U.S. Seen Overtaking Saudis as Biggest Oil Producer

PABLO GORONDI - Associated Press - Associated Press

The United States will become the world's largest oil producer by around 2020, temporarily overtaking Saudi Arabia, as new exploration technologies help find more resources, the International Energy Agency forecast on Monday.

In its World Energy Outlook, the energy watchdog also predicted that greater oil and natural gas production — thanks partly to a boom in shale gas output — as well as more efficient use of energy will allow the U.S., which now imports around 20 percent of its energy needs, to become nearly self-sufficient around 2035.

That is "a dramatic reversal of the trend seen in most other energy-importing countries," the Paris-based IEA said in its report. "Energy developments in the United States are profound and their effect will be felt well beyond North America — and the energy sector."

Rebounding U.S. oil and gas production is "steadily changing the role of North America in global energy trade," the IEA said.

For example, oil exports out of the Mideast will increasingly go to Asia as the U.S. becomes more self-sufficient. That will increase the global focus on the security of

strategic routes that bring Middle East oil to Asian markets. Tensions between Iran and Western powers have raised concerns that oil exports from the Persian Gulf could be blocked in a potential conflict over Tehran's alleged plan to develop nuclear weapons.

The IEA added that global trends in the energy markets will be influenced by some countries' retreat from nuclear power, the fast spread of wind and solar technologies and a rise in unconventional gas production.

The agency concluded that despite the rising use of low carbon energy sources, huge subsidies will keep fossil fuels "dominant in the global energy mix."

"Taking all new developments and policies into account, the world is still failing to put the global energy system onto a more sustainable path," the IEA said.

Global energy needs are forecast to increase by a third by 2035, with 60 percent of the additional demand coming from China, India and the Middle East.

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