

## World Energy Outlook 2013

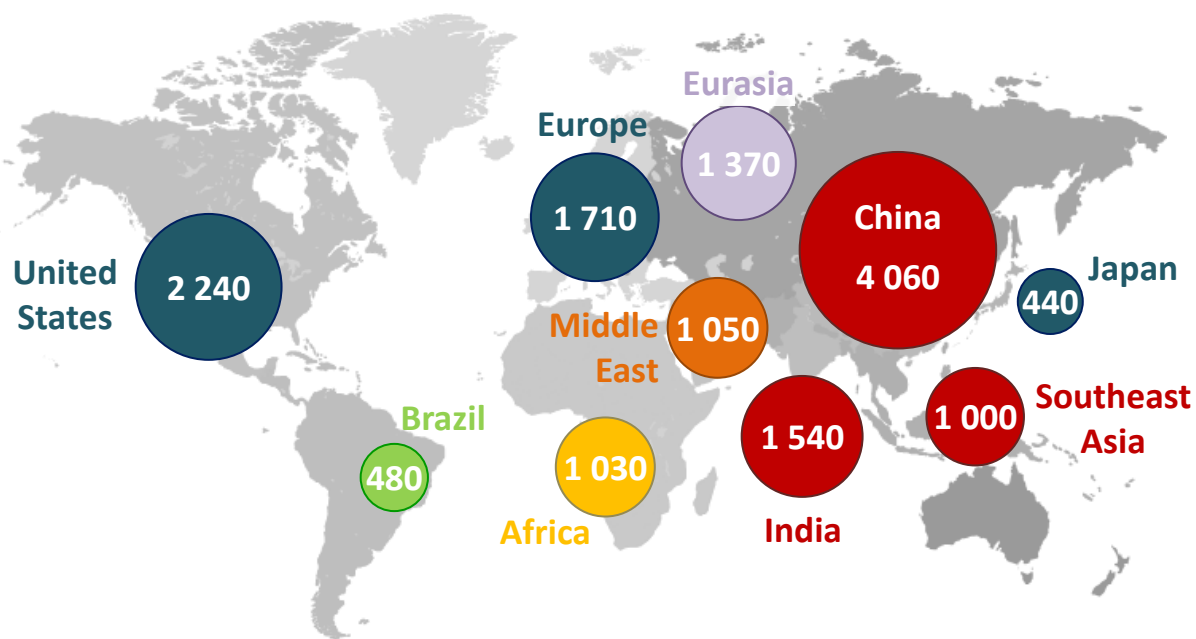
Dr Fatih Birol  
Chief Economist, IEA

Istanbul, 20 December

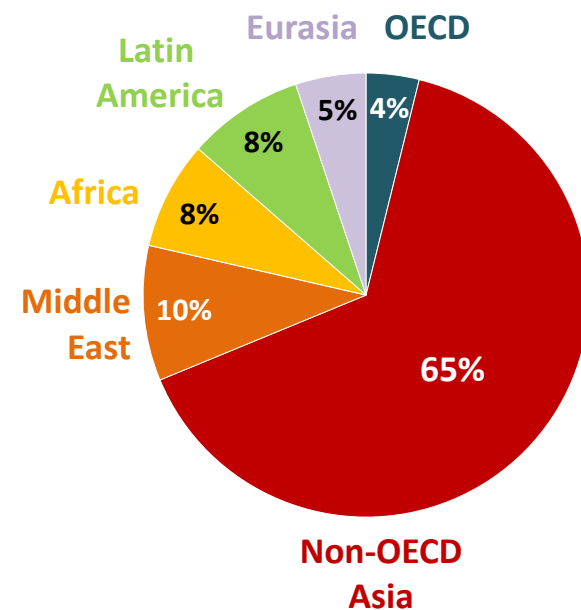
- **Some long-held tenets of the energy sector are being rewritten**
  - *Countries are switching roles: importers are becoming exporters...*
  - *... and exporters are among the major sources of growing demand*
  - *New supply options reshape ideas about distribution of resources*
- **But long-term solutions to global challenges remain scarce**
  - *Renewed focus on energy efficiency, but CO<sub>2</sub> emissions continue to rise*
  - *Fossil-fuel subsidies increased to \$544 billion in 2012*
  - *1.3 billion people still lack electricity – in Africa and South Asia*
- **Energy prices add to the pressure on policymakers**
  - *Sustained period of high oil prices without parallel in market history*
  - *Large, persistent regional price differences for gas & electricity*

# The engine of energy demand growth moves to South Asia

## Primary energy demand, 2035 (Mtoe)



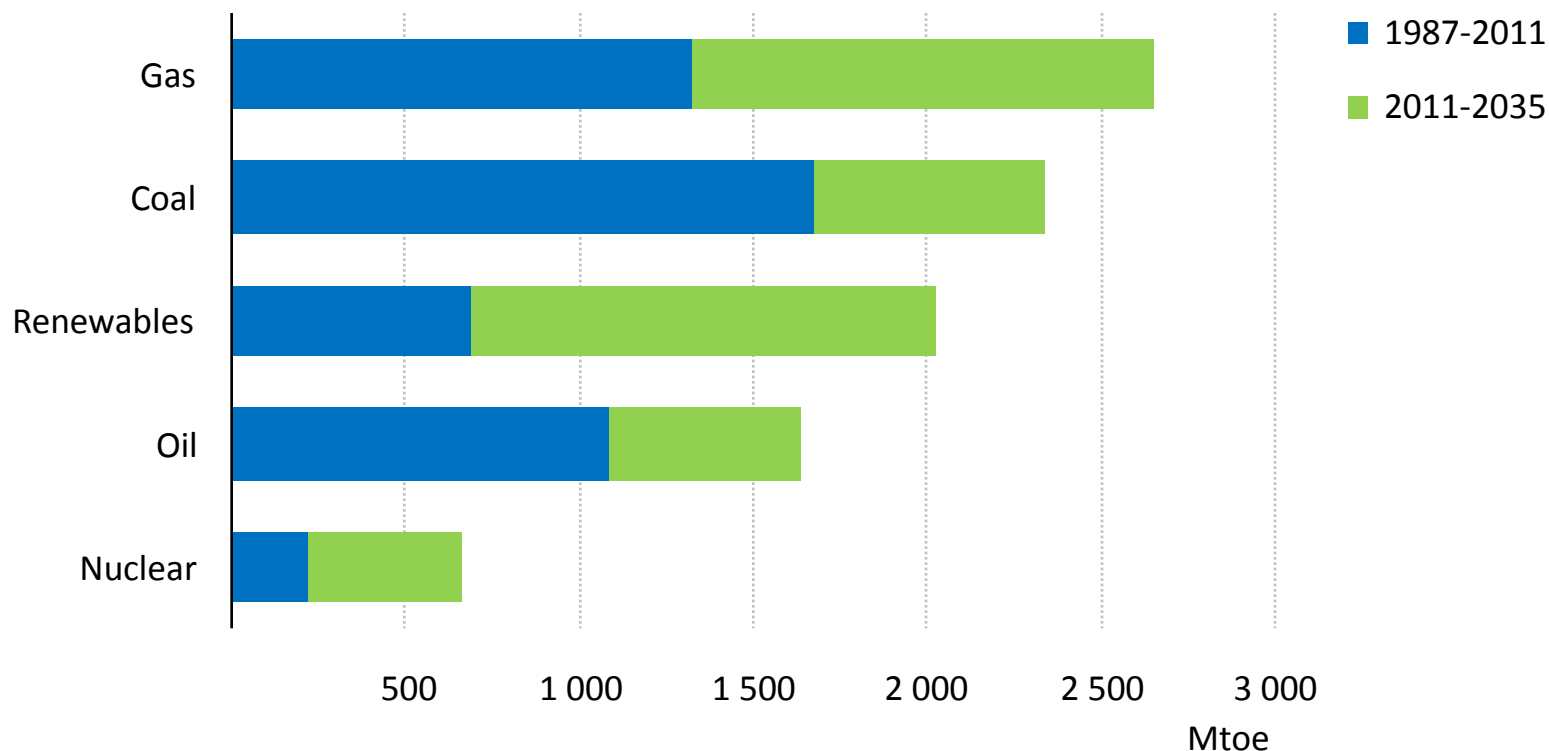
## Share of global growth 2012-2035



***China is the main driver of increasing energy demand in the current decade, but India takes over in the 2020s as the principal source of growth***

# A mix that is slow to change

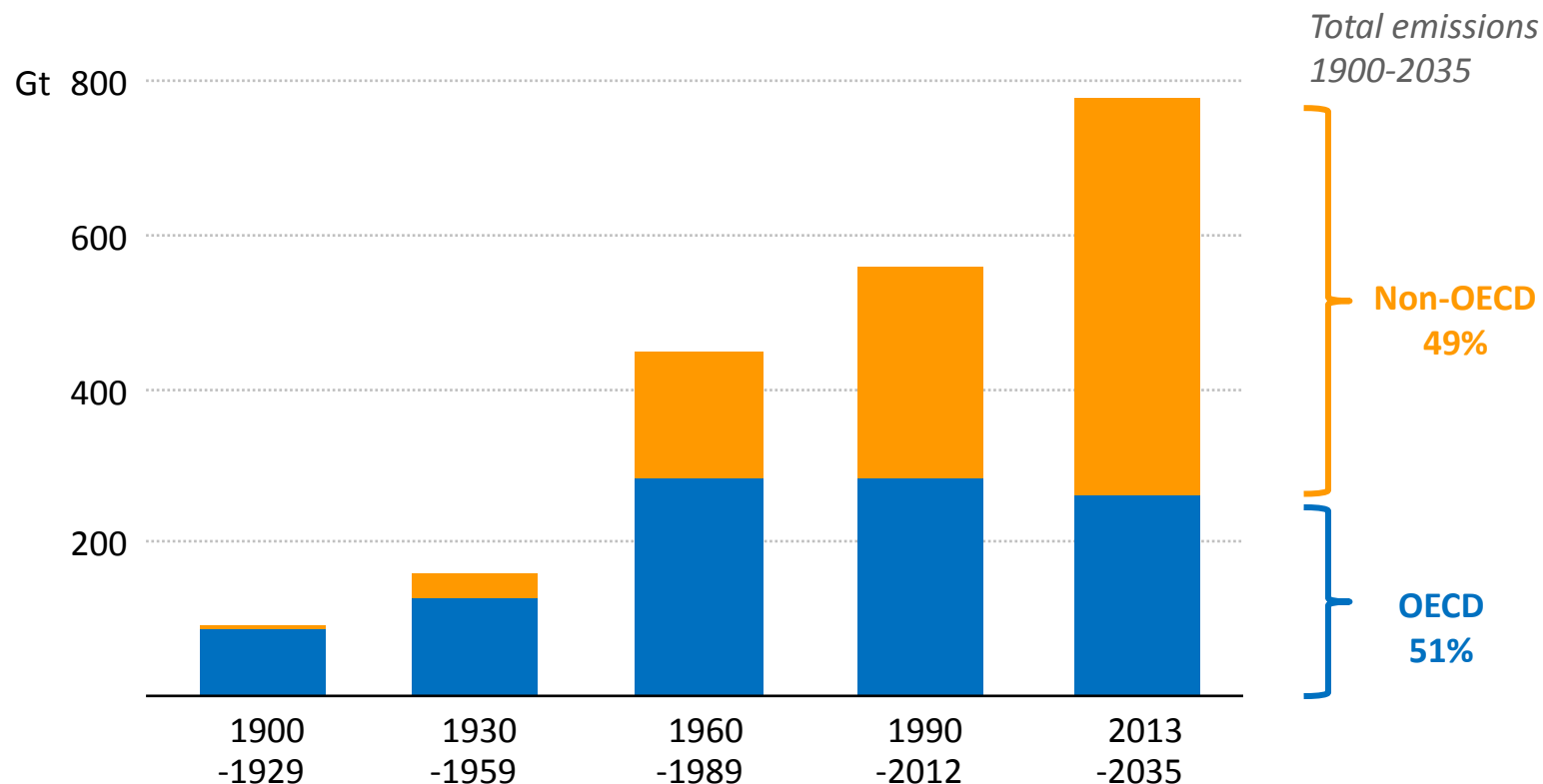
## Growth in total primary energy demand



***Today's share of fossil fuels in the global mix, at 82%, is the same as it was 25 years ago; the strong rise of renewables only reduces this to around 75% in 2035***

# Emissions off track in the run-up to the 2015 climate summit in Paris

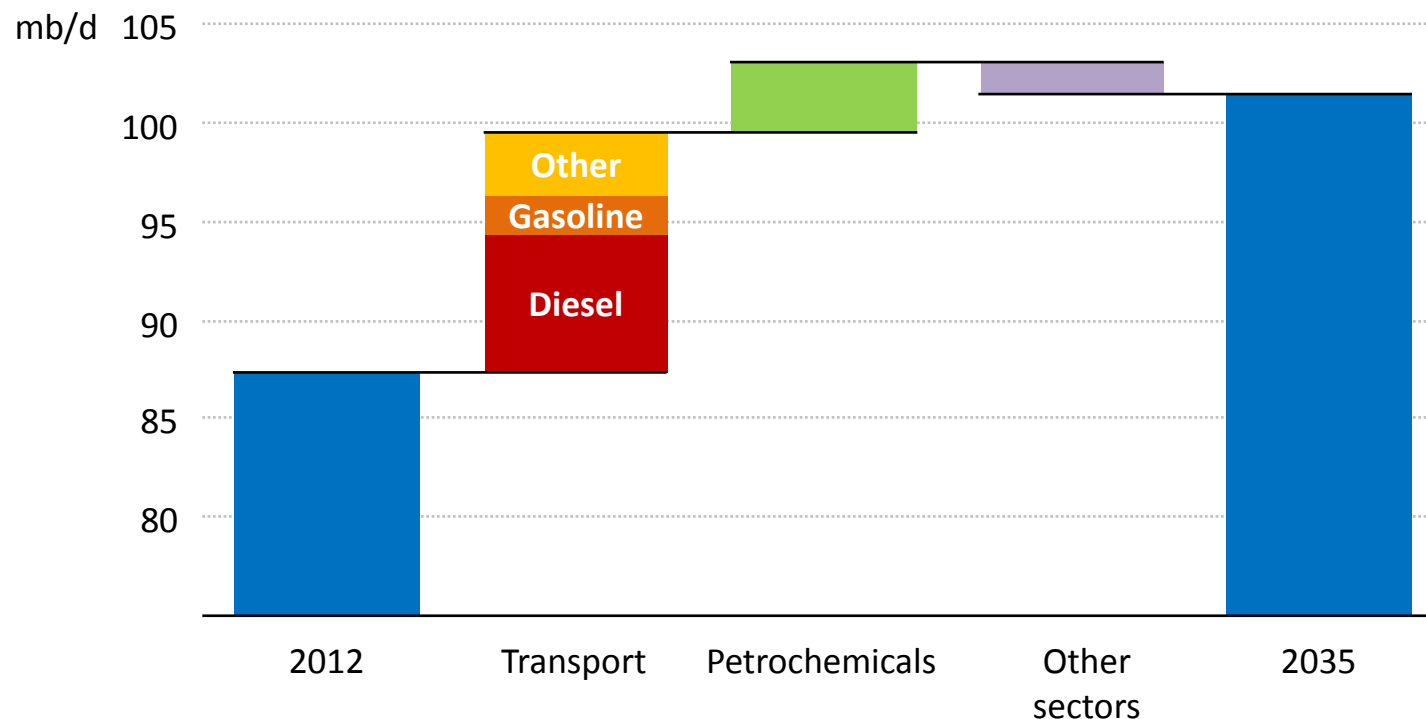
## Cumulative energy-related CO<sub>2</sub> emissions



***Non-OECD countries account for a rising share of emissions, although 2035 per capita levels are only half of OECD***

# Oil use grows, but in a narrowing set of markets

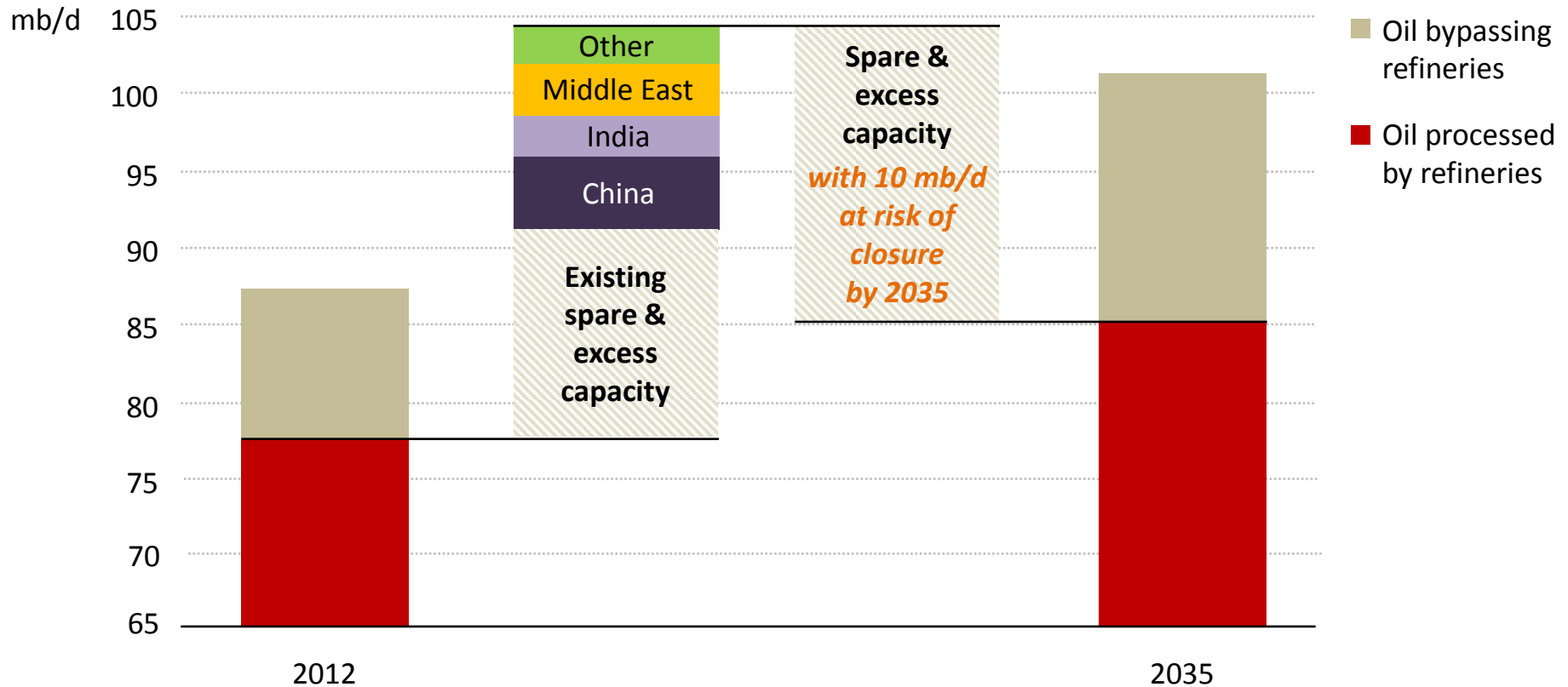
## Oil demand by sector



***China becomes the largest consumer of oil by 2030, as OECD oil use drops; demand is concentrated in transport, where diesel use surges by 5.5 mb/d, & petrochemicals***

# Turbulent times for the refining sector

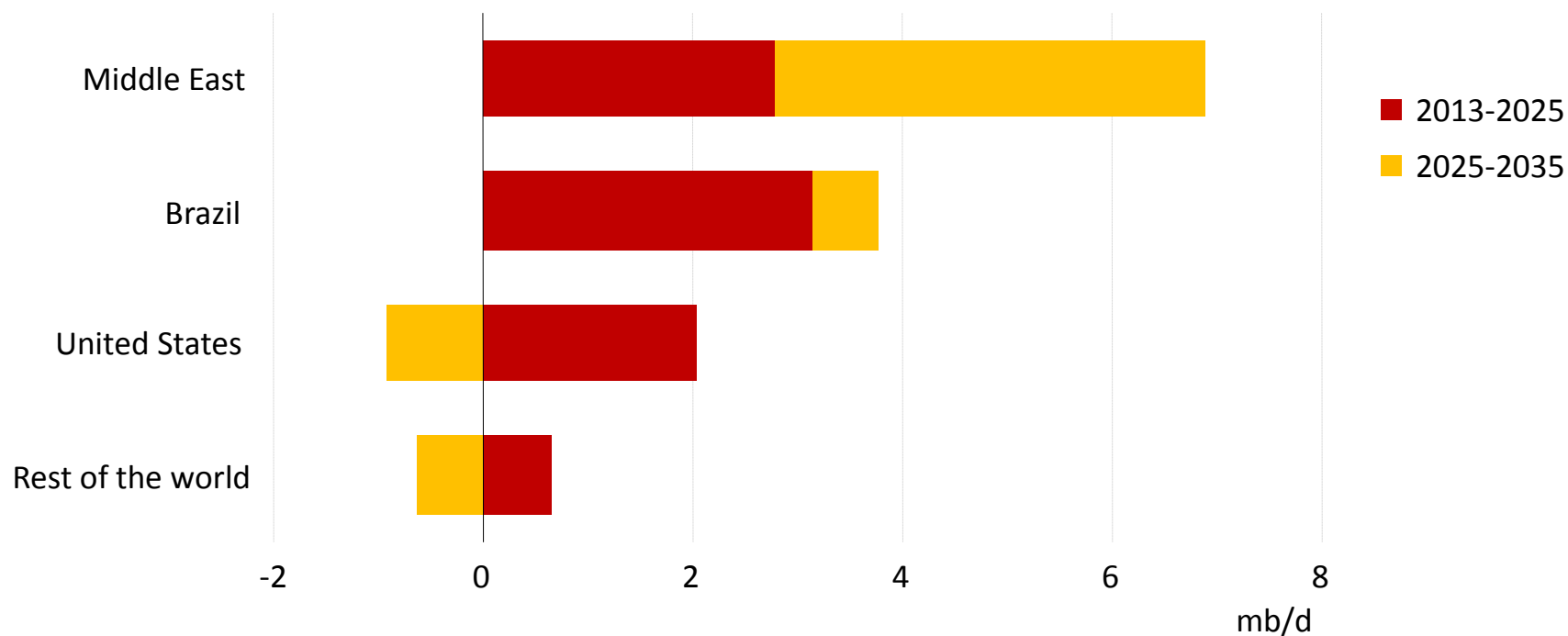
## Refinery capacity and operation



**More oil bypassing the refining system and new capacity in growing non-OECD markets piles pressure on existing refiners, especially in Europe**

# Two chapters to the oil production story

## Contributions to global oil production growth

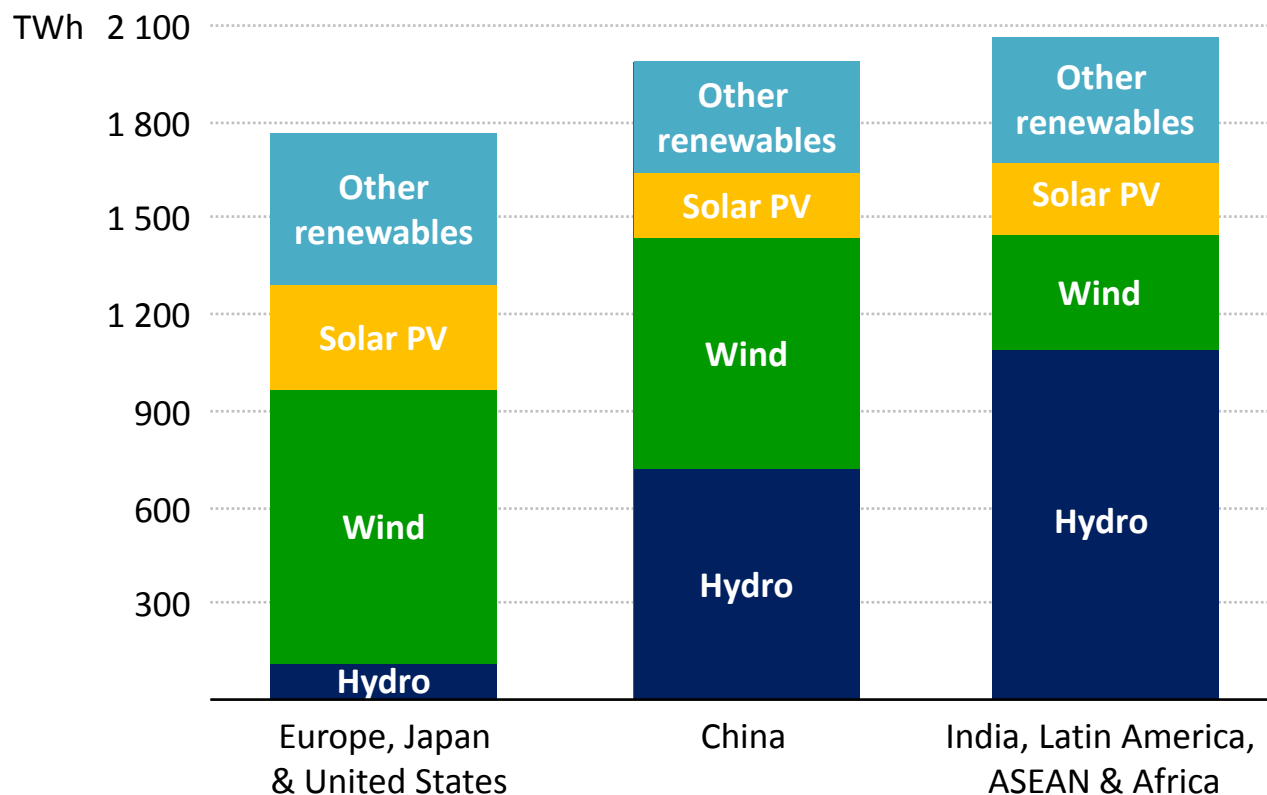


***The United States (light tight oil) & Brazil (deepwater) step up until the mid-2020s, but the Middle East is critical to the longer-term oil outlook***



# Renewables power up around the world

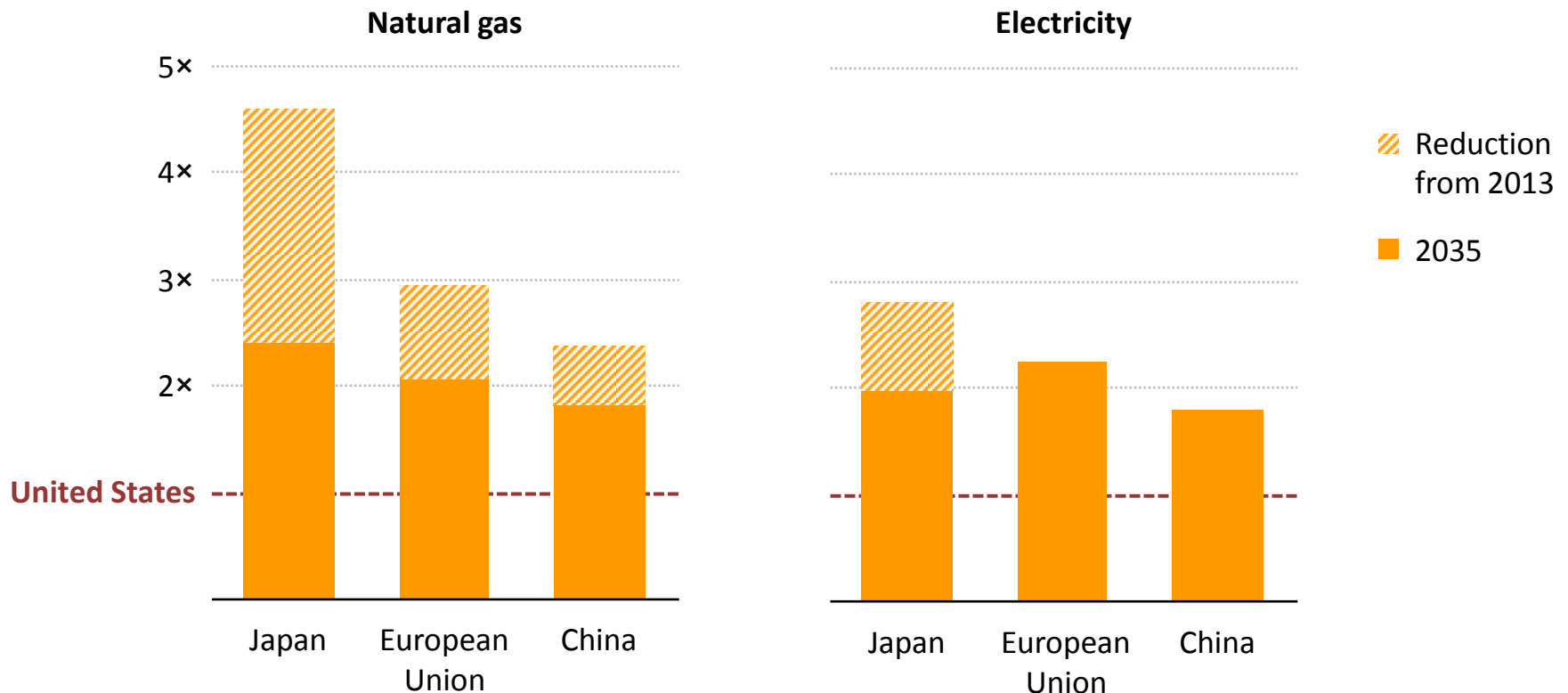
## Growth in electricity generation from renewable sources, 2011-2035



***The expansion of non-hydro renewables depends on subsidies that more than double to 2035; additions of wind & solar have implications for power market design & costs***

# Who has the energy to compete?

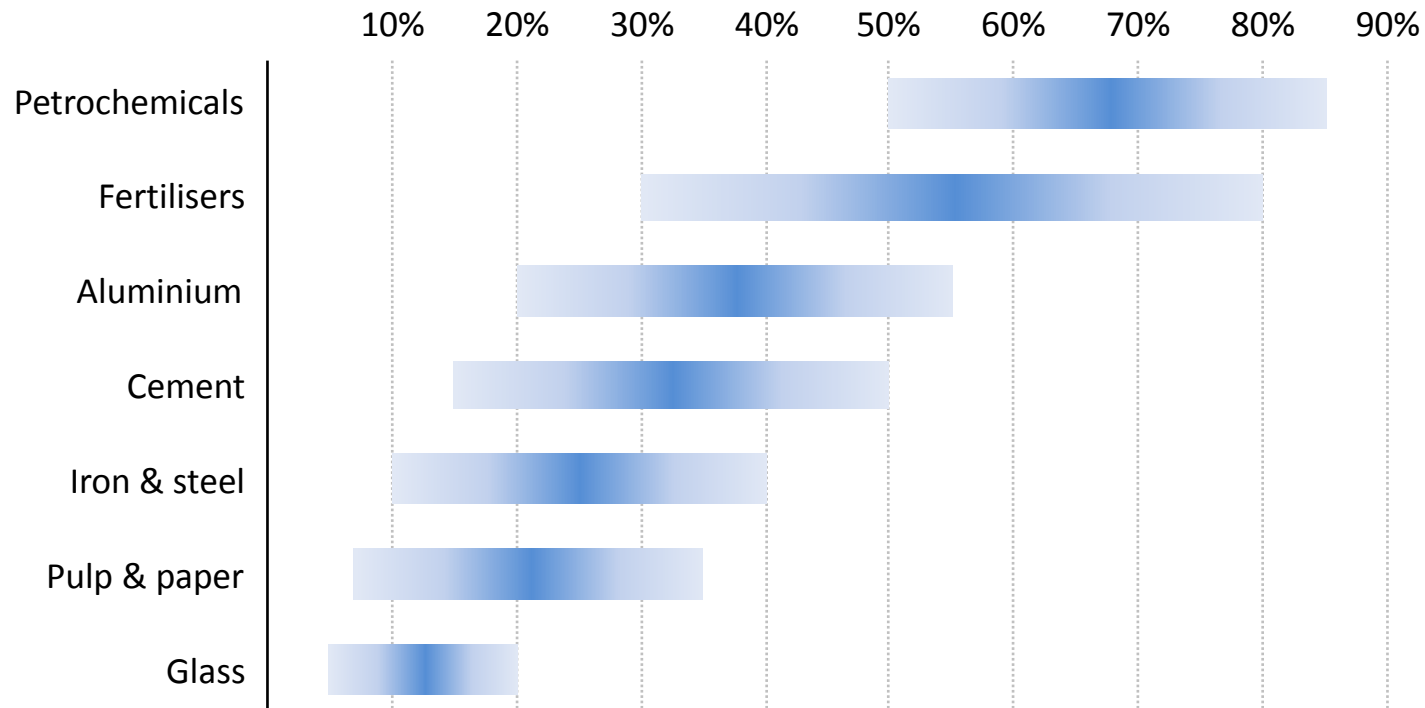
## Ratio of industrial energy prices relative to the United States



***Regional differences in natural gas prices narrow from today's very high levels but remain large through to 2035; electricity price differentials also persist***

# Energy-intensive industries need to count their costs

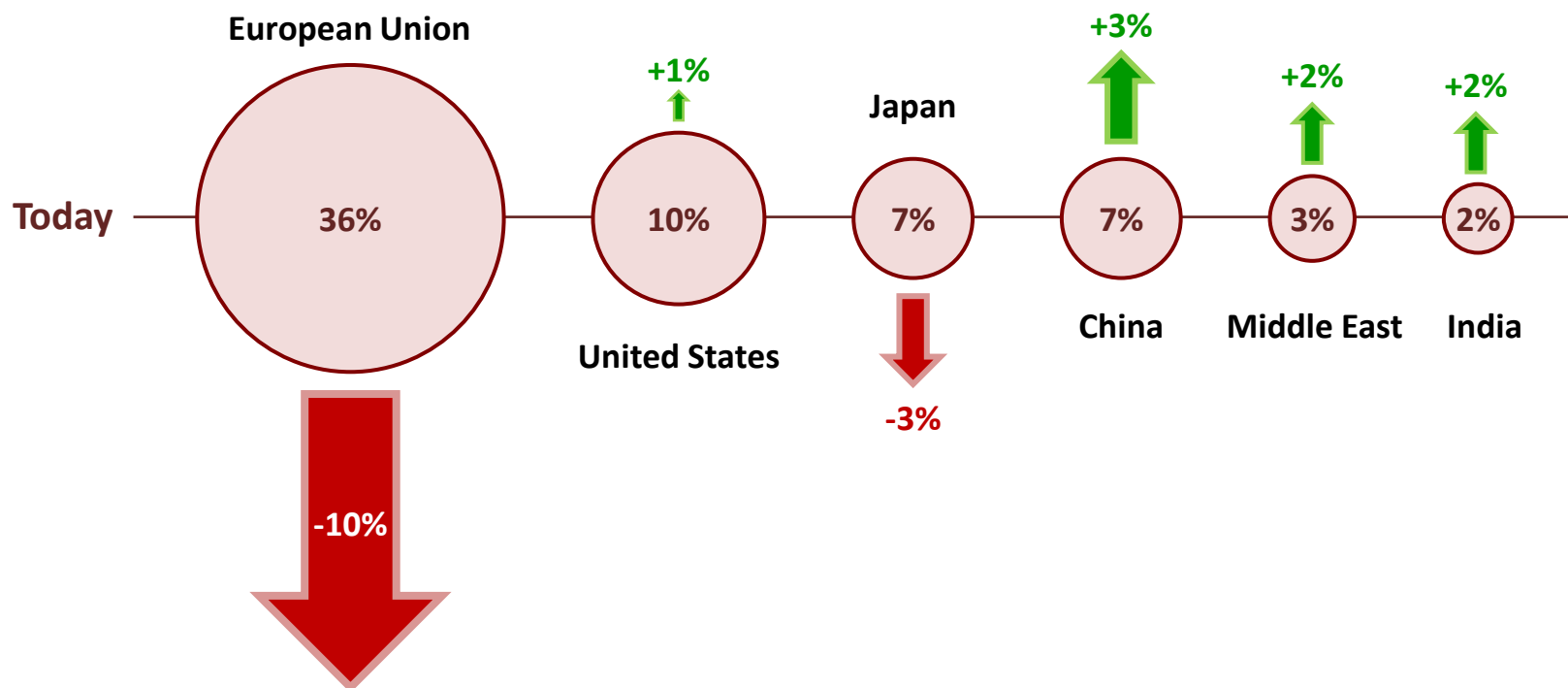
## Share of energy in total production costs for selected industries



***Energy-intensive sectors worldwide account for around one-fifth of industrial value added, one-quarter of industrial employment and 70% of industrial energy use.***

# An energy boost to the economy?

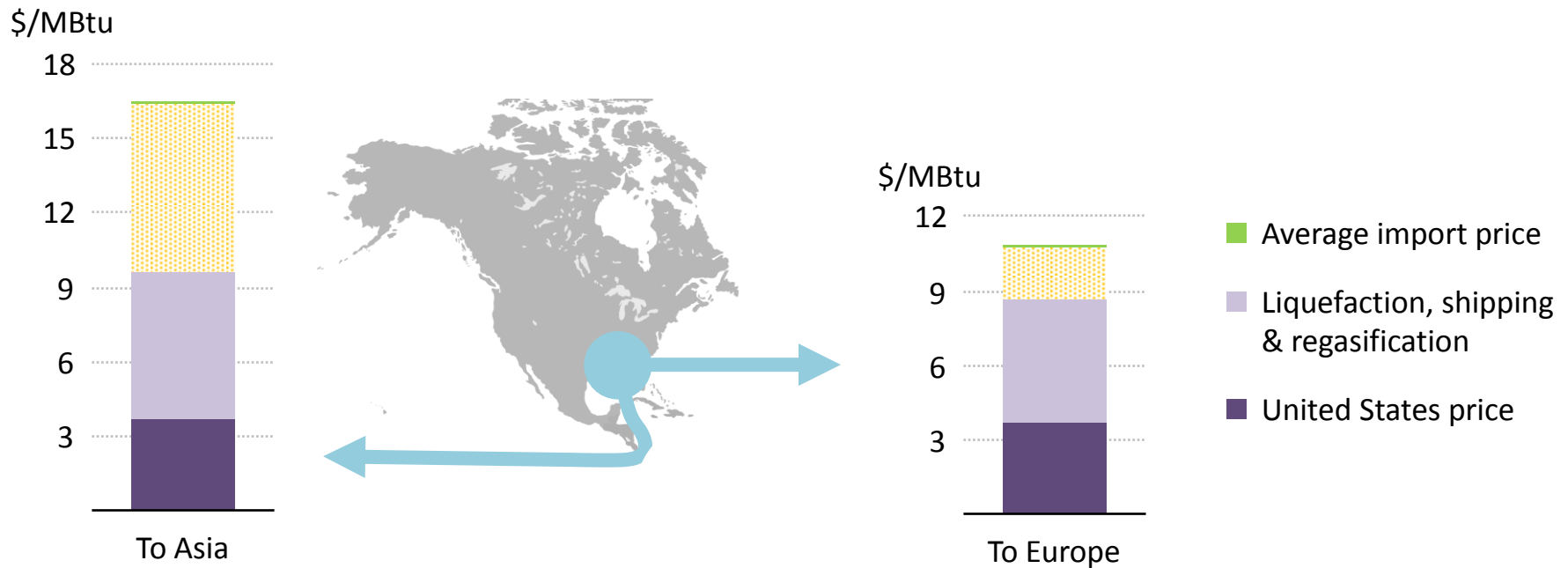
## Share of global export market for energy-intensive goods



*The US, together with key emerging economies, increases its export market share for energy-intensive goods, while the EU and Japan see a sharp decline*

# LNG from the United States can shake up gas markets

## Indicative economics of LNG export from the US Gulf Coast (at current prices)



***New LNG supplies accelerate movement towards a more interconnected global market, but high costs of transport between regions mean no single global gas price***

# Orientation for a fast-changing energy world

WORLD  
ENERGY  
OUTLOOK  
2013

- **China, then India, drive the growing dominance of Asia in global energy demand & trade**
- **Technology is opening up new oil resources, but the Middle East remains central to the longer-term outlook**
- **Regional price gaps & concerns over competitiveness are here to stay, but there are ways to react – with efficiency first in line**
- **The transition to a more efficient, low-carbon energy sector is more difficult in tough economic times, but no less urgent**