

## **Participation in the 9th OPEC International Seminar**

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On July 10-11, the ninth OPEC International Seminar was held in the Austrian capital of Vienna, where the Organization of the Petroleum Exporting Countries is based. Although the history of this seminar dates back to a 1969 conference, it was first held in its current form under the name of the OPEC International Seminar in 2001. Since then, it has been held roughly every three years, until the seventh seminar in 2018. After a postponement due to the COVID-19 pandemic, the eighth seminar took place in 2023. The latest one was the first in two years.

The seminar was held exclusively face-to-face at Vienna's historic and magnificent Hofburg Palace, as in previous years, attracting more than 1,000 participants, the largest number ever. Under the theme “Charting Pathways Together: The Future of Global Energy,” the opening session was followed by three ministerial sessions, seven high-level roundtable meetings, and a session to launch OPEC's latest long-term energy outlook, “World Oil Outlook.” These sessions featured speeches by energy ministers and leaders of state-run oil companies in oil-producing countries, as well as top executives of international oil majors and globally famous experts. In the following, I would like to summarize the points that particularly impressed me through the discussions at the two-day seminar.

The most impressive was that I felt that representatives of OPEC or major oil-producing countries talking about the future of global energy were restoring their confidence. As indicated by the theme of the seminar, discussions came in line with the awareness of how OPEC views the future of energy and should explore the path towards the future. In retrospect, OPEC faced headwinds against fossil fuels that raged fiercely under the rapid global acceleration of decarbonization and carbon neutrality initiatives that accelerated in 2020. Then, OPEC and major oil-producing countries, while maintaining their emphasis on the importance of fossil fuels, seemingly lost their global influence and became rather defensive. At the latest seminar, however, my impression was that OPEC confidently demonstrated its stance that, while it is extremely important for the world to promote the reduction of CO<sub>2</sub> and other emissions to prevent climate change, the path of the energy transition to achieve emission cuts should be pragmatic and inclusive in light of reality.

Behind the about-face have been various changes in the international situation. First, the outbreak of the Ukraine crisis has led to soaring fossil fuel prices, prompting the world to recognize the importance of ensuring a stable supply of fossil fuels. While clean energy is important, the world has once again understood the importance of fossil fuels, which account for the dominant part of total energy consumption. Second, energy security has become more important, making the balanced achievement of decarbonization and energy security the right energy policy that has turned out to be extremely challenging. Significantly, we now see the problem that the energy transition to achieve both energy security and decarbonization could lead to energy cost hikes that society cannot tolerate or absorb easily. Cost hikes for energy, which is indispensable for daily life and the economy, have become a grave economic or political issue in a society where income gaps are widening. Countries around the world have felt that energy cost hikes required even for the right energy policy cannot be

overlooked.

Another important point is that the perception that global energy demand is likely to increase steadily over the medium to long term has become influential. Leading the energy demand increase are emerging and developing countries, where basic factors such as economic and population growth are driving the energy demand expansion. It is also important to look at the actual situation in developing countries, where a very large number of people still do not have access to modern energy use, indicating that there is much room for energy demand to increase in the future. Even in developed countries, the rapid spread of generative artificial intelligence and relevant datacenters has led to a widespread expectation of significant growth in electricity demand. As global energy demand continues to expand in this way, there has been a growing awareness of the issue of how to provide energy at affordable and competitive prices.

The energy transition had once seemed to mean a transformation in which fossil fuels as mainstay energy sources would be replaced by advanced and clean non-fossil energy sources fairly immediately. In the past few years, however, the energy transition has been increasingly viewed as an “energy addition” in which existing mainstay energy sources would remain important while clean energy sources are increased to cover an energy demand increase, rather than as the abovementioned transformation that would not be realized easily. The increasing view emphasizes that all available energy sources and technologies should be used for inclusive and pragmatic initiatives for the future of the world's energy and that flexible measures should be taken to respond to differences in energy resource endowment and other national conditions in developed, emerging, and developing countries. I felt that this view was reflected in statements by key OPEC ministers and leaders of international energy companies at the seminar.

Of course, this view on the energy transition was strongly demonstrated partly because the seminar was organized by OPEC, a group of oil-producing countries. Even compared to the previous OPEC International Seminar, however, I felt the OPEC side's stronger sense of confidence behind statements at the latest seminar. Based on the reality of the international energy market, discussions were held at this seminar in line with the about-face in the past few years. The about-face was also seen at Energy Asia 2025, a recent large-scale international conference in Malaysia, which I discussed in my essay “A Japanese Perspective on the International Energy Landscape (747).” The common point for the OPEC seminar and the Energy Asia 2025 meeting is that statements by participants highlighted that it is important to pragmatically take into account differences in national conditions while recognizing the importance of the energy transition. In the midst of this trend, fossil fuels such as oil and natural gas are expected to continue to play an important role. To this end, it is extremely important to secure and steadily implement the investment required to ensure a stable supply of fossil fuels.

Another interesting point was that OPEC presented its latest flagship report, the World Oil Outlook (WOO), at the seminar to provide its concrete outlook on the future of the global energy transition, although the annual report is usually published in October. The baseline scenario in WOO 2025 indicates that global energy demand will expand by 23% by 2050, driven by demand in developing countries, and that renewable energy consumption will post the largest increase, while demand expands for all energy sources other than coal until 2050. Oil consumption is projected to increase from 104 million barrels per day in 2024 to 123 million bpd in 2050 without peaking during the period. Oil demand growth is expected to center on the transportation and petrochemical sectors. Global electricity demand is projected to increase by nearly 80% by 2050. OPEC thus confidently announced the future energy analysis from the viewpoint of oil-producing countries at the WOO 2025

launch session, which had a full audience. We will have to pay close attention to what roles OPEC and its major members will play in the future global energy transition.

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