

United Nations Conference on Trade and Development

14th Multi-Year Expert Meeting on Commodities and Development

09-11 October 2023, Geneva

Recent developments in the oil markets

By

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The views expressed are those of the author and do not necessarily reflect the views of UNCTAD.



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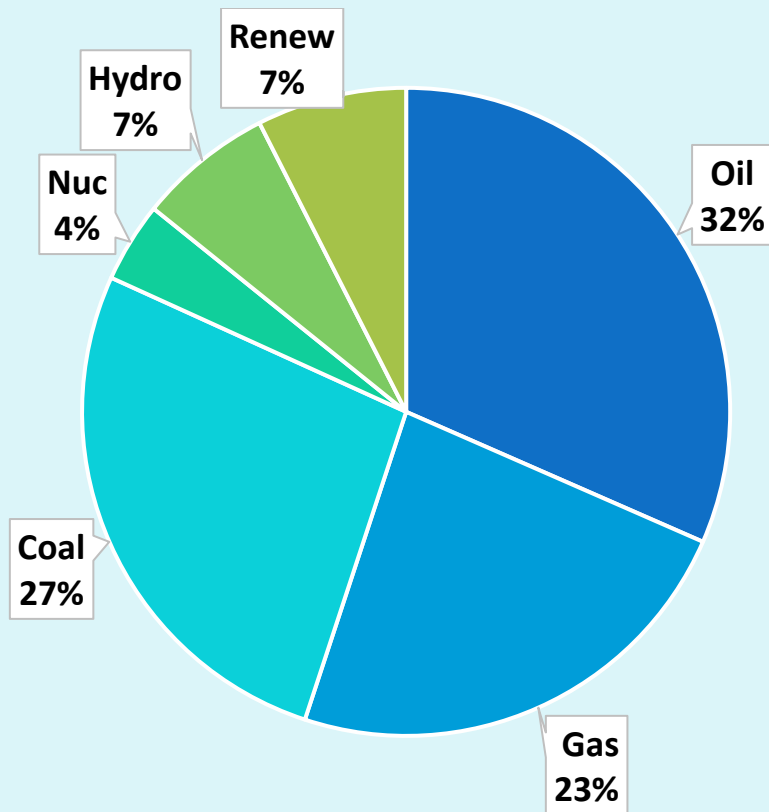
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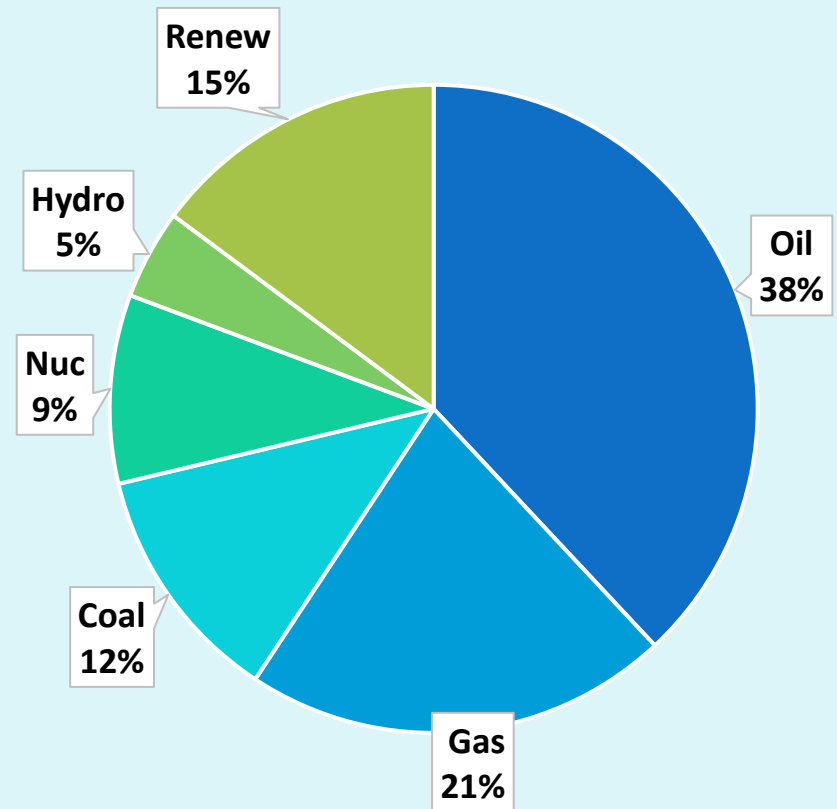
Dr Thierry Bros

Primary energy mix

World



EU



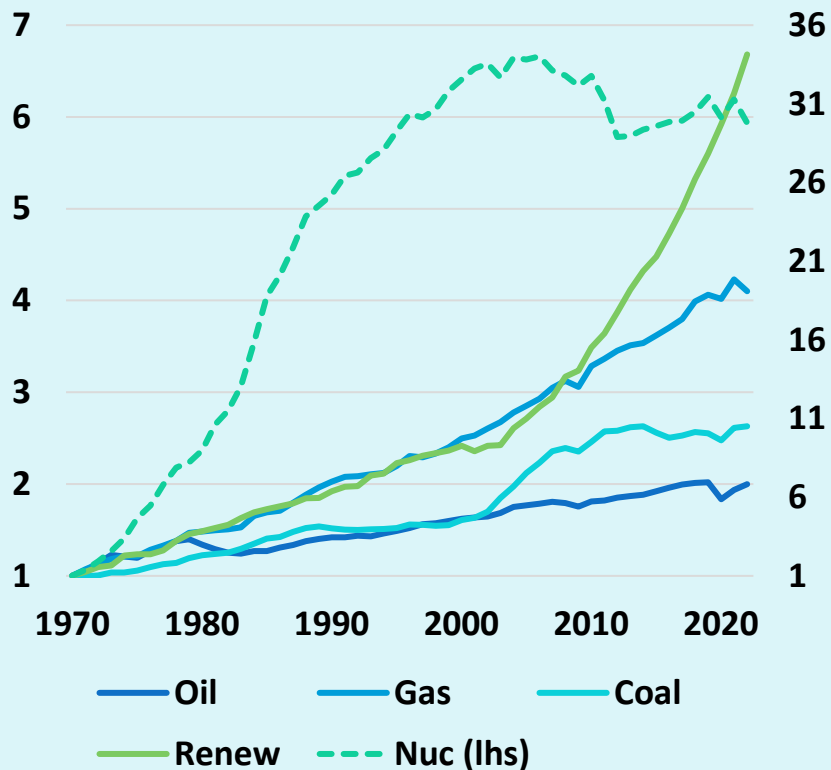
Source: EI Statistical Review, thierrybros.com

Can we avoid blackouts on the energy transition path?

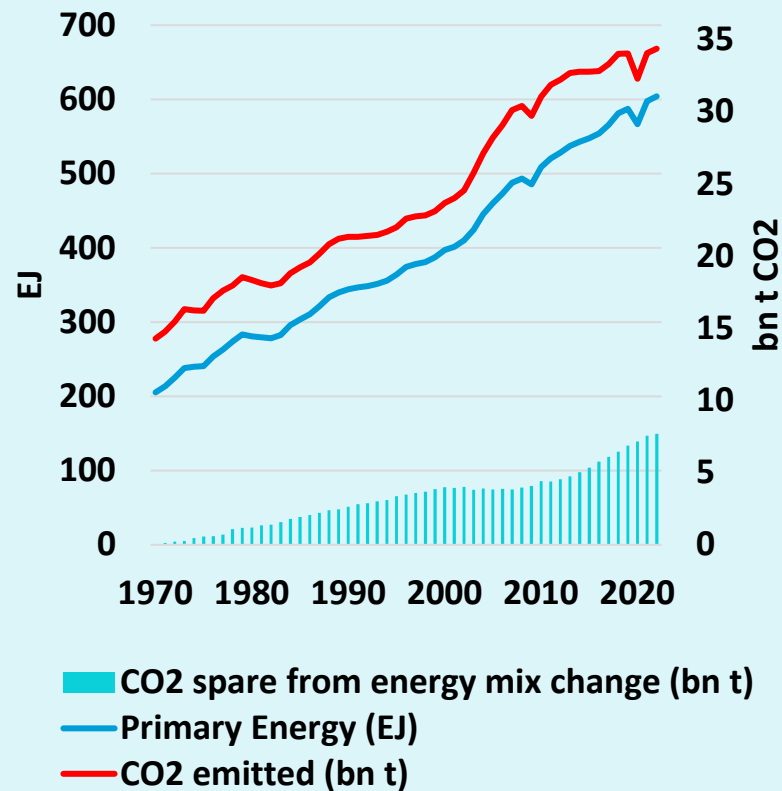
- As we've seen in California & Texas and perhaps in Europe soon
- The societal cost of a blackout not the same in mild California or in freezing Texas
- Value of “firm power”
- Cost of 2022 energy security & affordability
 - Globally fossil fuel subsidies were \$7tn in 2022 or 7.1% of GDP (IMF)
 - €800bn total subsidies for EU citizens & businesses in 2022

Evolution since 1970

Fuel mix (rebased)

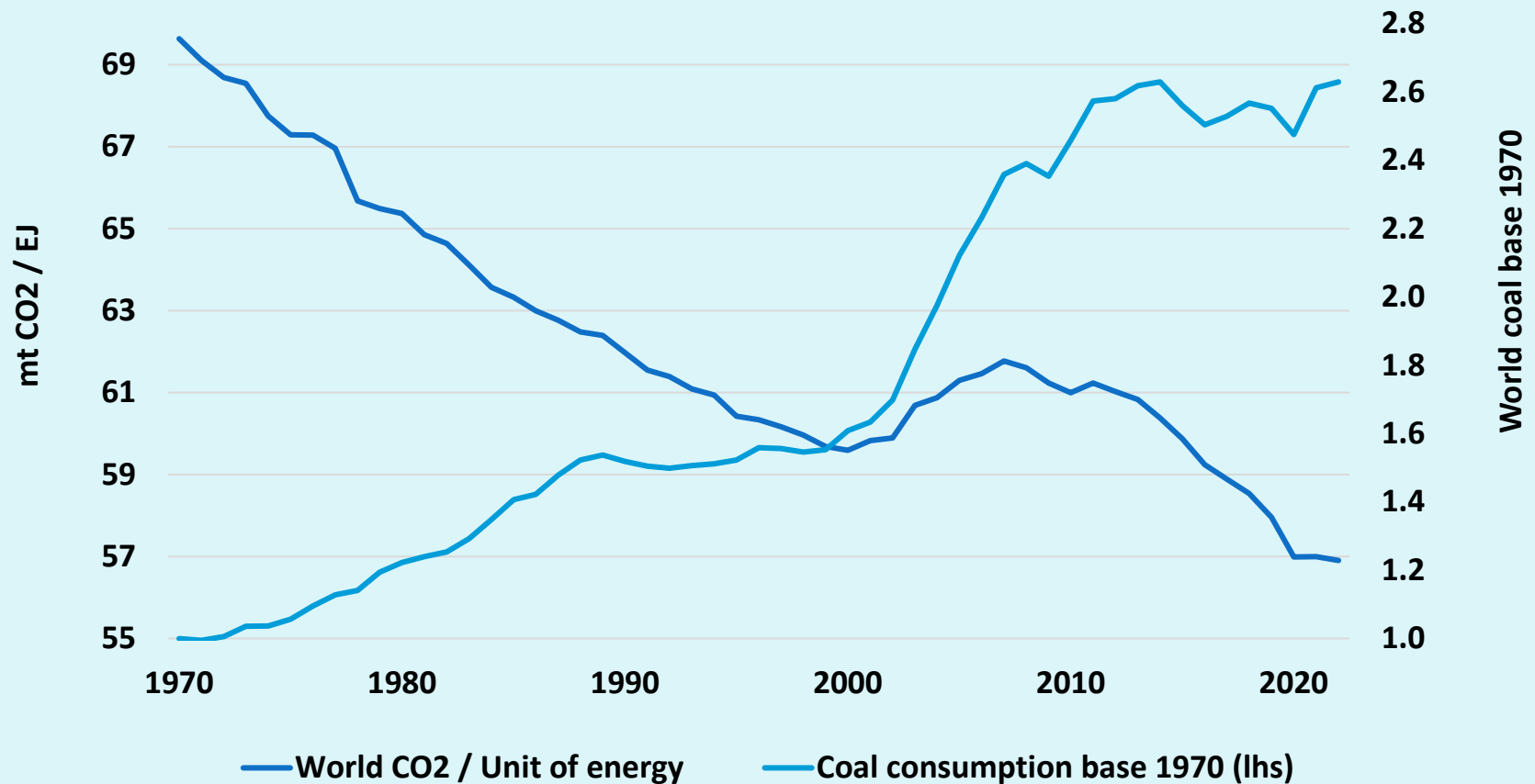


Primary energy & CO₂



Source: EI Statistical Review, thierrybros.com

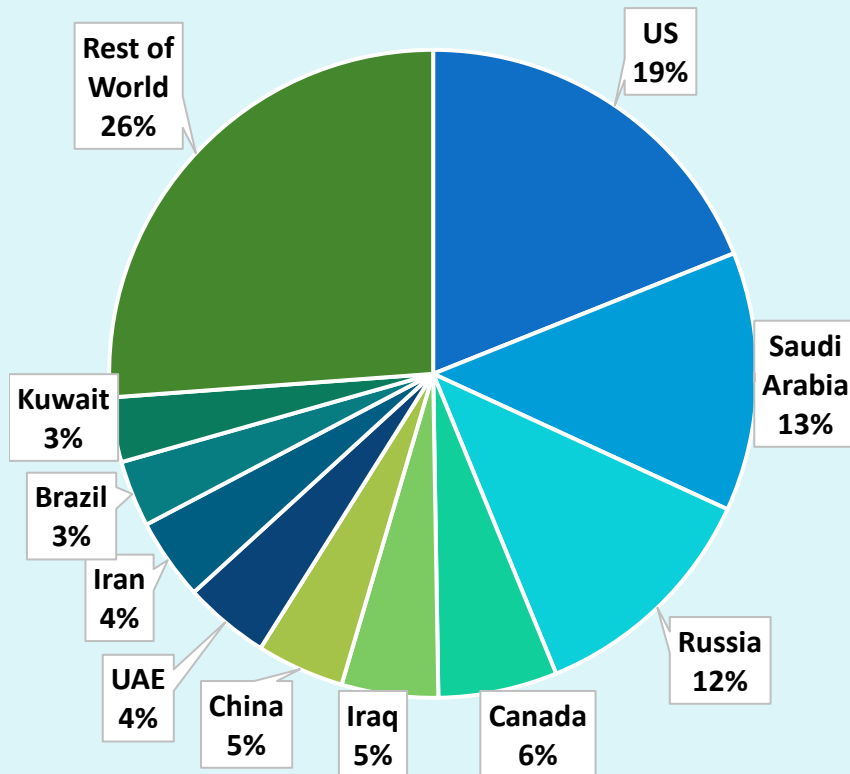
Coal is the enemy



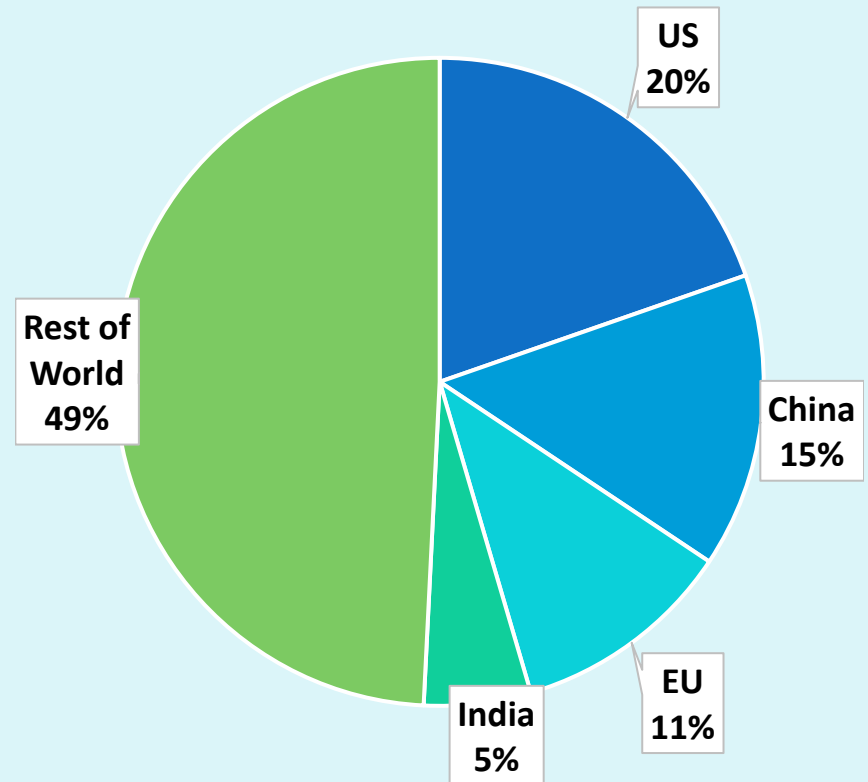
Source: EI Statistical Review, thierrybros.com

Oil

Production



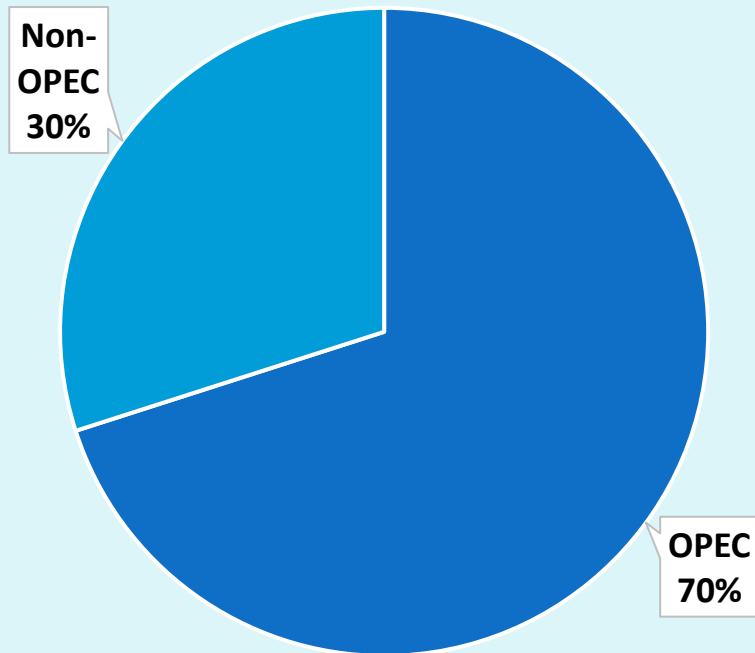
Consumption



Source: thierrybros.com, *EI Statistical Review*

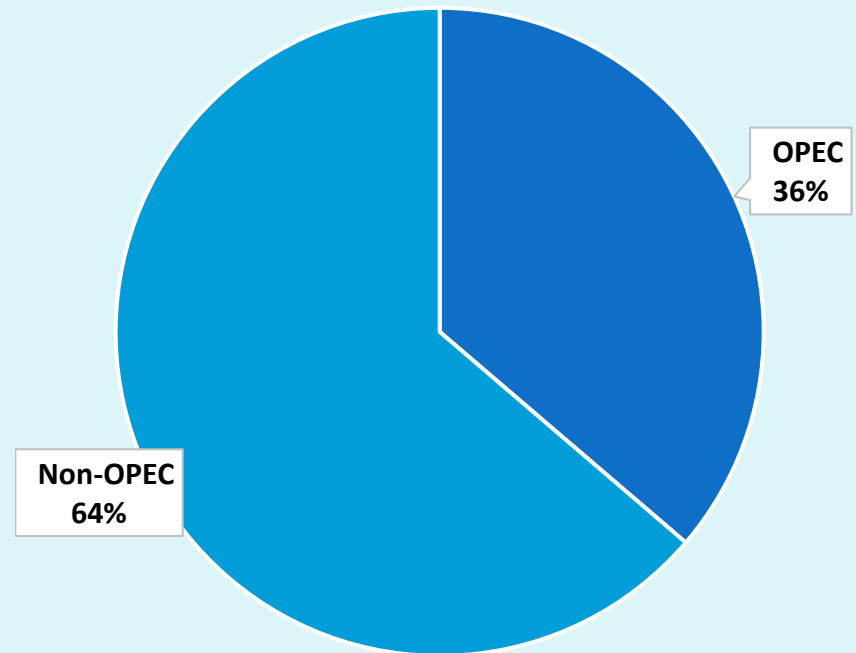
OPEC

Split of proven reserves



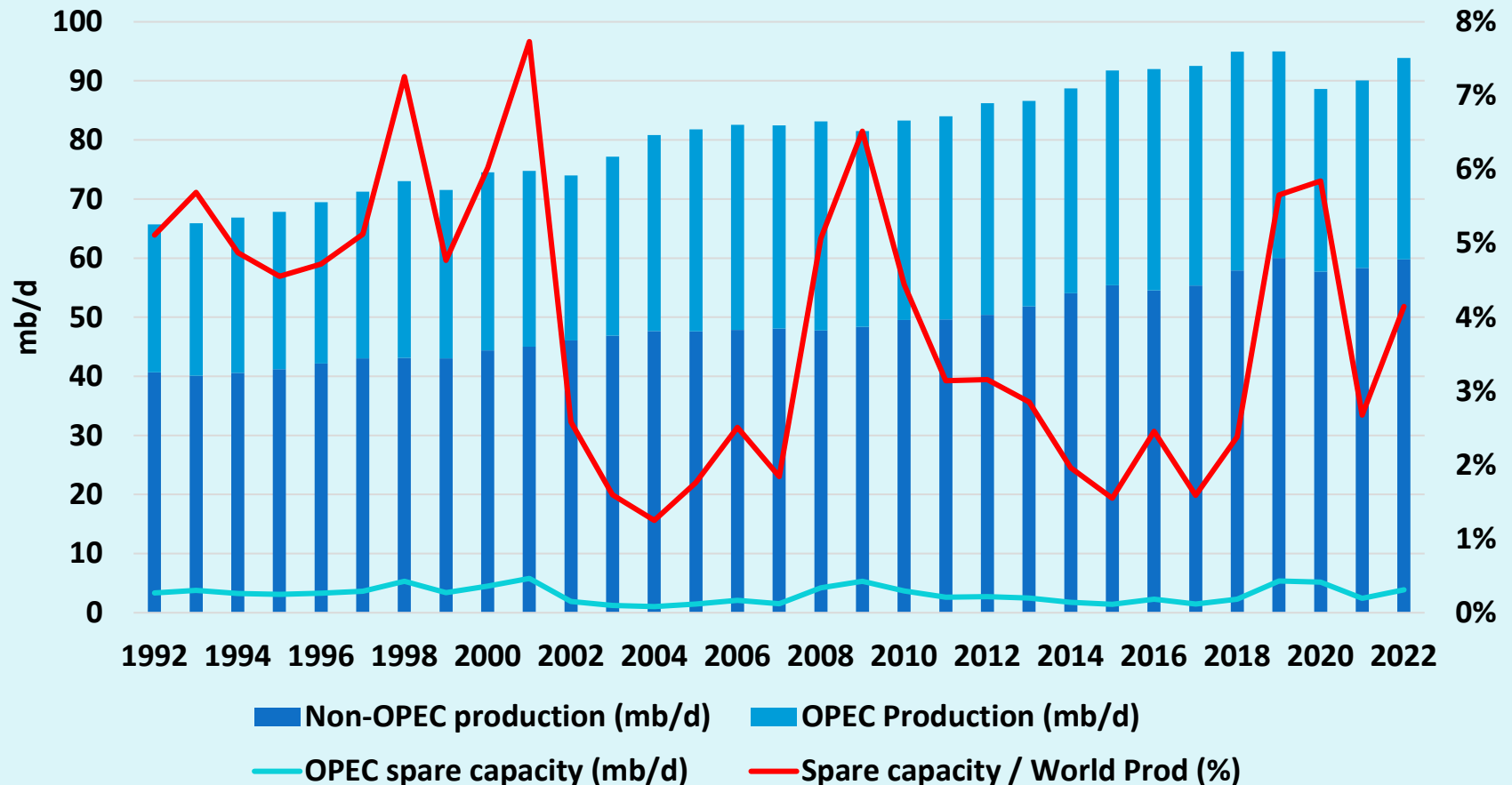
Algeria, Angola, Congo, Equatorial Guinea, Gabon, Iran, Iraq, Kuwait, Libya, Nigeria, Saudi Arabia, United Arab Emirates, Venezuela

Split of production



Source: *EI Statistical review, thierrybros.com*

Oil spare capacity



Source: thierrybros.com, EI Statistical Review

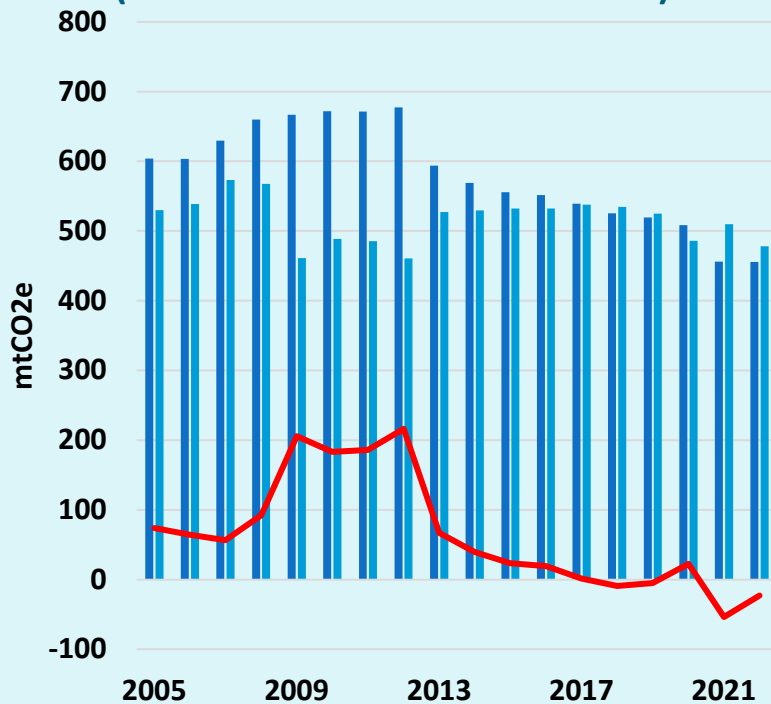
How to foster energy transition

- 1b of oil emits 0,5t CO₂ under Scopes 1, 2 & 3
- Restricting the financing of upstream hydrocarbon is both increasing the oil rent for producers & the power of OPEC+
- The smart (but difficult) way to achieve a successful energy transition is to push oil demand down first in OECD countries, either through efficiency, sobriety, pricing CO₂ emissions or electrification, not to constrain supply
 - Thanks to its Emissions Trading System (EU ETS), EU has been at the forefront of putting a price on CO₂ emissions. This should be the best mechanism to push oil demand down in the EU.

Half successful EU ETS

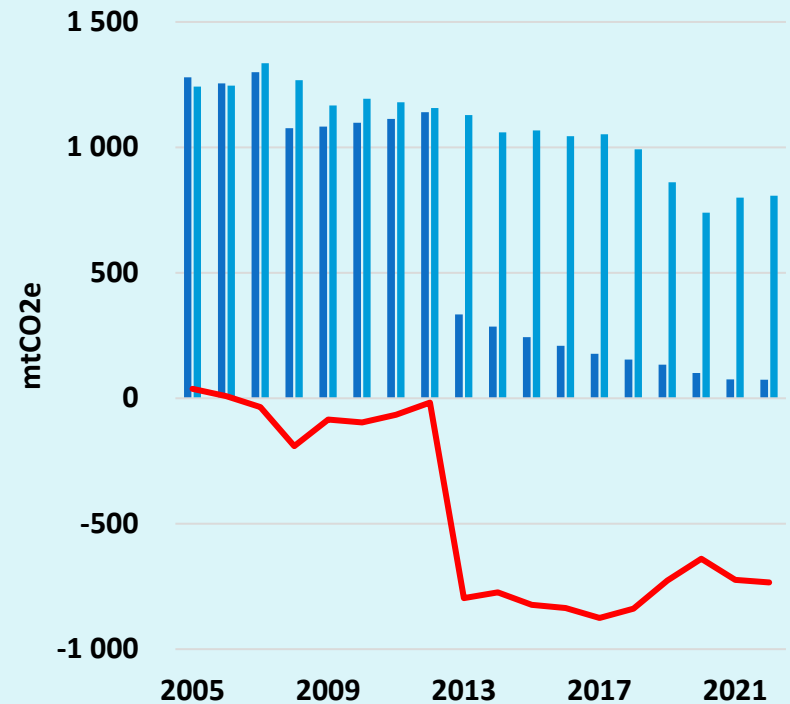
All industrial installations excl. combustion

(- 10% between 2005 and 2022)



Combustion of fuels

(-35% between 2005 and 2022)



Free allowances Verified emissions Balance

Free allowances Verified emissions Balance

Thank you

