

Oil prices

Oil prices have risen to new highs. As petrol prices soar, is there cause for concern about oil reserves?

1 Try and complete the first column of the chart below.

Worldwide oil production		Worldwide oil consumption	
(1)	20.973	(1) North America	23,487
(2)	16.222	(2) Asia Pacific	21,399
(3)	14.163	(3) Europe and Eurasia	19,406
(4)	7.987	(4) Central and South America	4,590
(5) Africa	7.937	(5) Middle East	4,338
(6) Central and South America	6.654	(6) Africa	2,527

Figures in thousands of barrels per day: year end 2002.

2 Scan paragraph one of the article and check your answers to exercise 1.

Crisis? What crisis?

The price of oil has risen to its highest level since the late 1970s amid fears that increasing demand for fuel will outstrip supply. In terms of oil production, the Middle East remains the biggest player, producing over 20 thousand barrels a day. It currently provides nearly one-third of the world's total oil. Europe and Eurasia, especially Russia, provide 16 thousand barrels, followed closely by North America, a major consumer. Japan, like Western Europe, is heavily dependent on oil imports to meet massive domestic demand. The Asia Pacific region produces nearly 8 thousand barrels a day.

Many aspects of our lives depend on oil, for example the production of plastics, agricultural products and pharmaceuticals. 90% of the world's transport depends on oil. So should we worry about running out of oil?

Many predict disaster if we continue to burn fossil fuels at the current rate, since resources are limited. We should be exploring alternatives: hydro-electric power, tidal power, wind and solar power. However, others argue there are vast reserves that haven't been tapped. More than 60% of the land and more than 80% of the sea has yet to be explored. Earth, they claim, has enough oil to last for many centuries to come.

The oil companies may not wish to publicise dwindling levels of reserves, as this could affect their ability to sell and therefore, presumably, to make their huge profits. Oil giant Shell has twice been forced to admit this year that it has overestimated its own oil reserves. What is sure is that the effects of the latest price rise are already showing, with airlines such as British Airways announcing they are increasing prices. Some economists believe that rising oil prices may eventually cause a recession.

3 Read the whole article. Summarise the two points of view.

4 Find words or expressions in the article which mean:

- | | |
|---|---------------|
| (a) exceed / go larger than something else | (paragraph 1) |
| (b) using all of something and not having any left | (paragraph 2) |
| (c) got a substance from a particular place or object | (paragraph 2) |
| (d) becoming less over a period of time until almost nothing remains | (paragraph 3) |
| (e) made a mistake by guessing an amount which is too high | (paragraph 3) |
| (f) a period where trade is not successful and there is a lot of unemployment | (paragraph 3) |

Definitions based on *Macmillan English Dictionary*. Text © Bloomsbury Publishing Plc 2002

5 Discuss the following questions in small groups and report your ideas to the class.

- Will your company be affected by the rise in oil prices? If so, how?
- Will companies increase the price of products due to the rise in oil prices?
- What efforts are being made in your country to replace fossil fuels?