

## Annual BP Energy Report Finds Proven Oil Reserves Decline in 2008, Developing Countries Now Lead in Energy Demand

### China's Energy Consumption Rose 7.2% in 2008, while it Fell in US by 2.8%; Will Peak Oil Theorists be Pleased?

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SCDigest eagerly awaits each year the annual [Statistical Review of World Energy](#) from energy giant BP, which simply provides a wealth of information on the production, consumption, and trends in oil and a variety of other energy sources.

Now in its 58th year, the 2009 report has just been released, based on 2008 data. The headline news: despite soaring oil prices in previous years that should have been spurring exploration, proven oil reserves fell modestly, by 3 billion barrels in 2008, to 1258 billion barrels. That leads to a "reserves to production ratio" of about 42 years, a level which has stayed almost constant since the late 1980s.

This data, however, will likely make "[peak oil](#)" theorists happy, who will argue that reserves have or will soon max out, leading to inevitable production declines as demand continues to rise, eventually leading to soaring prices.

Still, the tone of the report is in general quite opti-

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mistic: "Our data confirms that the world has enough proved reserves of oil, natural gas and coal to meet the world's needs for decades to come," it says. It should also be noted that the main oil reserves data from BP do not include the potentially huge reserves that are available in the Canadian tar sands.

Overall, "Energy prices followed these economic headlines, making for a year of very different parts," the report notes. The \$140+ price that oil reached in July was a record even on an inflation-

Imports and exports 2008

	Million tonnes				Thousand barrels daily			
	Crude imports	Product imports	Crude exports	Product exports	Crude imports	Products imports	Crude exports	Product exports
US	487.2	149.5	6.9	87.7	9756	3116	139	1829
Canada	34.6	13.8	96.4	27.2	693	288	1931	566
Mexico	2.0	24.0	72.8	7.2	40	500	1459	150
S. & Cent. America	30.4	41.4	123.8	54.5	610	864	2479	1136
Europe	542.2	138.7	14.0	83.5	10659	2892	281	1741
Former Soviet Union	†	7.1	311.3	93.5	1	149	6235	1948
Middle East	11.0	9.7	895.0	105.7	220	202	17925	2203
North Africa	16.4	8.2	130.7	30.8	329	170	2618	642
West Africa	0.9	13.5	223.0	5.8	18	281	4466	121
East & Southern Africa	25.4	9.0	17.0	0.8	509	189	340	17
Australasia	24.4	19.2	13.7	1.8	489	400	274	37
China	178.8	39.0	3.7	15.0	3581	812	75	313
India	127.7	22.0	†	34.4	2557	458	†	718
Japan	203.2	41.0	-	17.1	4069	856	-	356
Singapore	54.5	76.4	2.0	74.0	1092	1593	40	1542
Other Asia Pacific	231.0	114.6	46.5	70.1	4627	2390	931	1460
Unidentified*	-	0.8	12.8	18.9	-	17	257	394
<b>Total World</b>	<b>1969.9</b>	<b>727.9</b>	<b>1969.9</b>	<b>727.9</b>	<b>39451</b>	<b>15175</b>	<b>39451</b>	<b>15175</b>

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adjusted basis, but it then fell by more than 70% by the end of the year. All told, however, average oil prices were up 34% in 2008.

That means average oil prices increased for the seventh year in a row, and perhaps surprisingly, this was the first time this has happened in the 150 year history of the oil industry.

The report notes also notes some trends that certainly should cause some worry about future oil and energy prices. In 2008, for the first time ever, energy consumption in "non-economically developed countries" surpassed that used by developed economies. China, of course, is leading the way, and accounted for about 75% of total growth in world energy consumption in 2008.

All told, however, global growth in energy consumption slowed, increasing 1.4% in 2008, the

slowest level since 2001, which was the bottom of the previous recession. Oil consumption in developed countries fell by 3.2% in 2008, led by a substantial 6.4% drop in US from 2007 to 2008. Overall, "primary" energy consumption in China rose 7.2% in 2008, while it fell by 2.8% in the US.

However, in another worrisome trend, oil production outside of the OPEC countries fell by 1.4% in 2008 – the largest decline in that measure since 1992. That says efforts by developed economies to reduce dependence on OPEC oil supplies moved backward in 2008.

The report includes a wealth of data on other energy sources such as natural gas, coal, and non-traditional sources, the last of which showed sharp growth in 2008 but still represent a tiny part of the total. Still, the report says, although "renewable energy continues to play only a small role in the world's energy mix, the share is rising rapidly in some countries and there are the beginnings of a material impact."