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Neil Atkinson: Peak Oil by 2030? The IEA Needs a Reality Check.

By Neil Atkinson

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This article is adapted from an interview that energy expert Scott Tinker conducted with Neil Atkinson at RealClear's 2024 Energy Future Forum. Atkinson is an internationally renowned energy expert and is the former head of the Oil Markets Division at the International Energy Agency.

Scott Tinker

You have a long history in energy and oil markets, and you headed up a portfolio at the IEA for several years. Help us understand the IEA. How is it governed? How does it work?

Neil Atkinson

My perspective on the IEA is this: it is a member-led organization. It has 31 full members, all but, I think, seven of them are European. In its early days, the IEA was even more Eurocentric than it is today. Every member government of the International Energy Agency is signed up to the Paris Climate Change Accord. Every two years, all the energy ministers from the various countries come to Paris to discuss the agency's program for the next couple of years.

Essentially, the IEA is carrying out the mandate of its member governments. It's hardly surprising that the bias in the IEA's output is towards achieving the Paris Climate Agreement goals—most famously in the IEA's Net Zero by 2050 study, which came out just about the time I left the agency. So you can say in its defense that it is doing what its members want it to do.

However, the valid criticism is that the IEA is not sufficiently independent of its members' directives to point out the realities in the energy world. In practice, net zero by 2050 is unachievable, even if it were desirable.

The IEA has decided that, based on current policies, oil demand will peak before the end of this decade. But there's a real world out there. If you look at oil use per capita, the most prosperous European countries use about eight or nine barrels per capita per year. The United States uses 21. China, after 30-odd years of rapid economic development, uses four barrels per capita. India currently uses 1.4 barrels per capita, and the African continent on average uses 1.1 barrels per capita. So you can see where this is heading. It's a matter of population growth. Look at Africa: Nigeria currently has just over 200 million people; by 2050, it will have just under 400 million.

There are many other examples: Bangladesh, Malaysia, South Africa, and various other countries in Africa, Latin America, and Asia, including India. Many of those people are currently living in poverty. They aspire to improve their lifestyle with a newly created middle class, which implies using lots of energy.

As people in these countries move from bicycles to two-wheels and then to their first car, they will not be

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ing lesias—pecause they re not rich enough. They are going to move into petrol- and diesel-powered vehicles. There will also be huge demand for aviation, which will remain overwhelmingly dependent on fossil

Therefore, I do not see how it is possible for oil demand to peak inside the next five years. If we are to see those countries develop and move out of poverty and provide better lifestyles for hundreds of millions and billions of citizens, then yes, we should see what we can do to mobilize finance in order to produce energy that is as clean as possible to avoid environmental degradation.

In China, which is not a democracy, there have been reported incidents over the years of residents in smaller towns and cities rebelling against coal-fired power stations because of the smokestacks. The smokestacks are not as well-regulated as they are in the West, and some are not very tall. So environmental degradation is something we need to watch for as those people get richer and use more energy.

The IEA, to its credit, recognizes the problems in developing countries. For example, people need to move to cleaner cooking, partly because it's good for their health and also because burning wood and other materials is bad for the environment.

But there is a fair criticism that the IEA is moving away from objectivity and does not sufficiently recognize that there is still a here and now in the energy world, which is going to remain overwhelmingly dependent on fossil fuels for the next decade or two.

Scott Tinker

Let's go back to the IEA's Net Zero report. When I read it initially, I thought it was trying to show how hard this would be and how expensive it would be, but it was used as a roadmap for the UN's COP26 Climate Pact. What happened in that transition from "Wow, this is going to be expensive and difficult," to using it as a roadmap for COP26?

Neil Atkinson

The IEA did come out with this mega report. But the IEA did not, to use an English phrase related to cricket, "roll the pitch"—in other words, prepare the ground—for this report, which was going to be pretty controversial. So instead of engaging with commentators, opinion formers, and journalists, the report came out with a minimal embargo.

It came as a huge surprise. So journalists, unsurprisingly, picked on the sensational bits, which you well know: You can't drive faster than 25 miles an hour, and you should take a cold shower with someone you love. And if you can't find someone you love, just find somebody. Because it was a big deal and hugely controversial, it was adopted by many governments, particularly European governments, as the roadmap instead of a roadmap.

But now there's been a great deal of pushback because the real world has intervened, and we are finding not just in Europe but in other parts of the world that consumers and voters do not like the fact that the measures envisaged in the net zero report imply higher costs. In the U.S., you've got abundant natural gas and oil, which Europe doesn't have. Europe made the political decision many decades ago to rely on Russian gas. But the point is that in Europe, we are seeing pushback by consumers and voters against higher costs.

In France, where I live in Brexit exile, the French government tried to impose increases in taxes on gasoline and diesel. The increases were not enormous, but they were the straw that broke the camel's back because other prices were rising—electricity prices, natural gas prices. It led to a rebellion where every weekend for weeks in big cities, including where I live in Paris, we had massive demonstrations in the streets, and the government eventually withdrew the increases

3 of 7 9/5/2024, 9:45 AM We're already seeing rebellions, certainly in Europe, against measures to ban the sale of internal combustion engine vehicles, initially in 2030, which of course is ridiculous. Now it's 2035, but that will change too. People will be mandated to install heat pumps in their houses at some point in the 2030s. So there's a rebellion against the implications of the net zero agenda.

Scott Tinker

Do you think net zero emissions is a valid goal?

Neil Atkinson

No. It's based on the notion that we can keep sending stuff into the atmosphere as long as we take out the same amount through carbon capture and storage, geoengineering, and various other fantasies. Oh, there is a role for carbon capture and storage. It's not to say that it's a waste of time. But, you know, it's like the old joke about someone who said years ago that he would drink every drop of oil produced from the North Sea. One might just as well promise to inhale every bit of CO2. I don't think it is a valid goal. Politicians made these policy decisions at Paris ten years or so ago, and before that Kyoto and via other climate change agreements. They set targets for 25, 30, or 40 years ahead, when those politicians will not be around in office. They may not even be alive. In a way, I hope they are, because they will see the consequences of their advice.

Gradually, over the next few years, reality is going to set in. Where there is the risk of environmental degradation, where there is the risk of enhanced temperatures partly due to the burning of fossil fuels, we need to move the emphasis towards adaptation. However, in the next few years, it will become obvious that there is no peak in sight, on a global level, for the use of oil.

The Energy Future Forum

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Neil Atkinson is an internationally renowned energy expert and is the former head of the oil markets division at the International Energy Agency.



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