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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Primary energy mix

**World**
- Oil: 32%
- Gas: 23%
- Coal: 27%
- Nuc: 4%
- Hydro: 7%
- Renew: 7%

**EU**
- Oil: 38%
- Gas: 21%
- Coal: 12%
- Nuc: 9%
- Hydro: 5%
- Renew: 15%

*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

- Rest of World: 26%
- Saudi Arabia: 13%
- Russia: 12%
- Canada: 6%
- Iraq: 5%
- China: 5%
- UAE: 4%
- Iran: 4%
- Kuwait: 3%
- Brazil: 3%
- Rest of World: 26%

Consumption

- Rest of World: 49%
- US: 20%
- China: 15%
- India: 5%
- EU: 11%
- Russia: 12%
- Saudi Arabia: 13%
- Canada: 6%
- Iraq: 5%
- Rest of World: 26%

Source: thierrybros.com, EI Statistical Review
OPEC

Split of proven reserves

- OPEC 70%
- Non-OPEC 30%

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

Split of production

- OPEC 36%
- Non-OPEC 64%

Source: El Statistical review, thierrybros.com
Oil spare capacity

Source: thierrybros.com, EIA 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)

Source: European Environment Agency, thierrybros.com
Thank you