

In this paper we have attempted to put together the views of various oil companies and world oil market experts including: the Canadian Energy Research Institute (CERI, August 1992), Data Resources Inc. (DRI, 3rd Quarter, 1992), the International Energy Agency (IEA, April 1991), the U.S. Department of Energy (DOE, April 1992), Energy, Mines and Resources (EMR, Winter 1992), and the National Energy Board (NEB, June 1991). As one would expect, there is a diversity of views on subjects such as the outlook for global oil consumption, non-OPEC production and net demand for OPEC crude. As an example of the prevailing diversity, consider the long-term global oil demand projections published by the DOE, the IEA, and CERI (Chart 2). It is immediately clear that the projections differ markedly from each other. The U.S. DOE and CERI share a moderate view of the growth of oil consumption. The IEA, on the other hand, represents the upper end of the range of projections published over the past year or so. A similar wide variety of views prevails in projections of non-OPEC supply, as illustrated in Chart 3.

Oil Demand Outlook

World oil demand plays a key role in influencing OPEC's rising market share, the increasing oil dependence of the U.S. (the largest oil consuming nation in the world) and the future path of market clearing prices. Nowhere else is this role emphasized more than in the Energy Modelling Forum's latest "EMF 11" study.³ Low oil demand results in low calls on OPEC, which when combined with expanded OPEC capacity, results in low oil prices. On the other hand, higher world oil demand (and hence, more calls on OPEC) or lower OPEC production results in higher oil price paths.

Oil price, economic growth, technological progress and interfuel substitution are the key determinants of oil demand. *Oil demand projections considered in this paper are generally based on a decade of steady, positive growth for the global economy.* GDP is expected to grow at an average rate between 2.5 and 3.5% over the period 1990-95, and 2.8 to 3.8% during 1995-2000, up slightly from the previous period. The outlook for the period 2000-2005 is for GDP growth in the range between 3.0 to 3.6%.

Views of the various experts on the outlook for world oil demand are shown in Chart 2. *World oil consumption is projected to increase at an average annual rate of 1.4% to 2000 and at a much slower rate thereafter.* This could be a

³ International Oil Supplies and Demands, Energy Modelling Forum (EMF), Report 11, April 1992.