

Remarks

by

Mr. Adnan Z. Amin

Director-General

International Renewable Energy Agency

at the

9th session of the IRENA Assembly

The Geopolitics of Energy Transformation

Abu Dhabi, United Arab Emirates, 12 January 2019

Excellencies, Ladies and Gentlemen,

I am pleased to introduce this discussion on *The Geopolitics of Energy Transformation*. In recent years, renewables have moved to the centre of the energy landscape, driven primarily by their strong business case. This momentum is further strengthened by the urgency to tackle climate change as highlighted in the analysis contained in the IPCC's Special Report on 1.5°C Global Warming. But the energy transformation entails not just transitioning from one energy source to another. It will reverberate well beyond the energy system and bring major political, social and economic changes. Importantly, it will also profoundly impact the geopolitical landscape. It will change relationship between countries. Yet, there has been no comprehensive analysis of these dynamics in any international setting so far.

In response, I took the initiative to convene a Global Commission to address this important policy and knowledge gap. We presented this idea at the last Assembly and we received very positive feedback. The Commission was launched at the previous Assembly and I am delighted that we are presenting the Commission's report *A New World – The Geopolitics of the Energy Transformation*

here today, after a year of rich deliberations, hard work and collegial and frank discussions among members with different views.

We were honoured that Iceland's former president, Ólafur Grímsson, agreed to serve as Chair of the Commission. Iceland may not be one of the biggest countries, but it is one of the most innovative and I have been a long admirer of his leadership. And we were fortunate that prominent leaders from diverse geographical and professional shared our enthusiasm for the project and swiftly agreed to become Commission members. They all have an extraordinary track record of achievements and a strong expertise. I would like to take this opportunity to thank them for their time and dedication and would like to recognise all of them personally for the record:

- Anatoly Chubais, Russia
- Christiana Figueres, Costa Rica
- Joschka Fischer, Germany
- Fu Chengyu, China
- Pascal Lamy, France
- Carlos Lopes, Guinea-Bissau
- Murray McCully, New Zealand

- Mari Pangestu, Indonesia
- Andris Piebalgs, Latvia
- Lapo Pistelli, Italy
- Bill Richardson, United States
- Khalid Bin Mohammad Al-Sulaiman, Saudi Arabia
- Izabella Teixeira, Brazil
- Masakazu Toyoda, Japan
- Maria Van Der Hoeven, the Netherlands
- Eirik Waerness, Norway

A truly extraordinary group of dedicated, experienced professionals of great standing in the international community.

I further wish to express my deep appreciation to the governments of Norway, Germany and the UAE who provided generous support that made the Commission's work possible. I thank you for your trust in this project. And I am also grateful to the Government of the Netherlands who offered additional support.

Last but not least, I would like to recognise the work of the Secretariat and the helpful inputs by a wide range of private sector leading experts and academics who informed the Commission's report. I'd like to mention the Secretariat in particular. It is easy to be on a Commission because you can just throw your views out there, but it is not so easy to be in the Secretariat where you have to capture these views meaningfully and try to foster a consensus that others can agree to. So I would like to especially recognize the Secretariat, which was led by Ruth McCoy, who played such an extraordinary role and who worked long, hard hours to ensure that the product that the Commission saw at the end was one that could demand consensus.

Ladies and Gentlemen,

The Commission's report deepens the understanding of the wider geopolitical implications of the energy transformation. It outlines the possible impacts of this transformation on power relations, trade, root causes of geopolitical instability and conflicts. And I think the involvement of former ministers of energy, environment and foreign affairs, leaders from international organisations as well as fossil fuel companies, allowed us to develop a insightful and comprehensive picture. In this respect, I would like to emphasise how having a group of such diverse leaders

coming to consensus on a very complex and challenging issue is a truly remarkable achievement and that owes a lot to the stewardship of Chair.

Let me now share a few key insights from the report:

First, the energy transformation will reshape the global distribution of power and relationship between states. Unlike fossil fuels, renewables are available in one form or another in most countries. The supply of energy will no longer be the domain of a small number of states, since most of countries will have the potential to tap into indigenous energy sources to achieve greater energy independence.

Renewable energy will reconfigure alliances and trade flows. New interdependencies around electric grids and new commodities will emerge. Countries that today import oil from far away will increasingly develop renewables at home and integrate their grids with those of neighbouring countries. This will improve countries' trade balances and result in our analysis in significant macroeconomic benefits.

Second, there will be a shift in who will be the new prominent players in the changing energy landscape. New energy leaders are already emerging. Especially countries that lead in clean technology innovation and investments stand to gain from the global energy transformation. However, those countries are unlikely to have the same kind of market dominance that the fossil fuel leaders had.

Since renewables tend to decentralize and democratize energy systems as we have been discussing, the energy transformation will also lead to a dispersion of power, empowering new actors such as citizens, cities and new corporations. And we see that in countries around the world this is already happening.

Third, fossil-fuel exporters will need to reinvent their economies for a new energy era. In the long run, however, they have a huge opportunity to create economies that are less reliant on oil. Many oil exporting countries such as the UAE have made remarkable progress in diversifying their economies, including by taking advantages of the new opportunities offered by renewables.

Fourth, in a world powered mostly by renewables, energy statecraft as we know it will change. We still remember the famous quote of former US President Jimmy Carter famously said “No one can ever embargo the sun or interrupt its delivery to us”. Yes, a reliance on other commodities, such as electricity or critical materials, could create new forms of vulnerability. However, these vulnerabilities can be properly managed if we are prepared for this change.

Fifth, the report highlights the imperative of preparing proactively for the geopolitics of the new energy age. For instance, new rules for electricity trading are needed. Measures to improve cybersecurity will also be critical in a world run by renewables. The global production chain of critical materials merits greater focus than we have been given it. And just transition policies and measures are imperative to mitigate the impact on citizens and avoid new social tensions and financial risks, such as stranded assets. I had a meeting with Portugal this morning. And you can already see that foresighted countries like Portugal are accounting for the emergence of these risks and reorienting their economies to deal with them. It's inspiring to see that.

What is the overall takeaway for decision-makers? The global energy transformation presents both opportunities and challenges. Overall, the benefits will outweigh the challenges, but only if the right policies and strategies are in place. Forward-looking choices need to be made by leaders today. These will be essential to shaping a more prosperous future that promotes sustainable economic growth, improve livelihoods, and foster social cohesion and stability and allows us to confront the challenge of climate change.

Ladies and Gentlemen,

This report is just the first foray to describe the new geopolitical world emerging from the energy transformation driven by renewables. It is our hope that it will help people in government and business, universities, think tanks, civil society organizations and the media, as well as citizens across the world, to better understand and adjust to the geopolitical changes that are now gathering pace.

We now have an opportunity to move away from energy geopolitics characterised by scarcity and conflict. We can enter an energy age built on

abundance and peace. To achieve this, international cooperation in particular can help us maximise the benefits and mitigate the challenges arising from the global energy transformation.

I look forward to your perspectives on the Commission's report and how IRENA might take this work forward. This was not a topic in the work programme of IRENA, but I am thankful that you allowed me, as your Director-General, to take the liberty to take this forward.