

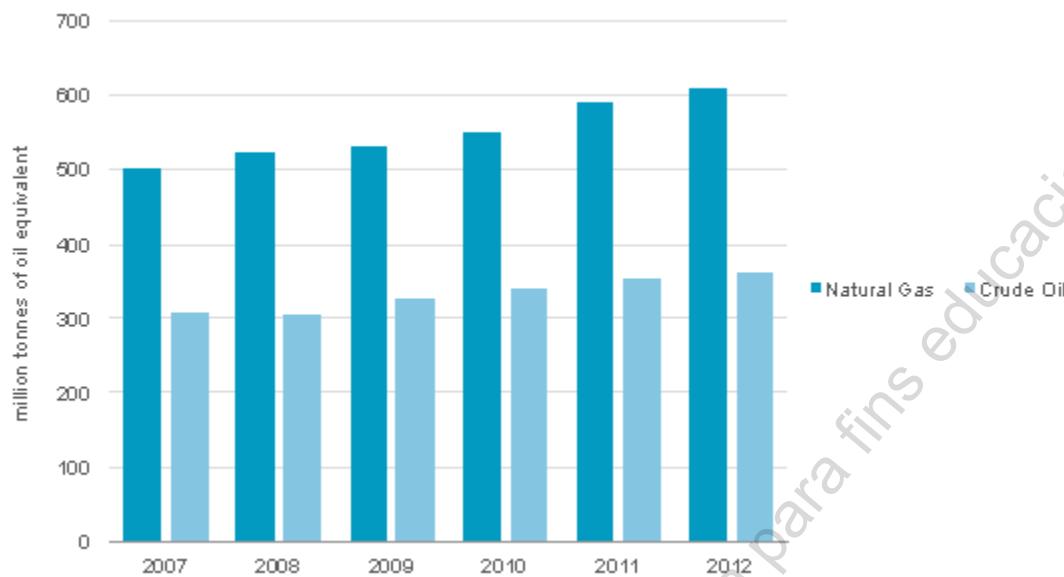
# The USA Targets Energy Independence

Euromonitor International

According to the International Energy Agency, the USA is projected to become the largest global oil producer by 2020 and energy independent by 2035, with geopolitical implications. The country's energy picture is likely to transform drastically thanks to innovations and investments in the energy sector and new techniques of horizontal drilling and hydraulic fracturing that are unlocking light tight oil and shale gas resources. However, the environmental impact remains a concern.

**Chart 1 USA's Natural Gas and Crude Oil Production: 2007-2012**

million tonnes of oil equivalent



Source: Euromonitor International from BP Amoco, BP Statistical Review of World Energy

- As one of the world's largest producers of petroleum and petroleum products and the second largest consumer of energy in the world in 2012, the oil and gas industry is vital to the USA's energy and economic security. Despite having large resources, the USA continues to import 20.0% of its energy needs each year;
- The Obama Administration has consistently pushed the development of the energy sector, which has helped lift domestic supplies of oil and gas. Between 2007 and 2012, production of natural gas and crude oil increased by 22.3% and 16.4% respectively;
- Thanks to new techniques of horizontal drilling and hydraulic fracturing (also known as fracking), in 2012, natural gas production reached its highest level ever and the highest level globally at 611 million tonnes of oil equivalent while production of crude oil peaked at 361 million tonnes of oil equivalent – the third highest level in the world.

## Implications

- With rising domestic energy supplies, the USA will be less reliant on energy imports. In 2012, net energy imports increased by 2.0% annually, significantly lower than annual growth of 25.3% in 2010 and 19.0% in 2009. In addition, energy intensity rose to US\$7,105 per tonne of energy consumed in 2012, up from US\$5,975 in 2007;

**Chart 2 USA's Net Mineral Fuels Imports: 2007-2012**

US\$ billion / annual growth (%)



Source: Euromonitor International from United Nations (UN), International Merchandise Trade Statistics

- Consistent, reliable supplies of natural gas are available at more affordable prices. Between 2007 and 2012, global prices of natural gas dropped by 60.5% compared to a 54.1% and 30.1% rise in the prices of Europe Brent and WTI Cushing respectively during the same period;
- Both, consumers and businesses will be directly impacted as the pace of increase in gasoline prices has declined. According to the US EIA (Energy Information Administration), gasoline prices in the USA increased by 2.9% annually in 2012 to reach US\$3.7 per gallon compared to a year-on-year rise of 26.1% in 2011;
- Energy self-sufficiency will spur economic activity by boosting the manufacturing industry, as low gas and electricity prices will give the industry a competitive edge. In addition, more jobs will be created - according to government sources, 600,000 new jobs are expected to be created in the energy sector by the end of the decade;
- The USA's energy independence will have geopolitical implications giving the country more power to influence the global energy industry and prices. This will change the global balance of power in the oil and gas industry where Russia and Saudi Arabia have been the primary suppliers of energy. For example, the future of shale gas exports to Europe from the USA will adversely affect Russia;
- According to BP World Energy Outlook 2030 (released in January 2013), the USA is likely to surpass Russia and Saudi Arabia in 2013 as the largest liquids producer in the world (crude and biofuels) thanks to tight oil and biofuels growth and oil production cuts in OPEC countries;
- The new techniques of fracking have been associated with environmental issues like air, water and noise pollution. Along with energy self-sufficiency, environmental protection has become a key concern for the government and several regulations on developing extraction methods that protect the environment have been implemented.

## Prospects

- Energy developments in the USA will not only have a profound effect in the region, but will also change the face of global energy trade. However, well-regulated exploration is a necessity to ensure environmental protection;
- The IEA expects to see a steady fall in the USA energy imports and forecasts that the country's energy production will overtake Saudi Arabia's by 2020 to become the single biggest producer of oil and natural gas globally. As a result, the country will benefit from the impact of new fuel-efficiency measures in transport;
- The USA is set to become a net exporter of natural gas by 2020. Thanks to fracking techniques, natural gas production is poised to increase from 23.0 trillion cubic feet in 2011 to 33.1 trillion cubic feet in 2040, a 44.0% increase according to the US EIA.

**Fonte:** Euromonitor International, 22 Mar. 2013. [Base de Dados]. Disponível em: <<http://portal.euromonitor.com/Portal/Handlers/accessPDF.ashx?c=90\PDF\&f=F-226664-23093790.pdf&code=hMFRHOrgOYUCITbTMRlyucn1jeo%3d>>. Acesso em: 28 Mar. 2013.