



# World Energy Outlook 2023 – official Brussels launch

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## Event summary

At the Brussels launch of the International Energy Agency's *2023 World Energy Outlook*, hosted by Friends of Europe on 25 October 2023, IEA Executive Director, **Dr Fatih Birol**, considered the full range of issues dominating the energy sector in Europe, as delegates prepare to meet in Dubai for COP28.

Given that the Middle East accounts for about a third of global oil exports, the ongoing Israel-Hamas war and its wider geopolitical and energy-market ramifications in the region could lead to another oil price shock. The availability of oil and gas is very much interwoven with geopolitical issues, as exemplified by the 2022 natural gas crisis exacerbated by the Russian invasion of Ukraine. Moreover, the industry is responsible for the majority of global greenhouse gas emissions. "Putting all this together, it is difficult to claim oil and gas represent a safe and secure choice for energy, for consumers and nations worldwide," Birol said.

Nonetheless, this year's *World Energy Outlook* report presents a hopeful message. "Even with current policies, even if there are no new climate-friendly policies, the global energy landscape in 2030 will look very different today."

A decade ago, fossil fuels accounted for 70% of electricity generation, but this has fallen to less than 60% in 2023 and will fall further to 40% in 2030. "60% of electricity generation will be fossil-free and this is with no new policies," Birol said. "I believe more policies will come." The IEA expects that, by 2030, electric vehicles will account for half of all car sales – up from one in five this year and just one in 25 three years ago. In the home heating market, sales of heat pumps will overtake sales of fossil fuel boilers, which have dominated the market for decades.

The amount of finance flowing to renewable energy is booming. At present, financing for offshore wind power amounts to only half of that for gas- and coal-fired power stations. Considering investment decisions and project development pipelines, Birol was confident that, by 2030, "investment going to offshore wind will be at least three times higher than investment going to gas and coal plants."

**“ The global energy landscape in 2030 will look very different today**

**Dr Fatih Birol**, IEA Executive Director

All of these developments will have major implications for fossil fuel use, which is expected to peak by the end of the decade. "It doesn't mean we don't need any more investment in oil and gas, but it will be reduced investment compared to previous highs," Birol explained. "I believe this decade will be a turning point in the history of energy."

Meanwhile, the amount of liquefied natural gas (LNG) capacity in the market will grow by about 50% by 2025, with production mainly coming from the United States and Qatar. This will ease concerns about access to gas supplies and likely lead to lower gas prices. “The market will turn from a sellers’ market to a buyers’ market in the second half of the decade,” the audience heard.

Another significant development for fossil fuel markets is slowing growth in China, which in the last ten years has dominated demand for coal, oil and gas. Over the last decade, the country grew by more than 6.2% per year and had a major impact on fossil fuel emissions through high demand for energy for intensive purposes, such as the manufacture of steel and cement. China’s growth in the next decade is anticipated to slow and its emissions are expected to peak in 2025, as the country increasingly champions clean energy around the world thanks to its world-leading solar, wind and electric vehicle sectors.

## *“ I believe this decade will be a turning point in the history of energy*

**Dr Fatih Birol, IEA Executive Director**

None of this means we are on track to meet our climate targets, however, 2023 is set to be the hottest year on record and the planet is currently on course to record an average temperature rise of 2.4°C.

As a result, the upcoming COP28 climate summit is critical. For the conference to be considered a success, Birol argued that five conditions must be fulfilled:

1. triple renewable energy capacity globally by 2030;
2. double energy efficiency improvements globally by 2030;
3. ensure that oil and gas companies commit to cut methane emissions by 75% by 2030;
4. increase funding mechanisms in advanced economies to support the energy transition in emerging and low-income economies and to reduce the cost of capital in these markets; and
5. set measures and targets for an orderly decline in fossil fuel use, starting with a ban on new coal-fired power stations.

“You might think these conditions are really tough, but what can we do? We are just translators. That is the carbon budget that is left and this is what we have to do,” Birol said.

He added that to reach these five conditions, “there is no economic challenge around global capital. There is no technological challenge; the technologies are available everywhere. There is no challenge around potential. The main challenge is the lack of international cooperation. This is a global problem that is in everyone’s interests to solve, but COP28 comes at a time when fragmentation is very, very strong.”

The IEA Executive Director also called on oil and gas companies to agree to cut Scope 1 and 2 emissions by 60% by 2030 and align their investment portfolios with public announcements and commitments. “Many of the oil and gas companies talk about clean energy in the bulk of their speeches, but when you look at the amount of money they are investing, only about 4% is going to clean energy. The other 96% is going to traditional sources of energy.”

***“ The main challenge is the lack of international cooperation. This is a global problem that is in everyone’s interests to solve***

**Dr Fatih Birol, IEA Executive Director**

Birol concluded by discussing the importance of clean cooking in Africa: “It is the number one energy and climate issue in Africa.” Four-fifths of Africans use wood or agricultural and animal waste for cooking and it is the main cause of premature deaths in women, he noted, pointing out that it would cost only €4 billion to address the issue.

“This is a golden opportunity for Europe. If I was working for the European Commission and wanted to build a bridge with Africa, I would make clean cooking a priority. It’s such a small amount of money that is needed to solve this problem.” importance of promoting a twin transition of both green and digital policies.





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1. Brussels launch of the 2023 World Energy Outlook
2. **Dharmendra Kanani**, COO, Friends of Europe, introducing **Fatih Birol**, Executive Director, IEA
3. **Fatih Birol**, Executive Director of the IEA and **Laura Cozzi**, Director, Sustainability, Technology and Outlooks, IEA
4. **Fatih Birol**, Executive Director, IEA
5. **Sandrine Dixson-Declève**, Co-President, Club of Rome
6. **Matthew Baldwin**, Deputy Director-General, DG ENER, European Commission



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