

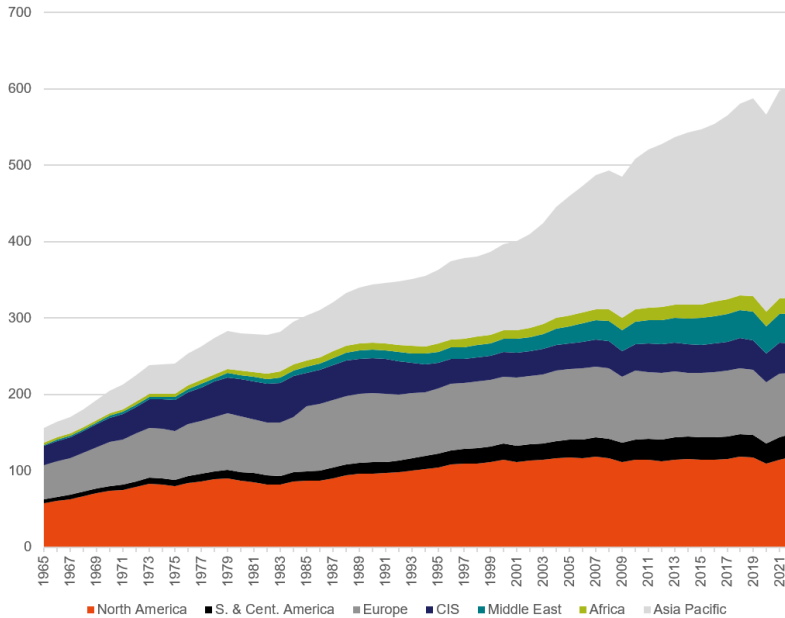


COP-out

In the wake of the COP28 junket in Dubai, where the 198 countries in attendance waxed lyrical about fossil fuel usage reduction, let's shift from fiction to reality for a brief moment, and step through 8 telling slides illustrating what is actually happening with energy usage, and emissions produced.

1. Global energy consumption is growing at about 2%pa – which over the past 20 years has unsurprisingly been driven by China. India and then Africa are expected to maintain the growth going forward.

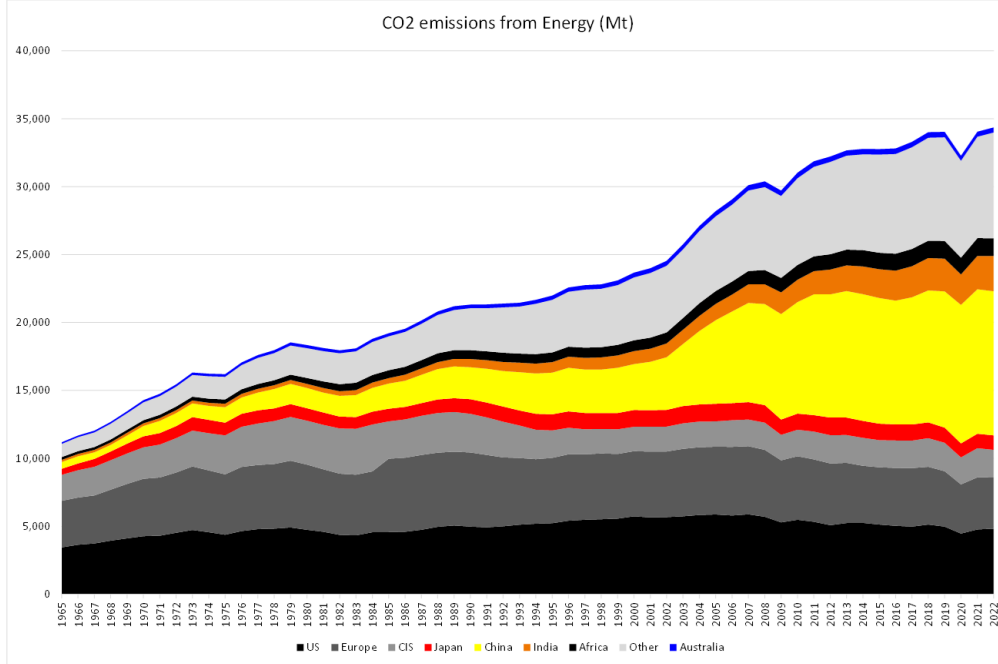
Global Energy Consumption - EJ



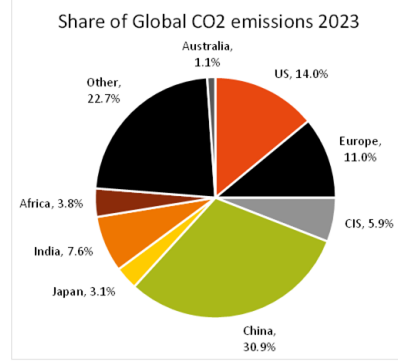
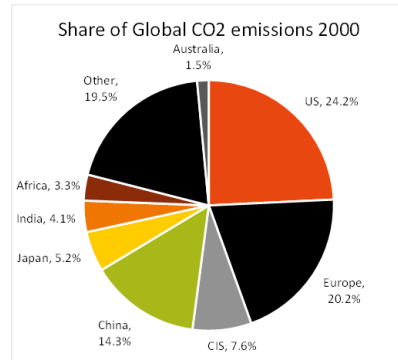
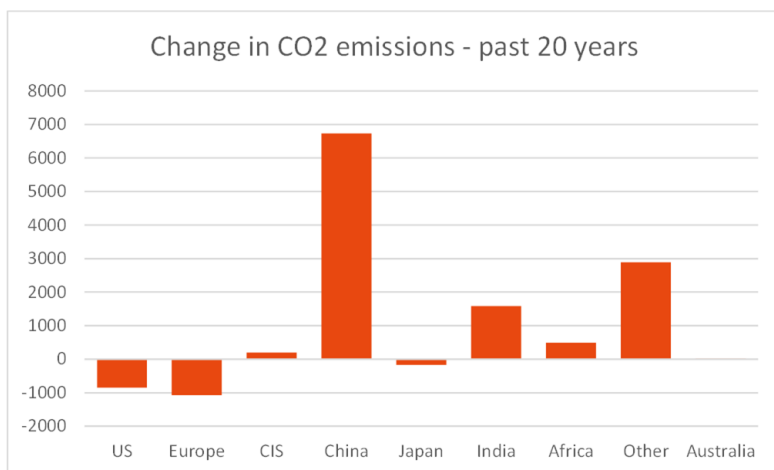
- Global energy consumption has increased from 225EJ to 605EJ in the past 50 years, CAGR of 2% per annum
- The growth has been relatively consistent and steady – you can note the dips for the GFC in 2008/09 and Covid in 2020
- Optimistic forecasts on carbon emissions have energy consumption peaking today
- Why wouldn't energy consumption continue to grow? Driven by population growth and rising living standards in the developing world.

2. Global CO2 emissions are not falling – the pathway to net-zero looks very difficult without China, India and Africa dramatically changing their approach. Australia's 'virtuous' efforts have practically no impact on global CO2 emission reductions, other than destabilising our own energy supply, impacting the consumers and handicapping the country and its businesses internationally.

Global CO₂ emissions – still rising, driven by China

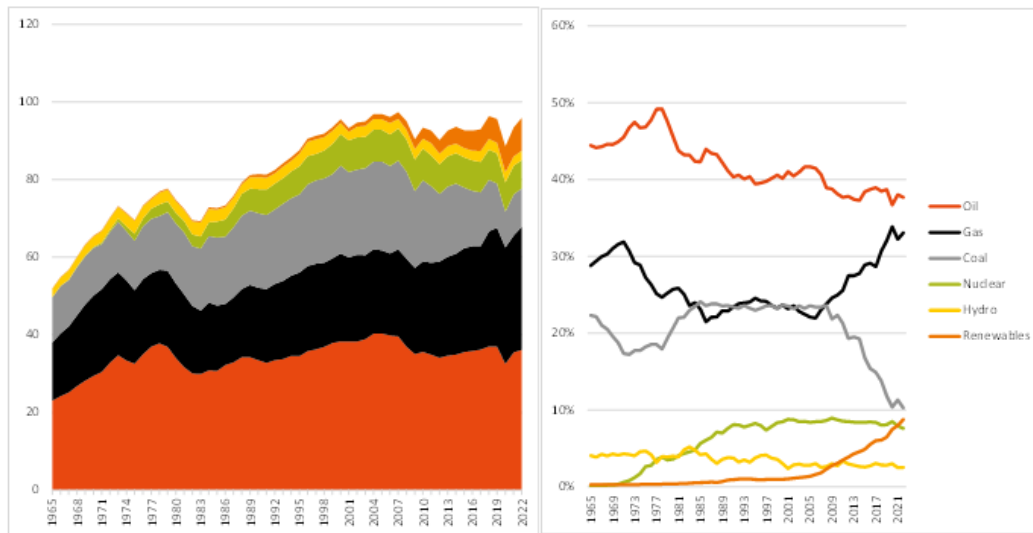


Global CO₂ emissions – still rising, driven by China



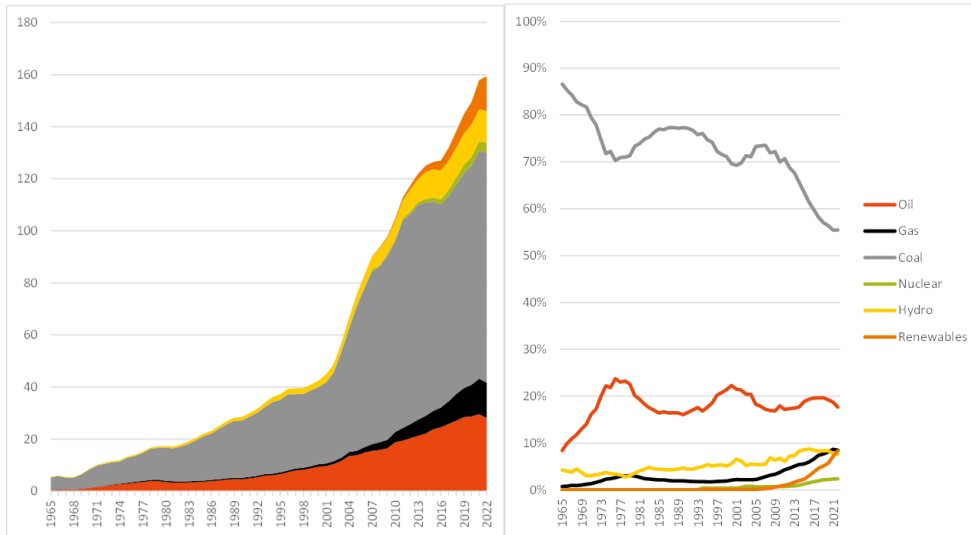
- The largest contribution to the reduction in emissions in the past 20 years has been the US converting from coal to gas power – we should follow their lead.

US Energy Mix (EJ) – shifting from coal to gas



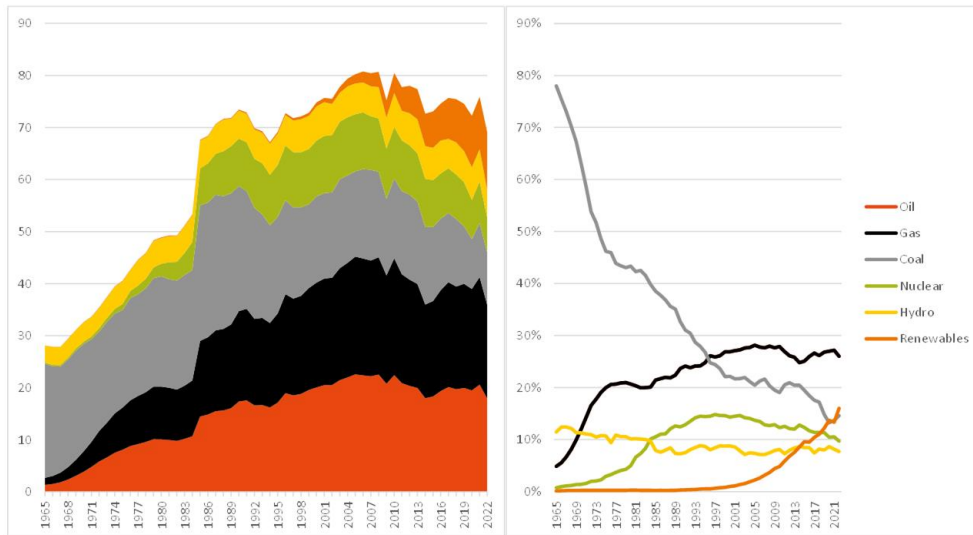
- Renewables is growing fast – but coming from such a low base that it will take decades to build out. It is also less stable than existing base load power.
- China's growth in energy consumption in the past 20 years has been extraordinary. You often see quotes that China is building renewables faster than anyone else, which is true, but it is also building coal and gas as well. Nuclear is the next big thing in China.

China Energy Mix (EJ) – everything growing!



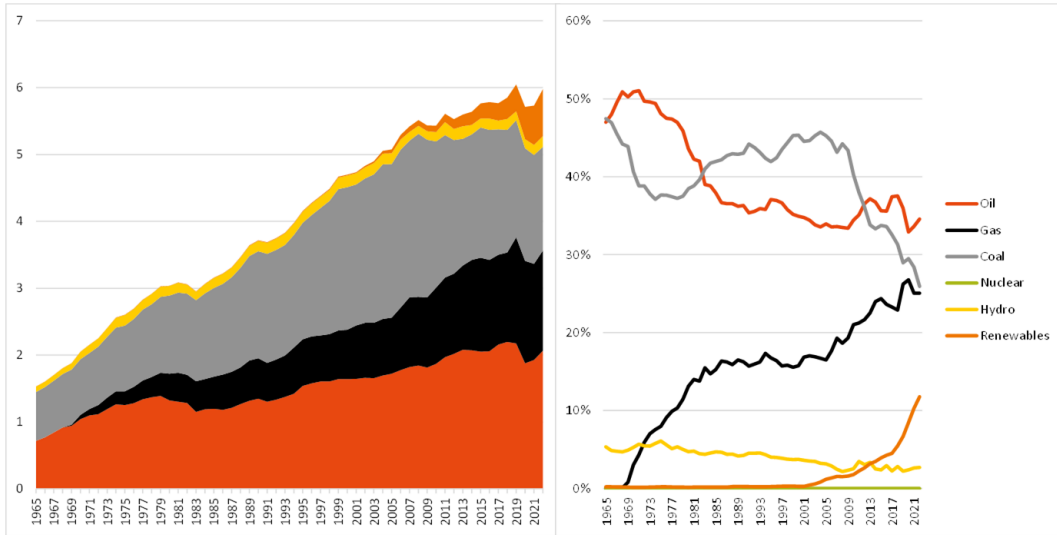
6. Europe is leading the way on renewables, but it comes at a cost. The German power system is a mess; lots of renewables and reliance on Russian gas. They now import nuclear from France.

Europe Energy Mix (EJ) – leading renewables, but at what cost?



- Australia is extremely reliant on fossil fuels, despite the massive build out of solar energy systems across Australian roof tops. The best thing we could do to reduce emissions is to convert from coal to gas, but we've now vilified gas as an energy source. We have abundant gas – we're just putting up barriers to develop it. And then there's nuclear. If the 'Karen's' of this country are blocking the usage of gas, is this even possible?

Australia Energy Mix (EJ) – less coal, more renewable, more people, no nuclear



There really is no indication nor unified willingness to achieve a phase out of fossil fuels, despite the rhetoric at the COP 28 meetings.

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INVIEW

GLOBAL HOUSE VIEW & INVESTMENT PERSPECTIVES

DECEMBER 2023



DISCIPLINED BY NATURE. FLEXIBLE BY DESIGN.
The icons alongside represent our investment process. Through a disciplined provision of investment policy and security selection at the global level, regional portfolio management teams have the flexibility to construct portfolios to meet the specific requirements of our clients.

HIGHLIGHTED IN THIS PUBLICATION:

-  GLOBAL STRATEGIC ASSET ALLOCATION
-  GLOBAL SECURITY SELECTION
-  REGIONAL ASSET ALLOCATION
-  REGIONAL PORTFOLIO CONSTRUCTION

Click on the link below to read

[**EFG Inview – December 2023 – Global House View & Investment Perspectives - - 11 Dec 2023**](#)



Have a good weekend,

Ben and the team.

This report has been prepared by Ben Morrissey

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