



FINANCE & GOVERNANCE

2025 Policy Dialogue on Just Energy Transitions: *Pathways to Prosperity Post Fossil Fuels (PPFF)*

Key Insights on just energy transitions and managing forecasted global oil and gas demand decline

1

Technology is accelerating the peak in global oil and gas demand more than new climate policies. Economies reliant on oil and gas exports must plan for this decline.

2

The transition will bring cross-border and distributional impacts as producer countries adapt in a changing market. Just energy transitions create opportunities to build more prosperous and equitable economies.

3

New governance models for collaboration between importers and exporters are a key pathway to align interests and advance just, orderly, and equitable transitions.

4

Exporters need to diversify their economies and energy systems to reduce dependence on oil and gas. Overcoming barriers to high-value industries and reliance on resource extraction can unlock new opportunities in the clean energy economy.

5

Fiscal and legal reforms can strengthen revenue use, boost domestic investment, and overcome the key bottleneck of mobilizing finance to advance oil and gas transitions.

6

Regionally led economic modelling can provide a strong evidence base to guide effective and practical transition strategies.



Background

Most forecasters today, including the [International Energy Agency](#), expect global Oil & Gas (O&G) demand to peak before 2030, even if no new climate policies are introduced. For countries dependent on O&G production and exports, this creates unprecedented pressure to transform their energy systems and economies to prepare for this decline. Despite these challenges, this period of change also offers a springboard for justice-driven and enduring prosperity.

The 2025 edition of the '[Policy Dialogue for Just Energy Transitions: Pathways to Prosperity Post Fossil Fuels](#)' took place from June 23 to 27, 2025 in Salzburg, Austria. The dialogue convened policymakers, finance and industry representatives, civil society, and key experts from more than 10 key O&G producer-exporter and consumer-importer countries, as well as representatives from international organisations and leading modelling groups. This was a dedicated space for evidence-based, cross-national discussions on navigating effective demand reduction management strategies that account for just energy transitions and support broader economic diversification.

During this program, participants explored key challenges and opportunities for enabling just energy transitions across diverse national contexts, while also advancing multilateral approaches to managing O&G demand decline. During the

dialogue, participants established five Working Groups (WGs) to co-develop solutions related to critical aspects of the transition:

- *A Guide to Economic Diversification*
- *Financing Bioeconomy: 'Project Bio-Eco City'*
- *Setting The Record Straight: Narratives & Counter-Narratives*
- *Security and Geopolitical Implications of the Energy Transition*
- *The 'Salzburg' Collaborative Framework for Just Energy Transitions*

Over the coming months, the WGs will convene to further develop their work. Learn more about these groups and follow their latest updates [here](#).

Key insights on just energy transitions and managing forecasted O&G demand decline

1

Technology is accelerating the peak in global oil and gas demand more than new climate policies. Economies reliant on oil and gas exports must plan for this decline.

- The forecasted peak in oil and gas demand is largely driven by the expansion of low-carbon technologies. As these alternatives become more affordable and efficient, they are replacing the largest uses of O&G. Emerging technologies (such as clean industrial heat) are harder to predict, but historical trends indicate they could reduce O&G demand in the medium term.
- Major O&G importers, such as the EU and China, are creating ambitious policies to increase their domestic renewable capacity and diversify their energy supply through strategic partnerships. Strong importer-exporter collaboration is crucial to ensure a

just global transition that considers exporter countries' exposure and capacity to adapt to rapid socioeconomic changes.



- As the global energy transition unfolds, governments face a complex challenge: balancing energy security, accessibility, and self-sufficiency, all while navigating shifting geopolitical dynamics, O&G market volatility, and growing budgetary pressures for security-related spending.

- The transition to renewable energy will impact geopolitics and the global economy. The expansion of renewables may create localised energy systems and lower energy trade between countries, as renewable energy is harder to transform into transportable molecules. On the other hand, emerging supply chains (e.g., clean molecules, critical minerals) will also create new international partnerships and geoeconomic dependencies.

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Highlight from the Working Groups
The '**Security and Geopolitical Implications of the Energy Transition**' WG created an issues matrix that links the energy transition with energy security concerns and current geopolitical shifts, assessing potential risks and opportunities for both producers and consumers.

2

The transition will bring cross-border and distributional impacts as producer countries adapt in a changing market. Just energy transitions create opportunities to build more prosperous and equitable economies.

- For many producer countries, O&G is a principal source of revenue as well as a critical driver of social and economic development. The demand peak will significantly reduce their fiscal revenues and limit their capacity to manage the impacts of the energy transition. For developing economies, this challenge comes on top of existing macroeconomic necessities that must be met before long-term prosperity post fossil fuels can be realised.

- Stakeholders from Canada, Nigeria, and Trinidad and Tobago noted the high productivity of O&G jobs, as well as the contribution of this sector to investment in socioeconomic development. Just energy transitions will need to uphold these benefits, ensuring decent work and equity.

- Long-term planning is crucial to ensure the effective implementation of just energy transitions, setting realistic employment opportunities and credible commitments to economic diversification and public investment. Cases like South Africa's JET Partnership demonstrate that these plans can create investable action strategies that attract the financing needed for real-world implementation.

Highlight from the Working Groups
Narratives are impactful tools for policymaking and collective action. The '**Setting the Record Straight: Narratives & Counter-Narratives**' WG identified misleading narratives regarding O&G transitions and created 6 counter-narratives to support public understanding of just energy transitions.



New governance models for collaboration between importers and exporters are a key pathway to align interests and advance just, orderly, and equitable transitions.

- Collaborative governance is crucial to enable collective progress towards ambitious just energy transitions. It can (a) clarify the timing of O&G demand/supply changes, fostering trust and supporting geopolitical stability; (b) provide a platform to identify shared interests, align priorities, and enable coordinated action; and (c) pool the capacity and resources for the implementation of transition strategies through knowledge exchange, technology transfer, and financing mechanisms.
- Participants emphasized the importance of creating new multilateral spaces that avoid duplicating efforts from existing institutions (e.g., WTO, IEA, OPEC), address current governance gaps in importer-exporter cooperation, and advance innovative solutions to current challenges. The [COP30 Action Agenda](#) has the potential to convene multistakeholder dialogues on O&G transitions and enable progress towards a productive consensus.
- Importer-centred platforms can boost transition efforts if enough countries participate to create strong, collective impact. At the same time, these platforms must consider the challenges faced by countries reliant on O&G exports. One example is bilateral trade deals, through which importers maintain fossil fuel trade for a defined period while exporters commit to decarbonising production. These agreements could be paired with clean energy purchase agreements that incentivize low-carbon development in exporter countries.
- Methane mitigation and capture is a cost-effective avenue to decarbonize the O&G supply chain and meet importer standards for emission reductions. Platforms such as the [Global Methane Pledge](#) (launched at COP26), the EU's [Methane Abatement Partnership Roadmap](#), and the [Coalition for LNG Emission Abatement toward Net-zero \(CLEAN\)](#) provide examples of collaborative governance frameworks that can be further developed.



Highlight from the Working Groups

Understanding that there is shared responsibility between importers and exporters to ensure just energy transitions, the **'Salzburg' Collaborative Framework for Just Energy Transitions** WG has established guiding principles for the development of a 'Salzburg' framework for collaborative governance.



Exporters need to diversify their economies and energy systems to reduce dependence on oil and gas. Overcoming barriers to high-value industries and reliance on resource extraction can unlock new opportunities in the clean energy economy.

- The transition from an O&G-based development model requires a carefully planned, structural transformation of the national economy in order to create opportunities for more sustainable and diversified growth. This shift must be grounded on strong economic analysis and ongoing dialogue between public and private spheres to identify realistic opportunities, leverage comparative advantages, and create the right conditions for key sectors to thrive. Top-down approaches without a strong empirical base can lead to ‘cathedrals in the desert,’ or in other words, costly projects that fail to deliver impact.
- Resource-rich countries like Malaysia, Nigeria, and Namibia can expand into upstream segments of green energy supply chains, such as the production of green hydrogen and the extraction of critical minerals. To fully realise these opportunities, careful planning and responsible management are needed to avoid repeating extractive patterns and to ensure that development supports local communities and sustainable resource use.
- Expanding into downstream, high value-added segments of these supply chains can create a positive cycle of decarbonization and sustainable industrialisation for developing economies. Collaborative approaches are needed to build the financial and technical capacity to enter these sectors and overcome barriers like weak infrastructure and high capital costs.



Highlight from the Working Groups

Through the analysis of four case studies – Trinidad and Tobago, Dubai, Nigeria, and Saudi Arabia – the **‘A Guide to Economic Diversification’** WG has developed four guiding principles to inform economic diversification strategies in the energy transition.

The **‘Financing Bioeconomy: Project Bio-Eco City’** WG has developed a business concept for ‘bio-eco cities’: a bio-circular economy model enabling the diversification from O&G by promoting of biofuels through crop adaptation. The WG will continue developing this model to mobilise potential investors and groups.

- Countries with a pre-existing industrial base will have an advantage in capturing emerging supply chains, particularly with the current revival in industrial policy and protectionist measures. Developing countries must identify realistic value creation opportunities, such as manufacturing renewable technology components or the assembly stage of low-and medium-tech products.
- Economic diversification is closely intertwined with – and can be actively driven by – the diversification of domestic energy systems, including through renewable energy expansion. For developing economies, collaborative efforts and finance can overcome barriers (e.g., high costs of capital, low availability of CAPEX, and infrastructural gaps) and technical challenges related to grid integration. Improving energy efficiency is a low-hanging fruit that reduces energy expenditure, increases competitiveness, and frees up investment.
- Countries can also leverage natural capital and ecosystem services to attract investment that supports multiple goals, such as biodiversity conservation and climate mitigation. Further work is needed to develop best practices on valuing and certifying these services.

5

Fiscal and legal reforms can strengthen revenue use, boost domestic investment, and overcome the key bottleneck of mobilizing finance to advance oil and gas transitions.

- As O&G demand declines, producers will be exposed to fiscal contraction and worsening debt cycles. For developing economies, this can intensify macroeconomic challenges such as currency instability and hyperinflation. Mobilising external support, including private finance, can help these countries build resilient economies and successfully navigate the energy transition.
- The O&G demand decline will increase risks of divestment and stranded assets, putting additional pressure on governments to fill gaps left by private capital. Stakeholders from Canada, Nigeria, and Namibia highlighted the importance of setting realistic expectations in public-private partnerships and considering public-private ownership shares in energy systems.
- O&G-dependent countries must enact fiscal reforms to improve revenue management and diversification, boost spending capacity, and create an enabling environment for investment. Participants considered measures such as strategic investment funds and demand-side policies to encourage investment in emerging sectors. Some noted that public investment may be constrained by the market’s absorptive capacity, making it important to assess the market beforehand to ensure that capital is injected effectively.
- Misaligned O&G subsidies can hinder the transition by reducing the energy sector’s economic viability, increasing risks of stranded assets, and aggravating fiscal pressures. Reforming subsidies gradually and carefully can minimize the impact of their removal while supporting fiscal sustainability. Strengthening institutional capacity for revenue management is needed to direct strategic investments towards economic diversification and opportunities for growth.

6

Regionally led economic modelling can provide a strong evidence base to guide effective and practical transition strategies.

- O&G-dependent countries face many uncertainties over the transition’s impacts. Modelling is an essential tool to build realistic scenarios and demand-decline responses, helping governments take informed steps toward just energy transitions within their specific national contexts.
- Modelling can support many aspects of transition planning, such as developing optimised energy mixes based on a country’s resources and transition objectives or identifying viable entry points in emerging supply chains. Decision-making should be informed through a balanced assessment of complementary models, taking into account their theories, objectives, time frames, and limitations to make well-informed choices.
- Some gaps must be addressed in order to ensure meaningful policy engagement with modelling. This includes ensuring high-quality data and credible statistics through transparency, accountability, and accessibility, as well as building capacity to interpret and mobilise results. Planning and achieving prosperity post fossil fuels is a long-term, evolving process.





Conclusion

This second convening at Salzburg Global forms part of a multiannual policy dialogue that promotes productive and evidence-based exchange between policymakers, researchers, and practitioners from both fossil fuel producing and consuming countries, helping to build trust, explore shared interests, and address barriers to just energy transitions.

Alongside the [2025 Policy Dialogue on Just Energy Transitions](#), Climate Strategies has commissioned a lead report on the trends in O&G demand and their implications for exporter countries, as well as five in-country case studies for Brazil, Canada, Malaysia, Namibia, and Nigeria. These studies explore the transboundary implications of demand decline for O&G exporter countries and highlight opportunities and policy recommendations to support domestic just energy transitions. The researchers and their findings helped shape this year's policy dialogue, and insights from the dialogue will feed into the final research outputs, which will be published in the coming months. View the [Prosperity Post Fossil Fuels project page](#) and [follow Climate Strategies on LinkedIn](#) to get insights into the research as soon as it is published.

AUTHORS

*Brynn Hansen • Julie-Anne Hogbin
Inés Jiménez Rodríguez • Coltrane Morley-Williams*

Insights in this report were informed by the expert opinion and research of Salzburg Global Fellows.

Scan the QR code to learn more about the [2025 Policy Dialogue on Just Energy Transitions: Pathways to Prosperity Post Fossil Fuels](#).

