

Increasing dependence on oil imports

by Ahmad al-Quni

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A recent study by the US Energy Information Administration (EIA) predicted world demand for oil would reach 112 million barrels per day (bpd) by the year 2020.

This demand could only be supplied by the major oil producers including Iraq, Saudi Arabia, Iran, Kuwait, the United Arab Emirates and Venezuela. In 2001, total global crude oil production was estimated at 76.8 million bpd.

The US is the world's major oil consumer, with a per capita consumption of 28 barrels a year, as compared to only two barrels a year for each Chinese citizen. (Dr Abdul-Hai Zalloom, The New Empire of Evil)



The US is the world's major oil consumer

Such statistics emphasise the fact that the US is more dependent than ever on imported oil . US oil imports, which accounted about one-third of total US petroleum needs in 1973, jumped to 60% of US oil needs in 2002.

This big increase in US oil imports was necessitated by rapid economic growth. In the year 2000, the US consumed 19.7 million bpd of petroleum (crude oil + petroleum products) or about one-quarter of total world oil production.

The forecasts indicate that US demand for oil will grow to 26.7 million bpd by the year 2020. (EIA Annual Energy Outlook, 2002).

Sources of US oil imports

However the dramatic events that shocked the world in recent years place, have focused attention on sources of US imported oil.

In 2001, the US imported 54% of its oil needs. The average of US petroleum imports reached 10.6 million bpd in 2001, to complement a total US oil demand of 19.6 million bpd. The balance of supply was obtainable from oil domestic production.

Canada, Saudi Arabia, and Venezuela are the top three sources of US oil imports. As based on imports of 10.6 million bpd, the total cost of US oil imports averaged \$233 million per day. In 2001, total world crude oil production reached an estimated 76.8 million barrels per day.

About 48% of US crude oil imports were supplied by the western hemisphere (19% from Southern African states, 15% from Mexico, and 14% from Canada), while 30% was imported from the Gulf region (35% from Kuwait 18% from Saudi Arabia, and 9% from Iraq)

The following table indicates major sources of US oil imports (in million bpd, in the year 2001)

	Crude oil imports	Petroleum product imports	Total oil imports
Canada	1.32	0.47	1.79
Saudi Arabia	1.61	0.05	1.66
Venezuela	1.28	0.26	1.54
Mexico	1.38	0.04	1.42
Nigeria	0.81	0.04	0.86
Iraq	0.78	0.00	0.78
Norway	0.27	0.06	0.33
Angola	0.31	0.07	0.32
United Kingdom	0.23	0.08	0.31
Total imports	7.39	1.07	9.01

Table includes all countries from which the US imported more than 300,000 bpd in 2001
Source: Michigan Public Service Commission, Michigan, USA.

Domestic production declining

US oil imports account for more than 54% of its total consumption. The share of imported oil is expected to grow steadily, since growth in domestic demand outstrips growth in domestic production. In the last 15 years, US energy stocks outstripped supplied and domestically-produced oil (see chart above).

Total annual US domestic oil production declined from a maximum of 4.1 billion barrels in 1970 to 2.8 in the year 2000, according to the EIA statistics shown in the chart.

As indicated in the chart, there was a gradual decline in domestic oil production during the past 30 years, accompanied by a gradual increase in the production of natural gas liquids over the past 50 years. This was accompanied by a large increase in oil imports over the past 15 years.

Almost 65% or 3.7 billion barrels of the total quantity of oil and natural gas liquids consumed by the US (6.5 billion) were imported.

Of the 2.8 billion barrels (44%) produced domestically, 2.1 billion barrels were crude oil and 0.7 billion barrels were natural gas liquids.

The US had an estimated 21.8 billion barrels of reserves, equivalent to only 2% of total proven global reserves, in the year 2001. Those reserves would last for just 9.5 years, at the current rates of production. As production rates decline gradually, new reserves would be discovered, which would guarantee that no abrupt end of domestic US oil production will occur.

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