



Steep decline in oil production brings risk of war and unrest, says new study

- Output peaked in 2006 and will fall 7% a year
- Decline in gas, coal and uranium also predicted

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World oil production has already peaked and will fall by half as soon as 2030, according to a report which also warns that extreme shortages of fossil fuels will lead to wars and social breakdown.

The German-based Energy Watch Group will release its study in London today saying that global oil production peaked in 2006 - much earlier than most experts had expected. The report, which predicts that production will now fall by 7% a year, comes after oil prices set new records almost every day last week, on Friday hitting more than \$90 (£44) a barrel.

"The world soon will not be able to produce all the oil it needs as demand is rising while supply is falling. This is a huge problem for the world economy," said Hans-Josef Fell, EWG's founder and the German MP behind the country's successful support system for renewable energy.

The report's author, Joerg Schindler, said its most alarming finding was the steep decline in oil production after its peak, which he says is now behind us.

The results are in contrast to projections from the International Energy Agency, which says there is little reason to worry about oil supplies at the moment.

However, the EWG study relies more on actual oil production data which, it says, are more reliable than estimates of reserves still in the ground. The group says official industry estimates put global reserves at about 1.255 gigabarrels - equivalent to 42 years' supply at current consumption rates. But it thinks the figure is only about two thirds of that.

Global oil production is currently about 81m barrels a day - EWG expects that to fall to 39m by 2030. It also predicts significant falls in gas, coal and uranium production as those energy sources are used up.

Britain's oil production peaked in 1999 and has already dropped by half to about 1.6 million barrels a day.

The report presents a bleak view of the future unless a radically different approach is adopted. It quotes the British energy economist David Fleming as saying: "Anticipated supply shortages could lead easily to disturbing scenes of mass unrest as witnessed in Burma this month. For government, industry and the wider public, just muddling through is not an option any more as this situation could spin out of control and turn into a complete meltdown of society."

Mr Schindler comes to a similar conclusion. "The world is at the beginning of a structural change of its economic system. This change will be triggered by declining fossil fuel supplies and will influence almost all aspects of our daily life."

Jeremy Leggett, one of Britain's leading environmentalists and the author of *Half Gone*, a book about "peak oil" - defined as the moment when maximum production is reached, said that both the UK government and the energy industry were in "institutionalised denial" and that action should have been taken sooner.

"When I was an adviser to government, I proposed that we set up a taskforce to look at how fast the UK could mobilise alternative energy technologies in extremis, come the peak," he said. "Other industry advisers supported that. But the government prefers to sleep on without even doing a contingency study. For those of us who know that premature peak oil is a clear and present danger, it is impossible to understand such complacency."

Mr Fell said that the world had to move quickly towards the massive deployment of renewable energy and to a dramatic increase in energy efficiency, both as a way to combat climate change and to ensure that the lights stayed on. "If we did all this we may not have an energy crisis."

He accused the British government of hypocrisy. "Tony Blair and Gordon Brown have talked a lot about climate change but have not brought in proper policies to drive up the use of renewables," he said. "This is why they are left talking about nuclear and carbon capture and storage."

Yesterday, a spokesman for the Department of Business and Enterprise said: "Over the next few years global oil production and refining capacity is expected to increase faster than demand. The world's oil resources are sufficient to sustain economic growth for the foreseeable future. The challenge will be to bring these resources to market in a way that ensures sustainable, timely, reliable and affordable supplies of energy."

The German policy, which guarantees above-market payments to producers of renewable power, is being adopted in many countries - but not Britain, where renewables generate about 4% of the country's electricity and 2% of its overall energy needs.

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