

IEA Outlook Predicts Stable Oil Markets Through 2030 Amid Energy Transition



The International Energy Agency (IEA) has released its latest medium-term outlook, projecting a stable supply of oil through 2030, despite the transformative forces reshaping the energy sector. The report highlights the critical importance of maintaining a focus on energy security as the market undergoes significant changes.

According to the IEA's "Oil 2024" report, the world's demand for oil is expected to decelerate in the coming years due to advancements in energy transitions. Concurrently, global oil production is set to increase, alleviating market pressures and boosting spare capacity to unprecedented levels outside of the COVID-19 crisis.

The report delves into the broad implications of these shifts for oil supply security, refining, trade, and investment. It predicts that robust demand from rapidly expanding Asian economies, as well as from the aviation and petrochemicals sectors, will drive oil usage higher in the near term. However, this growth will be tempered by factors such as the rise of electric vehicles, improvements in fuel efficiency, reduced oil use for electricity generation in the Middle East, and broader economic changes.

As a result, global oil demand, which averaged just over 102 million barrels per day (bpd) in 2023, is forecast to plateau at around 106 million bpd towards the end of the decade. Simultaneously, global oil production capacity is projected to surge, particularly driven by the United States and other American producers. Total supply capacity is expected to reach nearly 114 million bpd by 2030, significantly outpacing demand and leading to levels of spare capacity not seen since the peak of the COVID-19 lockdowns in 2020.

IEA Executive Director Fatih Birol stated, “As the pandemic rebound wanes, clean energy transitions advance, and China’s economic structure evolves, global oil demand growth is decelerating and is set to peak by 2030. This year, we anticipate a demand increase of around 1 million bpd. The report’s projections indicate a substantial supply surplus this decade, suggesting that oil companies should align their strategies with these upcoming changes.”

Despite the deceleration in demand growth, global oil consumption is still expected to be 3.2 million bpd higher in 2030 than in 2023, barring stronger policy interventions or significant behavioral changes. This increase will be driven predominantly by emerging Asian economies, with India’s transportation sector and China’s petrochemicals industry playing key roles. In contrast, oil demand in advanced economies is forecasted to continue its long-term decline, dropping from nearly 46 million bpd in 2023 to less than 43 million bpd by 2030 – a level not seen since 1991, excluding the pandemic period.

The expansion of global production capacity to meet anticipated demand is being led primarily by non-OPEC+ producers, who are expected to account for three-quarters of the increase by 2030. The United States alone is projected to contribute 2.1 million bpd to non-OPEC+ gains, with Argentina, Brazil, Canada, and Guyana adding another 2.7 million bpd collectively.

However, the report notes that as the decade progresses and the approval of new projects slows, capacity growth among leading non-OPEC+ producers may also decelerate and eventually halt. If companies continue to approve additional projects currently in the pipeline, an extra 1.3 million bpd of non-OPEC+ capacity could be operational by 2030.

Global refining capacity is set to grow by 3.3 million bpd from 2023 to 2030, which is below historical trends. Nonetheless, this increase is expected to suffice in meeting the demand for refined oil products during this period, thanks to a concurrent rise in the supply of non-refined fuels such as biofuels and natural gas liquids (NGLs). This scenario suggests potential refinery closures towards the end of the outlook period and a slowdown in capacity growth in Asia after 2027.