

WORLD ENERGY OUTLOOK 2012

World Energy Outlook 2012

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■ Foundations of global energy system shifting

- *Resurgence in oil & gas production in some countries*
- *Retreat from nuclear in some others*
- *Signs of increasing policy focus on energy efficiency*

■ All-time high oil prices acting as brake on global economy

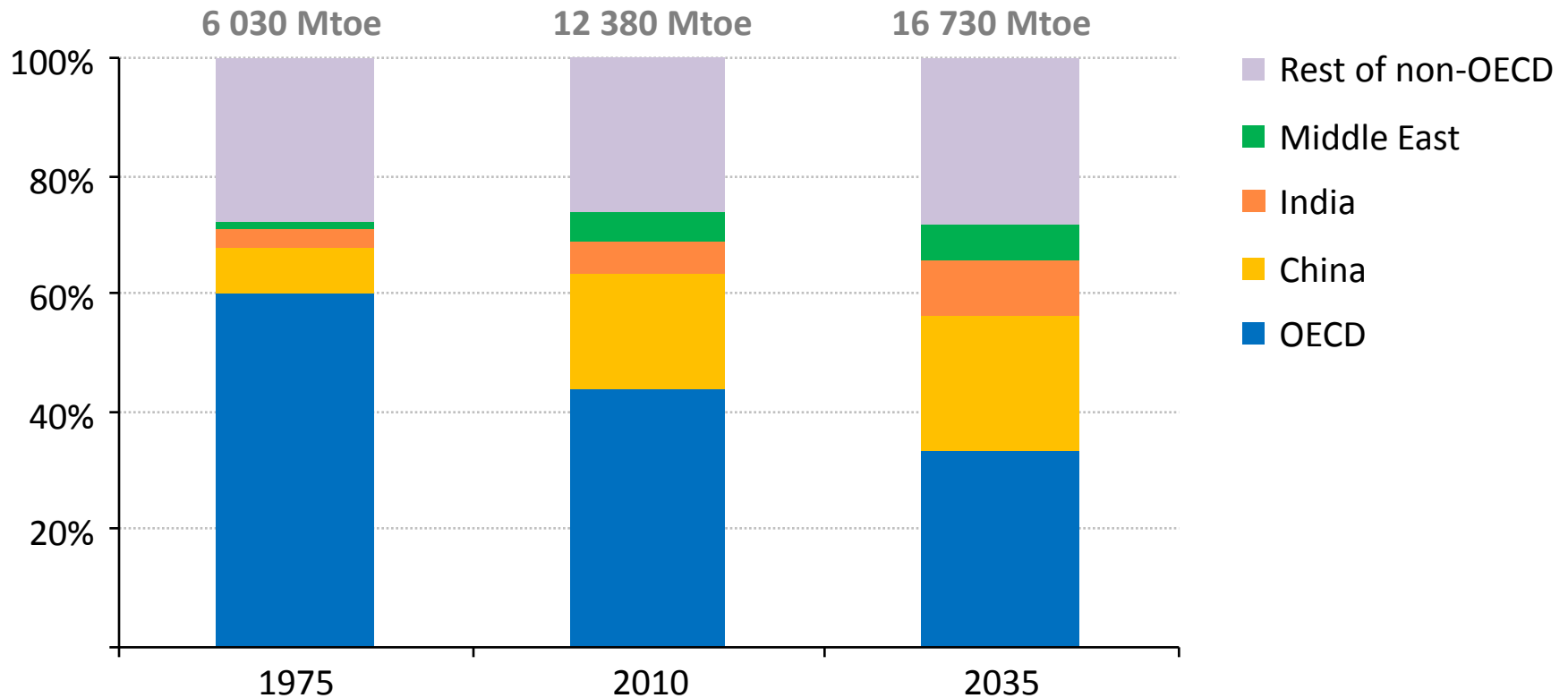
- *Divergence in natural gas prices affecting Europe (with prices 5-times US levels) and Asia (8-times)*

■ Symptoms of an unsustainable energy system persist

- *Fossil fuel subsidies up almost 30% to \$523 billion in 2011, led by MENA*
- *CO₂ emissions at record high, while renewables industry under strain*
- *Despite new international efforts, 1.3 billion people still lack electricity*
- *Water increasingly crucial for assessing the viability of energy projects*

Emerging economies steer energy markets

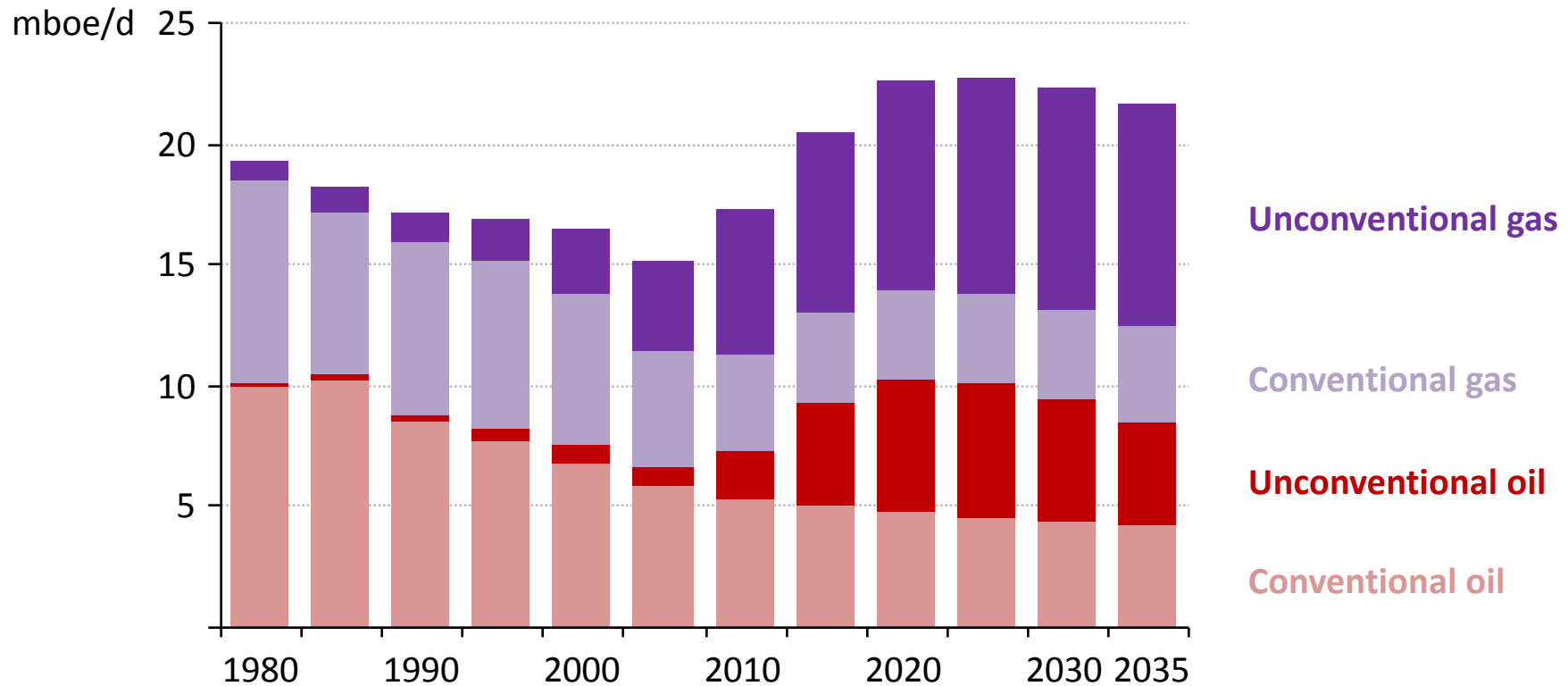
Share of global energy demand



Global energy demand rises by over one-third in the period to 2035, underpinned by rising living standards in China, India & the Middle East

A United States oil & gas transformation

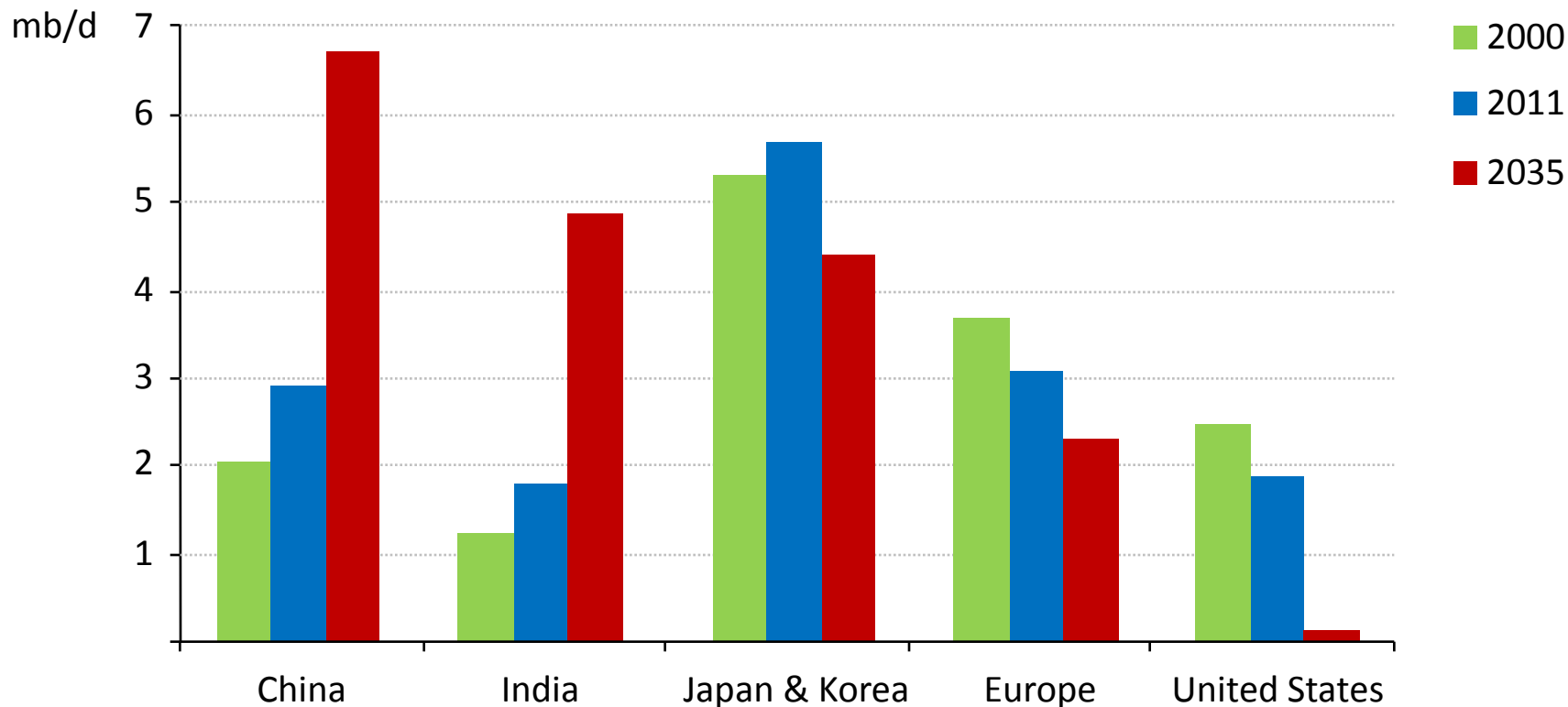
US oil and gas production



The surge in unconventional oil & gas production has implications well beyond the United States

Middle East oil to Asia: a new silk road

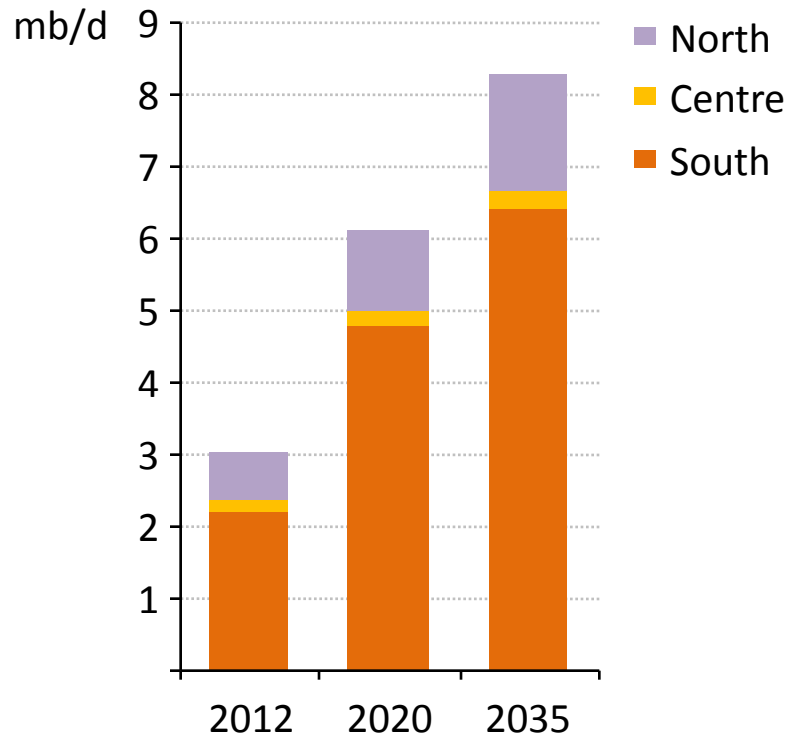
Middle East oil export by destination



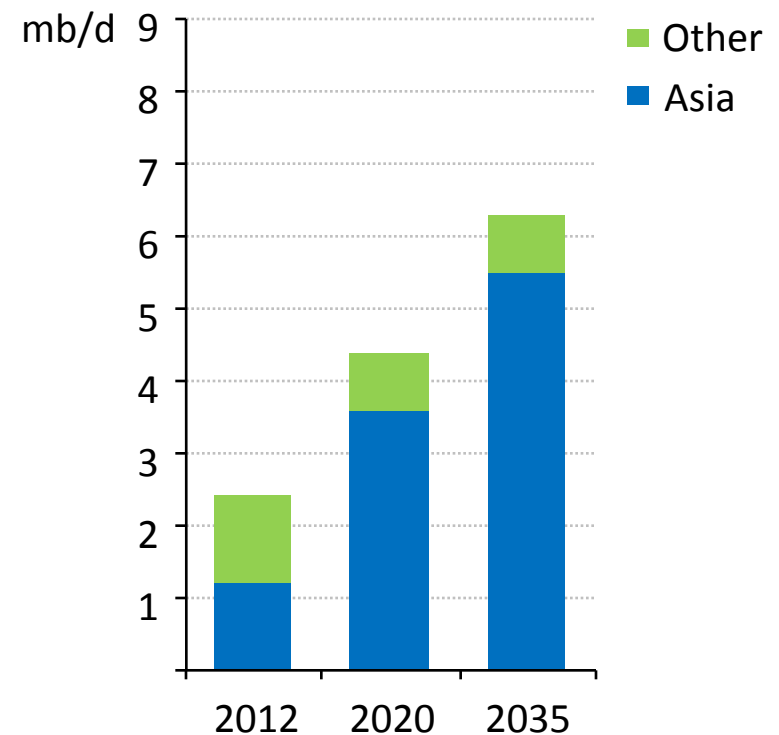
By 2035, almost 90% of Middle Eastern oil exports go to Asia; North America's emergence as a net exporter accelerates the eastward shift in trade

Iraq oil poised for a major expansion

Iraq oil production



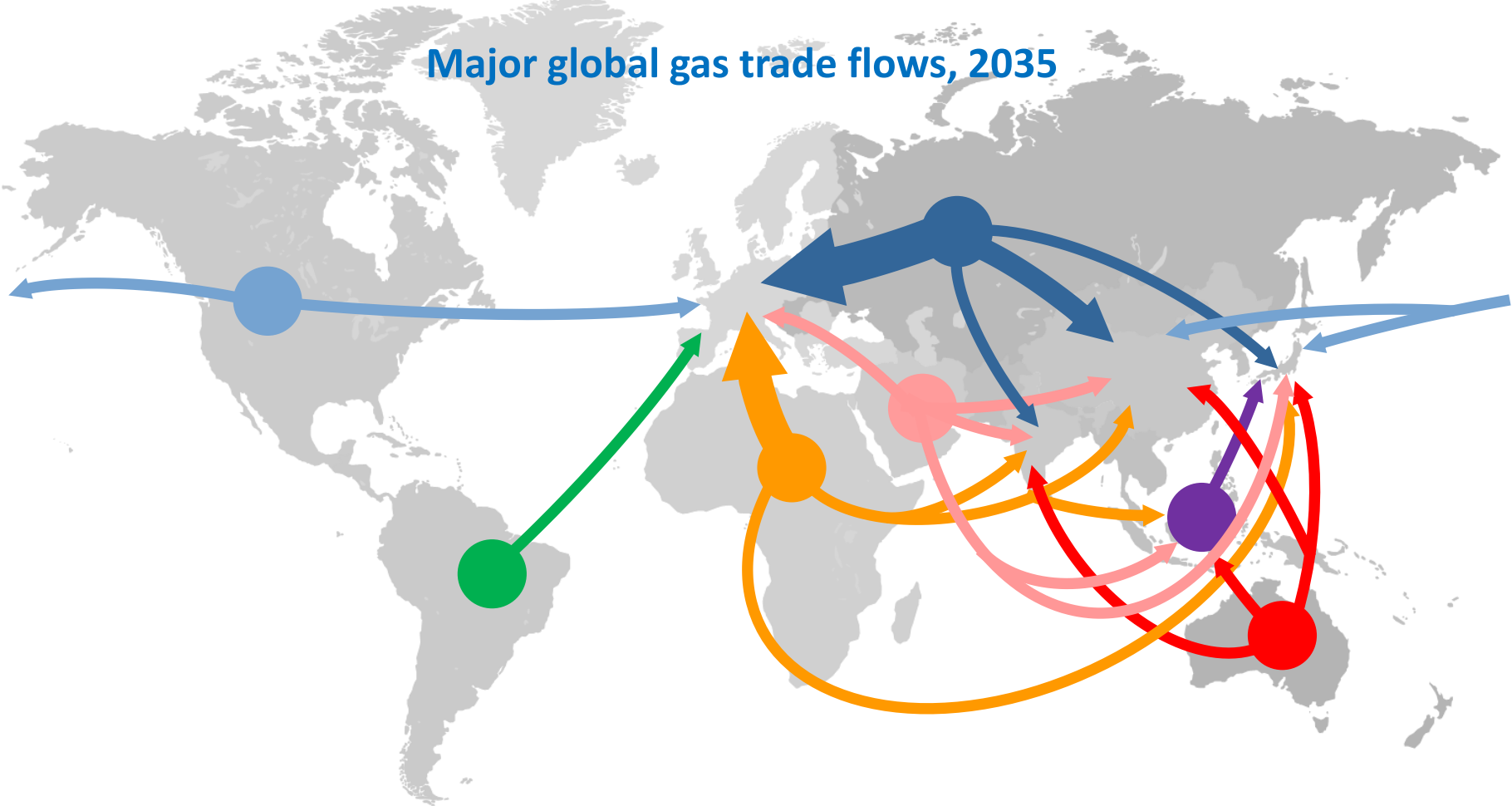
Iraq oil exports



Iraq accounts for 45% of the growth in global production to 2035; by the 2030s it becomes the second-largest global oil exporter, overtaking Russia

Natural gas: towards a globalised market

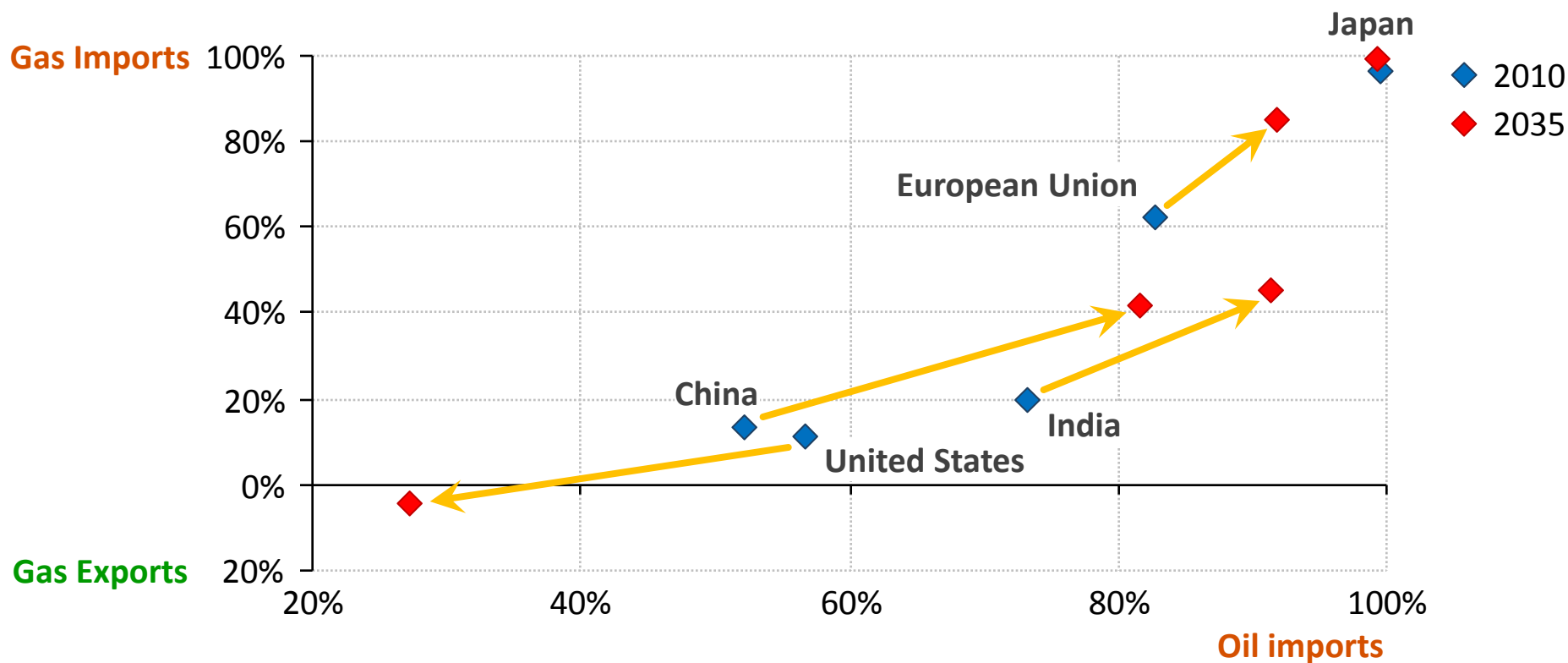
Major global gas trade flows, 2035



Rising supplies of unconventional gas & LNG help to diversify trade flows, putting pressure on conventional gas suppliers & oil-linked pricing mechanisms

Different trends in oil & gas import dependency

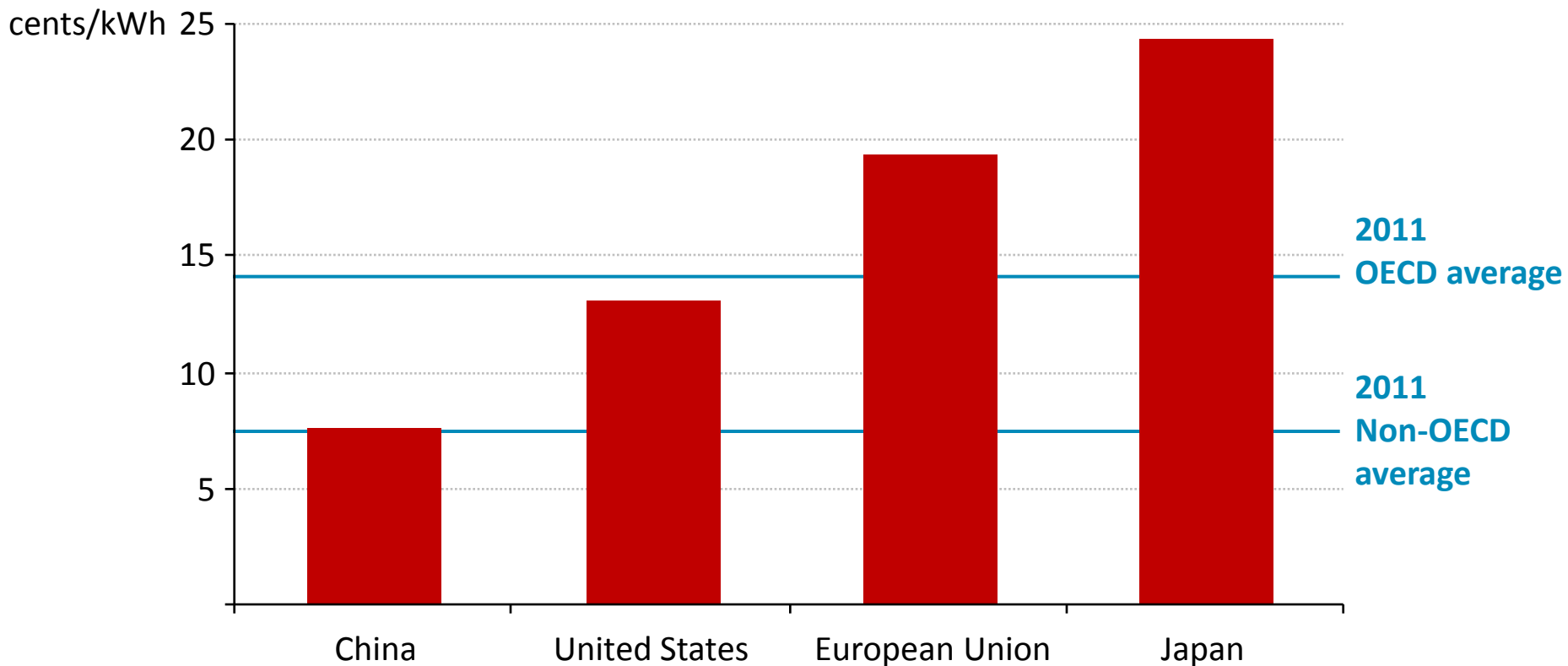
Net oil & gas import dependency in selected countries



While dependence on imported oil & gas rises in many countries, the United States swims against the tide

Wide variations in the price of power

Average household electricity prices, 2035



Electricity prices are set to increase with the highest prices persisting in the European Union & Japan, well above those in China & the United States

Foundations of energy system shifting

- Policy makers face critical choices in reconciling energy, environmental & economic objectives
- Changing outlook for energy production & use may redefine global economic & geopolitical balances
- Iraq set to play a pivotal role in global oil markets
- As climate change slips off policy radar, the “lock-in” point moves closer & the costs of inaction rise
- The gains promised by energy efficiency are within reach & are essential to underpin a more secure & sustainable energy system