

► REPORT SEPTEMBER 2026

Playing the *Oil Endgame*

Oil producers and the geopolitics of
declining demand

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ISBN: 978-1-0668977-1-1

ACKNOWLEDGEMENTS

The authors are grateful to Ronan Palmer, Greg Muttit, Tim Gould, Michael Bradshaw, Nick Mabey, Lisa Fischer, Kaysie Brown, Travis Brubaker, Clarence Edwards, Lei Xie, Leo Roberts, Madhura Joshi, Salvatore Serravalle, Claire Peraldi Decitre, Manon Dufour, Manuel Mollenhauer, Ujunwa Ojemeni, Robi Ginting and Katrine Petersen for their time, insights and constructive feedback throughout the development of this report. The authors further thank Rihannon Purnell, Kamila Godzinska, Lionel Ameis, Gianluca Geneletti, Matteo Menapace, Susanna Elks and Chris Galpin for their support in developing the EndGame simulation as well as Richard Smith, Leo Vincent, Joe Dillon, Ana Mulio Alvarez, Manon Dufour, Katharina Osthoff and Kelly McGlynn for supporting the game testing and facilitation of the simulation workshops, and acknowledge Manuel Mollenhauer for his research and case study contributions. They also extend sincere thanks to Danièle Gibney for editorial support and graphics development.



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Summary

The oil era is not ending quietly. There is a broad consensus across governments, industry and market outlooks that global oil demand will plateau or peak between 2030 and 2035, even if the pace and shape of that shift remain uncertain. The prospect of falling oil demand brings risks that countries worldwide are not yet acknowledging or preparing for. Declining revenues for exporter countries can easily lead to global volatility: with producer governments misreading demand signals, markets pricing short-term barrels while underpricing long-term fragility, and fiscal stress spilling into regional instability and geopolitical bargaining. Oil-dependent economies are likely to become more strategic, but also more vulnerable. This will in turn affect importer economies financially and geopolitically, with the major risks arising from disorder in the transition, rather than the rate at which demand declines. Managing these risks will be one of the defining challenges of the coming decades.

The global oil system is entering its endgame: a period of structural transition as demand weakens, becomes more concentrated and harder to predict. The drivers that pushed oil demand past its peak in advanced economies over two decades ago¹ – efficiency gains, structural economic change and now electrification – are now also increasingly visible in the markets that previously carried global demand growth. China was the core driver of global oil demand growth over the past two decades, but is now fast approaching a plateau, especially in transport fuels. Taken together, these trends point toward a global plateau, and likely peak, around the early 2030s.

Importers exposed to high prices and chokepoint disruption also have stronger incentives to accelerate efficiency, electrification and fuel switching. The current crisis affecting transport through the Strait of Hormuz may prove to be an inflection point: by exposing the continued vulnerability of importers to globally priced oil and chokepoint disruption, it could accelerate efforts to reduce oil dependence, especially in economies with the fiscal and industrial capacity to move quickly. Petrochemicals and selected emerging markets may provide a source of residual demand growth, but they are unlikely to sustain broad-

¹ IEA, [Energy Statistics Data Browser](#)

based demand for the large number of economies that depend on oil export revenues today.

The shift matters because oil underpins fiscal and political systems in many producing countries, paying for social welfare, civil service payrolls and essential imports. Oil and gas generate more than 40% of government revenue in 17 producer countries, and as much as 70–90% in countries including Iraq, Libya, South Sudan, Kuwait and Oman.² The International Energy Agency (IEA) projects that per-capita net income from oil and gas in producer economies could be around 60% lower by 2030 and 75% lower by 2050 in a net zero pathway.³

When oil revenues fall, governments struggle to pay salaries, fund public services and maintain political stability. Even where oil provides a smaller proportion of government income, it may still supply the foreign exchange, export earnings, public investment, national oil company transfers and distributive spending that hold political settlements together. These countries face direct risks of fiscal crises, rising sovereign debt, and political instability as demand weakens, expectations shift and revenues become more volatile.

How producers respond to these risks will become a defining energy security challenge for importers. The central question is no longer only how to secure supply, or whether oil demand falls quickly or slowly. It is how to prevent a disorderly endgame in which producer governments misread demand signals, maximise short-term extraction, delay fiscal adjustment and turn to more transactional geopolitical bargains.

Understanding how producer countries respond to declining demand is critical for all countries

The oil endgame is not just an energy transition; it is a geopolitical and financial reordering.

For the transition to be sustainable, producer economies need to adjust to the reality of declining oil demand. Without coordinated action, producer countries unable to diversify are likely to prioritise short-term revenue maximisation, leading to increased competition, higher volatility, and greater geopolitical tension.

To explore these dynamics, we developed the **Oil EndGame simulation**, an interactive exercise that allows participants to experience the constrained policy space and persistent trade-offs faced by producers. Over repeated runs of the simulation, patterns in behaviour emerged that provided insights into how producers respond to the pressure of declining demand. For our report, we combined these insights with market analysis and historic security and economic trends to show that stability, or not, in the transition will depend on

² Carbon Tracker, 2023, [PetroStates of Decline](#)

³ IEA, 2023, [The Oil and Gas Industry in Net Zero Transitions](#)

the combined choices of producers, major demand powers, financial institutions and other international actors.

The common pattern from the simulations is that, when future demand and revenues were uncertain, participants often prioritised near-term revenue maximisation, output expansion, buyer lock-in and transactional geopolitical deals. More cooperative and stabilising strategies emerged only where credible alternatives were available, including transition finance, market access, diversification investment, and clearer demand signals from major importers.

Even with alternatives available, it is not a given that producers will restrain production. For example, a resilient, lower-cost producer such as the UAE can strategically decide to use remaining demand to monetise competitive barrels and preserve geopolitical influence. However, having credible alternatives *reduces the risk* of disorderly, fiscally driven behaviour among more vulnerable producers, who might otherwise feel compelled to maximise output or adopt destabilising strategies.

The simulation therefore does not predict a single future, but helps explain why the oil endgame could become disorderly, and what kinds of cooperation can reduce that risk.

► The Oil EndGame simulation

In the simulation, participants are placed in the role of decision-makers in eight different oil-producing countries, reflecting a range of producer archetypes from high-income Gulf exporters to more fiscally vulnerable and emerging producers. Each run takes place over four rounds set over the time period 2028–2040 and within one of three scenarios: a rapid transition, a messy transition and a slower, more fragmented transition. These scenarios combine global energy market pathways based on IEA projections with geopolitical, financial, security and climate variables that shape the choices available to producer governments.

E3G has run the simulation with a total of over 100 participants from governments, international institutions, academia and civil society.

The insights from the simulations have been tested with representatives from both producer and importer governments.

E3G is available to convene and facilitate tailored Oil EndGame simulation workshops with governments, international financial institutions and other partners, to explore producer strategies under different energy transition scenarios, stress-test international responses and identify implications for engagement and near-term policy choices.

Five key findings

1. Producer fragility is a more pressing risk than oil supply scarcity

The oil endgame requires a shift in risk management. The prospect of supply disruptions and chokepoints will no longer be the defining risk relating to oil security. Rather, it is declining and less predictable demand, transmitted through volatile prices, revenues and investment expectations, that destabilises the political economies built around oil revenues.

Fiscal stress in these countries from loss of oil revenues can quickly spill over into weaker governance, eroded public services and domestic unrest, which in turn can generate regional and global spillovers. Venezuela illustrates these risks: following the 2014 oil price collapse and the subsequent deterioration of its economy, more than 7 million people left the country, creating one of the world's largest displacement crises and placing sustained pressure on its neighbours.⁴

The world's financial systems can continue to be rocked by successive energy price shocks and ongoing volatility, as producer instability can lead to perceived risks of disruption to supply, transport or investment even in times of declining demand. Regional tensions due to displacement of people or competition for declining rents may cause wider ripples, and overall geopolitical relations are likely to become more transactional, reducing options for diplomacy.

Many producers, including some core suppliers of the EU, are in a "risk zone": Algeria is dependent on hydrocarbon revenues, exposed to water stress, high youth unemployment and broader fiscal pressures.⁵ As European fossil fuel demand declines over time, the resulting instability in North Africa can become a European security concern rather than simply an energy market issue.⁶

These spillover risks raise the prospect of an uncertain, volatile future for importers as well as producers. The oil endgame is not a challenge that producer countries alone face, and ensuring the transition is less destabilising requires coordinated support rather than leaving them to face it alone.

2. The transition risk will appear first in sovereign finance and debt markets

The pressures of the oil endgame are likely to show up first on sovereign balance sheets, not in physical supply disruptions. Oil-dependent economies are exposed through their debt burdens, exchange rates, investor confidence and the fiscal role of national oil

⁴ UNHCR, 2025, [Emergency Appeal – Venezuela situation](#).

⁵ World Bank Group, 2026, [Algeria - country overview](#).

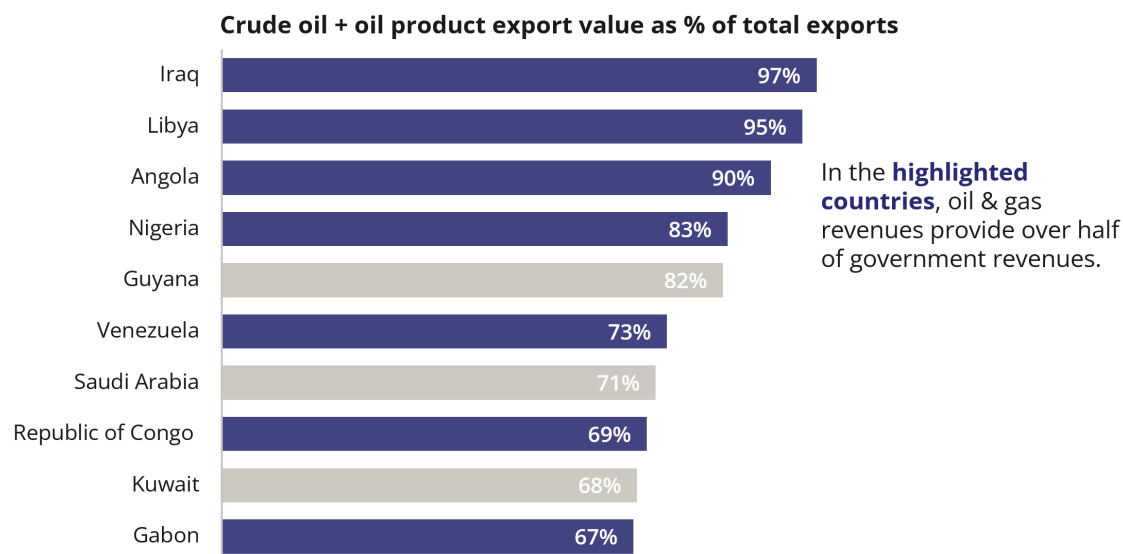
⁶ E3G, 2024, [Future of EU oil and gas suppliers in a low-carbon world](#).

companies. This places macroeconomic stability at the centre of the transition and highlights the critical role of financial institutions.

Many oil-dependent economies face a “double exposure”: transition risk from declining or volatile hydrocarbon revenues, combined with physical climate risk from worsening droughts, floods, heat, water stress and infrastructure damage. Mid-tier producers with high fiscal dependence, limited buffers and weaker diversification options are particularly exposed. Countries such as Nigeria, Angola and Algeria deserve particular attention because they combine significant export capacity and systemic importance with relatively limited fiscal buffers and sovereign investment capacity, unlike wealthier petrostates.

Mid-tier producers are among the most exposed to declining oil revenues

TOP 10 PRODUCER COUNTRIES BY DEPENDENCE ON OIL EXPORTS



Notes: In all countries shown, hydrocarbon exports – and therefore contributions to government revenues – are predominantly oil.

Sources: E3G calculations using export value data from OEC World, <https://oec.world/en> and World Bank Group [Data Explorer](#), 2024 data. Contribution of oil and gas revenues to government revenue from Carbon Tracker, December 2023, [PetroStates of Decline](#) – data not available for Guyana.

A group of African producers, including Chad, Gabon, Congo, Angola and Nigeria, combine high oil dependence and acute climate vulnerability with high debt repayments. Angola, for example, already spends almost 30% of government revenue servicing public debt, leaving little fiscal space to absorb prolonged revenue shocks.⁷ In such contexts, even modest

⁷ E3G calculations using data from [IMF Datamapper](#) on current GDP, interest paid on public debt as % of GDP and government revenue as % of GDP (all data for 2024).

changes in oil prices or demand expectations can trigger fiscal crises, social unrest and political instability.

Importantly, it is not only sustained low prices that matter. Volatility itself can disrupt budgeting, borrowing and other core state functions.

3. Producers do not exit quietly; they become more strategic

The transition is not a passive decline in demand; it is a political contest over shrinking and less predictable rents. The incentives facing producer countries still favour continued upstream investment over early diversification. Oil offers relatively large and immediate revenues for most producer governments, while diversification gains are longer-term, uncertain and politically harder to claim credit for. For new entrants into the oil market, such as Guyana and Senegal, plateauing demand raises the prospect of stranded expectations as much as stranded assets.

Voluntary production restraint is therefore rare. As the window to monetise resources narrows, some producer governments may seek with greater urgency to protect revenues through higher production, fiscal adjustment, subsidy reform, cleaner production, gas monetisation, strategic alignment with new buyers, or more aggressive competition for shrinking market share. Saudi Aramco and Gulf producers for example are increasingly investing in Chinese and Asian refining and petrochemical capacity to lock in demand while diversifying into green investments at the same time.

Demand uncertainty reinforces the bias toward monetisation. In the Oil EndGame simulation, uncertainty about future demand pushed producers towards maximising output and transactional deals – this often being a safer political choice than launching costly reforms. More cooperative behaviour only emerged when credible economic alternatives, backed by finance and market access, were on the table, and clear demand signals reduced the uncertainty.

4. Demand powers shape the terms of market access

While producers compete for weakening and more geographically concentrated demand, major importers increasingly shape the conditions under which oil remains marketable, financeable, insurable and politically acceptable.

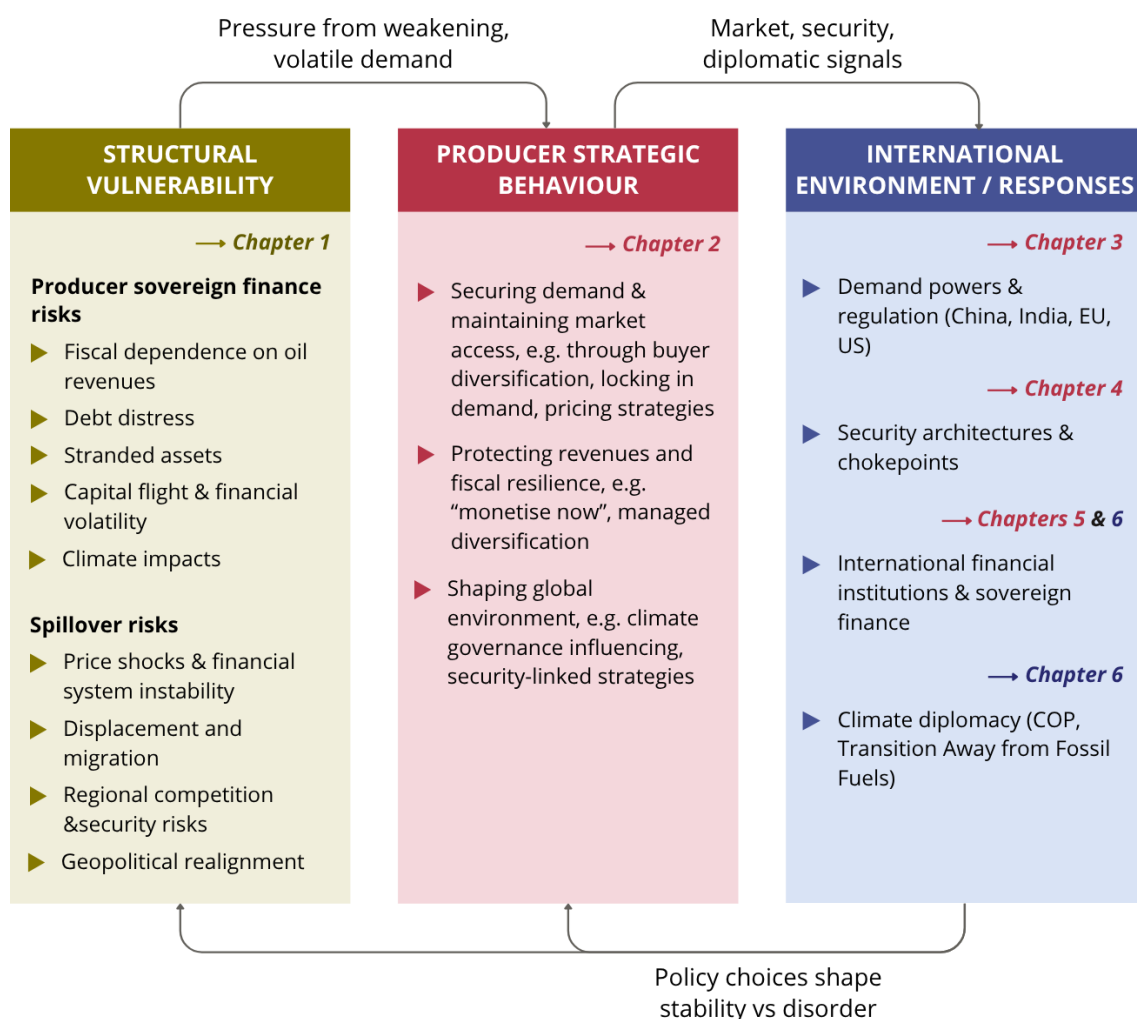
Demand power will not sit in one place. It will be distributed across different kinds of leverage:

- **China** is key because of the scale of its demand, its refining and petrochemical strategy, and its ability to anchor producer relationships through investment and long-term commercial ties.
- **India** is the largest potential future growth market, yet the growth trajectory is uncertain as faster electrification, efficiency and clean power deployment could moderate the scale of oil demand growth.

- **The EU** is one of the largest importers today, and despite the rapidly declining projected oil demand, it remains influential through regulatory frameworks, standards, finance-linked market access and its role as a high-value import market.
- **The US** continues to shape the system through sanctions, financial governance, security guarantees and its dual role as a major producer and a consumer.

For producers, the market is therefore not simply shrinking; it is becoming more selective, more political and more dependent on the choices of a smaller number of demand centres. Market access becomes a growing source of geopolitical leverage. This influence is not automatically stabilising: aligned demand signals, standards and financial rules can reduce uncertainty, while fragmented sanctions, trade measures, security postures or regulatory approaches can deepen market segmentation and disorder.

A system map of the oil endgame



5. The oil endgame will unfold in a more fragmented security architecture

Declining demand does not make oil security less important, but it does change its core function. For much of the past century, oil security was centred on keeping physical supply routes open and ensuring access to sufficient volumes. In the oil endgame, security architecture will increasingly determine which producers can access shrinking markets, which trade routes remain insurable, which sanctions regimes hold, and how producer fragility is contained.

This shift is already visible. The US remains the principal hard-security actor in key maritime theatres, but its role now extends beyond oil supply protection to sanctions enforcement, deterrence and strategic competition. China is becoming a more important commercial, financial and diplomatic actor, without yet replacing the US security umbrella. Russia's ability to keep sanctioned barrels moving through discounts, alternative buyers and shadow fleets shows how oil trade can fragment into parallel systems when sanctions, insurance and shipping governance are contested. The result is a more layered and fragile oil-security order.

Physical chokepoints such as Hormuz, Bab el-Mandeb and Suez still matter, but so do "paper chokepoints": access to insurance, shipping services, classification, compliance documentation, payments and port entry. These tools can strengthen market governance where coordination holds, but they can also push trade into more opaque channels, increase accident and environmental risks, weaken sanctions enforcement and deepen dependence on bilateral deals.

In a volatile oil endgame, these dynamics could add further disorder. Fragile and emerging producers may become more exposed to transactional security bargains, including arms, private security, infrastructure protection or regime-security deals linked to access and influence. Importer coordination therefore becomes a preventive security tool, not only a crisis-response mechanism. Governments will need stronger coordination across strategic stocks, demand signalling, sanctions, insurance, shipping transparency, maritime governance, standards and producer-consumer diplomacy.

Navigating the oil endgame: cooperation to reduce instability

Managing the risks associated with the decline of oil is as important as accelerating the growth of clean energy. A slower transition does not automatically reduce instability if it leaves producer countries exposed to volatile revenues without credible pathways for adjustment. A more stable transition will require governments to reduce uncertainty, support producer resilience and avoid a zero-sum competition for remaining rents.

A stable transition cannot be guaranteed, but it can be made more likely. Just as the players in the endgame – producers, importers, and institutions through which they cooperate – can make strategic choices to maximise revenue, secure supply, and operate in competition, they can choose to coordinate to support less volatile and more equitable outcomes. The oil endgame is not zero-sum; cooperation among the players can shape a more stable transition for all.

Climate diplomacy cannot confine itself to negotiating the language of phase-out; it also has to manage the instability created by decline. At the moment there is a governance gap: the world has tools for managing oil supply shocks but it does not yet have a serious architecture for managing oil decline. The challenge for governments is not to slow the transition, but to manage the way down. Coordinated action is needed between producers, consumers and international finance institutions in three areas:

- ▶ **More proactive diplomacy from major consuming economies** toward producer countries.
- ▶ **Better integration of transition risks into macroeconomic policy** and more support for producer economic diversification from international financial institutions.
- ▶ **A climate diplomacy framework that aligns the above efforts**, evolving from emissions negotiation to coordinated management of the transition.

Recommendations for importer governments/demand centres

Move diplomacy beyond emissions targets

Governments should deploy coordinated macro-financial support, trade and investment partnerships, regulatory tools and security cooperation to help producer economies manage declining revenues and promote regional and global stability.

Integrate energy transition with foreign and security policy

Declining fossil fuel demand will reshape geopolitical stability, not just energy markets. Governments should treat the transition as a core foreign, development and security strategy, especially in regions heavily dependent on hydrocarbon revenues.

Adopt differentiated strategies for different producer types

Wealthy, low-cost producers with significant financial buffers face different incentives and opportunities than middle-income or vulnerable producers with high fiscal dependence on fossil fuels. Mid-tier, fiscally exposed producers are a critical group: they retain significant export capacity and regional importance, but lack sovereign wealth, institutional resilience and diversification options. Targeted partnerships with these countries will be essential to reducing systemic instability.

Recommendations for international finance institutions and finance actors

Use macro-financial tools to stabilise producer decline

In the oil endgame, producer economies face familiar resource-dependence challenges under conditions of structural demand uncertainty, physical climate risk, investor repricing and tighter fiscal space.

Governments and international financial institutions should deploy existing resource-governance and macro-financial toolkits earlier and more systematically to transition risk – rather than inventing new instruments – before shocks crystallise as full-blown fiscal or debt crises. Supporting producer adjustment is not development assistance alone; it is preventative security policy.

This includes fiscal stabilisation frameworks, stronger non-oil revenue mobilisation, national oil company governance, subsidy reform, debt sustainability analysis, contingent credit lines, transition-linked finance instruments and support for economic diversification. The overall priority should be credible economic partnerships that change underlying incentives, not diplomatic signalling alone. A near-term priority can be incorporating oil-price and revenue-volatility scenarios into International Monetary Fund (IMF) surveillance, debt sustainability analysis and fiscal-risk assessments, rather than testing only smooth long-term decline or low-price pathways.

Recommendations for climate diplomacy and coalitions

Pursue coordination among major importing economies

Clear and credible signals about future demand, combined with coordinated crisis responses, can reduce uncertainty and limit destabilising behaviour. International processes such as the Transition Away from Fossil Fuels (TAFF) roadmap agenda provide an opportunity to institutionalise such coordination and align expectations between producers and consumers.

Build inclusive international coalitions

Bring together both early movers, including through initiatives such as the Beyond Oil and Gas Alliance (BOGA) and the TAFF process, and countries facing structural challenges to support peer learning, share resources and enable cooperation across different transition timelines. These coalitions will be most effective if they recognise the diversity of national circumstances while maintaining a shared commitment to a managed and equitable transition.

Recognise producer agency and incentives

Negotiations over phase-down timelines and transition finance will continue to be arenas of strategic bargaining, not purely normative agreement. Recognising producer agency clarifies that transition outcomes are contingent on political choices. The pace and stability of demand decline will depend on whether governments, both producers and importers, treat the transition as a cooperative endeavour or a zero-sum competition for remaining rents.

Introduction: The coming disorder

Oil demand is falling. How producer countries navigate that shift will have profound implications for global economic stability, financial markets and international security.

The oil endgame is underway

The global oil system is entering a structural transition as we approach the peak of global oil demand. In advanced economies, that demand peak is already passed: consumption plateaued across OECD countries in 2005 and is now declining, driven by electrification, efficiency gains and structural economic shifts.⁸ China, the largest source of global demand growth over the past two decades, is also approaching a turning point. Most projections suggest Chinese oil demand will peak within the next decade, with some indicating that a plateau is already emerging in the mid-2020s.

The ongoing war and disruptions to shipping through the Strait of Hormuz are likely to accelerate these trends. The IEA describes this as the largest disruption in the history of the global oil market, with global oil supply falling sharply and Gulf production heavily curtailed.⁹ Importers are already moving beyond short-term crisis management to structurally reducing fossil fuel dependency, such as acceleration of electrification in the EU and France,¹⁰ and tax incentives for electric vehicles in countries including Viet Nam.¹¹

It remains uncertain whether supply, investment and producer behaviour adjust evenly to avoid repeated volatility as oil demand peaks. Existing fields decline naturally over time, and the IEA notes that nearly 90% of upstream oil and gas investment since 2019 has gone on maintaining current production levels.¹² This creates a timing risk: overinvestment in long-lived upstream projects can leave producers with stranded assets and deeper fiscal exposure, while a sharp fall in investment can cause supply to contract faster than demand, tightening markets and amplifying price volatility, even as long-term demand weakens.

⁸ IEA, April 2026, [Oil information](#)

⁹ IEA, March 2026, [Oil Market Report](#)

¹⁰ European Commission, 2026, [EU action to address the energy crisis](#); Reuters, 21 May 2026 [French PM rules out broad tax cuts on fuels amid tight budget constraints](#)

¹¹ IEA, May 2026, [Global EV Outlook](#)

¹² IEA, September 2025, [The Implications of Oil and Gas Field Decline Rates](#)

► Petrochemicals: Not likely to sustain demand

Petrochemicals are often cited as a future source of oil demand. However, they represent a relatively limited share of total consumption and are geographically concentrated, primarily in Asia and the Middle East. They are unlikely to provide sufficient or widely distributed demand to sustain the large number of economies that depend on oil revenues today.¹³ Overall demand growth is therefore weakening and becoming increasingly uncertain. There is no longer a question that global oil demand will peak.

The oil endgame will be a geopolitical transition

The oil endgame is not simply a demand story. It is a geopolitical transition in which weaker demand, uneven supply adjustment and producer fiscal pressure will interact to reshape markets, alliances and global financial stability.¹⁴

For decades, oil geopolitics was shaped by the perception of supply scarcity and the vulnerability of importers to disruption in a concentrated global market. The strategic concern was access to affordable supply: whether flows could be interrupted by conflict, embargoes, chokepoints, producer coordination or geopolitical coercion. Fears of hitting “peak supply” have dissipated following the US shale revolution, but the political power of supply shocks remains.

In the emerging oil endgame, the constraint shifts from supply to demand, and the central challenge becomes managing the consequences of declining and uncertain demand. This matters because oil revenues underpin the fiscal systems, social contracts and political stability of many producing countries. As demand weakens and price and revenue volatility persist, these systems come under structural pressure.

These pressures do not remain confined to producers, but transmit into geopolitical arenas at a time when geopolitical risk is already heightened. The oil endgame is likely to be punctuated by severe shocks that redistribute revenues, intensify volatility and alter the future trajectory of demand itself. The current disruptions in the Strait of Hormuz exemplify how these mechanisms work. From early March Brent remained around or above \$100/b for the most sustained period since 2022. This is a significant price shock, but the very fact that it did not rise further – given the physical scale of disruption – suggests that the shock has been of such scale that it forced rapid absorption through other channels: demand destruction, weaker macroeconomic conditions, emergency stock releases, and expectations of accelerated substitution.

¹³ IEA, 2025, [Oil Market Report](#)

¹⁴ IEA, 2025, [World Energy Outlook 2025](#)

Several major oil importers are already signalling that transition is their way to economic resilience, including the EU, China¹⁵, ASEAN¹⁶. In India¹⁷ and Pakistan¹⁸, the response has also taken a more immediate form: fuel conservation, pressure to protect foreign-exchange reserves and a surge in electric two-wheeler demand. Together, these responses show that the crisis is not only a supply shock; it is also a demand shock, strengthening the case for reducing exposure to globally priced fossil fuels.

If importing economies respond to oil shocks by treating electrification, efficiency and fuel switching as tools of economic resilience and strategic autonomy, the geography of durable demand will shift faster and more unevenly. Producer economies will then compete not only for volumes, but for access to the demand centres, financing channels, security relationships and standards regimes that shape whether their barrels remain commercially and politically viable. The paradox of the transition is therefore that geopolitical shocks can both raise oil revenues in the short term and accelerate the strategic repositioning that makes producers' adjustment harder in the medium term.

In this context, it becomes increasingly important to look more closely at the pressures facing producer governments – how they may respond as demand declines – and how these choices shape energy markets and the geopolitical landscape over time.

Why this matters for importers and international actors

At COP28, governments agreed to “transition away from fossil fuels in the energy system in a just, orderly and equitable manner”. The central strategic lesson of our analysis is that declining oil demand alone will not deliver an orderly transition. Active management is required to mitigate the risk that the transition will lead to a prolonged period of instability, and to ensure that the opportunities and costs of the transition are more fairly distributed across and within countries, especially for oil-dependent countries.

Importers, and international institutions, can help create the conditions for managed adjustment through clearer signalling of demand trajectories, differentiated partnerships and macro-financial support. Or, they can allow a more fragmented and unstable endgame to emerge, in which producer fragility, geopolitical rivalry and repeated market shocks amplify the costs of transition for everyone.

¹⁵ Reuters, 6 April 2026, [China's Xi urges faster development of new energy system as Middle East war continues](#)

¹⁶ ASEAN, March 2026, [Joint statement of the ASEAN economic ministers on strengthening ASEAN's economic resilience in response to recent global economic and geopolitical developments](#) (PDF)

¹⁷ Reuters, 10 May 2025, [Modi urges limits on fuel use, travel and imports to save forex](#)

¹⁸ Reuters, 7 April 2026, [Soaring costs, fuel shortage fears drive Pakistan to electric motorbikes](#)

Our focus in this report is on the trajectories of producer countries¹⁹ in a world of declining oil demand, to understand how different types of producer states are likely to respond to declining demand, and what risks those trajectories create. We do not attempt to map the full range of importer strategies in a transitioning world, but offer our analysis to inform their choices and those of international institutions, which will shape whether adjustment is managed or disorderly.

Playing out the endgame

Understanding how producer countries may respond to the pressures of reducing oil demand is difficult to analyse using traditional models. Producer decisions are shaped not only by economics, but by political constraints, fiscal dependencies and geopolitical considerations.

To explore these dynamics, E3G developed the **Oil EndGame simulation** – an interactive simulation that places policymakers and experts in the role of decision-makers in oil-producing countries. Participants are required to navigate declining demand, price volatility and geopolitical shocks while maintaining fiscal stability, political order and international influence.

The simulation uses oil-demand pathways based on the IEA's World Energy Outlook 2024 scenarios, combined with geopolitical developments, alliances and financial constraints. These scenario pathways provided the market context for the simulation, while participants' decisions shaped how producer strategies evolve under pressure, and how outcomes differ depending on access to finance, market opportunities and international cooperation. More detail on the methodology is included in [Annex 1](#).

We do not treat the insights from the simulation as a forecast or as hard evidence of how individual producer states will behave. The oil endgame is only beginning, and there is no direct historical precedent for how producers, importers and financial actors will respond to a sustained weakening of global oil demand. The simulation was therefore used as a structured foresight exercise: a way to stress-test plausible strategic logic under conditions of uncertainty, fiscal pressure and shifting market expectations.

In this report, we interpret the insights from the simulation alongside real-world evidence on oil markets, producer behaviour, sovereign finance, sanctions, security dynamics and existing resource-governance literature, together offering insights into how different types of producer countries are might respond to declining demand, what risks this creates for global stability, and how international policy can shape a more orderly transition.

¹⁹ In this report, “producer countries” refers primarily to economies where oil and gas revenues are central to fiscal stability, export earnings and the broader political economy. This distinguishes them from diversified economies with oil production, such as the United States or the United Kingdom, where hydrocarbons play a more limited role in overall economic resilience.

The three dimensions of the oil endgame

To understand how the oil endgame will unfold, it is not sufficient to analyse market trends or individual country trajectories in isolation. The transition is shaped by the interaction of three forces:

- ▶ **Structural vulnerability within oil-dependent countries**, which determines which countries are exposed to fiscal stress and instability as oil demand evolves.
- ▶ **Strategic behaviour of producing countries in response to declining demand**, seeking to protect revenues, preserve political stability and maintain influence, often in ways that reshape markets and geopolitical dynamics.
- ▶ **Policy responses by importing governments, financial institutions and international actors**, which set the international policy environment that condition producer responses: the availability of finance, the signals sent by major consuming economies, and the effectiveness of international cooperation.

The interaction of these three dimensions determines whether producer countries move toward orderly adjustment, prolonged instability or disorderly crisis. Analysing them together therefore provides a more complete picture of the plausible pathways for producer transition, and of the policy levers available to shape those outcomes.

In this report, we discuss these three dimensions in turn.

Part 1: Exploring the structural vulnerability. Producer fragility as a security risk

We first establish the core risk by examining the mechanisms through which the energy transition affects oil-dependent states. We show how fiscal dependence on hydrocarbon revenues, combined with rising climate impacts and market volatility, creates systemic vulnerability in a group of producer economies.

Drawing on both historical evidence and insights from the Oil EndGame simulation, we argue that unmanaged producer transition poses risks not only to those countries themselves, but to global economic and security systems through spillovers such as price volatility, migration and regional instability.

Part 2: The struggle to shape the endgame. Exploring the “players” behaviour

We then demonstrate that producers are not passive actors in a declining market, but are actively seeking to shape outcomes by locking in demand, deploying financial statecraft, adjusting alliances and influencing global governance. In parallel, major consuming economies are emerging as structural power centres, shaping markets through demand, regulation, finance and security.

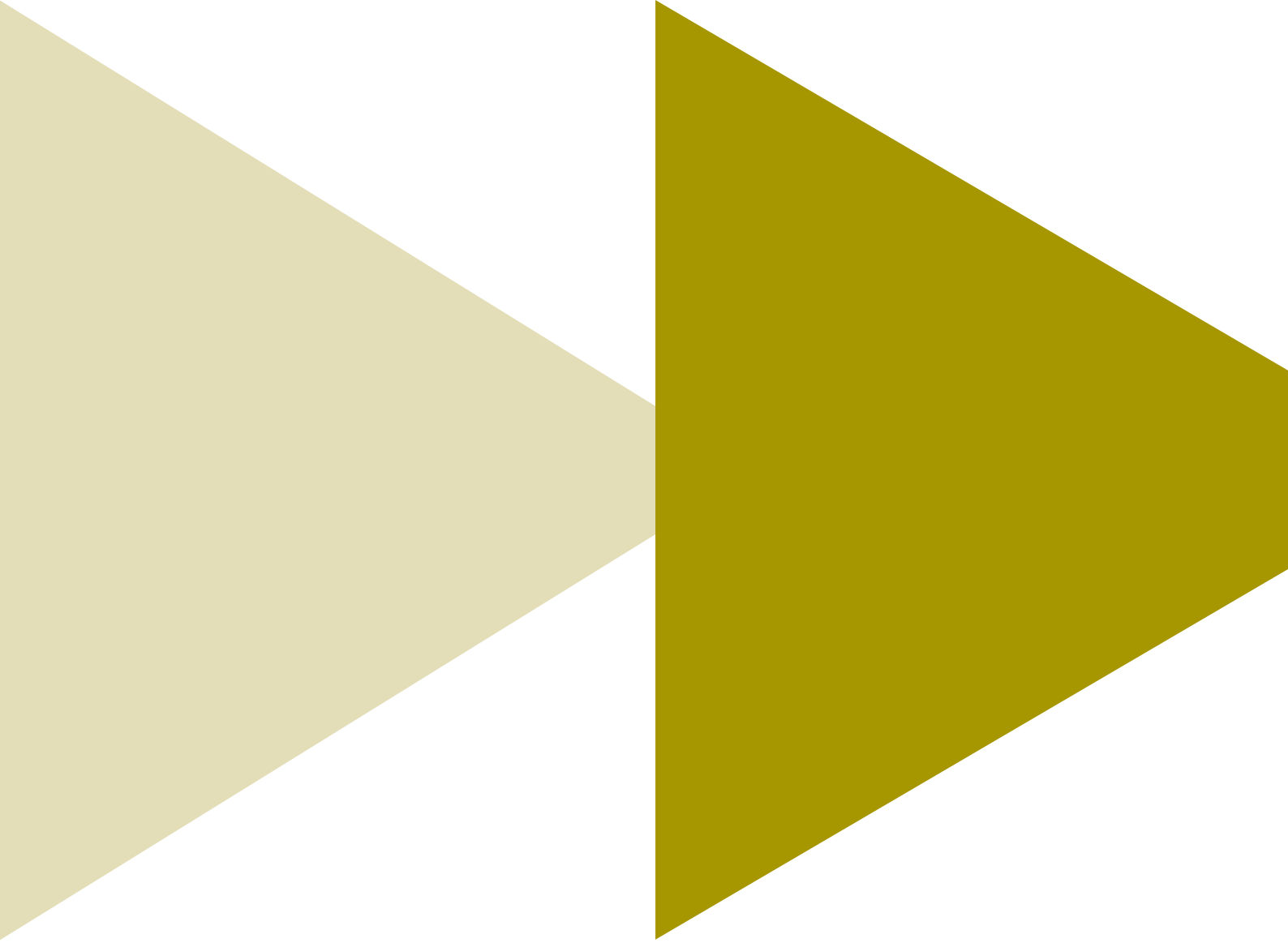
These dynamics turn the transition into a competitive geopolitical process rather than a purely economic adjustment. We take a closer look at two of the key arenas in which the oil

endgame will play out: oil security and finance. Oil security architecture is already changing rapidly, and additional disorder from the oil endgame brings risks of further fragmentation of markets and alliances. In finance, we explore the role of international financial institutions, development finance and new instruments in managing the pressures on producers.

Part 3: Navigating the oil endgame. A new agenda for diplomacy

Finally, we focus on policy responses at both domestic and international levels. We outline an integrated diplomatic approach, combining climate policy, economic partnerships and security considerations, to support producer country adjustment and reduce systemic risks.

Taken together, we argue that the oil endgame is not only an energy transition challenge, but a geopolitical and financial transformation that requires coordinated action across energy, finance and foreign policy domains.



Part 1: Exploring the structural vulnerability

Chapter 1: Producer fragility as a security risk

One of the most underestimated risks of the energy transition is the destabilisation of oil-dependent states as revenues decline.

As we approach peak oil demand, energy security thinking is commonly still led by the question of securing the supplies to meet demand. Meanwhile, the energy transition is often framed primarily as a problem of deploying clean technology, reducing emissions, and securing the investment to do so. This framing must change as we look ahead to the point where oil demand growth flips to decline.

For states dependent on oil revenues, declining demand is a potential risk to their very ability to function. The impacts are not likely to be confined to their borders, but spill over into global financial and geopolitical systems. This would put the world on a risky, disorderly transition pathway. This means the energy transition is intimately connected with diplomacy, finance and security policy, and coordinated action across those realms is necessary to shape the conditions under which the transition unfolds. An energy diplomacy approach that prioritises maintaining stability in producer states is a security imperative.²⁰

The oil endgame will be felt first in sovereign finance

In some producer economies – particularly across parts of Africa, the Middle East and Eurasia – oil revenues finance the state itself. They underpin public budgets, social contracts, and political order. When revenues become volatile or decline structurally, the consequences are not confined to the energy sector: they affect governance capacity, internal stability, and regional security dynamics.

Figure 1 shows how declining fossil fuel revenues are a very real prospect. Mid-tier producers in particular are projected to lose significant proportions of revenues compared to 2022 levels, even in the IEA's Stated Policies Scenario (STEPS).

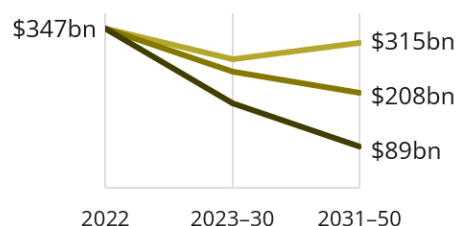
²⁰ See also Bradshaw, 2026, [The Geopolitics of Energy System Transformation: Managing the Messy Mix](#). Bristol University Press

Producer oil and gas income projections by IEA scenario

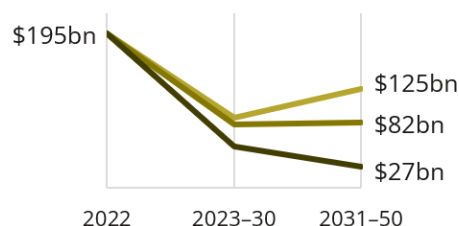
ANNUAL INCOME PROJECTIONS (\$BN) IN **STEPS** | **APS** | **NZE SCENARIO**

SELECTED MAJOR PRODUCERS

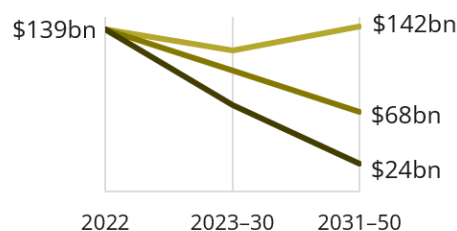
Saudi Arabia



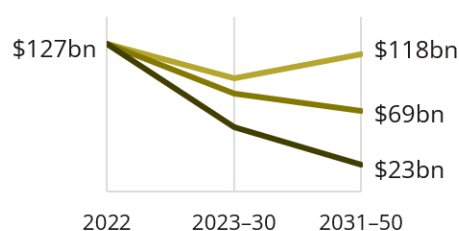
Qatar



Iraq

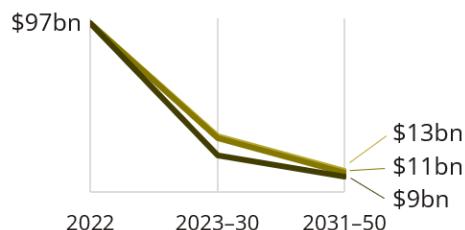


UAE

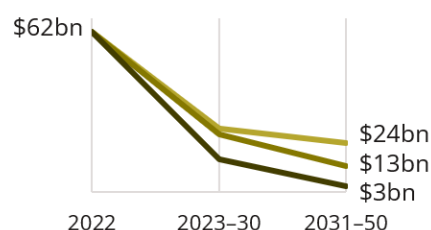


SELECTED MID-TIER PRODUCERS

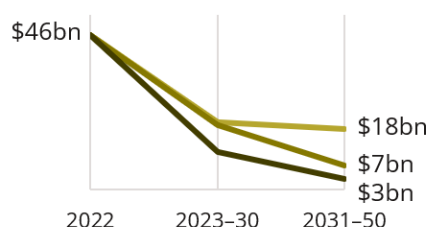
Algeria



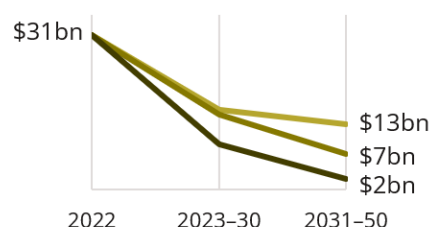
Oman



Nigeria



Angola



Source: IEA, November 2023, [The Oil and Gas Industry in Net Zero Transitions](#)

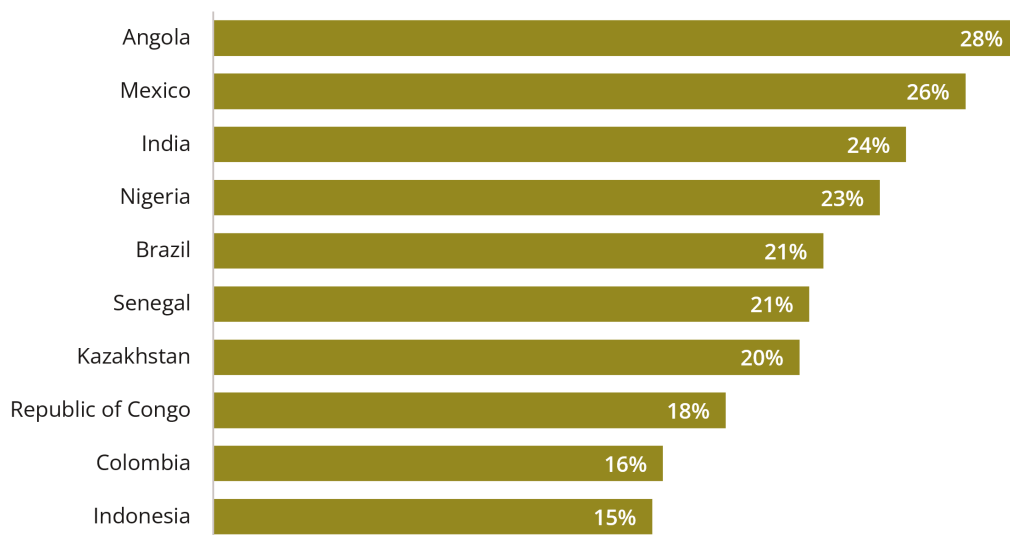
Figure 1: Mid-tier producers in particular are projected to lose a significant proportion of revenue from oil and gas even under the IEA's Stated Policies Scenario (STEPS), with some major producers also vulnerable. Revenue for all producers is projected to fall under faster transitions modelled in the Announced Pledges Scenarios (APS) and Net Zero Emissions by 2050 (ZNE) scenarios. The IEA scenarios formed the basis for the three scenarios used in the Oil EndGame simulation.

The resulting pressures on public budgets may emerge well before any significant decline in physical oil production. The fiscal stress manifests as a cluster of financial risks that interact with existing vulnerabilities in many producer economies:

- **Sovereign debt stress.** Lower or more volatile hydrocarbon revenues can weaken fiscal balances and raise borrowing requirements, particularly in countries that already carry high public debt (Figure 2). Investors may increasingly view oil-dependent economies as structurally exposed to transition risks, contributing to sovereign credit-rating downgrades and rising borrowing costs.²¹ This is not a future risk. In Angola and Nigeria, oil price volatility has repeatedly translated into fiscal stress and constrained creditworthiness, while in Colombia, policy decisions affecting future production are already shaping investor expectations.²²

Interest paid on government debt as % of government revenue

OIL PRODUCERS WITH HIGHEST PROPORTION OF GOVERNMENT REVENUE USED TO SERVICE DEBT



Source: E3G calculations using data from [IMF Datamapper](#) on current GDP, interest paid on public debt as % of GDP and government revenue as % of GDP (all data for 2024).

Figure 2: For producers with a high level of debt burden, any loss of government revenue from oil production not only constrains public finances, but can lead to downgrades in credit rating and increased borrowing costs.

²¹ ECB, 2025, [Creditworthy: Do climate change risks matter for sovereign credit ratings?](#) (PDF)

²² Economies with higher dependence on fossil fuel revenues tend to receive weaker sovereign credit ratings, reflecting exposure to revenue concentration and external shocks [ECB, 2025, [Creditworthy: do climate change risks matter for sovereign credit ratings?](#) (PDF)], while oil price volatility and commodity dependence are associated with higher borrowing costs and fiscal instability (International Monetary Fund, 2024, [Staff Climate Notes: Key Challenges Faced by Fossil Fuel Exporters during the Energy Transition](#)). Recent experience among oil exporters including Angola, Nigeria and Colombia illustrates how oil revenue dependence, reserve uncertainty and exposure to volatile export earnings can constrain creditworthiness (see also Carbon Tracker Initiative, 2023, [Petrostates of Decline](#)).

- **Stranded public assets and state-owned energy companies.** Many producer states rely on national oil companies for a large share of fiscal revenue and employment. While governments often do not directly finance new projects, relying on private partners and lifting rights, investments in new oil and gas infrastructure may become unprofitable under declining demand scenarios, transferring losses onto public balance sheets through guarantees, subsidies or implicit liabilities.
- **Capital flight and financial volatility.** As investors reassess long-term revenue prospects for fossil-fuel exporters, capital flows may shift away from producer economies. This dynamic can trigger currency depreciation, raising sovereign borrowing costs and declining investment, reinforcing macroeconomic instability.
- **Tightening foreign exchange (FX) reserves.** Oil revenues are often the dominant source of foreign exchange in producer economies. Other inflows, such as non-oil exports, tourism, remittances and foreign investment, are typically smaller and more volatile. As a result, declines in hydrocarbon revenues can quickly create foreign currency shortages, putting pressure on exchange rates, imports and external debt servicing.

These dynamics can intensify competition for foreign exchange, weaken investor confidence and trigger depreciation of the local currency. In turn, this raises the cost of imports and increases the local-currency burden of servicing external debt. In response, central banks may tighten monetary policy to stabilise the currency and contain inflation. However, higher interest rates raise the cost of capital – itself already raised by increased debt stress – making it more difficult to finance long-term, capital-intensive investments such as renewable energy and infrastructure, potentially slowing economic diversification away from hydrocarbons.

Why decline becomes crisis

We have seen in the past how countries are affected when oil revenues fall away. The 1986 oil price collapse contributed to the fiscal breakdown of the Soviet Union. More recently, Venezuela's economic collapse following the 2014 price crash produced institutional failure and one of the largest migration crises in modern history. Similar dynamics are observable, at different scales, in Iraq, Libya and Nigeria, where government capacity closely tracks oil revenues.

But the transition introduces a new dynamic. Previous oil shocks were cyclical; transition-driven pressures are structural.

While abrupt price collapses illustrate how quickly systems can fail, the transition is more likely to unfold over a longer period. The challenge then becomes not sudden collapse, but prolonged fiscal erosion – an existential threat to the future of most petrostates.

The effects of such prolonged strain on public finances has also already been seen in countries such as Mexico or Indonesia, requiring difficult adjustments to subsidies, taxation and economic structure. The Mexican government had to force deeply unpopular tax reforms to broaden the fiscal base in a low-tax, highly informal system, while the government increasingly had to support its state oil company Pemex (one of the most indebted oil companies globally) placing sustained pressure on public finances.²³ In Indonesia, politically difficult subsidy cuts triggered short-term inflation and public backlash but ultimately helped restore fiscal space over time.²⁴

The double-exposure trap

Vulnerable producers face multiple pressures at once. Demographic growth increases fiscal demands, especially where a young population expects meaningful jobs, better services and a credible economic future. Regional instability and conflict can disrupt trade and investment, and shifts in global trade patterns or protectionism can constrain economic diversification. All of these factors contribute to fiscal strain and political risk.

Among these, climate impacts represent a particularly significant exposure risk because they are systemic, persistent and closely aligned with fiscal vulnerability. Climate impacts are increasing in frequency and severity over time, and will therefore be more significant as we enter a declining-demand world. They tend to affect multiple sectors simultaneously, directly increasing public spending needs while reducing economic productivity, creating sustained pressure on already constrained fiscal systems.

This puts producers in what can be termed a double-exposure trap, where they face two mutually reinforcing pressures at once:

1. **Transition risk:** Declining or volatile hydrocarbon revenues as demand shifts. Efficiency improvements, electrification and climate policy reduce long-term export income and increase price volatility.
2. **Physical climate risk:** Rising climate damages as the impacts of more extreme weather begin to intensify. Droughts and flooding affect agricultural production and food prices, raising subsidy costs and social unrest risks. Infrastructure damage requires emergency spending. These risks can be further compounded if countries additionally carry a high debt burden.

Producers vulnerable to these risks may carry the additional burden of sovereign debt stress, due to which the financial pressure from declining oil revenues can quickly lead to domestic crisis as explained in the previous section. These risks combine for five African producers in particular, identified in Figure 3. These countries may be especially susceptible to a cycle of financial pressures as the oil endgame plays out.

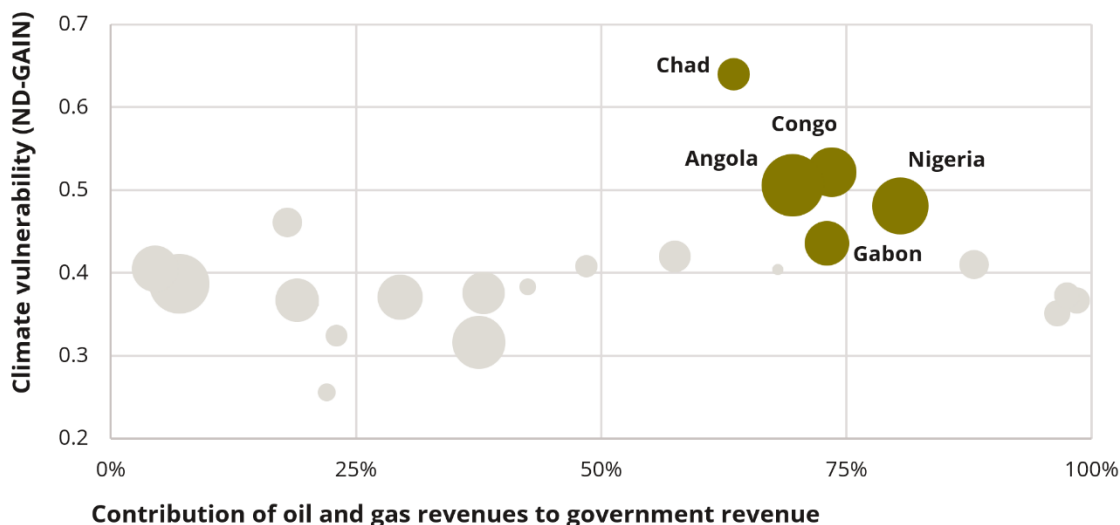
²³ NRG, 2024, [Pemex and the Energy Transition](#)

²⁴ IISD, 2019, [Beyond Fossil Fuels: Indonesia's fiscal transition](#)

A triple threat: countries facing a combination of oil dependency, climate vulnerability and debt burden

Bubbles sized according to interest paid on gov't debt as a proportion of gov't revenue

5% 10% 20%



Note: This graph plots 22 of the most oil-dependent countries for whom this combination of data was available. In all but two of the countries included (Qatar and Trinidad & Tobago), oil provides more than 50% of the country's hydrocarbon export value, which means government revenues are likely to depend more on oil than gas. In the five countries labelled, oil export value is over 80% of hydrocarbon exports; in Chad and Gabon it is 100%.

Source: Carbon Tracker, December 2023, [PetroStates of Decline](#); ND-GAIN, <https://gain.nd.edu>; E3G calculations using IMF Datamapper, [Interest paid on public debt, percent of GDP](#)

Figure 3: Five of the most climate-vulnerable producers are not only highly dependent on oil revenues but also have relatively high debt burden. The combination of declining revenues in the oil endgame, debt servicing requirements and likelihood of worsening climate impacts puts these countries at particular risk.

National oil companies: from fiscal asset to transition risk

National oil companies (NOCs) sit at the centre of producers' financial vulnerability. In many producer economies, NOCs function not simply as commercial entities but as fiscal institutions that finance government budgets and public investment. For example, in Iraq, oil revenues account for over 90% of government income.²⁵ In Algeria, the national oil company Sonatrach dominates exports and public revenues.²⁶ In these systems, uncertainty about future fossil-fuel demand directly translates into fiscal uncertainty.

²⁵ International Monetary Fund, 2024, [Iraq: 2024 Article IV Consultation – Press Release; Staff Report; and Statement by the Executive Director for Iraq \(IMF Country Report No. 24/128\)](#)

²⁶ Natural Resource Governance Institute, 2021, [It's Time to Talk: Sonatrach and the Energy Transition in Algeria](#)

► Case studies: State finances tied to national oil companies

Nigeria's national oil company (NNPC) plays a central role in funding government revenues while historically absorbing subsidy costs. While recent reforms – such as removing petrol subsidies and requiring more oil revenues to be transferred to the federal account – aim to reduce these quasi-fiscal roles, legacy liabilities and continued dependence on oil revenues means government finances remain heavily dependent on the performance of the oil sector.²⁷

Angola's national oil company Sonangol has historically functioned as both an energy company and a quasi-sovereign financial institution, financing public projects and managing large volumes of state revenue. Oil price declines in the mid-2010s exposed the fiscal risks embedded in this system and contributed to a prolonged debt crisis.

This structural role creates significant exposure to transition risk: recent analysis suggests that roughly \$400 billion in planned upstream spending by NOCs between 2023 and 2032 may fail to break even under scenarios where global oil demand declines in line with current government climate pledges, potentially leaving governments with stranded assets and fiscal liabilities.²⁸

This fiscal-risk channel is not unique to NOCs. Experience from other energy sectors shows how systemically important state-owned enterprises (SOEs) can become macro-fiscal risks when investment decisions, demand assumptions and public guarantees are misaligned. Eskom in South Africa²⁹ and the power-sector liabilities accumulated in Pakistan³⁰ are not direct analogues to oil-producing economies, but they illustrate the broader mechanism: when strategic SOEs carry long-lived obligations that revenues, tariffs or consumers cannot absorb, liabilities can migrate back onto the state. For oil exporters, this risk runs through NOC balance sheets, upstream expansion, export infrastructure, downstream hedging strategies and oil-backed fiscal planning.

Worsening climate impacts also affect energy systems themselves: pipelines, refineries, offshore drilling sites and export terminals are vulnerable to storms, sea-level rise and extreme temperatures.³¹ For example, sea-level rise of around 60 cm could affect 64% of port facilities in the Gulf of Mexico, while 98% could be affected by a 5.5-metre storm

²⁷ NRG, 2023, [National Oil Company Profile: Nigerian National Petroleum Company](#) (NNPC); Reuters, 2026, [Nigeria directs oil and gas revenues to federation account in sweeping reform](#)

²⁸ Natural Resource Governance Institute (NRGI), 2026, [National Oil Company Transformation: Strategic Choices for an Uncertain Energy Future](#)

²⁹ National Treasury, Republic of South Africa, 2023, [2023 Budget Review: ESKOM Debt Relief](#)

³⁰ IMF, May 2024, [IMF Country Report No. 24/105: Pakistan](#)

³¹ U.S. Department of Energy, 2015, [Climate Change and Energy Infrastructure Exposure to Storm Surge and Sea-Level Rise](#)

surge.³² As these risks grow, NOCs must divert more capital to repair and adaptation instead of revenue generation.

This creates a feedback loop between corporate and sovereign risk: governments depend on NOCs for revenue and foreign exchange, but may also need to support them financially when returns weaken or investments become unprofitable. As a result, risks that begin in energy markets are pushed directly onto public balance sheets while reducing economic output and tax revenues, widening the fiscal gap further. Such shocks can rapidly become political crises. Governments lose both fiscal capacity and distributive legitimacy simultaneously.

Which producers are most exposed?

We can conclude from the previous sections that the most exposed producers share a combination of features that turn market volatility into political stress:

- ▶ high fiscal dependence on hydrocarbon revenues
- ▶ limited economic diversification and weak non-oil tax bases
- ▶ political distribution systems built on public employment and subsidies
- ▶ significant debt burdens and financing structures often linked to expected hydrocarbon revenues, reducing fiscal room for manoeuvre when prices fall
- ▶ weak institutions, social and demographic pressures and dependence on key export markets where demand is already falling.³³

Figure 3 above introduced producers in sub-Saharan Africa as particularly exposed to a combination of vulnerabilities, but the issue is much wider. Figure 4 highlights producers with high dependence on oil exports, including Libya and Algeria in Europe's neighbourhood, and the Gulf states, which are strategically sensitive for many importers. This is precisely why producer fragility becomes an energy security issue for importing countries, not only a development concern.

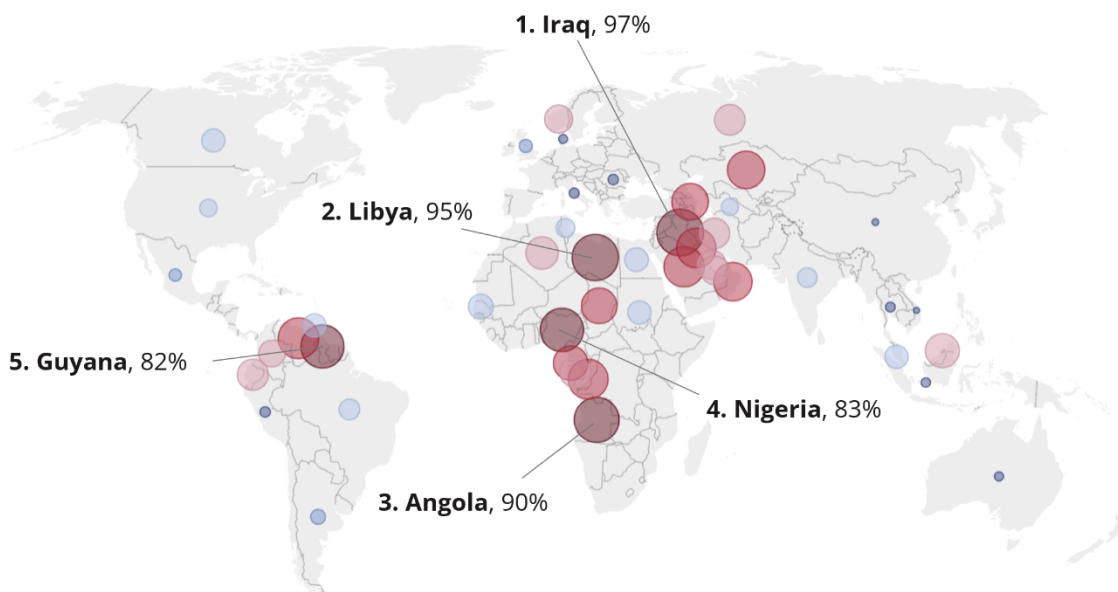
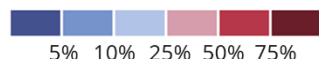
Even countries with more diversified economies, strong institutions, or large financial buffers are not immune. For example, the ongoing crisis in the Middle East is putting sustained revenue pressure on these buffers for certain producers in the Gulf. In some cases, labour market structures, including large expatriate populations, can provide short-term flexibility, but do not remove underlying fiscal dependence.

³² Climate Change Science Program (U.S.). Subcommittee on Global Change Research, 2008, [Impacts of Climate Change and Variability on Transportation Systems and Infrastructure: Gulf Coast Study, Phase 1](#)

³³ Carbon Tracker Initiative, 2023, [Petrostates of Decline](#)

Producers' dependence on oil exports

Oil exports as % of total exports by value



Note: Calculations include value of both crude oil and oil product exports.

Source: E3G calculations using data from OEC World, <https://oec.world> (oil export revenues, 2024) and World Bank Group, <https://data.worldbank.org> (total export value, 2024). Map created with Datawrapper.

Figure 4: For many producers in the Middle East, Africa and Latin America in particular, crude oil and oil products make up a significant proportion of the countries' exports.

How producers respond under pressure: insights from the Oil EndGame simulation³⁴

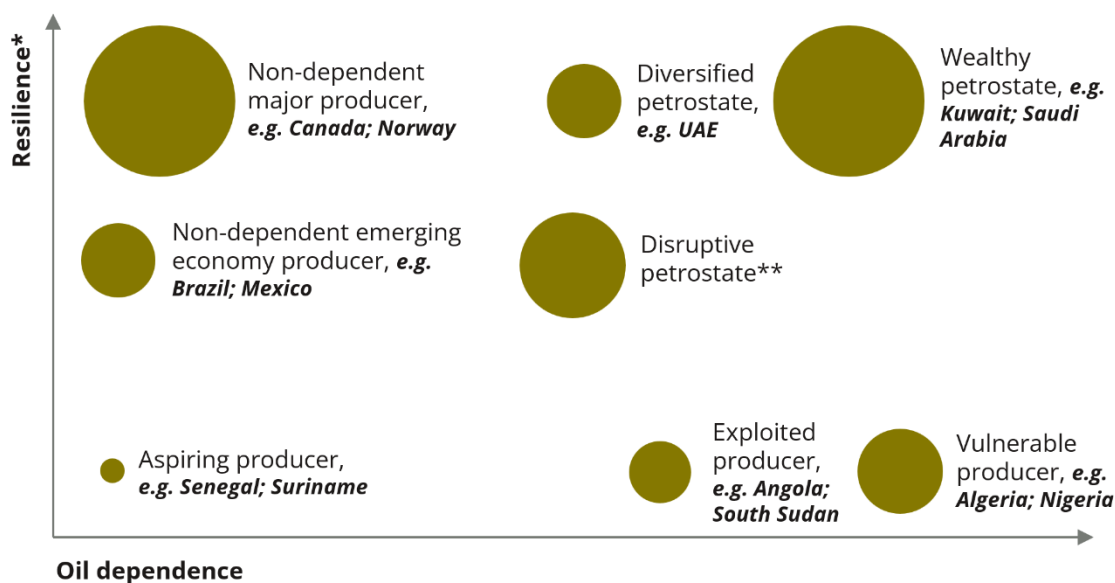
Through the Oil EndGame simulation, we explored how governments respond when hydrocarbon revenues become uncertain. To understand how the pressures affect countries with different vulnerabilities, we developed a set of producer archetypes (see Figure 5) that group countries according to their

- fiscal dependence on oil and gas
- resilience of their institutions and economies,
- use of oil in foreign policy.

³⁴ The following findings should be understood as foresight insights rather than predictions. They identify patterns of behaviour that emerged repeatedly in the simulation and are consistent with real-world incentives visible in producer economies today .

Typology of oil producers

Bubble size reflects production volume



Notes: * Institutional, social and economic resilience. ** Disruptive petrostates are characterised by using fossil fuels as a geopolitical weapon and can therefore in practice be in any position along the axes, e.g. Russia, Iran.

Figure 5: Producer archetypes developed for the Oil EndGame simulation. The political economy of a producer influences the extent to which it will be affected by the stresses that emerge in the oil endgame.

Our typology was designed to explore how political economy structures shape producer behaviour and their ability to adapt to the transition, rather than to offer a definitive or exhaustive classification.

The vulnerabilities identified in the previous section are concentrated in a set of high-dependence, low-resilience producers. By contrast, more diversified exporters with stronger institutions and larger financial buffers fall into more resilient archetypes, although they still face important adjustment challenges as demand declines.

Across multiple runs of the simulation, we observed dynamics that are consistent with the mechanisms described in previous sections for how declining demand combined with other vulnerabilities led to crisis for certain producer archetypes. Borrowing initially stabilised budgets but quickly created unsustainable repayment obligations, a pattern consistent with IMF warnings about fiscal vulnerabilities and pro-cyclicality in commodity exporters.³⁵ Simulated climate events, necessitating emergency spending as revenues weakened, often triggered fiscal crises and unrest. And national oil companies became burdens under stress requiring subsidies and debt support.

³⁵ IMF, 2023, [Fiscal Monitor: Climate Crossroads: Fiscal Policies in a Warming World](#)

Additional crucial insights showed that the outcomes for producers are not fixed, but that the conditions in the endgame affect the paths available.

1. **Volatility mattered more than low prices:** Oil price volatility is not new, and many producer governments have developed tools to manage it, including fiscal buffers, stabilisation funds, borrowing, subsidy adjustment and production coordination. What changed in the simulation was the interaction between volatility and structural uncertainty. Participants struggled less with sustained low prices than with unpredictable fluctuations because these made it harder to distinguish temporary price movements from a more durable weakening of demand. Volatility disrupted budgeting, borrowing and subsidy systems, forcing short-term political decisions over structural reform. This reflects a wider challenge in the oil endgame: when prices are driven not only by physical balances but also by expectations, geopolitical risk premia and uncertainty about future demand, it becomes harder for producer governments to separate signal from noise and make credible fiscal plans.³⁶
2. **Producer states prioritised regime stability over market optimisation.** Under stress, they maximised production, entered transactional partnerships, and securitised infrastructure rather than coordinating managed decline. Again, this echoes behaviour already seen historically. For example, Nigeria has repeatedly responded to oil price volatility by ramping up production and spending during high-price periods, rather than building buffers or diversifying. This contributed to recurring fiscal crises and currency pressure.³⁷
3. **Producer incentives favoured continued oil investment unless credible alternatives existed.** Where players did not see viable post-oil pathways, they defaulted to extraction, revenue maximisation and geopolitical bargaining. This reflected a structural asymmetry that is also visible in the real world: continued upstream investment often offers producer governments relatively large, immediate and politically legible revenues, while diversification gains are longer-term, uncertain and harder to claim within political cycles. As a result, voluntary production restraint was rare in the simulation, and strategic pivots occurred only when alternatives appeared credible. Behaviour changed when players perceived viable post-oil pathways supported by investment, trade access, stabilisation finance or industrial opportunities. Under these conditions, some pursued more cooperative strategies and were more willing to invest in adjustment rather than simply maximising short-term oil revenues. This highlights the importance of the external environment: producer outcomes are determined not only by domestic conditions but also by the availability of credible economic pathways shaped by international finance, trade, and policy coordination.

³⁶ IEA, 2026, [Oil Market Report – March 2026](#)

³⁷ NRG, 2025, [Strengthening Uganda's Management of Uncertain Oil Revenues](#); IMF, 2025, [Nigeria: 2025 Article IV Consultation-Press Release; Staff Report; and Statement by the Executive Director for Nigeria](#)

Taken together, these findings underline that the strategic priority for producers is not to bet on a single price path, but to build resilience under deep uncertainty. If governments wait for unequivocal evidence of structural decline, the fiscal space and time needed for serious diversification may already have narrowed; earlier, resilience-oriented planning can keep more options open even when the future price trajectory is unclear.

This highlights the importance of the external environment: **producer outcomes are not determined by domestic conditions alone, but by the availability of credible economic pathways** shaped by international finance, trade and policy coordination.

We discuss the strategic behaviour of producers, and strategies available to them, further in [Chapter 2](#), and suggest how importers and international financial institutions can help to shape economic pathways for producers in [Chapter 6](#).

Why producer instability spills across borders

Instability in oil-dependent states does not remain local. It spreads to affect regional and even global stability. These spillovers mean that supplier instability presents an increasing security risk in a transition world.

Price shocks and financial system instability

The most immediate transmission of instability occurs through oil and gas prices. Energy markets are shaped as much by expectations and risk premia as by physical supply losses. Instability in producer countries, whether through conflict, fiscal crisis or governance breakdown, raises the perceived risk of disruption to supply, transport or investment.

This leads to higher insurance and freight costs, precautionary stock-building, and shifts in trading behaviour, all of which increase prices even when physical supply remains largely unchanged.³⁸ The ongoing crisis in the Middle East affecting shipping routes through the Strait of Hormuz illustrates this mechanism: price movements have been driven as much by perceived risk and market response as by actual supply losses.

While recent shocks have been largely driven by supply disruptions, a demand drop or uncertainty can generate similar instability, prompting supply responses such as production cuts or underinvestment. The IEA has repeatedly warned that declining upstream investment under transition uncertainty may tighten spare production capacity buffers, particularly in scenarios where capital expenditure falls faster than demand. Prices may rise in anticipation, as markets price in the risk of disruption if any instability within

³⁸ UNCTAD, 2024, [Review of Maritime Transport 2024](#); IEA, 2024, [Oil Market Report - March 2024](#)

producer countries is observed. Moreover, such tighter markets are structurally more reactive: even modest disruptions, whether from conflict, technical outages, or signalling behaviour, can trigger disproportionate price volatility.

Sustained increases in fossil-fuel prices transmit through the global economy, raising costs across transport, industry and electricity systems. This feeds into inflation and economic growth. In advanced economies, such shocks can influence monetary policy by necessitating interest rate increases or keeping borrowing costs higher for longer. Higher borrowing costs increase the cost of capital for infrastructure investments including clean-energy projects. Even countries who decarbonise at home therefore remain exposed: as long as oil remains globally priced, instability in producer regions transmits through inflation and macroeconomic pressure.

Migration

Migration pressures rise when fiscal systems fail.³⁹ Fiscal stress and retrenchment can reduce public services, employment and subsidy capacity, often leading first to internal displacement and regional migration. In some cases, larger cross-border movements follow, particularly into neighbouring regions and toward Europe. Climate impacts can intensify these pressures by worsening food insecurity, damaging livelihoods and increasing local instability.⁴⁰

Venezuela illustrates how state and macroeconomic collapse can produce very large regional spillovers (see box on page 37). Algeria illustrates a slower-burning version of the risk in Europe's neighbourhood. Hydrocarbons account for most exports and a large share of budget revenues, while youth unemployment is high.⁴¹ If oil revenues become more volatile or structurally weaker, fiscal retrenchment could interact with limited job creation, climate stress and water pressures to increase outward migration incentives. Algeria is already both an origin and a transit country in Europe's migration system, making any deterioration in state capacity or migration cooperation directly relevant for European stability.

Iraq is an example of an oil-dependent state where climate impacts are compounding other pressures. Water scarcity, salinity and poor water quality had already displaced around 20,000 people across parts of the country by the end of 2021,⁴² while climate stress increasingly complicates returns for communities displaced by conflict. These pressures will grow: the World Bank estimates that climate change could force up to 216 million people to move within their own countries by 2050.⁴³

³⁹ World Bank Group, 2019, [Nigeria on the Move: A Journey to Inclusive Growth](#)

⁴⁰ IPCC, 2022, [Climate Change 2022: Impacts, Adaptation and Vulnerability](#)
[Cross-Chapter Paper 4: Mediterranean Region](#)

⁴¹ World Bank Group, <https://www.worldbank.org/ext/en/country/algeria>

⁴² International Organization for Migration, 2022, [Migration, Environment, and Climate Change in Iraq \(PDF\)](#)

⁴³ World Bank Group, 2018, [Groundswell: Preparing for Internal Climate Migration](#)

Regional security and geopolitics

Regional security deteriorates as rents become volatile, contested or visibly finite. The risk is not that producers become poorer, but that the political bargains built around hydrocarbon income become harder to sustain. Competition over a shrinking or less reliable revenue base intensifies elite rivalry, empowers armed groups and weakens centre-region bargains. Control of ports, pipelines and chokepoints becomes strategic. As fiscal pressures mount, governments may be more willing to use coercive tools including harassment of shipping, selective disruptions, or politicised control over infrastructure, to secure revenue, raise prices, or exert geopolitical influence.⁴⁴

Libya illustrates this dynamic: since 2011, control over oil revenues and facilities has been central to competition between rival authorities and armed actors, with repeated blockades used to demand political concessions or a greater share of state revenue. Once armed groups, smugglers and rival authorities capture parts of the hydrocarbon economy, including fuel subsidies, export infrastructure, logistics corridors and protection rackets, these rents can finance cross-border networks, deepen neighbouring conflicts and invite foreign patronage. In this way, contested hydrocarbon rents can become embedded in wider conflict economies across the Sahel, Sudan and the Mediterranean.⁴⁵

Sudan and South Sudan show a related cross-border version of the risk, where dependence on pipelines and export routes turned oil transit into a source of interstate leverage and fiscal vulnerability.

One of the clearest patterns in the Oil EndGame simulations was that geopolitical alignment shifts under fiscal pressure. Producing countries increasingly turned toward transactional partnerships, exchanging infrastructure access, security cooperation, or political alignment for stabilisation finance. This dynamic matters because it constrains the collective leverage of importing countries. When individual importers secure supply or finance on their own terms, coordination on sanctions, standards or transition pathways weakens. Producers can then play importers off against each other, diluting collective leverage in practice.

Why the highest-risk pathway is disorder, not speed

The transition pathway matters, but not in the way debates often assume. A rapid, unmanaged decline can create abrupt revenue shocks and market panic. However, a slower transition does not automatically avoid instability: gradual decline can produce persistent instability if adjustment mechanisms are weak. Prolonged uncertainty and volatility may therefore be equally destabilising, producing repeated fiscal crises without enabling adaptation.

⁴⁴ UNCTAD, 2026, [Review of Maritime Transport 2025](#)

⁴⁵ Sarkar, A., 2003, [Traumatic decarbonization in carbon-based political \(un\)settlements](#)

The highest-risk pathway is disorder: a transition in which producer governments cannot distinguish temporary shocks from structural decline. When prices rise, producer governments may treat windfalls as evidence of durable demand, and increase spending, delay reform or invest in new production. When prices fall, the same governments face fiscal compression, currency pressure and debt stress. Repeated boom-bust cycles weaken the institutions needed for adjustment, including fiscal rules, stabilisation funds, subsidy reform and diversification planning.

► **Case study – Venezuela: Producer fragility as a regional security risk**

Following the 2014 oil price crash (when prices dropped from over \$100 to \$40 per barrel), a sharp fall in revenues translated almost immediately into fiscal crisis and state breakdown in Venezuela. The economy was acutely exposed to price shocks given that oil generated over half of government revenues and almost all export earnings. The price crash led to hyperinflation, collapse of basic services and political instability.

Pre-existing vulnerabilities – heavy state control, politicisation of the national oil company and a weak private sector – meant the system could not adjust. Oil production collapsed, inflation spiralled, and around 90% of households fell into poverty.

Rather than stabilising, the state became more predatory, expanding into illicit activities (gold, drugs) and relying on informal networks to sustain revenues, further weakening governance.

The impacts were not confined to Venezuela itself:

- **Mass displacement.** Almost 8 million people have left Venezuela since 2014, one of the largest migration crises in modern history.⁴⁶
- **Regional spillovers.** Neighbouring countries – particularly Colombia, Peru and Brazil – absorbed large inflows, placing significant strain on public services, labour markets and fiscal systems.⁴⁷
- **Persistent instability.** The crisis reshaped regional politics and created long-term humanitarian and economic pressures.⁴⁸

⁴⁶ UNHCR, 2025, [Venezuela Situation: Regional Refugee and Migrant Response – Update](#)

⁴⁷ International Monetary Fund, 2019, [The Economic and Fiscal Impact of Venezuelan Migration in Latin America and the Caribbean \(IMF Staff Paper\)](#); IMF, 2022, [Regional Spillovers from the Venezuelan Crisis: Migration Flows and Their Impact on Latin America and the Caribbean](#)

⁴⁸ Sarkar, A., 2003, [Traumatic decarbonization in carbon-based political \(un\)settlements](#)

Volatility can therefore be more destabilising than a clear long-term decline. A predictable decline would still be difficult, but it would allow governments, investors and international institutions to plan around a changing revenue base. A volatile decline keeps producers locked into short-term revenue maximisation while making long-term diversification harder to finance. It also encourages strategies such as accelerated production, demand lock-in, discounting, resistance to production restraint and transactional partnerships.

Recent IEA scenarios emphasise this dynamic: demand plateaus while investment hesitates and volatility risks persist.⁴⁹ Financial analysis similarly argues that parts of the fossil fuel system become economically vulnerable well before production declines materially, particularly high-cost producers, state-owned oil companies, and economies heavily dependent on hydrocarbon revenues.⁵⁰

The central risk is therefore not the speed of transition alone, but a mismatch between structural pressure and the political, fiscal and financial capacity to adjust.

Policy implications: transition as stability policy

The dynamics explored in this chapter imply that a reframing of energy diplomacy is needed. Traditionally, energy security policy focused on supply diversification, storage, and infrastructure protection. Under transition conditions, stability in producing states becomes equally important. The resource-curse literature⁵¹ has long shown that oil dependence can weaken fiscal discipline, distort institutions and leave economies exposed to price volatility, and has identified tools such as fiscal rules, stabilisation funds, revenue transparency, subsidy reform, non-oil revenue mobilisation and economic diversification.

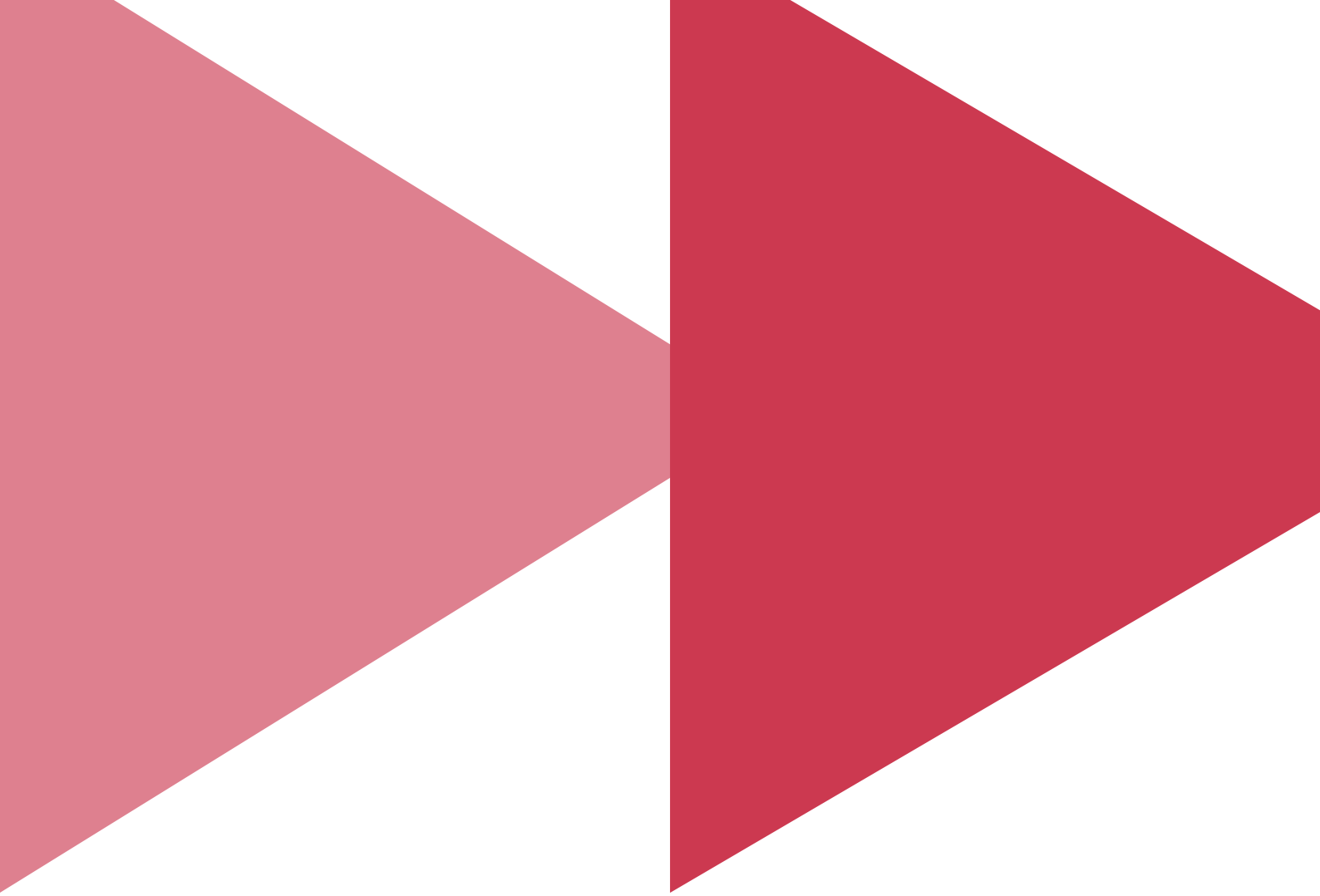
The oil endgame does not require reinventing that agenda. It requires applying it earlier and more strategically, in a context where future oil revenues are less certain and producer instability can create direct spillovers for energy markets, migration, regional security and financial stability. Supporting producer adjustment is therefore not development assistance alone; it is a preventative security policy. The tools that matter most are macro-financial and structural, rather than diplomatic signalling alone.

In the Oil EndGame simulation, participants responded more to the presence of credible economic partnerships than diplomatic pressure. Where participants saw viable alternative development pathways, they pursued cooperative strategies; where alternatives were absent, they maximised extraction and pursued geopolitical bargains. This points to the importance of tools that shape underlying economic incentives and constraints. These are explored in detail in [Chapter 6](#).

⁴⁹ IEA, 2024, [World Energy Outlook 2024](#)

⁵⁰ Carbon Tracker, 2024, [Annual Review 2023](#)

⁵¹ Stevens, P., Lahn, G., Kooroshy, J., August 2015, [The Resource Curse Revisited](#) (PDF), Chatham House; Stevens, P., 2003, [Resource impact: curse or blessing? A literature survey](#) (PDF).



Part 2: The struggle to shape the endgame

In this part of the report, we examine the oil endgame as a strategic contest between the actors most able to shape its pace, costs and political consequences. As demand growth weakens and competition intensifies, producer states do not simply adjust passively to market decline: they seek to defend revenues, preserve influence and shape the terms of transition. At the same time, a smaller number of major importing economies increasingly determine which producers retain access to durable demand, favourable market conditions and political leverage.

This interaction does not play out through markets alone. It is mediated through a wider set of arenas that are themselves being reshaped by the transition, above all security and finance. Alliances, chokepoints, sanctions and maritime protection shape how oil moves and how disruption is managed; sovereign debt, fiscal pressures, credit conditions and international financial institutions shape how producer stress is transmitted or absorbed.

The question is not whether the oil order changes, but how that change is governed, by whom, and with what consequences for stability, transition and international order.

Chapter 2. Producer agency in a declining market

Producers are not merely reactive in the face of decline; they act strategically.

A common assumption in transition debates is that, as oil demand plateaus and eventually declines, producer countries will gradually lose influence and become increasingly reactive to market forces. The experience of recent years, as well as insights from the Oil EndGame simulations, suggest a different dynamic: decline pushes producers toward more strategic, anticipatory behaviour. The transition is therefore not a purely economic adjustment; it is a competitive, political process in which producer agency plays a central role.

Producer strategies are not uniform (Figure 6, and more detail in Table 1), but they are shaped by a common question: what does a successful endgame look like in a world of weakening demand? For some, it means maximising rents while the window remains open; for others, it means using current oil wealth to preserve influence or enable a more orderly long-term adjustment. These different understandings of a “win” help explain why producer behaviour diverges even under similar market conditions.

The starting point for understanding this divergence is producer heterogeneity, as captured in the archetypes developed for the Oil EndGame simulation (see [Chapter 1](#)). Low-cost, high-volume exporters with fiscal buffers face a different set of choices than debt-constrained mid-tier exporters, vulnerable or emerging producers with high development expectations. The strategic options available to them also differ: some can use capital, market position and industrial policy to extend their role across the value chain, while others remain primarily exposed as upstream exporters with far less room to shape the terms of adjustment. Moreover, the simulations showed that countries with similar resources can follow very different trajectories under pressure. Outcomes were shaped by governance capacity, strategic vision and political incentives.

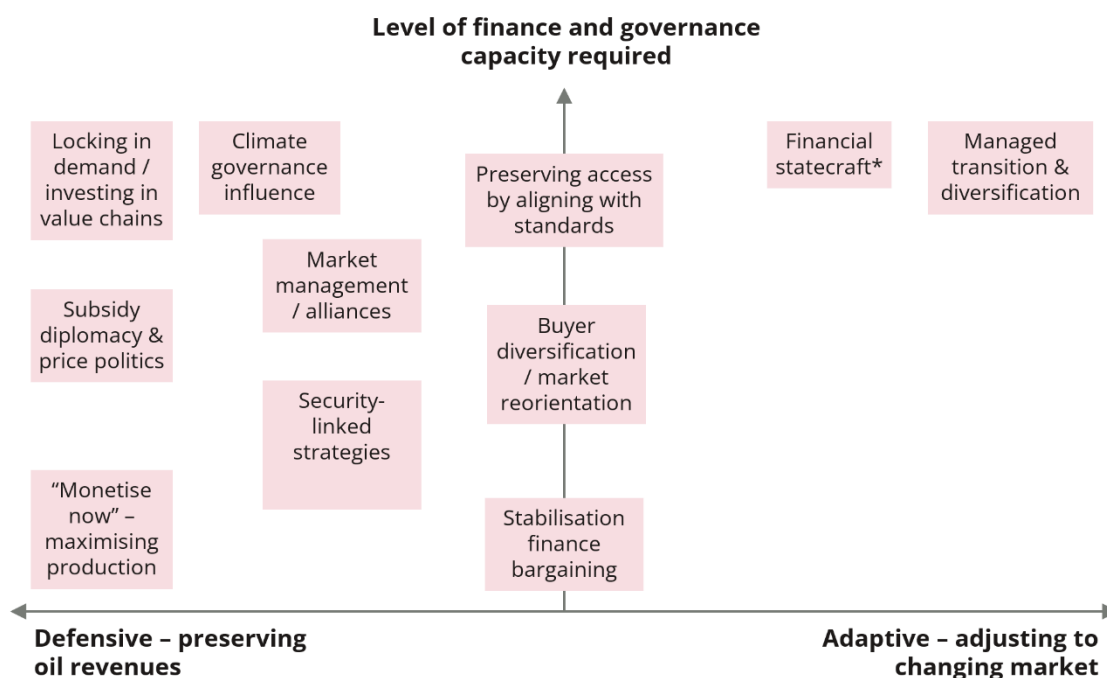
In practice, a growing number of producer governments are already behaving as if demand risk is a structural feature of the next few decades.⁵² Many are intensifying their engagement in global politics: seeking to shape markets, influence governance outcomes, and secure demand or strategic leverage while the window remains open.

Recent conflict affecting Gulf export routes illustrates how geopolitical shocks can reinforce these dynamics. Producers and traders adapted quickly: exports were rerouted via Red Sea pipelines and secondary hubs, cargoes delayed or redirected, and sanctions waivers eased restrictions on some Russian and Iranian barrels already at sea. As shipping risks increase

⁵² IEA, 2024, [World Energy Outlook 2024](#)

or sanctions pressures intensify, producers often accelerate efforts to secure alternative buyers, deepen downstream partnerships or offer preferential pricing to strategic partners. Such responses mirror earlier episodes involving sanctions on Iran and Venezuela, where producers sought to lock in demand through political and commercial relationships – further fragmenting the market.

Producer strategies in a declining oil market



Note: * Financial statecraft is the use of financial tools, including sovereign wealth funds, strategic investments, credit, debt relief, guarantees or investment partnerships, to pursue geopolitical, economic or diplomatic objectives.

Figure 6: Producers can pursue a range of strategies in the face of declining oil demand. Producer strategies are not fixed; countries often combine several approaches and shift between them as domestic conditions and external factors (demand dynamics, geopolitics, finance) change. However, producers with more resources will have more options, and only wealthy producers with strong institutions will be able to pursue strategies that allow them to diversify and adapt to the changing market without outside cooperation.

Table 1: Overview of the producer strategies discussed in this chapter.

Category	Strategies included	What is it?
Securing demand and maintaining market access	▶ Locking in demand/hedging ▶ Buyer diversification/market reorientation ▶ Preserving access to buyers: standards ▶ Subsidy diplomacy & price politics ▶ Market management & alliances	Strategies aimed at ensuring continued oil exports by embedding demand, adapting to standards, securing new buyers and maintaining market access under transition pressures.
Focus on revenues, financial and fiscal measures	▶ Monetise now ▶ Financial statecraft (use of financial tools to pursue geopolitical, economic or diplomatic objectives) ▶ Stabilisation finance bargaining ▶ Managed transition & diversification	Strategies aimed at fiscal resilience, protecting fossil revenues, managing transition risks, and supporting long-term economic diversification.
Global positioning: climate governance and security	▶ Climate governance influence ▶ Security-linked strategies	Strategies aimed at shaping the global environment, through international governance, geopolitical coordination, and security, to influence transition outcomes and maintain leverage.

Producer strategies

Locking in demand: Securing the last barrels

One of the most visible forms of producer agency in a declining market is the effort to lock in long-term demand. As global buyers accelerate electrification and efficiency measures, producers increasingly seek contractual and infrastructural mechanisms to extend the lifespan of oil trade relationships.

Across producer archetypes, the strategic objective is similar: to avoid being the producer left holding stranded reserves when global demand contracts decisively. Cost competitiveness is one of the core factors in determining who is most exposed.⁵³ However, the strategic drivers and options available to producers depend on their national context.

Low-cost producers, particularly in the Gulf, are expanding downstream investments in Asia, acquiring stakes in refineries and petrochemical complexes, and securing long-term supply agreements. These investments are strategic hedges against demand erosion, embedding crude supply into value chains that are harder to displace. By integrating upstream production with downstream processing and petrochemical demand, producers attempt to make their barrels structurally indispensable.

⁵³ Welsby, D. et al., 2021, [Unextractable fossil fuels in a 1.5 °C world](#), *Nature*, vol. 597, pp. 230–234

A concrete example is Saudi Aramco's downstream expansion in China: Aramco's purchase of a stake in Rongsheng Petrochemical is paired with a long-term crude supply agreement to Zhejiang Petroleum & Chemical (ZPC) for 480,000 barrels per day, explicitly linking equity position to multi-decade demand security.⁵⁴ Aramco has also expanded refinery joint ventures with Chinese partners such as Sinopec/FPCL.⁵⁵

Petrochemicals are a real source of residual oil demand and are projected to account for more of one-third of projected growth to 2030 and nearly half to 2050.⁵⁶ By 2030, polymers and synthetic fibres are projected to require around 18.4 mb/d of oil, more than one in every six barrels, while demand growth for refined products is expected to peak earlier as gasoline and diesel decline.⁵⁷ This makes petrochemicals strategically important, but not sufficient to preserve the old oil-growth model.

The reason is distributional as much as aggregate. Petrochemical demand is concentrated in specific feedstocks, especially naphtha, LPG and ethane, and in a small number of markets and integrated industrial clusters. In China, for example, oil demand for petrochemicals rose by almost 5% in 2024 as new plants came online, even as demand for oil-based transport fuels plateaued.⁵⁸ Globally, this means remaining growth increasingly benefits producers able to provide advantaged feedstock, build integrated refinery-petrochemical assets and place products close to future demand centres.

This strategy is therefore not equally available to all producers. It favours wealthy, low-cost producers with large balance sheets, integrated national oil companies, access to cheap feedstock, downstream expertise and the ability to invest directly in refining and chemicals assets. Saudi Aramco's strategy⁵⁹ to convert up to 4 mb/d of crude into petrochemicals by 2030, and ADNOC and OMV's planned creation of a \$60bn-plus global polyolefins company⁶⁰, illustrate the scale and capital intensity of this hedge. Gulf producers are therefore better positioned to dominate petrochemical demand growth than more fiscally constrained middle-income or fragile producers. For the latter, petrochemical growth may provide some market outlet, but it is unlikely to offer a credible economy-wide transition strategy or a reliable substitute for declining oil rents.

Emerging producers often operate under strong domestic expectations that oil revenues will finance development gains. The incentive for these states is to accelerate project development and secure offtake agreements during the current decade, before a plateauing demand outlook and tighter transition-related risk assessment make long-lived hydrocarbon capital more contested. The risk, as observed in the Oil EndGame simulation,

⁵⁴ Aramco, July 2023, [Aramco completes \\$3.4bn purchase of Rongsheng Petrochemical stake](#)

⁵⁵ Aramco, September 2025, [Aramco, Sinopec, and FPCL form joint venture to develop large-scale refining and petrochemical complex in China](#)

⁵⁶ IEA, 2018, [The Future of Petrochemicals](#)

⁵⁷ IEA, 2025, [Oil 2025](#)

⁵⁸ IEA, March 2025, [Oil demand for fuels in China has reached a plateau](#)

⁵⁹ ARAMCO, 9 April 2025, [Aramco, Sinopec and Yasref sign Venture Framework Agreement for planned petrochemical expansion](#)

⁶⁰ ADNOC, 4 March 2025, [ADNOC and OMV to Create \\$60+ Billion Global Polyolefins Champion](#)

is that optimism about export windows outpaces realistic assessments of demand durability.

Vulnerable producers face sharper dilemmas. Accelerating extraction may stabilise short-term revenues but can weaken long-term fiscal sustainability if prices fall. Conversely, attempting an early diplomatic pivot away from oil without viable alternatives risks political backlash. These trade-offs are political as much as economic. In practice, the “monetise now” impulse has been evident across producers with high fiscal dependence and thin buffers. The underlying risk is also visible in IMF, World Bank and IEA analysis of oil-dependent economies, which repeatedly highlights how hydrocarbon dependence, weak diversification and volatile revenues can create macroeconomic and fiscal vulnerability under transition uncertainty.⁶¹

► Case studies – Guyana and Senegal, new producers

Guyana has moved from first oil in 2019 to being one of the fastest-growing oil producers globally, with output projected to exceed 1 million barrels per day later this decade.⁶² The scale and speed of development, driven by successive offshore discoveries, reflect an explicit strategy to monetise reserves rapidly while demand remains robust. Guyana’s Atlantic-facing export routes may reinforce this logic, as its barrels are less exposed to some of the chokepoint risks⁶³ affecting other producers and may therefore remain competitive for longer in a tighter and more selective market. This adds to the overall structural tension though: these relatively advantaged new barrels may still find buyers, but they do so in a market where additional supply increasingly comes at the expense of less competitive producers.

Senegal’s Sangomar field, which began production in 2024, is framed domestically as a transformative development milestone, with expectations of fiscal windfalls and macroeconomic uplift.⁶⁴ Yet Senegal enters the market at a moment when international financial institutions increasingly warn of hydrocarbon dependence risks under energy transition uncertainty.⁶⁵ The durability of export revenues over multi-decade horizons, often embedded in political narratives, may therefore be less certain than anticipated.

⁶¹ World Bank Group, 2022, [Commodity Markets Outlook, October 2022: Pandemic, War, Recession : Drivers of Aluminum and Copper Prices](#); IMF, 2022, [Regional Economic Outlook: Sub-Saharan Africa—Living on the Edge: Managing Oil Price Uncertainty and the Energy Transition](#)

⁶² U.S. Energy Information Administration, March 2024, [United States produces more crude oil than any country, ever](#)

⁶³ E3G, March 2026, [Chokepoints: A systemic threat to energy security for oil and gas importers](#)

⁶⁴ Reuters, June 2024, [Woodside's Sangomar project produces first oil in Senegal | Reuters](#)

⁶⁵ World Bank Group, 2022, [Commodity Markets Outlook, October 2022: Pandemic, War, Recession : Drivers of Aluminum and Copper Prices](#); IMF, 2022, [Regional Economic Outlook: Sub-Saharan Africa—Living on the Edge: Managing Oil Price Uncertainty and the Energy Transition](#)

Preserving access: buyers, standards and finance

As demand weakens and becomes more concentrated, producer strategy is not only about selling more barrels. It is also about preserving access: to remaining buyers, to finance, to shipping and insurance systems, and to markets where environmental and regulatory standards are tightening. In a more selective oil market, producers increasingly compete not only on price and reliability, but on their ability to remain acceptable, financeable and politically useful suppliers.

One response is **buyer diversification and market reorientation**. Russia provides the clearest recent example: after losing much of its European market following the invasion of Ukraine and sanctions, it redirected large volumes of crude toward Asian buyers, particularly China and India, while relying more heavily on discounted sales, alternative shipping arrangements and non-Western trading channels.⁶⁶ The strategy preserved export revenue, but at the cost of greater dependence on a narrower set of buyers and a more fragmented trading system. Recent reporting also shows the limits of this model: Indian firms have continued to buy Russian crude where permitted, but have been more cautious on sanctioned Russian LNG because of compliance risks.⁶⁷

A second response is **standards alignment and low-emissions positioning**. As major importers introduce methane, carbon-intensity and transparency requirements, producers with stronger institutions and cleaner operations may seek to position themselves as preferred suppliers. The EU methane regulation is a concrete example of this shift: from 2025, importers of crude oil, natural gas and coal must report information on the origin, route and methane monitoring, reporting and verification measures applied to imported fuels, with requirements tightening over time.⁶⁸ This creates a competitive advantage for producers able to document and reduce emissions, but risks pushing weaker or higher-emissions suppliers further to the margins.

A third response is **stabilisation finance bargaining**. Debt-constrained producers may seek support from the International Monetary Fund (IMF), debt relief, guarantees, bilateral finance or investment packages to manage fiscal stress and preserve room for manoeuvre. Angola illustrates the value and limits of this approach: its IMF-supported programme helped stabilise the economy after the oil-price shock, but high debt and oil dependency remained core vulnerabilities.⁶⁹ Stabilisation finance can buy time, but it does not automatically create a post-oil pathway. Where finance is fragmented or bilateralised, short-term fiscal relief can also be traded for market access, infrastructure access, security cooperation or political alignment rather than deeper diversification.

Together, these strategies show that competition in the oil endgame will revolve around access as much as volume: access to buyers, compliant markets, finance, shipping and

⁶⁶ IEA, January 2025, [Average Russian oil exports by country and region, 2021-2024](#)

⁶⁷ Reuters, 11 May 2026, [Exclusive: India declines Russian LNG under sanctions, talks continue on permitted cargoes, sources say](#)

⁶⁸ European Commission, [Methane emissions](#) (webpage, accessed May 2026)

⁶⁹ IMF, January 2022, [Angola: 2021 Article IV Consultation and Six Review under the Extended Arrangement of the Extended Fund Facility and Request for a Waiver of Nonobservance of a Performance Criterion; Press Release; Staff Report; and Statement by the Executive Director for Angola](#)

political partnerships. Coordinated standards, transparent finance and credible transition partnerships can reward cleaner and more resilient adjustment. Fragmented bilateral deals, by contrast, allow producers to play buyers and financiers off against one another, weakening collective leverage and increasing the risk of disorderly transition.

► Case study – Adjusting to a new oil environment: Malaysia’s Petronas

Petronas is pursuing a two-track strategy: cutting emissions to stay competitive in a shrinking oil market, while gradually building up low-carbon investments.

A strong emissions reduction plan (including for methane) is at the core of Petronas oil production plans. The Malaysian national oil company (NOC) exceeded its methane target, cutting emissions by 62% between 2019 and 2025 (target: 50%) and is among only 10 NOCs reporting under the Oil & Gas Methane Partnership (OGMP) 2.0 Gold Standard. Additionally, it is establishing partnerships with other NOCs and organisations to co-invest into and share innovations to lower production emissions. These efforts improve operational efficiency and support compliance with tightening import standards, including the EU Methane Regulation, positioning Petronas well for a shrinking, more competitive future oil market.

Alongside this, Petronas is among the leading NOCs on clean investments, with 20–25% of capital expenditure allocated to low-carbon activities, including renewables, green mobility, carbon capture & storage, hydrogen and biofuels. However, most of its portfolio diversification still lies within oil, gas, refining and petrochemicals, so exposure to oil-price volatility and wider oil-sector dependence remains high. Deeper diversification into non-fossil activities will be needed to meaningfully reduce long-term transition risks for both the company and Malaysia.

Sovereign wealth and financial statecraft

Beyond commercial contracts, producers deploy financial tools to reinforce geopolitical relationships. Sovereign wealth funds (SWFs) have become instruments of statecraft, shaping diplomatic ties and influence abroad. Investments in infrastructure, technology and real estate are often framed as portfolio diversification, but they also deepen political relationships and interdependence.⁷⁰

Wealthy petrostates in particular leverage sovereign wealth to secure long-term influence in importing economies. Strategic investments in renewable energy, hydrogen, critical minerals and industrial assets serve dual purposes: hedging against demand decline while reinforcing diplomatic partnerships. Saudi Arabia’s Public Investment Fund (PIF) has set out its ambition to deploy capital to deliver strategic objectives aligned with the country’s Vision

⁷⁰ SWP, February 2026, [Sovereign Wealth Funds and Foreign Policy](#)

2030, demonstrating the state-led nature of its investment strategy.⁷¹ Similarly, analysis of the UAE's evolving climate finance and SWF strategy highlights expansion into supply chains, emerging technologies and Global South partnerships – showing how “green capital” can also function as influence and positioning.⁷²

The ability to use finance in this way depends on more than wealth alone. It reflects both structural advantages and institutional capacity. Structural advantages include accumulated rents, low-cost production and a stronger external position, which give some producers greater buffers and discretionary capital. Institutional capacity includes sovereign investment vehicles, fiscal management systems and strategic planning capabilities, which determine whether those resources can be deployed coherently over time.

The Oil EndGame simulations reinforced how wealthy and diversifying petrostates consistently used financial diplomacy to cushion transition risk and maintain global standing. By contrast, debt-constrained producers had far less room to manoeuvre, limiting their ability to use financial tools as geopolitical leverage.

Financial statecraft does not remove underlying exposure to demand decline, but it allows producers with structural and institutional advantages to turn those advantages into time, optionality and geopolitical room for manoeuvre.

Subsidy diplomacy and price politics

In a highly integrated oil market, pricing itself becomes a strategic instrument. Discounts, official selling prices, credit terms and delivery flexibility can all be used to defend market share, preserve political relationships or reward preferred buyers. Subsidy diplomacy involves the use of price politics or targeted energy agreements to reinforce political alliances.

This discounting is not merely “market pricing”; it is intertwined with sanctions circumvention and strategic buyer–seller alignment in a contested trading system, and has been a common tactic in periods of heightened geopolitical tension. A clear recent illustration is the post-2022 reorientation of Russian crude exports toward Asian markets, where Urals crude has repeatedly traded at substantial discounts to Brent for buyers such as India, shaped by sanctions risk, shipping constraints and geopolitics.⁷³

As markets thin and buyers gain leverage, such practices may intensify. Producers facing shrinking demand may prioritise stable political partners over purely commercial buyers. Conversely, importers may exploit increased competition among suppliers to secure favourable terms (see more on the roles of demand powers in [Chapter 3](#)). China's purchasing strategy already illustrates buyer leverage and opportunistic reallocation: reporting shows shifts toward competitively priced barrels and away from higher-priced

⁷¹ PIF, 2023, [Invested in Better: PIF Annual Report 2023](#)

⁷² ORF Middle East, October 2025, [The UAE Climate Finance and ODA Nexus : An Evolving Strategy for the Global South Green Transition](#)

⁷³ Reuters, 2026, [Russian Urals oil trades at close to widest discounts since 2022 in India, sources say](#)

alternatives as market conditions change, with producers responding through deeper discounts.⁷⁴

In a buyer-dominated late-stage market, price politics becomes a strategic competition arena. The allocation of discounts, credit arrangements and flexible payment terms can carry geopolitical weight disproportionate to the underlying volume of trade. Saudi Aramco's use of official selling prices (OSPs) for Asia, including moves to set Arab Light at a discount in early 2026, is an example of a producer using pricing policy to compete for market share and defend relationships in key demand centres.

Market management and alliance formation

Producer coordination has long been central to oil geopolitics, but it has never taken a single form. The international oil market has already moved through different models of organisation: from the hierarchical control of the “Seven Sisters” – the group of Western oil majors that dominated global production and pricing in the mid-twentieth century – to producer-led cartel management through OPEC, to the broader coalition model of OPEC+. The key question in a declining-demand environment is therefore not whether coordination disappears, but how it is reorganised as producer interests diverge.

Recent developments illustrate how the strain is intensifying. Angola's decision to leave OPEC after disagreements over production quotas highlights the difficulty of maintaining cohesion among producers with diverging capacities and fiscal needs. The UAE's exit during the 2026 market shock was a more significant step change: a major, low-cost producer choosing to formalise a shift away from collective quota discipline toward maximising production and revenue.⁷⁵ This is a crystallisation of long-term OPEC dynamics – with growing frustration among those with untapped capacity, and weakening incentives to restrain output in a more volatile and uncertain market. At the same time, engagement with non-members such as Brazil signals that coordination may become more fluid, based less on formal membership and more on strategic alignment around specific market objectives.

In a declining demand environment, OPEC+ may transition from a quota-enforcing cartel to a looser coalition focused on information sharing, calibrated communication and selective supply management. Tensions are likely to rise around who bears the burden of production restraint. Producers with large reserves and lower costs are better positioned to extend output longer, while mid-tier producers may resist constraints that threaten fiscal stability. The UAE's exit underscores this tension: where the credibility of collective restraint weakens, producers are more likely to prioritise individual strategies over group discipline.⁷⁶

⁷⁴ Reuters, 2026, [China is shifting crude oil buying in response to price rally](#)

⁷⁵ Aljazeera, 2026, [UAE leaves OPEC in blow to oil cartel during war on Iran](#)

⁷⁶ The UAE's departure exposes a deepening rift with Saudi Arabia over strategic priorities and competition over power, resources and regional order spanning the Gulf, Red Sea, Horn of Africa and Eastern Mediterranean, where shifting US security and financial leverage intersect with China's growing influence as a demand anchor, financier and builder of energy and trade infrastructure.

Alliance politics in oil has always had a transactional dimension, but as demand growth weakens this transactionality may take on a different form. In a more contested market, with less confidence in future growth, producer relationships may become more explicitly organised around preserving market access, defending fiscal revenues and securing strategic buyers. The likely result is not the end of market organisation, but a more fluid mix of coalition management, benchmark pricing and bilateral deal-making.

Geopolitically, this points to a more contested oil order in which producer cohesion weakens, major buyers gain leverage, and competition over market share becomes increasingly entangled with diplomacy, finance and strategic alignment.

Influencing global governance and COP outcomes

Producer agency is not confined to markets. It extends into global climate governance where rules, pace and distributional consequences of the transition are increasingly contested. As phase-down and phase-out language becomes increasingly central in negotiations, producers have intensified their engagement to shape outcomes, emphasising narratives of energy security, equity and economic development.

Producer positions are not uniform. Some position themselves as constructive transition partners, advocating technologies such as carbon capture and storage to extend the role of hydrocarbons within a lower-emissions system. Others resist binding phase-out language, arguing that such commitments would be economically disruptive, inequitable or premature in their national context.

COP28, held in December 2023 in Dubai, illustrated these dynamics. In the run-up to the final agreement, OPEC urged its members and allies to reject language that “targets” fossil fuels rather than emissions,⁷⁷ while Saudi Arabia was widely identified as one of the main opponents of explicit “phase-out” language.⁷⁸ The eventual outcome, a call to “transition away from fossil fuels in energy systems”⁷⁹ was historic, but also reflected the degree to which producer resistance helped shape the final wording away from a more explicit commitment to phase-out.

This dynamic was seen again at COP30 in Belém in 2025, where the debate over a roadmap for “Transitioning Away from Fossil Fuels” (TAFF) became one of the central political flashpoints. Producer resistance was one important factor constraining progress, but the absence of a stronger outcome also reflects the wider limits of consensus-based climate negotiations and uneven support among non-producer countries. This suggests that producers can influence climate governance not only by resisting specific formulations, but also by shaping which issues can advance through formal consensus and which are pushed into softer, follow-up processes including Brazil’s TAFF roadmap and the parallel process launched by the Fossil Fuel Phaseout Conference in Santa Marta.

⁷⁷ Reuters, December 2023, [OPEC head to OPEC+: reject COP28 language on fossil fuel phase-out](#)

⁷⁸ Reuters, December 2023, [COP28 enters crunch time with countries at odds over fossil fuels](#)

⁷⁹ Reuters, December 2023, [Nations strike deal at COP28 to transition away from fossil fuels](#)

These processes are not peripheral. Implementation-focused roadmaps are emerging as a key arena where countries work through the details of how the transition will be delivered in practice – beyond the limits of the consensus-based UNFCCC system. They also open the door to a wider set of actors, with finance ministries and international financial institutions more directly involved. The early leadership of producers such as Brazil and Colombia highlights their growing importance, particularly where they link energy with the macroeconomic and financial dimensions of the transition.⁸⁰

Producer influence in global governance is not limited to climate-related fora. As the transition becomes more closely linked to finance, trade, development and security, producer diplomacy is likely to spread wider, including to the G20, BRICS, regional energy and development platforms, and producer–consumer dialogues. These arenas offer different opportunities: the UNFCCC frames questions of equity and phase-down language; the G20 links energy transition to macro-financial stability; BRICS and other multipolar fora provide space for narratives around development, sovereignty and sanctions resilience; regional fora can anchor infrastructure, industrial and investment partnerships.

Producer positions in these arenas reflect their diverse economic interests. Some seek to lengthen the commercial life of their oil resources, some to secure finance and technology for diversification, and others to preserve room for gradual adjustment. Their engagement, therefore, aims not simply to slow action but to shape how quickly demand changes, who bears the costs, which technologies and financing channels remain available, and which institutions define the terms of transition.

Governance and strategy determine trajectories

One of the clearest lessons from the Oil EndGame simulations – and which aligns with what we see in practice – was that countries with similar reserves and cost structures can follow radically different pathways. Wealth alone does not determine outcomes: institutional capacity, strategic planning and governance quality are decisive. Importantly, however, stronger governance does not mean a country automatically restrains production. It can also enable a more strategic form of monetisation, in which producers use remaining oil and gas revenues to build buffers, fund diversification and preserve geopolitical relevance while managing domestic adjustment more smoothly.

Norway, exemplifying the non-dependent wealthy producer archetype, demonstrates this logic. Norway's oil fund was explicitly designed to shield the domestic economy from volatility in petroleum revenues and to convert finite resource rents into long-term financial wealth. Now decarbonising domestically, it is in a somewhat contradictory position. Norway has a largely low-carbon domestic power system, and strong fiscal rules and policies to reduce the emissions intensity of offshore production, including through electrification. Yet it continues to receive significant oil and gas export income, much of from a nearby European market that is itself decarbonising. As conflict in the Middle East and disruptions around Hormuz increase demand for “secure” non-Gulf barrels and gas, Norway's continued

⁸⁰ IISD, E3G, ECCO et. al, 2026, [Progress the transition away from fossil fuels: a guide for policy-makers working on TAFF roadmaps and plans.](#)

production can be framed as a contribution to European energy security, notwithstanding Europe's commitments to sharply reduce fossil fuel use over the coming decades.

Meanwhile, vulnerable producers with comparable resource endowments have faced volatile trajectories shaped by domestic instability and limited diversification capacity. In Libya, political fragmentation has repeatedly disrupted production and revenues; in Nigeria, continued oil dependence, weak non-oil revenue mobilisation and more limited diversification have made adjustment far more fragile and exposed to shocks.

Declining demand therefore interacts with governance structures to make the fate of oil producing countries far from uniform. Added to this mix is diversity in political incentives and geography: geology matters, but so do route exposure and proximity to demand centres. Stronger institutions do not remove the competitive logic of the oil endgame, but may enable producers to pursue that competition more effectively.

Security as both constraint and strategy

In a declining and more competitive oil market, security becomes more consequential in two distinct ways. First, it shapes the options available to producers: a country's ability to protect oilfields, pipelines, export terminals, offshore blocks and transit routes affects whether continued monetisation is viable. Second, for some producers, security tools themselves become part of strategy: coercion, infrastructure control, sanctions evasion, maritime pressure or security partnerships can be used to preserve revenue, reassure investors or strengthen geopolitical leverage.

Tightening markets do not mean that all producers will militarise. Rather, security conditions become more consequential for which producers can continue to realise hydrocarbon revenues and retain room for manoeuvre. For disruptive or more capable producers, security can become part of a broader geopolitical toolkit. Disruptive petrostates may see more strategic value in using energy exports as instruments of coercion, bargaining and geopolitical signalling. Russia illustrates this pattern: after the 2022 invasion of Ukraine and under sanctions pressure, oil trade, shadow-fleet logistics and the reorientation of exports toward Asian buyers became part of a wider geopolitical contest rather than a purely commercial relationship.

For vulnerable producers, the issue is usually less the deliberate weaponisation of energy than the growing political and fiscal importance of controlling infrastructure under conditions of instability. Libya illustrates this dynamic: repeated production stoppages linked to political fragmentation have shown how control over oilfields and export terminals can become a lever in broader power struggles, with immediate consequences for state revenues and political bargaining.⁸¹ Similarly, oil theft, pipeline vandalism and insecurity in the Niger Delta have repeatedly constrained Nigeria's production and export revenues. In 2022 as little as 30% of oil sent through some pipelines reached export

⁸¹ IMF, 2024, [Libya: 2024 Article IV Consultation-Press Release; Staff Report; and Statement by the Executive Director for Libya](#)

terminals,⁸² costing the government billions in lost revenue. The company linked the subsequent improvement to coordinated action by defence and intelligence agencies and private pipeline-security arrangements. In such cases, security around pipelines, terminals and production sites becomes part of fiscal strategy.

For emerging producers, security conditions can become central to whether expected development gains materialise. Guyana illustrates this dynamic. Its rapid offshore oil expansion has transformed expectations of economic development, but has also sharpened the strategic importance of territorial and maritime security.⁸³ Venezuela's claims over Essequibo, including offshore areas linked to major oil discoveries, have turned the protection of offshore infrastructure, investor confidence and external security partnerships into part of the oil-development pathway.⁸⁴

The broader point is therefore not that producers uniformly turn to security tools as market conditions tighten. It is that, in a more uncertain and competitive endgame, security conditions become more decisive in determining which producers can sustain exports, protect revenues and preserve political stability. Security does not displace market strategy, but in some producer archetypes it becomes increasingly important to sustaining it.

Implications: Transition as political competition

The transition away from oil is not an automatic market adjustment. It is a competitive political process in which both producers and consumers actively shape outcomes.

For policymakers, this has several implications.

- ▶ Demand decline will provoke strategic responses from producers, not a reactive response or a passive retreat. Importing countries should anticipate producers' efforts to lock in demand, influence governance debates, and shape alliance structures.
- ▶ Differentiated producer strategies require differentiated engagement. Wealthy, low-cost producers may be credible partners in managed decline and diversification. Vulnerable producers may require targeted fiscal and institutional support to avoid destabilising behaviour.
- ▶ Global climate diplomacy must account for producer agency. Negotiations over phase-down timelines and transition finance will continue to be arenas of strategic bargaining, not purely normative agreement.
- ▶ Recognising producer agency clarifies that transition outcomes are contingent on political choices. The pace and stability of decline will depend on whether governments, both producers and importers, treat the transition as a cooperative endeavour or a zero-sum competition for remaining rents.

⁸² Reuters, 26 August 2025, [Nigeria's NNPC says pipeline theft has been nearly eliminated](#)

⁸³ CSIS, March 2025, [What is the significance of Venezuela's naval incursion into Guyana?](#)

⁸⁴ Reuters, 17 February 2026, [Guyana's oil growth potential rises as Venezuela tensions set to ease](#)

Chapter 3. Demand powers as strategic shapers of producer transition

As demand plateaus and concentrates, major importers increasingly shape the conditions under which producers compete for remaining demand.

While producer states act strategically to try to shape the terms of decline, they do so in a market increasingly structured by a smaller number of powerful consumers. As demand plateaus and concentrates geographically, major importing economies gain influence through the scale of their purchases, but they are also likely to be increasingly able to shape the conditions of oil markets. As long as oil globally traded or benchmark-priced, importer control is not absolute, but sanctions, emissions standards, insurance rules, shipping constraints and buyer-risk preferences become more important: not all barrels will be able to access the same markets on the same terms.

For producers, access to stable buyers, favourable market conditions and embedded commercial relationships become more important as they compete more intensely for shrinking or uncertain demand.

Five levers of demand-side statecraft

The major demand powers exert influence through several mechanisms. Together, they imply that producers must compete not only on cost and volume, but on their ability to remain embedded in the buyer relationships and governance systems that anchor demand in a declining market.

- ▶ **Demand and market-access leverage.** Countries that account for a large and stable share of global oil demand can influence producer expectations and investment choices. This leverage operates through the scale and credibility of demand, but also through the conditions attached to market access. Roadmaps, demand signals, methane standards, disclosure requirements and market-access rules can all affect which barrels remain attractive to buyers, investors and refiners. Access to large and creditworthy demand centres becomes a strategic asset as producers compete for future market share.
- ▶ **Quality-of-demand leverage.** Not all demand has the same strategic value. In a more selective market, producers may compete not simply for the largest buyers, but for

those that offer stable offtake, reliable payment, transparent rules, lower political risk, access to finance and technology, and credible long-term partnerships. Mature demand centres can therefore retain influence even as their consumption declines. The EU is the clearest example: its oil demand is falling, but its market remains valuable because access is tied to regulation, finance, standards, technology partnerships and wider diplomatic relationships.

- ▶ **Financial and institutional leverage.** Oil trade depends on access to capital markets, shipping finance and insurance systems, and maritime services. Influence over these systems gives major economies indirect but significant power over the conditions under which producers access markets. Financial leverage also matters beyond oil trade itself. Concessional finance, guarantees, development finance, stabilisation tools and transition-risk diagnostics can affect whether producer governments respond to declining demand through diversification, fiscal adjustment and investment in alternatives, or short-term revenue maximisation.
- ▶ **Investment and partnership leverage.** Importers can also shape producer choices by helping make credible alternatives available. Where producers see viable post-oil pathways through clean energy investment, industrial infrastructure, grid expansion, skills, employment, trade access or stabilisation finance, they have more room to adjust before fiscal pressure becomes acute. Where alternatives are absent, incentives tend to favour continued upstream investment, extraction and geopolitical bargaining.
- ▶ **Security and statecraft leverage.** The ability to shape the legal, financial and security environment around oil trade remains a critical pillar of oil-market governance. This includes sanctions, maritime security, shipping, insurance, crisis coordination, infrastructure protection and diplomacy around key routes. The United States remains the central actor to this architecture, but its role is not just that of a neutral stabiliser: US military action, sanctions policy and alliance commitments can both protect flows and generate disruption, depending on the context. Meanwhile other actors, particularly China and other major Asian importers, are gradually expanding their diplomatic, commercial and security presence around critical routes.

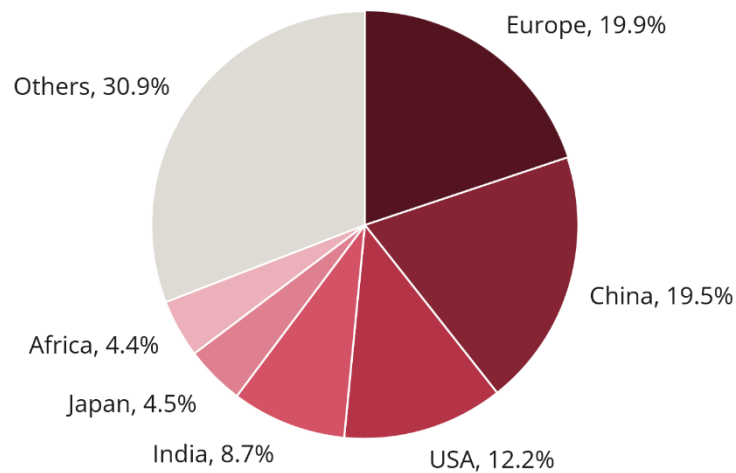
Together, these levers show that demand powers shape the oil endgame not only by buying more or less oil, but by influencing the conditions under which producers can access resilient demand and credible alternatives. This influence can be operationalised through TAFF roadmaps, G20 finance tracks, producer transition partnerships and fiscal resilience planning.

Oil imports are dominated by a small number of large consumers (Figure 7), and the shift from producer-dominated oil geopolitics toward demand-driven influence is most visible in the behaviour of these economies.⁸⁵ They increasingly shape global oil trade not only

⁸⁵ Slower-electrifying markets, including parts of Africa and Asia, may boost demand for some producers, but they are unlikely to offset the wider shift in global demand, finance, and market-access conditions.

through the scale of their consumption, but through infrastructure investment, regulatory frameworks, financial systems and security capabilities. Over time, each of these economies has evolved into its current role through a combination of structural economic changes and strategic policy choices.

Oil importers: % of global crude oil and petroleum products imports (2024)



Source: Energy Institute, 2025, [Statistical Review of World Energy](#)

Figure 7: Europe, China, USA and India combined import almost two-thirds of globally traded oil.

China: Selective stabiliser of the oil system

Over the past two decades, China has transformed from a marginal participant in global oil markets into the single most important source of demand shaping global trade flows. The country became a net oil importer in 1993 and surpassed the United States as the world's largest crude oil importer in 2017. Today China accounts for roughly 15–16% of global oil consumption and imports more crude than any other country.⁸⁶ China represents a particularly important type of demand power: one that combines scale with state-backed commercial reach and an increasingly visible, if still limited, strategic footprint.

China's scale gives it a stabilising role in the global oil system – not in the traditional sense of managing prices, but by reshaping flows. During the market disruption following the 2022 invasion of Ukraine, Chinese refiners absorbed significant volumes of discounted Russian crude while maintaining supply relationships with Middle Eastern exporters. In 2024, Russia became China's largest crude supplier, with imports reaching a record 108.5

⁸⁶ IEA, March 2018, [Oil 2018](#); U.S. Energy Information Administration (EIA), May 2025, [China Country Analysis Brief](#) (PDF); Energy Institute, [Statistical Review of World Energy 2024](#) (PDF)

million tonnes, or around 2.17 mb/d.⁸⁷ China has also taken in growing volumes of discounted crude from other sanctioned producers, with around 15% of imports linked to Iranian and Venezuelan barrels in 2025.⁸⁸ Chinese demand thereby helped maintain overall market liquidity, as barrels were redirected rather than removed from global trade. It has also contributed to the emergence of parallel, politically fragmented oil markets, with different pricing and trading channels.

China's influence also extends beyond demand volume. Beijing has built a wider energy-security architecture around its import dependence. To secure supplies, Chinese national oil companies have pursued a strategy combining upstream investments, long-term supply contracts and infrastructure partnerships with producers across the Middle East, Africa and Latin America. These arrangements often extended beyond the oil trade itself: supply agreements were frequently embedded in broader economic partnerships involving infrastructure finance, refinery investments and logistics development.

China has the capacity to mobilise finance, construction capacity and industrial strategy in a coordinated way to scale fossil fuel supply and infrastructure abroad when it aligns with its strategic interests. Oil and gas accounted for the largest share of Belt and Road energy engagement in 2025, reaching record levels globally. Nigeria has emerged as the single largest destination for Chinese construction activity, driven by a small number of large-scale gas and industrial projects that integrate upstream supply with processing and industrial infrastructure.⁸⁹ These projects are not isolated investments; they embed fossil fuel production within wider economic systems and long-term supply chains. China is therefore not only a demand centre but an actor able to extend the commercial and strategic life of fossil-fuel supply in key regions where this aligns with energy security, industrial and geopolitical objectives.⁹⁰

⁸⁷ Reuters, 20 January 2025, [China's crude oil imports from top supplier Russia reach new high in 2024](#)

⁸⁸ Cumulative total based on 2025 Kpler data: Reuters, 13 January 2026, [China's heavy reliance on Iranian oil imports](#), Reuters, 8 January 2026, [Chinese refiners expected to replace Venezuelan oil with Iranian crude, traders say](#)

⁸⁹ Green Finance & Development Center, January 2026, [China Belt and Road Initiative Investment Report 2025](#): Oil and gas engagement reached ~\$71.5bn globally, with Nigeria the largest construction recipient (~\$24.6bn), driven by large integrated gas and industrial projects.

⁹⁰ Boston University Global Development Policy Center, 2024, [China's Global Energy Finance Database](#) and [Chinese Loans to Africa Database, 2000-2024](#); Dialogue Earth, 2025, [The Belt and Road Boomed in 2025](#); Green Finance & Development Center, January 2026, [China Belt and Road Initiative Investment Report 2025](#)

► **Fact file: China's role as an importer, selective stabiliser and shaper of producer transitions**

A major demand centre

China imports around 70% of its oil, and is the world's largest importer of crude oil (11.1 mb/d, around 23% of global total in 2024).⁹¹ It will remain a critical market for producers even as its fossil fuel demand growth slows.

Around half of China's crude comes from the broader Middle East, leaving it structurally exposed to global market and regional security risks.

Market stabiliser and shaper of flows

China holds the world's largest strategic and commercial oil stocks (estimated at around 1.3 billion barrels in 2025), which both shields it from supply shocks and allows it to act as a selective stabiliser of markets.⁹²

China is a key buyer of discounted and sanctioned barrels: more than one-fifth of its imports are linked to crude from Russia, Iran and Venezuela.

Increasingly strategic in shaping value chains and markets

In 2025, China's energy engagement under the Belt and Road reached a record \$42 billion, with oil and gas projects accounting for about \$30 billion, including a single \$20 billion processing contract in Nigeria.⁹³

China is also seeking to reshape trading norms by expanding the use of the renminbi in oil and gas trade, gradually chipping away at the dominance of dollar-denominated energy markets.

Beijing will have increased leverage over global security and trading architecture, but how far it will go in underwriting secure flows for other Asian consumers remains uncertain.

China's leverage still rests more heavily on this type of market access and long-term relationship than on treaty-based defence commitments or system-wide external protection; it has not replicated the formal security-guarantee model historically associated with the United States. Nevertheless, China is demonstrating a growing interest in the routes and infrastructure through which oil reaches Asia, visible for example in its continuous anti-piracy naval deployments in the Gulf of Aden since 2008, and the

⁹¹ U.S. Energy Information Administration (EIA), May 2025, [China Country Analysis Brief](#) (PDF); Energy Institute, [Statistical Review of World Energy 2024](#) (PDF)

⁹² Oxford Institute for Energy Studies (OIES), 2026, [China's Crude Levers](#); U.S. Energy Information Administration (EIA), 2026, [Expanding Strategic Oil Stocks in China Support Crude Oil Prices](#)

⁹³ Christoph Nedopil, 2026, [China Belt and Road Initiative \(BRI\) Investment Report 2025](#), Griffith University / Green Finance & Development Center

establishment of its first overseas military base in Djibouti in 2017. It is also moving toward more active security diplomacy where its energy interests are directly exposed. Its role in Saudi–Iran rapprochement⁹⁴ showed an ability to broker de-escalation between key Gulf actors, while the current Hormuz crisis has pushed Beijing to engage more directly on maritime governance and the principle of safe passage.⁹⁵

China's oil strategy is entering a new phase, though, as domestic demand growth begins to slow. Some projections point to a peak in China's oil demand before the end of the decade⁹⁶ and possibly as early as the mid-2020s.⁹⁷ China has also continued to expand domestic supply to reduce its dependence on imports, while the share of imported oil in consumption steady at around 70%.⁹⁸ One of the main drivers is rapid electrification of transport, driven primarily by concerns about energy security, industrial strategy and air quality. Electric vehicles now account for over half of new car sales in China, the highest share among major economies.⁹⁹

China's behaviour as an importer may accordingly become more selective. Rather than absorbing growing volumes of global supply, Beijing may prioritise suppliers offering strategic advantages such as infrastructure partnerships, favourable pricing arrangements, secure delivery routes or geopolitical alignment.

This shift does not imply a rapid retreat from Gulf producers. The region remains the world's lowest-cost and largest source of exportable oil, and Asian refineries – including those in China – are configured to process many Gulf crude grades. Instead of replacing Gulf barrels, China has pursued a hedging strategy to reduce exposure to maritime chokepoints while maintaining access to low-cost supply. This includes expanding strategic petroleum reserves, diversifying suppliers, and building pipeline connections with neighbouring producers such as Russia and Central Asian states. If China's demand plateaus earlier than expected, competition for its market could intensify. Mid-tier and vulnerable producers that rely heavily on Chinese demand, particularly those with limited diversification options, may face increasing pressure on pricing and financing terms.

The likely outcome is a more ad hoc and situational model of engagement: China may seek to shape outcomes through diplomacy, multilateral coordination and selective partnerships, often framed around principles of “common security”, rather than offering standing guarantees.¹⁰⁰ That distinction matters for producers. China can anchor demand, absorb discounted barrels, finance infrastructure and embed exporters in long-term Asian value chains, but it does not yet offer the same kind of explicit security umbrella that has

⁹⁴ China Ministry of Foreign Affairs, March 2023, [Joint Trilateral Statement by the People's Republic of China, the Kingdom of Saudi Arabia, and the Islamic Republic of Iran](#)

⁹⁵ Reuters, 12 May 2026, [China and US agree on opposing Hormuz tolls, State Department says](#)

⁹⁶ CLS, February 2024, [PetroChina Institute of Economic Research: China's oil demand will rise steadily in 2024, and oil demand will peak by 2030](#)

⁹⁷ IEA, 2025. [Oil 2025](#)

⁹⁸ Baidu, February 2026, [PetroChina Economic Research Institute released the 2025 oil and gas report: "The dependence of domestic oil on foreign countries in the 15th Five-Year Plan is about 70%"](#)

⁹⁹ IEA, 2026, [Global EV Outlook 2026](#)

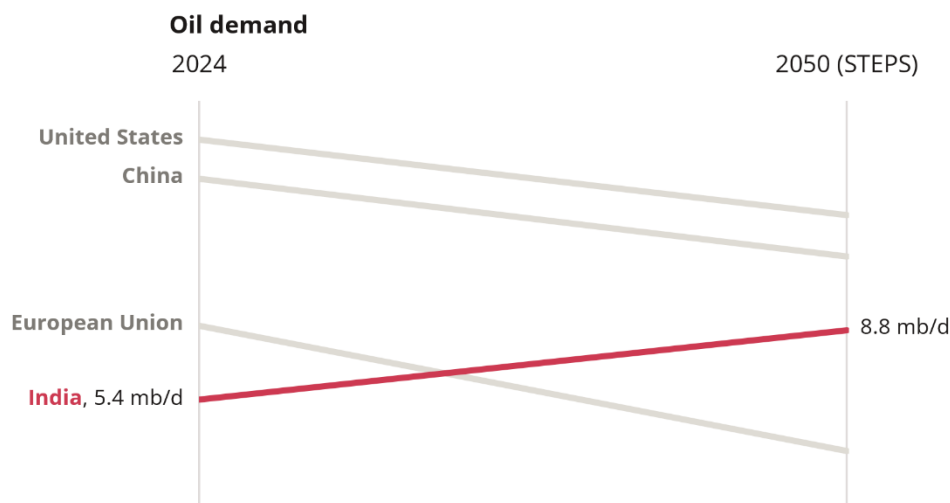
¹⁰⁰ Fu, Qiaoqiang, 2026 People's Daily, 2 April, [全面认识把握总体国家安全观'立己达人'的思想品格](#)

underpinned earlier oil orders. This intertwines with the wider issue explored in [Chapter 4](#), that the oil endgame will play out in a context in which the security architecture around oil is becoming increasingly more layered.

India: The conditional demand growth anchor

India represents the second pillar of demand power in the emerging oil system, but its role differs fundamentally from China's. India is significant market – accounting for roughly 5–6% of global oil consumption¹⁰¹ – but still far below the shares of the United States or China. Rather, India's importance lies in its being one of the largest potential sources of future oil consumption growth¹⁰². Some projections attribute around one-quarter of global oil demand growth in the mid-2020s to India alone, driven by rising incomes, urbanisation and expanding transport demand (Figure 8).¹⁰³

India as a potential source of oil demand growth



Source: IEA, [World Energy Outlook 2025 Free Dataset](#), Stated Policies Scenario (STEPS)

Figure 8: Out of the current major importers, India is the one that is projected to have significant growth in demand under the IEA's STEPS scenario – which could translate in increasing influence in shaping oil markets. However, new policies, including rapid adoption of electric vehicles, could limit this growth.

¹⁰¹ EIA, February 6, 2025, [India Energy Indicators](#)

¹⁰² IEA, February 2024, [India Oil Market Report](#)

¹⁰³ EIA, 19 December 2024, [India to surpass China as the top source of global oil consumption growth in 2024 and 2025](#); IEA, February 2024, [India Oil Market Report](#)

India is therefore important for producers seeking to secure future markets. Gulf exporters have strengthened energy partnerships with New Delhi through refinery investments, long-term supply agreements and cooperation on strategic storage infrastructure.¹⁰⁴ India's refining sector has expanded over the past decade into one of the world's largest refinery systems with the nameplate refining capacity of ca 5.2 mb/d in 2024 being the second-largest in Asia and the fourth-largest worldwide.¹⁰⁵ This has reinforced India's role as major exporter of petroleum products and deepened its integration into global oil trade.

However, India's role as a demand growth anchor is not guaranteed at the scale often assumed. The country is simultaneously pursuing ambitious electrification and efficiency policies that could moderate the growth trajectory (1.2 mb/d by 2030 as a baseline case¹⁰⁶) of oil demand over time. The IEA's 2024 India oil outlook estimated that uptake of electric vehicles (EVs) and energy-efficiency improvements would avoid around 480 kb/d of additional oil demand over 2023–2030. Due to supportive government policies, EVs rise from less than 1 in 50 vehicle sales in 2024 to 1 in 3 vehicles sold by 2030 if two- and three-wheelers are included. India is also targeting 500 GW of non-fossil electricity capacity by 2030 and had already reached 283 GW by March 2026, including 150 GW of solar.¹⁰⁷ The scale and duration of oil demand growth will therefore depend on domestic policy choices and on whether enabling infrastructure and technologies including charging networks, grid capacity, affordable batteries, electric two- and three-wheelers, buses, urban logistics fleets and more efficient freight systems, scale quickly enough to bend the transport-fuel trajectory.

India's strategic importance also lies in the type of power it exercises. Like China, India's behaviour following Western sanctions on Russian oil exports in 2022 demonstrates how a large and price-sensitive buyer can rapidly redirect global trade flows when geopolitical disruptions occur. Russia became one of India's largest suppliers within months as Indian refiners dramatically increased purchases of discounted Russian crude, and expanded exports of refined products to Europe and other markets.

Recent disruption risks around Gulf export routes point to a similar logic. India remains heavily exposed to Middle Eastern supply and to the security of Indian Ocean and Gulf shipping routes, but its response has generally been to diversify suppliers, maximise procurement flexibility and use diplomatic engagement to preserve access, rather than to organise the wider oil-security system. In this sense, India's demand power is significant but still largely defensive: it can redirect trade flows and reshape producer opportunities,

¹⁰⁴ Argus Media, 23 April 2025, [India, Saudi Arabia to establish two Indian refineries](#); ADNOC, 15 May 2026, [UAE President and India Prime Minister Witness Exchange of Strategic Agreements between ADNOC and Indian Energy Partners](#)

¹⁰⁵ EIA, 6 February 2025, [India energy indicators 2023](#)

¹⁰⁶ IEA, February 2024, [India Oil Market Report](#)

¹⁰⁷ Ministry of New and Renewable Energy, 8 April 2026: [India ranks third globally in renewable energy installed capacity: Shri Pralhad Joshi](#); IEA, 14 May 2025, [Global EV Outlook 2025](#); Ministry of Heavy Industries, Government of India, 2026, [PM E-Drive Scheme](#)

but it has not yet translated into a broader role as an external guarantor of oil-market stability.

That makes India different to China, whose reach increasingly combines market scale with overseas infrastructure and logistical influence, and to the United States, whose role has long included security provision (see page 63).

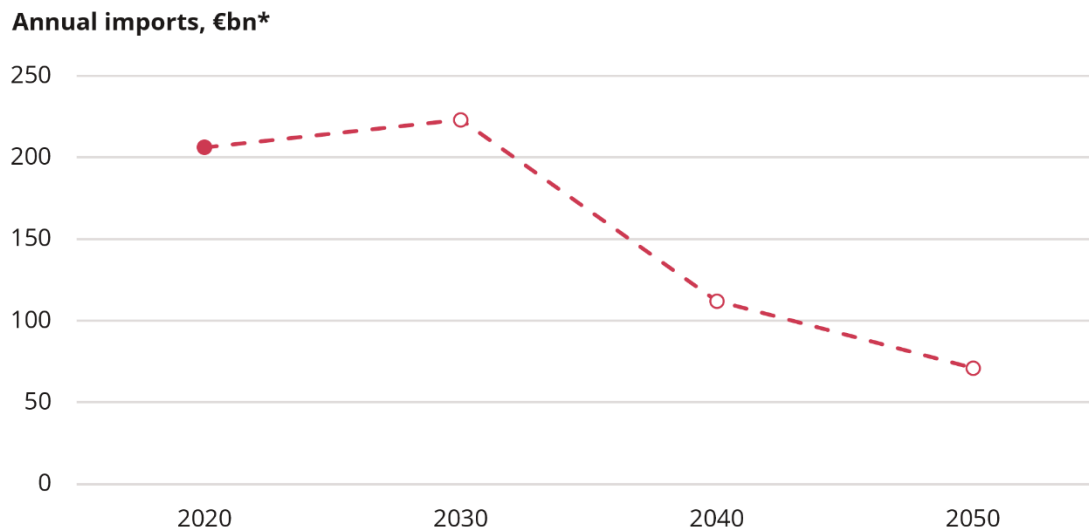
India is already an active maritime-security actor in the Indian Ocean, including through the Security and Growth for All in the Region (SAGAR) vision and the newer MAHASAGAR framing, which extends the logic toward broader cooperation on security, growth and maritime connectivity across regions. These initiatives position India as a provider of regional maritime cooperation, capacity-building and collective security, even if that role remains different in scale and character from the United States. As India's economic weight and energy-import exposure grow, existing maritime role could become more closely linked to bilateral energy-security diplomacy, route protection and crisis coordination across the Indian Ocean.

India is therefore both a growth market and a selective one: access to it matters not simply because of volume, but because Indian procurement decisions increasingly influence who benefits from the remaining pockets of demand growth in the system. For producers, India represents both a strategic opportunity and a source of uncertainty. Diversifying and low-cost producers may seek to lock in long-term relationships with Indian refiners to secure access to one of the few remaining growth markets – even as this growth trajectory becomes more uncertain. However, vulnerable or higher-cost exporters may struggle to compete in a market where India's procurement decisions are driven primarily by price and supply flexibility.

Europe: Regulatory power in a declining market

Europe occupies a distinct position in the emerging oil system. Unlike China or India, the European Union is not expected to drive future demand growth (see Figure 9). Instead, electrification, efficiency improvements and climate policy are gradually reducing fossil fuel consumption across the region. At the same time, Europe remains highly exposed to regional and global instability, due to its geographic proximity to vulnerable producers and its wider economic relations with them, making this phase of the transition particularly relevant for European resilience.

Projected EU crude oil and oil product imports



Note: * Projections according to Scenario 2 (base case scenario) of the [EU 2040 Impact Assessment](#)

Figure 9: EU oil imports are projected to decline rapidly in the coming decades.

In this context, Europe's influence is evolving. The EU remains a major energy consumer and – though its traditional rule-setting power is evolving in a more fragmented global economy – continues to shape global expectations through policy and institutional innovation. Even as oil demand declines, Europe's regulatory frameworks increasingly shape the conditions under which producers can access European markets, finance and technology partnerships. For example:

- ▶ Methane emissions rules for imported fossil fuels require producers to monitor and reduce emissions across their supply chains.
- ▶ Carbon border adjustment mechanisms impose carbon costs on certain imports entering the European market and incentivise cleaner production.
- ▶ The EU Taxonomy has encouraged other jurisdictions to start classifying economic activities with a view to incentivising the transition and green investments.

Beyond regulation, the EU exerts influence as a financial actor, through public banks, development finance and private investment flows that can support vulnerable producers to diversify.¹⁰⁸ Taken together, these policies extend the influence of European climate regulation far beyond the region's physical demand for oil.

Europe's influence is therefore less about anchoring future oil demand than about shaping the terms on which producers remain acceptable to shrinking high-value markets and pools of capital. In the oil endgame, this gives the EU a distinctive leverage. It cannot match

¹⁰⁸ E.g. European Investment Bank, 2025, [Climate Bank Roadmap Phase 2](#)

the United States in shaping the hard-security environment around oil flows, nor can it match China in using scale and state-backed infrastructure to anchor long-term commercial dependence. But it can still shape producer behaviour through rules, standards, disclosure requirements and financial conditions that increasingly travel beyond Europe itself. As demand declines, this role may become more important.

For producers, this regulatory leverage will have uneven effects. Diversifying and institutionally strong exporters may be able to adapt to the stricter environmental and financial standards and maintain access to European markets and capital. By contrast, vulnerable producers with weaker regulatory capacity may struggle to comply with evolving requirements, potentially accelerating their marginalisation in global energy trade. This creates a space for the EU to use its financial and institutional tools to support diversification and regional stability in its neighbourhood, and reduce its own exposure to external shocks.

The United States: Security, supply and financial gatekeeping

The United States occupies a distinctive position in the oil system. It is simultaneously the world's largest oil producer, a major consumer, a growing exporter of crude and refined products and a significant crude importer. The shale revolution transformed the US role from an import-dependent consumer seeking secure access to foreign supply to a co-shaper of the global oil system.

Despite its new role, the US is by no means detached from global oil markets. Despite record crude production of 13.6 mb/d in 2025, the US remained a net crude importer, with crude exports averaging around 4.0 mb/d and net crude imports around 2.2 mb/d.¹⁰⁹ Its refinery system, trade flows and consumers remain exposed to global prices. The difference is that US exposure now sits alongside a much larger capacity to shape supply conditions for others. The US can influence markets not only by consuming oil, but by exporting crude and products, approving energy infrastructure, managing strategic reserves, enforcing sanctions, and shaping the financial and maritime systems through which oil is traded.

Under the Trump administration, the US has explicitly embraced “energy dominance”, including expanded support for fossil fuel exports and the use of US energy supply in relations with allies and competitors.¹¹⁰ Its ability to ramp up production is not unlimited though: shale output responds to prices, capital discipline, infrastructure constraints and uncertainty over future demand.¹¹¹

¹⁰⁹ U.S. Energy Information Administration, March 2026, [Annual U.S. crude oil exports decrease for first time since 2021](#)

¹¹⁰ The White House, 2025, [National Energy Dominance Month](#) (Presidential Proclamation, 16 October 2025)

¹¹¹ Financial Times, 2026, [US shale bosses warn they cannot replace war-hit Middle East oil](#)

This sits within a broader shift in the US role to one increasingly of gatekeeping and systemic management. During the 1970s to 2000s, Washington's oil strategy was heavily shaped by the need to prevent supply disruptions to an import-dependent economy. Today, the US has reduced direct import vulnerability, but it has not escaped the global oil market. Instead, its role increasingly centres on shaping the strategic environment in which oil is traded: which barrels are legally accessible, which actors can invest, which vessels can obtain services, which transactions clear through financial systems, and which producers are excluded or reintegrated.

That shift is visible in US policy towards Venezuela's oil sector, where sanctions, company licences, maritime enforcement and political objectives have become closely intertwined. Since 2019, US sanctions have targeted PDVSA and Venezuela's oil trade as part of a broader effort to restrict revenues to the Maduro government and increase pressure for political change.¹¹² At the same time, Washington has periodically allowed limited oil activity through licences, including for Chevron¹¹³, reflecting the tension between political pressure, US commercial interests and the value of Venezuelan crude for some Gulf Coast refiners.

Venezuela therefore illustrates how oil security in the endgame is not only about protecting flows, but about using access to markets, firms, finance and shipping as instruments of geopolitical leverage. In the Gulf, the US remains the principal hard-security actor underpinning deterrence and maritime stability. But the rationale for that posture is broader than oil supply protection alone. It increasingly encompasses Iran deterrence, Red Sea security, counterterrorism and strategic competition with China. Domestic political constraints and wider strategic priorities may also make US commitments more selective over time, even if Washington remains the central external power in key oil transit regions.

For producers, the US has a distinctive kind of leverage. The US remains central in the oil endgame less because it is the dominant source of future demand growth, than because it is the leading gatekeeper of the security-financial architecture surrounding oil. This gatekeeping role is powerful, but not uncontested. The Hormuz crisis and the growth of opaque bilateral deals around oil trade show how producers and importers may seek alternative channels when US-led financial, sanctions or maritime systems become too restrictive.¹¹⁴ [Chapter 4](#) picks up this narrative, arguing that oil security is being reorganised, not disappearing: the institutions once designed primarily to protect supply are increasingly being repurposed to manage instability, competition and political disorder in a contracting system.

¹¹² Ryan C. Berg, Jose Ignacio Hernández, Alexandra Winkler, 23 January 2025, [Ending Maduro's Oil Lifeline: Reviewing Oil Licenses Granted Under the Barbados Accord](#)

¹¹³ Reuters, July 30, [Chevron granted restricted US license to operate in Venezuela, sources say](#)

¹¹⁴ Reuters, 18 May 2026, [Opaque oil deals around Hormuz test the petrodollar](#)

Implications: Consumers are key shapers of the transition

While producers will exhibit strategic agency as oil demand declines as discussed in [Chapter 2](#), the growing concentration of demand gives major importers greater influence over the environment in which producers adjust. Taken together, these dynamics point to a more unstable and politically contested oil endgame.

This creates a strategic choice. Consumers can allow the oil endgame to unfold through fragmentation, fiscal stress and repeated geopolitical shocks, or they can use the tools available to them – from market signalling and regulatory frameworks to finance, diplomacy and security partnerships – to support a more orderly producer transition. We return to those tools and the choices they imply in Part 3.

Chapter 4. Security politics and the reordering of oil

Oil security is no longer a settled architecture around which the oil endgame will unfold; it is itself being reorganised.

The preceding chapters show that both producers and major demand powers are acting strategically in the oil endgame. Here, we look more closely at one of the core arenas in which that interaction is now being reorganised: oil security.

Oil security is not just about the physical protection of supply routes; it refers to the wider architecture that determines whether oil can move, under what conditions, and with what geopolitical consequences: maritime protection, sanctions, alliance structures, chokepoint governance and crisis coordination.

Oil security is now far more complex than it was for much of the past century, when the central question was how to guarantee uninterrupted access to oil. Shifts such as the shale revolution, sanctions, regional conflict, China's expanding global role, Russia's war economy, and the fragmentation of trade and financial systems mean that this is a dynamic system requiring adaptation to new challenges: security architecture increasingly determines which producers can access markets, which trade routes remain insurable, which sanctions regimes hold, and how producer fragility is contained.

This is the context in which the oil endgame will play out, and add a further layer of complexity. Oil security systems will increasingly determine which producers are able to access shrinking markets, and how producer fragility and wider disorder is contained as demand declines.

Security architectures and alliance structures in transition

Three shifts are reshaping oil security architecture:

- ▶ The US's hard-security rationale is becoming broader than just supply protection.
- ▶ China is becoming a more active commercial and diplomatic security actor without replacing the US umbrella.
- ▶ Sanctions, insurance, shipping and payment systems are becoming part of oil-security governance.

The United States remains the principal hard-security actor in key maritime theatres, shaping oil-market governance through naval presence, alliance structures and sanctions-linked enforcement. Its relationship with Gulf states in particular is emblematic. US naval deployments in the Gulf since the Carter Doctrine (1980), the creation of US Central Command (CENTCOM), and the tanker protection missions during the “Tanker War” of the 1980s were explicitly designed to deter disruption of supply flows.¹¹⁵ The 1991 Gulf War itself was widely interpreted as an intervention to prevent a hostile power from controlling a disproportionate share of global oil reserves.¹¹⁶ Forward military presence, missile defence cooperation and naval deployments still underpin Gulf deterrence and maritime stability.

But the justification in these relationships is no longer only oil supply protection. That shift is driven by several forces at once:

- ▶ The shale revolution has reduced US direct import vulnerability while making the US a major producer and exporter.
- ▶ Gulf states have diversified diplomatic and commercial relationships, including with China.
- ▶ Regional conflict has expanded the security agenda to Iran deterrence, Red Sea security, counterterrorism, sanctions enforcement and strategic competition.

The current Hormuz crisis is testing this broader rationale directly: the issue is not only whether oil can physically move, but who governs passage, who pays, which vessels are protected, and which legal and financial systems apply.¹¹⁷ Similarly, the wider system extends beyond traditional military guarantees. The conditions under which oil moves are increasingly shaped by sanctioning coalitions, insurance and shipping governance, Chinese commercial and logistical reach and the crisis-response behaviour of major importing economies.

Hedging is not new. Gulf states have been broadening their economic and diplomatic ties with China and other Asian buyers while maintaining defence relationships with the United States for more than a decade.¹¹⁸ What changes in the oil endgame is the leverage structure behind that hedging. When demand growth was assumed to continue, producers, importers and security providers shared an interest in keeping the system open and expanding. In a more uncertain market, the bargain becomes more transactional:

¹¹⁵ Office of the Historian, January 1980, [Address by President Carter on the State of the Union Before a Joint Session of Congress](#); IISS, 2022, [The Military Balance 2022](#)

¹¹⁶ Daniel Yergin, 1991, [The Prize: The Epic Quest for Oil, Money, and Power](#)

¹¹⁷ CRS, 2023, [Report on political and security-related developments \(political protests; structure and capabilities of the military; foreign policy; sanctions; other topics\)](#); Senate Armed Service Committee, March 2023, [Statement for the Record General Michael “Erik” Kurilla Commander, US Central Command before the Senate Armed Services Committee on the Posture of US Central Command](#); CSIS, 2018, [Security Implications of China’s Military Presence in the Indian Ocean](#); Sipri, 2024, [Trends in International Arms Transfers, 2023](#)

¹¹⁸ Sipri, 2024, [Trends in International Arms Transfers, 2023](#)

producers seek buyers, investment, security guarantees and political room for manoeuvre; importers seek reliable supply, favourable terms and influence over future market access.

The result is not a simple transfer of security leadership from Washington to Beijing. It is a more layered order in which military protection, market access, finance, standards and diplomacy are distributed across different actors. China's role in the Saudi–Iran rapprochement showed its growing diplomatic weight in the Gulf,¹¹⁹ while the Hormuz crisis has pushed Beijing and Washington into overlapping positions on the principle of safe passage through the Strait.¹²⁰ But China's role remains more situational than treaty-based: it can anchor demand, provide finance and shape diplomacy, but it does not yet offer the institutionalised protection architecture historically associated with the US.

The strategic point is that oil security now involves the political alignment of buyers and trade systems, not just securing physical availability of supply.

The added layers of security can strengthen resilience where coordination persists, but can also increase fragmentation where rivalry produces parallel shipping, insurance or payment ecosystems. The actions of disruptive states such as Russia illustrate this. Since 2022, discounted Russian barrels have remained in the market by shifting toward politically available buyers, especially in Asia. This has preserved revenues for Moscow while deepening parallel trade relationships outside Western sanctioning coalitions. The operational mechanics of this fragmentation via price caps, insurance restrictions and shadow fleets, are discussed in the following section.

Chokepoints in a tighter market: from protecting flows to managing amplified disruption

Oil has always been a maritime commodity, making maritime security largely about physical control of sea lanes. Again, the structures are shifting: while the geography is unchanged, security is increasingly also about the surrounding governance architecture.

History provides many examples of the vulnerability of oil supply to maritime chokepoints, and security responses. The Strait of Hormuz has been heavily militarised since the tanker wars of the 1980s, with US naval patrols and coalition escort missions designed explicitly to deter supply disruption.¹²¹ Bab el-Mandeb has long been exposed to piracy, regional conflict and state fragility. The Suez Canal was closed after the 1956 Suez Crisis and again from 1967 to 1975 following the Six-Day War, forcing rerouting around the Cape of Good Hope and reshaping tanker economics. More recent Red Sea disruptions have shown how the same corridor remains exposed to conflict, insurance risk and rerouting costs.

¹¹⁹ CSIS, March 2023, [Why Did China Help Saudi Arabia and Iran Resume Diplomatic Ties?](#)

¹²⁰ Internazionale, May 2026, [China and US agree on opposing Hormuz tolls, State Department says](#)

¹²¹ Office of the Historian, January 1980, [Address by President Carter on the State of the Union Before a Joint Session of Congress](#); IISS, 2022, [The Military Balance 2022](#)

Chokepoints now operate as institutional bottlenecks as well as physical ones. We use the term “paper chokepoints” to refer legal and financial conditions that can constrain or redirect flows even where some physical passage remains possible, such as access to shipping services, insurance, classification, compliance documentation and financial clearing. These “paper chokepoints” can amplify a physical disruption by raising freight and insurance costs, delaying cargoes, redirecting trade into opaque channels and fragmenting market governance.

The G7 price-cap regime on Russian oil is the clearest recent example: access to maritime services and insurance was conditioned on attestation that cargoes complied with the cap, effectively turning parts of the shipping and insurance system into instruments of market control.¹²² The response was the emergence of so-called “shadow fleet” vessels operating outside Western insurance systems, often under opaque ownership structures.¹²³ Recent disruption around the Strait of Hormuz has similarly raised questions not only about naval protection but also about tolls, exemptions, sanctions exposure, insurability, payment channels, and buyer-specific arrangements.

The new vulnerabilities introduced by the financialisation of maritime governance lead to the line between economic statecraft and naval deterrence becoming blurred. The fragmentation of insurance regimes and producer responses to sanctions create parallel trading systems, complicating collective security responses (as well as increasing accident risk and weakening enforcement of environmental and safety standards). Such fragmentation may keep some barrels moving, but at the cost of lower transparency, weaker collective governance and greater dependence on bilateral arrangements. Current reporting on opaque bilateral oil deals around Hormuz points to precisely this risk: alternative channels may help importers secure volumes, while weakening the common financial and legal architecture that has traditionally governed oil trade.¹²⁴

As established in [Chapter 1](#), declining demand in the oil endgame could lead to a tighter market due to underinvestment. In this context, sensitivity to both physical and paper chokepoints is likely to increase rather than diminish. Moreover, the more strategic, competitive interaction between producers and major demand powers as they navigate the endgame may reinforce the dynamics already leading to fragmentation in oil security systems.

This combination reinforces the stakes of coordination. If major powers cooperate to enhance resilience to both physical and “paper” chokepoints, this can help to reduce disorder in the oil endgame. If, however, sanctions regimes fragment maritime governance into competing blocs, volatility risks increase.

¹²² U.S. Department of the Treasury, February 2023, [Guidance on Implementation of the Price Cap Policy for Crude Oil and Petroleum Products of Russian Federation Origin; Publication of Russia-related Determinations; Issuance of Russia-related General Licenses](#)

¹²³ Financial Times, 2023, [The west's Russia oil ban, one year on: How a shadow fleet undermined the price cap](#)

¹²⁴ Reuters, 18 May 2026, [Opaque oil deals around Hormuz test petrodollar](#)

Security in vulnerable and emerging producer regions

The security implications of declining demand are particularly acute in fragile and emerging producer states. The issue is not only whether states can protect their oil infrastructure, but that the risk of fiscal stress and instability make it unlikely that many of these producers will receive institutionalised security guarantees comparable to those historically available to Gulf states. Instead, they may become more exposed to transactional security arrangements: bilateral military assistance and arms trade, private security, intelligence support, infrastructure protection or regime-security deals linked to access, influence or political alignment.

Russia illustrates the sharper end of this dynamic. In parts of Africa, Russian security assistance and Wagner/Africa Corps-linked models have offered regime support, training or coercive capacity in exchange for influence and, in some contexts, access to resource opportunities.¹²⁵ Such arrangements can stabilise incumbent authorities in the short term, but they can also deepen dependence on external patrons, weaken accountability and turn producer regions into arenas of geopolitical competition.¹²⁶

Libya illustrates the risk most clearly. Russia's support for Khalifa Haftar and its Wagner/Africa Corps-linked presence in eastern and southern Libya have placed Moscow close to military bases, oil-producing regions and export infrastructure in a country where control over oil revenues is already central to political bargaining.¹²⁷ This is not a Gulf-style security guarantee but a more transactional model in which military support, political influence and proximity to energy infrastructure reinforce one another. For fragile producers, such arrangements can help incumbent actors consolidate control in the short term, but they can also deepen fragmentation, weaken accountability and turn oil infrastructure into part of a wider geopolitical contest.

China's role is different but also relevant. Beijing has generally avoided a US-style security umbrella or Russia-style expeditionary coercion, but Chinese overseas investment has created growing demand for infrastructure and personnel protection.¹²⁸ Chinese companies increasingly rely on a mix of host-state forces, local security firms and a growing ecosystem of Chinese private security companies to protect Belt & Road Initiative assets, including in politically fragile environments. This does not amount to a formal alliance model, but it adds another layer to the security architecture around energy and infrastructure projects. China's role may also evolve as its overseas economic interests in oil and infrastructure projects are increasingly coupled with stakes in critical minerals, clean-energy supply chains, ports, grids and digital systems. Protecting this wider mix of

¹²⁵ Christopher Faulkner, Raphael Parens, 24 March 2025, [Russia in Africa: Private Military Proxies in the Sahel](#)

¹²⁶ USIP, 2018, [Securing China's Belt and Road Initiative](#)

¹²⁷ Atlantic Council, February 2023, [To counter the Wagner Group's presence in Africa, the US will need to prioritize stabilizing Libya](#); The Guardian, 5 March 2026, [Power without a throne: how Khalifa Haftar controls Libya](#)

¹²⁸ Merics, August 2018, [Guardians of the Belt and Road. The internationalization of China's private security companies](#)

interests may gradually require a more systemic security offer around key corridors and infrastructure nodes, even if Beijing continues to avoid a formal alliance model or US-style security guarantee.

For the oil endgame, the risk is that fragile producers become sites of ad hoc security bargains rather than stable transition partnerships. Where fiscal pressures, infrastructure insecurity and external patronage converge, security support can help keep exports moving, but it can also entrench rent capture, intensify conflict economies and create new geopolitical footholds. This makes producer transition not only an economic and development question, but part of the wider security architecture of a more fragmented oil system.

Importer coordination: from crisis response to transition signalling

We demonstrated in the preceding chapters that producers actively seek to shape markets and governance outcomes, while major consumers will gain increasing leverage as overall demand declines. From a security perspective, this underscores the importance of structured importer–producer dialogue.

Historically, importer coordination emerged after crisis (such as the creation of the International Energy Agency or IEA post-1973). The 2022 coordinated release of strategic petroleum reserves (SPR) and the much larger 2026 collective release among IEA members show that importers can still act together in response to acute disruption.¹²⁹ But emergency stock releases are temporary instruments. They can cushion shocks; they cannot by themselves manage prolonged uncertainty or structural decline.

What is missing is an equivalent mechanism for demand-side signalling. In a contracting market, importer coordination is needed not only to buffer disruption, but to reduce uncertainty about the pace and shape of decline. That could mean greater transparency among major importers on expected demand trajectories, electrification pathways, efficiency measures, stock policies and crisis-response thresholds. Such coordination would not eliminate volatility, but it could reduce the risk of abrupt policy surprises, help exposed producers anticipate the pace of adjustment, and lower incentives for defensive production or destabilising geopolitical behaviour. In this context, institutions originally designed to buffer price shocks may need to evolve toward platforms that facilitate transparency on demand trajectories and transition planning.

¹²⁹ IEA, 2022, [IEA Member Countries agree to new emergency oil stock release in response to market turmoil](#); IEA, 2026, [IEA Member countries to carry out largest ever oil stock release amid market disruptions from Middle East conflict](#)

Implications: Adapting security tools to a more fragmented oil system and a contracting market

The oil endgame does not make oil security less important; it makes it more complex. Security architecture is no longer only a mechanism for protecting physical supply flows. It increasingly shapes which producers can access markets, which routes remain insurable, which sanctions regimes hold, and which external powers gain influence in vulnerable producer regions. And now this system will increasingly have to manage instability in a contracting and more fragmented oil market: producer fragility, tighter buffers, maritime-financial disruption and strategic competition among major powers.

This shift has implications across foreign policy, economic coordination and security practice.

- ▶ **Energy transition must be integrated into foreign and security policy.** Declining oil demand, producer fiscal exposure and transition pathways are emerging as structural drivers of geopolitical risk. Governments will need to incorporate producer transition risk into early warning systems, regional strategies and bilateral relationships, particularly in regions where hydrocarbons underpin state stability. Energy transition policy can no longer be treated as separate from security policy; it is a core determinant of future instability or resilience.
- ▶ **Coordination among major importing economies becomes a central stabilising tool.** As demand becomes more concentrated, the behaviour of a small number of importers increasingly shapes market outcomes and producer responses. Moving beyond ad hoc crisis coordination, governments should strengthen alignment on demand trajectories, strategic reserves and market signalling. Coordination also needs to cover the maritime-financial architecture of oil trade, including sanctions implementation, insurance access, shipping transparency and responses to shadow-fleet risks. Clear and credible signals can reduce uncertainty, limit destabilising producer behaviour and lower the risk of fragmentation into competing trade and security blocs.
- ▶ **Engagement with producer states must evolve into transition and stability partnerships.** In a declining market, relationships based solely on fossil fuel trade are insufficient to maintain stability. Governments should combine diversification partnerships, fiscal stabilisation support and investment cooperation with institutional and governance engagement. Such approaches should be tailored to different producer types and coordinated across foreign, development and financial institutions. Supporting economic adjustment in producer economies is not only a development objective but a form of preventive security policy.
- ▶ **Security institutions themselves will need to adapt to a broader and more complex risk environment.** In a system in which instability is transmitted through markets, finance, and geopolitics, security can no longer be delivered solely through naval presence or the protection of sea lanes. Maritime security will increasingly depend

on the governance of shipping systems, including transparency of vessel ownership, integrity of insurance markets, sanctions compliance, payment channels, port access and environmental and safety standards. This requires closer coordination between defence, financial and regulatory authorities.

- ▶ **A more multipolar security landscape increases the importance of practical cooperation mechanisms.** Even where strategic rivalry persists, information-sharing, de-escalation channels and norms around safe passage remain essential. The same applies to minimum standards around maritime safety, insurance integrity and sanctions implementation. Where coordination breaks down, fragmentation of shipping, insurance and financial systems can amplify volatility even in the absence of major physical disruptions.

Chapter 5. Sovereign finance and the oil endgame

For many producer economies, fiscal stress, debt vulnerability and capital pressure emerge before physical decline is fully visible. Importing countries and international financial institutions face a strategic choice: help manage adjustment early, or confront a more chaotic period of repeated fiscal, geopolitical and market disruption later.

If the previous chapters examined the main players of the oil endgame and the security arena through which their interaction is increasingly mediated, this chapter turns to a final layer of the game: finance.

We explained in [Chapter 1](#) that, for many oil-dependent economies, the transition will register first not at the wellhead, but on the sovereign balance sheet. Even modest shifts in oil prices, demand expectations or investor sentiment can quickly translate into budget deficits, debt stress, exchange-rate pressure and rising borrowing costs. Financial systems are therefore one of the primary transmission channels through which the energy transition reshapes producer economies.

This makes sovereign finance a critical arena of the oil endgame. It is where long-term transition risk becomes immediate macroeconomic pressure, and where uncertainty about future demand can begin to alter state behaviour in the present.

Yet financial markets and international institutions are only beginning to integrate these risks systematically, often leaving producer economies exposed to fiscal instability, sovereign-risk repricing and capital flight as the global energy system evolves. Managing these financial dynamics will be central to preventing the broader geopolitical instability outlined in earlier chapters.

Producers face a diversity of financial risks in the oil endgame

The financial risks for producers lie not just in weakening revenues from declining demand. Price shocks resulting from the uncertainty in the transition, while they can temporarily boost revenues for exporters, tighten global financial conditions. Higher inflation in major economies leads to higher interest rates, increasing borrowing costs and debt-servicing pressures for producer economies. The effects can be severe, particularly for emerging

economies. Governments may face difficult trade-offs between maintaining fiscal stability, protecting consumers from energy price increases and avoiding power shortages.

Geopolitical instability itself can add pressure on producers' finances. Heightened conflict risk typically increases global risk premia and triggers capital flows toward perceived safe-haven assets. For emerging economies already exposed to energy shocks, these financial dynamics can amplify economic stress through declining foreign-exchange reserves, widening sovereign spreads and rising borrowing costs.

In many cases the financial consequences of geopolitical volatility may prove more persistent than the initial commodity price shock, particularly for emerging and developing economies.

Transition risks, including the risk of stranded assets, are also a significant concern. Estimates suggest that \$1–4 trillion of upstream oil and gas investments could be at risk of stranding in a demand-decline scenario,¹³⁰ with potentially systemic implications for financial stability. This may require innovative approaches including coordination between monetary and fiscal policy.¹³¹

Producer governments and importers need to be ready for these changes and work with central banks and financial supervisors, both at domestic level and internationally, to safeguard the financial stability of producer economies and wider financial systems.

The role of international financial institutions

Transition risks operate primarily through fiscal and financial systems, yet macro-financial constraints themselves often slow the transition. Dependence on fossil-fuel revenues creates a feedback loop in exporters with low fiscal headroom, such as Algeria and Libya: fiscal vulnerabilities increase the economic risk of the transition, while simultaneously limiting the investment available to modernise energy systems and expand clean power – thereby reinforcing the vulnerability as demand declines.

Breaking this cycle will require coordinated engagement between international financial institutions (IFIs), development banks and major economies. IFIs can play a critical role by providing technical assistance and targeted support for economic diversification and stronger coordination between fiscal and monetary policy to manage volatility.

The International Monetary Fund (IMF) is the most consequential international financial institution for fossil fuel producer transitions. It sits at the centre of macroeconomic governance, engages directly with finance ministries, and has the tools to shape fiscal policy, debt sustainability, and global financial flows. The IMF has begun integrating climate and transition risks into its surveillance activities, but coverage remains uneven:¹³² it does not systematically address fossil fuel dependence, underestimates transition risks, lacks

¹³⁰ Carbon Tracker, December 2023, [PetroStates of Decline: oil and gas producers face growing fiscal risks as the energy transition unfolds](#); IEA, 2021, [Net Zero by 2050 A Roadmap for the Global Energy Sector](#)

¹³¹ E3G, October 2024, [An orderly and equitable global transition away from fossil fuels](#)

¹³² E3G, 2026, [Operationalizing climate across IMF activities: Safeguarding macroeconomic stability in the 21st century](#)

dedicated financial instruments, and pays limited attention to political economy constraints. As a result, a critical gap persists in the international system for supporting producer countries through the macroeconomic challenges of transitioning away from fossil fuels.

Policy discussions between the IMF, borrowing countries and civil society increasingly highlight the need for IMF programme design to follow a “do no harm” principle, ensuring that financial assistance does not implicitly lock countries into long-term fossil-fuel expansion inconsistent with transition pathways and expected declining demand.

The IMF can also play a more proactive role in managing these risks by strengthening the coverage of transition-related vulnerabilities in its Financial Sector Assessment Programs (FSAPs), particularly in oil-exporting economies. Given the central role of hydrocarbon revenues in foreign exchange and fiscal stability, FSAPs should more systematically assess the implications of declining or volatile oil revenues for financial stability, including through stress-testing FX liquidity, bank balance sheets and sovereign-bank linkages under transition scenarios.

Multilateral development banks (MDBs) will also be critical in supporting economic diversification and productive transformation to expand non-oil revenue bases. Financing for clean-energy industries, infrastructure, and climate resilience can help reduce fiscal dependence on hydrocarbons while sustaining economic development.

Debt sustainability and economic transformation

For many oil-dependent economies, declining or volatile fossil-fuel revenues will create debt sustainability challenges. Where sovereign debt burdens are already high, governments may be forced to prioritise short-term oil revenues to service debt obligations, reinforcing dependence on hydrocarbons and delaying economic diversification.

Debt restructuring is a last-resort measure, not a tool to manage the transition. It is an economically and socially painful process for a country’s population that undermines market confidence and further constrains access to finance. The priority should be to support country-led transitions that strengthen fiscal resilience.

The Oil EndGame simulation highlighted debt as the determining constraint for countries trying to find viable transition pathways. Countries that negotiated higher debt ceilings, relief or eased fiscal pressure were better positioned to invest in their transition. In practice, instruments such as debt-for-climate swaps may play a limited role, but only as part of broader strategies for economic diversification and climate resilience.

► Case study: Indonesia's diversification under fiscal pressure

Indonesia is one of the clearest examples of a major oil producer that has significantly reduced its economic dependence on oil. Oil output roughly halved between 1994 and 2025, but dependence on the sector fell even more sharply: its share of government revenue declined from 35% in 2001 to 6% in 2024, while its contribution to GDP dropped from around 8% to below 2.2%.¹³³ 2004 additionally marked a turning point in the country's energy landscape when Indonesia officially became a net oil importer.¹³⁴

Indonesia faced a combination of pressures to reduce oil dependence, which resemble the challenges that many low- and mid-tier producers face today: fiscal volatility in the 1980s, falling oil prices, declining mature oil fields, the 1997 Asian Financial Crisis and rising fuel subsidies.

During the Asian Financial Crisis, support from MDBs helped stabilise Indonesia's fiscal situation. This enabled the country to implement reforms to improve the business environment and strengthen growth in the manufacturing sector by integrating Indonesia into Asian regional supply chains.

Over the 2000s and 2010s, Indonesia also used subsidy reform and commodity upgrading to rebalance its economy. Fuel subsidy expenditures were cut from around 25–28% of government expenditure in the early 2000s¹³⁵ to about 4.8% in 2024¹³⁶, creating fiscal space to boost growth through reforms such as the successful kerosene-to-LPG conversion program for households. At the same time, the country shifted towards higher value commodities, particularly critical minerals: it now accounts for 49% of global nickel output, 5.4% of cobalt and 4.1% of copper.¹³⁷ Export restrictions and local processing requirements increased domestic value capture: for example, Indonesia's share of global cobalt processing (about 18%) is more than three times its share of extraction.¹³⁸

Part of the reduction in economic dependence on oil reflects a shift towards coal, as the coal sector expanded as a source of GDP (from under 1% in 1989 to around 4% in 2025¹³⁹). This has reduced short-term exposure to oil price shocks, but has locked in

¹³³ IISD, 2019, [Beyond Fossil Fuels: Indonesia's fiscal transition](#); BPS-Statistics Indonesia, [Percentage Distribution of Gross Domestic Product at Current Market Prices by Industry \(percent\), 2025](#) (Last update: March 10, 2026); IMF, 2005, [Staff Country Reports Indonesia: Selected Issues](#)

¹³⁴ IMF, 2005, [Staff Country Reports Indonesia: Selected Issues](#)

¹³⁵ World Bank, 2024, [Indonesia's Fuel Subsidies Reforms](#)

¹³⁶ IMF, 2026, [Indonesia: 2025 Article IV Consultation-Press Release; Staff Report; and Statement by the Executive Director for Indonesia](#)

¹³⁷ Data as of 2023: IRENA, 2023, [Geopolitics of the Energy Transition: Critical Materials](#)

¹³⁸ Ibid.

¹³⁹ BPS-Statistics Indonesia, [Percentage Distribution of Gross Domestic Product at Current Market Prices by Industry \(percent\), 2025](#) (Last update: March 10, 2026); ASEAN Centre for Energy (ACE), 2025, [The Past, Present,](#)

reliance on a capital-intensive, high-emissions and environmentally damaging fuel. As renewables have become much more abundant and cost efficient since the 2000s such a transformation could be achieved today without locking in a new fossil dependency.

Taken together, fiscal discipline, economic and subsidy reform and support from international financial institutions in the shape of lending and technical assistance enabled Indonesia to reduce its dependence on oil while maintaining a stable GDP growth above 5% over the last five years.

Transition-linked instruments

New financial instruments are also emerging to align sovereign finance with transition objectives. Transition-linked bonds and sustainability-linked sovereign debt tie borrowing conditions to measurable progress on energy transition or economic diversification. By linking financial incentives to credible transition pathways, these instruments can help reduce investor uncertainty and mobilise capital for structural economic transformation. Their effectiveness, however, depends on clear policy frameworks and robust monitoring of transition targets.

Managing the financial endgame

The global energy transition will be shaped as much by financial systems as by energy markets. If unmanaged, the dynamics described here could trigger sovereign debt crises, economic instability and political fragility in vulnerable producer states, with global spillovers through markets, migration pressures and instability.

Conversely, coordinated financial support and proactive fiscal planning could enable a more orderly transition. Integrating transition risks into macroeconomic surveillance, expanding development finance for diversification and deploying new transition-linked financial instruments would help stabilise producer economies as global energy systems evolve.

Any international support for low-income, vulnerable oil producers must be embedded and led by national transition plans, so stronger country-level planning is needed.

and Future Role of Coal in the ASEAN Energy Landscape; Coal for 1989 is approximated by GDP share of “Other Mining and Quarrying” and amount of coal production as it has not been separately declared due to small size: Central Bureau of Statistics, 1990, [Statistik Indonesia: Statistical Year Book of Indonesia 1990](#)

Part 3: Navigating
the oil endgame:
coordinated action
across diplomacy,
finance and security

Chapter 6. A new agenda for diplomacy

A stable transition depends on importing countries, international financial institutions, and climate diplomacy working together to shift international policy.

Without measures to address the spillovers of a disorderly transition, fiscal stress in producer economies, geopolitical competition and market volatility could undermine both economic stability and the very political feasibility of the transition.

Despite the structural shifts outlined in the previous chapters, global governance institutions remain poorly adapted to stabilising the oil endgame. Climate institutions focus primarily on emissions reductions. Energy security institutions remain focused on supply disruption risks. Financial institutions focus on sovereign debt and macroeconomic stability.

Minimising and managing the economic, financial and security spillovers of a disorderly producer transition requires a step change in how governments approach diplomacy. Building international climate and energy cooperation around emissions targets and clean energy deployment – while essential – is no longer sufficient to manage the geopolitical dynamics of a declining oil market. Additionally, no frameworks are yet designed to coordinate demand-side transition management in a shrinking oil market.

In practice, three functions must work together:

- ▶ **Major importing governments** shape demand and geopolitical conditions. They must develop new forms of demand-side coordination, and a more proactive diplomacy toward producer countries.
- ▶ **International financial institutions** (IFIs) determine how fiscal stress is absorbed. They must integrate transition risks into macroeconomic policy and scale support for economic diversification.
- ▶ **Climate diplomacy** provides the coordination frameworks that align the above efforts. It must evolve from emissions negotiation to coordinated management of the transition.

Recent tensions affecting Gulf export routes underline how episodes of disruption can rapidly redistribute revenues among producers and increase geopolitical competition. It is becoming urgent to broaden approaches to the energy transition to include diplomatic

strategies that reduce volatility while supporting economic adjustment in producer economies.

Delivering this approach requires coherent strategies developed at the producer country level, produced by aligning national transition planning, international finance and diplomatic approaches, as well as trade, development and security tools.

Shifts for major importing governments

As set out in [Chapter 3](#), importing governments can be key shapers of the oil endgame as they determine the conditions under which producer countries adjust. Moreover, it is in the interests of major importing economies such as the UK and EU to take a more proactive diplomatic approach toward producer economies, as this is a question of foreign and security policy as much as climate policy.

Elements of such engagement are already emerging. The European Union has expanded energy partnerships with Algeria and Egypt that combine renewable energy cooperation, hydrogen development and electricity system integration. Similarly, recent EU–Nigeria energy dialogues have explored opportunities for clean energy investment and methane reduction alongside traditional hydrocarbon trade. These initiatives are limited in scope but illustrate how traditional supplier relationships can evolve toward broader economic partnerships.

The following sections provide detailed recommendations for importing / consumer governments.

Build differentiated producer transition partnerships

Importing economies should build structured transition partnerships with oil-producing countries focused on economic transition, fiscal resilience and long-term development strategies. These partnerships should move beyond traditional energy-supplier relationships. The objective is not only to secure short-term supply, but to reduce the risk that declining or volatile oil revenues translate into fiscal crises, regional instability or disorderly market behaviour.

Such partnerships should combine energy cooperation with macro-financial, industrial and trade tools. Across producer engagements, a common toolkit will be needed, used as a menu rather than a fixed template. It should include support for: fiscal planning, sovereign risk management and non-oil revenue mobilisation; reform of public revenue systems and national oil company governance; investment in emerging non-oil sectors, clean power, grids, skills, employment; industrial and trade policy for diversification; access to international finance for economic restructuring; and market-access readiness, including methane abatement, transparency and compliance with emerging standards. In higher-risk settings, this toolkit also needs to be conflict-sensitive and attentive to the political bargains, subsidy systems, patronage networks and infrastructure-security risks through which oil revenues are managed.

These partnerships should also be linked to IMF engagement, development finance, debt frameworks and national transition planning, so that bilateral energy diplomacy does not sit separately from the wider economic adjustment producer countries need. In practice, partnerships will often be operationalised through country-level transition platforms that align diplomatic engagement, macro-financial support and diversification investment behind a single nationally owned strategy.

Producer diplomacy cannot be one-size-fits all. Partnerships should be tailored to producers' political and socio-economic conditions and their role in the oil endgame (see also [Chapter 1](#) and [Chapter 2](#)). Table 2 summarises how the common toolkit can be applied across producer groups. The categories are not rigid: some countries may sit between them or move across them over time. The purpose is to identify where international engagement should place emphasis.

To be effective, bilateral partnerships should be integrated with multilateral frameworks, aligning EU, UK and other bilateral offers with IFI programmes, development finance, debt frameworks and TAFF roadmaps. The aim should be coherent national programmes rather than fragmented initiatives.

► **Middle-income producers in focus**

This group deserves particular attention because it sits between the extremes. These producers are too systemically relevant to be treated only as development cases, but often lack the fiscal buffers and sovereign investment capacity of wealthy petrostates. If adjustment is disorderly, they can generate spillovers through debt stress, migration pressures, infrastructure insecurity, price volatility and geopolitical bargaining. This is especially important for the EU and the UK because several mid-tier producers are current or former strategic suppliers and sit in regions directly relevant to European energy security and neighbourhood stability.

Algeria illustrates both the opportunity and the challenge. It remains one of Europe's important gas suppliers while seeking to expand renewable energy capacity, electricity-sector reform and hydrogen opportunities. A more strategic partnership would combine renewable investment, electricity market reform, industrial cooperation and fiscal resilience, helping reduce domestic hydrocarbon consumption while maintaining economic stability during the transition. In Nigeria and Angola, where fiscal dependence on hydrocarbons remains high, diversification partnerships linked to power-sector reform, industrial development, green industry, grids and infrastructure investment may be particularly important for long-term stability.

Table 2: Diplomacy toolkit for different producer groups.

Producer group	Main risks/factors	How to use common toolkit	Extra focus
High-income (e.g. Gulf states)	Strong fiscal buffers and sovereign wealth capacity, but large oil and gas assets, exposure to falling long-term demand, and major geopolitical influence	Use toolkit to accelerate diversification and improve emissions performance and align state investment with credible transition pathways, rather than basic stabilisation	Align sovereign wealth and state investment with transition goals; support investment in clean power, grids and industry in third-country emerging markets and developing economies (EMDEs) where aligned with host-country priorities; improve transparency on climate impact of sovereign investments; improve methane and emissions performance; increase transparency on the climate and development impact of sovereign investments
Middle-income (e.g. Algeria, Nigeria, Angola, Azerbaijan, Kazakhstan)	High fiscal and export reliance on oil and gas; limited buffers; exposure to falling demand in key markets (EU, China); sovereign-risk and debt vulnerabilities; limited diversification	Use toolkit as a whole-of-economy package to reduce fiscal risk and support job-rich diversification	Strengthen sovereign-risk management and debt analysis; manage NOC contingent liabilities; reform power systems and grids; link industrial policy to trade opportunities; expand diversification finance and guarantees; increase non-oil revenues; pair subsidy reform with social protection; improve methane and emissions performance to preserve access to regulated and finance-linked markets
Fragile / conflict-affected (e.g. Libya, South Sudan, Venezuela)	Weak institutions and conflict risks; oil rents captured by armed or patronage networks; infrastructure insecurity; risk of regional spillovers	Use toolkit to support basic fiscal stability, essential services, infrastructure resilience and conflict-sensitive governance	Support transparent public finances; protect and repair essential infrastructure; reduce the risk of rent capture; manage regional spillovers; support essential services and targeted social protection where subsidy reform or fiscal retrenchment risks fuelling instability; coordinate closely with humanitarian and peacebuilding actors
New producers (e.g. Senegal, Guyana)	Early-stage sector; strong development pressures; risk of future dependence and stranded assets and pre-spending future revenues	Use toolkit early to avoid lock-in, prioritise fiscal rules, no-regrets infrastructure and non-oil growth before hydrocarbon dependence becomes entrenched	Put strong fiscal rules and savings mechanisms in place early; require transparency and contract disclosure; screen oil-linked infrastructure carefully; build methane, emissions and transparency standards into the sector from the beginning; invest early in non-oil sectors; support climate-resilient development planning

Design and deploy effective transition platforms for producer economies

Producer-focused transition platforms should provide the delivery architecture for these partnerships. They should help producer governments and their partners coordinate diplomatic engagement, macro-financial support and diversification investment in a single, nationally owned framework. Existing country transition platforms, including Just Energy Transition Partnerships, provide useful lessons on coordination, finance mobilisation and political signalling, but cannot simply be replicated for fossil-fuel-exporting economies. While many partner countries already face debt, high cost of capital and fiscal pressures, the challenge in producer economies is different in kind: these pressures are directly tied to the future of hydrocarbon revenues. The central challenges are therefore not only

sectoral decarbonisation, but also sovereign debt exposure, foreign-exchange vulnerability and macroeconomic adjustment.

Producer-focused transition platforms should therefore be designed around a different logic. They should combine liquidity, investment, and reform: short-term macro-financial support to reduce fiscal pressure; investment finance for diversification, clean power, grids, and industrial infrastructure; and reforms that strengthen public revenue systems, governance, and resilience.

Such platforms should therefore:

- ▶ **Be government-led and IFI supported,** politically anchored by producer governments, with major importers, the IMF, MDBs and bilateral development partners aligning behind a single framework rather than creating parallel initiatives.
- ▶ **Integrate macro-financial stabilisation with investment support.** Joint IMF–MDB engagement should address fiscal exposure, debt sustainability, exchange-rate pressure and macroeconomic adjustment, while MDBs and bilateral development finance institutions provide investment finance for diversification, infrastructure, clean energy, skills and industrial development.
- ▶ **Be anchored in a single country-owned roadmap.** Producer platforms should be anchored in one national transition or economic transformation plan, not multiple donor frameworks. This roadmap should outline fiscal risks, diversification priorities, labour and social impacts, energy-system needs, infrastructure gaps, and investment pipelines. It could feed into TAFF roadmap processes, but should remain nationally owned.
- ▶ **Create clear links to diversification investment.** Platforms should focus on building viable non-oil growth pathways, including clean power, grids, green and transition-compatible industry, logistics, skills, agriculture, services and other country-specific sectors. The aim is not only to finance clean-energy projects, but to reduce fiscal and foreign-exchange dependence on hydrocarbons over time.
- ▶ **Support targeted fiscal and governance reform.** Platforms should support stronger public financial management, non-oil revenue mobilisation, national oil company transparency, subsidy reform where socially feasible, and governance improvements that reduce the risk of rents being captured by patronage networks or armed actors.
- ▶ **Align incentives for governments and investors.** Governments face political costs from reform, while investors face uncertainty over policy frameworks, currency risk and project pipelines. Platforms should therefore link concessional finance, guarantees, debt treatment or liquidity support to credible diversification milestones, while giving investors clearer policy signals, blended finance mechanisms and risk-sharing tools.
- ▶ **Use simple, lean governance structures.** Many existing platforms have struggled with complex donor coordination, slow disbursement and overlapping reporting

requirements. Producer platforms should be anchored in national strategies, with a small number of coordinating institutions and clear division of labour between government, IFIs, MDBs, bilateral partners and private investors.

Coordinate demand and market signalling

Large consuming economies influence producer behaviour not only through how much oil they buy, but through the signals they send about their likely demand trajectories. In a contracting and volatile oil market, these signals need to be clearer: abrupt, contradictory or poorly coordinated policy shifts can amplify price volatility and increase uncertainty for producer economies.

Clearer importer coordination would not eliminate volatility. But it would reduce the risk that producers interpret mixed signals as an invitation to delay adjustment or trade political alignment for access to shrinking demand. The Oil EndGame simulation showed that clear and more coordinated demand signals reduce incentives for producers to maximise short-term extraction and make it easier for them to consider longer-term adjustment pathways.

Demand-side coordination is therefore a stabilising tool in the oil endgame. This should not be framed as a cartel of consumers or an attempt to force producer decline. Rather, importers should cooperate to reduce uncertainty and align expectations, by signalling future demand more clearly, coordinating standards, aligning crisis responses and avoiding fragmented bilateral deals that weaken collective leverage.

Governments should:

- ▶ **Establish a demand-side coordination agenda among major importing economies.** Importer coordination should be treated as a strategic agenda, not as a fully formed institution that requires all major consumers at the table from the outset. A smaller coalition of willing and highly exposed importers can still begin to demonstrate value by developing shared analysis, common risk assessments and practical tools for crisis response. The starting point should be a small set of practical priorities: shared analysis of future oil demand; common exposure to price shocks and chokepoints; strategic stock policies; demand-reduction measures; maritime and insurance risks; and the implications of declining demand for producer stability. Even without China or the United States, who may not participate in the same way or at the same pace. coordination among major import-dependent economies such as the EU, Japan and Korea would cover a significant share of globally traded oil; wider participation from Southeast Asian importers and India would make this agenda systemically important. The purpose is not to create a consumer cartel or impose a single demand pathway. Importers should use this agenda to coordinate how their combined choices shape producer incentives, market expectations and the external conditions of decline.
- ▶ **Publish clearer long-term demand trajectories.** Major importers should provide transparent, regularly updated outlooks on oil demand, electrification, efficiency,

transport policy, industrial transition, and strategic stock policies. These should distinguish between short-term crisis procurement and long-term structural decline, so producers do not misread temporary supply-security measures as signals of durable demand.

- ▶ **Develop common principles for supplier engagement.** Importers will continue to pursue national supply-security interests, but they should avoid long-term arrangements that lock in demand, undermine standards or weaken support for producer transition. Governments should coordinate principles for how supplier relationships that involve finance, infrastructure access, security cooperation or long-term offtake, support adjustment rather than deepen dependence.
- ▶ **Align standards across high-value markets.** The EU, UK, Japan, Korea and other regulated markets should coordinate on methane performance, emissions monitoring, transparency, carbon-intensity disclosure and supply-chain standards. This would reduce opportunities for producers to arbitrage between markets and would reward suppliers that invest in cleaner, more transparent production.
- ▶ **Link crisis response to structural exposure reduction.** Strategic reserve releases, emergency procurement and temporary supply deals should be paired with measures that reduce future vulnerability: efficiency, electrification, public transport, fuel switching and demand-reduction plans. Crisis response should not simply stabilise the old system; it should reduce exposure to repeated oil shocks.
- ▶ **Use existing forums, but with a clearer mandate.** The IEA, G20 energy and finance tracks, TAFF roadmap processes and regional importer dialogues should be used to connect demand outlooks, producer transition risks and crisis-response planning. The goal should be to move beyond information exchange toward practical coordination on demand signals, standards, transition finance and producer engagement.

Integrate transition into foreign and security policy

Declining or volatile oil revenues can weaken state capacity, intensify competition over infrastructure and rents, and increase the risk that domestic fiscal stress spills across borders. Foreign policy should therefore treat producer transition risk not as a climate side-effect, but as a core driver of future instability in key regions.

- ▶ **Map producer transition risk in priority regions.** Foreign ministries should identify where oil-revenue decline or volatility could interact with debt stress, weak institutions, unemployment, climate exposure, migration pressures or conflict dynamics. This should inform regional strategies for Europe's neighbourhood, the Gulf, parts of Africa, Latin America and Eurasia.
- ▶ **Prioritise countries by systemic risk, not oil dependence alone.** Engagement should focus on where domestic fragility and external impact overlap. Some producers matter because instability could affect global markets; others because fiscal breakdown could

generate regional spillovers through migration, conflict economies or infrastructure insecurity.

- ▶ **Align foreign, finance, development and security policy.** Producer transition risk cuts across portfolios. Governments should create joined-up country strategies that link diplomatic engagement, development finance, export credit, macro-financial support, energy partnerships and regional security analysis.
- ▶ **Avoid securitising transition partnerships, but make them security-aware.** The objective is not to turn climate and development cooperation into a security policy. It is to recognise that fiscal stress, infrastructure insecurity and weak diversification can become sources of instability if ignored. Transition partnerships should therefore be conflict-sensitive and informed by regional political economy analysis.

Adapt energy security tools to a contracting market

Traditional energy security tools remain necessary, but they were designed for a system where the central problem was access to supply. In the oil endgame, governments must also manage instability in a more fragmented market. Disruption will not only come from barrels being physically unavailable; it will also be transmitted through insurance markets, shipping systems, sanctions compliance, payment channels, shadow fleets and risk premia. Energy security policy therefore needs to evolve from protecting flows to managing the conditions under which flows remain transparent, legal, insurable and stable.

Governments should:

- ▶ **Update strategic reserve policy for repeated volatility.** Strategic petroleum reserves remain essential for managing acute disruption, but releases should be coordinated with demand-side measures, efficiency policies and clear communication on reducing exposure to future oil shocks. Stock releases can cushion crises; they cannot substitute for structural demand reduction.
- ▶ **Treat chokepoints as physical and institutional risks.** Hormuz, Bab el-Mandeb, Suez and other critical corridors should be assessed not only for physical blockage, but also for insurability, sanctions exposure, payment disruption, rerouting capacity, freight costs and escalation risks.
- ▶ **Modernise maritime energy security.** Energy-security planning should cover vessel ownership transparency, insurance integrity, classification standards, port-state controls and monitoring of high-risk shipping, not only naval protection of sea lanes.
- ▶ **Monitor and respond to shadow-fleet risks.** Opaque ownership structures, ageing vessels and non-standard insurance arrangements create environmental, safety, sanctions-enforcement and market-transparency risks. These require coordination between maritime authorities, financial regulators, insurers, port authorities and security agencies.

- ▶ **Coordinate sanctions, insurance and market-stability tools.** Sanctions, price caps, insurance rules and enforcement mechanisms should be designed with attention to market stability and unintended fragmentation. Poorly coordinated measures can push trade into opaque channels and weaken collective leverage.
- ▶ **Track “paper chokepoints” as early-warning indicators.** Governments should monitor insurance costs, freight rates, vessel reflagging, classification changes, sanctions compliance risks and payment-channel shifts. These can signal that disruption is moving from physical chokepoints into legal and financial systems.
- ▶ **Maintain practical cooperation on safe passage.** Even in a more multipolar security landscape, governments should preserve channels for crisis communication, maritime information-sharing and de-escalation around critical corridors.

Shifts for international financial institutions

Integrate transition risks into macroeconomic surveillance

International financial institutions are often the first external actors to engage when producer economies face fiscal stress. Integrating fossil-fuel transition risks into macroeconomic surveillance can help governments anticipate fiscal pressures before they become crises.

For fossil fuel producers, IMF Article IV consultations and Debt Sustainability Analyses could systematically assess exposure to declining hydrocarbon demand, including fiscal breakeven prices, dependence on oil revenues and contingent liabilities linked to national oil companies. This should include not only long-term low-price or declining-demand scenarios, but also repeated oil-price and revenue-volatility scenarios in which price spikes, demand uncertainty, underinvestment, sanctions, chokepoint risks or producer instability interact. Volatility can be destabilising for producer economies even where average prices remain relatively high, because it disrupts budgeting, borrowing, subsidy systems, foreign-exchange management and national oil company balance sheets. Surveillance and fiscal-risk analysis should therefore test whether producer governments can withstand repeated revenue shocks while still financing diversification, social protection and essential public investment. Earlier identification of transition risk would allow governments to adjust fiscal frameworks gradually rather than through abrupt crisis programmes, as occurred after the 2014–2016 oil price collapse in countries such as Angola and Iraq.

Focus on macroeconomic adjustment, not only project finance

Most existing platforms focus on mobilising investment in specific sectors such as renewable energy or power systems. For fossil-fuel-exporting economies, however, the central constraint is often fiscal. Declining or volatile hydrocarbon revenues affect government budgets, foreign-exchange reserves and debt sustainability.

A credible platform would therefore need to integrate macro-financial stabilisation with investment support, combining IMF engagement on fiscal frameworks with development bank financing for diversification. In practice, this could involve coordinated packages linking fiscal reform, debt restructuring or liquidity support with investment in new economic sectors. These packages should be aligned with, but not duplicate, any country-level transition platforms.

The experience of Angola after the 2014 oil price collapse illustrates why this integration matters. Fiscal consolidation programmes supported by the IMF helped stabilise the macroeconomy, but investment in diversification lagged behind, slowing structural adjustment. A package that linked fiscal stabilisation with diversification finance could potentially address both challenges simultaneously.

Align debt frameworks with economic transition

For many producer economies, debt obligations reinforce dependence on continued hydrocarbon revenues. When debt service relies heavily on oil exports, governments may prioritise maximising short-term production even when diversification would be economically preferable.

IFI engagement can help ease this constraint by aligning debt frameworks with long-term economic transformation. This may include integrating transition scenarios into debt sustainability analyses, linking restructuring or refinancing arrangements to diversification strategies, and expanding liquidity facilities that help governments manage revenue volatility.

Recent debt-restructuring negotiations in commodity-exporting economies illustrate how revenue shocks can rapidly translate into sovereign-debt stress. Embedding transition considerations earlier in these frameworks would allow governments to adjust fiscal strategies before instability emerges.

Scale development finance for diversification in low-income producers

MDBs are central to supporting economic diversification in low-income fossil-fuel-dependent economies. For many producers, the main barrier to diversification is not policy ambition but high capital costs, currency risk and limited access to long-term finance.

MDB investment in renewable energy, industrial development, infrastructure and climate resilience can help reduce fiscal dependence on hydrocarbons while sustaining economic growth. In North Africa, for example, renewable deployment and electricity system reform could gradually reduce domestic hydrocarbon consumption while freeing export revenues for economic transition.

Scaling such investment will be particularly important for low- and mid-tier producers facing declining demand in key export markets but lacking the financial buffers of major Gulf exporters.

To be effective, MDBs should prioritise reducing high costs of capital and currency risk, including through guarantees, blended finance and local currency financing. Greater prioritisation of system-level investments – including grids, storage, logistics and industrial infrastructure – will also be critical.

Support governance reform in national oil companies

In many producer economies, national oil companies function simultaneously as commercial entities and fiscal institutions. Their revenues finance government budgets, public investment and subsidy systems, creating strong feedback loops between oil markets and fiscal stability.

International financial institutions can support reforms that improve transparency and financial management in these companies. Strengthening revenue reporting, separating commercial operations from fiscal transfers and supporting gradual subsidy reform can reduce fiscal vulnerabilities while helping governments manage declining hydrocarbon revenues. Where producer transition platforms exist, national oil company and subsidy reforms should be sequenced and communicated through those frameworks to ensure coherence with broader diversification and social-protection strategies, rather than being pursued in isolation.

Shifts for climate diplomacy – shaping the conditions of fossil-fuel decline

The evolving geopolitics of the oil endgame also require shifts in climate diplomacy. International climate negotiations have traditionally focused on emissions reductions, technology deployment and climate finance. Existing institutions are not designed to manage the geopolitical and macro-financial consequences of declining oil demand. Climate diplomacy should therefore help align producer adjustment, transition finance, demand and supply expectations, and efforts to prevent disorderly spillovers.

The following sections provide detailed recommendations for governments and international institutions.

Use national transition plans as the basic unit of cooperation

Climate diplomacy should encourage producer economies to develop national transition plans that go beyond emissions targets and function as frameworks (or roadmaps) for economic transformation. These plans should cover fiscal exposure, public revenue, labour markets, energy access, industrial policy, infrastructure, diversification pathways and climate resilience and should be used by governments, IFIs and development partners to align finance, trade, development and macroeconomic support. In this way, transition planning becomes an economic transformation tool rather than a climate reporting exercise.

Climate-diplomacy actors, major importing-country governments and bilateral and multilateral partners should also use international processes to signal that high-quality national transition plans are the basis for cooperation and support their development in producer countries. In this context, the TAFF roadmap process can provide an international umbrella under which nationally owned roadmaps are recognised, compared and linked to financial and technical support – without becoming another climate-reporting exercise.

Build coalitions around implementation, not only phase-out ambition

Coalitions should move beyond grouping countries only by ambition on phase-out language. The next step is to build coalitions around practical implementation: how producer economies adjust, how finance is mobilised, how demand and supply expectations are aligned, and how vulnerable countries avoid disorderly decline.

This agenda should be situated in existing and emerging forums rather than built as a new standalone institution. TAFF roadmaps and the Santa Marta process can provide political space for this broader implementation agenda. The Beyond Oil and Gas Alliance (BOGA) can continue to play an important role in norm-setting, peer learning and support for early movers. But these fora will not be sufficient on their own. Many producer countries are not yet ready to join phase-out coalitions, yet still need credible transition pathways, fiscal resilience planning and investment alternatives. Numerous international initiatives already offer clean energy support, technical assistance and concessional finance, but they remain fragmented. From the perspective of producer countries, they lack the scale and structure needed to amount to a credible transition offer.

► The Beyond Oil and Gas Alliance (BOGA)

Launched at COP26 by Denmark and Costa Rica, BOGA has evolved from a first-mover coalition on oil and gas phase-out into a practical platform for implementation. It convenes closed-door dialogues among producers, consumers, finance ministries and international financial institutions, and operates a \$20 million fund to support Global South governments exploring alternatives beyond oil and gas. At London Climate Action Week 2026, BOGA and the NDC Partnership announced new programmes with Chad, Kazakhstan and Trinidad and Tobago, signalling growing demand for practical support and the need to scale up timely, credible assistance.

BOGA, alongside processes such as TAFF roadmaps and the Santa Marta initiative, can help with norm-setting and peer learning for early movers, but many producers not yet ready to join phase-out coalitions still need credible transition pathways, fiscal resilience planning and investment alternatives.

A layered approach is therefore needed – see Table 3. Multilateral and minilateral forums can help set direction, build shared diagnostics and connect producer transition to demand outlooks, energy security and macro-financial risk. No single institution is likely to provide the full coordination architecture, particularly in a period of geopolitical fragmentation, political tensions and uneven participation by major powers. The IEA, IEF and JODI can support data, market transparency and shared analysis; the IEF and regional dialogues can provide producer–consumer dialogue; and finance-focused venues, including the G20 finance track where politically viable, the IMF, World Bank, MDBs and the Coalition of Finance Ministers for Climate Action, can connect the agenda to debt, fiscal resilience and macroeconomic risk. But implementation will usually need to happen through producer-led country platforms and differentiated bilateral partnerships that align diplomatic engagement, IFI programmes, development finance, debt frameworks and diversification investment behind a single national strategy.

Table 3: Layered architecture for a more managed and stable transition. Global fora provide coordination and signalling, while the heavy lifting of real-economy change is facilitated through bilateral and regional platforms. While many initiatives relating to the global fossil fuel transition exist, they are mainly focused on coal phase-out and the broader demand-side transition away from fossil fuels. Only few and fragmented efforts currently aim to manage the macroeconomic challenges for producing countries.

Function	Best places platform/fora
Political space to develop fossil-fuel transition pathways	Santa Marta/TAFF roadmaps, BOGA
Demand outlooks, energy security analysis, data transparency	IEA, IEF,
Producer-consumer dialogue	IEF; regional energy dialogues, minilateral formats
Macro-financial risk, debt, fiscal resilience	G20 finance, IMF, World Bank / MDBs, Coalition of Finance Ministers for Climate Action
Implementation	Producer-led country platforms, bilateral transition partnerships, MDB/IFI country programmes
Regional specificity	EU–North Africa; GCC-Asia cooperation; Africa regional platforms; ASEAN dialogues

A core function of these coalitions should be structured producer–consumer coordination. This could include regular exchange on demand outlooks, supply expectations, investment risks, methane and standards, fiscal exposure and transition finance needs. The purpose is not to negotiate production levels or create a new fossil-fuel bargain, but to reduce uncertainty, avoid stranded expectations and align support for countries facing the sharpest adjustment pressures.

Use methane and standards as practical entry points for wider producer transition partnerships

Methane abatement and emissions performance standards can provide a basis for early, practical cooperation with producers because they align climate, economic and energy-security interests. Reducing methane leaks and flaring can increase saleable gas, support domestic energy supply, reduce waste and improve balance-of-payments positions without new upstream expansion. In gas-constrained economies, this can create immediate fiscal and political benefits while building technical cooperation and trust.

Governments and international institutions should use initiatives such as the Global Methane Pledge, the EU methane regulation and emerging partnership models such as OECD's EFFECT programme as entry points for broader producer transition partnerships.¹⁴⁰ This should include support for methane monitoring, reporting and verification; technical assistance for leak detection and repair; finance for flare reduction and gas capture; and alignment with emerging buyer standards on emissions performance and transparency.

Methane action should not be treated as a substitute for economic diversification or fossil-fuel decline. Its value is that it can deliver near-term gains while creating the institutional and technical basis for deeper cooperation. If designed well, methane and standards cooperation can strengthen transparency, improve producer access to high-value markets, generate efficiency gains, and open space for wider work on fiscal reform, energy-system transition, industrial diversification and long-term resilience.

¹⁴⁰ **EFFECT** (Equitable Framework and Finance for Extractive-based Countries in Transition) is an OECD initiative that links methane cuts to wider transition planning and finance for producers.

Conclusion: Managing the endgame

The oil era is unlikely to end quietly. In this report, we have argued that the oil endgame is not simply a story of falling demand or cleaner technologies replacing fossil fuels. It is a geopolitical and financial transition in which the weakening of oil demand will interact with producer fiscal systems, sovereign debt, market access, security arrangements and the strategic choices of major consumers.

The central risk is not that the world runs out of oil, or even that demand falls quickly. It is that oil-dependent states are forced to adjust to weaker and more volatile revenues without credible economic alternatives, fiscal buffers or coordinated international support. In those conditions, producer adjustment can become disorderly: governments maximise short-term revenues, compete for shrinking demand, enter transactional partnerships, delay reform, or use infrastructure, pricing and security relationships to preserve leverage. The result is not only domestic instability. It can spill into energy markets, migration systems, regional security, financial stability and the wider politics of the transition.

Producers are not passive actors in this process. Some will try to lock in demand through downstream investments and long-term supply relationships. Some will monetise as fast as possible. Some will use sovereign wealth, discounts, standards, security partnerships or global governance forums to shape the terms of decline. Others, especially fiscally exposed and fragile producers, may have far less room for manoeuvre. The oil endgame will therefore not produce a single producer pathway. It will produce a more competitive and differentiated landscape in which geology matters, but so do fiscal buffers, governance capacity, route exposure, market access and political choices.

Demand powers will be crucial in navigating this landscape away from disorder. The EU, the US, China and increasingly India shape which producers retain access to buyers, finance, infrastructure, regulation and security systems. While producers will still matter in a buyers' market, the structure of power is changing. Access to high-quality demand, finance, standards and security arrangements will become more decisive as the market becomes more selective.

The security layer makes this more complex. Oil security is already being reorganised through sanctions, shadow fleets, maritime disruption, Gulf hedging, China's rise, US shale and the fragmentation of shipping and insurance systems. The oil endgame will unfold through this unsettled architecture. Security actors cannot view the transition as something that sits on a separate agenda marked "climate"; producer fragility, chokepoint exposure, sanctions fragmentation and transactional security deals will all shape whether declining demand produces stability or disorder.

The policy implication is clear: accelerating the transition in the energy sector is necessary, but not sufficient to achieving a safe climate for all. Importers, producer governments, international financial institutions and climate diplomacy processes need to shape the conditions under which oil decline unfolds. That means clearer demand signals, differentiated producer partnerships, macro-financial support, stronger non-oil revenue systems, transition planning, adapted energy-security tools and more credible pathways for producer economies that cannot simply absorb the loss of oil rents.

Today's global energy crisis makes this agenda more urgent. The current crisis has shown that even as the demand peak approaches, oil shocks still ripple through prices, inflation, freight, insurance, foreign exchange, and political confidence. It may also accelerate importers' desire to reduce exposure to globally priced fossil fuels. That combination of faster demand reduction and continued volatility is precisely what makes the oil endgame dangerous if left to unfold through fragmented national responses.

The next opportunities for action are already visible. Transition Away from Fossil Fuel (TAFF) roadmaps and the Santa Marta process can help move climate diplomacy beyond phase-out language toward implementation. G20 energy and finance tracks can connect demand trajectories, macro-financial stability and producer adjustment. The International Monetary Fund and multilateral development banks can integrate transition risk more systematically into fiscal surveillance, debt sustainability and diversification finance. Major importers can begin to coordinate demand signals, standards and crisis responses, while building more serious transition partnerships with fiscally exposed producers.

The goal is not to control the oil endgame or make it frictionless. That is neither possible nor credible. The goal is to prevent oil decline from becoming systemic disorder. Governments can govern a fragile system well and still have a fragile system. But they can also make it more dangerous by ignoring the pressures building inside it. The choice now is whether the end of the oil era is treated as a market trend to observe, or as a geopolitical transition that needs to be stabilised before the weakest parts of the system break.

Annex 1: The Oil EndGame simulation

In 2017, E3G, The Oxford Smith School, and Chatham House developed an Oil Majors wargame to explore how international oil companies (IOCs) could respond under a net-zero aligned pathway.¹⁴¹ The analysis showed the best strategy for IOCs was an early managed decline/divestment strategy. A business-as-usual approach led to rapid collapse.

However, while investor strategies are important, the centre of gravity of the oil transition lies elsewhere. National oil companies now dominate global fossil fuel production and control the majority of proven oil reserves.¹⁴² As a result, the key strategic decisions shaping the future of oil markets will increasingly be made not by corporations but by governments of oil-producing states.

To explore these dynamics, E3G has developed the Oil EndGame, an interactive simulation tool that places participants directly in the role of decision makers in oil-producing countries. The simulation allows participants to experience the constrained policy space and persistent trade-offs faced by producers. The exercise moves beyond theoretical learning to enable participants to grasp both the challenges and the options available to producing countries during the energy transition.

The simulations highlight how the success or failure of producer country adjustment will depend heavily on international cooperation, access to transition finance and the ability of governments to diversify their economies before fiscal pressures become destabilising.

Scenarios: modelling the conditions shaping producer choices

Each “run” of the simulation is set within one of three scenarios, from a rapid, cooperative transition to a slower, more fragmented one. These scenarios combine global energy market scenarios based on IEA projections¹⁴³ with a set of geopolitical scenarios that explore a spectrum of possible futures.

¹⁴¹ E3G, 2017, [What Happened to the International Oil Companies? Simulating the 1.5/2°C Transition](#)

¹⁴² IEA, 2025, [World Energy Outlook 2025](#)

¹⁴³ Scenarios considered for the Oil EndGame simulation and this report are the Stated Policies Scenario (STEPS), Announced Policies Scenario (APS) and the Net Zero Emissions Scenario (NZE). The IEA’s WEO 2025 reintroduced a Current Policies Scenario (CPS), in which oil demand does not peak before 2050 and reaches around 113 mb/d by mid-century. This report does not use CPS as its central reference case. CPS is an exploratory current-policies counterfactual anchored in enacted laws and measures, rather than a forecast of the most likely pathway or a scenario reflecting the wider direction of announced and developing policy, technology and market trends. The IEA’s Stated Policies Scenario (STEPS), which incorporates adopted and proposed policies and reflects prevailing technology and market conditions, still shows oil demand peaking around 2030 at around 102 mb/d, then

Table 4 sets out the characteristics of each scenario. The process for developing the scenarios was as follows:

Scoping and environment scanning

A first broader scoping to identify the range of factors shaping producer countries' behaviour. This included geopolitical, economic, social, trade, security, technological, environmental dimensions and resulted in a long list of over 80 relevant factors. Sources included literature review and expert input to ensure current and emerging dynamics were included.

Factor assessment

The factors identified were assessed using an impact-uncertainty matrix. Each factor was evaluated based on its potential impact and the degree of uncertainty of its occurrence. Mixing the two allowed the identification of a smaller set of critical factors from the long list, which formed the foundation for the scenario development.

Projections

For each of the factors from the shorter list, a set of alternative projections was developed. These projections represent different ways in which each factor could evolve over time to cover the range of possible future pathways without assigning probabilities to either.

Scenario construction (morphological analysis)

The individual projections were systematically combined to build internally consistent and contrasting scenarios. This ensured that scenarios combine and capture multidimensional dynamics across political, economic, security and climate spheres rather than seeing them in isolation.

Scenario refinement and testing

The scenarios were tested with experts and adjusted iteratively. The received feedback was used to refine their internal consistency, relevance and credibility and allowed to consider new geopolitical developments.

gradually declining. Even under CPS, demand growth is far weaker than during the historical oil expansion: 113 mb/d in 2050 is only about 13% above 2024 levels, implying a much more competitive and selective market than the one many producers built their fiscal systems around. Recent geopolitical shocks, including the Iran/Hormuz crisis, further underscore the limits of treating a frozen-policy pathway charted by the CPS as a stable baseline: higher prices, demand destruction, and accelerated importer efforts to reduce exposure to globally traded oil could bring forward a faster, more uneven decline than pre-crisis pathways suggested.

Table 4: The three scenarios developed for the Oil EndGame simulation

	Rapid transition	Messy transition	Slow transition
Oil demand	Oil demand falls sharply to ~46 mb/d by 2040 (less than half 2019 levels). ¹⁴⁴ Transport electrifies, diesel largely phased out by late 2030s, petrochemicals enter structural decline. Oil loses central geopolitical importance.	Oil demand declines more gradually to ~73 mb/d by 2040 . ¹⁴⁵ Peaks in late 2020s, then falls unevenly. Continued reliance in many regions leads to volatility and periodic supply shocks.	By 2040, Oil demand remains high at ~99 mb/d . ¹⁴⁶ Peaks around 2030 but declines slowly. High and volatile oil prices persist due to underinvestment, sanctions-driven trade frictions, and episodic supply disruptions.
Renewables & power systems	Rapid scale-up: clean power dominates globally; OECD grids near net zero by the late 2030. Storage, grids, and flexibility solutions mature quickly.	Clean power exceeds 50% of electricity, with strong progress in OECD, China, and India, but uneven globally: continued energy growth leaves many poorer countries reliant on fossil fuels and vulnerable to blackouts.	Renewables grow but unevenly. Expansion constrained by policy fragmentation and supply chain issues. Fossil fuels remain dominant in many regions. Industrialised blocs prioritise domestic security and industrial policy, while many Global South countries focus on exports over local development.
International cooperation & politics	Strong global coordination. Geopolitics shift from oil to critical minerals, clean tech, and green finance with China's supply-chain dominance weakening. More multipolar but cooperative system; climate security central to governance.	Fragmented, bloc-based world. Weak coordination leads to regional alliances and trade tensions. Competition over minerals, AI, and supply chains intensifies.	Nationalist, protectionist politics dominate. Fragmented geopolitics with recurring tensions over resources, migration, and energy security. Limited and reactive cooperation.
Finance & investment	Capital decisively shifts to clean infrastructure, grids, storage, and climate adaptation, especially in EMDEs. Strong role for MDBs and global finance alignment.	Clean finance concentrates in stable markets. EMDEs remain underfunded despite MDB pivot to resilience. Investment gaps persist.	Large capital flows persist but are misallocated. Continued fossil investment alongside weak clean deployment. Rising debt stress in poorer producers.
Key events	Late 2030s: diesel phase-out, OECD near net zero, alignment with ~1.6 °C pathway. Emergence of stable, low-carbon trade systems.	2030s: rising climate shocks (migration, food crises, extreme weather), oil price volatility, and energy access inequality. Energy transition advances but remains disorderly.	2025–2035: nationalism slows transition. Economic recession, oil price spikes, sanctions, and supply shocks. Increasing cyberattacks and militarisation of energy systems. No durable climate governance.

¹⁴⁴ IEA, 2024, [World Energy Outlook 2024](#)¹⁴⁵ Ibid.¹⁴⁶ IEA, 2025, [World Energy Outlook 2025](#)

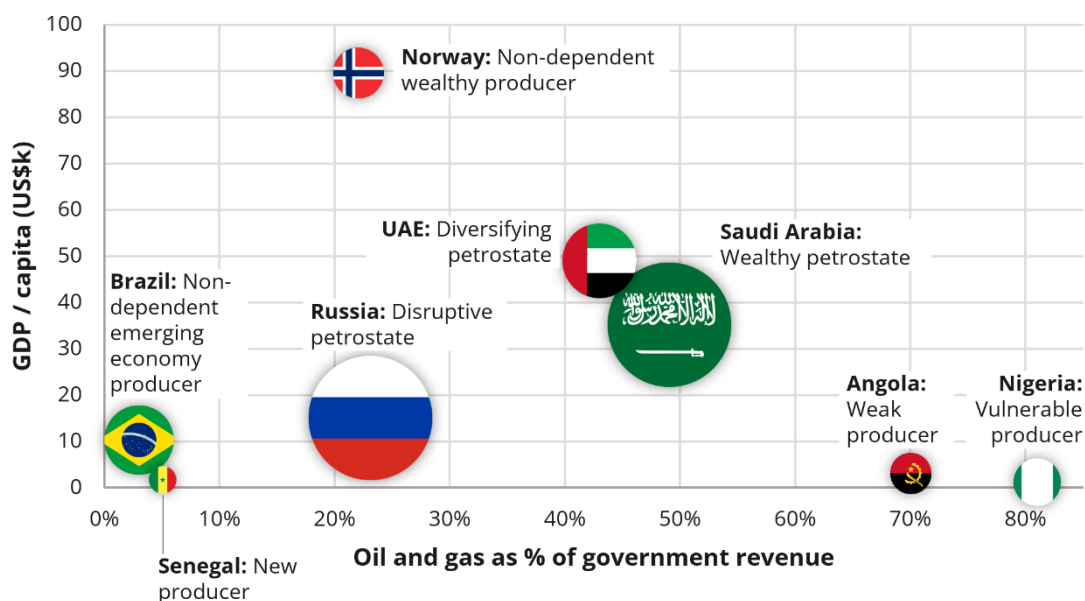
Producers: Reflecting the diverse behaviour of different producer types

Eight producers were selected as the “players” in the simulation, reflecting different producer archetypes (see [Chapter 1](#)).

These producers differ in terms of the size of their oil industry, its relevance for national finances, and diversity of their export markets. Further differences exist in their wider political economy and diplomatic relations. All these factors are taken into account in the conditions of the simulation, shaping each producer’s priorities and the options available as the simulation unfolds.

Producers in the Oil EndGame simulation

Bubble size reflects production volume



Note: Senegal shown a factor $\times 10$ larger than its production volume warrants, to aid visibility.

Sources: Oil & gas as % of government revenue from Carbon Tracker, 2023, [PetroStates of Decline](#), except: Senegal (estimated as no data yet available) and Brazil (value provided using Petrobras transfers as proportion of total fiscal revenue, NRG, 2025, [National oil company profile: Petrobras](#)); GDP / capita from [IMF Datamapper](#) (2024 data); oil production volume from Energy Institute, [2025 Statistical Review of World Energy](#) (2024 data)

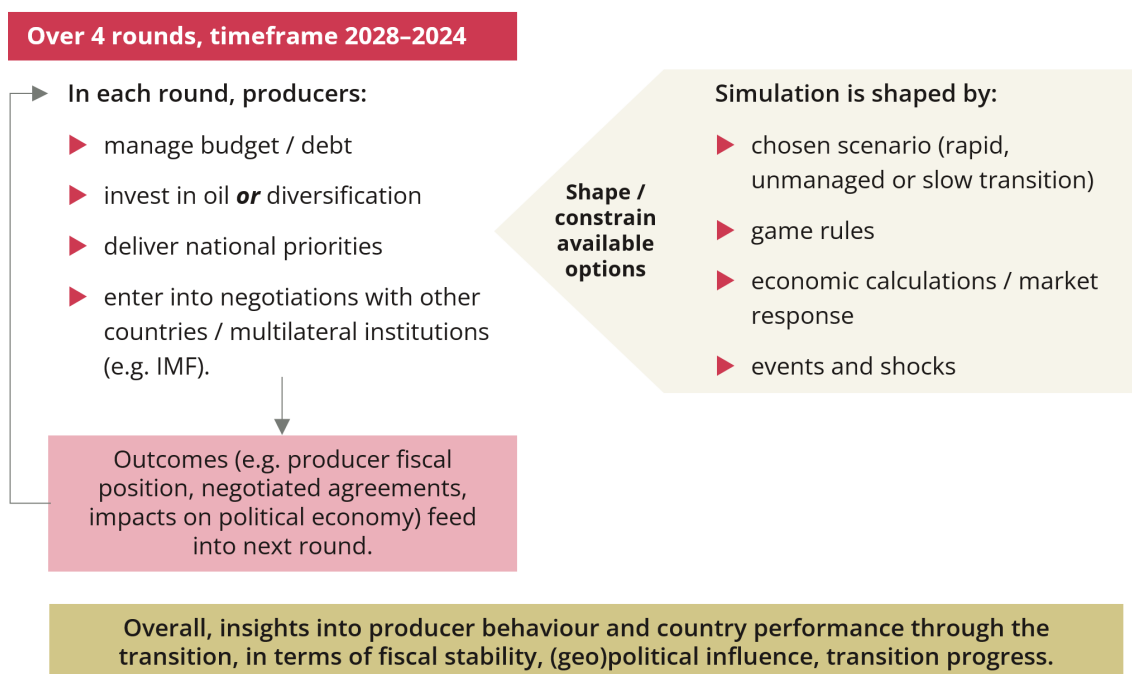
Running the simulation

The simulation takes place over four “rounds” over the time period 2028–2040. In each round, participants – each acting as one of the producer players – must pursue national priorities, take investment decisions and expand geopolitical influence while managing competing pressures and responding to external events.

The outcomes from each round – resulting from participants’ choices as well as the parameters of the chosen scenario and external events / shocks – feed into the players’ fiscal positions at the start of the subsequent round.

Over multiple runs of the simulation with different groups of participants, common patterns emerge which provide insights into producers’ choices, and the impacts of their decisions and the transition scenario on their fiscal stability, (geo)political influence and transition progress.

Running the Oil EndGame simulation



Glossary

Chokepoint exposure

The degree to which a country, producer, importer or trade route depends on vulnerable maritime corridors such as the Strait of Hormuz, Bab el-Mandeb, Suez or Malacca. In this report, chokepoints are treated as both physical and institutional risks.

Demand powers

Major consuming or importing economies whose market size, regulatory frameworks, financial systems, infrastructure, technology, sanctions capacity or security role allow them to shape the oil market and the options available to producers. In this report, key demand powers include China, India, the European Union and the United States.

Demand signalling

The explicit or implicit signals major consuming economies send about future oil use through policy, regulation, industrial strategy, electrification plans, efficiency measures, strategic reserves and crisis procurement. Clearer demand signals can reduce uncertainty for producers; contradictory signals can encourage short-term extraction or delay adjustment.

Disorderly decline

A pathway in which declining or volatile oil demand produces repeated fiscal crises, producer competition, stranded assets, geopolitical bargaining, infrastructure insecurity, price shocks or regional instability. In this report, disorderly decline is treated as the highest-risk pathway – not speed alone.

Emerging producers

Countries where oil production is growing or expected to grow, and where governments may view oil revenues as a route to development, industrialisation or fiscal expansion. Emerging producers may not yet be highly dependent on oil revenues, but they face risks of path dependency, over-promised fiscal futures and stranded expectations if demand weakens.

Financial statecraft

The use of financial tools, including sovereign wealth funds, strategic investments, credit, debt relief, guarantees or investment partnerships, to pursue geopolitical, economic or diplomatic objectives.

Fiscal buffers

Savings, reserves, stabilisation funds, sovereign wealth funds or fiscal rules that allow governments to absorb revenue shocks without immediate cuts to spending, debt distress or currency pressure.

Fiscal systems

The institutions, rules and revenue sources through which governments raise, allocate and manage public money. In oil-dependent economies, fiscal systems often rely heavily on hydrocarbon revenues, national oil companies, royalties, taxes, export earnings or state-owned enterprises. This can make public budgets highly exposed to oil price volatility and demand uncertainty.

Macro-financial stability

The stability of public finances, debt, exchange rates, capital flows and financial systems. In oil-dependent economies, macro-financial stability can be threatened when hydrocarbon revenues fall, become volatile or are repriced by investors.

Market access

The ability of producers to sell oil into particular markets under acceptable commercial, regulatory, financial and political conditions. In the oil endgame, market access is shaped not only by demand volume, but by standards, emissions rules, finance, sanctions, shipping, insurance and buyer relationships.

National oil companies (NOCs)

State-owned oil and gas companies that often play both commercial and fiscal roles. In many producer economies, NOCs generate public revenue, foreign exchange and employment, but can also create fiscal risks through debt, subsidies, guarantees or politically directed investment.

New producers

Countries that have recently begun producing oil at commercial scale, or are expected to do so soon, and where oil has not yet fully reshaped the fiscal system or political economy. New producers may still have an opportunity to avoid deep oil dependence if fiscal rules, transparency mechanisms and diversification strategies are established early.

Oil endgame

The period of structural transition in the global oil system as demand growth weakens, plateaus or declines, while producers compete to monetise remaining demand. The oil endgame is not a single date or a smooth phase-out; it is a contested period shaped by producer strategies, demand-side power, finance, security and geopolitics.

Paper chokepoints

Legal, financial, insurance, compliance or regulatory constraints that can delay, redirect or block energy flows even when physical routes remain open. Examples include sanctions, insurance restrictions, classification rules, payment systems, price-cap attestations and documentation requirements.

Petrostates

States whose fiscal systems, political economy and international influence are strongly shaped by oil and gas revenues. Petrostates differ widely: some have large sovereign wealth funds and high state capacity; others have weak institutions and acute fiscal vulnerability. The term does not imply a single political model or uniform transition pathway.

Physical climate risk

The risk that climate-related hazards – including droughts, floods, extreme heat, storms, sea-level rise and water stress – damage assets, reduce productivity, disrupt infrastructure or increase public spending needs. In oil-dependent economies, physical climate risks can compound transition risks by increasing fiscal pressure at the same time as hydrocarbon revenues become more volatile or decline.

Producer economies

Economies where oil and/or gas production and exports play a significant role in public revenue, foreign exchange earnings, employment, industrial structure or political stability. In this report, the term refers primarily to countries whose fiscal systems and development models are materially exposed to changes in global oil demand.

Producer transition partnerships

Structured cooperation between importing governments, producer economies, IFIs and development finance actors to support fiscal resilience, diversification, clean energy deployment, industrial development and long-term adjustment away from oil dependence.

Quality-of-demand leverage

The influence a buyer retains because its market offers stable offtake, reliable payment, transparent regulation, access to finance, technology partnerships and political legitimacy. This helps explain why mature demand centres such as Europe can retain leverage even as their absolute oil demand declines.

Rentier bargain

A form of social contract in which the state relies heavily on externally generated resource rents, such as oil export revenues, and uses them to finance public spending, subsidies, employment or patronage. In return, citizens or political constituencies may accept limited taxation, limited accountability or restricted political participation. The bargain becomes fragile when resource revenues fall or become volatile.

Shadow fleet

Vessels operating through opaque ownership, non-standard insurance, reflagging or limited regulatory oversight, often to transport sanctioned or restricted oil. Shadow fleets can keep barrels moving but increase safety, environmental, transparency and sanctions-enforcement risks.

Social contract

The political bargain between the state and society over rights, responsibilities, public goods and economic expectations. In many producer economies, the social contract is shaped by the state's ability to distribute oil revenues through subsidies, public employment, infrastructure, welfare systems or low taxation.

Sovereign finance

The way states borrow, repay debt, manage fiscal balances, maintain access to capital and preserve investor confidence. In the oil endgame, sovereign finance is a key transmission channel because producer stress may appear first in debt markets, exchange rates, credit ratings and borrowing costs before physical oil production falls.

Sovereign wealth fund

A state-owned investment fund, often financed by resource revenues, designed to save, stabilise or invest national wealth. In the report, sovereign wealth funds are treated not only as buffers against volatility, but also as instruments of financial statecraft when used to shape diplomatic, industrial or strategic relationships abroad.

Stabilising the oil endgame

The report's preferred framing for policy action. It means reducing avoidable disorder as oil demand declines: limiting fiscal shocks, supporting producer adjustment, coordinating demand signals, adapting security tools and containing spillovers. It does not imply that the transition can be fully controlled or made frictionless.

State fragility

A condition in which the state has reduced capacity or legitimacy to provide public services, maintain security, manage public finances or sustain political order. In oil-dependent economies, fiscal stress can contribute to fragility when falling revenues weaken subsidies, public employment, patronage systems or core state functions.

Stranded assets

Assets that lose economic value before the end of their expected life because of market, policy, technology or demand changes. In the oil endgame, high-cost reserves, infrastructure, refineries, national oil company investments or public guarantees may become stranded if demand weakens faster than expected.

Stranded expectations

Political, fiscal or social expectations built around future oil revenues that may not materialise. This is especially relevant for new and emerging producers whose development plans assume durable demand and high export revenues over several decades.

Systemic risk

A risk that begins in one country, sector or market but can spread across borders or systems. Producer fragility becomes systemic when it affects global energy prices, debt markets, migration, regional security, sanctions regimes, shipping or financial stability.

TAFF / Transition Away from Fossil Fuels

The diplomatic agenda emerging from the COP28 commitment to transition away from fossil fuels in energy systems. In this report, TAFF is treated as a potential framework for moving beyond phase-out language toward implementation: roadmaps, finance, producer adjustment, trade, labour, fiscal resilience and whole-economy transition planning.

Transition risk

The financial, fiscal, economic and political risks arising from the shift away from fossil fuels, including declining demand, changing regulation, technology substitution, investor repricing, stranded assets and reduced hydrocarbon revenues.

Vulnerable producers

Oil-producing economies with high fiscal or external dependence on hydrocarbon revenues, limited buffers, weaker institutions, high debt, climate exposure, social and political pressures, conflict risk or limited diversification options. These producers are more likely to experience fiscal crisis, political instability or regional spillovers if oil revenues decline or become more volatile.

Abbreviations

ADNOC	Abu Dhabi National Oil Company
APS	The IEA's Announced Pledges Scenario
ASEAN	Association of Southeast Asian Nations
BOGA	Beyond Oil and Gas Alliance
BRICS	Intergovernmental organisation comprising Brazil, Russia, India, China, South Africa, Egypt, Ethiopia, Indonesia, Iran, Saudi Arabia and the UAE
COP	Conference of the Parties – the United Nations Framework Convention on Climate Change's supreme decision-making body
CPS	The IEA's Current Policies Scenario
EMDEs	Emerging markets and developing economies
EU	European Union
EV	Electric vehicle
FPCL	Fujian Petrochemical Company Limited
FSAP	Financial Sector Assessment Program; joint program of the IMF and World Bank that helps countries identify and address financial system risks and development challenges
FX	Foreign exchange
G7	The Group of 7; intergovernmental forum comprising Canada, France, Germany, Italy, Japan, the UK and the US, also regularly attended by EU representatives
G20	The Group of 20; intergovernmental forum comprising 19 sovereign countries, the EU and the African Union
GCC	Gulf Cooperation Council
GDP	Gross domestic product
GW	Gigawatt
IEA	International Energy Agency
IEF	International Energy Forum
IFI	International financial institution
IMF	International Monetary Fund
IOC	International oil company
JODI	Joint Organizations Data Initiative
LNG	Liquefied natural gas
LPG	Liquefied petroleum gas
MAHASAGAR	India's updated SAGAR doctrine (see below)
mb/d	Million barrels of oil per day

MDB	Multilateral development bank
NDC	Nationally Determined Contribution
NNPC	The Nigerian National Petroleum Company
NOC	National oil company
OECD	Organisation for Economic Co-operation and Development
OGMP	Oil & Gas Methane Partnership
OMV	Formerly Österreichse Mineralölverwaltung Aktiengesellschaft; Austrian petrochemical company
OPEC	Organization of the Petroleum Exporting Countries
OSP	Official selling price
PDVSA	Petróleos de Venezuela, S.A.; Venezuela's national oil company
PIF	The Public Investment Fund, Saudi Arabia's sovereign wealth fund
SAGAR	Security and Growth for All in the Region; India's vision and geopolitical framework of maritime cooperation
SOE	State-owned enterprise
SPR	Strategic petroleum reserves
STEPS	The IEA's Stated Policies Scenario
SWF	Sovereign wealth fund
TAFF	Transition Away from Fossil Fuels
UAE	United Arab Emirates
UK	United Kingdom
UNFCCC	United Nations Framework Convention on Climate Change
US	United States
ZNE	The IEA's Net Zero Emissions by 2050 scenario
ZPC	Zhejiang Petroleum & Chemical

ABOUT E3G

E3G's mission: A safe climate for all

A safe climate for all underpins a future where humans and the natural environment can survive and thrive, where the most vulnerable are protected from climate impacts and economic systems prioritise people and the planet.

To achieve our mission, we build the policy solutions and political conditions for systemic action on climate. We:

- ▶ Work to win the politics and geopolitics of climate.
- ▶ Build the political conditions and policy solutions to drive the phase-out of coal, oil and gas from the global economy.
- ▶ Promote reforms to financial systems to secure the investment needed for mitigation and adaptation.

We are strategic thinkers

We combine deep strategic understanding with policy expertise. We analyse the political economy of climate and develop scenarios of how the future may evolve and what can be done to manage risks and exploit opportunities for action.

We are architects of climate action

We bring diverse stakeholders together to align action and foster dialogue. Through our collaborative approach we build connections and bridges, open windows of opportunity and create coalitions for change.

We are trusted brokers

We work closely with those driving climate politics forward, supporting them to tackle challenges behind the scenes. Governments rely on our knowledge of how to get things done in climate policymaking.



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