



New Economic Reality: Rising Energy Pressures

July 2023

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INTRODUCTION

Scope

Key takeaways

THE RISE OF ENERGY PRESSURES

Key drivers of energy supply and prices pressures

Energy pressures rise on growing demand, infrastructure limitations and changing regulations

Transition to renewable energy accelerates, but more investments are needed

Immediate energy crisis subsided, yet multiple risks and challenges persist

ECONOMIES AT RISK

Global Energy Vulnerability Index helps to assess energy security across markets

African, Asian and European economies are more vulnerable to rising energy pressures

Europe's efforts to enhance long-term security offer vast opportunities for businesses

The US to gain from clean energy expansion; Australia resilient despite falling coal exports

Export reliance raises risks for Middle East; Latin America struggles with insufficient funding

Surging demand in Asia and Africa opens opportunities for investment and innovation

Energy shocks hit economic growth and inflation in energy-vulnerable economies harder

Case Study: ArcelorMittal will use state aid to build two hydrogen-powered steel plants

Case Study: M-Kopa to expand off-grid solar energy financing to clients in sub-Saharan Africa

Strategies to build energy resilience in vulnerable markets

INDUSTRIES AT RISK

Volatility in the energy markets puts pressure on companies' profits

Manufacturing sectors most vulnerable due to high gas and electricity intensity

Soaring costs and weak demand put further pressures on energy-intensive industries

Disruptions in energy-intensive industries would spill over across the broader economy

Relocation and green energy are growing solutions for vulnerable industries

Companies can boost small-scale energy-saving measures to enhance efficiency

Case Study: CLAAS focuses on energy efficiency amid supply disruptions

Strategies for companies to cope with energy uncertainty

CONSUMERS AT RISK

Consumers in Europe and Latin America are most susceptible to energy price fluctuations

European households have been hit hardest by the recent energy crunch

High energy costs affect poorer households harder

Businesses becoming partners in the journey to energy efficiency

Case Study: Iceland teams up with Utilita to help clients identify efficient cooking methods

Strategies to address consumers' price sensitivity and sustainability awareness

CONCLUSIONS

Key takeaways

Rising energy pressures: How to build resilience and win

Global demand for energy by 2030: What to expect

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Global Energy Vulnerability Index 2023 Ranking

Key pillars and indicators to assess economies' vulnerability to energy pressures

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