

ENGLISH ESSAY PAPER :-

(NOA-FINAL MOCK EXAM-FEB 2024)

SUBMITTED BY:- 31154-Momna Nawaz-056

TOPIC:- DOES ENERGY DRIVE THE WORLD ECONOMY?

→ OUTLINE:-

1. Introduction

Thesis Statement: Energy drives the world economy, but not solely. Due to the emergence of the ^{other} powerful sectors and climate change, energy is now not the major driver of world economy. And in future, the world economy is likely to shift completely from energy to other sectors.

2. Relationship between energy and world economy

3. Energy does not drive the world economy (Thesis)

- The current economic superpower, the United States, is not a major exporter and importer of energy.
- The energy rich countries are facing backlash and are contributing less in global GDP.
- IT sector is now one of the major product of international trade.
- The revenue indicators of global industries other than energy is indicating a shift from energy products.
- Climate change is compelling countries to shift from energy dependency.

4. Currently, energy is the sole driver of world economy (Antithesis)

- The expected economic superpower, China, is the major player of energy sector.
- Energy rich countries are shifting towards renewable energy and are still the major exporters of energy.
- The IT export production is only affordable by developed world, while developing world still rests on energy export.
- The global ^{oil} industries are still generating one of the largest revenues.

Relate with economy.

The arguments lack strong link to the main topic ; driver of world's economy..... your arguments should indicate that

e) Countries are shifting from non-renewable to renewable energy, which is still the energy

5. The future of energy sector is facing a shutdown, making it the least driver of world economy (Synthesis)

a) China's energy policies are seeing a drastic shift that can ~~shift~~ reduce its energy import

b) Not all energy rich countries have the ability to export their oil

c) Certain developing countries are also exporting a good amount of IT products that can change their economic outlook.

d) The global oil industries are expected to be closed nearly due to decline in natural energy resources of world

e) The production and export of renewable energy products cannot make energy the major driver of world economy

6. Conclusion

→ ESSAY:-

"The ultimate resource in economic development is people. It is people, not capital or raw materials that develop an economy." Peter Drucker. This statement by Peter Drucker demonstrates the ability of people that can drive the world economy. It is in the hands of people or more accurately 'the world leaders' that can change the drivers of world economy.

From past till now, different variations in the nature, and environment and the opinions of world leaders ^{had changed impacted} the international trade. There have been different sectors that drove the world economy, one of them is energy. ^{Although} Energy drives the world economy, but not solely. Due to the emergence of other powerful sectors and climate change, energy is ^{not} the major driver of world economy. And in future, the world economy is likely to shift completely from energy to other sectors. Energy does not drive the world economy because the ~~an~~ economic superpower, the US, is not a key player of energy sector and the major contributors of energy sector are ~~either~~

facing backlash in global economy. Moreover, the expansion and increasing exports of IT sector is contributing now more than energy in Global GDP. Furthermore, the climate change had major impact on countries' shift from energy sector to others. However, there are certain facts that still make energy the driver of world economy. Some of these factors are: China, the major energy player, as expected economic superpower; shift from ^{non-}renewable to renewable energy; the cost of IT production as a burden on developing world and the largest revenue of oil industries. These factors are applicable only in the contemporary world because the future is holding the shutdown of energy sector. Due to the changing energy policies, expansion of IT and least export of energy products.

The relationship between energy and world economy has changed with time. In past, there was a direct relationship between energy and economy. Greater the energy consumption and export, greater the economy generated and utilized in development. For example, the gulf countries like Saudi Arabia, UAE, Qatar, Bahrain etc., are major energy exporter and hence, they are under the category of developed countries. But, due to the current situation of energy sector and the decline of natural resources, the dependency of world economy on energy is changing. Now, the relationship between energy and economy is partially direct. Greater the energy ^{plus} other sector export, greater the economy generated. The United States could be its best example. It is the exporter of different products, including energy, and is the world's economic superpower. China is another best example with largest exporter of the world ~~consisting~~ ^{constituting} of different products. So, in future the relationship ~~between~~ between both entities could change into indirect relation.

→ Greater the dependency on oil/energy, lesser the economy generated.

One of the major indicator of energy not being the driver of world economy is that, the world's ~~economonic~~ economic superpower, the United States, is not the major exporter and importer of energy. Its economy depends on the exports of

other products including technology, military equipments, agricultural and industrial products. Both the export and import of energy ^{by} ~~of~~ United States ^{is less than total exports and imports}. According to U.S. International Trade in Goods and Services report, US experienced decline in crude oil export by \$1.0 billion and rise in crude oil import by \$1.5 billion in November, 2023. (U.S. ^{U.S. Census Bureau} International Trade in Goods and Services, November 2023). The decline in exports and rise in imports demonstrates the trade deficit of USA but the ^{important} ~~important~~ point to be noted here is the decline of energy export. Therefore, energy is now a burden on economy not the driver.

Another major indicator is the economic backlash faced by energy rich countries due to which they contribute less in global GDP. This is because the economy of these countries are heavily dependent on energy sector. The gulf countries and some other Middle Eastern countries are receiving the backlash due to shift of other countries from energy export import due to which their exports are less. According to World Bank report of 2023, Saudi Arabia contributes 1.10%, Qatar contributes 0.24%, and Kuwait contributes 0.18% in global GDP (WB, World Development Indicators, July 2023). Moreover, other energy-rich countries are facing backlash due to political sanctions. For example, Russia is facing sanctions on its energy export due to its war with Ukraine. These sanctions also contribute to less economy generation. Therefore, the energy-rich countries contribute less in global GDP than non-energy rich countries.

Some other powerful sectors are replacing energy as the

Some other powerful sectors are replacing energy as the major driver of global economy. One of these sectors is IT (Information Technology) Sector, which is now one of the major product of international trade. The increasing demand of IT products worldwide due to the digitization and increasing awareness of technology is contributing greatly in the economy of the countries. According to the GlobalEconomy.com, the average for total IT export based on 130 countries was 4.19% with Hong Kong as the major exporter, followed by Phillipines and Singapore. This indicates the potential of IT sector that it can take over the energy export in near future. Therefore, the value of energy trade is declining ^{with} the rise of new and emerging powerful sectors.

With the rise of new and powerful sectors, ~~these~~ ^{their} industries are also emerging on the top ^{of} the world's list. The global industries, other than energy industries, are now generating more revenue than the traditional oil and gas industries. The revenue of indicators of the global industries depicts the rise of

the respective industry. According to Global Biggest industries by revenue in 2024 report, the Global Wireless Telecommunications carriers ~~was~~ topped the list with revenue of \$1,102,648,1 billion for 2024 (IBIS World, Global Biggest Industries by Revenue in 2024, 2024). This could be considered as the major setback for energy sector. So, with the decline for energy export, the global energy industries are also on decline.

Another major setback for energy sector is the negative impacts of energy on climate change. This climate change is compelling the countries to shift from energy dependency. The development of a country is dependent on energy that requires the burning of fossil fuels. These fossil fuels then generate gases like CO_2 and CH_4 that impact the climate change, contributing to global warming. Therefore, in climate conferences, there have been a major stress on reducing the consumption of energy. For example, in a recent climate summit, COP-28, in November-December 2023, nearly 200 countries agreed to "transition away from fossil fuels in energy systems". Due to this pledge, the countries would have to reduce their energy imports, that can contribute to the downfall of energy sector.

With the above mentioned facts, it could be estimated that energy does not drive the world economy. But, some argue that the world economy is ~~totally~~ ^{wholly} and solely dependent on energy. They argue that, although the current economic superpower is not the major player of energy, but the expected superpower, ~~the~~ China, is the major player of energy sector. China's economy is dependent on its industrial sector which is dependent on energy. Therefore, China has been considered consistently as the major importer of energy. With the fact that China is expected to become world's economic superpower with GDP \$57 trillion in 2025 (Macroeconomic predictions, 5 largest economies in the world by 2025, October 2023), its ^{economic} contribution in energy import will be further. Moreover, China is

also fundingⁱⁿ energy infrastructure development in Third World Countries. For example, CPEC and BRI etc. Therefore, China will not let down the energy sector and this sector will become the major driver of global economy.

About the backlash faced by energy-rich countries, the critics argue that these countries are shifting towards non-renewable energy resources. These resources will also help them in generating economy for their countries through exports. Moreover, with the economic backlash and less contribution in global GDP, these countries are still the major exporters of energy. In a report published in 2023, Saudi Arabia was ranked ~~as~~ at top with 14.5% of global oil exports in 2021, followed by Russia with 11.8% of global oil exports, and Canada with 8.54% of global oil export (Alexander Tulin, The World's 10 Biggest Oil Exporters, July 2023). This indicates that despite being the world's economic powers, energy-rich countries are still the largest exporter of energy impacting the economies of the economic powers.

The potential of IT sector to take over the world's major exports list is also criticized by the critics. They argue that the cost of IT production is only affordable ~~for~~^{by} the developed world. The major exporters of IT products like Hong Kong, Phillipines, Singapore, Malaysia, South Korea, ^{and} China, etc., are developed countries. Moreover, the developing countries that cannot export IT products due to economic and resource constraints are still dependant on energy exports. These include

countries like Russia, Egypt, and Iran etc. Therefore, the export of energy from ~~these~~ ^{such} countries, instead of IT, gives a new life to the energy sector to drive the world economy.

By criticizing about the fact that ~~the~~ ^{the} global industry other than energy had topped the list of world's biggest industries by revenue in 2024, critics argue that the oil and gas industries are still one of the largest revenue generators. According to the same report, the Global Oil and Gas Exploration and Production industry is ranked second with the revenue of \$5,253.4 billion for 2024 (IBIS World, Global Biggest Industries by Revenue in 2024; 2024). Therefore, it could not be concluded that energy-related industries are on decline, as they ~~are only~~ only stepped one-step backward. This indicates the future ~~of~~ potential of oil and gas industry to top the list again, according to critics.

As the climate change is convincing the countries to shift from energy ~~ea~~ dependency, ~~but~~ the critics argue that this shift is ^{po} from energy to energy. This means that the countries will shift from ~~ea~~ non-renewable energy to renewable energy. They argue that this shift will not change much in the global energy trade. Only the major players in the export and import of energy will change. For example, China, the world's largest importer of non-renewable energy could become world's largest exporter of renewable energy products, in the form of funds, in the future. Therefore, the business of energy would not decrease but will remain the same and the energy sector will continue to drive world economy.

The factors brought forward by the critics are short-term. That is, the energy sector is contributing in world economy but this will not last longer. There are multiple other factors related to energy, and dozens of other powerful and emerging sectors that would not let energy drive the world economy in the near future. One of such factors is the shift in energy policy of countries, including China. ~~With~~ ^{From} US, the economic superpower, and

Improve the neatness . Highlight

as least player, ^{to} and China, the emerging superpower, as major player of energy sector, each and every country is trying to change ~~that~~ its energy policy. Although, China is the major importer of energy but the shift in energy policy of China from decade is going to reduce its energy dependency. For example, the President Xi Jinping has greatly promoted the shift to renewable energy sources like solar, wind, and nuclear projects. These renewable energy products would reduce China's dependency on other countries for energy. This will ultimately lead to lesser imports of energy by China.

The energy-rich countries are the less contributors ~~of~~ ⁱⁿ global economy. But the critics argued that despite ^{the} less contributors of economy, these countries are still major exporters of oil. So, if this is the case, then why not all energy-rich countries are developed countries and economic superpowers. This is due to the fact that energy alone is not the driver of global economy. Other factors such as capacity building, technological infrastructure, economic growth of country, ^{and} resource availability are important for a country to export its oil/energy. For example, ~~Russia~~ ~~which~~ Venezuela, which had 304 billion barrels of oil reserves in 2019 (As Energy Top ten countries with the world's largest oil reserves in 2019, 2020), but is not the major exporter of oil or economic superpower. Therefore, ~~the~~ only energy cannot drive the global economy. Moreover, the major exporters of oil will not be able to continue their export due to decline in their natural ~~resources~~ reserves.

The criticism on the potential of IT sector to replace energy in international trade is baseless. There are some developing countries ~~it~~ as well that are exporting their IT products in international market. These exports could change the economic outcome of such countries. For example, Pakistan, its IT sector exports have grown consecutively over the past three months of on a month-on-month basis touching \$259 million for the month of November, 2023. This monthly tally is also higher than the

average of the last 12 months that comes to around \$ 220 million monthly (Business Recorder, Surge in IT exports, Dec 2023). Moreover, the European countries ~~are~~ have also achieved success in their IT exports. According to Eurostat Statistics Explained, the sold production of high-tech products increased from € 275 billion in 2021 to € 355 billion in 2022 (Eurostat Statistics Explained, International trade and production of high-tech products, September 2023).

Therefore, the continuous growth of IT export throughout the world sets the stage for its take over on international trade.

About the decline of oil and gas global industry from top of the list to the second number, the critics argues that it still has the potential to drive the global economy. But, this is the beginning of the decline of energy sector, as soon these industries will continue to decline and will finally shut down. This is because the global ^{natural} energy resources are going to end soon. The current era is marked as "Beginning of end" of fossil fuel era globally. According to the projection of International Atomic Energy ^{Association} (IAEA), consumption of major fossil fuels will start to decline this decade because of the rapid growth of renewable energy and the spread of electric vehicles (David Sheppard, World at 'beginning of end' of fossil fuel era, says global energy agency, September 2023). ~~Moreover, the decline of~~ Therefore, due to the decline of natural energy resources and rise in dependency on renewable energy, the oil and gas industries are going to shutdown soon.

As due to climate change, the world is shifting from non-renewable energy to renewable energy sources, so a major shift in the international energy trade would also be observed. The critics argued that the renewable energy sources and their products also have the potential to drive the global economy. But, in reality, it would not be able to become a major driver. Because, the worth of renewable energy sources / products is much less than the traditional non-renewable energy like oil.

and gas. Moreover, the major difference between non-renewable and renewable energy is the availability of these resources. Only certain ^{portion} of world had natural reserves of oil and gas, that make them the world's major exporters or superpowers and drive the world economy. But, the renewable energy sources on the other hand, are available in each part of ^{the} world in one form or the other. So, due to this availability, with every country with their own form of energy resource, the global trade of energy will come to decline. Therefore, in near future the energy sector would become the least driver of global economy.

This discussion has proved that energy does not drive the global economy. There are some possibilities and facts that can ~~prove~~^{prove} that energy had driven and is driving the world economy such as the world's one of the major economies as world's one of the major exporters and importers of world, world's dependency on energy sector, and the continuous international energy trade. But, these factors are not enough to declare energy as the driver of world economy. There are other factors that could ~~prove~~^{prove} that energy is also dependent on other factors to drive the economy. These factors include: rise in dependency on non-renewable energy, rise in export of other products like that of IT products, and the decline in the natural reserves of energy-rich countries. But, the growth of global economy should ~~be~~^{not} dependent on any sector. Everyone and every sector should contribute in the growth and prosperity of world economy and its people. In the words of **Benjamin Disraeli**, "There can be economy only where there is efficiency." So, the sectors should ~~not~~^{not} drive the economy, the people and their efficiencies should be the one to drive the global economy.
