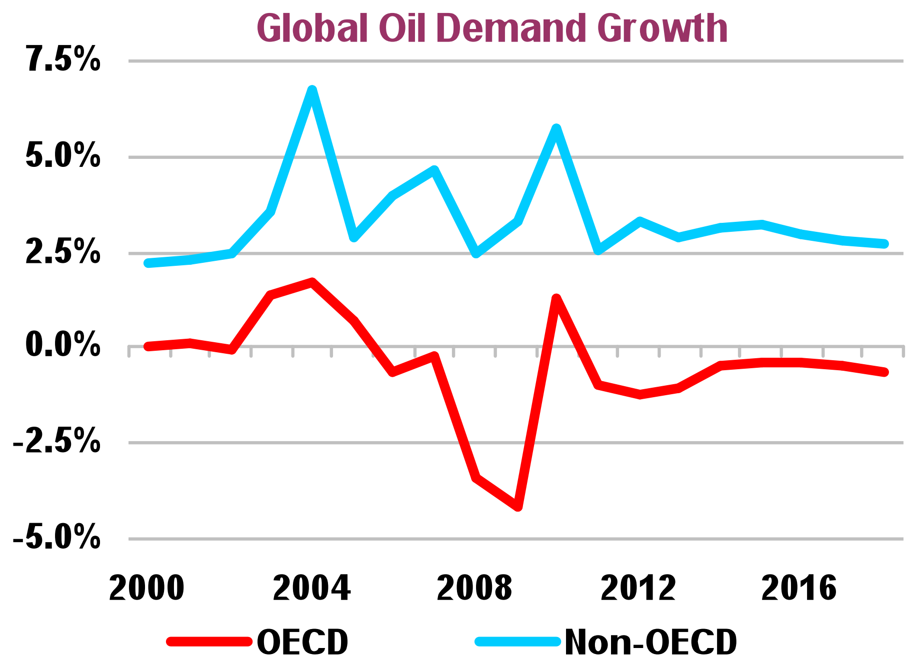
* Excludes Intra-Regional Trade



Statistics versus the market

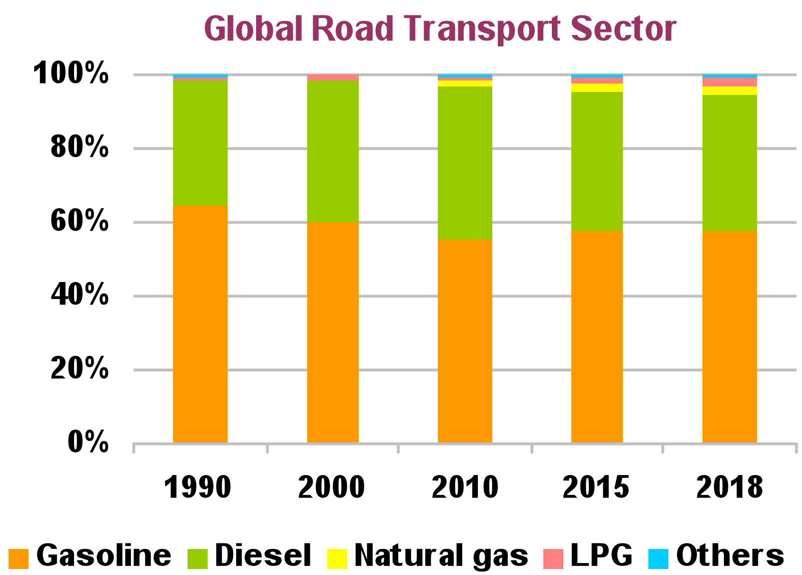
- OECD data are increasingly less representative
  - OECD countries < 50% of global demand
- Ascent of non-OECD means less visibility
  - Great strides in JODI data, but still room for improvement
- OECD countries have their own issues
  - Keeping up with changes on the ground (US rail, etc)
  - Budget cuts
  - Industry restructuring
- Can/should OECD standards be applied to non OECD?
  - Political support for energy data
  - Capacity constraints
  - A moving target
- Are there ways to work around data limitations?
  - What are the data priorities? Which data points really do matter? What questions should we be asking?
  - Is there a role for the private sector?

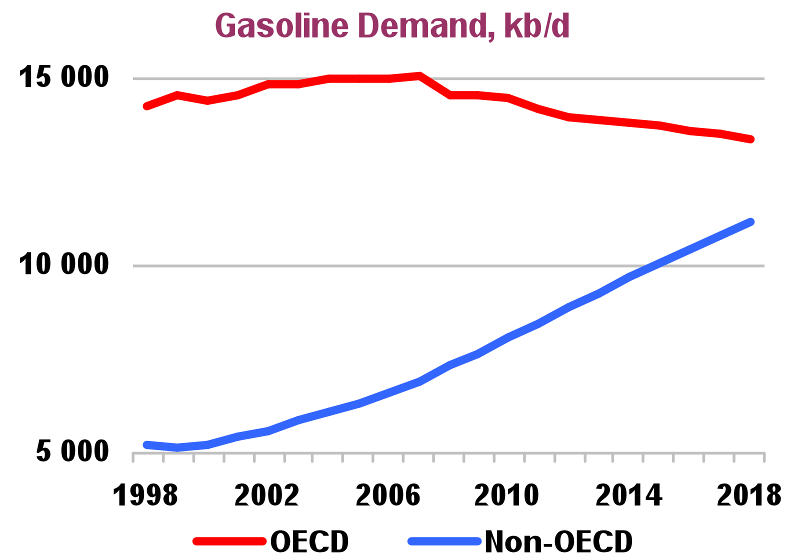
Non-OECD demand growth 2012-2018



- Global demand up 6.9 mb/d, to 96.7 mb/d
  - Global growth 1.1 mb/d (1.2%) per year
- Non-OECD demand up 8.4 mb/d
- OECD demand down 1.5 mb/d
- 2Q13 non-OECD demand > OECD

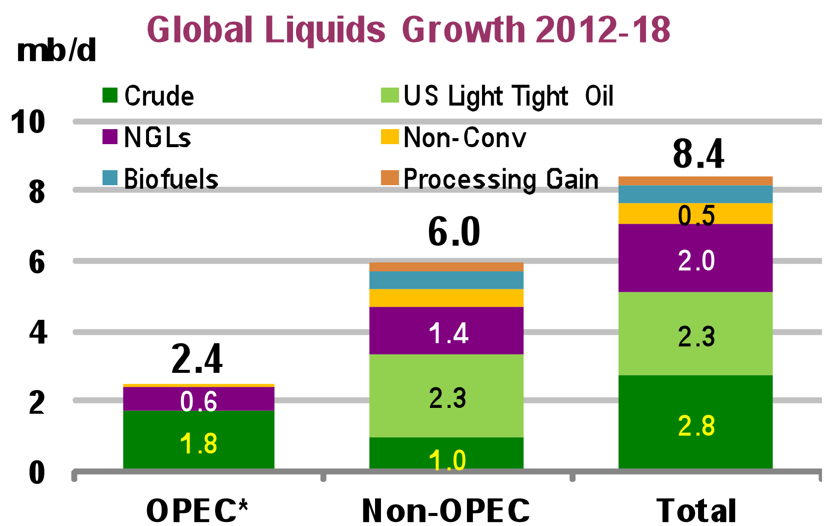
Inter-fuel competition





- Gas inroads: 2.5% of transport demand by 2018 (1.4% 2010; 0.2% 2000)
- Fuel switching cuts bunker demand growth to +0.3% per year

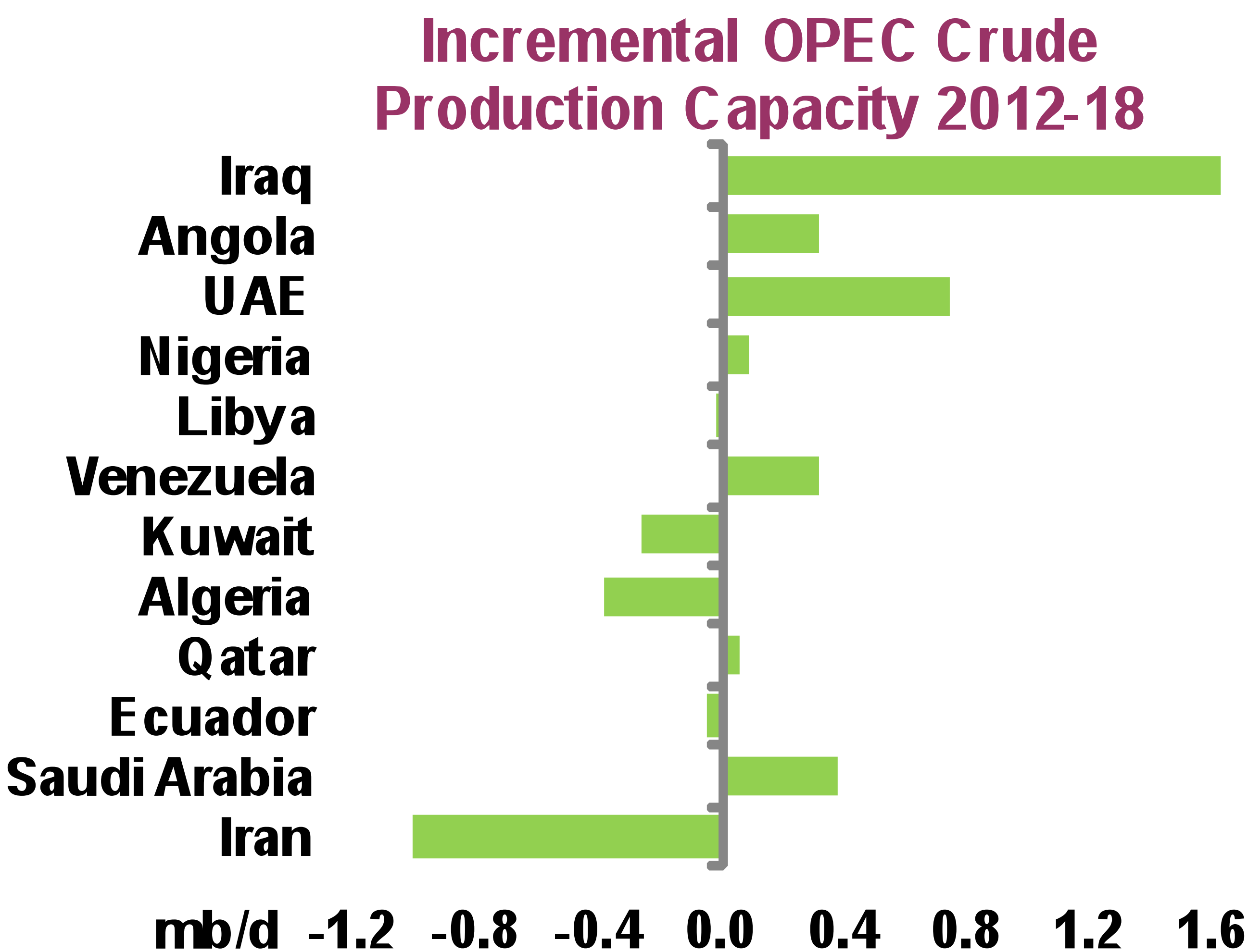
Supply revolutions



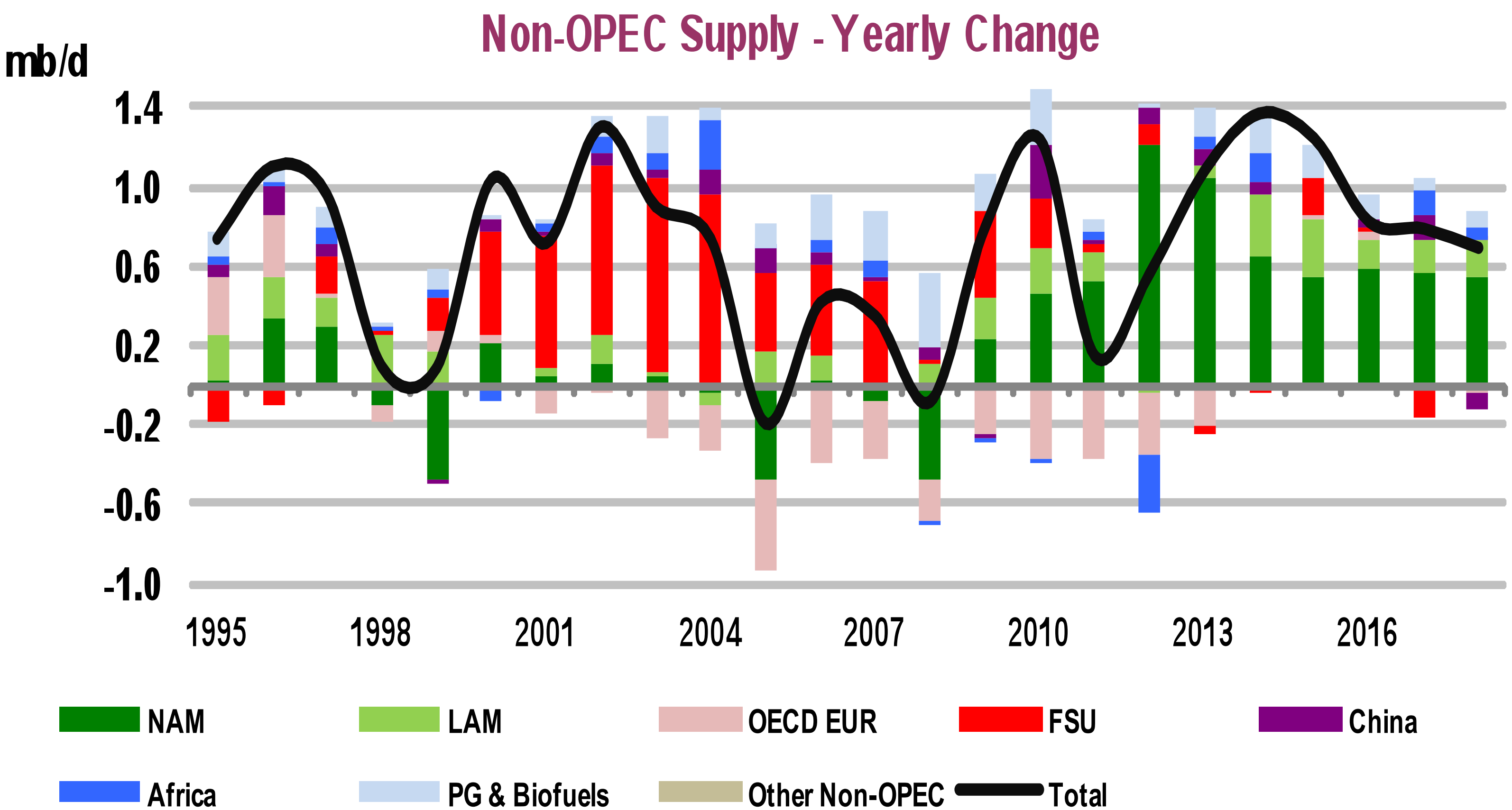
* OPEC crude is capacity additions
Global Refinery processing *gains included in Non-OPEC*

- Production capacity set to grow by 8.4 mb/d by 2018
- Balance of incremental growth tilts towards US
- N. American oil sands, LTO provide 40%
- Iraqi capacity provides 20% of liquids growth
- High prices unlock non-OPEC supplies as OPEC capacity growth is constrained

OPEC fracture lines



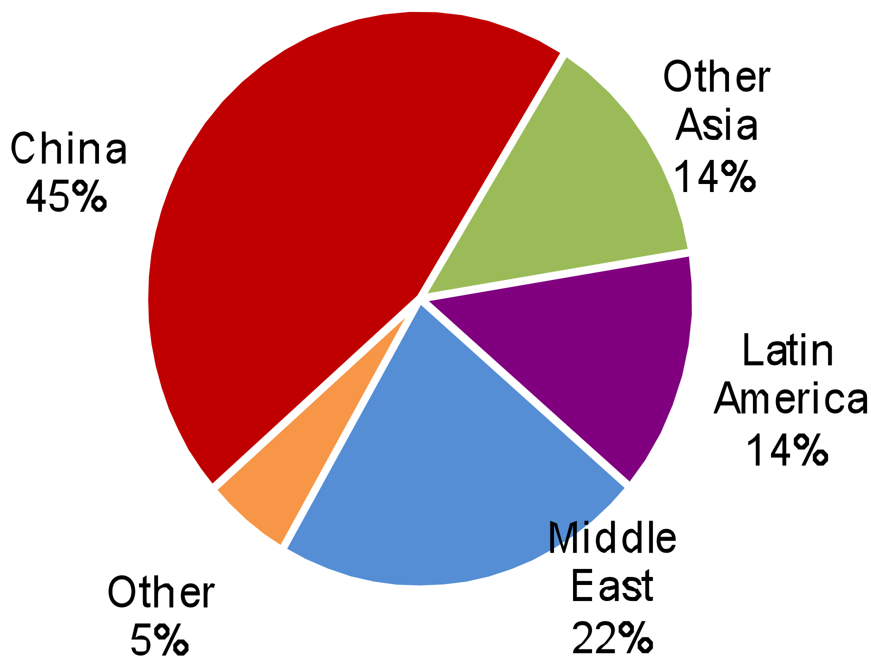
West Side story



Brave new world of refining

Global CDU capacity seen up by 9.5 mb/d by 2018; refining capacity gets more sophisticated

Regional Share of CDU Expansions

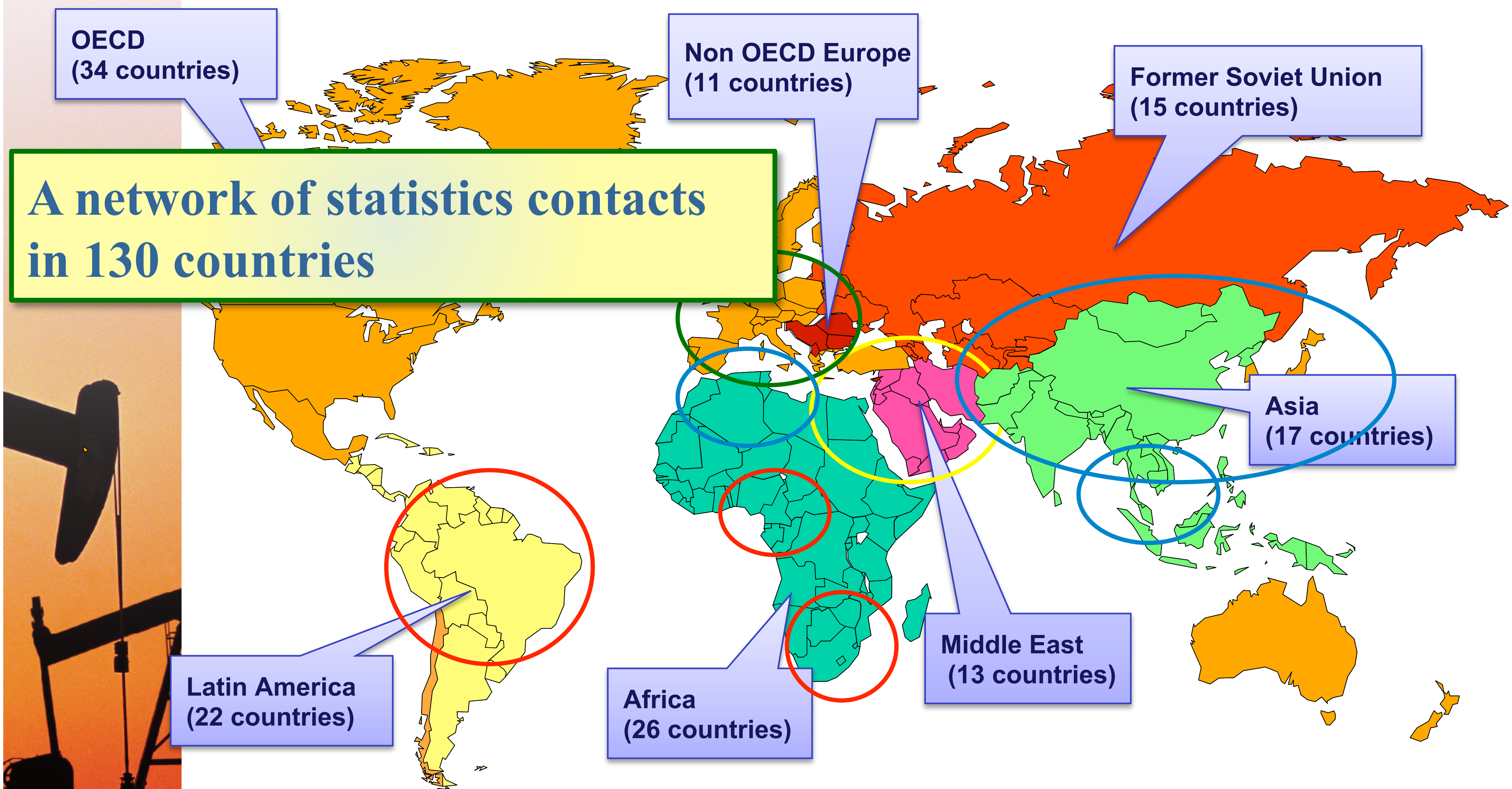


China leads CDU additions

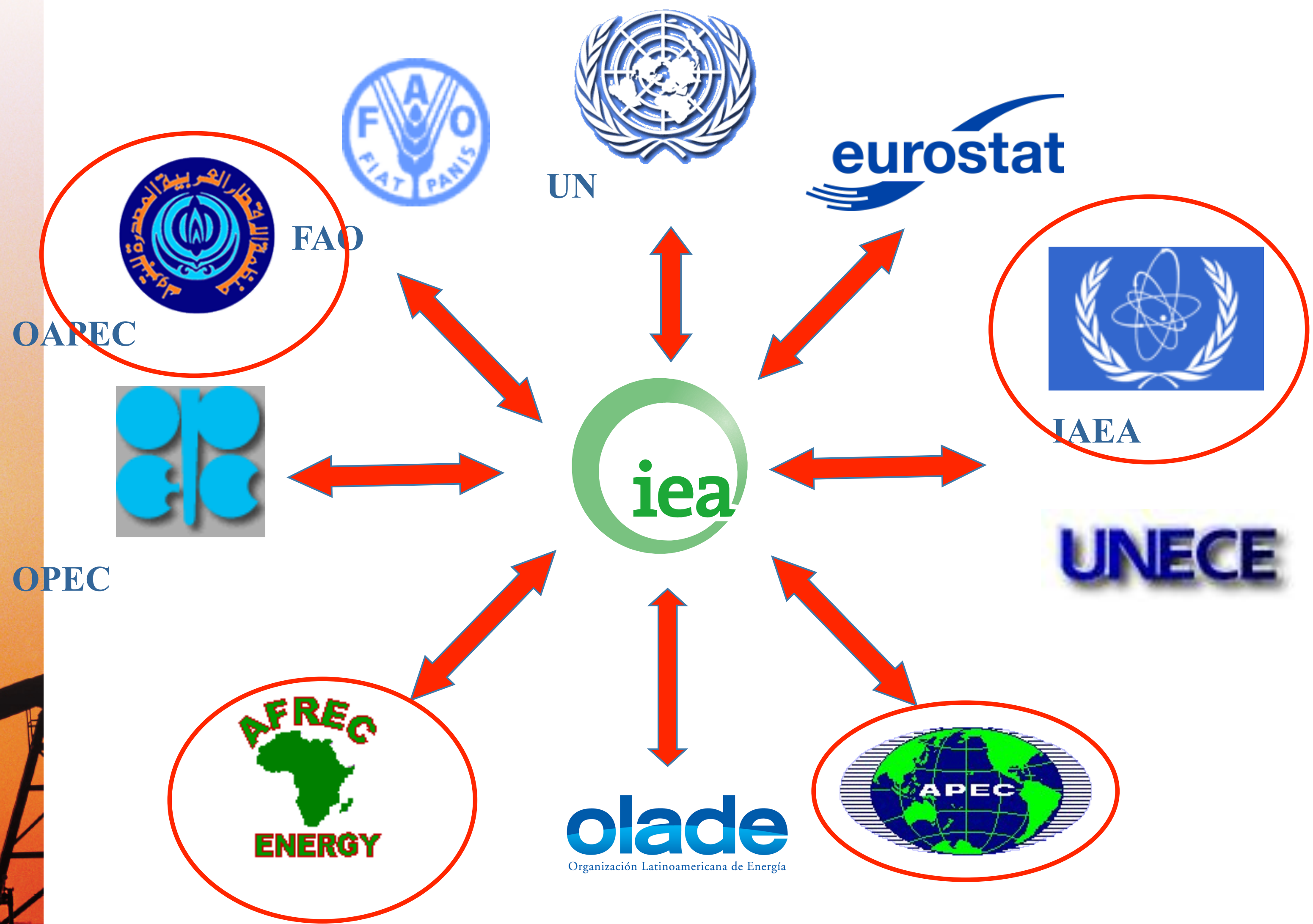
Global storage capacity expansion

- Capacity growth spans all regions
- Non-OECD strategic stocks expanding
  - China, India, ASEAN
- Independent operators expand tanks at trade hubs to support long-haul trade
- North American supply growth, debottlenecking
- New trade routes (FSU)
- Rising imports led by demand growth (Africa, Asia)

Data diplomacy



Global data



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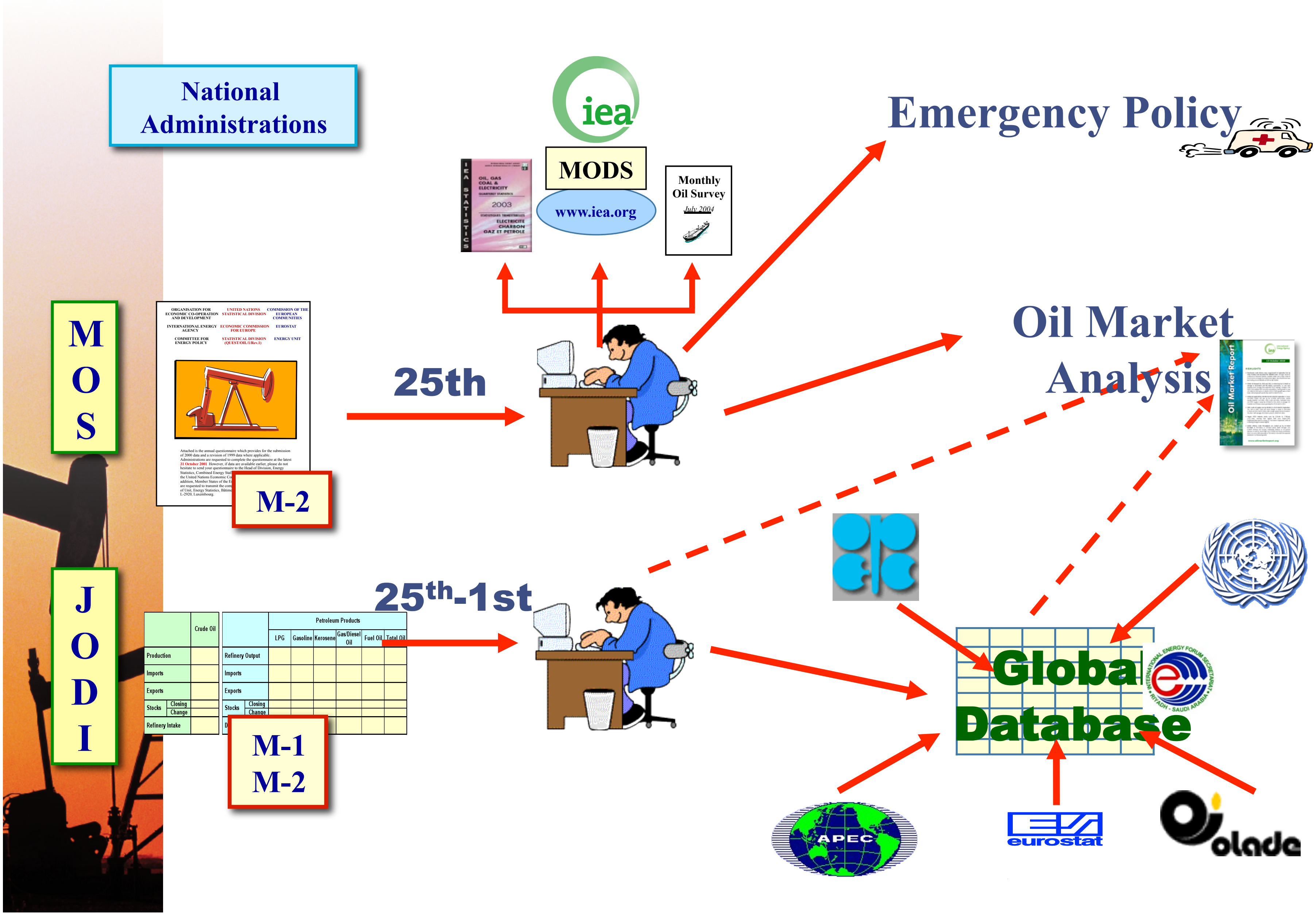
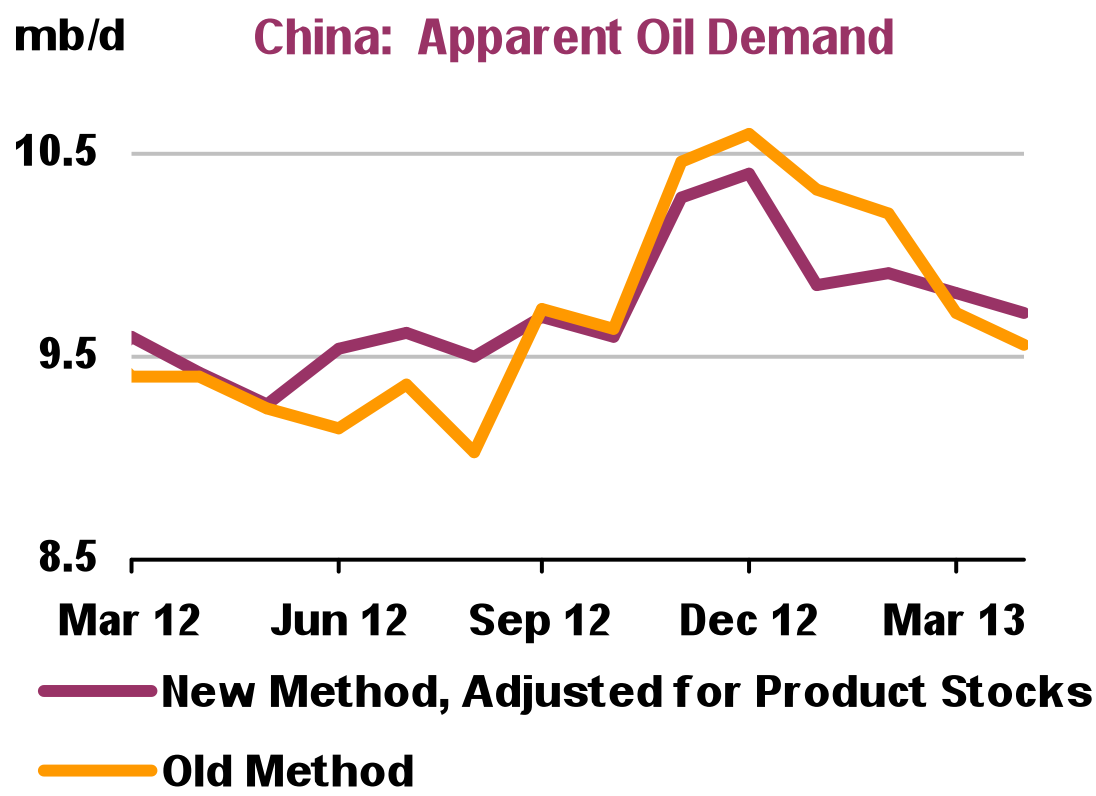
JODI Dissemination



Non-OECD oil data: myths and reality

- Supply versus demand versus stocks
- Growing awareness of the shared benefits of energy data and market transparency
  - Global governance
  - Shared definitions
  - Domestic demand control
- Capacity constraints
  - IEA training, capacity building
  - Double-edged sword
- Moving targets
  - Emerging economies grow more complex as they mature
  - Growth moves on to new markets

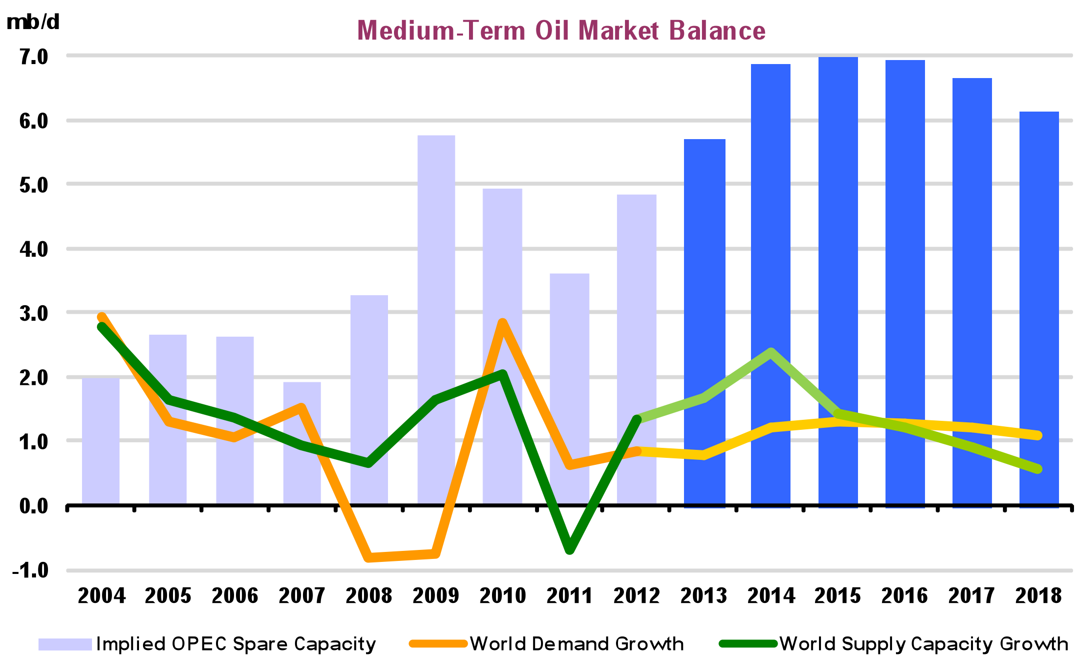
How apparent is Chinese apparent demand?



Gen-set epidemic

- Genset demand: diffuse/intermittent/pervading
- Brisk trade in generators
- China, Malaysia, Indonesia, Philippines, Vietnam, Africa…
- Size and efficiency vary
- Diesel vs gasoline

“Spare capacity” revisited



Thoughts on dealing with data gaps

- Granularity versus selectivity
- Misalignment of product definitions and markets/ regulations
  - Catching up with desulfurization
  - Crude and product quality breakdown
  - Storage capacity
- Proxies
  - Strategic storage hubs
- Resources
  - Survey of large storage companies
  - Regional aggregation to protect confidentiality
- Going private?
  - Company G. in Cushing, Europe refining
  - Non-OECD next?

Thank you

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