

Asia could account for 90% of Middle East oil exports in future: IEA

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An oil tanker is seen at al-Bakr port near the southern Iraqi city of Basra. (AFP/File - Essam al-Sudani)

SINGAPORE: Asia could account for up to 90 per cent of oil exports from the Middle East in the future, said the International Energy Agency (IEA) at the launch of its World Energy Outlook 2012 report in Singapore.

The agency said that it expects energy trade between the Middle East and Asia to grow in years to come as the US moves towards energy self-sufficiency.

US consumers and industrial end-users have been able to enjoy relatively cheap energy on the back of increasing oil and gas production as well as energy efficiency standards in the US.

IEA said that the US, which currently imports around 20 per cent of its energy needs, may become self-reliant and do away with the need to import energy from the Middle East.

The agency also said that it expects Asia, and in particular China, to conduct more business with the Middle East in the years ahead. It said it also expects the region and China to invest in energy-related assets overseas.

IEA Chief Economist Dr Fatih Birol said that analysis has shown that China would produce 3 million barrels of oil per day from its assets outside the country by 2015.

"I expect more involvement of China in many oil producing regions, in Africa, in Asia and

Latin America," he said.

"The Chinese are really active, they have gone upstream, they realise that they need to invest in technology and owning the oil assets," said Annie Koh, academic director of the International Trading Centre, Singapore Management University.

"China has humongous foreign exchange reserves, earned from being an export-led economy," she added.

IEA also said that while Iraq oil is poised for major expansion, 30 per cent of its production growth will come from oil fields directly or indirectly owned by Chinese companies.

Iraq is expected to account for 50 per cent of global oil production growth.

The agency also said that it does not expect oil and gas prices to fall amid global economic recovery.

Brent crude prices have stayed persistently high above US\$100 per barrel this year.

Dr Birol said that average oil prices in the past 11 months hit an all-time high, and that rising oil prices would pose a challenge to economic growth.

He also said that ASEAN countries accounted for 20 per cent of the growth in global energy demand in the past 5 years, and that its share is set to grow.

IEA expects Southeast Asia's energy demand to expand by 80 per cent over the next 25 years.

- CNA/jc