

b) Supply/Price Estimates

Before committing resources to the development of oil, an assessment of world oil prices and their general direction is paramount. Canada uses more energy on a per capita basis than most other nations. Canada's economy is closely tied to the production and use of energy. Expensive energy supplies could affect Canadian competitiveness in world export markets and affect our living standards.

Supply and price estimates for oil range from substantial increases to moderate declines. Oil prices increased in the past (from \$1.59 in 1970 to \$34 in 1984) not because of resource scarcity but because of the concentration of oil production in the hands of a few producers. In 1972 OPEC produced 50% of the world's oil, had 66% of the world's proven oil reserves and accounted for 92% of the world's oil exports. By 1976 OPEC was producing 68% of the world's oil, by 1980 they produced only 46%.

Tables 3 and 4 represent estimates of world oil reserves and life index and estimates of ultimate recoverable resources of fossil fuels. The tables illustrate that a hydrocarbon shortage in the immediate future is unlikely. In fact, at current consumption rates, ultimate recoverable resources could last another 600 to 1100 years. Even allowing for a 5% annual compounding increase in energy consumption, estimated resources could last another two hundred years.

Table 3 World Oil Reserves (Billions of Barrels)						Table 4 Estimates of Ultimate Recoverable Resources (Billions of Barrels of Oil Equivalent)	
YEAR	RESERVES	INDEX	YEAR	RESERVES	INDEX		
1947	66	22	1973	650	34	COAL	17360 - 30690
1950	82	22	1975	640	34	OIL ¹	1640 - 2050
1955	181	33	1977	630	33	NATURAL GAS	1640 - 2400
1960	285	37	1979	610	28		
1965	333	30	1981	650	33	TOTAL	10640 - 35140
1967	400	33	1983	640	33		
1969	500	36					
1971	600	35					

Source: Economics of Resource Depletion

¹ Oil estimate includes tar sand and shale.