

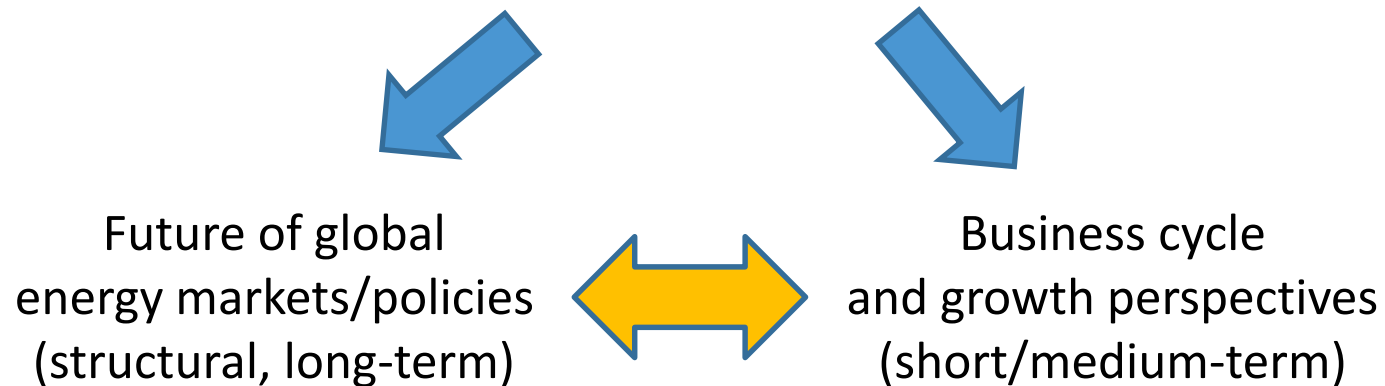
95<sup>th</sup> Kieler Konjunktorgespräche | Kiel, 13/14 March 2017  
*Energizing the World Economy*

# Opening remarks

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*Forecasting Center*



## Energizing the World Economy



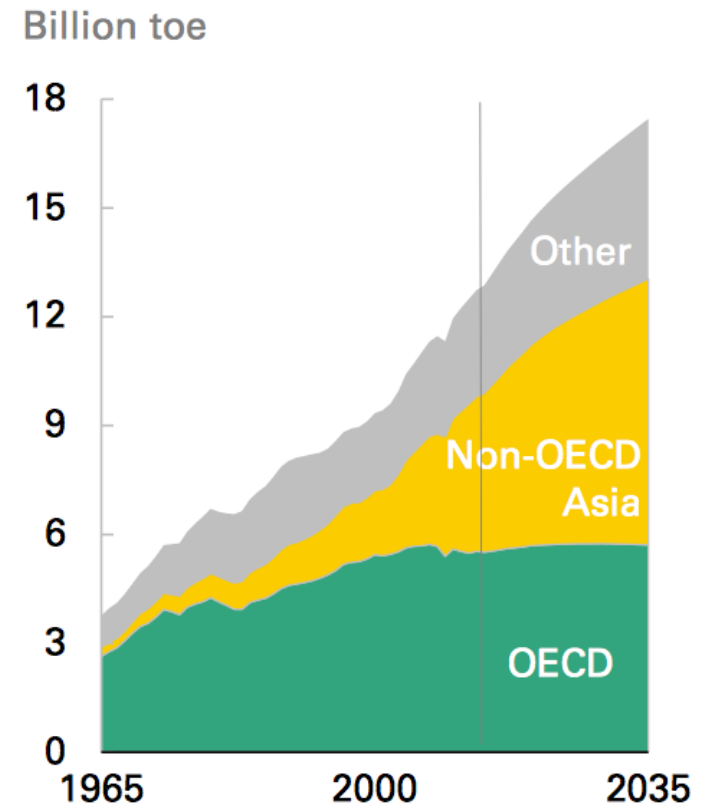
# Changing global energy landscape

- Shifting regional centers of demand
- Shifting demand patterns
  - » Power generation
  - » Mobility revolution (EV, AV, CS, RP)?
  - » Innovation (increasing efficiency)
  - » Environmental policies
- Shifting energy mix (relative decarbonization)
  - » Delta: **Renewables**, nuclear, hydro
  - » Workhorses: Oil, coal, **natural gas/LNG**

⇒ **Increasing overall demand**

⇒ **Relocation of production**

## Consumption by region



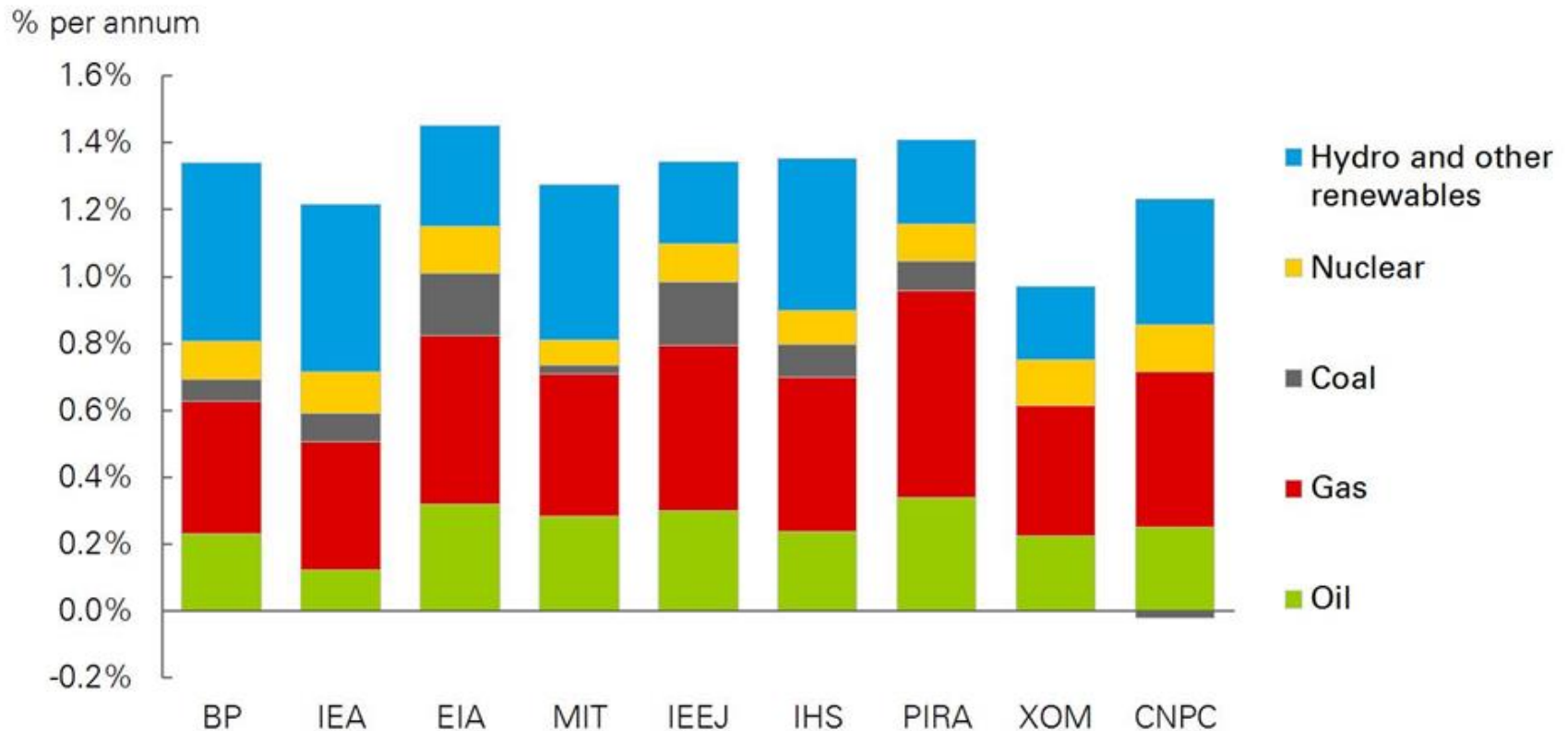
Source: BP, 2017 Energy Outlook

Energy efficiency gains will not make up for the energy hunger coming with global economic growth.



Energy production remains a globally growing industry.

# Contributions to growth of energy consumption 2015-2035



Source: BP, 2017 Energy Outlook

Peak-oil era:  
Postponed again or just economically irrelevant?  
(peak demand prior to peak supply)

# Decarbonization: Degrowing the world economy?

- Energy: Produced production factor
  - » Land (fossil resources)
  - » Labor
  - » Capital goods (tapping natural forces)
  
- Decarbonization
  - » Substituting capital goods for fossil resources
  - » Increasing the roundaboutness of production (requiring higher investment, including R&D)
  - » Dampening consumption (as recorded in national accounts)
  - ⇒ **Impact on GDP growth depends on technological progress, savings rate, and propensity to work (not surprisingly)**

Decarbonization  
(global goal)



Carbon footprint  
(certification)



Global trade  
(calling for multilateralism)

As long as fossil energy resources  
can be extracted at relatively low cost  
someone will do it.

(If this someone is not compensated otherwise.)

Global governance  
with the United States at the sideline?

And what about Africa?

Is the Paris COP21 goal (minus 30 percent by 2035) realistic  
or  
are global emissions rather likely to rise?

# Energy investment period: 30+ years

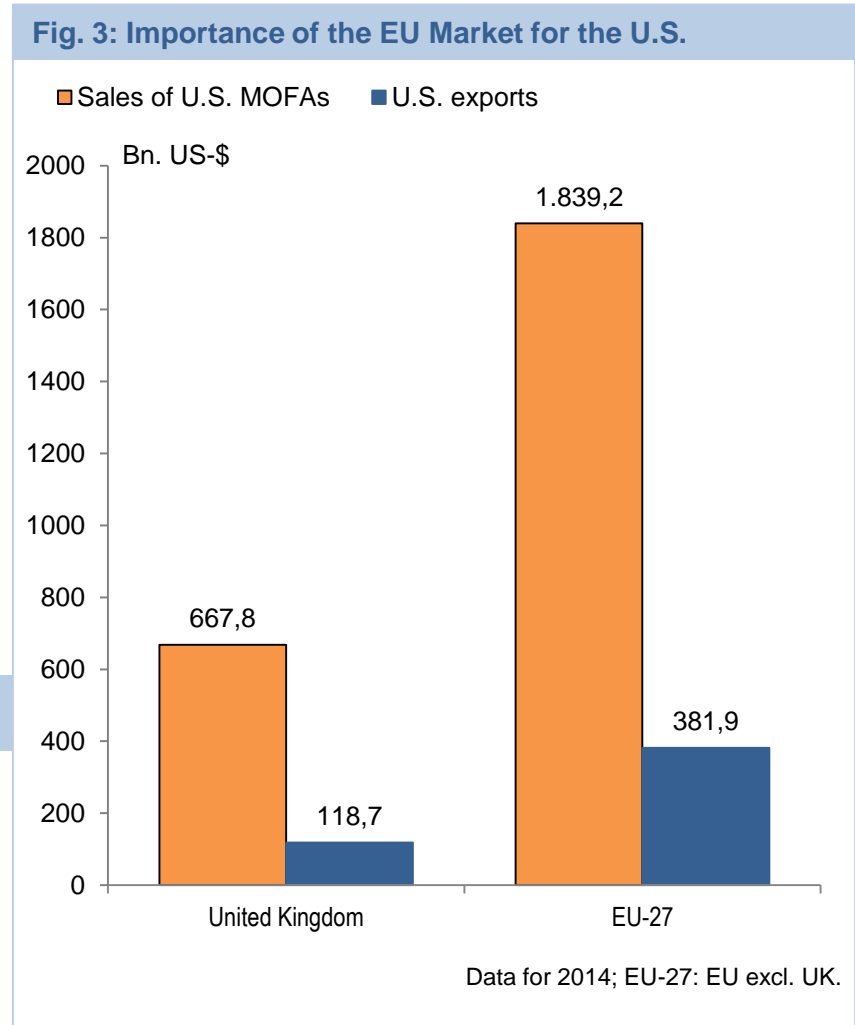
The time for change would be now.

# Trump: Booster or paralyzer for the world economy?

Aggressive mercantilist attitude ...  
... but strongly expansionary fiscal plans

# Transatlantic economic ties: FDI positions as protection against protectionism?

- Bilateral trade balance
  - » EU-surplus: 115 bn. Euro
  - » Germany: 49 bn. Euro
- Export shares
  - » From EU to U.S.: 16 percent
  - » From U.S. to EU: 11 percent
- FDI positions
  - » From EU to U.S.: 32 percent
  - » **From U.S. to EU: 50 percent**



# And Europe?

- Brexit
- Landmark elections
  - » (Netherlands)
  - » France
  - » Germany
  - » Italy?
- Conflict with Turkey (a NATO member!)
- Political self-isolation of Poland: Obstructionism?
- Euro area crisis still not over
- ECB: Trapped in QE?
- Juncker White Book: New perspectives for the EU?

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