



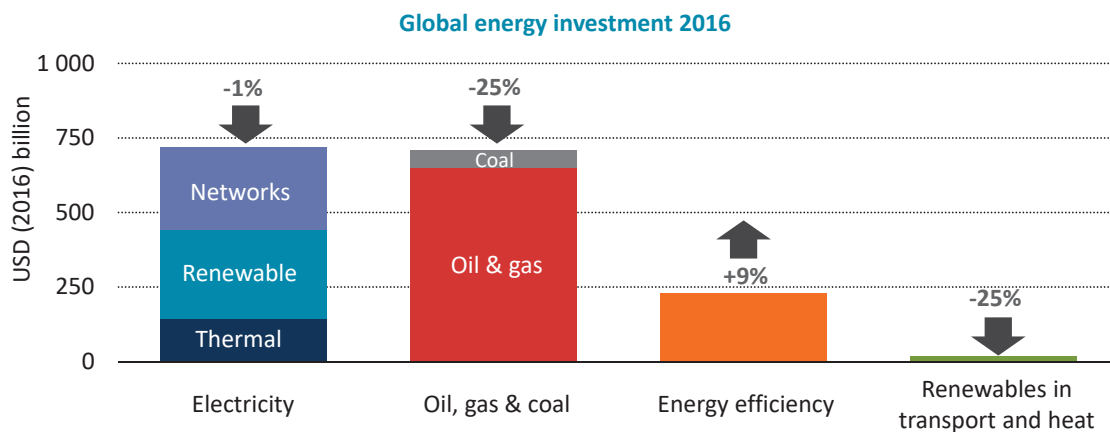
World Energy Investment – a focus on the upstream oil and gas

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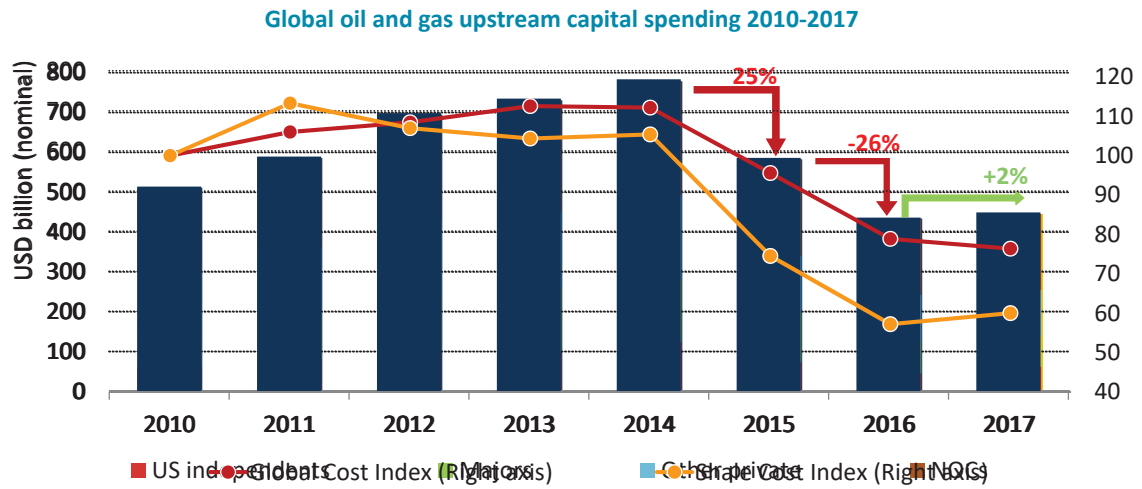
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Global energy investment fell 12% in 2016, a second consecutive year of decline



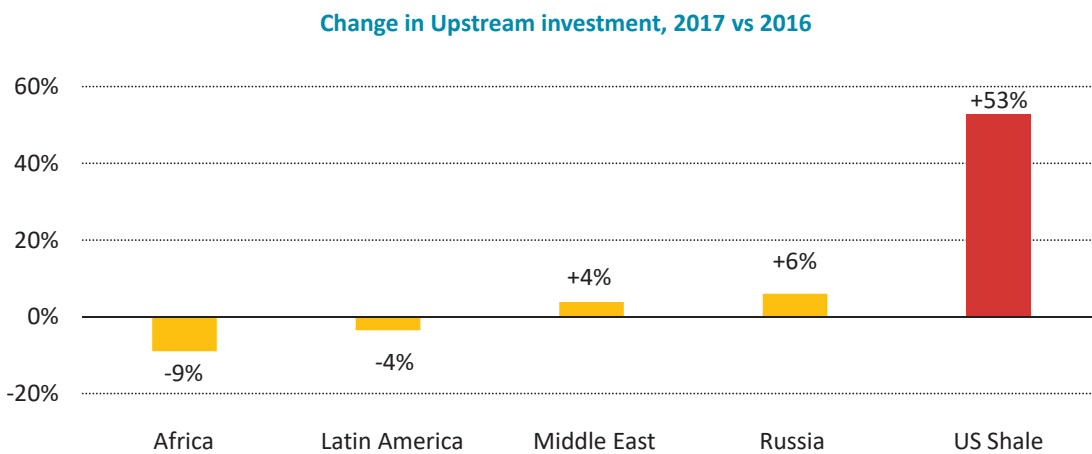
Total energy investment was \$1.7 trillion in 2016. Electricity sector investment overtook oil and gas for the first time, while energy efficiency was the biggest growth sector

Global upstream investment remains flat in 2017



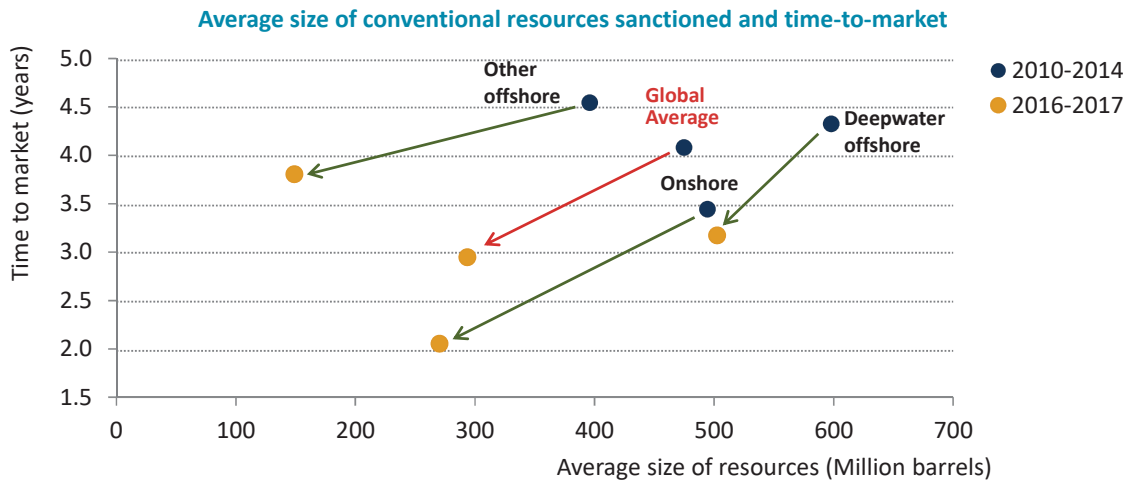
Ramp up of activities leads to cost inflation in US tight oil but elsewhere upstream costs decline further. NOC' share in total investment reaches another record high

A two-speed world oil market



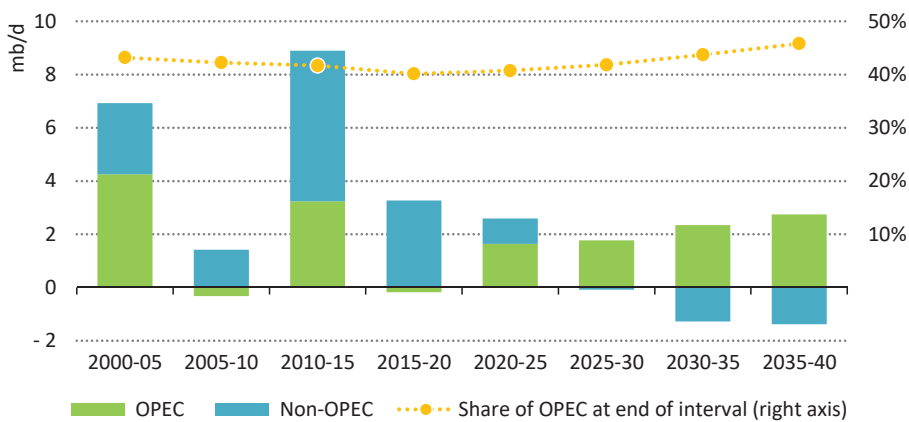
After two years of unprecedented decline, global upstream investment stabilized in 2017, largely due to a fast rebound of activities in US shale

Oil and gas projects moving to shorter timelines and smaller sizes



A shift in company strategies and technology developments leads to shorter project cycles across all the oil and gas industry

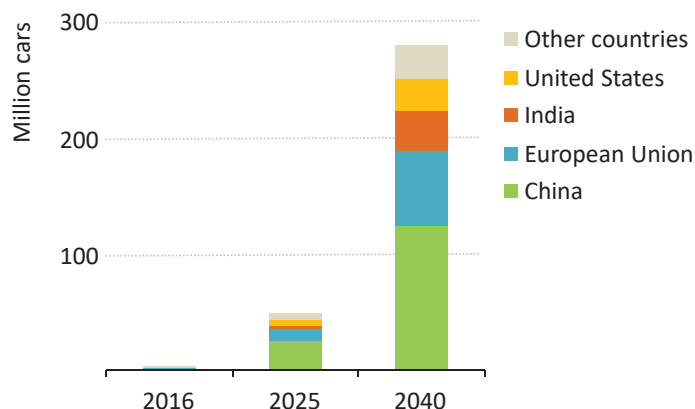
Change in non-OPEC and OPEC oil production in the New Policies Scenario



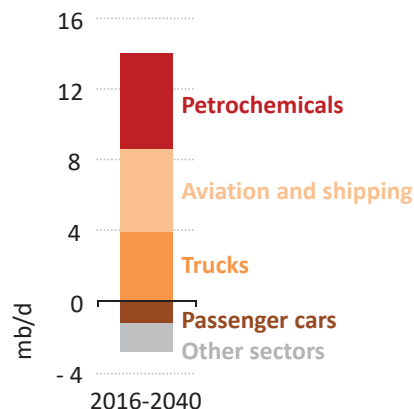
Production to 2040 goes through two distinct phases: non-OPEC sources dominate near-term increases, but OPEC is increasingly relied upon in the longer term

EVs are on the way, but oil demand still keeps rising

Electric car fleet



Change in global oil demand



Electric cars are helping to transform energy use for passenger cars, slowing the pace of growth in global oil demand: however, trucks, aviation, shipping & petrochemicals keep oil on a rising trend

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Conclusions



- Investment fell by 12% in 2016, a second consecutive year of decline, and electricity sector investment overtook oil, gas and coal investments combined
- An upswing of US shale investment is creating a two-speed oil market and triggering a rapid transformation of the oil and gas industry
- Global upstream costs remaining depressed, in particular in the offshore. US shale operators continuing to prove their ability to surprise the market with costs now expected to increase at moderate pace.
- Middle East and OPEC is set to remain the key cornerstone of global oil markets. While EVs deployment and efficiency gains are set to impact private cars consumption, oil demand remains driven by other sectors
- Investment decisions today will leave their mark on energy infrastructure for decades to come; the IEA will continue to focus on investment as a cornerstone of a secure and sustainable energy system