

# **Perspective for Investment in the Middle East/North Africa Region**

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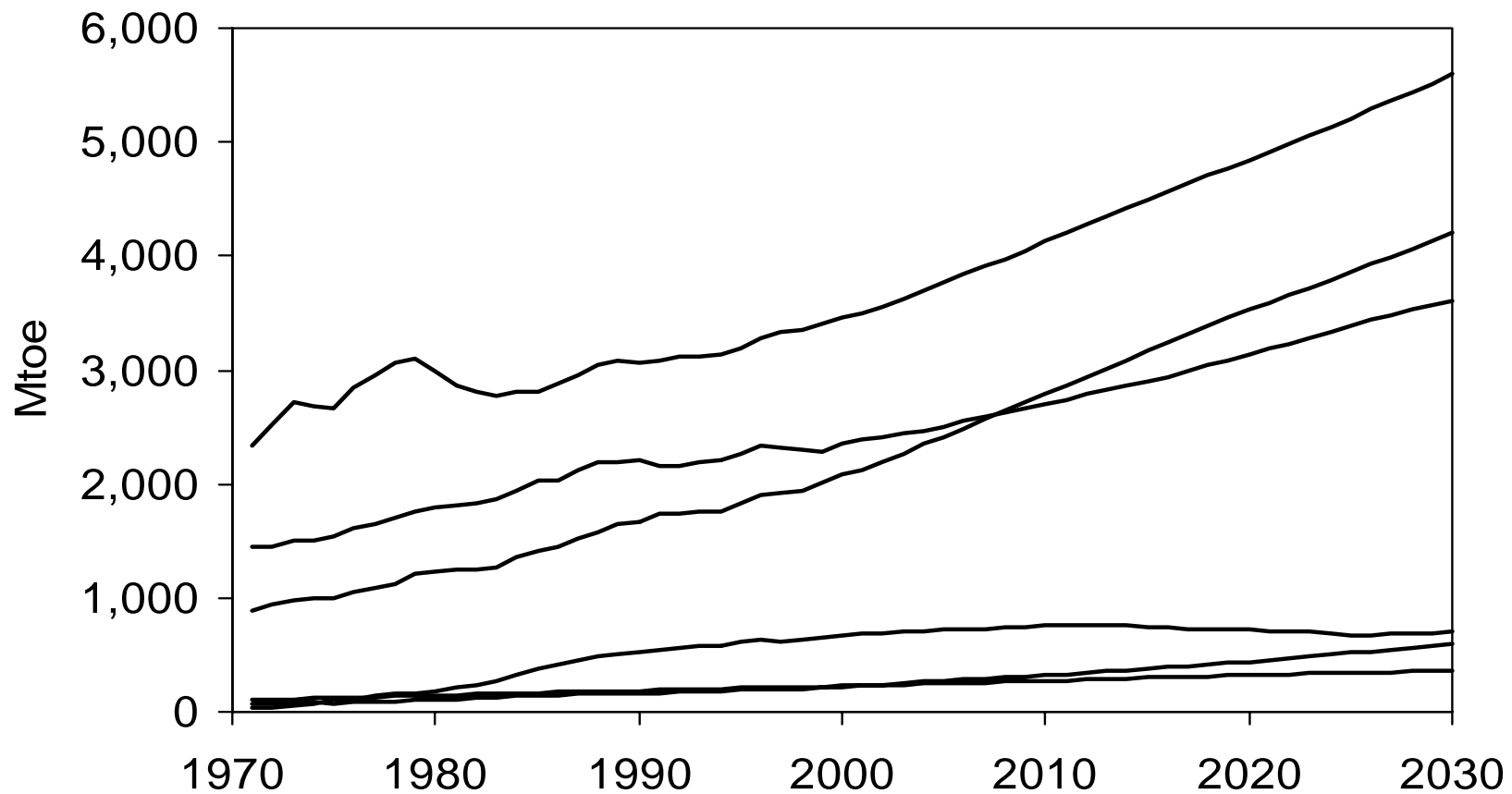


# Context

- **OPEC Middle East hold 63% of world crude oil and NGL reserves with the lowest supply cost**
- **Oil maximisation policy driven by pressing economic needs**
- **Declining market share through price optimisation policy**
- **Slow economic diversification and implementation of reforms**



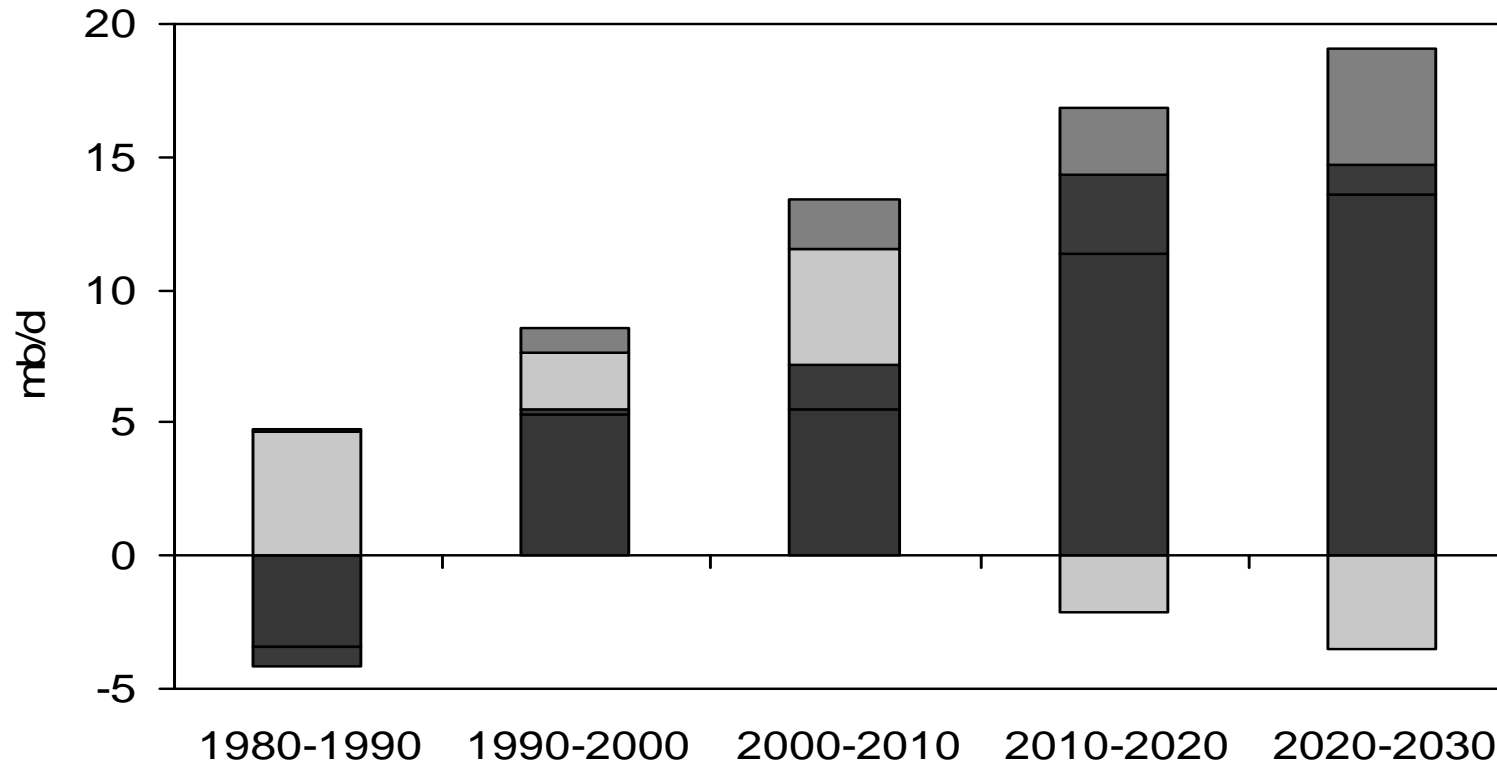
# World Primary Energy Demand



***Gas grows fastest in absolute terms & non-hydro renewables fastest in % terms, but oil remains the dominant fuel in 2030***



# Change in World-Oil Production

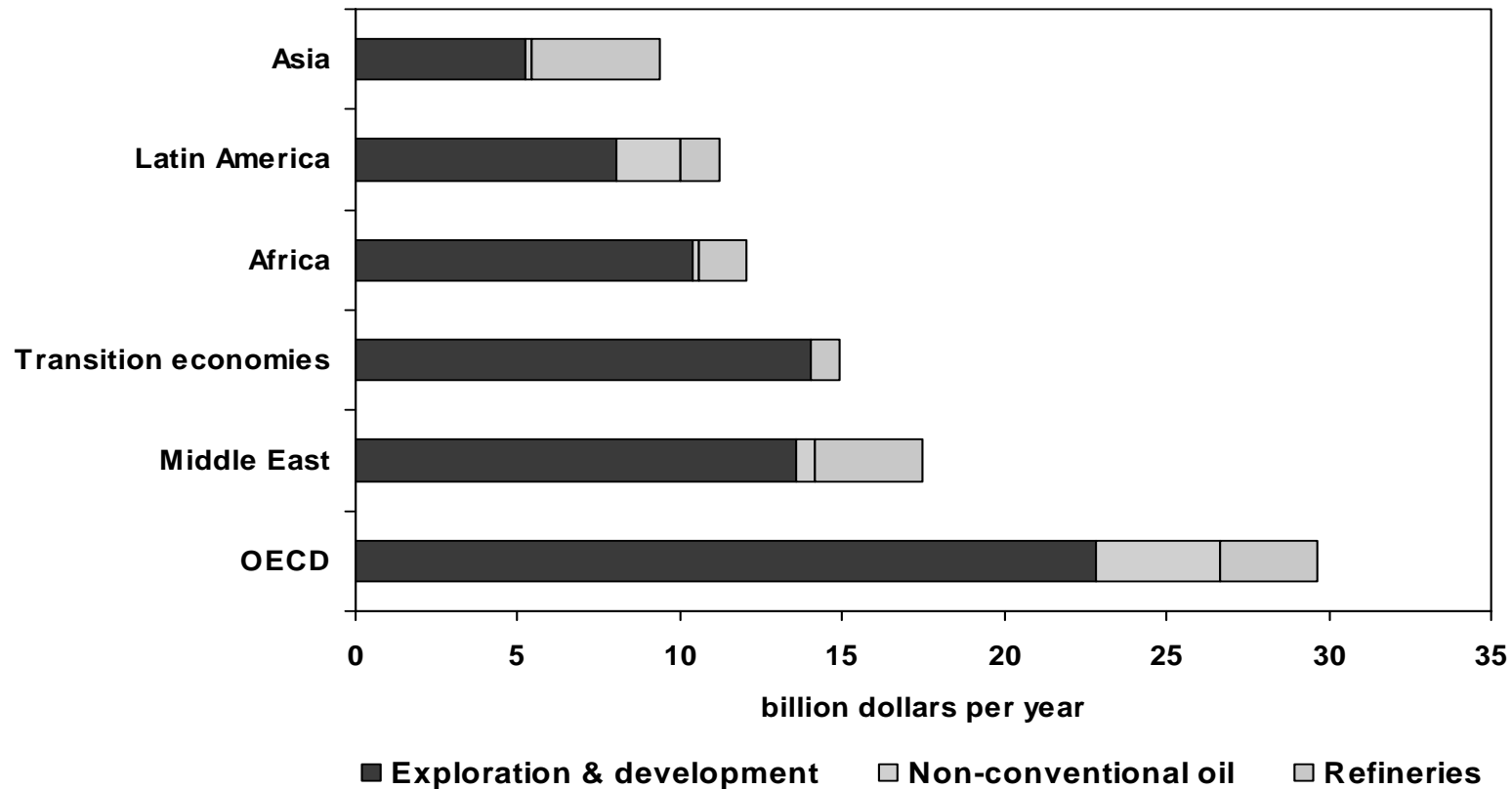


■ OPEC Middle East ■ Other OPEC ■ Non-OPEC ■ Non-conventional oil

***OPEC countries – mainly in Middle East – will account for almost all the increase in world oil production to 2030***



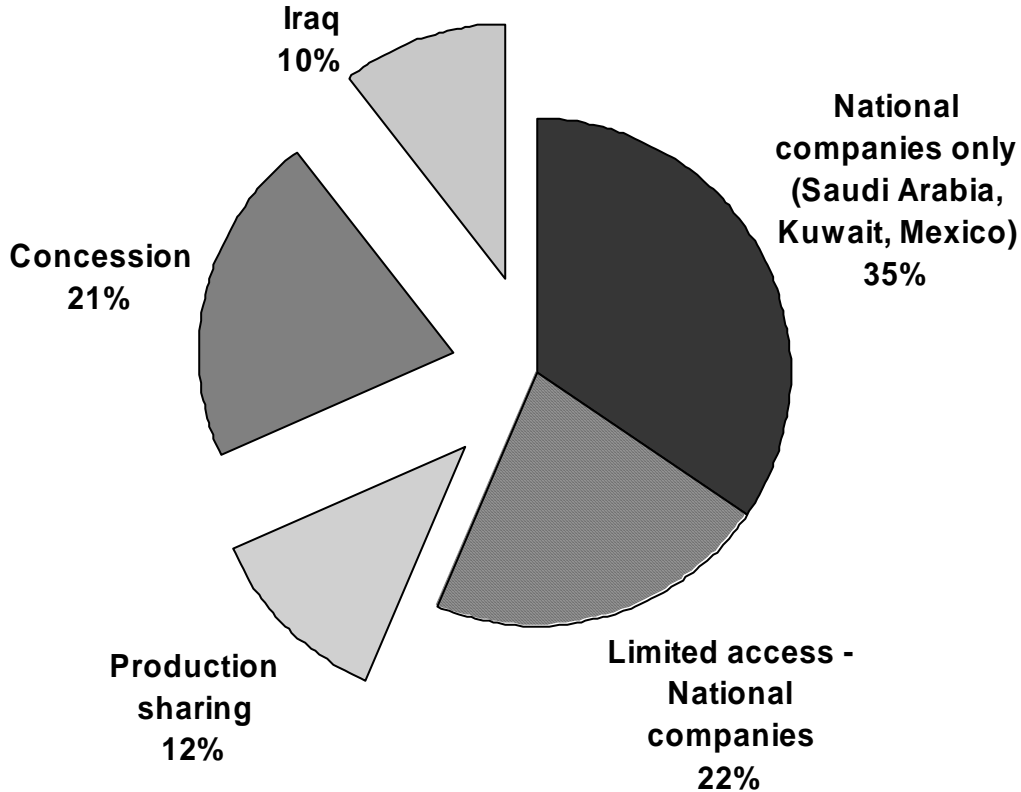
# Oil Investment by Region



***Most investment outside the OECD will be needed in the Middle East and the transition economies – mainly in the upstream***



# Access to Oil Reserves



*Access to much of the world's remaining oil reserves is restricted*



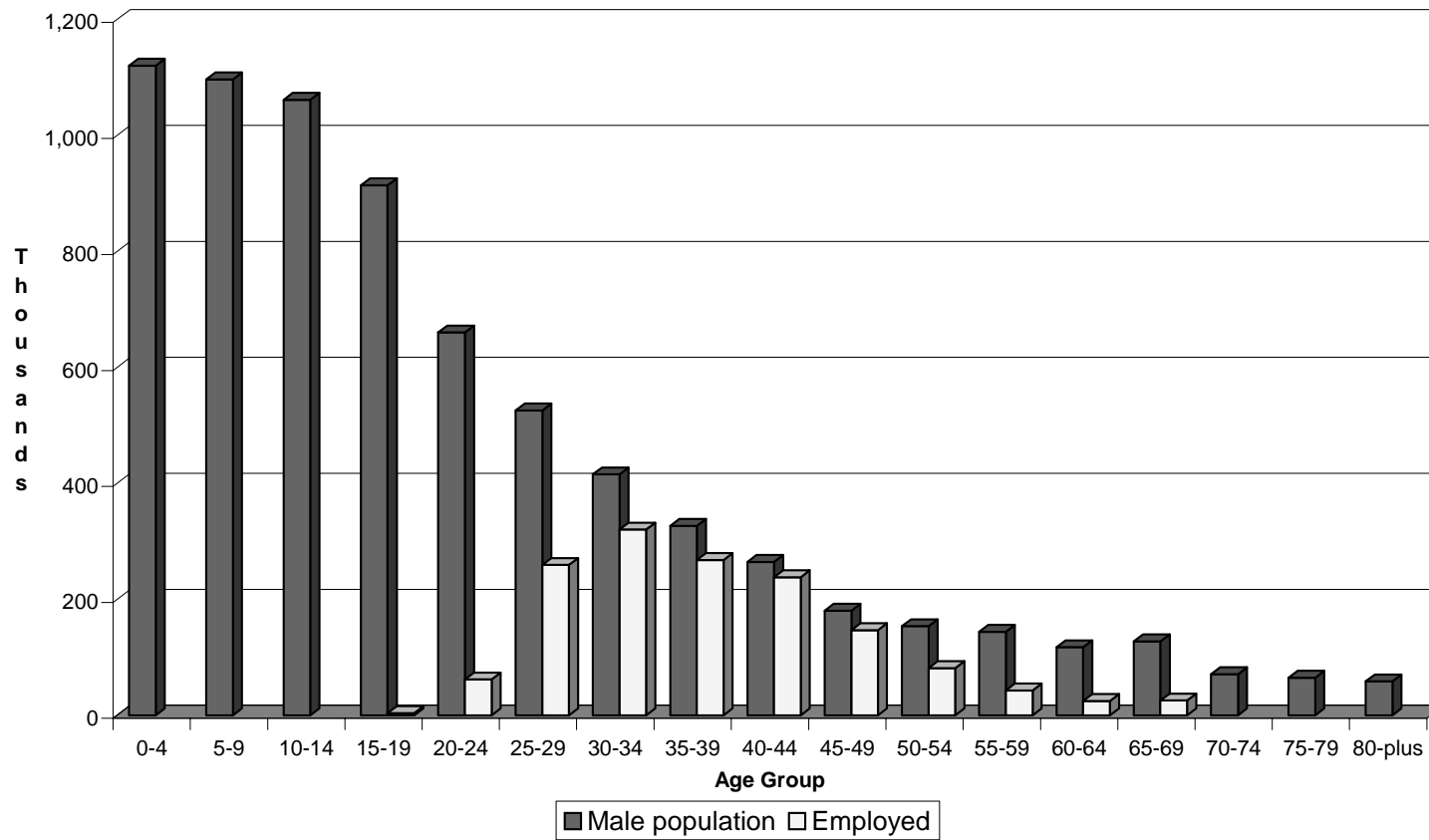
# **Economic Parameters**

- **Chronic budget deficits**
- **Oil dependency**
- **Slow economic diversification**
- **High population growth rates**
- **Decrease in GDP/capita**
- **Rising unemployment**



# A population profile

## Saudi Population Profile





# Oil Policy

- **Economies dominated by oil revenues**
- **Adoption of OPEC production quota levels lowest since 1990**
- **Oil policy currently revolves around:**
  - **oil price stability within the \$22-28 OPEC target price**
  - **adjust production to achieve target**



# Uncertainties & Challenges

- **Opportunities and incentives to invest**
  - *Oil prices and rates of return*
  - *Investment regime and risk*
- **Access to reserves**
  - *Role of NOCs*
  - *Restrictions on foreign investment*
- **Licensing, fiscal and commercial terms**
- **Middle East production and investment policies**

