



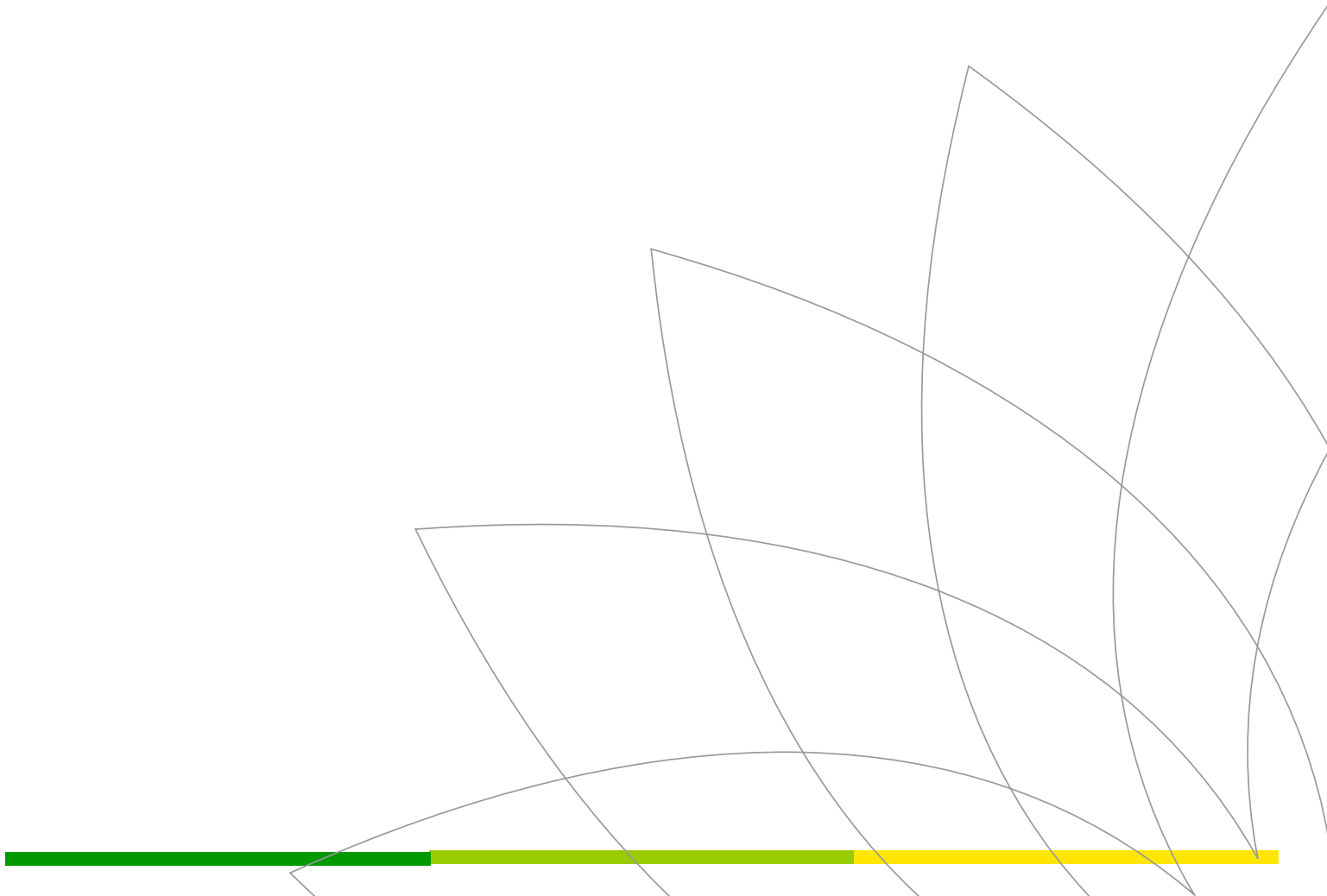
# Revisiting Global Alliances and Power Conclusions

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**Dev Sanyal, chief executive alternative energy, The German Marshall Fund, Brussels. In a world of uncertainty, the global alliances and structures of the past are in a time of transition. Dev Sanyal outlines how the energy industry must embrace change to thrive in this new world.**

Thank you for the invitation. Our discussion today comes after two fascinating days of debate. I hope to offer a perspective from the world of business – and, in particular, the energy sector – on how I see global relationships evolving.

## Historical context

First I think it is helpful to reflect on the historical context of the political and economic frameworks that govern the world we currently live in.

It was not ever thus.

When BP started out in 1909, it was the Anglo-Persian Oil Company.

It became British Petroleum in 1954 – a solidly British company.

Just before the turn of the century BP merged with Amoco – in a sign of a growing cross-Atlantic alliance.

Then in 2000 we became known as BP – in recognition of our global scale.

Just as BP has evolved, so has the world.

So let's be aware that the current world order is relatively new, coming into existence in the wake of the Second World War. In fact the German Marshall Fund owes its roots to the creation of this new global system.

The power structures and alliances that govern our lives are not absolute. They have changed and will change again – shaped by trade, markets and new alliances. And that is not something we should be afraid of.

## Trade

In terms of trade in energy, this has historically been predominantly from east to west.

Half of the world's oil reserves sit beneath just four countries. Half the world's gas also sits below four countries.

Traditionally this energy flowed to the major OECD economies – primarily the US and Western Europe. But this pattern is changing.

Energy demand continues to rise. If we assume policies and technologies evolve as we have seen in the recent past, demand could increase by around a third by 2040. And that increasing demand is coming almost entirely from emerging markets in the east, primarily China and India.

Meanwhile, the US could be on course to become the world's leading energy producer over the next 20 years or so and is heading towards being a net exporter of energy into world markets.

Meanwhile Europe poses an energy conundrum. It sits on just 0.3% of the world's oil reserves. But the EU consumes 13% of all oil that is produced. And there's a similar picture when it comes to gas.

## Markets

When facing the challenge of ensuring supply meets demand, let us not underestimate the power of market forces.

Let's take the example of shale. Argentina, Algeria, and China all have more shale gas reserves than the United States.

But the Shale Revolution took place in the US – driven by factors above ground, not just the resources below the ground – liquidity, policy, mineral rights, technological development.

The US is set to account for almost one quarter of global gas production by 2040. And with the rapid growth of shale oil production, it is also on course to become the world's largest oil producer, overtaking Russia and Saudi Arabia.

It means the US is playing a stronger role in global energy markets – as a producer, not just a consumer. And while doing so, with its new abundance of natural gas displacing coal, the country has seen its energy-related CO<sub>2</sub> emissions fall to levels not seen since the early 1990s.

## Alliances

So the energy market is changing. As it does so, we will see new alliances emerging.

Global energy players like BP are already partnering with national companies to harness the world's resources: bringing together global expertise with local knowledge.

We are seeing multiple companies coming together to face the challenges of tomorrow – as with the Oil and Gas Climate Initiative. That's an industry initiative, bringing together companies representing around 25% of the world's oil and gas production to find solutions to the environmental challenges of the future.

And let's not forget we saw governments around the world come together to agree the 2015 Paris Accord to tackle the threat of climate change.

## Conclusion

Let me conclude. We live in a world of uncertainty. And as the world changes, that uncertainty is going to grow.

But as we debate here at an organisation, whose creation was borne out of change, let's remember change in itself is not to be feared.

Companies like BP embrace that change.

We're bringing gas from Azerbaijan to Europe for the first time, leading the project to build a new pipeline from the Caspian to Italy.

We're developing huge gas supplies in Egypt – incidentally, a country where we have been ever-present for over 50 years, through multiple political upheavals.

We're building businesses in China and India.

And we are making lower carbon changes across our business at the same time as helping to meet growing global energy demand.

As the world changes around us, we are enthusiastic about working with our peers, with governments, with international organisations and with citizens in order to achieve those goals.

As President Kennedy once said: "Change is the law of life and those who look only to the past or present are certain to miss the future."