News Release

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Report Predicts Energy Sector to Lead Global Economic Recovery

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- Report highlights energy sector as engine of global economic growth with its high " employment multiplier effects ", but cautions against seeing additional energy sector jobs as a universal remedy
- 9% of US jobs created by the oil and gas sector in 2011
- Indirect impact of energy sector on economic recovery is far greater than its direct effects suggest
- Read the interactive report and watch the video

New York, USA, 7 March 2012 – The energy sector has a major role to play in global economic growth and recovery, with its indirect contributions outweighing the already considerable direct effects, according to a new World Economic Forum report launched today at the CERAWeek energy conference in Houston, Texas.

The report, Energy for Economic Growth – Energy Vision Update 2012, provides a framework for understanding the larger economic role of the energy industry – a role US President Barack Obama emphasized in his most recent State of the Union Address – at a time when employment and investment issues are so critical in a troubled global economy. The oil and gas industry, for example, contributed 37,000 direct jobs in 2011. This drove the creation of an additional 111,000 indirect jobs during the same period, given an employment multiplier effect of three. These 150,000 jobs represent 9% of all jobs created in the United States in 2011. While multiplier effects for solar and wind energy were lower during operation, their contribution during the construction phase also reached as high as 3.3 indirect jobs per energy job.

" The energy industry is unique in its economic importance and has the potential to be a tremendous catalyst for job creation and sustainable growth without harming the sector ' s overall performance, " said IHS CERA Chairman **Daniel Yergin**.

The energy industry is by nature capital intensive and requires high levels of investment. It thus has the ability to generate significant contributions to GDP growth, the report says. In the United States, the oil and gas extraction sector grew at a rate of 4.5% in 2011 compared to an overall GDP growth rate of 1.7%.

The sector ' s highly skilled workforce is also well-paid compared to other sectors, the report notes. Compensation per worker in energy-related industries is about twice the average in Germany, Norway, the United Kingdom and the United States and four times the average in Mexico and South Korea. As a result of higher wages, energy industry employees contribute more absolute spending per capita to the economy than the average worker and contribute a larger share of GDP per worker than most.

" We always suspected that energy had a vital role to play in the economic recovery, " said **Roberto Bocca**, Senior Director, Head of Energy Industries, World Economic Forum, " but we were still surprised when the data uncovered the magnitude of the sector ' s multiplier effects. "

Energy for Economic Growth – Energy Vision Update 2012 examines the role of energy prices in the economy. Lower prices reduce input costs for nearly all goods and services, thus making them more affordable. Over the short term, economic models show that, for example, lower natural gas prices will help the US economy in several measurable ways: a 1.1% increase in GDP in 2013; 1 million more jobs in 2014; and 3% higher industrial production in 2017 than would be anticipated without shale gas development.

Many countries such as China, India and South Korea are increasingly focusing on renewable energy sources, including wind and solar, as potential growth sectors for their economies. However, the higher costs of these technologies create trade-offs that must be considered, the report says.

" Energy prices will always be volatile and thus represent a challenge for long-term economic planning, " said **Kenneth Rogoff**, Thomas D. Cabot Professor of Public Policy and Professor of Economics, Harvard University, USA. " The interesting question is how to make this volatility less economically damaging. "

Energy for Economic Growth – Energy Vision Update 2012 includes perspectives from high-level representatives of industry, government, non-governmental organizations and academia. For interviews with any of the report ' s contributors or any additional information, please contact Pawel Konzal by e-mail at pawel.konzal@weforum.org or by telephone at +41 (0) 795 71 82 83.

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