



The GCC states need to focus on green actions, not climate vulnerabilities

Mari Luomi

In terms of sustainable energy, the Gulf has come a long way since 2008. Resource efficiency programmes, alternative energy projects, clean technology research, sustainable building codes, public transport systems, and green economy strategies are now part of everyday news in the United Arab Emirates (UAE), Qatar, and Saudi Arabia. Given their hydrocarbon resources, the Gulf states have a large stake in the ongoing global sustainable energy transition, in which they are currently playing a number of different roles: as ‘movers’, ‘clingers’, and ‘sufferers’. However, only the first of these roles constitutes a tangible option for sustainable development in the region.

Start of a transition

Over the past six years, the pace of global negotiations in the process leading to a universal agreement to avoid dangerous climate change has been glacial: the last round of UN negotiations in March 2014 reconfirmed the lack of trust and leadership, together with the existence of deep divisions between countries over responsibility for cutting national greenhouse gas emissions and financing actions in developing countries. The willingness of major emitters, like the USA and China, to commit will ultimately determine whether a robust agreement will be reached in Paris in 2015. So far, key players have been intransigent and disappointing in this respect in the positions they have put forward.

Meanwhile, a slow but consistent transition to greener economies is already ongoing in most countries of the world. Doubts remain, however, whether this bottom-up action can be

scaled up to reverse global emissions growth in time to avoid a dangerous warming of the climate system (represented by an increase of 1.5–2 °C from pre-industrial times).

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‘GIVEN THEIR HYDROCARBON RESOURCES, THE GULF STATES HAVE A LARGE STAKE IN THE ONGOING GLOBAL SUSTAINABLE ENERGY TRANSITION ...’

Regardless of whether or not global climate action will come in time, present and future actions elsewhere will critically impinge on the Gulf Cooperation Council (GCC) economies. In a low-carbon world, ‘GCC business-as-usual’ will not stand a chance given the carbon-intensive industries and societies and the inefficiency-inducing energy pricing policies that underpin these. But these states still have the choice of positioning themselves as winners.

The Gulf is moving

The year 2008 saw both record oil prices and the onset of the current global economic slowdown. It was also the year when the emirate of Abu Dhabi (UAE) began the construction of its sustainable community, Masdar City. Albeit repeatedly downsized since, this particular endeavour symbolizes the breakthrough of sustainable energy thinking in at least three of the GCC states. Abu Dhabi now hosts the International Renewable Energy Agency, Qatar has presided a major UN climate conference, and Saudi Arabia is embarking on a massive solar energy deployment programme – three testimonies to the broadening regional energy agenda. Research and development into clean energy

technologies is a key focus for the governments of all these states, and improving energy efficiency is becoming a key policy goal across economic sectors.

As argued in detail in my recent working paper ‘Mainstreaming Climate Policy in the GCC States’ (OIES, February 2014), the GCC states have already embarked on a number of policy, project, and sector-wide efforts that, if implemented, will result in deviations from business-as-usual emission trajectories. These explicit or implicit mitigation actions are largely in line with the states’ broader development priorities, the most important here being economic diversification and efficient resource use. Many of them, however, still mostly exist only on paper, and consist of fragmented actions with low transformative impact. The national solar targets and green building codes, respectively, are emblematic.

What is still missing in most cases is a strategic approach to low-emission development that integrates emission reduction goals with broader resource efficiency, economic sustainability, and resource security goals. Cross-sectoral sustainable energy and climate policy frameworks, complete with monitoring, reporting, and verification mechanisms for implementation, are also needed. This spring a pioneer in the bloc, the UAE, is expected to approve a federal green growth strategy with medium- and long-term environmental objectives for seven economic sectors.

Many are still clinging

Taking place amidst the global financial crisis, the most high-profile global climate event to date, the Copenhagen Climate Summit in 2009,

confirmed that the world is currently not ready to commit internationally to a fundamental economic transition, despite alarming news from the scientific community and profoundly changing patterns of global emissions: in 2010, developing countries' cumulative (historical) emissions already amounted to 48 per cent of the global total.

Copenhagen also demonstrated that key alignments no longer followed the North–South division. Today, one side of the debate is represented by a loose alliance of progressive action-oriented countries which includes the European Union, small-island states, and the least developed countries, among others. Interestingly, the UAE today identifies itself more with this group, as demonstrated by its participation in the Cartagena Dialogue for Progressive Action. On the 'opposing' side, there is the coalition of Like-Minded Developing Countries, which includes countries as different as China, Venezuela, the Philippines, Saudi Arabia, and Qatar.

Most recently, in a submission of views on the 2015 outcome in March this year, the Like-Minded Group called for the maintenance of a 'firewall' between developed and developing countries, based on a classification from 1992. There would be differentiated types of contributions from each group, and any enhanced action by developing countries should be supported by financing and technology transfer by the developed countries.

Although simplistic and harsh, the Like-Minded Group has been characterized by many as a group that, over the past decade or two, has seen rapid economic and emission growth and is now reluctant to recognize the new global reality in which a substantial share of future emission reductions against baseline

trajectories will need to come from these countries. Lack of leadership by industrialized countries, principally the USA, together with low ambition in climate finance pledges are, no doubt, strengthening this reluctance.

However, for the GCC states, external climate finance is not a prerequisite for action, and they can afford to pay for technology transfer and capacity building. Income levels are high and, as a result, emissions profiles have changed. There is no obvious reason for the GCC states to cling to the old rhetoric on this issue. The UAE's carefully balanced stance in the negotiations, as part of the GCC and the 'progressive bloc', stands as a successful example of reconciling an oil-exporting country's past with its present, and re-branding its future in the international energy economy.

Will the Gulf suffer?

A parallel theme to that of insisting on a binary division of the world has been the 'dual vulnerability' of the GCC states. Since the 1990s, representatives of these states in the UN negotiations have portrayed their countries as being highly vulnerable to both the physical impacts of climate change and the economic impacts resulting from international actions to restrict emissions. Adaptation has been characterized by Saudi Arabia, in particular, as the most important priority vis-à-vis climate action.

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'IN A LOW-CARBON WORLD, "GCC BUSINESS-AS-USUAL" WILL NOT STAND A CHANCE ...'

Although mitigation takes second place, over the past two years the GCC states have moved towards a more constructive approach to it, and now recognize the 'win–wins' of aligning key development goals with action to

reduce emissions. In 2012, upon the proposal of Saudi Arabia, the UAE, Qatar, and Bahrain, parties to the UN climate convention agreed that hydrocarbon-dependent economies could present their mitigation and other climate actions to the international level, under the umbrella of economic diversification and sustainable development strategies. Such actions would be subject to international verification but could also be eligible for financial support. The GCC states are yet to register any actions under this concept, but may do so in the near future.

Economic diversification is not just the best way to increase economic resilience in the GCC. It is the only way for these states to 'survive' in a low-carbon economy. For enhanced competitiveness, policies should focus on increasing the efficiency of the economy and diversifying into green sectors and jobs, such as solar and clean tech industry, energy service companies, and buildings, waste, and public transport sectors.

The Gulf states will 'suffer', but only they if keep perpetuating current vulnerabilities.

Fundamental changes required

The current global economic development model is an anachronism, and cannot continue with business-as-usual. It stands in fundamental contradiction to contemporary climate science and environmental economics. The latest assessment report by the Intergovernmental Panel on Climate Change (AR5) concluded that, should we wish to live in a <2 °C world, we have already spent over half of the available 'budget' for CO₂ emissions. Some have calculated that this budget would be exhausted in three decades, or even in as little as two, if non-CO₂ emissions are included and emission growth continues.



Given this timeframe, the GCC states' hydrocarbon-dependent economies, in their essence, cannot claim to be sustainable. Given future oil and natural gas demand estimates, the GCC states appear to have no pressing medium-term incentive to embark on a fundamental economic transformation. However, continuing to base economic planning on global oil demand and price projections that imagine a future world where climate policies fail is not only morally wrong, but it is also short-sighted.

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'THE INCREASING NUMBER AND SCOPE OF "GREEN" AND CLIMATE ACTIONS IN KEY GCC STATES IS A GOOD START.'

Attention in the Gulf energy ministries and in hydrocarbon companies worldwide should be turning to 'unburnable carbon' – fossil fuels that must be left in the ground to avoid a >2°C warming of the climate system. The best-known estimate, by Meinshausen and others in 2009, places this share at more than half of global proven economically recoverable fossil fuel reserves. A recent study by McGlade and Ekins finds that even a broad deployment of carbon capture and storage would not

noticeably alter the levels of unburnable carbon in the Middle East.

More 'greening' needed

Together with crises come opportunities. The global financial crisis drew attention to, among other systemic failures, the disconnect between economic growth and its impacts on the environment. This realization brought about the re-emergence of the concept of 'green economy', currently promoted by a number of UN organizations and by the Global Green Growth Institute (the latter through a regional office in Abu Dhabi) as a broad toolkit for enabling economic growth whilst improving environmental and human wellbeing. Indeed, one way of framing the required transition in the Gulf is through the lens of green economy.

The increasing number and scope of 'green' and climate actions in key GCC states is a good start, and this trend is set to intensify over the coming years and decades. However, the current actions and plans of GCC states will not take them to a low-carbon, climate-resilient future. Similarly, as warned by the World Bank in 2012, the bottom-up pledges made so far by

individual countries globally will take the world to 4 °C of warming, or more. In both cases, more ambitious action is needed, faster.

Climate science and the reality of unburnable carbon are the decisive reasons why the GCC states must rethink their economic priorities and embark on building truly sustainable and resilient economies that will last beyond oil and natural gas.

A global failure to tackle climate change will not be a win-win scenario for the Gulf: the more the global community fails in its efforts to curb greenhouse gas emissions, the worse will be the physical impacts of climate change, and the higher the cost of inaction, worldwide, including in the Gulf.

The Gulf oil exporters' vulnerability to climate change is real but should not constitute an excuse for procrastination on low-carbon development and green growth on their part. On the contrary, it should serve as reason for action.

The author has recently published a study for the Oxford Institute for Energy Studies under the title 'Mainstreaming Climate Policy in the GCC States' MEP7, available on the OIES website.

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