Sleepwalking into an energy crisis
Decarbonisation means different things in different parts of the world

China can stabilise CO₂ emissions by substituting coal in its power generation mix while expanding electricity output.

Significant decarbonisation in the US and other Western countries will require a reduction in oil consumption.

Source: Global Carbon Project, Energy Aspects
A decade of continued (but slowing) oil demand growth to come

Global liquids demand will peak in the early 2030s, supported by persistent gains in petchems and aviation.

Clear geographical dichotomy, with Asia up by just over 7 mb/d (2021–30) while North America and Europe decline.

Source: Energy Aspects
EV sales will surge, but global fleet penetration remains overwhelmingly ICE based

**Electric passenger light-duty vehicle (PLDV) sales**

Europe will lead a sharp uptick in EV sales, with global EV sales forecast to approach 35% of all PLDV sales by 2030.

**Global EV share of PLDVs**

PLDV fleet will take longer to turn significantly electric (near 15% by 2030) as sales are just annual addition to pre-existing stocks.

Source: Energy Aspects
Global E&P Capex is constrained by ESG mandates

**Global E&P spending**

$ billion

<table>
<thead>
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<th>Year</th>
<th>Value</th>
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<tr>
<td>08</td>
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<tr>
<td>22</td>
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2010-14 avg: $600 billion

Upstream E&P spending continues to lag, 35% below the average spend from 2010–14 as majors have retreated.

**E&P investment trends by producer type**

$ billion

- **Majors**
- **Chinese NOCs**
- **Russian NOCs**
- **ME NOCs**

State-owned enterprises have raised investment and will gain market share/pricing power over the medium term.

Source: Company reports, Bloomberg, Energy Aspects
Energy Capex shifting from fuel supply to electricity generation

Global energy investment

Energy investment has shifted toward the power and end-use sectors and away from fuel production.

Source: IEA, Energy Aspects

Energy investment by type

Power generation spending, especially for renewables and supporting infrastructure, is rising; oil and coal supply falling.

Source: IEA, Energy Aspects
Lack of investment in downstream and curtailed products exports by China

Reining capacity vs 2019

%  

Source: Refinitiv, Argus Media Group, Energy Aspects

Firm and probable distillation capacity changes

mb/d

Restrained Chinese product exports push available global capacity below 2019 levels.

New capacity additions since 2019 have been offset by closures in 2021.
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