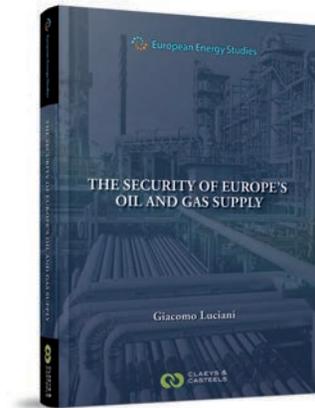


The Security of Europe's Oil and Gas Supply

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Part 1: The contribution of oil to the security of energy supplies. Contrary to a widely shared perception that oil is an insecure source of energy supply, careful analysis shows that oil supply and logistics are very resilient to external shocks and potential conflict. The drive towards decarbonisation may mean that oil demand will peak before the middle of the century. The analysis covers the recent evolution of global oil production and shows how this has further reduced the impact of resource nationalism and political instability on oil exports.. The logistics of oil have further improved, and preoccupations about such phenomena as piracy almost completely disappeared. Greater elasticity of oil supply relative to price is also impacting also on the functioning of the global oil market, increasing its responsiveness to demand and supply fundamentals

Written by

Giacomo Luciani

Scientific Advisor, Master in International Energy, School of International Affairs, Sciences-Po, Paris; Adjunct Professor of International Affairs at the Graduate Institute of International and Development Studies in Geneva

Highlights

- A very up to date overview of the role of Oil and Gas in a changing world, with focus on security, logistics, elasticity, investments
- Covers the recent evolution of global oil production

Part 2: The contribution of natural gas to secure and cost-effective decarbonisation of Europe's energy supply.

Persistent tensions in EU-Russia relations have led to significant misgivings about the security of gas supplies. However, careful and systematic analysis shows that in fact the security of Europe's gas supplies has consistently improved in the past two decades thanks to the success of the process of creation of a single, transparent and competitive European gas market. Notwithstanding two significant episodes of interruption of Russian gas supplies to Europe, the diversification of Russian export routes and belated acceptance on the part of Gazprom of the inevitability of complying with EU rules has completely changed supply conditions. Globally an upsurge of investment in LNG projects is leading to the formation of a global gas market in which cargoes can flexibly be redirected to accommodate unforeseen developments. In the context of Europe's drive towards decarbonisation, gas provides a flexible source that can compensate of the intermittency of new renewables and substitute for coal with substantial reduction in emissions. Unless European attitudes towards nuclear change, total elimination of reliance on fossil fuels for power production is impossible and gas will have an important role to play.