HOST SPONSORS: CNPC SINOPEC cnooc

PRINCIPAL SPONSORS: QatarEnergy VENTURE GLOBAL

29TH WORLD GAS CONFERENCE

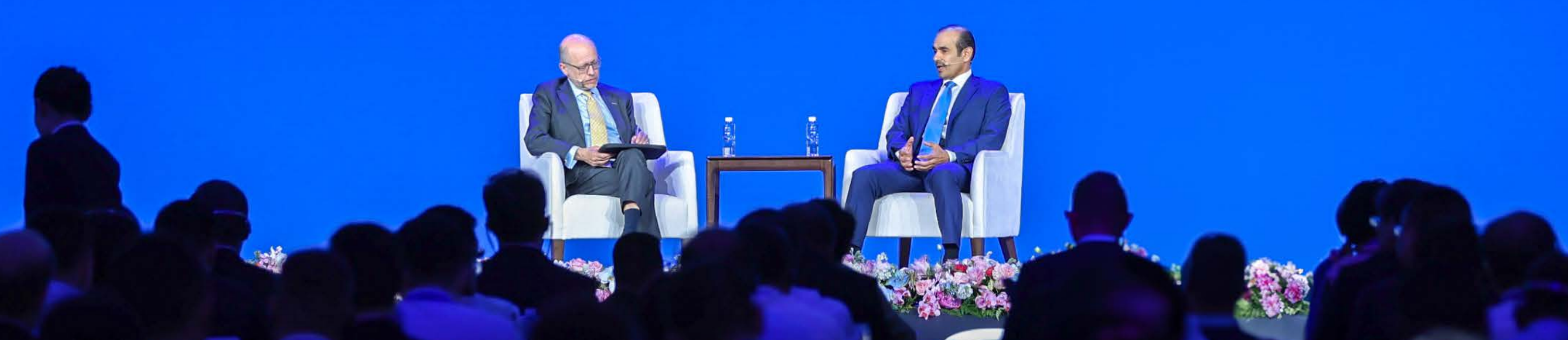
WGC2025

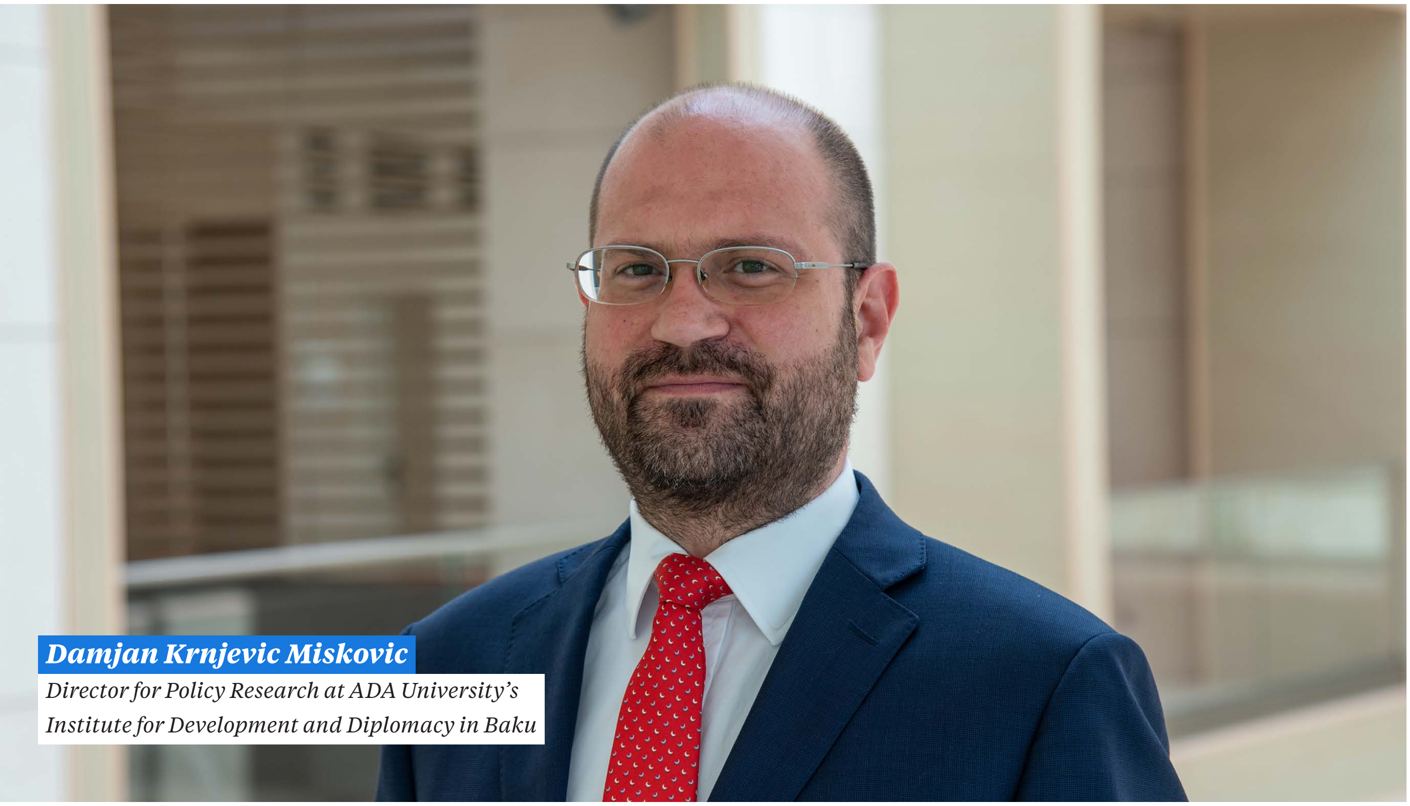
BEIJING, CHINA 19-23 MAY

THURSDAY 22 MAY 2025

Michael Stoppard
Senior Advisor
Global Gas Strategy Lead
S&P Global

H.E. Saad Sherida Al-Kaabi
Minister of State for Energy Affairs
State of Qatar
President and Chief Executive Officer
QatarEnergy





Damjan Krnjevic Miskovic
Director for Policy Research at ADA University's Institute for Development and Diplomacy in Baku

EUROPE OUT OF STEP AS WORLD SHIFTS TO ENERGY PRAGMATISM

GLOBALLY, THERE IS GROWING RECOGNITION THAT THE WORLD IS EXPERIENCING AN "ENERGY ADDITION" RATHER THAN "ENERGY TRANSITION" — A REALITY THAT SEEMS TO HAVE BEEN OVERLOOKED IN EUROPE, DAMJAN KRNJEVIC MISKOVIC, DIRECTOR FOR POLICY RESEARCH AT ADA UNIVERSITY'S INSTITUTE FOR DEVELOPMENT AND DIPLOMACY IN BAKU, TOLD WGC2025 DAILY.

"To keep developing, we need abundant and reliable energy sources, and gas will remain a base-load fuel for a long time — declaratory climate targets notwithstanding."

Much of the world is adopting a more pragmatic approach to energy and climate policy, but the EU remains an outlier, Damjan Krnjevic Miskovic, Director for Policy Research at ADA University's Institute for Development and Diplomacy in Baku, told *WGC2025 Daily*. By pursuing what he calls a "maximalist green agenda," Brussels risks undermining its geopolitical and economic interests by locking in higher energy costs over the long term.

Following the global energy crisis that began in 2021, many countries have shifted focus towards affordability and security, after years in which sustainability often took precedence. This shift is expected to intensify under the second Trump administration, whose "Unleashing American Energy" agenda has already seen the US withdraw from the Paris Agreement for a second time and reverse several Biden-era regulations to accelerate oil and gas development.

A former senior UN and Serbian official, Krnjevic supports a growing view among energy experts: the world is undergoing "energy addition" rather than "energy transition." As S&P Global Vice Chair Daniel Yergin recently argued in Foreign Affairs, the transition will be more difficult, expensive and complex than previously thought. The world remains far off track to reach net zero by 2050, and rapid growth in renewables is supplementing — not replacing — conventional sources like natural gas.

"Last year saw record global output from wind and solar, but also record highs for oil, gas and coal," Krnjevic said. "Yes, the share of renewables in the mix will keep rising, but that's not the only important metric. The world will continue to consume more oil and gas — and more energy overall."

While most governments recognise this trend in their policymaking, the EU does not, he said. "To keep developing, we need abundant and reliable energy sources, and gas will remain a base-load fuel for a long time — declaratory climate targets notwithstanding."

The EU's 2022 REPowerEU strategy had projected a halving of gas consumption by 2030 from 2019 levels. Although demand has already fallen significantly, this has been driven largely by high prices rather than climate policy.

Krnjevic pointed to the EU's reluctance to finance new gas projects or support long-term supply contracts as a sign of its lack of pragmatic energy planning. This contrasts with earlier support for the Southern Gas Corridor (SGC), which enabled Azeri gas to begin flowing to southeast Europe in 2020.

At the height of the energy crisis in 2022, the European Commission signed a memorandum of understanding with Azerbaijan to

"Whichever developed country or countries decide to champion the adaptation approach will have a comparative advantage over the others, especially if they produce hydrocarbons, since adaptation leaves ample room for oil and especially gas to remain a base-load fuel and thus an integral part of the global energy equation well into the future."

double SGC supplies to 20 bcm/year by 2027, aiming to offset lost Russian volumes.

"Geopolitically, this could have been a slam dunk," Krnjevic said. "But the EU didn't adapt its regulations to make financing new hydrocarbon projects feasible. It didn't direct its development banks — the EBRD and EIB — to invest in what is not even a new gas project, but a straightforward extension of an existing one, nor did it signal to commercial banks that these are necessary investments. None of that happened."

While Azerbaijan has sufficient reserves to double gas deliveries, the 2027 target still lacks the sort of European financial support that would fast-track the expansion, he said. Instead, Baku is likely to sell incremental volumes at high spot prices, as European buyers remain "constrained by ideological considerations" to sign new long-term contracts that would secure lower-cost supply. "How this is good for consumers — for European households and industry — is beyond me," he added.

Krnjevic is sceptical that the EU can quickly reform its energy policy. Although some policymakers are pushing for change, entrenched bureaucracy hinders progress, he said. Abandoning the goal of phasing out hydrocarbons by 2050 would require a major shift. The tone-deaf speech by EU Commissioner for Energy and Housing Commissioner Dan Jørgensen at the early-April Southern Gas Corridor and Green Energy Advisory Council Ministerial Meeting in Baku speaks directly to this point, he noted.

"But for most of the rest of the world, that dream is already gone," he said.

At COP29 in Baku last November — labelled the "finance COP" — developed countries pledged to triple climate finance to the developing world to $300bn/year by 2035 under the New Collective Quantified Goal on Climate Finance. The funds are intended to support both mitigation and adaptation.

With the US now withdrawing from these commitments under Trump, questions arise over who will fund the pledge, however — a question that has become even more salient since Washington began its global tariff policy. Japan is likely to hedge its support, while Canada and other G20 countries may also scale back their contributions, Krnjevic said.

That could leave the EU and its member states shouldering the burden largely alone — at a time when it faces other financial pressures. The incoming European Commission has made re-industrialisation a central priority. A report last autumn by former ECB President Mario Draghi estimated the bloc would need an additional €800bn annually to revitalise its economy through green tech, digital transformation and defence investment. Since then, amid the conflict in Ukraine, the EU has proposed another €800bn to bolster its defence infrastructure. "Plus, they seem committed to fund the country's reconstruction," Krnjevic said.

"They don't have the money to fund all these initiatives and meet COP29 commitments without US support," Krnjevic said.

Further sapping efforts to phase out hydrocarbons, there is a growing global push to prioritise climate adaptation over mitigation, he added. While mitigation has historically received the bulk of climate finance, strong political pressure from developing countries at COP29 drove momentum for equal focus on adaptation. "Whichever developed country or countries decide to champion the adaptation approach will have a comparative advantage over the others, especially if they produce hydrocarbons, since adaptation leaves ample room for oil and especially gas to remain a base-load fuel and thus an integral part of the global energy equation well into the future," concluded Krnjevic.