



Climate Protection Policies of Gulf Cooperation Council countries

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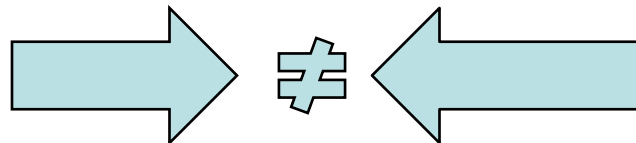
The GCC was created in 1981 and aims at enhancing the coordination, cooperation and integration between the member states in all fields




GCC Characteristics

Major oil and natural gas producing countries (They hold approximately 40 % of the world's proven oil and 23.6 % of the world's proven gas reserves), all GCC states fall in the top 25 countries of carbon dioxide emissions per capita.

Climate
change
negotiations



GCC
Countries



Research Focus is to discuss from a policy perspective the capacities of the six GCC states to switch towards more pro-active climate protection policies. Analyze the obstacles, but also successes in transforming oil wealth into ecological change.

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Benefit of Climate protection policies for GCC countries



- More oil and natural gas could be exported (example Norway)
- Energy infrastructure would be ready for the post oil age. Costly adjustments could be avoided in the future if an incremental transformation process is initiated now, rather than radical change later

Benefit of Climate protection policies for GCC countries

- The effects climate change already has and will have on GCC
- Better reputation in the international policy arena
- Helping the less wealthy neighbor states to step up their climate protection policies.

(In Egypt, for example, a possible increase of the average temperature by 3 to 4 degrees would raise the sea level by about one meter, creating up to 6 million migrants from the densely populated Nile delta region. Such a development could pose threats to the Gulf region by a massive influx of migrants attempting to reach the oil states)



Structural restrictions for climate protection policies in the GCC

Structural restrictions, part I



In western-style liberal democracies, climate change mitigation policies are often advocated bottom-up by an active civil society and an informed public, and turned into policy by voter-maximizing politicians.

Structural restrictions, part II



The policy of minimal taxation is another structural obstacle of climate protection policies in the GCC

Structural restrictions, part II




Theoretical explanation: GCC countries are “rentier states”. This term describes a distributive societal contract on which the government’s legitimacy depends. Very cheap and subsidized energy is an integral part of the wealth transfer to the domestic population from oil- and natural gas generated revenues. The states provide free medical care, education, low-income housing, and high paid public service in exchange for the population’s compliance to the rule of the royal family.

Structural restrictions, part II



In the GCC, domestic taxes constitute a minimal source of government revenue and spending. On average, domestic taxes amounted to less than 5 per cent of the GDP in 2007. Oil revenues constituted 86 percent of total government revenue in 2006 (Saif 2009: 3).

Super Gasoline and Diesel Retail Prices in the GCC states as of mid-November 2008 (in US Cents/liter) (GTZ 2008)



| | Super Gasoline | Diesel | Above/Below world market price |
|---------|----------------|--------|--------------------------------|
| Bahrain | 21 | 13 | Below |
| Kuwait | 24 | 20 | Below |
| Oman | 31 | 38 | Above |
| Qatar | 22 | N/A | Below |
| KSA | 16 | 9 | Below |
| UAE | 45 | 62 | Above |

Structural restrictions, part II



Higher taxes such as on super gasoline and diesel would cancel the societal contract and force the government to increase the interaction with their populations.

Structural restrictions, part III



A side-effect of the policy of minimal taxation is that the GCC countries are becoming more and more attractive to international energy-intensive industries. Policy instruments such as carbon taxes would have high political costs.

Structural restrictions, part III



The primary energy consumption increased in the Middle East from 2000-2007 by 43 per cent. Since 1980, the average electricity consumption growth rate in the UAE, for example, was 10 per cent, in comparison to the world average of 3 per cent.

Structural restrictions, part III



“The lack of energy conservation efforts in the GCC seems to be the result of the perception that in those countries with abundant oil resources there is no need for such efforts since energy can be obtained at relatively low costs” (Al-Iriani 2005: 2350).


Structural restrictions, part IV



If fossil resources are not or to a lesser extent available and the revenues from them are decreasing, GCC governments might be under more pressure to tax their population.

Structural restrictions, part IV

(source: BP 2008)



| Country | remaining Oil in years |
|---------|------------------------|
| Qatar | 62.8 |
| Oman | 21.3 |
| KSA | 69.5 |
| UAE | 91.9 |
| Kuwait | More than 100 |
| Bahrain | N/A |

Structural restrictions, part IV



Bahrain and Oman find it increasingly difficult to sustain past levels of public spending. The oil sector of both countries had negative growth rates from 2003-2007. They are suffering from a rapid decline in oil reserves as well as a small production capacity (Saif 2009: 5).

Structural restrictions, part IV



Despite its huge oil production and the world's largest reserves, Saudi Arabia faces a different structural problem related to stagnant oil-production-per-citizen rates exacerbated by a rapidly increasing population. Per capita incomes decreased by more than half between 1980 (\$16,650) and 2000 (\$7,239).

Structural restrictions, part IV



In Qatar, the oil revenue is also decreasing and the proven oil reserves are lower than in the UAE, KSA and Kuwait but this is more than compensated by the country's large natural gas reserves: Qatar holds the highest natural gas reserves among the GCC members and possesses the third largest proven supply of natural gas in the world.

Structural restrictions, part IV



95% of the fossil fuel reserves in the UAE are inside the Emirate of Abu Dhabi. This means that the mentioned lifespan of 91.9 years for the UAE is mainly relevant to Abu Dhabi.

Structural restrictions - Conclusion




Six out of seven of the United Arab Emirates, Oman, Bahrain and partly Saudi Arabia do not benefit as much from oil and natural gas revenues as most of them did before, and as their GCC neighbors Qatar, Kuwait and the Emirate of Abu Dhabi still do. This might change their minimal taxation policy and could be a window of opportunity for higher energy prices and other energy efficiency measures.



Governance for climate protection - role of GCC on all levels




Governance for climate protection - role of GCC on the international level

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- Kuwait, Oman, Qatar, Saudi Arabia, and the United Arab Emirates have ratified the Kyoto Protocol in 2005, Bahrain one year later in 2006
 - The GCC countries are Non-Annex I parties which means that they do not have any obligations of greenhouse gas emission reductions. Nevertheless, GCC countries have been a powerful force in blocking the climate negotiations, which are based on unanimous consensus. A single member state can derail, weaken, or delay the decision making process.

Demands for compensation




- A Saudi delegate: “It’s a matter of survival for us. We are among the most vulnerable countries, economically”.
- Since the Bali Conference in 2007, GCC countries have adopted a more cooperative approach, modifying and scaling back some – but by no means all – of their demands. Demands for compensation have been somewhat reduced and superseded by requests for “technical assistance with economic diversification”.

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- In June 2009 a decision was made which might contribute to a more pro-active role of at least one of the GCC countries in the climate negotiations; Abu Dhabi will host the headquarters of IRENA, located in Masdar City.
 - GCC countries as Non-Annex I parties are potential locations of Clean Development Projects.



**Governance for climate
protection - role of GCC
on the regional level**

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- Within the GCC, there are five assistant secretaries general, and one of them is for “Human and Environment Affairs”. In the past, measures taken by the GCC Council were limited to introducing mild guidelines targeted at promoting environmental awareness and education.

Other regional institutions




- Council of Arab Ministers Responsible for the Environment (CAMRE)
- Joint Committee on Environment and Development in the Arab Region (JCEDAR)
- Center of Environment and Development for Arab Region and Europe (CEDARE)

Other regional institutions




During the **OPEC** Ministers meeting in 2007, member countries announced the establishment of a USD 750 million fund for Climate Change. Saudi Arabia coughed up USD 300 million for the fund while Kuwait, Qatar, and the United Arab Emirates each pledged USD 150 million.



Governance for climate protection - role of GCC on the national level

All GCC member states have created administrative capacities dealing with climate change issues

| Country | Administrative Institution |
|---------|--|
| Bahrain | Public Commission for the Protection of Marine Resources, Environment and Wildlife |
| Kuwait | Environment Public Authority |
| Oman | Ministry of Environment and Climate Change |
| Qatar | Supreme Council for the Environment and Natural Reserves |
| KSA | Presidency of Meteorology and Environment (PME) |
| UAE | Federal Environment Agency and Ministry of Environment and Water Resources |

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- No GCC country has a consistent policy framework for renewable energies and energy efficiency
 - But there is a strong dynamic on an individual project level



Examples for projects

Carbon-neutral, zero-waste Masdar City in Abu Dhabi



Masdar City



The construction started in 2006 and the completion of Masdar City is scheduled for 2016. The objective of the city is to become home to a population of 90,000 made up of 40,000 residents and 50,000 daily commuters. The city hopes to attract more than 1,500 companies in the field of sustainable energy technologies to have offices and research centers within its city walls.

“Energy City” in Qatar




KAUST Sustainable campus King Abdullah University of Science and Technology



Bahrain World Trade Center





From a policy perspective, the decisive question is whether a diffusion of these pioneering projects will take place and whether these initiatives will be the starting point for a development towards a more consistent legal framework for climate protection.

Conclusion I



The GCC countries have recently adopted a more pro-active approach on all levels in the multi level governance system. This reorientation has not yet resulted in the development of consistent strategies and policies. But some projects such as “Masdar City” might be the foundation for an extension of activities in the field of renewable energies and energy efficiency, and finally lead to legislation as well as medium and long term targets.

Conclusion II



So far only Abu Dhabi is following a strategic approach. The emirate made a pledge to reduce CO₂ emissions by 7 percent by 2020. They also announced for the first time a domestic renewable energy goal: the objective is to reach a share of at least 7 per cent of renewables in Abu Dhabi's power generation capacity in 2020. The green building code in Dubai which came into force in January 2009 might be the first step in the direction of developing consistent policies.

Conclusion III



Based on the concept of policy transfer, the concluding assumption is that pioneering projects such as Masdar City and innovative policies like the green building code in Dubai will spread within the GCC. Geographical proximity is seen as key factor for regional diffusion. Neighboring states do not only learn from each other, but they also compete with each other.

Conclusion IV



The GCC governments' fear is that their authoritarian power could face public scrutiny. With a heavier (energy) tax burden, population might crusade for more political representation. Therefore, it is most likely that structural changes are avoided and top down initiatives with comparatively low political costs such as the green building code in Dubai (or maybe in the future standards for the fuel consumption of new cars) will dominate the energy policy agenda.

Questions For Future Research



Will the GCC countries mainly focus on renewable energies and energy efficiency or find other ways of promoting alternative energy sources?

Questions for future research

A photograph of a nuclear power plant with several large, white, conical cooling towers emitting white steam. The plant is situated in a valley with green hills in the background. A green horizontal bar with three white circles is positioned below the title.

In December 2006, the GCC countries decided to develop a joint nuclear technology program for peaceful purposes. The US has signed some bilateral agreements with GCC member states on nuclear energy cooperation. If these nuclear ambition contracts are implemented, a new obstacle for the development of renewable energies and energy efficiency policies could emerge.

An aerial photograph of a city at dusk, showing a dense urban grid with buildings and streets. The sky is a mix of orange and grey. A green horizontal bar with three white circles is positioned at the top of the image. The text 'Thank you!' and 'dr09@aub.edu.lb' is overlaid in the lower center.

Thank you!
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