

## **Changes in the “Narrative” Framing International Energy Landscape and Their Implications**

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International energy landscapes continue to evolve with remarkable speed, with one development following another in rapid succession. Although constant change is, in many respects, the “normal state of affairs,” it is fair to say that since the beginning of the 2020s, the pace of change has accelerated significantly, and the amplitude of fluctuations has become notably larger.

A variety of factors drive these dramatic shifts in the international energy landscape. Macroeconomic conditions—such as the state of the world economy—naturally play an important role. Unexpected events, natural disasters, accidents, and incidents, such as the outbreak of COVID-19, can exert profound and far-reaching impacts. Geopolitical risks—including wars, military conflicts, and terrorism—are also powerful forces reshaping energy markets. Furthermore, dramatic shifts in energy and climate policy, often described as “policy-change risks,” have become extremely salient factors.

The rapid evolution of international energy affairs in the 2020s has been shaped by the accumulation of these individual driving forces. In aggregate, they have defined today’s global energy environment. Many of these factors directly influence the fundamentals of energy supply and demand. Yet, others work not through physical market fundamentals but through changing the behavior and expectations of market actors. Policy-change risk, for example, frequently exerts its influence through such behavioral channels.

In connection with the latter point, an additional and distinct type of influential factor has emerged in recent international energy affairs—one that has increasingly captured my attention. This is the transformation of the “*narrative*”, a kind of story or interpretive framework through which international energy developments are articulated and understood.

The concept of a “narrative” can be interpreted in various ways, and no single definition captures its full essence. At a minimum, it can be understood as a “story” or “framing.” In the social sciences, it may be considered a mode of discourse intentionally constructed, reflecting the subjective perspectives, intentions, and worldviews of its authors, and capable of influencing the perceptions and behaviors of its audience. Powerful narratives can shape societal consciousness and even alter collective behavior.

In the previous installment of my column, “*A Japanese Perspective on International Energy Landscape*” (Issue No. 780), I noted that during an international conference I recently attended, I sensed that the prevailing narrative had shifted. This essay revisits and further examines that perception.

The narrative that “energy security is essential” has long existed. Because energy is a foundational resource indispensable for both daily life and economic activity, this narrative consistently retains potential influence. However, when energy prices are stable and affordable, and supply security is not in doubt, energy becomes taken for granted—like “air or water”—and this narrative loses much of its persuasive power.

Since 2020, the dominant narrative—one that has shaped international energy affairs, and indeed the global agenda more broadly—has been that the world’s highest priority is the strengthening of climate-change mitigation and the achievement of net-zero GHG emissions.

The announcements by major countries declaring their intent to achieve carbon neutrality around mid-century, and the centrality of the IEA’s Net Zero Emissions (NZE) 2050 scenario in global energy debates, were emblematic of the extraordinary influence of this narrative.

During this period, openly questioning or resisting this powerful narrative was difficult for any actor and could even entail reputational risks. The narrative’s foundation—its moral imperative to protect the planet, prevent dangerous climate change, and contribute to the future of humanity—was compelling. In that sense, even today, the importance of pursuing decarbonization and achieving net-zero emissions remains entirely valid and unchanged.

However, when examining international energy affairs since 2022, it becomes evident that the surge in energy prices and the heightened instability of global energy markets—triggered by the Ukraine crisis—have confronted the world with urgent and severe energy challenges. Developments in the Middle East, as well as those in Russia, have increasingly been recognized as destabilizing factors for energy markets, bringing geopolitical risks and their far-reaching implications into sharp focus. As global fragmentation deepens, economic security concerns have become closely intertwined with energy issues, giving rise to a new and complex dimension of the international energy problem.

Meanwhile, the rapid expansion of generative AI and data centers has driven a surge in electricity demand, thrusting the challenge of ensuring a stable power supply at affordable prices to the forefront of policy concerns worldwide. With such pressures mounting, societies have come face-to-face with the reality that higher energy prices and costs are difficult to tolerate. The immediate task of safeguarding households and economies has resurfaced as a top priority for energy policy.

In light of the developments outlined above, it appears that the narrative now emerging as the most central in today's world is the following: *"The core mission of energy policy is to secure and provide the necessary energy reliably and at an affordable cost."* Given the current international environment and the prevailing social and economic conditions within individual countries, this narrative is likely to continue exerting strong influence for the foreseeable future. Beyond the fundamental reality that energy is an indispensable good, the growing disparities in income distribution and the socio-economic "fragmentation" that has resulted in a substantial number of relatively low-income households across many nations further enhance the persuasiveness and staying power of this narrative.

To reiterate, the importance of preventing climate change and advancing decarbonization remains entirely undiminished today. Indeed, considering the increasing frequency of extreme weather events worldwide—such as unprecedented heatwaves and intense rainfall—the imperative to strengthen countermeasures has, if anything, grown even more urgent. Nevertheless, it must also be acknowledged that the narrative supporting these efforts lacks the strong momentum it commanded only a few years ago.

The relationship between international energy affairs and dominant narratives is reciprocal. Narratives emerge from shifts in global conditions; once established, they in turn shape the trajectory of international energy developments. Powerful narratives influence public consciousness through mass media and social media, affect policy decisions, and alter corporate investment strategies, financing, and capital flows. A critical question, therefore, is when the currently dominant narrative may again shift, and, if it does, in what direction such a transformation might unfold. This will remain one of the key points to monitor in assessing international energy affairs. Anticipating such narrative shifts is likely to remain an essential element in understanding and analyzing international energy affairs.

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