

Blow to environment as demand for fossil fuels set to increase

by Adam Plowright *Wed Nov 7, 10:13 AM ET*

The world's dependence on fossil fuels, particularly coal, is set to rocket over the next two decades, with China and India leading demand, the International Energy Agency has warned.

The IEA, energy watchdog and advisor to 26 countries, on Wednesday published a bleak picture of energy demand in its World Energy Outlook 2007 report, a study which highlights long-term trends that will shape energy policy up to 2030.

Coal will make a comeback, the Middle East and Russia will grow in influence as oil suppliers, and emerging giants China and India will account for most of the increase in energy demand.

"The trends in energy demand, imports, coal use and greenhouse gas emissions to 2030 in this year's World Energy Outlook are even worse than projected in WEO 2006," the agency warned.

It gave little hope to those looking for a technological breakthrough, which many believe is necessary for a meaningful reduction in world greenhouse gas emissions.

The Paris-based research centre did not identify a clean, new source of energy that can provide the power needed to fuel improvements in living conditions for the world's poor without damaging the environment.

Instead, it predicted that coal, one of the oldest and dirtiest sources of energy, would be king in emerging countries China and India in 2030.

"In line with its spectacular growth over the past few years, coal sees the biggest increase in demand in absolute terms, jumping by 73 percent between 2005 and 2030," the agency said.

"China and India, which already account for 45 percent of world coal use, drive over four-fifths of the increase (in its use) to 2030."

The 663-page report was packed with alarming statistics based on a "reference scenario" in which energy consumption continues on current trends without government measures to reduce demand and greenhouse gas emissions.

Under this model, energy demand increases by more than 50 percent up to 2030, with 84 percent of the new demand supplied from fossil fuels.

China and India's energy needs, measured in tonnes of oil equivalent, more than double from 2005-2030. China's energy demand surpasses that of the US after 2010 and its pollution problems worsen.

China is also set to become the world's biggest emitter of greenhouse gas emissions this year, the IEA said.

Coal-fired power stations have been "the primary cause of the surge in global emissions in the last few years," the IEA said, and new power stations in China and India are likely to be mostly coal-fired.

China is set to build new power stations with output of more than the installed capacity of the United States. India needs as much as the installed capacity of Japan, South Korea and Australia combined, the report found.

Because of this, the IEA urged governments to focus on developing clean coal technologies, in particular carbon capture and sequestration (CCS), which entails capturing carbon and storing it underground.

According to its calculations, if governments do not take further action the world's temperature could rise by six degrees Centigrade beyond 2030, Fatih Birol, head of research at the IEA, told AFP.

The report also included two other scenarios, one entitled "alternative policy" in which governments enact measures (which are currently under discussion) to increase energy efficiency and reduce greenhouse gas emissions.

And another "high-growth policy" in which the Indian and Chinese economies grow faster than the "conservative" rate of 6.0 percent per annum used in the other two scenarios.

Even under the "alternative" model, carbon dioxide emissions in 2030 are still more than 25 percent higher than now, and the "high-growth" model is even worse.

A bigger reduction in emissions requires policy action and technological transformation "on an unprecedented scale," the IEA said.

The conclusions of the IEA are also of vital importance for international relations.

The grip of Middle Eastern producers and Russia on world oil resources will tighten, although the IEA did say that there was sufficient oil to satisfy demand so long as planned investments in new capacity are made.

The 12-member Organisation of Petroleum Exporting Countries, which is dominated by Saudi Arabia, is projected to provide 52 percent of world supply in 2030, up from 42 percent presently.

"The greater the increase in call on oil and gas from these regions, the more likely it will be that they will seek to extract a higher rent from their exports and to impose higher prices in the longer term," the IEA said.

This is bad news for consuming countries with oil prices already at nearly 100 dollars per barrel.

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