

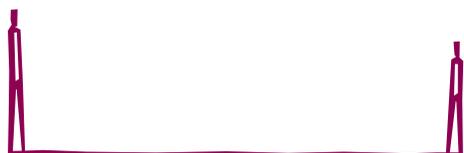
# OIL OR CLIMATE POLITICS?

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AVOIDING A DESTABILISING RESOURCE SPLIT  
IN THE ARAB MIDDLE EAST

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# OIL OR CLIMATE POLITICS?

AVOIDING A DESTABILISING RESOURCE SPLIT IN THE ARAB MIDDLE EAST



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- Despite clear indications regarding future negative impacts of climate change to the region, Arab states of the Middle East still do not perceive climate change as a threatening factor to their economic development and stability.
- A clear division of perceived interest in the international climate change negotiations is distinguishable between Opec member states of the Gulf and other states. The Opec members' focus on the stability and continuity of oil export revenues continues to override any concern over their vulnerability to climate change itself.
- Unsuccessful efforts of inter-Arab policy coordination have had various outcomes: membership in multilateral treaties and frameworks without uniform participation; strong representation of oil exporting countries' interests; and lack of regional cooperation and international climate policy coordination.
- Such an approach ignores some of the key problems and threats potentially affecting the region as a result of accelerating climate change, and therefore paves the way to increased regional instability as well as further polarisation along economic lines.
- Regional instability can also ensue in the case of a significant decline in the price of oil during the next decades if the oil exporting countries are not able to diversify into alternative sources of income.
- As a first step to avoiding a polarisation of interests that would block prospects for future cooperation, the oil exporting monarchies should seek a more balanced approach to international action on climate change. Other steps include recognising the synergies between domestic mitigation and energy security and alternative energy technologies and diversification, and increasing capacity building in the resource poorer states.

The International Politics of Natural Resources and the Environment research programme  
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Meeting of the League of Arab States. Photo: Bahrain Ministry of Foreign Affairs

The Middle East is considered to be one of the regions most vulnerable to the negative impacts of global climate change. These adverse impacts will be most sharply felt by the poorest and weakest states of the region, and especially those with already scarce water resources. Despite clear indications regarding future negative impacts of climate change to the region, the Arab states of the Middle East still do not perceive climate change as a threatening factor to their economic development and stability in the future.

All Middle Eastern Arab states have joined the UN Climate Convention and the Kyoto Protocol (see table 1), as well as a number of international and regional governmental environmental organisations and treaties. However, enhanced regional cooperation in the area of climate change has still not developed, and levels of participation in international climate politics are not uniform. The Arab states of the Middle East are only now starting to reflect the issue in their policy agendas domestically, regionally and internationally. This could potentially lead to a fragmentation of common positions at both regional and international levels, and even a clash, if the oil exporting states that traditionally have held strong international positions do not accommodate their policies to take into account the interests of the region's more vulnerable states.

This paper discusses the diverging perceptions and responses of Middle Eastern Arab states to the issue of climate change. It shows how these states' policies at the regional and international level have been shaped, even conditioned, by motivations of economic security of the oil revenue-dependent states in the region. It also points out the problems

of this kind of an approach and gives suggestions and justifications for a more balanced policy approach to climate change. It is argued that the Gulf oil exporting monarchies need to take a more constructive and balanced approach to international climate change mitigation, as this is the precondition for achieving functional regional cooperation in this area. In the future, failing to cooperate regionally will exacerbate climate change-induced problems and instability in the entire region.<sup>1</sup>

### Climate of instability

Climate change is by its nature a transboundary problem. The Middle East is considered to be one of the most vulnerable regions in the world to its negative impacts. This is even more significant given that the Middle East is also one of the most volatile regions in the world in terms of inter- and intrastate conflict and instability.

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<sup>1</sup> This paper is primarily about the Arab states of the Middle East. Although the North African Arab states are members of the League of Arab States, in the UN Climate Convention they belong in the Africa group and primarily coordinate their positions within this group. Participation in the O(a)pec group is, however, known to impact their policies, particularly in the case of Algeria. Israel and Iran are not discussed in this paper. Israel is not known to have climate policy-related cooperation with other states in the region. Iran, in turn, is an interesting case, since it is a rising regional power, but has hitherto played a rather invisible role as a member of the Opec group that is led by Saudi Arabia. Aarts and Janssen have examined Iran's role in the international climate regime in *Shades of Opinion (The Review of International Affairs, 2003)*.



The Palm Jumeirah, an artificial island in Dubai. Photo: Mari Luomi

As climate change advances, studies predict that it will have numerous negative impacts in the Middle East. These will be felt particularly by the resource poorer Arab states that will have less adaptation capacity than the wealthier oil exporting states of the region. As shown by table 1, those countries in the region that have the lowest GDP and CO<sub>2</sub> emissions per capita will most likely be those that suffer the most. The negative impacts on society and internal stability can be divided in three categories: physical, social and economic. On the physical side, the average temperatures of the region are expected to rise by up to several degrees by the end of the century. As a consequence, precipitation levels would decrease as much as 30 percent, with grave consequences to water and food security. Water security has always been the region's weak point and climate change is likely to exacerbate related problems. Also, rising sea levels and saltwater intrusion can threaten important urban areas and agriculture. Climate change-induced migration is another social consequence; it can cause social instability both within and among states in the entire region. Negative economic impacts in the Middle East, in turn, can be caused by either climate change or its international mitigation.<sup>2</sup>

It is commonly accepted that industrialised countries bear the historical responsibility for climate change. They must considerably cut their own greenhouse gas emissions and fund mitigation and adaptation actions

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<sup>2</sup> See for example: Brown, Oli and Alec Crawford (2009) *Rising Temperatures, Rising Tensions: Climate Change and the Risk of Violent Conflict in the Middle East*. International Institute for Sustainable Development (IISD).

in the developing countries where emission growth in the future will take place. All Arab countries in the Middle East, including the wealthy monarchies of the Gulf that also have the world's highest per capita CO<sub>2</sub> emissions, are classified in the UN Climate Convention as developing countries, and therefore do not face binding emission cut targets. Due to their small total emissions, the Arab states of the region have not faced significant pressure to take new commitments during the post-2012 period, unlike large emerging economies, mainly China and India.

Given the region's vulnerability and the low external pressure to adopt commitments, the Arab countries apparently would benefit the most if an ambitious global climate change agreement, with both substantial mitigation and adaptation assistance for the developing countries were to be swiftly agreed upon among the major emitting countries. Nevertheless, Arab countries do not advance such policy positions in the UN negotiations on climate change. Also, a functioning inter-Arab forum to address and seek common solutions to the potentially grave consequences of climate change for the region is yet to emerge.

Climate change politics is new for the Middle East region. Traditional security problems, such as wars, civil wars and the unstable neighbourhood, have for long kept climate change at the bottom of both state agendas and citizens' priorities. Only during the past few years have Arab states of the Middle East started considering the magnitude of the issue, as a consequence of both the rise of the issue on the international agenda and, in the case of many

**Table 1. Energy and climate change indicators of the Arab Middle East**

<b>OIL EXPORTING MONARCHIES</b>	Cumulative CO <sub>2</sub> emissions by 2005 (% of global total)	CO <sub>2</sub> /capita emissions in 2005 (global rank)	GDP in 2008 (US\$ and global ranking)	GDP /capita in 2008 (\$, PPP)	Fossil fuel revenues/ GDP (for latest available year)	UNFCCC/ Kyoto Protocol	Voluntary renewables targets by 2020 (power)
Bahrain	0.04 %	4	21.2bn (96)	34 662	60 % (2007)	1995/2006	***
Kuwait	0.14 %	3	158.1bn (51)	39 915	43 % (2001)	1995/2005	5 %
Oman	0.03 %	27	52.6bn (70)	24 674	53 % (2007)	1995/2005	***
Qatar	0.05 %	1	102.3bn (56)	86 008	54 % (2006)	1996/2005	***
Saudi Arabia	0.55 %	12	469.5bn (23)	23 814	55 % (2007)	1995/2005	***
United Arab Emirates	0.16 %	2	262.2bn (36)	38 894	55 % (2006)	1996/2005	(Abu Dhabi) 7 %
<b>RESOURCE SCARCE/ UNSTABLE COUNTRIES</b>	Cumulative CO <sub>2</sub> emissions by 2005 (% of global total)	CO <sub>2</sub> /capita emissions in 2005 (global rank)	GDP in 2008 (US\$ and global ranking)	GDP/ capita in 2008 (\$, PPP)	Fossil fuel revenues/ GDP (for latest available year)	UNFCCC/ Kyoto Protocol	Voluntary renewables targets (electricity production)
Egypt	0.28 %	100	162.6bn (49)	5 897	8 % (2007)	1995/2005	20 %
Jordan	0.03 %	80	20.0bn (98)	5 537	0 % (2007)	1994/2005	10 %
Lebanon	0.04 %	67	28.9bn (84)	13 006	0 % (2004)	1995/2007	12 %
oPt*	–	–	12.0bn (~117)	2 900	–	–/–	20 % (no date)
Syria	0.10 %	82	54.8bn (68)	4 757	13 % (2006)	1996/2006	***
Yemen	0.03 %	131	27.2bn (87)	2 411	31 % (2007)	1996/2005	15 % (2025)
Iraq**	0.20 %	77	91.5bn (58)	3 477	63 % (2007)	2009/2009	***

\*) The Palestinian territories cannot be party to the UNFCCC and Kyoto Protocol and statistical data is scarcely available.

\*\*) Iraq is not oil scarce, but does not participate actively in the Opec group in the climate negotiations.

\*\*\*) No target or information not available.

Sources: IMF and World Bank 2009; CIA 2010; UNFCCC 2010; World Resources Institute 2010; news sources; pers. comm. with Dennis Kumetat.

resource poorer states, the visibility of the potential negative consequences of climate change on the ground. Some national renewable energy goals have been announced (see table 1), but implementation is likely to be hindered by either lack of financial resources or domestic abundance of cheap fossil fuels, leading to a lack of political will and economic incentives.

The tragedy of the Middle East is that while cooperation is paramount for effective adaptation to the common and often transboundary problems created by climate change, the political context and historical ‘legacy of conflict’ often undermines

efforts to do so. Moreover, in the future, instability caused by climate change might further decrease the prospects for inter-state cooperation. This problematic was well described in a recent report by the IISD (*Rising Temperatures, Rising Tensions*, 2009).

### The Gulf between national interests

Climate change is potentially a dividing force in the Arab Middle East. It reveals, and has the potential of deepening, the division between, on the one hand, the wealthy oil exporting monarchies of the Gulf and,

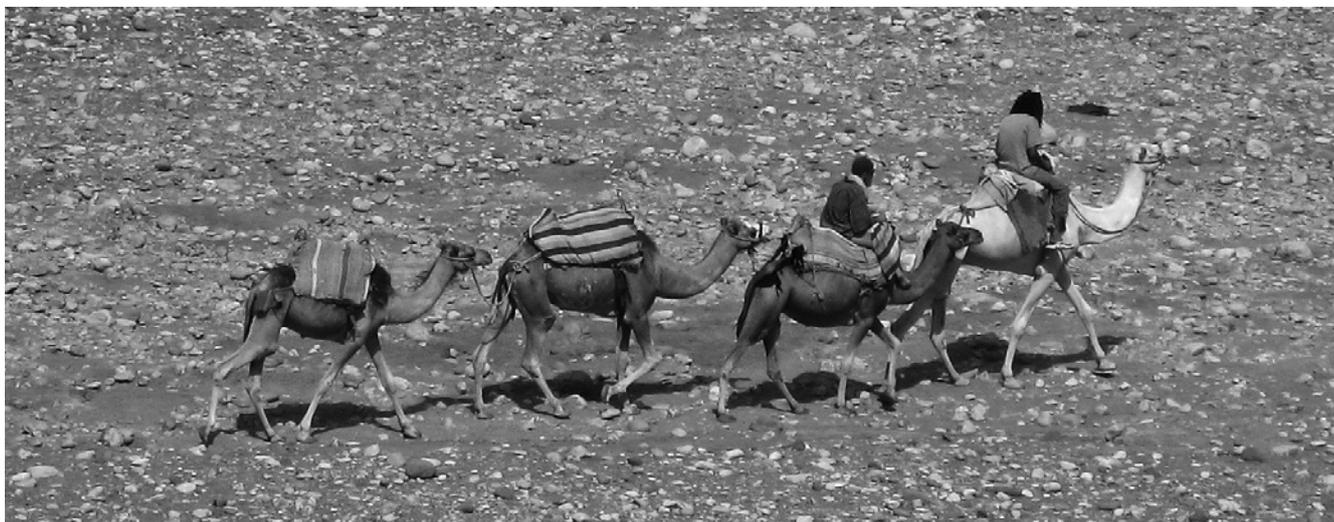


Photo: Mari Luomi

on the other, the resource poor and often unstable states, mainly located in the Levant area (see table 1). The stability of the former group in the coming decades will mainly depend on the continuance of international demand for oil and their capability to diversify their economies away from oil revenue dependence. Currently in the Gulf, oil and natural gas revenues both sustain a ruling bargain between the monarchies' elites and the growing national populations and uphold the states' capacity to adapt to the extreme weather conditions and structural water scarcity.

The governments of the latter group of countries, in turn, will struggle primarily with resource scarcity. Their possible oil revenues are depleting, whereupon the ruling elites need to seek survival through other means, including coercion and support of important factions of the society. Water is another resource-related problem: the populations are growing, water is both scarce and badly managed, the infrastructure is worn out, and availability of water is impeded by tensions and conflicts between neighbouring countries. Also, the resource scarce countries of the Arab Middle East generally cannot afford to produce potable water through desalination or acquire farmlands from other developing countries, like their Gulf neighbours do.

In addition to diverging levels of adaptation capacity, participation in the international climate negotiations has been polarised along the same lines. The international climate policy positions of the oil exporting monarchies of the Gulf have so far been guided greatly by the self-preserving interests of the elites in these oil revenue-dependent

rentier economies, who seek to maintain the *status quo* of power in both domestic politics and international energy politics. Due to the nature of the rentier state, in which fossil fuel revenues are the supportive pillar of the entire socio-economic system, oil exporting states' climate policies tend to prioritise the potential negative economic impacts of climate change mitigation over everything else, including international climate change mitigation. Consequently, these states' interests in the international climate regime often run parallel to those of multinational oil companies, or 'the oil lobby'. Because of the authoritarian nature of these polities, environmental NGOs and other environmentalist interest groups are low in numbers and weak in terms of influence on policymaking.

Resource poorer Arab states, in turn, have remained prisoners of their resource scarcity in the sense that, because of their relatively small or non-existent oil resources, they have not had a similar vested interest in the negotiations since their beginning, as the Arab Opec member states have. Also, they do not have the same financial resources at hand that have enabled states such as Saudi Arabia, Kuwait and Qatar to build up a strong and competent core of negotiators and other climate change policy experts. The resource poorer Arab states, often represented by environmental authorities, have hence traditionally not been active in the international climate negotiations. They have often given implicit or explicit support to positions advanced by the Opec member states, often formulated by representatives from the oil sector, even if these have not always represented their apparent national interest, i.e. advancing ambitious global mitigation and adaptation



The Pearl, an artificial island in Doha. Photo: Mari Luomi

support from the industrialised countries. To date, the resource poorer Arab states have not formulated strong national negotiating positions or strategies, and the weakness of inter-Arab institutions of cooperation, including in the UN climate change negotiating context decreases the Opec states' need to take these countries into account.

### Oil still defines the common position

In addition to a division along the North-South fault line, countries in the UN climate regime divide into geographical groups. The most important peer groups for Middle East Arab countries are the developing countries' G77+China group and the negotiating bloc of Opec member states operating within it. Importantly, only Saudi Arabia, Kuwait, Qatar, the United Arab Emirates and Iraq (which acceded the Climate Convention and the Kyoto Protocol only in 2009) are members of the oil exporters' organisation. Also the Organisation of Arab Petroleum Exporting Countries' member states coordinate policy positions.<sup>3</sup> Despite all-inclusive membership, the functioning of the League of Arab States as an interest group in the negotiations is largely insignificant.

The emphasis on the pursuit of the internal stability of the present-day political economies by the Gulf

oil exporting states has pushed these to actively participate in the UN climate regime. In the negotiations, the Opec member states, led by Saudi Arabia, have, according to several assessments, been carrying out a long-term strategy of obstructionism since the early 1990s. Since the late 1990s, they have brought to their agenda concrete demands, such as adaptation assistance and later the transfer of 'clean' technologies, mainly for carbon capture and storage, from the developed countries. It can be maintained that Saudi Arabia and its Opec allies have deliberately sought to slow down the negotiations so as to safeguard the status of oil in the global energy economy. They have particularly impacted the adaptation agenda by insisting that their demands regarding the negative impacts of climate change response measures, i.e. mitigation, should be advanced at a similar pace to other issues on the agenda. It can also be argued that these countries have advanced positions that go against ambitious international action to prevent dangerous climate change. The demands of Saudi Arabia and the Opec are analysed more in detail in a paper by the author (*Bargaining in the Saudi Bazaar*, 2009).

Importantly, at least two factors enhance the effectiveness of Opec states' policy. Similarly to international relations in the Middle East, the role of external allies in climate politics is significant. The United States, mainly pre-Obama, has advanced key positions that have been in line with the interests of Saudi Arabia. These include not joining the Kyoto Protocol and not agreeing to internationally binding emission targets. Another important factor is the Opec countries' and Saudi Arabia's skilful negotiating strategy, which can be characterised as

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<sup>3</sup> The Opec member states are: Algeria, Angola, Ecuador, Iran, Iraq, Kuwait, Libya, Nigeria, Qatar, Saudi Arabia, the United Arab Emirates and Venezuela. The Opec member states are: Algeria, Bahrain, Egypt, Iraq, Kuwait, Libya, Qatar, Saudi Arabia, Syria, Tunisia and the United Arab Emirates.

a mixture of rhetoric, incentives and, in some cases, intimidation. In their rhetoric, the Opec members portray themselves as promoters of a common South-South cause. According to observers, it is not only empowering for some poorer Arab states to support the Opec countries' positions, but many of them receive financial aid from their Opec neighbours, which constitutes a strong incentive for not holding opposing positions.<sup>4</sup>

The perceived threat of international climate mitigation to the economic, and hence politico-social, welfare of the oil exporters (or more particularly, their ruling elites) has to a large extent defined the policy positions of the Arab countries as a collective. At the same time, the resources offered by the international climate regime have so far not been able to attract enough attention so as to balance the Opec states' approach—Abu Dhabi, the leading emirate of the United Arab Emirates, perhaps as the only exception.<sup>5</sup> These resources include at least direct material, or economic, benefits, such as projects under the Kyoto Clean Development Mechanism; indirect material benefits, such as energy efficiency and security and economic diversification; and intangible legitimacy resources and prestige offered by proactive policies, for example gaining the status of the region's climate champion.

### **Geopolitics and economic divisions block cooperation**

Despite slowly increasing efforts among the Arab states to cooperate and coordinate policies in the area of environment these have hitherto been weak. This resulting state of affairs is characterised by: (1) membership in numerous international treaties and cooperation frameworks without tangible or uniform engagement; (2) strong representation of oil exporting countries' interests in the international climate change negotiations, and lack of international climate policy coordination. As is explained below, an additional outcome is (3) the

strong representation of oil exporting countries' interests in joint high-level declarations between Arab states and lack of implementation in regional cooperation.

Several obstacles hinder regional cooperation to combat climate change in the Middle East. These include: Israel's and Iran's and their Arab neighbours' difficult, even volatile, relations and a mutual distrust among the Arab states. These lead to a chronic institutional weakness in most policy areas. Moreover, in the case of climate change there is the prevalence of domestic economic interests in international climate policy, in the case of the Opec, and the lack of clear positions, in the case of the other Arab states. While climate change could induce bottom-up bilateral cooperation between Arab states and with Israel and Iran, it seems quite certain that all-inclusive regional cooperation in the area of climate change is not on the horizon as long as the current geopolitical configurations prevail. For this reason there seems to be more hope of an emergence of a multilateral Arab cooperation that extends to Northern Africa.

As was described above, economic inequality among Arab states of the Middle East, on the one hand, divides. The extreme differences in affluence become well exposed by comparing the per capita GDP of Qatar, US\$86 000 in 2008 to that of Yemen, US\$2 400 (see table 1). However, economic inequality also unites. The Gulf Cooperation Council (GCC) of Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates, all oil and gas-exporting states with high GDP/capita, is currently the best example of regional multilateral cooperation that includes a common market and plans for a common currency. In addition, the GCC countries closely coordinate their climate policy positions, often in line with those of the Opec.

According to observers, the meetings of the Council of Arab Ministers Responsible for the Environment, CAMRE, receive little attention and have a low attendance. As of spring 2010, Arab states' ministers had presented three joint declarations on climate change (2003, 2007 and 2009), all of which still lack noticeable implementation. The influence of oil exporting countries in the content of the declarations has been noticeable, although possibly slightly declining.

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4 Personal interview, Poznan, December 2008. See also: Luomi (2009) *Bargaining in the Saudi Bazaar*. FIIA Briefing Paper, 6; Depledge (2008) 'Striving for No: Saudi Arabia in the Climate Change Regime.' *Global Environmental Politics*, 8:4, 17.

5 See: Luomi, Mari (2009) 'Abu Dhabi's Alternative Energy Initiatives: Seizing Climate Change Opportunities'. *Middle East Policy*, XVI: 4, 102–117.



Photo: Mari Luomi

It is difficult to judge from the declarations whether their more pro-climate change mitigation tone is due to more refined and complex Opec tactics or simply a stronger articulation of interests by the resource poorer Arab states, but close observers point towards the latter. Noteworthy, in any case, is that inter-Arab climate policy cooperation is still undeveloped both institutionally and at the level of implementation, and the few joint declarations that seek to initiate cooperation are still influenced and restricted by the special interests of a few states. Even the Arab language and common identity are not a sufficient force in climate politics for reaching a balance of interests among the resource rich and poor. Rather, the imperative of domestic political survival of the oil exporting monarchies' ruling elites has a dividing impact on cooperation at the regional level as well.

### **What is there to gain from climate policies?**

Because the Opec states' position is inclined to protecting the status of oil as a key global energy resource, it ignores some of the key problems potentially affecting the region as a whole as a result of accelerating climate change. In its current form, it not only paves the way to increased regional polarisation but also, in the longer term, increased regional instability. Despite continuing efforts to enhance inter-Arab cooperation, the oil exporting states' policy positions have so far determined those of the resource poorer Arab states of the Middle East. The situation is now slowly changing as the latter become aware of the implications of climate change

on their economic growth and stability, and as a consequence, their interest formation strengthens while the relative importance of appeasing the oil exporting countries lessens.

However, regional instability can also ensue in the case of a significant decline in the price of oil during the next decades accompanied by the oil exporting monarchies' inability to diversify to alternative sources of income. Fundamentally, also the rentier economies of the Gulf oil exporting monarchies are fragile because of their high dependence on external rent, or oil revenues. Contrary to what is often thought, it is not likely that rapidly falling state revenues lead to democratisation because of the non-existence of a party-based system for aggregating social groups' interests and the probability of ruling elites' resorting to limited political reforms at most.

If, in the near future, the price of oil remains at current levels (roughly US\$50-100) while climate change awareness in the resource poorer Arab states increases, a deep polarisation of national responses to climate change and its international mitigation is very likely to arise. In the case of a permanent decline in oil prices, the oil exporting monarchies will most likely end up struggling to maintain social stability while seeking to produce alternative sources of income, and a similar polarisation of attitudes and responses as in the first scenario will take place. Finally, if oil prices rise again to 2008 pre-crash levels (over US\$100), exporting countries will have a short window of opportunity to diversify their economies and invest in alternative energy sources and technologies. As alternatives to oil become



Photo: Mari Luomi

attractive both to exporters and importers, success in this scenario, already somewhat visible in the Gulf during 2007 and 2008, requires that the oil exporters place their bets well and make wise choices in terms of investing their record revenues for building a sustainable future society, in every sense of the word. Nevertheless, because of this very uncertainty of the future prices of oil, it is clearly in the fundamental interests of the oil exporting countries to decrease their dependence on oil revenues as soon as possible.

If left adrift by decision makers, the looming regional climate change divide described in this paper can lead to the multiplication of climate change-induced problems, hampering economic and social development and stability in all countries of the region. To address the problem as a first step, the oil exporting monarchies of the Gulf should embrace at all levels a more comprehensive approach to the issue of climate change, including assessing the potential negative impacts of climate change itself, national climate change policies, and voluntary but ambitious mitigation actions. Secondly, recognising the synergies between domestic mitigation and energy efficiency, which increases domestic energy security, and investments in renewables and related technologies, which further economic diversification, is critically important. The Gulf oil monarchies should also support their more resource-scarce neighbours and engage them in a genuine dialogue on a common and representative

Arab climate policy. Resource poorer Arab states, in turn, should actively seek enhanced capacity building and assistance from developed countries for preparing national policies and international policy positions, and most importantly, implementing and advancing these so as to increase their capacity to adapt to the future challenges of climate change. Issues such as adaptation to climate change and renewable energy and technologies are issues of common interest to all Arab states and can be more efficiently addressed through cooperative action. Finally, a truly regional cooperation, which would enhance long-term sustainable development and stability in the entire Middle East, is only achievable through simultaneous top-down and bottom-up approaches, including the actions outlined above, as well as bi- and multilateral technology cooperation and transfer, and participation of non-governmental organisations and other interest groups in the policymaking process.

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