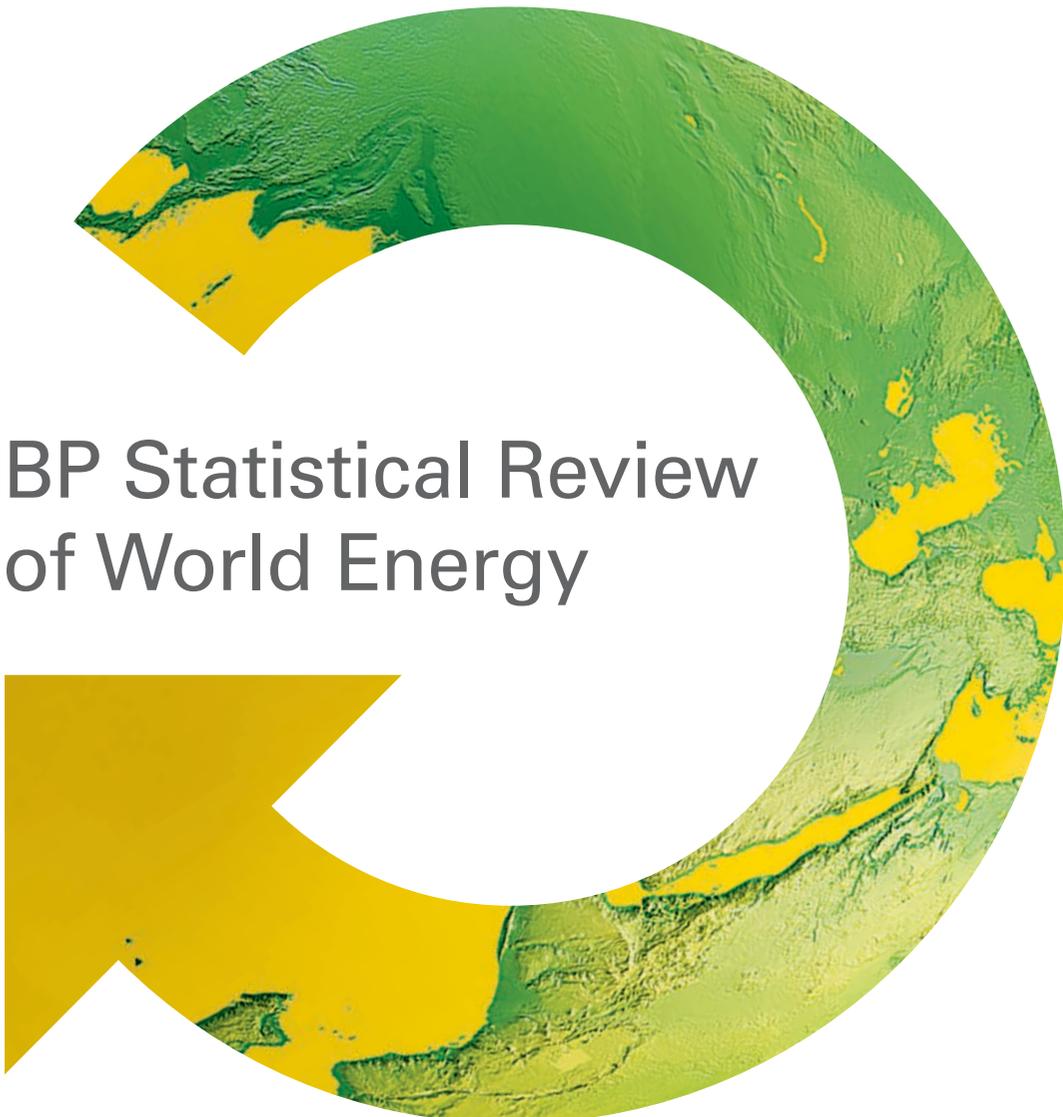


Introduction

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A large, stylized number '67' graphic that serves as a background for the title. The '6' is a solid yellow shape, and the '7' is a green shape with a white cutout in the center. The cutout contains a satellite-style map of the world, with landmasses in yellow and oceans in green.

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Welcome to BP's Statistical Review of World Energy which records the events of 2017, a year in which global energy markets took a partial step back from the exceptional momentum of recent years towards a lower carbon energy system.

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Prior to 2017, there had been three successive years of little or no growth in carbon emissions from energy consumption. This came about through accelerating gains in energy efficiency muting growth in energy demand, and rapid growth in renewable energy combined with successive falls in global coal consumption leading to improvements in the fuel mix.

That progress partially reversed last year. Growth in energy demand picked up as gains in energy efficiency slowed, coal consumption increased for the first time in four years, and carbon emissions from energy consumption grew.

This reversal should not come as a complete surprise. As we highlighted at the time, in addition to benefitting from longer-term structural forces, some of the exceptional performance seen in recent years had been boosted by temporary, cyclical developments, particularly in China, and so some reversal was always likely.

Those longer-term forces shaping the transition continued last year. Renewable energy grew strongly again, with particularly striking gains in solar capacity and generation. Natural gas was the largest source of energy growth, boosted by a massive programme of coal-to-gas switching in industrial and residential sectors in China.

But much more progress is needed. In particular, data included in this year's Review for the first time highlight the need for greater advances in the power sector. The power sector really matters. It absorbs more primary energy than any other sector. It accounts for over a third of carbon emissions from energy consumption. However, despite the huge policy push encouraging a switch away from coal and the rapid expansion of renewable energy in recent years, there has been no improvement in the mix of fuels feeding the global power sector over the past 20 years. Astonishingly, the share of coal in 2017 was exactly the same as in 1998. The share of non-fossil fuels was actually lower, as growth in renewables has failed to compensate for the decline in nuclear energy. The failure to make any inroads into the power sector since the turn of the century should be both a cause for concern and a focus for future action.

As well as highlighting these longer-term trends, this year's Statistical Review also shines a light on the shorter-term developments affecting our industry. In the oil market, yet another year of robust demand growth, combined with the production cuts of OPEC and other participating countries, allowed oil inventories to fall back towards more normal levels. But the rapid growth of US tight oil over the same period should caution us that the recent firming in oil prices is unlikely to persist. In BP, we remain firmly focused on efficiency, reliability and capital discipline.

In natural gas markets, another year of strong expansion of global LNG supplies helped to improve the accessibility of gas around the globe, with clear signs that the major regional gas markets are becoming increasingly integrated. This greater accessibility and integration should help to underpin the long-term use of natural gas.

Our industry operates and makes decisions at many different frequencies. Day-to-day, year-to-year, we need to understand how the markets in which we operate are changing and developing as new sources of supply emerge and demand evolves. Over the longer-term, we need to gauge the forces shaping the energy transition and ensure that we play our part in meeting the dual challenge of supplying the energy the world needs to grow and prosper, while also reducing carbon emissions.

These judgements and decisions require timely and reliable data. This is the role that the Statistical Review has been playing for the past 67 years. I know that in BP we find the data and analysis invaluable for our own decision making. I hope you find it a useful resource for your own work.

Let me conclude by thanking BP's economics team and all those who helped us prepare this review – in particular those in the governments around the world who contributed their official data again this year. Thank you for your continuing cooperation and transparency.

Bob Dudley
Group chief executive
June 2018