

International Energy Agency

IEA forecasts fossil fuel demand will peak this decade

World is approaching a 'pivotal moment' and 'golden age of gas' is coming to an end



Coal and oil demand in China is expected to peak before the end of this decade thanks to large investments in renewable energy © Han Xu/Xinhua/AP

David Sheppard, Energy Editor 13 HOURS AGO

The International Energy Agency has said Russia's invasion of Ukraine will accelerate a peak in the world's consumption of fossil fuels, with gas demand now expected to join oil and coal in topping out near the end of this decade.

Fatih Birol, head of the [IEA](#), said the world was fast approaching a "pivotal moment in energy history" as demand for the fossil fuels that have underpinned the modern economy since the advent of the industrial evolution nears an inflection point.

"After rapid growth in gas consumption in the last 10 years, we think the golden age of [gas](#) is coming to an end," Birol said in an interview. "Together with the decline in coal and oil that we were already expecting, we now see a peak around 2030 for all fossil fuels."

Birol said government energy policies were rapidly evolving in part to counter the fallout from Russia's decision to weaponise its gas supplies to Europe in retaliation for western support for Ukraine. The IEA head described the policy shift as a change that would resonate for "decades to come".

The IEA said in its annual World Energy Outlook report, published on Thursday, that it now sees investments in clean energy rising by about 50 per cent by the end of the decade to \$2tn a year, or more than double the amount invested annually in fossil

tuels today.

But the body, founded in the aftermath of the 1970s Arab oil embargoes to advise on energy security, warned green investments must rise even faster to \$4tn annually by 2030 if government net zero targets are to be met.

Environmental groups said the forecast would add impetus to attempts to limit production in new fossil fuel projects.

“The writing is on the wall for investors,” said Mark Campanale, founder of Carbon Tracker Initiative. “There is no longer any doubt about the long-term prospects for fossil fuel production businesses, including new gas.”

While Birol hailed the impact of the US Inflation Reduction Act and the EU’s Fit for 55 and REPowerEU plans in accelerating the transition to greener energy sources, much more needed to be done, particularly in developing economies where demand for gas and other fossil fuels may continue rising.

“Major international efforts are still urgently required to narrow the worrying divide in clean energy investment levels between advanced economies, and emerging and developing economies.”

But in China, the world’s biggest consumer of fossil fuels, coal and oil demand are expected to peak before the end of this decade thanks to large investments in renewable energy.

While the IEA expects global emissions to peak by 2025, they would remain well above levels needed to limit the rise in average temperatures to 1.5C — as targeted by the Paris climate agreement, which came into effect in 2016. Fossil fuel demand would decline only “steadily from the mid-2020s to 2050 by an annual average roughly equivalent to the lifetime output of a large oilfield”.

Birol said Moscow would prove to be the “loser” of the energy war it had started in Europe.

The IEA forecast that the country’s share of internationally traded energy would decline from around 20 per cent today to 13 per cent by 2030, ceding market share to the US and the Middle East. “Russia will have a much diminished role in international energy affairs,” he said.

This winter and next were still expected to be challenging for countries that had previously relied heavily on Russia, despite a recent fall in gas prices. While EU members have successfully filled storage facilities to near capacity for this winter

members have successively filled storage facilities to near capacity for this winter, Birol said challenges remain for what happens beyond the spring of 2023.

“In the absence of an unusually harsh winter or big surprise, we will go through this winter with some economic and social bruises in our society. But come March, we will only have around 25 per cent of our gas storage full — and how are we going to refill it?”

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