



Energy Outlook - 2017 edition

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Hello everyone. A big welcome to the launch of the 2017 edition of the BP Energy Outlook 2035.

Thanks to everyone who has joined us in London.

And thanks to those of you who have taken the time to join us online from around the globe.

We appreciate your interest, particularly given how busy everyone is.

It continues to be a fast changing global environment and a challenging time for the energy sector.

Last year was notable for its unpredictability and this year is promising more of the same.

We have a new President in the White House. The Brexit vote is about to become a Brexit process. And there will be significant elections to come in Europe later this year.

So I am certain we can expect a lot of talk about uncertainty coming from a lot of different places, and that applies to the energy sector as much as any.

Oil prices have risen a little recently, following the production commitments from OPEC and others – but prices remain low compared with a few years ago.

Oil inventories remain at high levels.

And we are not yet seeing the full effects on supply of the cutbacks in investment in new energy projects made over the past two years.

These challenges come on top of longer-term trends that are changing the whole global energy landscape – as we see in this year's edition of the Outlook.

The pattern of demand is shifting – with energy consumption continuing to increase out to 2035, but being almost entirely driven by increasing prosperity in fast-growing emerging economies.

And we are seeing a shift in the global energy mix, driven by environmental concerns and advances in technology, including low-carbon technology.

Each of us here is trying to understand these forces as we make our decisions.

That's why we place such importance on the Outlook.



For us, this analysis shines a light on the key trends and forces that are likely to shape global energy markets over the next 20 years.

It provides us with a clearer view of the most likely future energy landscape.

I'd like to thank our Chief Economist, Spencer Dale, and everyone who has been involved in producing this latest edition.

Spencer will take you through the projections shortly, but first, I'd like to mention three highlights that stand out to me.

The first is the continuing gradual decarbonisation of the fuel mix.

This is anticipated due to rapid improvements in the competitiveness of renewable energy and the strong outlook for natural gas.

In fact, renewables, nuclear and hydro are set to provide around half of the increase in global energy out to 2035. That's a big expansion.

And natural gas is set to grow faster than either oil or coal, with an anticipated annual growth of 1.6%.

This is helped by the rapid growth of liquefied natural gas increasing the accessibility of gas across the globe.

We anticipate oil consumption to continue to increase over the next twenty years, with annual growth of around 0.7%.

Of course, policy has been moving significantly in this area. We had the Agreement in Paris in 2015 which has now been ratified by 125 of the near 200 parties who signed the convention. And we are active ourselves in the oil and gas sector on a number of fronts, including with the Oil and Gas Climate Initiative.

The second observation is that while energy demand is set to grow, its rate of growth will be moderated by increasing energy efficiency.

Technological improvements will play a major part in helping us use energy more efficiently.

In particular, vehicles and vehicle use are set to become more efficient. That will come from huge gains in the efficiency of conventional cars, and also the savings associated with the increasing use of electric vehicles, autonomous driving and car sharing.



This brings me to the third and final feature I'd like to highlight: carbon emissions.

The Outlook shows that the growth in emissions is likely to slow sharply relative to the past 20 years.

This is due to the two factors I just mentioned – faster gains in energy efficiency combined with the gradual decarbonisation of the fuel mix.

But despite this slowdown, the most likely path sees carbon emissions continuing to increase.

And that flags up the need for further policy action. Should further action take place, its timing and form will have a significant bearing on the energy transition.

In BP, we continue to believe that carbon pricing has an important part to play as it provides incentives for everyone – producers and consumers alike – to play their part.

So, those are three features of note, and Spencer will take you through the details.

I'll just conclude by adding that this work not only guides our thinking, it is important in shaping BP's actions.

The announcements and agreements we've made in the last couple of months are testament to this – including long term deals for competitive oil and gas resources, and a strategic position in biojet fuel.

These deals are part of our platform for growth as we look beyond the year ahead to future decades.

Far from waiting for change, we are adapting and growing our business to be resilient and innovative.

As we plan, it is extremely valuable to have the projections of the BP Energy Outlook to help guide our way.

And I hope this latest edition will make a useful contribution to all of your discussions on the world's changing energy needs.

Thank you and over to you, Spencer.