

# Energy Transition and Peak Plateau Oil Demand: The Latin America Narrative

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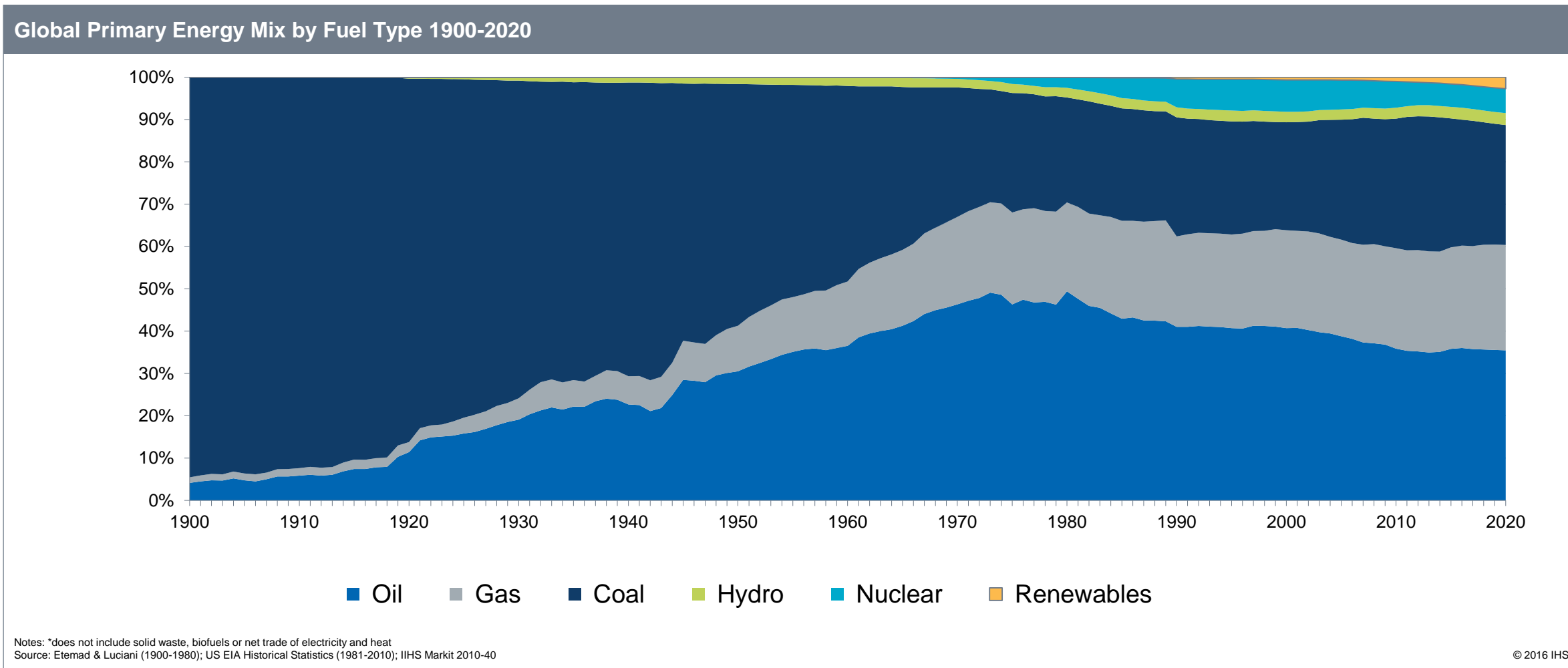
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# It takes decades to change global energy mix



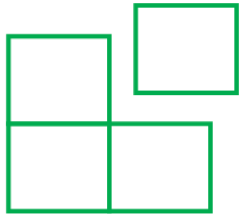
# IHS Markit projects three different, but plausible, energy outlooks

## Rivalry (base case scenario)



Evolutionary change in technology, efficiencies, environmental policies with intense fuel competition.

## Autonomy (greener scenario)



Revolutionary change in social and political attitudes toward energy, climate, and the environment with lower demand for hydrocarbons and very fast renewables penetration.

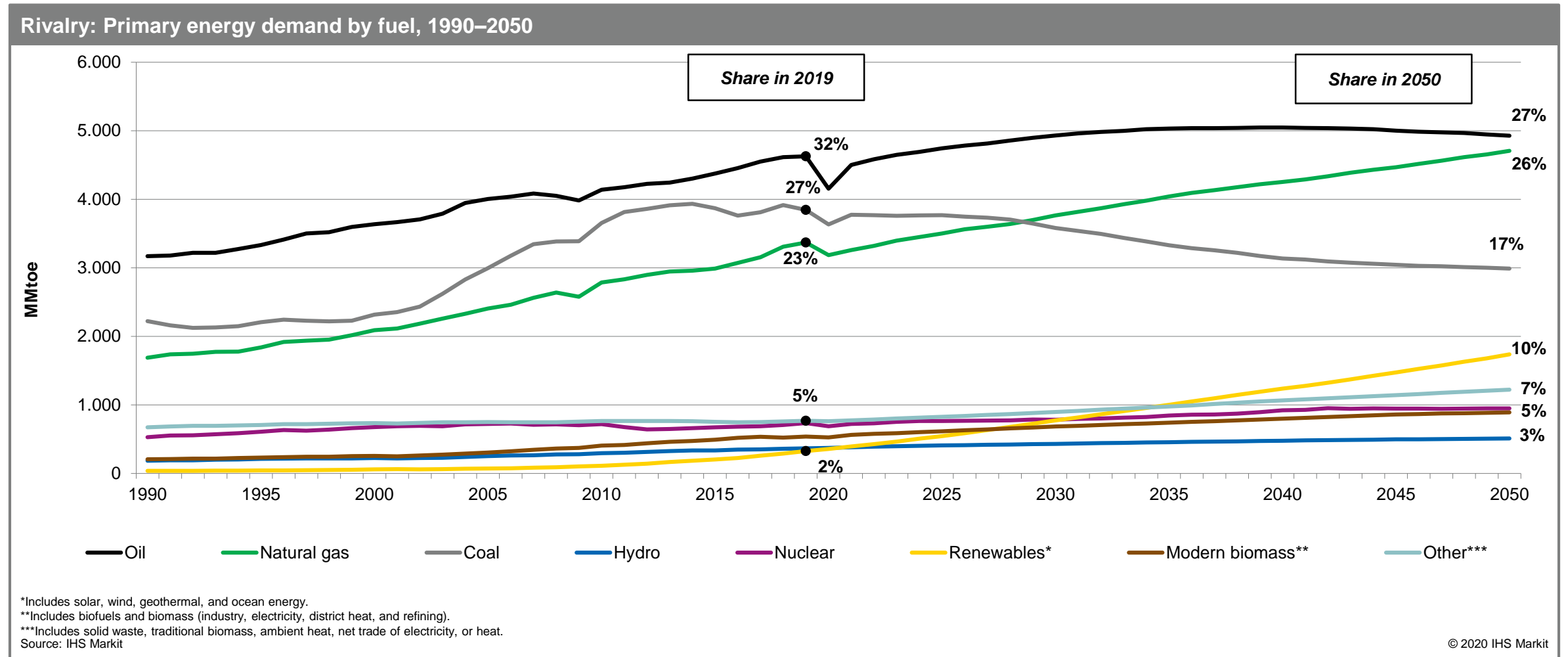
## Discord (dysfunctional world)



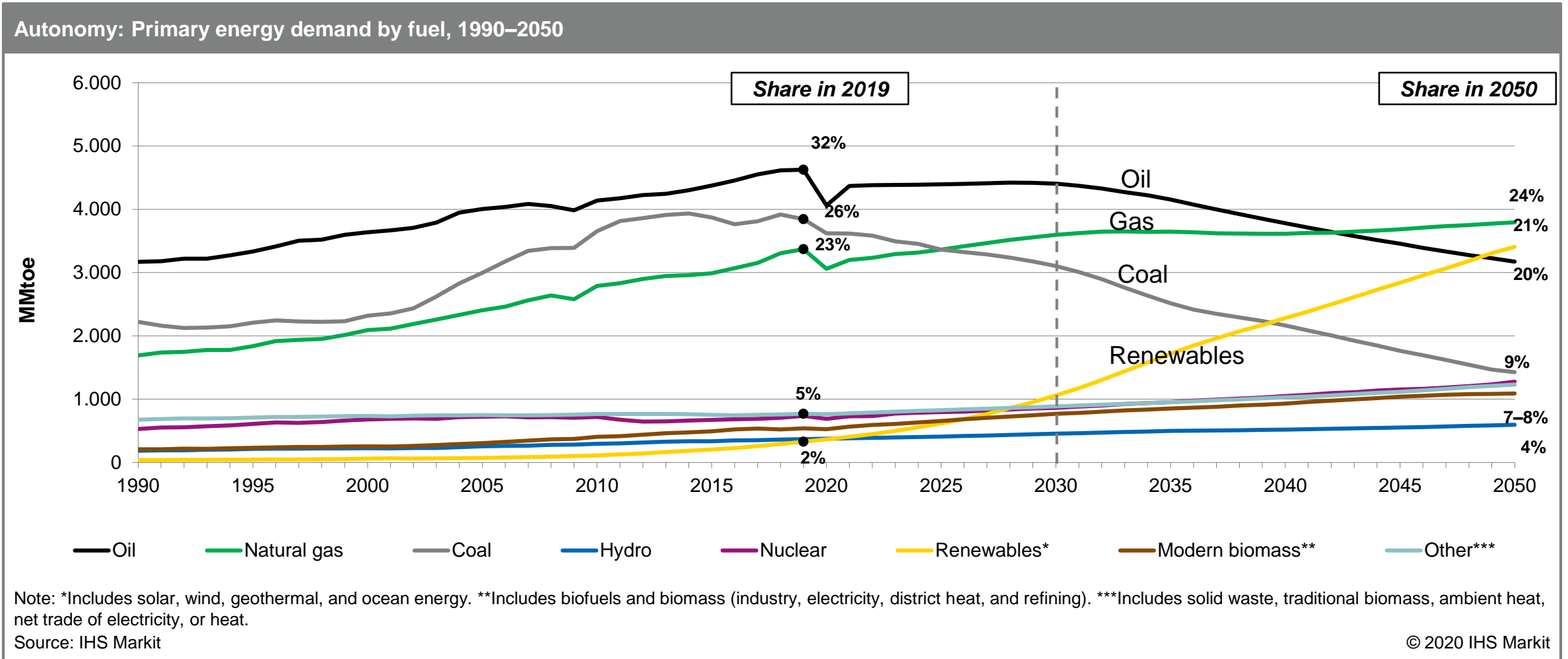
Enduring political and geopolitical disunity, economic uncertainty, and long-term market weakness leading to low investment and slow change.

# Rivalry: Oil plateaus in mid-2030s; gas grows steadily; coal declines

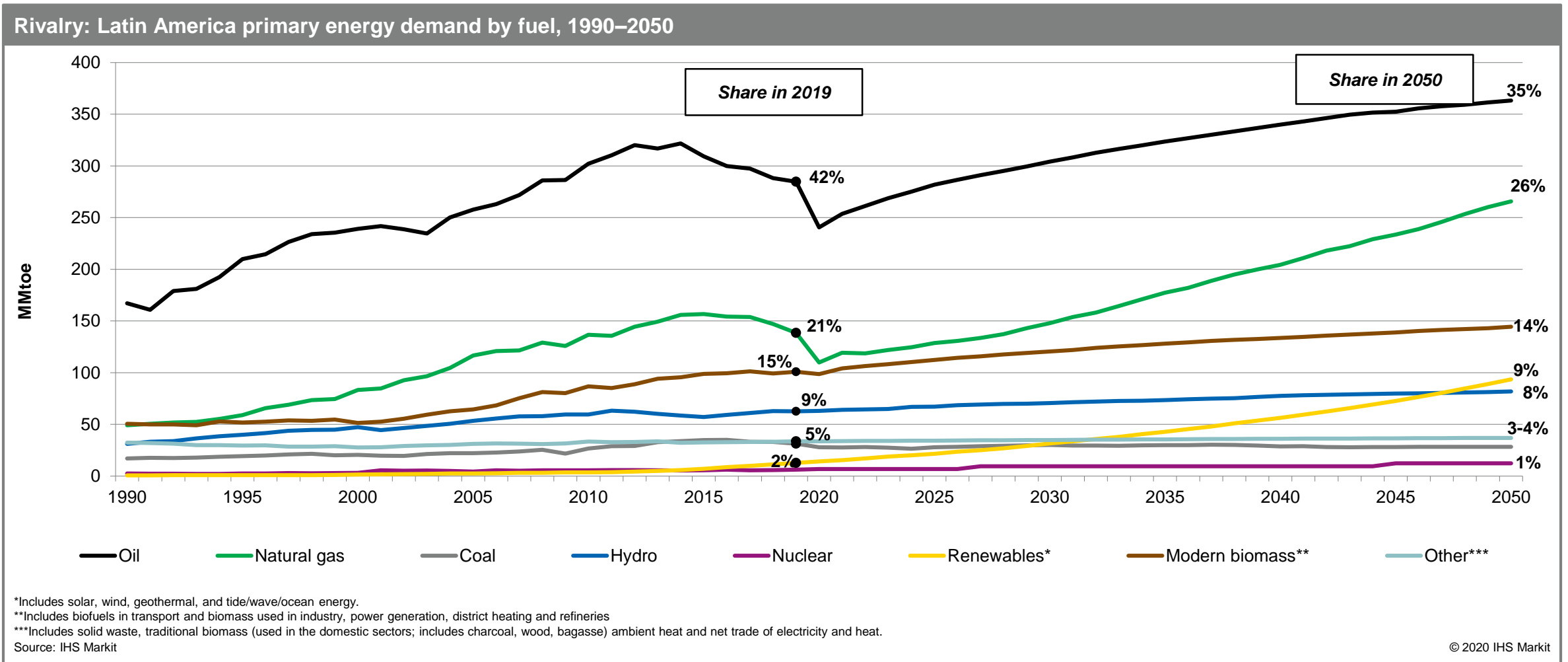
## Renewables grow strongly, but only reach 10% of primary energy by 2050



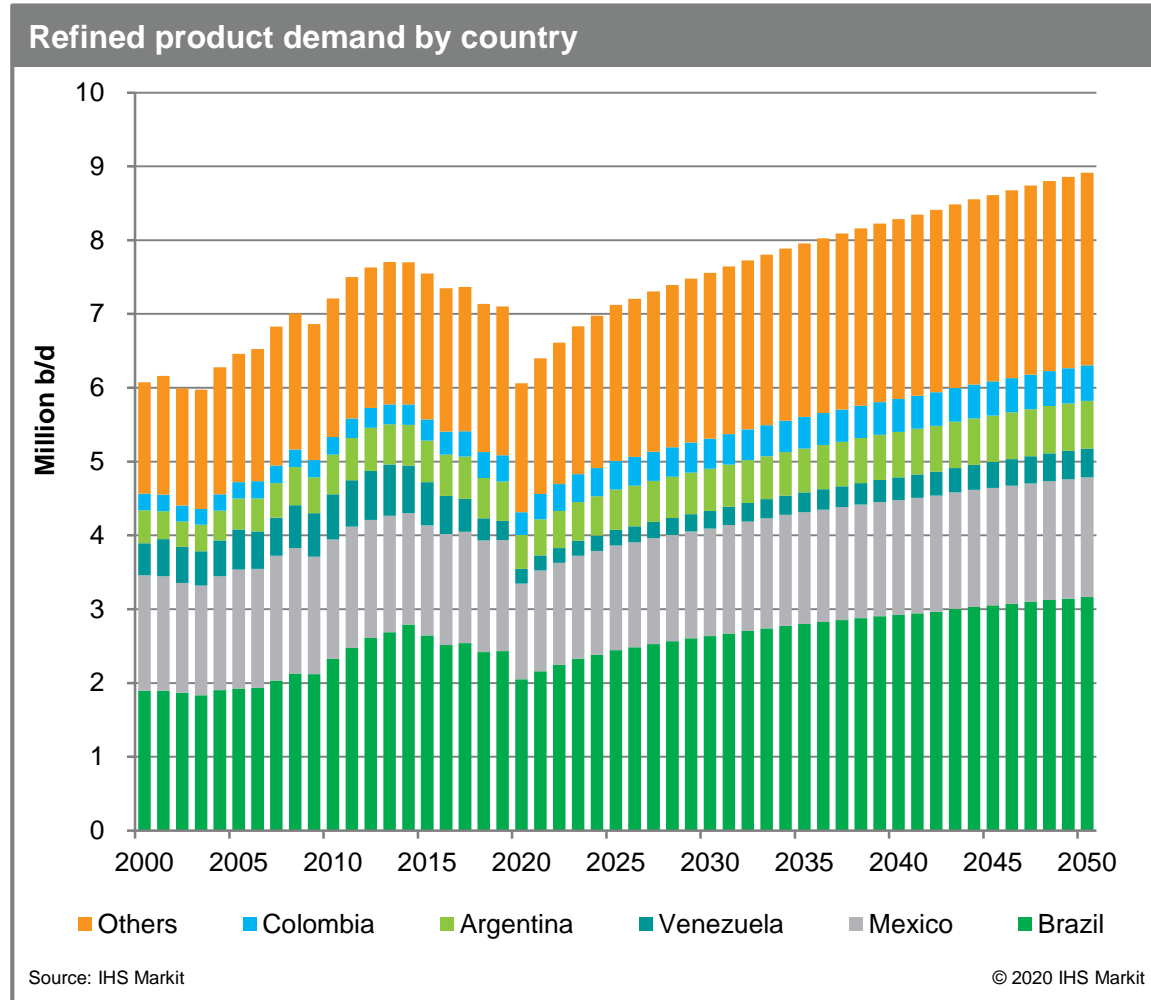
# “Autonomy”: Oil demand plateaus in late 2020s, Gas demand plateaus in 2030s, Renewables share to grow to 20%



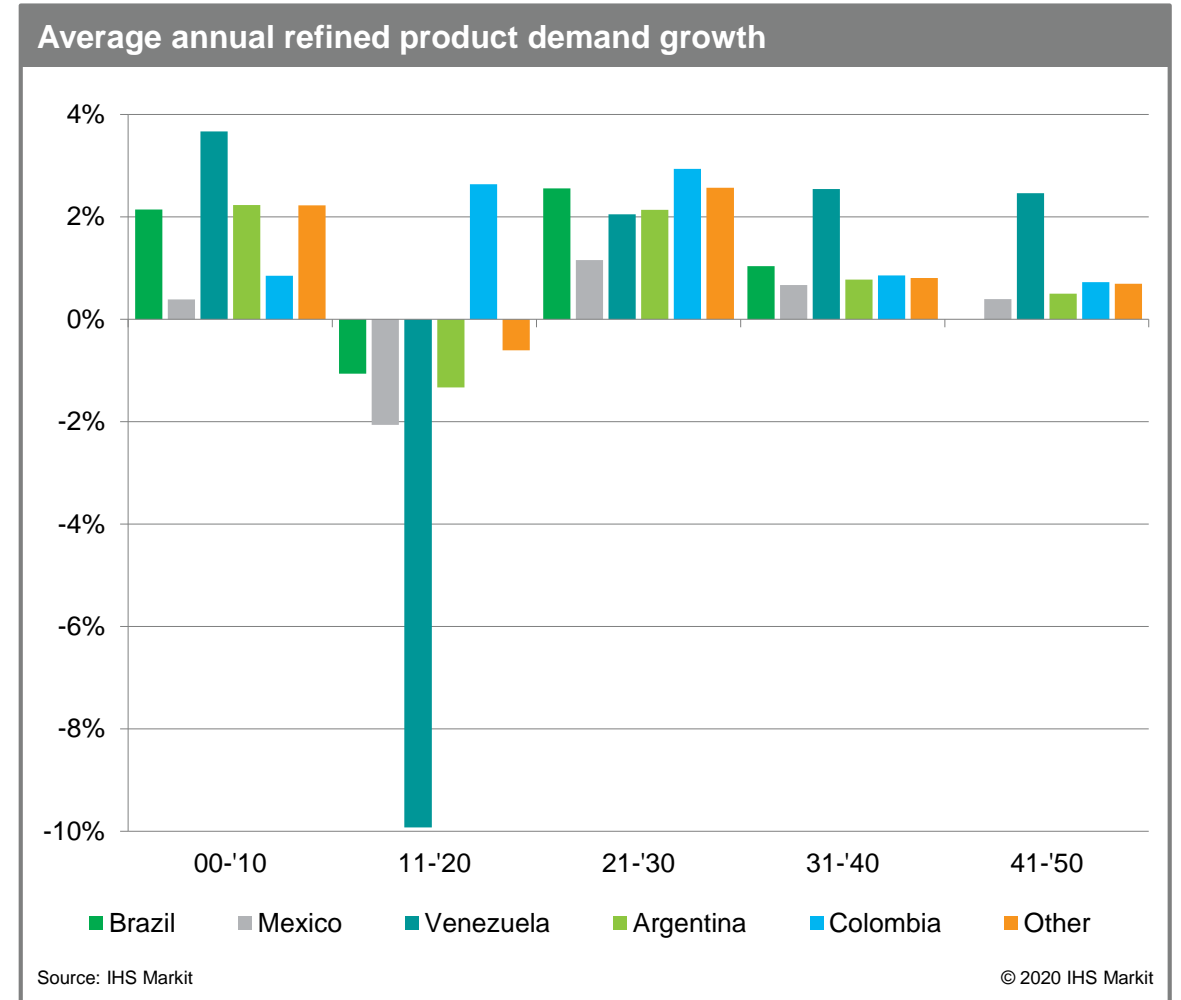
# Rivalry: Latin America - strong growth in oil and gas demand to 2050, renewables share to grow



# Refined product demand outlook for Latin America



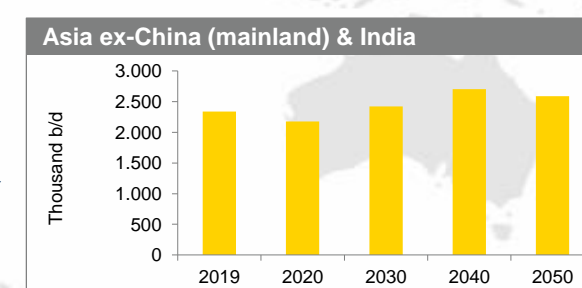
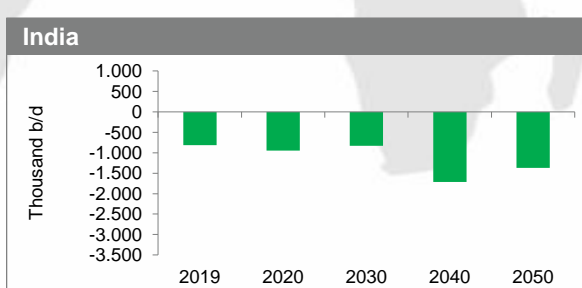
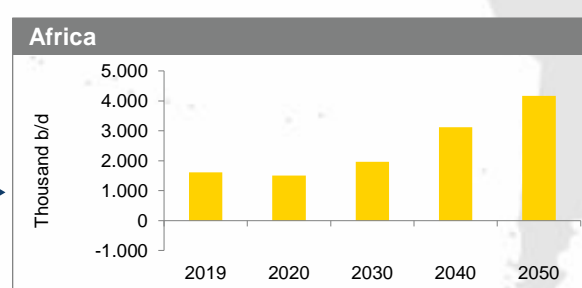
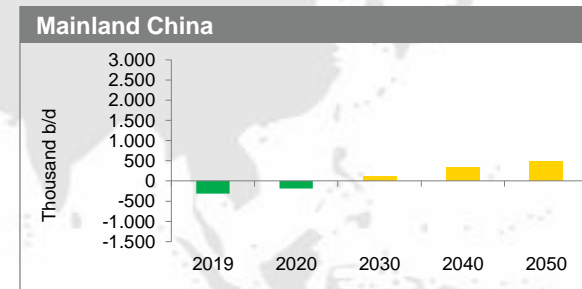
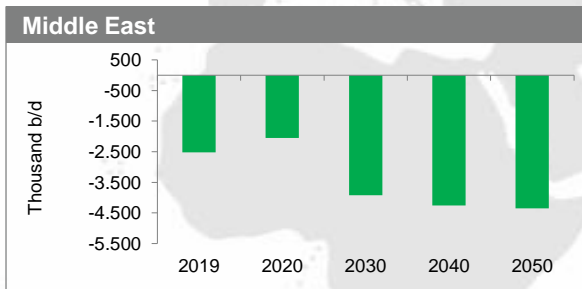
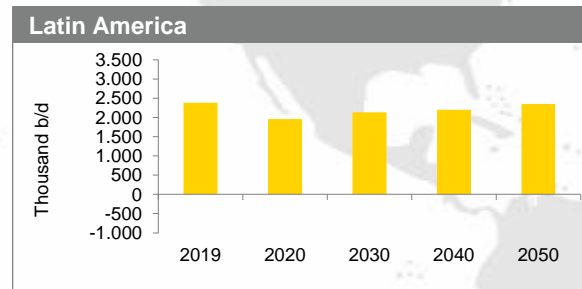
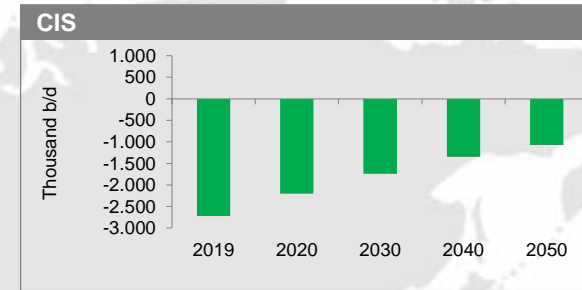
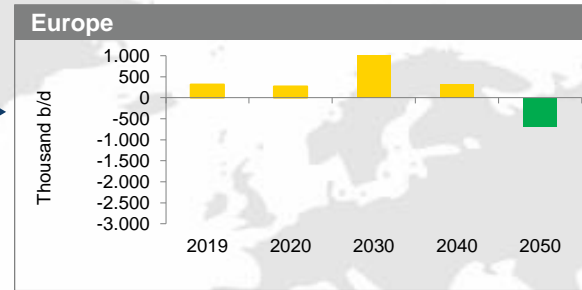
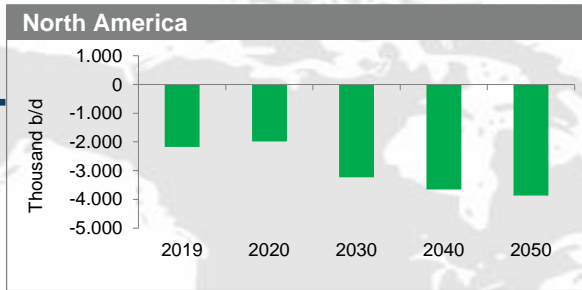
Note: Includes blended biofuel components. Hydrous ethanol not included.





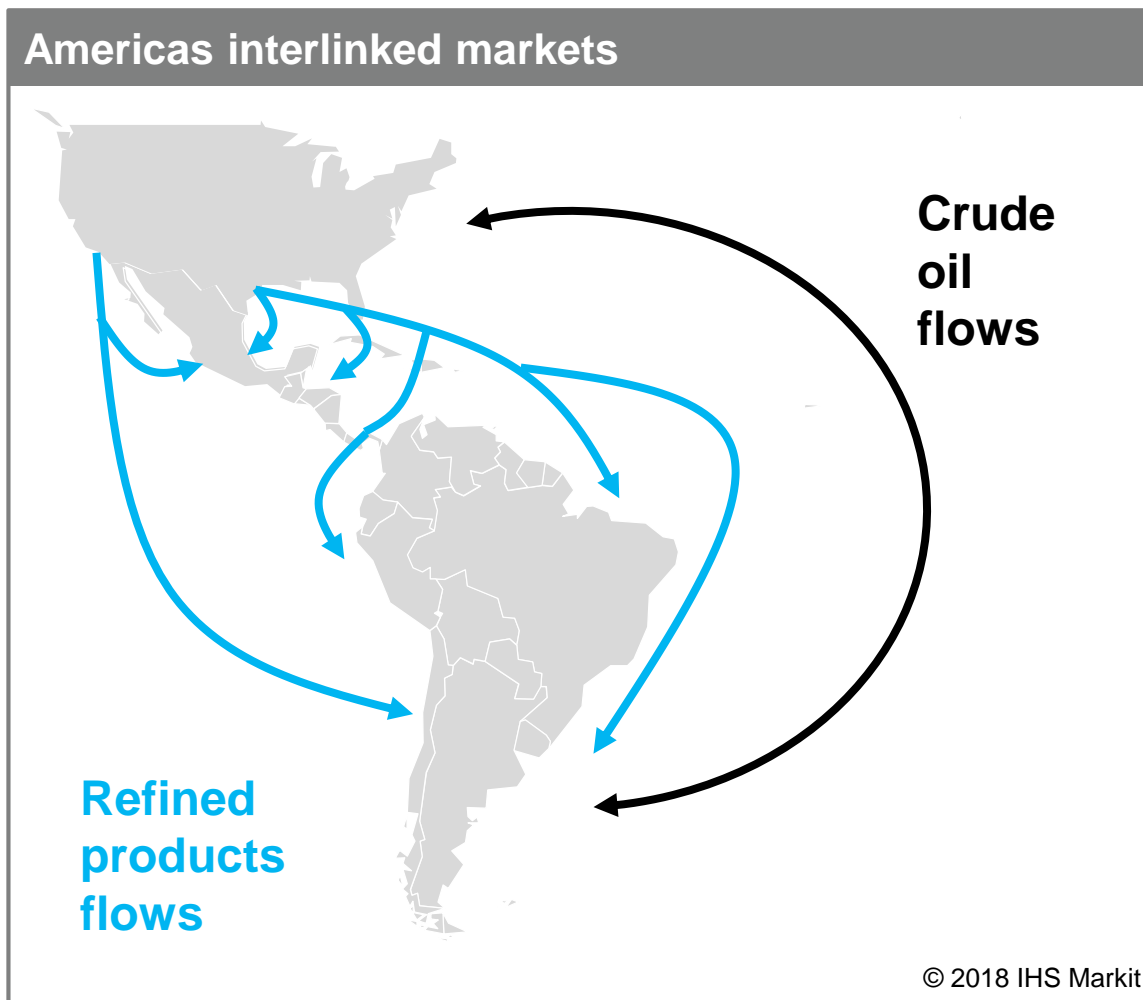
# Competition from exporting hubs will be high

■ Net exporter
 ■ Net importer



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# The “Americas” refining system?



Note: Includes blended biofuel components. Hydrous ethanol not included.

## Latin America

- + Increasing oil and gas production; growth demand
- Downstream lagging capacity and complexity

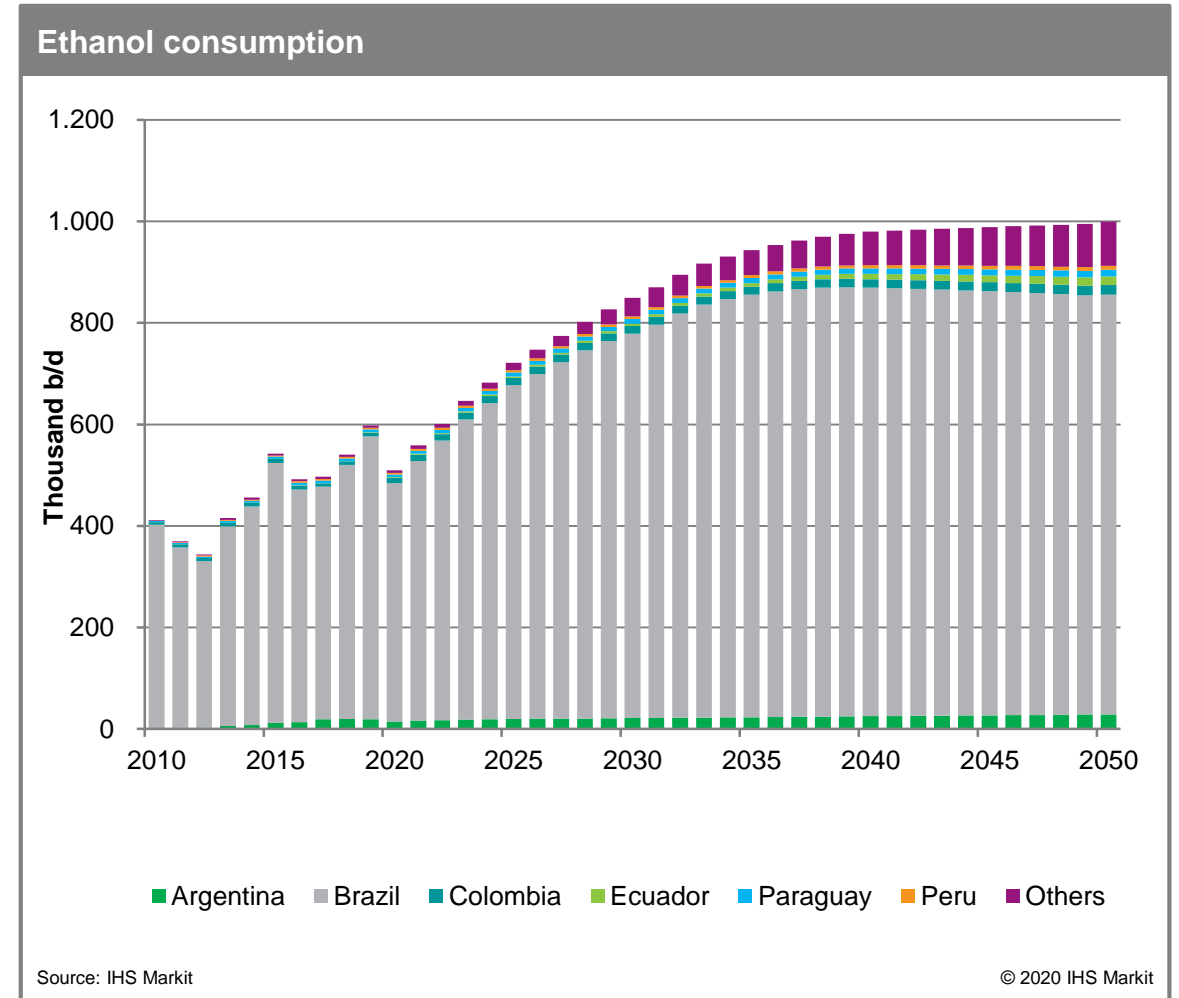
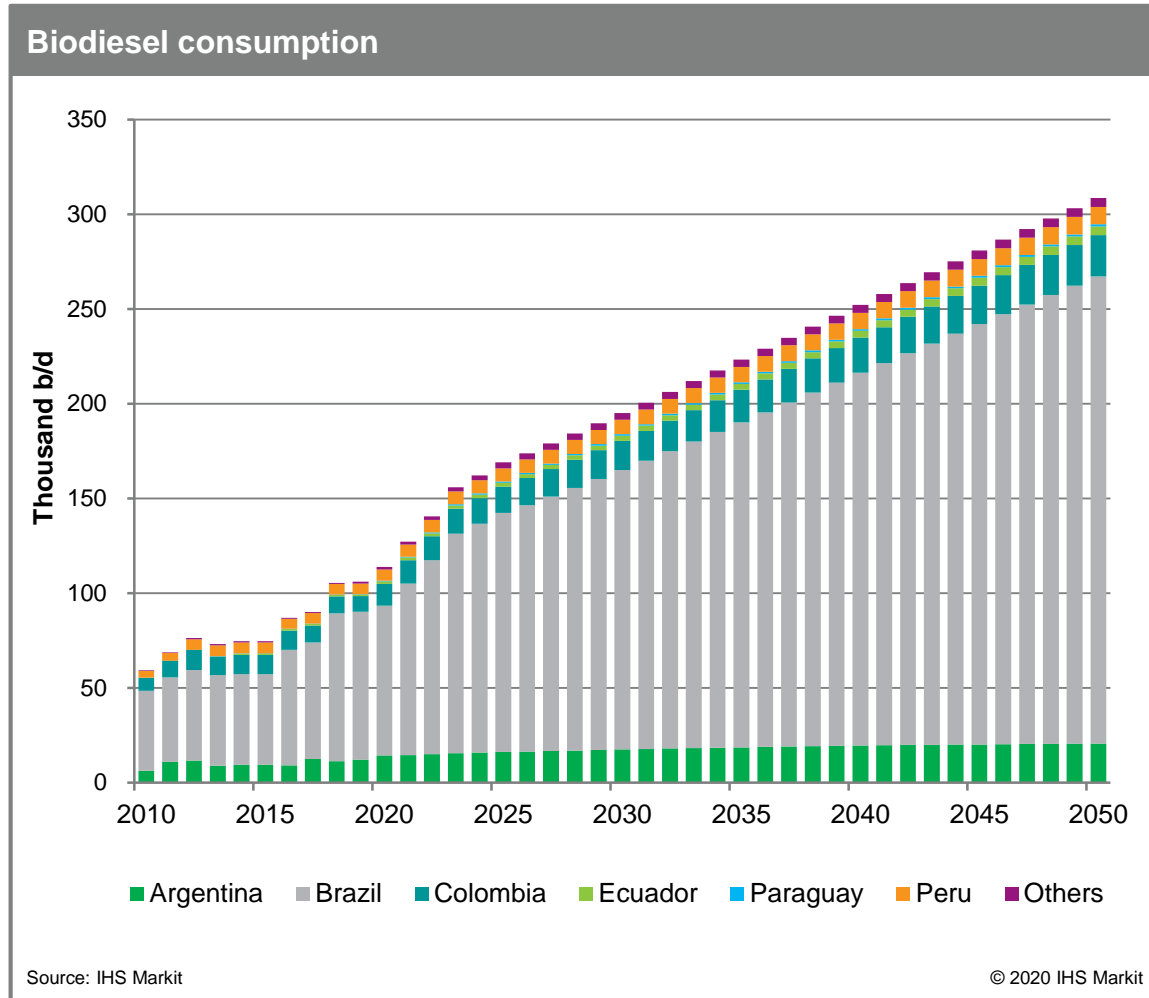
## North America

- + Large scale, complex refineries and low energy cost
- Declining product demand

How will the system evolve?

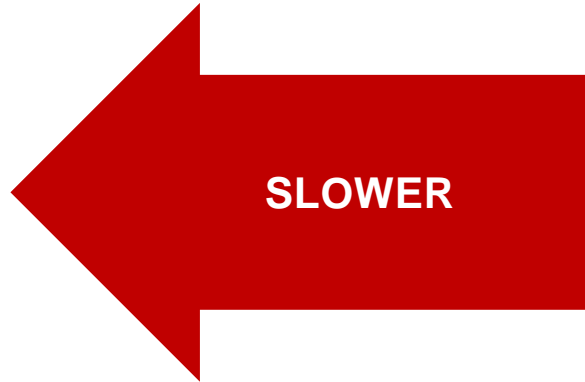
# Latin America's biofuels sector is forecasted to have strong growth

But the region's demand is almost exclusively within the Brazilian market

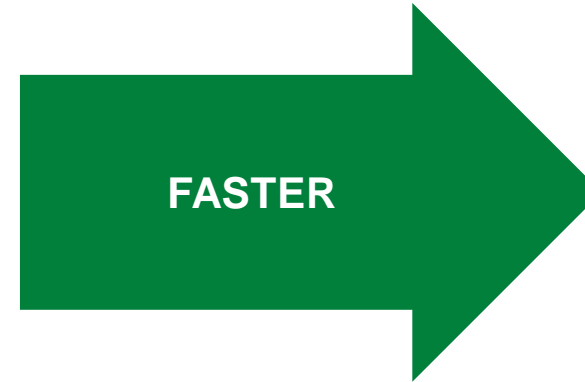


Note: Includes blended ethanol and pure ethanol consumed as fuel.

# The current turmoil in the global economy and energy markets will impact the Energy Transition – but how?



- Fossil fuels (re)gain price advantage over renewables
- Policy measures on emissions and sustainability take a back seat as governments recover from providing fiscal and monetary stimulus
- Energy companies cut spending on clean technologies to repair balance sheets
- Cash-strapped public less willing to pay for green energy
- Reduction in use of 'unsafe' public transport, increased use of private vehicles
- Renewable technology supply chains are rebuilt to reduce dependence on China, increasing costs and delaying capacity ramp up



- Volatility, low returns and bankruptcies make oil & gas an increasingly unattractive investment; increased investor pressure on IOCs to accelerate portfolio migration
- Governments of hydrocarbon producing countries increase their efforts at economic diversification
- Real life demonstration that even a short-term drop in emissions can bring significant climate and environmental benefits
- Increased stakeholder recognition that a post Covid-19 world cannot afford further economic damage from climate change (fires, floods...)
- Structural changes to work & social mobility models exacerbate already stagnating market for ICE vehicles

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