

At the 15th IEA-IEF-OPEC Symposium on Energy Outlooks

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On February 19, the 15th IEA-IEF-OPEC Symposium on Energy Outlooks took place at the King Abudallah Petroleum Studies and Research Center (KAPSARC), a think tank based in Riyadh. This symposium has been held annually in the Saudi capital since the first one in 2011 to promote dialogue between oil-producing and oil-consuming countries. The latest symposium brought together representatives of the world's three major energy organizations – the International Energy Agency, the International Energy Forum, and the Organization of the Petroleum Exporting Countries, as well as government officials from major countries, energy industry officials, and experts, for vigorous discussion on short-, medium-, and long-term global energy outlooks under the Chatham House Rules.

The original purpose of this symposium is for the IEF to mediate frank dialogue between the IEA, which represents oil-consuming countries, and OPEC, which leads oil-producing countries, to stabilize the international energy market. Until the 13th Symposium, the conference had been held at the IEF headquarters. The 14th and 15th came at KAPSARC. The venue was changed to meet the rising number of participants amid the increasing importance of and growing interest in the conference. According to the organizers, the number of participants in the latest symposium topped 240 on a registration basis, far exceeding some 150 for the 14th one and around 100 for earlier ones. This is a clear indication of the growing interest in this symposium.

I have participated in this symposium many times, and I summarized the points of the 14th symposium last year in my essay, “A Japanese Perspective on the International Energy Landscape (677).” Various important changes came in the international energy market during the past year, exerting significant impacts on the latest symposium. For example, it should not be overlooked that the trend of emphasis on energy security, which surged upon the Ukraine crisis and has accelerated energy price hikes and market instability, has continued to have an important impact. The geopolitical situation, including the destabilization of the Middle East through the exchange of missile attacks between Israel and Iran in 2024, has continued to attract global attention. However, it is extremely important to note that the issue of a stable power supply has come into the spotlight as a new key matter of concern related to energy security over the past year. As the rapid spread and expansion of generative artificial intelligence and data centers have accelerated the increase in electricity demand, how to cover the growing power demand in a stable and competitive manner with low-carbon and decarbonized power sources has emerged as an important global issue.

On the other hand, efforts to address the urgent issue of climate change and promote decarbonization have also remained important. How to achieve both decarbonization and enhanced energy security has become today's issue under the international energy situation described above. Meanwhile, the rising costs associated with the energy transition have brought about social and economic impacts that have important political implications. As a result, the issue of rising energy prices and costs has affected elections in major countries in various ways. In this regard, how to control or minimize increases in energy costs and prices has become a matter of great concern for anticipating

the future global energy situation. In terms of political changes, the inauguration of the second Trump administration (Trump 2.0) in the United States and its impact on the international energy situation are the most important issues of interest. Trump 2.0 policies will inevitably continue to shake up the international energy situation in the future.

In the face of these diverse and important changes, the future of the international energy situation is subject to greater uncertainties than ever before. The more difficult it is to predict the future, the more the role of energy outlooks will be questioned. This was the most impressive point for me at this symposium.

At the symposium, various energy outlooks, including those of the IEA and OPEC, were presented and compared. These outlooks provided various scenarios showing incredible differences in the future of the world's energy. The most emblematic difference is manifested between fossil fuel demand forecasts. For example, the range between the maximum and minimum global oil demand forecasts for 2050 among various projections and scenarios has reached about 97 million barrels per day. Some outlooks predict that oil demand will continue to increase steadily in the future, while others indicate that oil demand will decline rapidly and significantly. The difference of 97 million B/D is comparable to the current size of global oil demand. A similar point can be seen in global natural gas demand forecasts, showing that the difference between the maximum and minimum forecasts for 2050 is more than 6 trillion cubic meters.

Through the discussions at this symposium, I strongly felt a sense of crisis that no matter how uncertain the future of the world is, the existence of such large differences between future outlooks is itself a problem. Amid such differences, what to believe and rely on for future policy and business decisions is uncertain. In a sense, the awareness of this problem is natural and has continued to exist. However, it had been considered that everyone should refrain from questioning the problem itself at international discussion. At present, there may be a growing awareness that it is necessary and inevitable to work on the future of energy with an eye on reality.

Of course, as reaffirmed at this symposium, it is important to understand that behind these huge differences between outlooks are significant gaps between their purposes or characteristics. Some outlooks define ideal future goals and prescriptively indicate what should be done to achieve the goals. In contrast, other outlooks predict how the world would change if the current trends continue. There are also outlooks that predict future changes under various bold assumptions. We may have to respect the argument that it is important to understand the differences between purposes and characteristics of outlooks before utilizing those outlooks fully.

Even so, however, I feel that there is growing common recognition of the problem that too-large a difference between outlooks can hinder decision-making, rather than help decision-making. It is interesting to note that there were discussions at the symposium on how to close the gaps between outlooks. The question of how to evaluate plans and goals that are too ambitious may also be one of the issues for future discussions around the world. It is expected that the importance of accurately analyzing and correctly deciphering the problems that are actually emerging in the energy market will increase.

During the symposium, participants with various backgrounds shared the view that we should develop the future of safe, stable, affordable, reliable, and sustainable energy. Balancing these requirements may lead to a search for a future image based on reality. In order to respond to great uncertainties about the future of energy, we will be required to continue and further strengthen frank

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discussion and dialogue between stakeholders.

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