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Riding the Energy Transition: Oil Beyond 2040

by Reda Cherif, Fuad Hasanov, and Aditya Pande

***IMF Working Papers* describe research in progress by the author(s) and are published to elicit comments and to encourage debate.** The views expressed in IMF Working Papers are those of the author(s) and do not necessarily represent the views of the IMF, its Executive Board, or IMF management.

I N T E R N A T I O N A L M O N E T A R Y F U N D

IMF Working Paper

Institute for Capacity Development

Riding the Energy Transition: Oil Beyond 2040**Prepared by Reda Cherif, Fuad Hasanov, and Aditya Pande¹**

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Abstract

Recent technological developments and past technology transitions suggest that the world could be on the verge of a profound shift in transportation technology. The return of the electric car and its adoption, like that of the motor vehicle in place of horses in early 20th century, could cut oil consumption substantially in the coming decades. Our analysis suggests that oil as the main fuel for transportation could have a much shorter life span left than commonly assumed. In the fast adoption scenario, oil prices could converge to the level of coal prices, about \$15 per barrel in 2015 prices by the early 2040s. In this possible future, oil could become the new coal.

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Author's E-Mail Address: acherif@imf.org, fhasanov@imf.org, aap73@georgetown.edu

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