

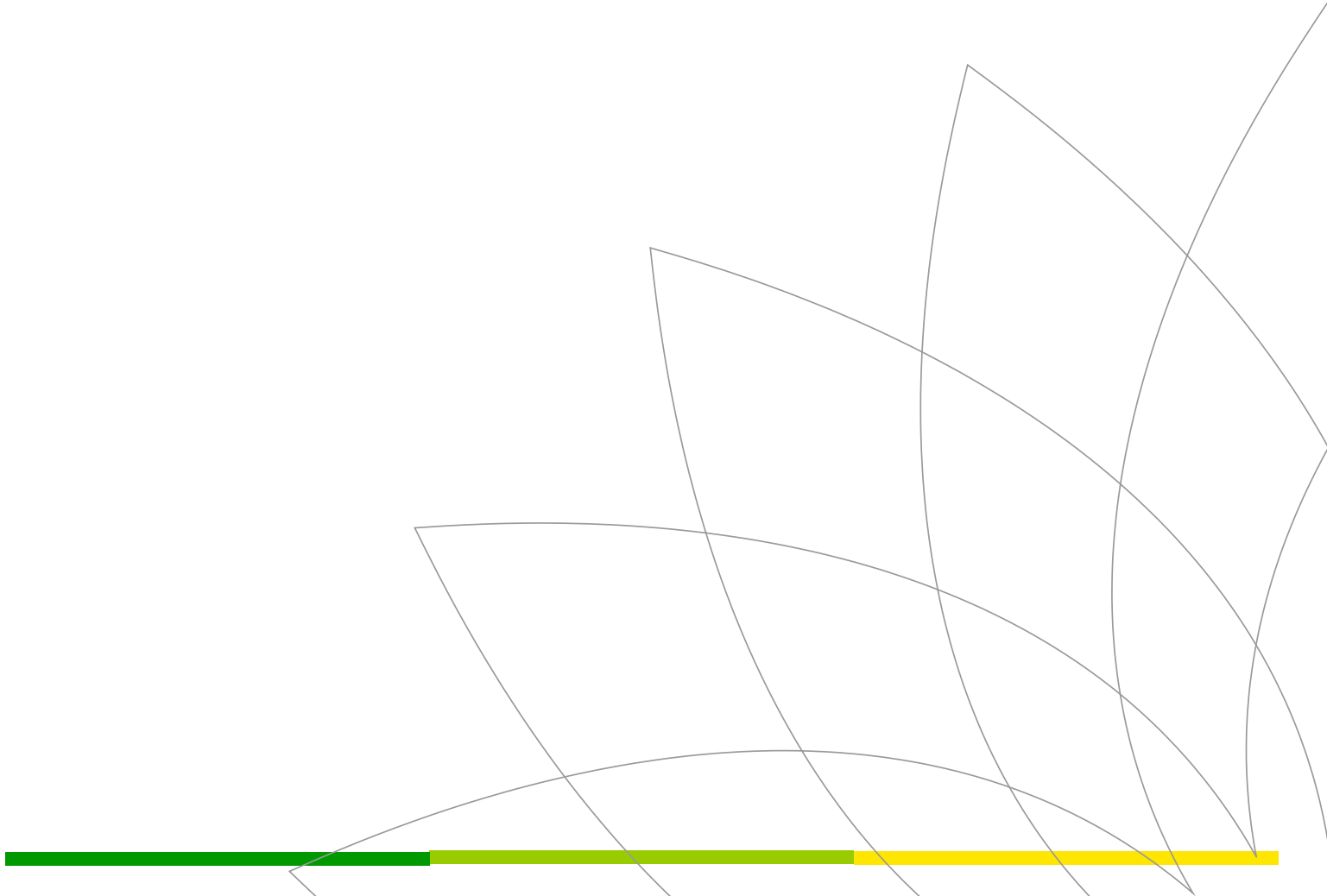


BP Statistical Review of World Energy

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Introduction

Good afternoon everyone.

Thank you to those of you here in London – and to everybody joining us on the webcast from around the globe.

I see some new faces in the room, and many familiar ones as well – you are all very welcome.

I appreciate you all taking the time to be here for what is now the 68th annual edition of the BP Statistical Review.

I've introduced 8 or 9 editions now, and I usually start by saying what a remarkable year it's been.

Does that sound familiar?

Well, it's true again this time, but even more so.

2018 was just astonishing.

There have been some incredible developments, and not all for the better.

Spencer will work through the details in a few minutes, but first, let me start us off with my three big take-aways.

Emissions growth accelerating

The first of those is by far the most unwelcome development.

The world needs carbon emissions to fall dramatically, but they continue to grow.

And energy-related emissions are not just growing – they accelerated in 2018, increasing at their fastest rate for 7 years.

This rising trend in emissions is coupled with the biggest growth in energy consumption for nearly a decade – driven by China and India...something we've become used to.

But also by demand growth in the US as well.

The US energy juggernaut

That connects with the second remarkable development last year, which is the ongoing energy revolution in the US.

The juggernaut continues to roll with the US delivering the largest ever annual increases in both oil and gas production in 2018.

And those are record increases, not just for the US, but for any country in the 68 years of the BP Statistical Review.... with the vast majority of those increases coming from onshore shale plays.

That really is quite something and goes to show what an energy powerhouse the US has become again.

The reverberations of that are being felt well beyond the energy sector, from the standpoint of market balance, global trade, and also geopolitically.

Power challenge

That brings me to the third big take-away, which is the continuing electrification of the world.

In a big year for energy demand growth overall, power demand increased even more strongly, up by 3.7%.

Renewables accounted for a third of the growth, and had another strong year overall, growing by 14.5%.... with the increase in renewable generation just a little shy of its record increase in 2017.

Natural gas also contributed as part of a 5% increase in consumption and production. That's the biggest growth in gas since the early 1980s.

But coal also took a share of the growth in power, with the overall consumption of coal increasing for a second year in a row.

That growth follows three years of decline and is a worrying trend given the potential to reduce emissions by increasing electrification while pushing coal out of power.

But when it comes to cutting emissions, electrification without decarbonization is of little use.

Renewable energy has a vital role to play, but even growing as fast as it is – or faster still – it is unlikely to do it on its own.

As I have said before, this is not a race to renewables, but a race to reduce carbon emissions on many fronts.

An unsustainable path

So, looking at this year's Statistical Review as a whole, what I see is a reflection of all the reasons for the rising concern being shown by people around the globe – including on the doorstep here at St James's a few weeks ago.

As I said at CERA Week in Houston earlier this year, and as our chairman Helge Lund wrote recently in the Financial Times, the world is not on a sustainable path.

If anything, we are moving further away from it, rather than getting closer.

There has to be a greater sense of urgency, because the longer carbon emissions continue to rise, the harder and more costly the necessary eventual adjustment to net-zero carbon emissions.

The science is telling us that, and so is the latest data in the Statistical Review.

And on that point, let me pause for now and hand over to Spencer to take you through the details.

Spencer and his team have done another tremendous job in compiling the numbers and bringing them into such a clear focus.

So thank you Spencer, and over to you...