

Dr. Fatih Birol: “The world is entering the era of clean energy in production.”

Speaking at a special event organized by Sabancı University Istanbul International Center for Energy and Climate (IICEC), International Energy Agency (IEA) Executive Director and IICEC Honorary Chair Dr. Fatih Birol stated that world industry is entering the era of clean energy in production. In his speech, Dr. Fatih Birol drew attention to the fact that the budget deficit of Russia -whose energy exports decreased and military and subsidy expenditures increased- tripled as of February 24, and emphasized that Europe has successfully managed this important energy crisis.

Emphasizing that China dominates the production of clean energy technologies, Dr. Fatih Birol highlighted the act enacted by the USA in 2022 to strengthen the clean energy technologies industry. Mentioning that a similar act was proposed in the EU on March 16, Dr. Birol underlined that this development is of critical importance for Türkiye and that Türkiye should be strongly involved as soon as possible.

Sabancı University launched the Sabancı University Earthquake Scholarship Fund as part of the “Make a Promise for the Future” scholarship program to meet the needs of students affected by the disaster. In this context, the “Support Meeting for Earthquake-Affected Students with Dr. Fatih Birol” took place on March 17 at Sabancı Center. The meeting, which was attended by leading members of the business community and energy sector, started with the opening speech of Sabancı University Founding Chair of the Board of Trustees, Güler Sabancı. Sabancı University Institutional Partnerships and Alumni Relations Director, Cenk Efe Bayırlı provided information regarding the fund. Following Dr. Fatih Birol's keynote speech, this meaningful meeting continued with Birol's interactive conversation with the audience.

“Make a Promise for the Future” is a long journey

Güler Sabancı, Sabancı University Founding Chair of the Board of Trustees, who made the opening speech of the meeting in which leading members of the business world and energy sector took part, emphasized the impact of the earthquake and the importance of support. She continued, “It’s an endless sadness, words are not enough. We are going through a very difficult and extraordinary time. Unfortunately, we lost one of our students in the earthquake, and we contacted other students in the earthquake area in a short time.” Stating that the meeting was organized at the suggestion of Dr. Fatih Birol, Güler Sabancı said: “*Make a Promise for the Future* is a long journey like our togetherness with our students. We would like to say thank you all who are here with us today and our friends who could not be here but provided support, for this solidarity and for being with us on this long journey”.

“We created this fund to make the contributions sustainable”

Sabancı University Institutional Partnerships and Alumni Relations Director Cenk Efe Bayırlı said: “We will provide scholarships to Sabancı University students who were harmed by the earthquake, as well as to our young people residing in the earthquake zone who will be eligible to study at Sabancı University in the 2023-2024 Academic Year. For this purpose, we have implemented the Sabancı University Earthquake Scholarship Fund to provide education, accommodation, food, and cash needs support to our earthquake-affected students”.

Emphasizing that one feels helpless when abroad in the face of such a disaster, International Energy Agency (IEA) Executive Director and IICEC Honorary Chair Dr. Fatih Birol said: “In the first place, I made a call to the energy sector. My call received many positive responses, from global oil companies to a local

heater manufacturer in Lebanon. Contributions were also made within IICEC. This meaningful meeting was organized by IICEC as a result of our conversation with Güler Sabancı, in which I asked, "What else can we do, how can I help?" I would like to thank my friends who worked day and night for this cause and everyone who provided support".

"Russia's budget deficit has tripled"

Regarding the question "How did the energy issue develop in the world with Russia – Ukraine? How did the reactions develop?", Dr. Fatih Birol shared his evaluations in terms of Russia and Europe, which are both very important for the Turkish economy, and he continued his speech as follows:

"The Russian economy is heavily dependent on revenues from energy, especially from the sale of oil and gas. Russia was the world's number one energy exporter until February 24th. It is the number one exporter of oil and natural gas, and a huge player in the coal markets. Today, there has been a decrease of up to 60 percent in Russia's oil and natural gas revenues. In addition to the negative effects of the embargoes, there was an increase in military expenditures and subsidy expenditures. In other words, there are three very important different burdens on the Russian budget. Therefore, Russia's budget deficit has now tripled."

"Europe successfully manages the energy crisis"

The European economy has been dependent on cheap energy from Russia for decades. As of 24 February 2022, European countries, the US, Australia, and other countries have taken various measures and embargoes against Russia, primarily to minimize the energy imported. As such, people voiced expectations such as "There will be no heating in homes this winter in Europe", "The European economy will collapse" and "Europe will use too much fossil fuel and increase its emissions". However, when we look at the one-year track record, the situation in Europe is not that bad at all. There was no power cut. With the effect of the mild winter and energy-related actions, no shortages occurred. Europe has not entered a major recession either.

The EU leaped forward in renewable energy by speeding up licensing procedures. Solar and wind energy increased by 41 percent. The EU recorded an increase of 40 percent in heat pumps and 15 percent in electric vehicles. Contrary to expectations, emissions decreased by 2.5 percent instead of increasing. They succeeded in this in a sector such as energy that is not easy, that walks very slowly, and develops and transforms difficultly.

"The world is entering the era of clean energy in production"

World industry is entering a new era, the era of clean energy in production. There is tremendous competition between countries on batteries, solar, wind, and electric cars. Will the world, which is dependent on a few countries for oil and natural gas, be dependent on major countries for clean energy in the future? This is the most important question.

This alarm bell rang from Europe to America; because when you look at the countries where critical materials such as batteries, solar panels, and wind turbines are produced for clean energy, we see that China's share is enormous. It has a share of over 50 percent and has almost dominated the market by itself. For example, 75% of the world's batteries are produced in China. China is 75 percent and all other producers in the world are 25 percent. It is the case with wind energy, and China has a tremendous share in solar energy. It is also extremely large in the production of equipment used with hydrogen energy because it started before anyone else.

"The US wants to create a clean energy technology industry"

A very important law passed in the US last summer gives an unprecedented subsidy to clean energy technologies. For example, if you open a battery factory in the US, the government will give you tax discounts, exemptions, etc. So it's a great subsidy. On the other hand, in clean energy installation, a certain percentage of the energy generation you will make for each technology must have a local share. In summary, the US wants to create its own clean energy technology industry. It took a very important decision to compete with China in this regard. This shook everyone as a development that would change many industry equations and trade flows.

“EU's recently proposed act on the clean energy industry is also critical for Türkiye”

Another important development took place in Europe. On 16 March, the Chair of the European Commission proposed an act, the Net-Zero Industry Act. It's an act similar to the one in the US. It will give incredible incentives to the clean energy industry and, like the US, it stipulates the local share. This is an extremely important and critical development for the Turkish industry and the country's economy. If this share of locality can be extended to countries that have a free trade agreement with the EU by providing some flexibility, a leap forward in the economy and a significant development in the industry can be achieved. Türkiye needs to consider this matter very seriously.

There is a magic word that we use in energy: Diversification. In China, for example, solar energy equipment is produced in two very large factories located in one single province. Even if one of these factories experiences a fire etc. and becomes out of service due to a problem like this, the supply chain all over the world will be shaken in this field. For diversification to occur, other countries must do the same. That's why the US and Europe acted, and they are trying to have a share in this field in the world that is moving ahead towards clean energy.

It is very important for our country to think, "How and in which of the various clean energy technologies can Türkiye play a role along this supply chain?" and to develop appropriate energy-related economic policies. How we will develop our solutions is very important. There are earthquakes and elections, but we need to be involved as soon as possible in the current debates in Europe and not miss this very important train”.

At the meeting, on behalf of the *Make a Promise for the Future* scholarship program, Lara Mercan (a student representing earthquake-affected students) presented thanks to Dr. Fatih Birol on behalf of all the students and gave him a plaque for his contributions.