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Saudi Aramco, S-Oil inaugurate $7bln petrochemicals complex in South Korea

Reuters News + NewBase Energy

Saudi Aramco and its South Korean unit S-Oil on Wednesday inaugurated the $7 billion Shaheen petrochemical project, Aramco's largest investment in South Korea, the Saudi state oil giant said.

* The project in Ulsan is expected to add about 3.2 million metric tons a year of petrochemical production capacity for S-Oil, with commercial operations scheduled to start in 2027 after commissioning, Aramco said in a statement



- * "Economic headwinds and rising geopolitical risks do not alter our long-term view on strategic investments," Aramco CEO Amin Nasser was quoted as saying
- He said the project would help meet rising demand for materials used in Asian industries such as electric vehicles and semiconductors * Shaheen is the first major commercial deployment of Aramco's thermal crude-to-chemicals (TC2C) technology, which it developed with Lummus Technology, Aramco said. The technology is designed to convert a larger share of each barrel of crude directly into chemicals
- The complex includes what Aramco described as the world's largest single steam cracker, along with a propylene fractionator and polymer production units

- The expansion is expected to raise the share of petrochemicals in S-Oil's business portfolio to 25% from 12%, Aramco said
- The facility will be integrated with S-Oil's existing refining and petrochemical operations in Ulsan. It will supply feedstock by pipeline to nearby downstream companies, which will reduce their need for imports
- Aramco holds more than 63% of S-Oil through its subsidiary Aramco Downstream Asia.

Saudi Arabia's economy is projected to rebound sharply from a 2026 contraction (-2.0% to -3.6%) to between 7.9% and 12.8% real GDP growth in 2027, while Saudi Aramco leverages **record downstream margins and $31.2B–$36.25B in Q3 2026 net profit** to aggressively expand its global liquids-to-chemicals capacity.

Saudi Arabia GDP & Economic Growth Outlook (2026–2029)

Because geopolitical disruptions and Strait of Hormuz transit challenges curtailed Gulf hydrocarbon volumes in 2026, Saudi Arabia's real GDP experienced a temporary contraction. However, strong non-oil expansion and rerouting via the East-West Pipeline have cushioned the economy, setting up a major rebound as export logistics normalize.

Institution / Source	2026 Real GDP Growth	2027 Real GDP Growth	2028–2029 Outlook & Key Assumptions
Saudi Ministry of Finance	**-2.1% to -3.6%**	**+10.9% to +12.8%**	**+3.9%** (2028), **+5.7%** (2029); assumes full oil output recovery.
IMF *(Oct 2026 WEO)*	**-3.3%**	**+7.9%**	Gradual normalization of Strait of Hormuz maritime traffic and oil exports.
World Bank *(Oct 2026)*	**-2.0%**	**+7.9%**	Supported by East-West Pipeline export offsets and steady Vision 2030 non-oil growth.
S&P Global / Moody's	**-1.3%** (S&P)	**+5.1% to +8.0%**	S&P projects **+8.0%**; Moody's projects a more conservative **+5.1%**.

Saudi Arabia GDP & Economic Growth Outlook (2026–2029)

Projected Nominal GDP Values

According to Saudi Ministry of Finance budget data (converted at the pegged rate of 3.75 SAR/USD):-

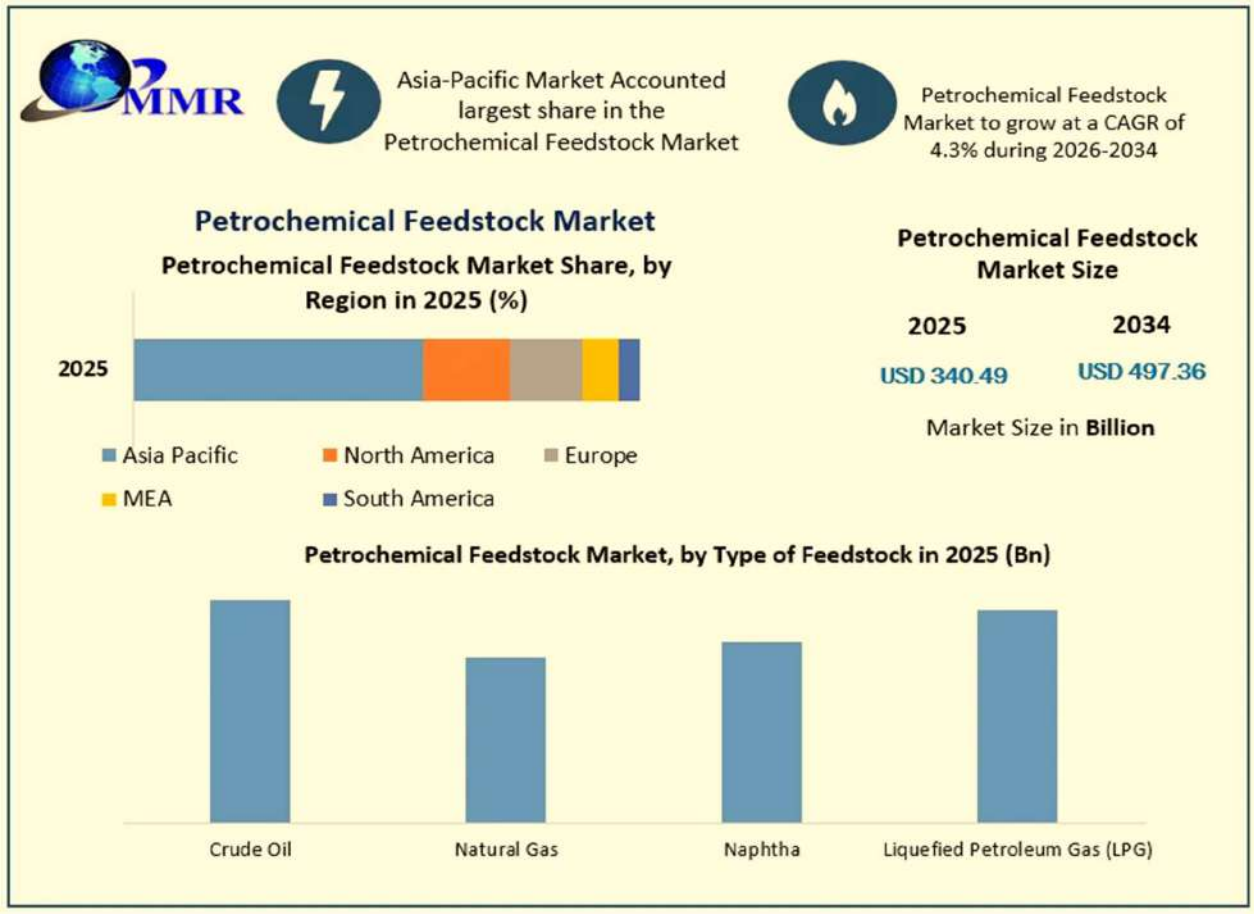
- ***2026 (IMF Estimate). ~$1.34 trillion*** *(SAR 5.03 trillion)*
- ***2027 (Budget Projection). SAR 5.36 trillion*** *(~$1.43 trillion)*
- ***2028 (Budget Projection). SAR 5.70 trillion*** *(~$1.52 trillion)*
- ***2029 (Budget Projection). SAR 5.87 trillion*** *(~$1.57 trillion)*

(Note: The divergence between Riyadh's 10.9%–12.8% real growth projection and the IMF/World Bank's 7.9% consensus hinges on the pace of OPEC+ production quota restoration for 2027.)

Saudi Aramco's Financial Position & Global Petrochemical Strategy

Despite lower crude export volumes during the 2026 regional disruptions, elevated global crude prices and surging refining margins have fortified Saudi Aramco's balance sheet:

- Earnings & Cash Flow Strength. In Q3 2026, Aramco posted $36.25 billion in net profit ($31.2 billion adjusted, up 9% year-on-year), beating analyst estimates. Its Return on Average Capital Employed (ROACE) reached an industry-leading 22.1% in Q3 2026, backed by a low gearing ratio (~6.2% as of mid-2026) and $50–$55 billion in annual capital guidance.
- Downstream as a Profit Hedge. Downstream operations—which now consume over 53% of Aramco's crude production—delivered record results in Q3 2026, offsetting upstream volume pressures.
- Global Petrochemical Footprint (59.3+ mtpa). Aramco holds roughly 59.3 million metric tons per annum (mtpa) of net chemical production capacity alongside its majority stake in SABIC. The company is targeting a long-term goal of converting up to 4 million barrels per day of crude directly into chemicals. [1, 2]
- Strategic Value of the $7B Shaheen Complex. Through its >63% stake in S-Oil, the Ulsan project uses Aramco's proprietary TC2C™ (Thermal Crude-to-Chemicals) technology to convert crude oil and low-value feedstocks directly into high-value polymers.
    - Adds **3.2 million metric tons** of annual capacity starting in 2027.
    - Doubles petrochemicals' share of S-Oil's business portfolio from **12% to 25%**.
    - Locks in long-term Asian crude demand while lowering unit operating costs across the Ulsan industrial cluster.



UAE raises clean energy target to 35% by 2031: M. of Energy

Staff Writer, WAM (Emirates News Agency)

The UAE has raised its target for the share of clean energy in its electricity mix from 30% to 35% by 2031 as part of efforts to diversify energy sources and strengthen water supply security, Minister of Energy and Infra structure Suh ail bin Mohammed Al Mazrouei said on Wednesday.

He added that the UAE is exploring the expansion of water desalination facilities along the eastern coast and their connection to water transmission networks.



Al Mazrouei made the remarks during his address at the opening of the third edition of RAK Energy Summit 2026, which began today at RAK Expo Centre.

He noted that disruptions to energy supplies in some parts of the world underscored the importance of countries developing energy strategies tailored to their respective needs and circumstances and reviewing them as those circumstances change.

Al Mazrouei said the UAE has adopted a policy of energy diversification early on, with its electricity system relying on solar energy, natural gas and nuclear energy. He explained that natural gas supports the reliability of energy supplies as the country expands its use of renewable energy.

He added that the UAE's installed renewable energy capacity reached approximately 8.2 gigawatts (GW) in 2025, while the country aims to increase its solar energy capacity to around 23 GW by 2031, alongside 5.6 GW of nuclear energy capacity. Improved renewable energy competitiveness and advances in battery technology have contributed to raising the clean energy target to 35%.

Reviewing efforts to manage energy and water demand, Al Mazrouei explained that the federal government building retrofit project aims to reduce energy and water consumption in targeted buildings by up to 27%, supporting the country's consumption efficiency targets.

He also highlighted opportunities to expand the use of artificial intelligence-powered building management systems across other sectors and explore incentives to encourage the adoption of more efficient solutions.

In the water sector, Al Mazrouei said the UAE is exploring the establishment of additional desalination plants along the eastern coast using advanced technologies and connecting them to water transmission networks to increase production capacity and diversify water production locations, alongside expanding storage capacity in underground reservoirs.

He affirmed that the Ministry of Energy and Infrastructure is coordinating with federal and local entities to exchange expertise and draw on the results of measures implemented to improve energy and water consumption efficiency in buildings.

He also highlighted the anticipated expansion of road, logistics and energy projects over the next five years.highlighted the revised target on November 25, 2026, during the opening of the third RAK Energy Summit in Ras Al Khaimah.

Key Targets & Capacity Expansion

The upward revision under the UAE Energy Strategy 2050 reflects falling renewable costs, ***advances in battery storage, and rapid progress toward existing goals:-***

Baseline Progress. Clean energy (combining renewables and nuclear power) already accounted for 32.4% of the UAE's electricity generation in 2025, surpassing the old 30% benchmark ahead of schedule.

Solar & Nuclear Growth. Total installed renewable capacity stood at roughly 8.2 GW in 2025. By 2031, the UAE aims to expand solar capacity to around 23 GW alongside its 5.6 GW of nuclear power capacity (bringing total clean energy capacity to over 28 GW).

Major Projects & Storage. Expansion is anchored by large-scale developments such as Masdar's 5.2 GW solar project paired with 19 GWh of battery storage and the ongoing expansion of Dubai's Mohammed bin Rashid Al Maktoum Solar Park.

Investment Mobilization. The broader strategy targets AED 150 billion to AED 200 billion ($40.8 billion to $54.5 billion) in national energy investments by 2030–2031, opening wider opportunities for private-sector participation in power generation, grid transmission, and storage.

Water Security & Demand Efficiency

Alongside power generation, the announcement outlined parallel measures to manage rising consumption and secure water supplies:

Building Efficiency. A federal building retrofit program aims to cut energy and water use in targeted buildings by up to 27%, complemented by plans to expand AI-powered building management systems across more sectors.

Eastern Coast Desalination. The ministry is exploring new desalination plants along the UAE's eastern coast using advanced technologies, linking them to water transmission networks, and expanding underground reservoir storage.

In the water sector, Al Mazrouei said the UAE is exploring the establishment of additional desalination plants along the eastern coast using advanced technologies and connecting them to water transmission networks to increase production capacity and diversify water production locations, alongside expanding storage capacity in underground reservoirs.

The UAE's plan to expand desalination along the eastern coast and bolster underground reservoirs shifts water infrastructure toward low-carbon production, geographic resilience, and strategic reserves.

Expanding along the Gulf of Oman—covering regions like Fujairah and eastern enclaves of Sharjah and Ras Al Khaimah—aligns directly with the UAE Water Security Strategy 2036.

Strategic Pillars of the Water Expansion

Initiative	Strategic Purpose	Operational Impact
Eastern Coast Desalination	Diversifies production away from the Arabian Gulf	Reduces vulnerability to localized coastal disruptions, such as red tides or oil spills
Advanced Desalination Tech	Replaces energy-intensive thermal plants with Reverse Osmosis (RO)	Cuts electricity demand and lowers carbon intensity when paired with solar power
Transmission Grid Integration	Links eastern coastal plants to national and inter-emirate pipelines	Enables surplus water transfer across the Northern Emirates and inland demand centers
Underground Aquifer Storage	Expands Aquifer Storage and Recovery (ASR) reservoirs	Protects strategic water reserves from evaporation and acts as a buffer during peak demand or emergencies

Connection to the 2031 Clean Energy Target

Decoupling Water from Gas. Historically, the UAE relied on cogeneration plants that burned natural gas to produce both electricity and desalinated water. Moving to standalone, solar-powered Reverse Osmosis plants allows water production to scale without increasing fossil fuel consumption.

Infrastructure & Investment. Integrating new eastern coast capacity with cross-emirate transmission networks and ASR projects—building on existing strategic storage initiatives in Liwa, Sharjah, and the Northern Emirates—creates further public-private partnership (PPP) opportunities in water infrastructure





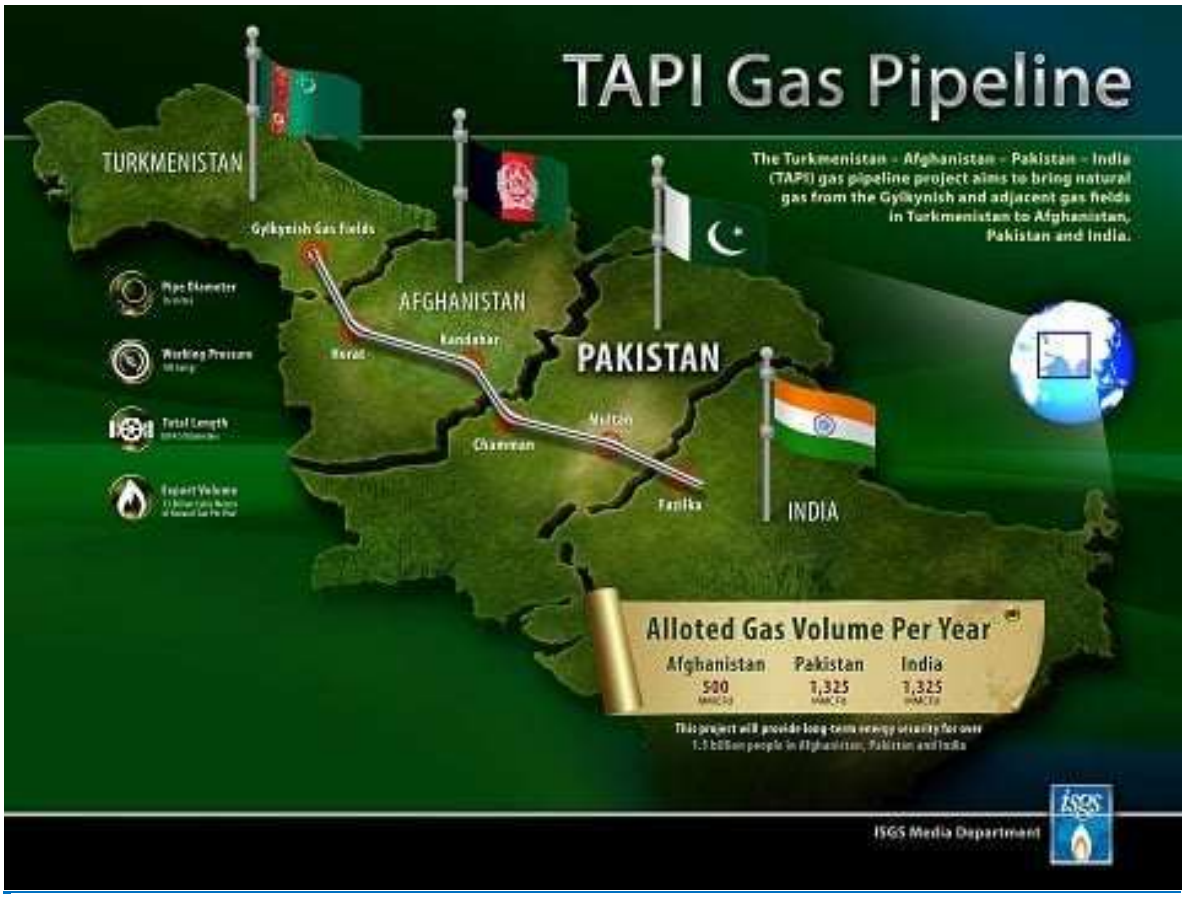


Turkmenistan's Afghan gas link brings South Asia pipeline dream a little closer

International News ANGWCIES + NewBase Energy

Turkmenistan should by the end of the year complete a section of gas pipeline to the Afghan city of Herat that it hopes will unlock international financing, despite security challenges, to extend the route as far as India, officials told Reuters.

Turkmen officials say the pipeline section, under construction since 2024, should start pumping gas as far as Afghanistan's third city in early 2027.



- ***Pipeline capacity is far greater than Afghanistan's gas needs***
- ***That leaves ample spare capacity for supplies to India and Pakistan***
- ***Turkmenistan is keen to diversify its customers***

With an estimated cost of $600 million, according to Afghan media, the Herat leg is part of a wider project with a planned annual capacity of 33 billion cubic metres, 66 times as large as the 500 million cubic metres Turkmen officials say Afghanistan is expected to initially purchase yearly.

That would leave ample spare capacity to ship gas to the much bigger markets of Pakistan and India, which together import around 45 to 50 bcm of natural gas annually, almost all of which is LNG imported by sea.

Analysts, investors and industry figures have long said the Turkmenistan–Afghanistan–Pakistan–India project, or TAPI for short, is unrealistic given the conflict in Afghanistan and enmity between India and Pakistan.

So far, Turkmenistan has provided the funding.

Analysts have estimated the total cost of TAPI to be around $10 billion and said investors would be wary because the international community, including Turkmenistan, has refused to recognise the Taliban government in Afghanistan.

But Turkmenistan hopes increased energy prices and heightened demand for alternatives to Middle Eastern supplies as a result of the US-Israeli war with Iran may spur renewed interest in diversifying energy supplies, the officials said.

For Turkmenistan, holder of the world's fourth-largest gas reserves and almost entirely dependent on China as a customer for its exports, extending the pipeline would give it new markets.

Afghanistan's state-owned gas company said in August it had signed a preliminary deal to buy gas shipped to Herat, but did not specify a price. In response to a request for comment, the office of the Taliban governor of Herat province said: "TAPI brings with it the promise of economic growth, job creation, and the development of the country's infrastructure."

Muhammetmyrat Amanov, head of the Turkmen state company responsible for the pipeline project, told Reuters the Herat section should "provide early revenue streams and increase confidence among lenders".

He cited the Asian Development Bank and Islamic Development Bank as possible funders.

The Islamic Development Bank did not reply to a request for comment, while the Asian Development Bank was noncommittal.

It told Reuters it had paused regular assistance to Afghanistan after the Taliban's return to power in 2021, but that it remained engaged with the TAPI project.

"Any decision by ADB to provide technical assistance or financing would depend on the circumstances at the time and be subject to due diligence and applicable ADB approvals," it said.

Turkmenistan says it has welded and laid around 124 kilometres (77 miles) of the 153-km Serhetabat-Herat section.

While that has nearly completed the Afghan part, it represents less than a tenth of the planned 1,800-km route to Pakistan and India.

A Western diplomat based in Ashgabat, who spoke on condition of anonymity, said: "From a purely commercial perspective, maximising exports to China might seem the obvious and least risky option."

"But from Ashgabat's perspective, excessive dependence on a single buyer is an existential strategic risk. It gives that buyer enormous leverage over the country's economy."

Other export diversification options, including a trans-Caspian route to Europe, face political and technical challenges, primarily related to demarcation of the seabed frontier.

Security conditions in much of Afghanistan have improved since the Taliban returned to power in 2021 and Ashgabat maintains relatively friendly ties with Kabul even though it does not formally recognise the Taliban government.

Across the border, Pakistan's longstanding rivalry with India, as well as its present conflict with the Taliban authorities in Afghanistan, remains an obstacle to completion of the full project.

Additionally, a separatist insurgency in Balochistan that has lasted for decades and is intensifying, poses problems, as the pipeline's route would run through the Pakistani province.

Pakistan’s ambassador in Turkmenistan, Faryal Leghari, told Reuters that Islamabad remains interested in the TAPI pipeline, as well as a complementary project to ship Turkmen gas to Pakistan's ports of Gwadar and Karachi for further export as seaborne LNG.

India's foreign ministry did not immediately respond to a request for comment.

The Western diplomat in Ashgabat said mobilising international financing would be extremely difficult, but that Ashgabat was not abandoning the attempt.

“It is willing to commit its own resources to building the pipeline infrastructure up to the Afghan border and even some distance beyond it, in the hope of keeping the project alive and eventually attracting partners,” the diplomat said.

Project Overview & Current Status

The Herat Milestone. Turkmenistan has self-funded and laid roughly 124 km of the 153-km Serhetabat–Herat section (estimated at $600 million). Gas deliveries to Herat are targeted to begin in early 2027, supporting local industrial parks and power generation.

Capacity vs. Demand. The full $10 billion, 1,800-km pipeline is engineered to transport 33 billion cubic meters (bcm) of gas annually from Turkmenistan’s Galkynysh field. Because Afghanistan is initially expected to purchase only 500 million cubic meters per year, nearly all of that capacity remains available for Pakistan and India, which together import 45 to 50 bcm annually.

Strategic Diversification. Turkmenistan holds some of the world's largest natural gas reserves, yet China currently buys nearly all of its exports. Expanding into South Asia allows Ashgabat to reduce its heavy economic reliance on a single buyer.

Key Hurdles to Full Completion

While the Herat leg represents a tangible step forward, it accounts for less than a tenth of the total route. Extending the pipeline through southern Afghanistan and Pakistan to Fazilka, India faces major obstacles:

Financing Constraints. Turkmenistan hopes early revenues from Herat will attract lenders like the Asian Development Bank (ADB) and the Islamic Development Bank. However, the ADB paused regular assistance to Afghanistan in 2021 and remains noncommittal, while Western sanctions and the lack of formal international recognition of the Taliban government continue to deter private investors.

Security & Geopolitics. The planned route cuts through areas facing an intensifying separatist insurgency in Pakistan's Balochistan province. Furthermore, border tensions between Kabul and Islamabad, alongside deep-seated political hostility between India and Pakistan, complicate cross-border infrastructure security and financing.





Oil price special coverage

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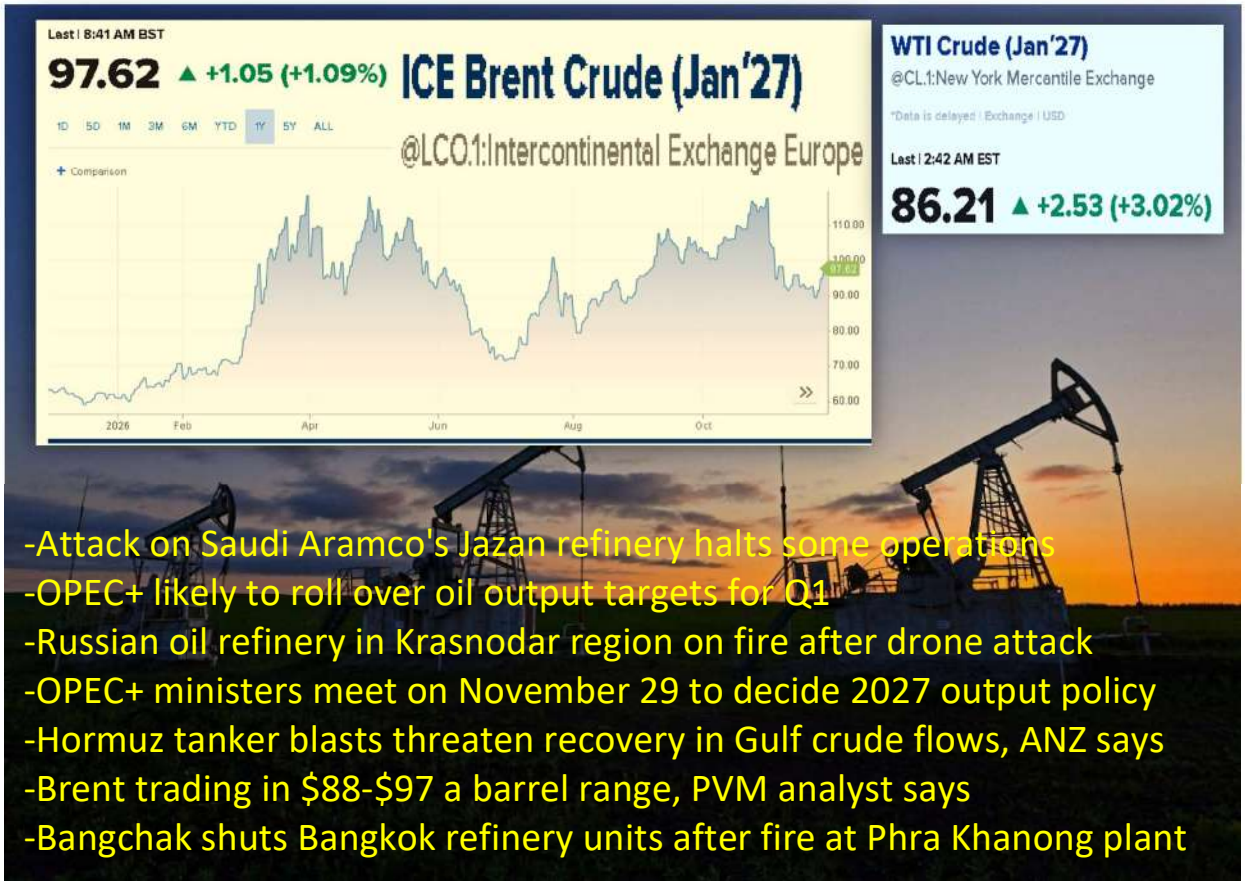
Oil on track to snap 3-week losing streak over supply fears

Reuters + NewBase Energy

Oil prices rose slightly on Friday and are on track to snap a three-week losing streak as ongoing attacks on tankers in the Strait of Hormuz and Saudi energy infrastructure heightened concerns over oil supply from the conflict-hit Middle East.

Brent crude futures rose 1.04 $/B to $97.61 a barrel by 0850 GMT, after gaining nearly $2 on Thursday to settle at their highest since November 6.

US West Texas Intermediate crude futures were at $86.21 a barrel, up $2.53, or 3.02%, from their close on Wednesday. There was no settlement for WTI on Thursday due to the Thanksgiving holiday in the US.



"We think Brent can still push above USD100/bbl without another major escalation in the Middle East, but that increasingly requires evidence of constrained deliverable supply," ANZ analysts Brian Martin and Daniel Hynes said in a note.

Prices slipped in previous weeks on relief that US President Donald Trump did not step up military action on Iran after the midterm elections. However, Iran has continued to attack ships transiting the Hormuz strait, disrupting oil exports, while Yemeni Houthis have struck Saudi infrastructure.

"Recovering Gulf exports and easing geopolitical risk support lower oil prices in 2027. However, depleted inventories, persistent shipping risks and slow refinery repairs leave the market exposed," OCBC analyst Sim Moh Siong said in a note.

Saudi Aramco's Jazan refinery temporarily halted some operations after a projectile struck the facility on Thursday, killing a Nepalese worker and wounding several others, Saudi Arabia's Energy Ministry said in a statement.

The strike was the Houthis' latest blow against key Saudi facilities, a day after the group claimed attacks on Ras Tanura, the kingdom's largest refinery and a major crude export hub, and the Red Sea ports of Jeddah and Jazan, amid escalating hostilities between the two sides.

Given the disruption from the Iran war, OPEC+ is likely to maintain its oil output targets for at least the first quarter of 2027 at a meeting on Sunday, two sources said.

Meanwhile, Ukraine has intensified drone attacks on Russian oil refineries since the end of October, with the latest incident causing a fire at the Slavyansk ECO refinery in Russia's southern Krasnodar region.

Separately, fires disrupted activity at Thailand's Bangchak refinery and Venezuela's Amuay refinery on Thursday.

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Oil prices fall as supply concerns linger after Iran claims mine strikes on ships

Reuters NewBase Energy

Crude oil prices fell on Thursday following the previous session's sharp rise, as supply concerns lingered after Yemen's Houthis said they hit Saudi Arabia's largest oil refinery and Iran said mines struck ships in the Strait of Hormuz.

Brent crude futures were down 82 cents, or 0.87%, at $93.79 a barrel at 0939 GMT. US West Texas Intermediate crude futures fell 35 cents, or 0.42%, to $83.33 a barrel.

There will be no settlement for WTI on Thursday because of the US Thanksgiving holiday.

"The perceived supply surplus in the coming months and quarters and sticky inflation, which forces central banks to raise rates, resulting in a stronger dollar, will possibly set a ceiling on any attempt to push prices significantly higher," said PVM Oil Associates analyst Tamas Varga.

"The new trading range, it appears, is around $88-$97, basis Brent."

Brent settled up 3.5% in the previous session, while WTI climbed 2% after Yemen's Iran-aligned Houthis said they had attacked Saudi Arabia's Ras Tanura oil refinery and Riyadh's financial district.

The refinery, Saudi Arabia's largest, is part of a complex that also serves as a major export terminal for Saudi crude, and analysts expect the latest reported Houthi attacks to increase oil's geopolitical risk premium. The Saudi government and state oil firm Aramco did not immediately respond to requests for comment. At the same time, shipping has been disrupted through the key Strait of Hormuz, where oil supply had been recovering to near pre-war levels.

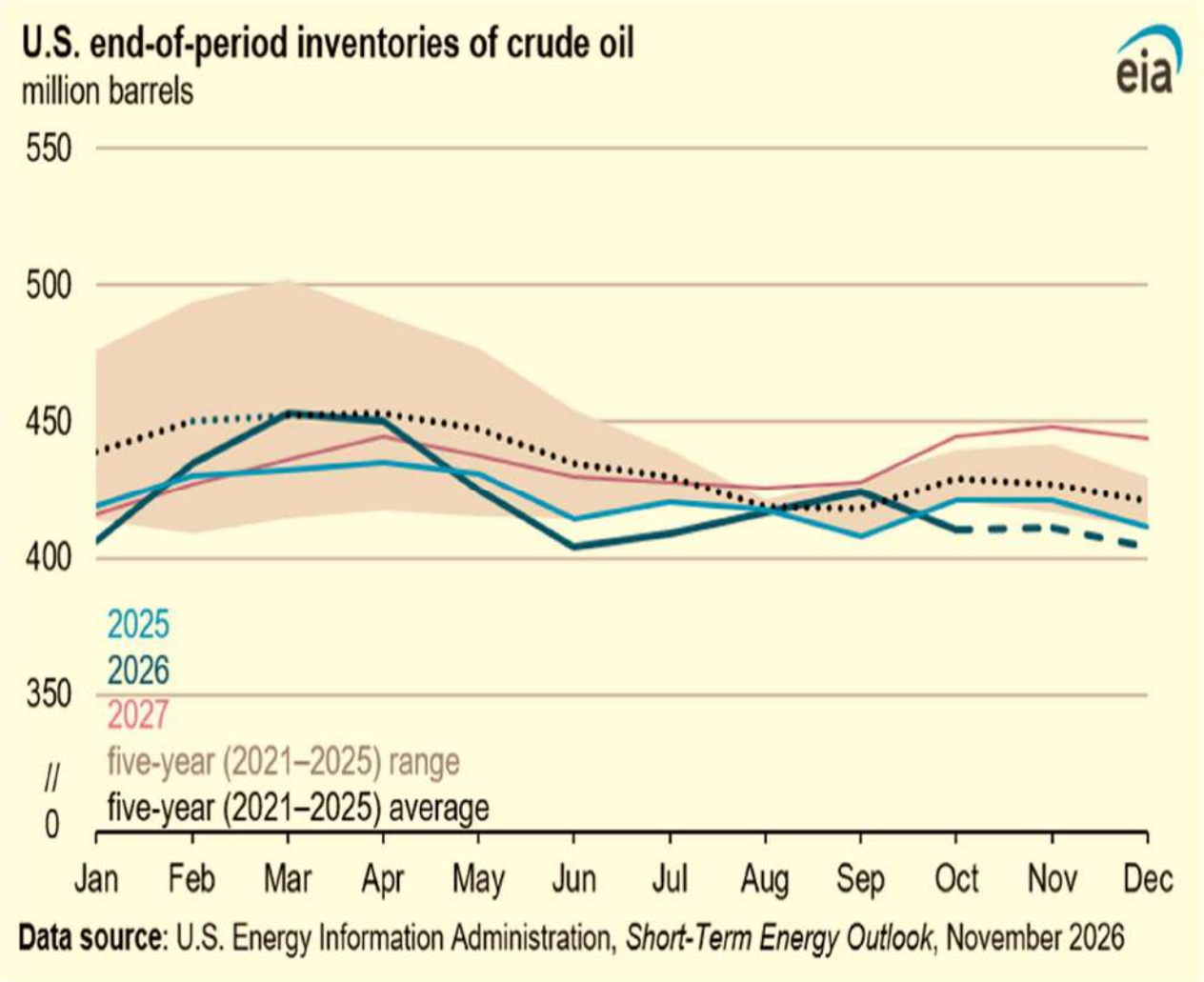
An oil tanker hit a naval mine and caught fire in a "restricted zone" in the strait on Wednesday, the semi-official Fars news agency cited the Iranian Army as saying in a statement.

That report came after state media said two oil tankers struck mines and exploded in the strait on Wednesday.

"The broadening of the Middle East conflict threatens to halt the recovery in oil flows in recent weeks," said ANZ analyst Daniel Hynes. "Persian Gulf crude exports rose last week but remain on a declining trend."

OPEC+ ministers will hold meetings on November 29 to decide their 2027 output policy.

They face the challenge of balancing output with the United Arab Emirates no longer in the group, and with Iraq and Kazakhstan pressing OPEC+ to raise its estimate of their oil production capacity.



In the US, crude stocks rose by 1.1 million barrels to 418.9 million barrels in the week ended November 20, the Energy Information Administration said, also supporting prices as analysts had expected a 1.5 million-barrel rise.

In Asia, Thailand's Bangchak Corp (BCP.BK), opens new tab said it had shut all production units at its Phra Khanong oil refinery in Bangkok following a fire.



NewBase Special Coverage

The Energy world 27-November -2026



Energy crisis disrupts global demand trends in 2026, underscoring benefits of efficiency

IEA energy efficiency 2026 Report + NewBase

The global energy crisis is distorting energy consumption patterns around the world, with significant implications for efforts to improve energy efficiency in 2026 and beyond, according to a new IEA report.



The energy crisis is reshaping global energy efficiency trends

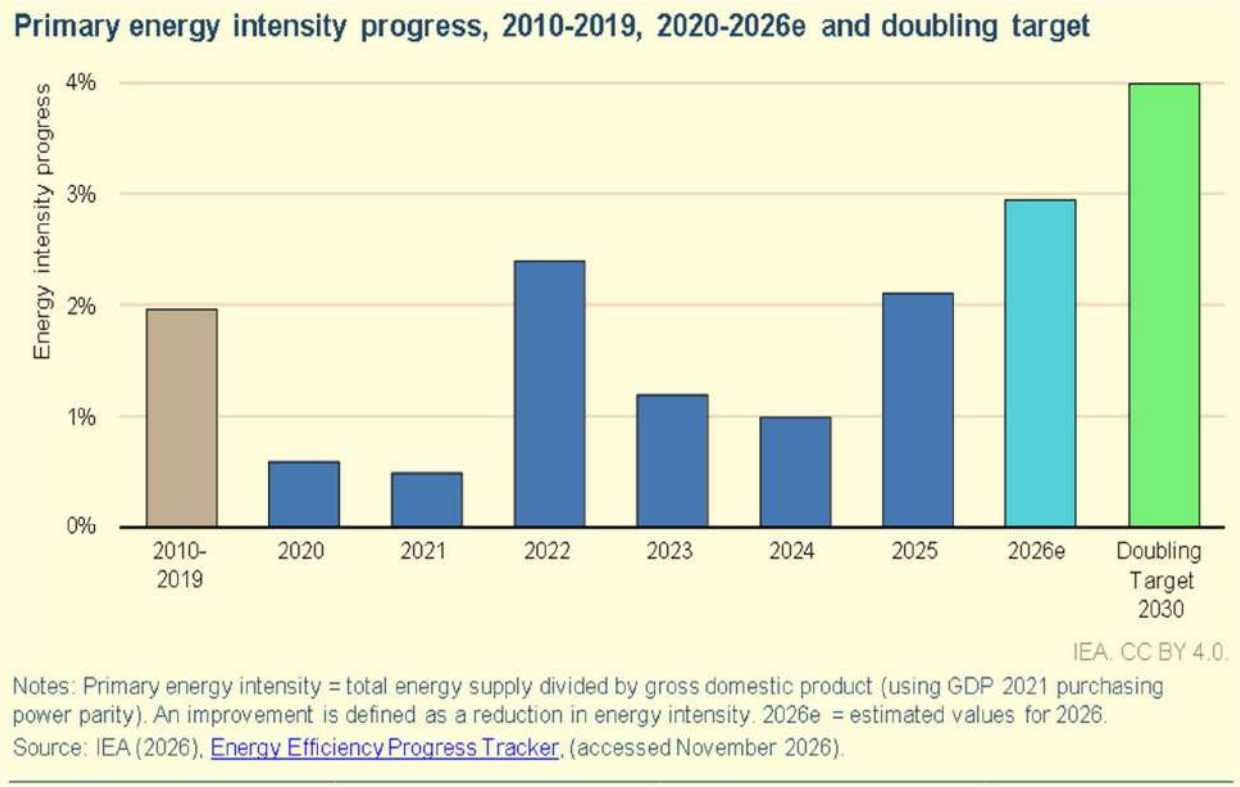
Global primary energy intensity is expected to improve by nearly 3%, up from about 2% in 2025. This year's acceleration reflects energy demand growth flattening amid the global energy crisis triggered by the closure of the Strait of Hormuz, as supply constraints and higher energy prices weigh on consumption.

Gross domestic product (GDP) growth has remained resilient at about 3%, buoyed up by investment in artificial intelligence and high-tech manufacturing.

The 2026 energy intensity reflects both the disruptions of the crisis and underlying progress on energy efficiency.

While some gains related to longer-term efficiency measures continued, particularly through the adoption of more efficient and electrified technologies, part of this year's energy intensity change results from forced cuts in energy consumption.

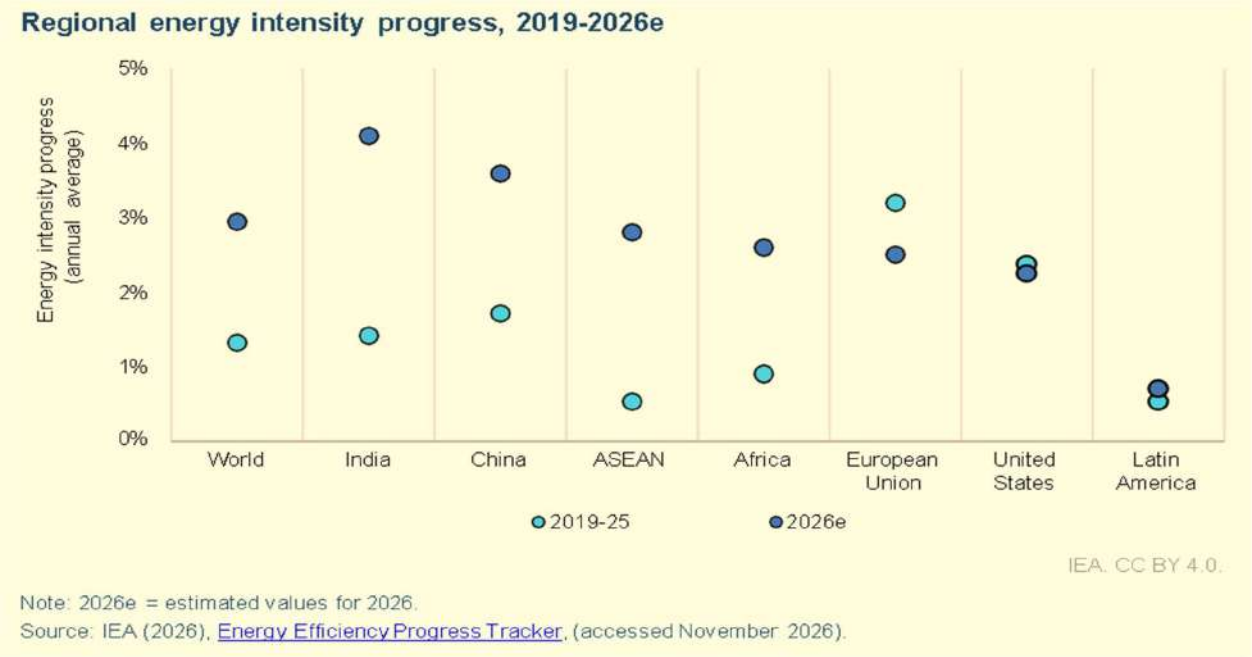
Households had to adapt their cooking and transport habits, while many businesses scaled back production, shifted to less energy-intensive activities or scrambled to find alternative energy sources. Some of these changes moderated energy demand growth but came at a significant economic and social cost.



Governments have prioritised emergency responses, but structural policies will determine longer-term progress

Governments responded rapidly to the crisis, with around 120 countries introducing measures to save energy, protect consumers or strengthen long-term energy security.

According to the IEA Energy Crisis Policy Response Tracker, over 60 governments introduced energy conservation measures such as public awareness campaigns, remote work, or reduced government travel.

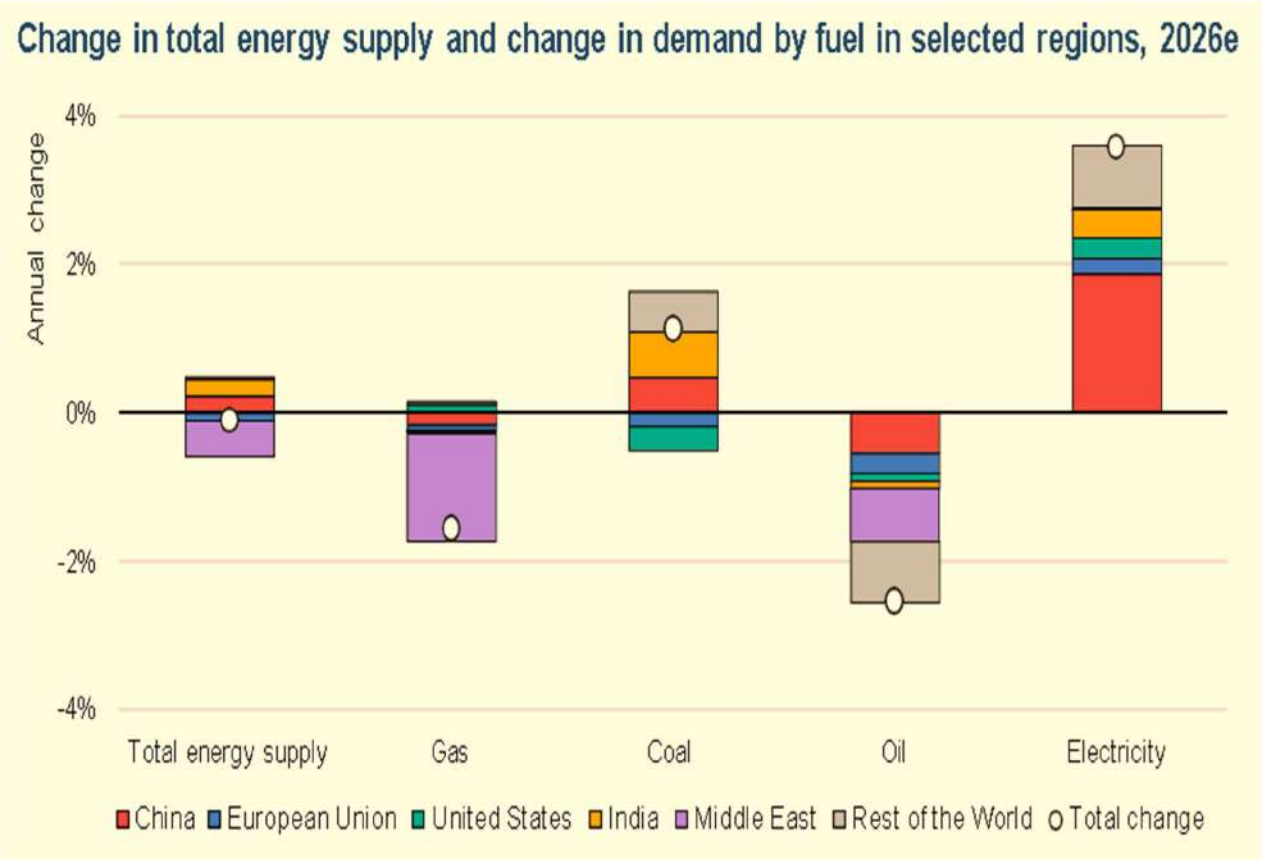


While these acted as important consumer protection measures, many were temporary and likely to have had only a modest impact on overall demand. In addition, around 100 governments provided some form of price support, including price caps, tax cuts and fuel subsidies. Just over

30 governments, including the European Commission, introduced longer-term measures to improve energy efficiency or accelerate electrification.

Among the more than 30 governments that introduced longer-term policies, a clear focus on efficient electrification emerged. Nearly 80% of governments introducing longer-term policies included measures to accelerate the efficient electrification of end uses, particularly through support for electric vehicles and heat pumps. Such measures are key to tackling affordability challenges. For example, combining heat pumps with better-insulated buildings could reduce household heating bills by up to 90%.

Across regions, government spending was generally focused on immediate consumer relief, with a smaller share directed towards measures that can reduce long-term fossil fuel dependence.



While short-term measures to save energy or protect consumers provided relief for many during the crisis, support was predominantly untargeted, with just over one-third of governments introducing consumer support measures specifically targeted at vulnerable households and businesses.

Global energy demand growth stalls, as oil and gas demand are set to fall

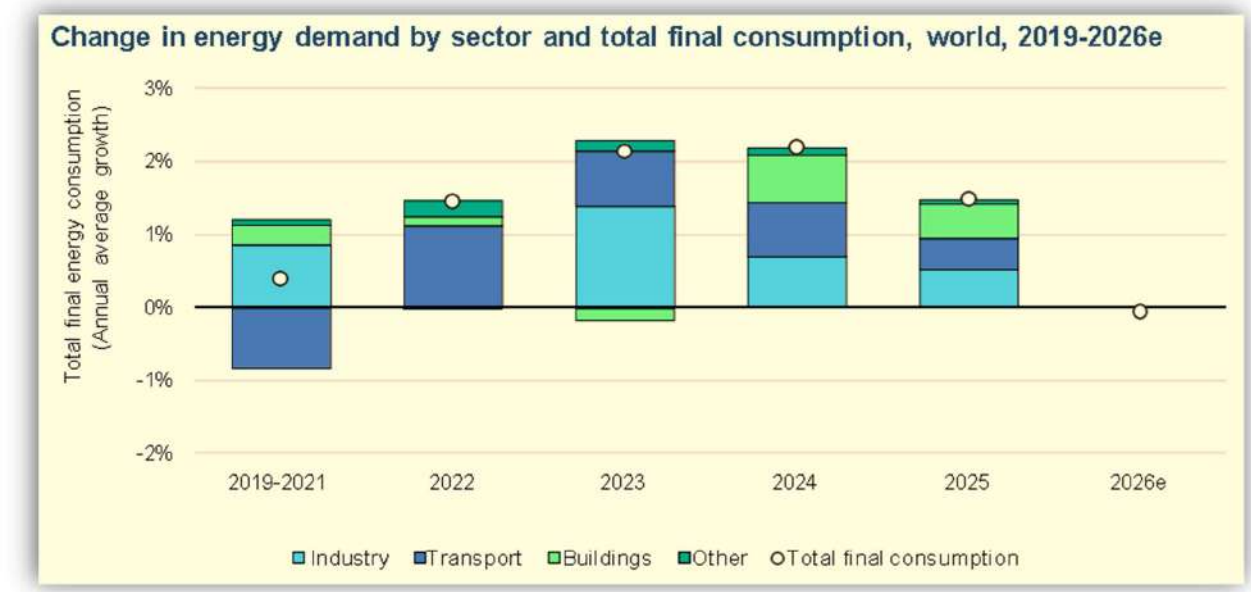
Global energy demand is expected to be flat this year, with growth in renewables and coal offset by declines in oil and gas demand. Oil demand is expected to decrease in most regions, as supply disruptions, higher fuel prices, and changes in industrial activity weighed on demand for oil products.

Gas demand is set to drop by 1.6%, driven largely by disruptions in the Middle East, lower gas-fired power generation in Europe amid higher renewables output, and a partial switch from gas to coal in Asia.

Industrial energy demand growth, a recent drag in global efficiency progress, is set to slow down this year. Since 2019, the industrial sector has been the largest contributor to growth in energy consumption, as annual energy intensity progress in the sector averaged less than 0.5%.

IEA. CC BY 4.0.

In 2026, some energy-intensive sectors, such as gas-intensive industries in the Middle East, and petrochemicals across several regions, have been affected disproportionally by the crisis. This can result in lower sectoral intensity, as less energy-intensive industries represent a higher share of this year's added value. However, this reflects crisis-driven changes rather than specific energy efficiency gains.



Transport and buildings efficiency is improving faster so far this decade, partly driven by higher prices on fossil fuels. In the buildings sector, intensity decreased after the 2022 crisis following the full-scale Russian invasion of Ukraine, but progress slowed again in the following years.

The resulting spike in gas prices also saw many households struggling to afford residential energy bills. This year's crisis has heightened affordability concerns again, particularly for those using oil products for cooking, transport and heating.

Efficiency is already helping to address those concerns, with improvements achieved since 2000 amounting to savings of over 20% of energy expenditure for low-income households.

At COP31, many countries supported a collective goal to improve buildings energy intensity by at least 25% by 2035. IEA analysis shows that this could be achieved through wider deployment of technologies and policy measures available today.

Progress in this sector would help bring down energy bills and reduce emissions. It would also mark an important contribution to accelerate global efficiency progress, which sits at around 1.5% per year so far this decade, far short of the global target of 4% agreed by nearly 200 governments at COP28 in Dubai.

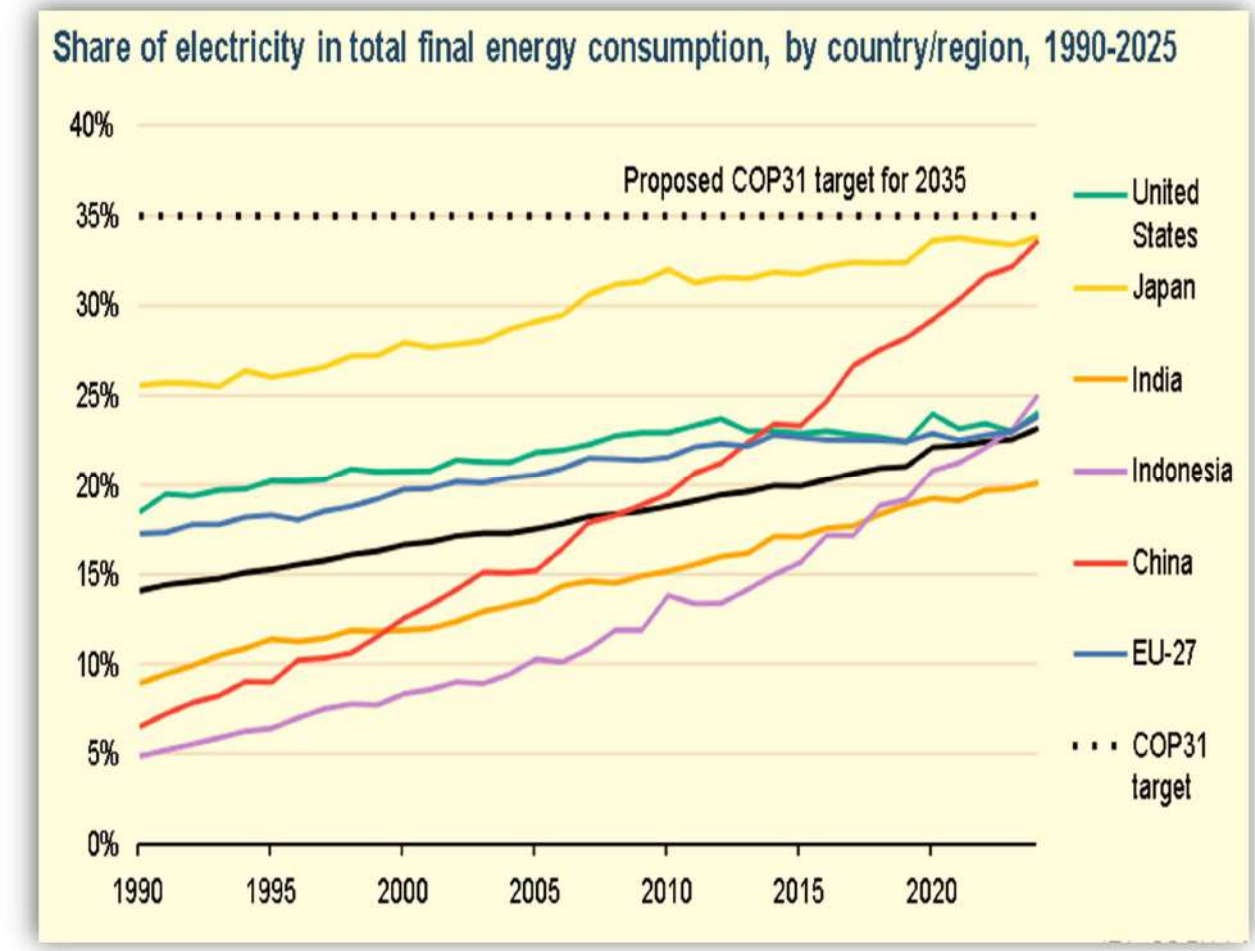
In the transport sector, electrification is set to continue supporting efficiency gains. Faster efficiency gains in transport are largely driven by the electrification of passenger cars. In China, electricity demand for EV charging increased over 50% so far this year, lowering demand for gasoline.

In the European Union, between January and September, battery electric vehicles sales grew 50%, while sales of diesel and gasoline vehicles continued a structural decline, falling nearly 20% compared to the same period in 2025.

Trends in electricity demand also influenced this year's intensity changes

Electricity demand growth is set to outpace overall energy demand again in 2026, driven by electrification and AI-related demand. Electricity demand is set to grow about 3.6% this year. In China,

which represents about half the global **Industrial energy demand growth, a recent drag in global efficiency progress, is set to slow down this year.**



Since 2019, the industrial sector has been the largest contributor to growth in energy consumption, as annual energy intensity progress in the sector averaged less than 0.5%. In 2026, some energy-intensive sectors, such as gas-intensive industries in the Middle East, and petrochemicals across several regions, have been affected disproportionally by the crisis.

This can result in lower sectoral intensity, as less energy-intensive industries represent a higher share of this year's added value. However, this reflects crisis-driven changes rather than specific energy efficiency gains.

Transport and buildings efficiency is improving faster so far this decade, partly driven by higher prices on fossil fuels. In the buildings sector, intensity decreased after the 2022 crisis following the full-scale Russian invasion of Ukraine, but progress slowed again in the following years.

The resulting spike in gas prices also saw many households struggling to afford residential energy bills. This year's crisis has heightened affordability concerns again, particularly for those using oil products for cooking, transport and heating. Efficiency is already helping to address those concerns, with improvements achieved since 2000 amounting to savings of over 20% of energy expenditure for low-income households.

At COP31, many countries supported a collective goal to improve buildings energy intensity by at least 25% by 2035. IEA analysis shows that this could be achieved through wider deployment of technologies and policy measures available today. Progress in this sector would help bring down energy bills and reduce emissions.

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It would also mark an important contribution to accelerate global efficiency progress, which sits at around 1.5% per year so far this decade, far short of the global target of 4% agreed by nearly 200 governments at COP28 in Dubai.

In the transport sector, electrification is set to continue supporting efficiency gains. Faster efficiency gains in transport are largely driven by the electrification of passenger cars. In China, electricity demand for EV charging increased over 50% so far this year, lowering demand for gasoline.

In the European Union, between January and September, battery electric vehicles sales grew 50%, while sales of diesel and gasoline vehicles continued a structural decline, falling nearly 20% compared to the same period in 2025.

Trends in electricity demand also influenced this year's intensity changes

Electricity demand growth is set to outpace overall energy demand again in 2026, driven by electrification and AI-related demand. Electricity demand is set to grow about 3.6% this year. In China, which represents about half the global policies that continued improving efficiency long after energy markets stabilised.

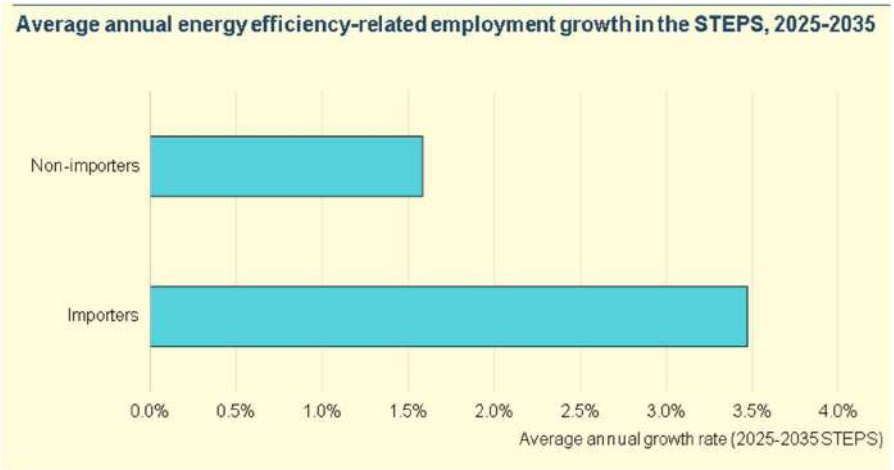
For instance, new cars being sold in the United States used 40% less energy within a decade of these crises, and refrigerators sold in Japan are four times more efficient today than in the 1970s. In that period, global energy intensity has fallen by 50%, while GDP increased fivefold.

Lessons from past crises can help make 2026 a turning point for energy efficiency. Based on previous crises responses, the IEA has identified three key actions to ensure sustained efficiency progress.

First, implementing ambitious policies and regularly updating requirements to ensure that efficiency continues improving over time.

Second, providing sustained investment and clear, consistent policy signals that build investor confidence, rather than short bursts of crisis support.

Third, making efficiency a whole-of-economy priority can support economic growth and improve living standards following a crisis. The energy challenges of 2026 serve to reinforce the positive case for stronger action on energy efficiency, and governments have all the tools available to them.



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