



World Energy Outlook 2017

Brazil launch presentation
Brasilia, 5 December 2017

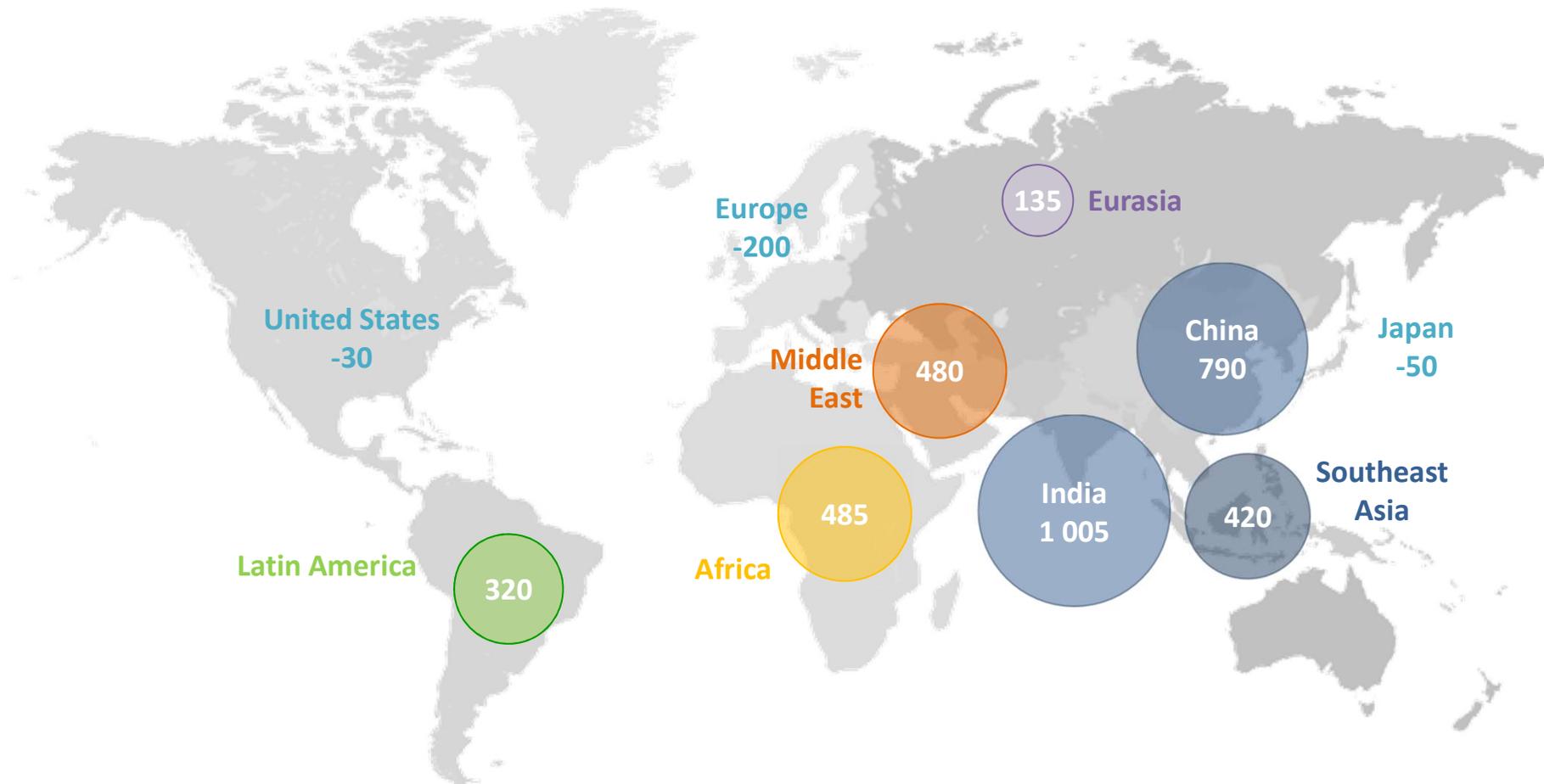
Paul Simons, IEA Deputy Executive Director

Tipping the energy world off its axis

- Four large-scale upheavals in global energy set the scene for the new *Outlook*:
 - The **United States** is turning into the undisputed global leader for oil & gas
 - **Solar PV** is on track to be the cheapest source of new electricity in many countries
 - **China's** new drive to “make the skies blue again” is recasting its role in energy
 - The future is **electrifying**, spurred by cooling, electric vehicles & digitalisation
- These changes brighten the prospects for affordable, sustainable energy & require a reappraisal of approaches to energy security
- There are many possible pathways ahead & many potential pitfalls if governments or industry misread the signs of change

India takes the lead, as China energy growth slows

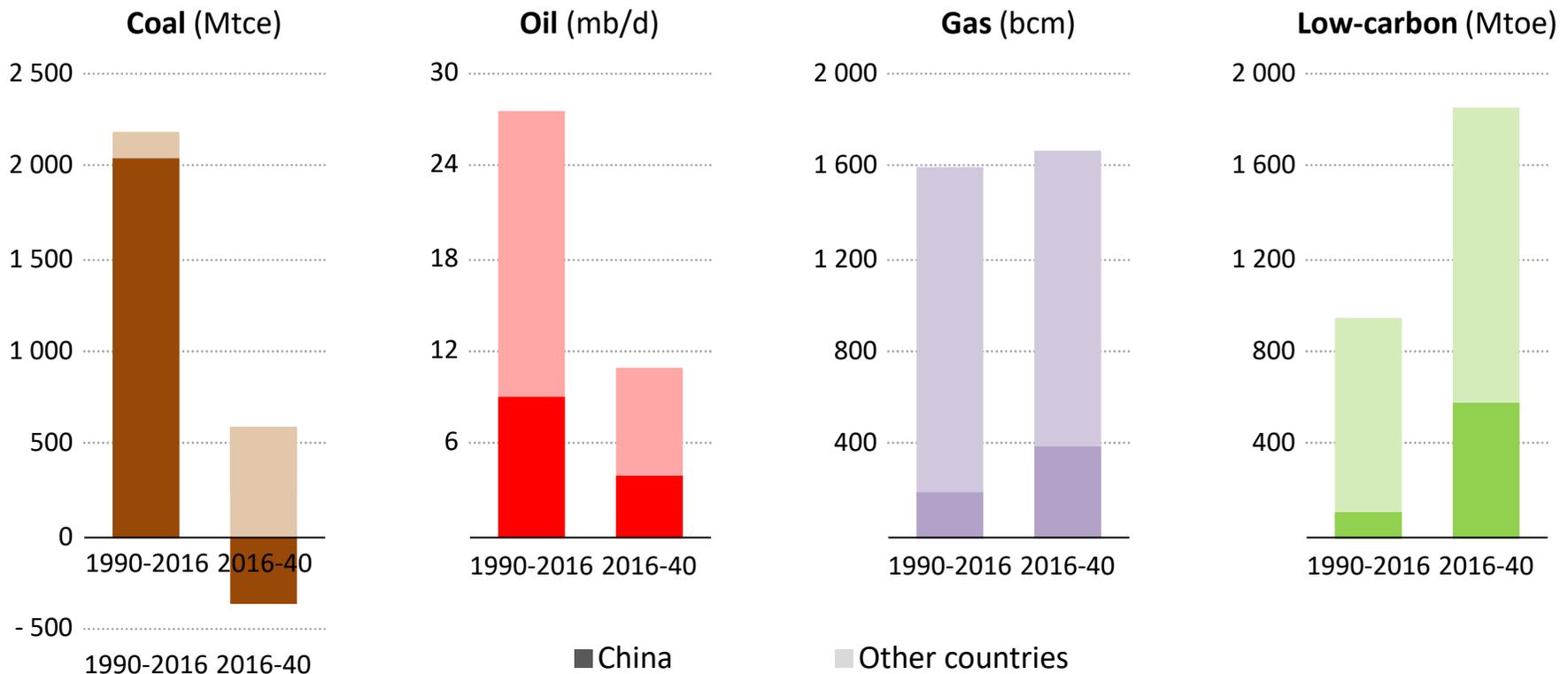
Change in energy demand, 2016-40 (Mtoe)



Old ways of understanding the world of energy are losing value as countries change roles: the Middle East is fast becoming a major energy consumer & the United States a major exporter

A world in motion: global energy markets, again

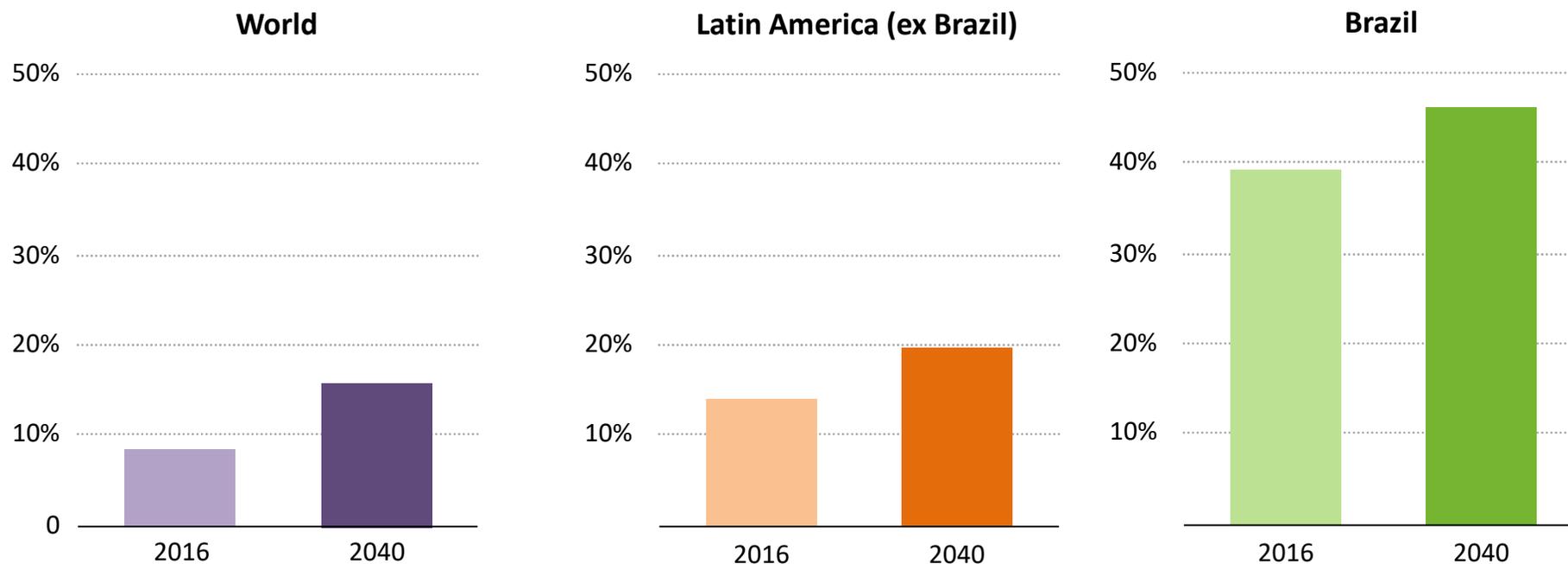
Change in world energy demand by fuel



Low-carbon sources & natural gas meet 85% of the increase in global demand: China's switch to a new economic model & a cleaner energy mix drives global trends

Brazil maintains its lead on renewables

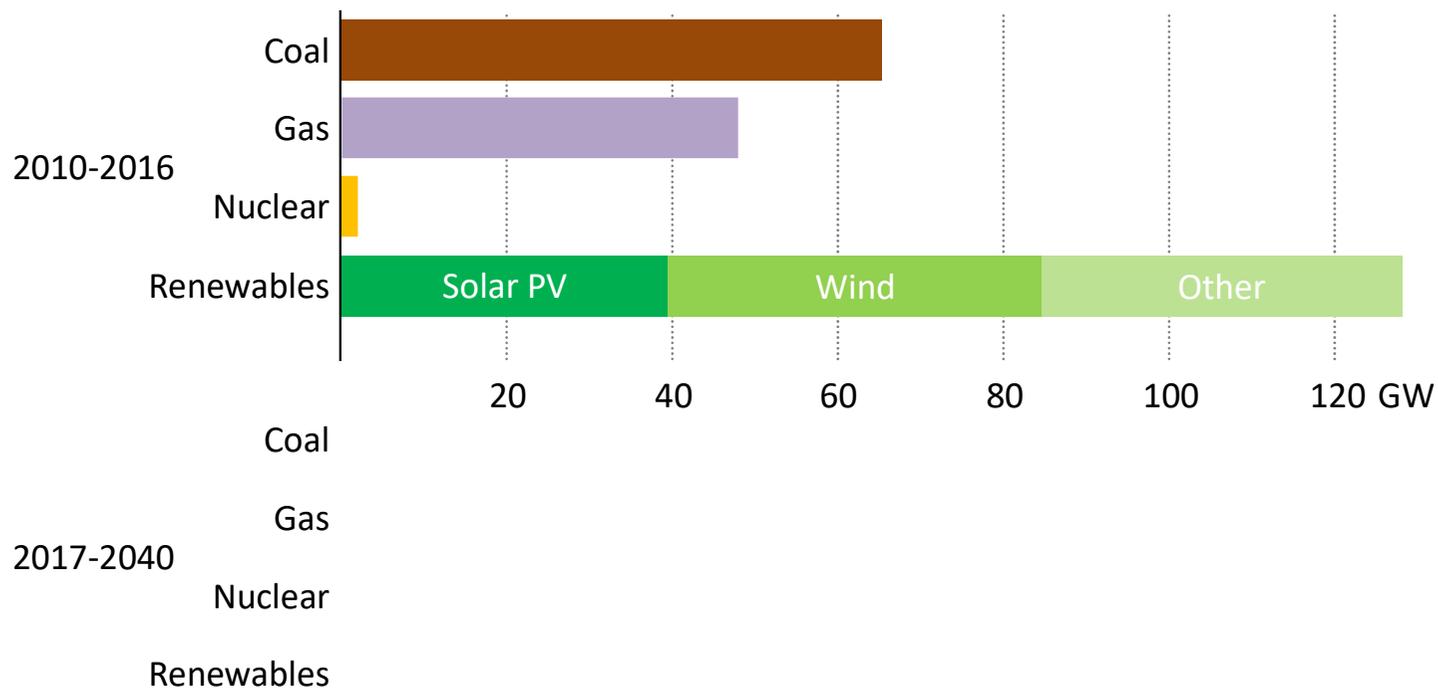
Share of renewables in final consumption



Despite a boom in deepwater oil, hydropower and biofuels continue to ensure that renewables account for a globally leading share of consumption

Solar PV forges ahead in the global power mix

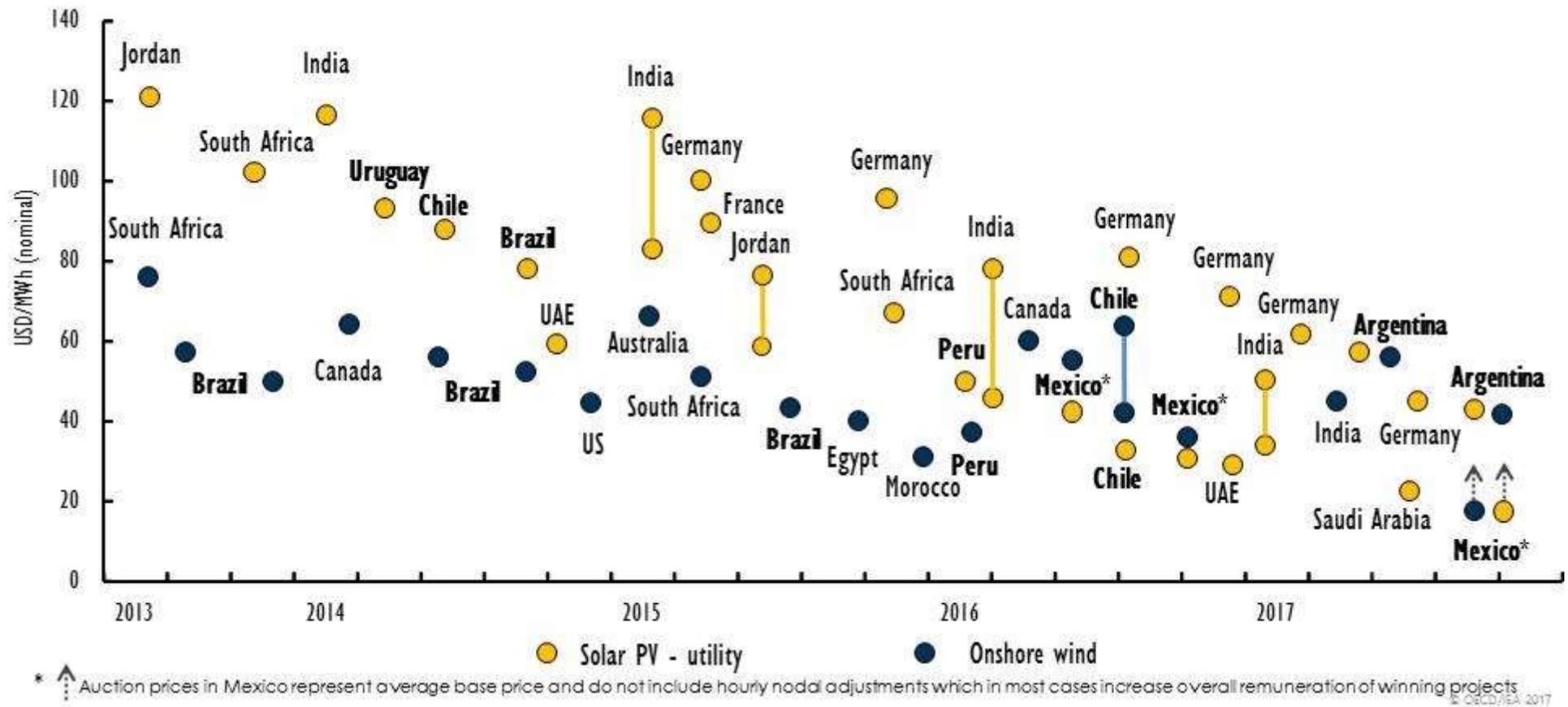
Global average annual net capacity additions by type



China, India & the US lead the charge for solar PV, while Europe is a frontrunner for onshore & offshore wind. Results of recent auctions in Latin America a cause for optimism

Auctions drive prices down

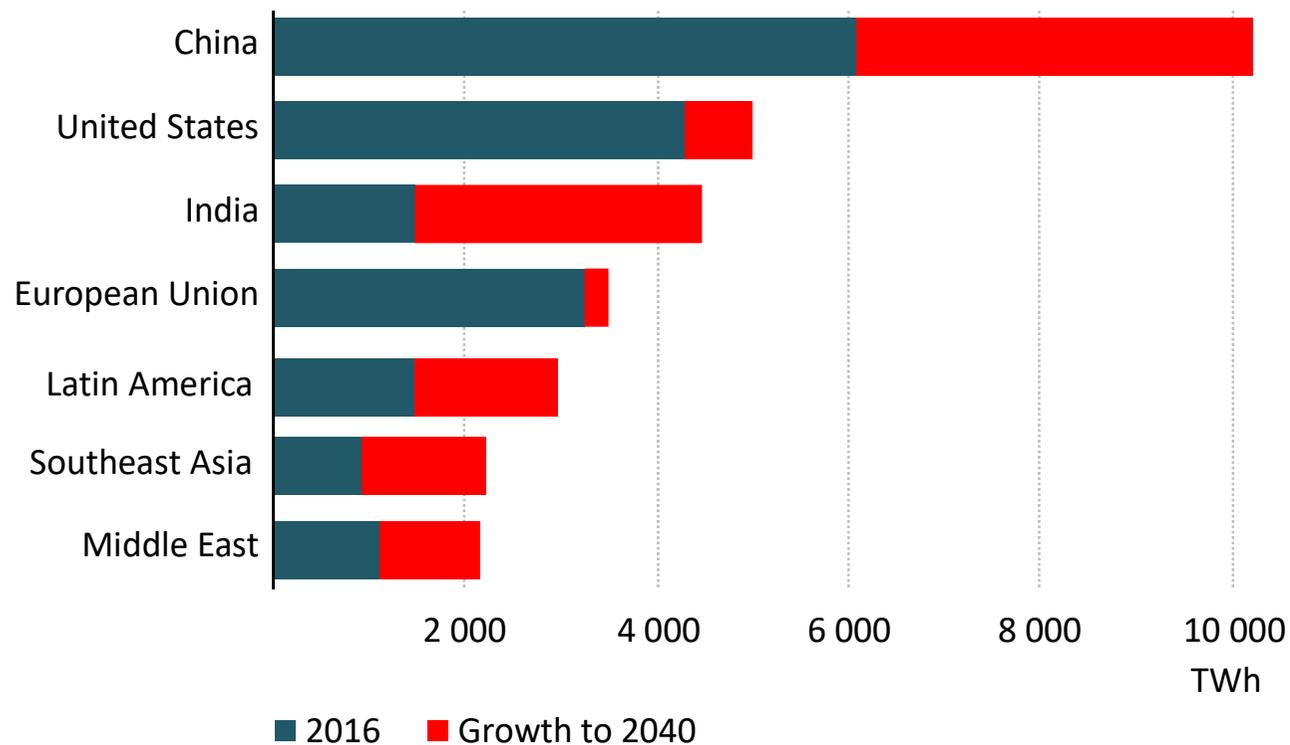
Recent announced long-term contract prices for new renewable power to be commissioned over 2016-20



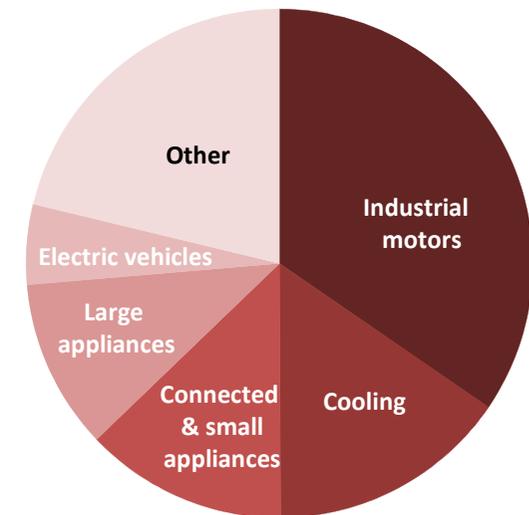
Source: IEA (2017), Renewables 2017. Analysis and Forecasts to 2022, Paris.

The future is electrifying

Electricity generation by selected region



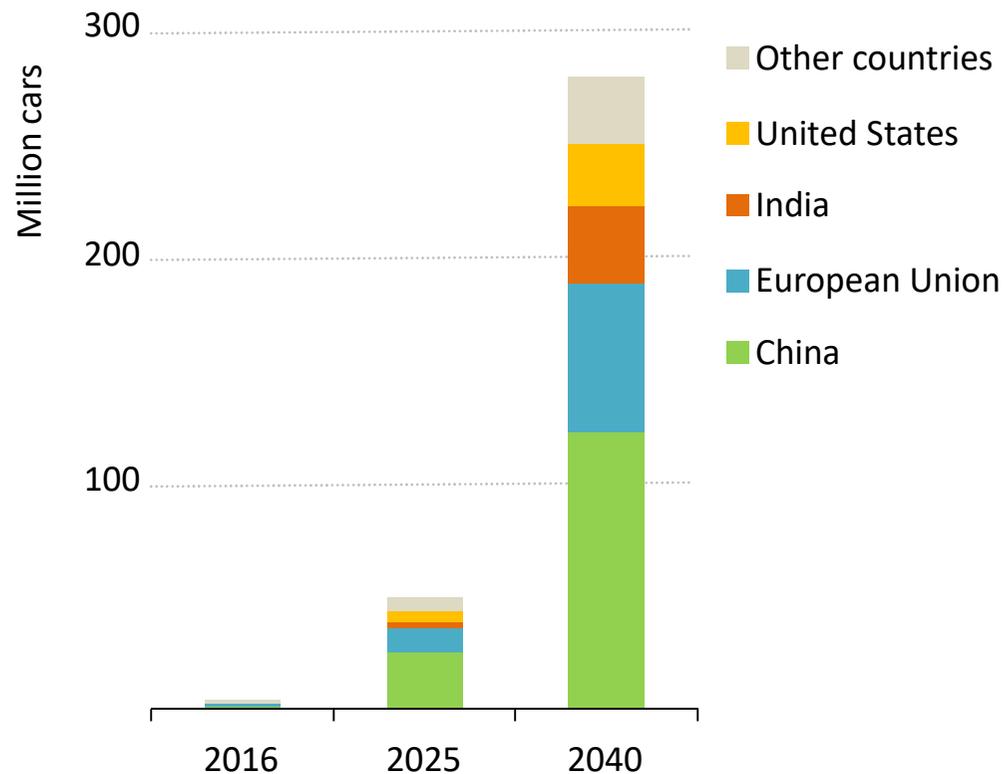
Sources of global electricity demand growth



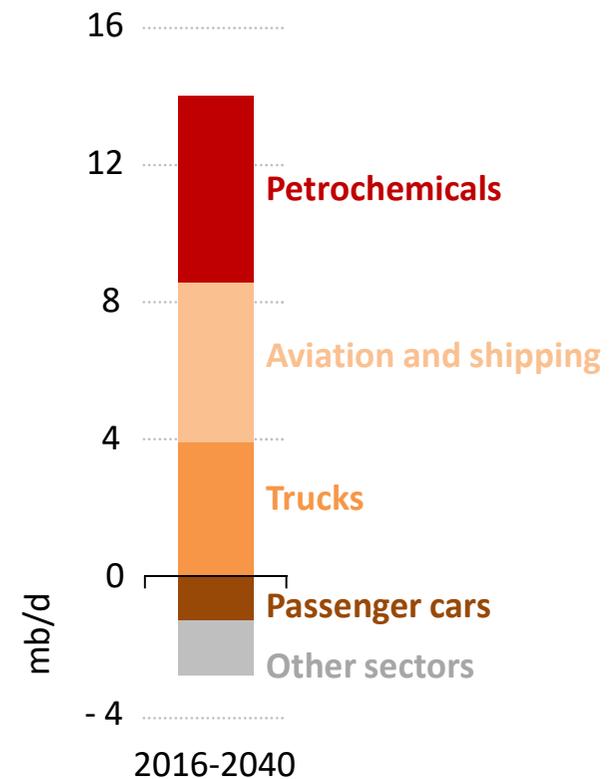
India adds the equivalent of today's European Union to its electricity generation by 2040, while China adds the equivalent of today's United States

EVs are on the way, but oil demand still keeps rising

Electric car fleet



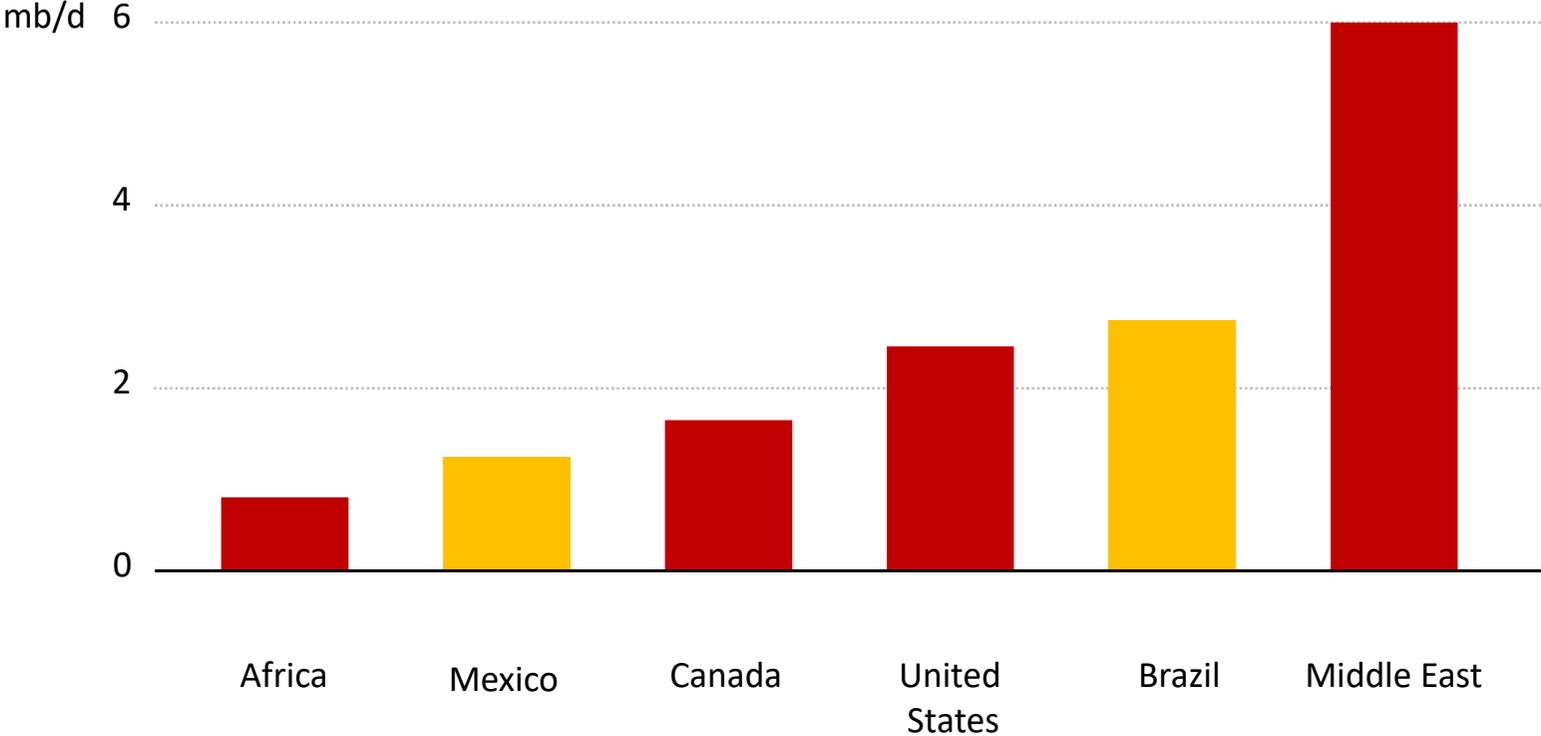
Change in global oil demand



Electric cars are helping to transform energy use for passenger cars, slowing the pace of growth in global oil demand: however, trucks, aviation, shipping & petrochemicals keep oil on a rising trend

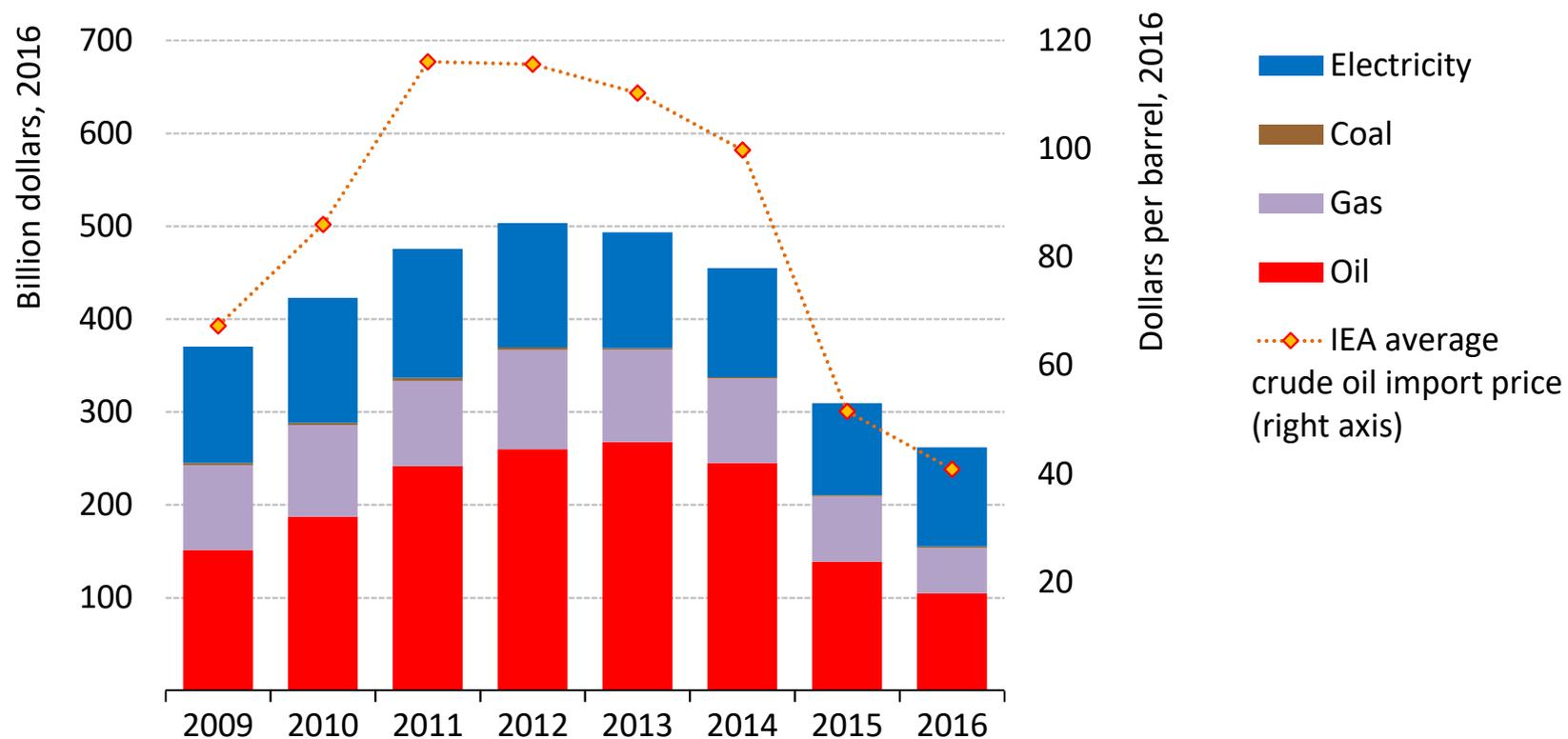
Latin America remains a crucial producer of oil

Oil production increase to 2040



Latin America accounts for one-third of the net increase in global oil supply to 2040

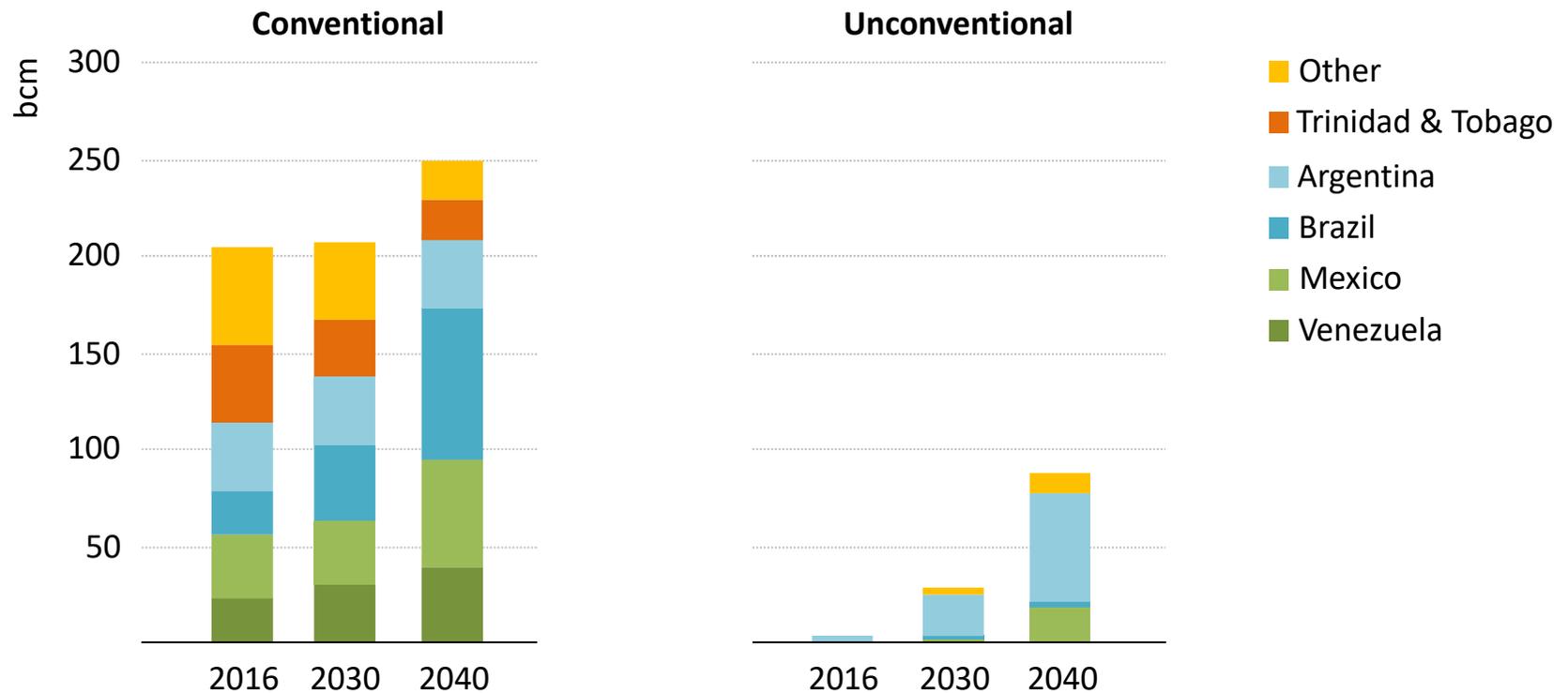
Estimated value of global fossil-fuel consumption subsidies



Lower prices and bolder policies mean that the value of global fossil-fuel consumption subsidies declined again in 2016, to \$260 billion

Unconventional gas development takes off

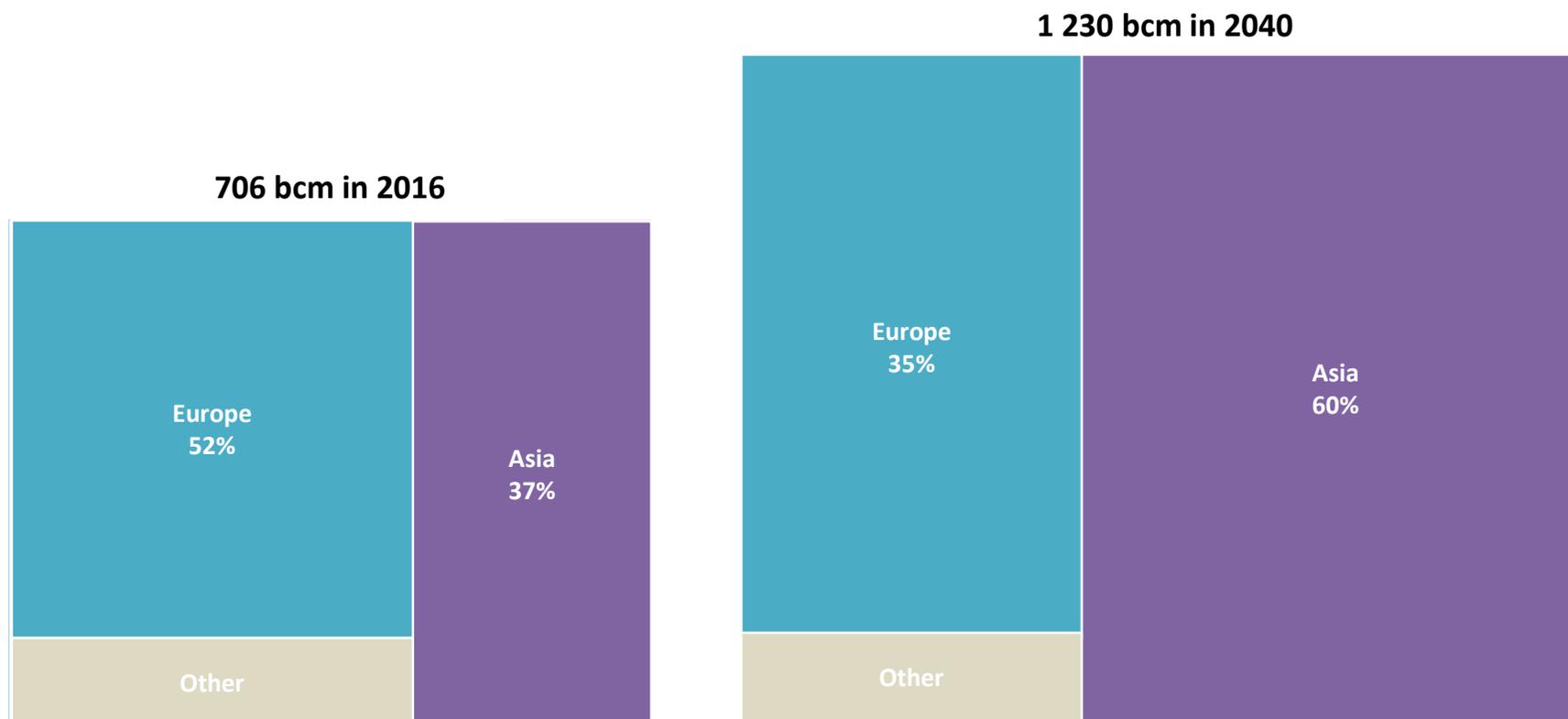
Natural gas production by country and gas type in Latin America in the New Policies Scenario



Deepwater in Brazil and Mexico as well as shale gas in Argentina provide a major boost to Latin America's oil & gas production

LNG ushers in a new global gas order

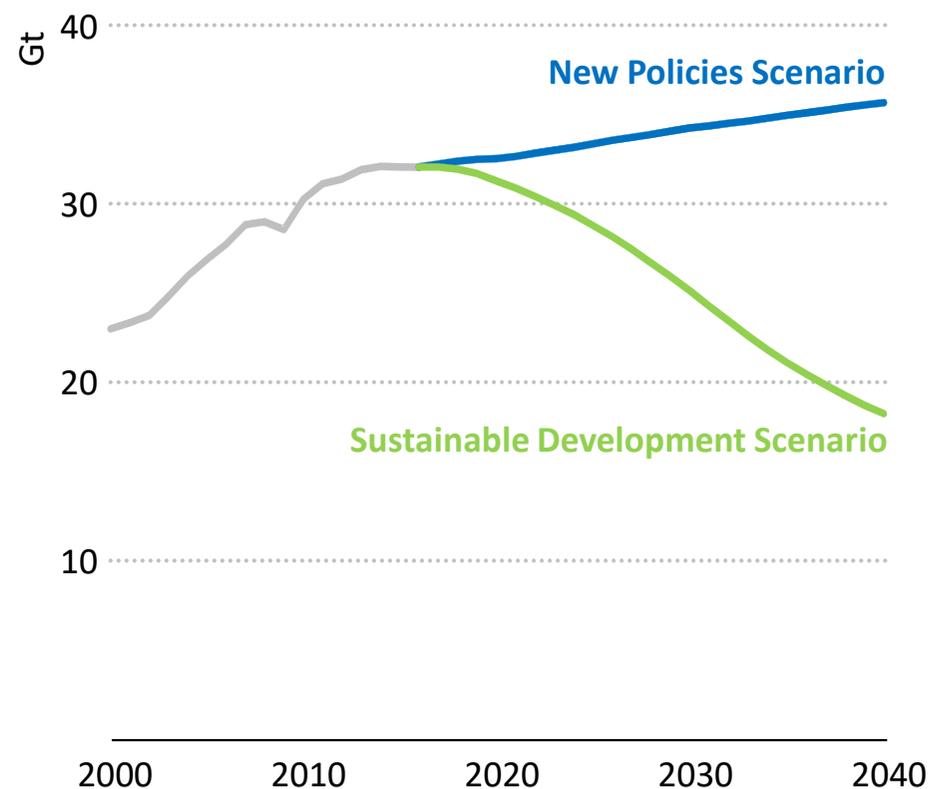
Gas importers



Growing gas import requirements in developing Asia, Japan and Korea are largely met by LNG, with exports from the US accelerating a shift towards a more flexible, liquid global market

A new strategy for energy & sustainable development

Global CO₂ emissions by scenario



The Sustainable Development Scenario reduces CO₂ emissions in line with the objectives of the Paris Agreement, while also tackling air pollution and achieving universal energy access

Stronger policies for a more sustainable world

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The Sustainable Development Scenario in 2040

875
million electric
vehicles

2 times
more efficient
than today

3 250_{GW}
global solar PV capacity

580_{bcm}
additional gas demand

Only 15% additional investment is required to 2040 to achieve the Sustainable Development Scenario, with two-thirds of energy supply investment going to electricity generation & networks

- The oil & gas boom in the United States is shaking up the established order, with major implications for markets, trade flows, investment & energy security
- The versatility of natural gas means that it is well placed to grow, but it cannot afford price spikes or uncertainty over methane leaks
- Brazil is set to be a hotspot for deepwater and unconventional oil and gas production
- Latin America is playing a seminal role in driving global cost declines for renewables
- China continues to shape global trends, but in new ways as its “energy revolution” drives cost reductions for a wide range of clean energy technologies
- Our strategy for sustainable energy shows that concerted action to address climate change is fully compatible with global goals on universal access & air quality
- IEA-Brazil Association marks the beginning of a new era



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