



# WORLD PETROLEUM OVERVIEW

2002

In 2002, the world economy recovered from recession. The International Monetary Fund (IMF) estimated the world economy in 2002 would grow by 2.8% from 2.2% in 2001 but would encounter even more fluctuations, resulting from the fragility of the major economies like the USA, European Union and Japan. Terrorism in Indonesia and the Philippines, and the fear for looming war in the Middle East raised world oil consumption to 76.3 million barrels per day (mbd), up by only 0.3 mbd. or 0.35%. Crude oil prices also increased due to political unrest in the Middle East between Israel and Palestine, the USA and Iraq, as well as lowered oil production of OPEC<sup>1</sup>, strikes in Venezuela and natural disasters temporarily halting crude production. The Dubai<sup>2</sup> price, therefore, was forced to rise to US\$ 23.8 a barrel (bbl).

## **Domestic Petroleum Overview**

Thailand's economy was expected to grow by 4.9% in 2002, up from 1.9% in 2001, with clear signs of recovery. The year 2002 was also the first year following the economic crisis when real GDP was higher than the pre crisis period. Significant factors driving this were the recovery of domestic and foreign demand, consistently low interest rates, accelerated credit extension by financial institutions, and the evident consequences of the government's economic stimulus package from the grassroots level.

Domestic petroleum consumption comprising oil and natural gas (excluding the petrochemical industry) totaled 993,000 barrels per day (b/d), up by 6.5%. This consisted of 619,000 b/d of finished products and 374,000 b/d of natural gas. Indigenous petroleum procurement and imports amounted to 1,312,000 b/d, a rise of 5.9%. Petroleum imports accounted for 65% of total consumption while exports equalled 172,000 b/d, increasing by 10.4%.

## **Domestic Oil Situation**

The country's finished product consumption in 2002 totalled 619,000 b/d, rising by 5.1% over 2001, the highest growth ever since the economic crisis. This was due to the economic recovery and the decrease of retail oil prices (except LPG), resulting from the strengthening baht against the US dollar, though crude and oil product prices on the world market were on the rise.

The procurement of oil products to 753,000 b/d reflected an increase of 3.0%. Domestic production from oil refineries, gas separation plants and petrochemical plants totalled 736,000 b/d, up by 1.8% while imports grew to 17,000 b/d, a rise of 109.1%. Excessive oil procurement over domestic consumption led to the export of 118,000 b/d, a decline of 1.1%.

Crude oil and condensate procurement totalled 856,000 b/d, up by 3.5%. 85% of total procurement was imported crude, accounting for 729 b/d, a rise of 2.2%. 15% was crude and condensate from indigenous sources, equal to 127 b/d, up by 11.9%. Thailand exported 84,000 b/d of crude and condensate, an increase of 48.2%.

### **Thailand's Natural Gas Situation**

The use of natural gas in 2002 of 2,545 million cubic feet per day (MMSCFD) was an increase of 7.6%. Natural gas used as fuel for power generation totalled 1,977 MMSCFD, rising by 8.5% and corresponding to a 7% rise in the power supply. Ratchaburi Power Plant was completed and able to run at full capacity in April 2002. Natural gas for industrial applications amounted to 199 MMSCFD, increasing by 12.3% while the amount used as feedstock for gas separation plants equalled 369 MMSCFD, a rise of 0.6% only due to the slower growth of LPG consumption.

Of the total amount of 2,551 MMSCFD of natural gas procured by the country, 1,933 MMSCFD was local, up by 4.3% and 618 MMSCFD was imported from Myanmar, a rise of 24.1%.

### **Trend and Outlook of 2003**

The International Monetary Fund (IMF) predicts that the growth of the world economy in 2003 will be 3.7%, which will result in the rise of world oil demand by 1.9% or 1.5 mbd. World oil production will increase by at least 2.3 mbd. It is, therefore, expected that crude oil prices will weaken to US\$ 20-22/bbl. However, risk factors from the looming war between the USA and Iraq might raise crude oil price to US\$ 25-30/bbl in the short term if Iraq is attacked. Thailand's economy is expected to grow continuously at 3.5-4.5% while consumption expenditure and private investment will be the major driving forces, reinforced by the government's economic stimulus measures. Overseas' demand, on the other hand, will enhance export growth. However, forebodings of war in the first half of the year as well as non-performing loans from the government's economic stimulus measures may result in a rise of the country's oil product consumption by 4-5% and natural gas use by 5-6% in response to an expected rise of 6-7% electricity use.

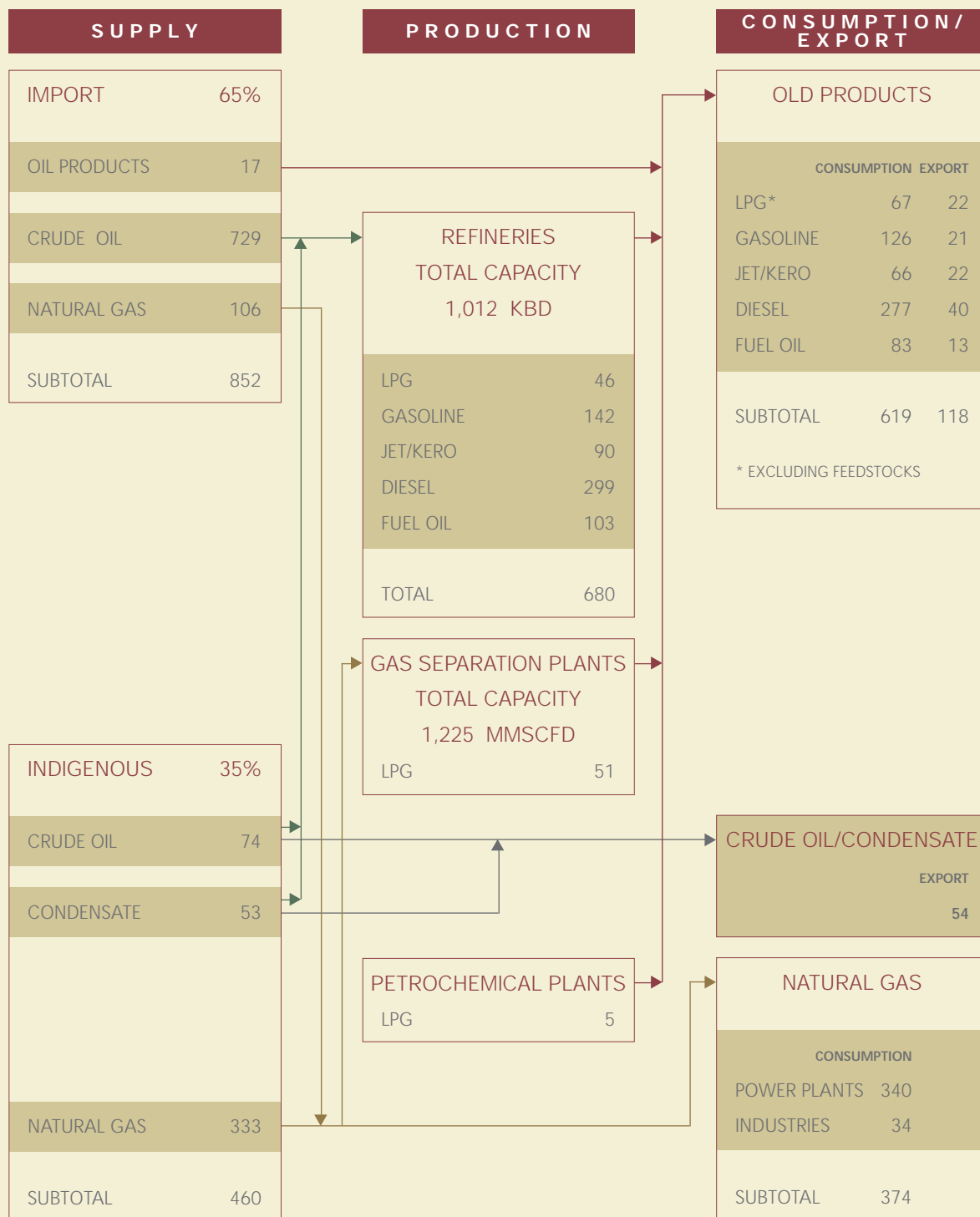
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1) **Organization of Petroleum Exporting Countries (OPEC)** consists of 11 member countries : Algeria, Indonesia, Iran, Iraq, Kuwait, Libya, Nigeria, Qatar, Saudi Arabia, United Arab Emirates and Venezuela.

2) **Dubai crude** Crude oil produced from Dubai, United Arab Emirates, is OPEC's basket crude, used as a reference price and market crude in Asia, including Thailand.

# THAILAND'S PETROLEUM

BALANCE : 2002



• **TOTAL SUPPLY** 1,312

UNIT : KBD

• **TOTAL**

**CONSUMPTION** 993

• **TOTAL EXPORT** 172