

ABSTRACT

The aim of this study is to analyse the economic impacts of the newly emerged shale gas revolution, which was first started in the USA and has already had significant economic impacts in this country. Official estimates also states that many countries around the globe have significant amount of shale gas reserves and once they manage to extract these reserves, there will be significant changes in the energy sector. This study employs two different econometric models to analyse the impact of recent changes energy sector due to shale gas revolution. While the first model tries to investigate how income and natural gas price changes effect the energy demand in the US case, the second model tests the relationship between the natural gas price and natural gas production by using cointegration methods.

The study, in general, consists of there parts. In the first chapter, the world energy outlook and developments in the shale gas reserves will be presented. Second chapter will focus on the impacts of shale gas on energy sector, how it will impact the environment and macro economic and sectoral impacts on a theoretical basis. The third chapter will this economic model and model results. Finally, the policy implications will be discussed in the conclusion.

Keywords: Shale Gas, Shale Oil, Economic Impacts, Co-integration Method, Environmental Impacts