



## EDITORIAL

# Decadal Energy Prediction: A Bright Future for Oil

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For the past decade OPEC has published the World Oil Outlook (WOO)[1]. This month (November 2017) launched the 2017 report which offers a thorough review and assessment of the medium- and long-term prospects to 2040 for the global oil industry, as well as analysis of various sensitivities that have the potential to impact the petroleum industry in the years ahead. It clearly identifies that Gas is the future of energy with use of Renewables the fastest-growing power source to 2040. The identified uncertainty is the uptake of electric cars and the resulting decrease in petrol consumption.

It is predicted that oil will remain a fuel of choice for the foreseeable future

### Specific highlights extracted superscript 2 are:

- Total primary energy demand is set to increase by 35% in the period to 2040.
- Oil is expected to remain the fuel with the largest share in the energy mix throughout the forecast period to 2040.
- Long-term oil demand has been revised upward by 1.7 million barrels a day (mb/d) compared to the WOO 2016, with total demand at over 111 mb/d by 2040.
- There is no expectation for peak oil demand over the forecast period to 2040;
- Developing countries will continue to lead demand growth, increasing by almost 24 mb/d, to reach 67 mb/d by 2040.
- Long-term demand growth comes mainly from the road transportation (5.4 mb/d), petrochemicals (3.9 mb/d) and aviation (2.9 mb/d) sectors.
- Oil demand in the road transportation sector is driven by the increasing car fleet in Developing countries and declining oil use per vehicle in the OECD region.
- The car fleet is anticipated to change smoothly over the forecast period. In the passenger car segment, electric vehicles are estimated to represent 12% of the car fleet by 2040.
- Non-OPEC liquids supply is forecast to increase from 57 mb/d in 2016 to 62 mb/d in 2022, but in the long-term non-OPEC liquids output is anticipated to see a

decline, dropping to 60.4 mb/d by 2040, with US tight oil estimated to peak just after 2025.

- The demand for OPEC crude is anticipated to expand to 41.4 mb/d by 2040.
- The share of OPEC liquids in total global liquids supply is estimated to increase to 46% by 2040, from 40% in 2016.
- Around half of the estimated refining capacity additions are expected in the Asia-Pacific, which is projected to add 9.5 mb/d by 2040.
- Capacity rationalization remains a long-term requirement, with some 6-8 mb/d of closures indicated as needed by 2040 if refining regions are to maintain utilization rates of at least 80%.
- Global crude movements are expected to increase by around 6.5 mb/d between 2016 and 2040, mostly supported by Asia-Pacific imports and Middle East exports.
- In the period to 2040, the required global oil sector investment is estimated at \$10.5 trillion [2].

It is important to stress that the WOO is not about making predictions. The Outlook should be viewed as a valuable and informative reference tool, one that underscores the Organization's commitment to data transparency, and to the enhancement of dialogue and cooperation as a means to help secure a sound and stable oil industry.

### References

1. [http://www.opec.org/opec\\_web/en/publications/340.htm](http://www.opec.org/opec_web/en/publications/340.htm)
2. [http://www.opec.org/opec\\_web/en/press\\_room/4606.htm](http://www.opec.org/opec_web/en/press_room/4606.htm)

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