Briefing paper - Oil and Gas

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1. What is the current Greenhouse Gas output for this sector? Are there any expected changes?

The International Energy Agency (IEA) produces a World Energy Outlook, which predicts future energy trends. Their ‘reference scenario’ (what they predict would happen without new action by governments) predicts that massive increases in demand for energy will be met primarily by the use of oil, gas and coal, and that “Global energy-related carbon-dioxide (CO_2) emissions increase by 55% between 2004 and 2030, or 1.7% per year, in the Reference Scenario.” Under this scenario, emissions are predicted to grow faster than energy demand, due to a greater reliance on coal (with higher emissions). They also calculate an ‘alternative scenario’, which includes policies to reduce energy demand and carbon emissions, but even under this scenario, emissions are predicted to rise by 30% by 2030.

For more on the World Energy Outlook (you can only access the executive summary and some graphics for free!), see **www.worldenergyoutlook.org**

In contrast, Greenpeace International have done some work to show how global emissions cuts of 50% by 2050 are feasible, based on increased efficiency and behaviour change (leading to lower energy demand), massive take up of renewable energy, and the extensive use of decentralised energy.

Fore more information about Greenpeace’s Energy [R]evolution see **www.energyblueprint.info**

2. What is the sector doing re climate change?

Greenwash!

The oil and gas industry is involved in other forms of energy. Both BP and Shell are big players in renewable energy as well – but this has to be seen in the context of the massive investments they make in oil and gas. In 2004, Shell, for example, invested 40 times more in oil and gas exploration and production than it did in what they refer to as ‘other industry segments’ (a category which includes, but is not solely made up of, renewable energy).

3. Are there any upcoming "hooks" to campaign around?

The focus of People & Planet's campaign is the UK's Department for International Development (DFID). We chose this focus because there is a very clear contradiction between the poverty reduction mandate of DFID and support for the oil industry. We considered DFID to be potential 'low-hanging fruit', in comparison to a focus on the oil industry directly.

P&P is also thinking of working with Platform on the Royal Bank of Scotland, highlighting their financing of oil and gas projects, and the massive emissions associated with this funding, as well as the role of RBS in opening up new oil and gas fields.

4. How significant is the sector as a carbon emitter?

It's a very (the most?) significant sector, if the oil and gas industry are considered to be responsible for the emissions from end-use of oil and gas. One way to look at it is to think about the impact of the sector, and in particular its exploratory activities, on future global energy prospects. Considering the massive capital costs involved in exploring for, and then developing, infrastructure to bring new oil and gas reserves onto the market, once such investment has been made there is a massive economic rationale for the industry to extract and sell as much as it can. Because of the long life-spans of oil and gas projects, this means that investment in new oil and gas infrastructure can lock in economic incentives to use oil and gas for decades to come.

6. How strong is it as a political force?

Massive. Exxon, Shell and BP are three of the four largest companies in the world, and have strong connections with government. Think about the military connections with oil, and you can see the political weight supporting the industry.

7. How does it get its finance?

Public funding is significant for oil and gas extraction, not necessarily for the quantities involved, but because the involvement of governments and international institutions can reduce the risks for private investors and the oil/gas companies.

People & Planet is campaigning on the issue of development aid for oil. The UK contributes to subsidies for the oil industry through multilateral institutions such as the World Bank.

The World Bank’s funding for oil and gas extraction is a significant part of its energy portfolio, and increased by 93% from 2005 to 2006 (from US $462 to US $893 million). This compares to spending on renewable energy (excluding large hydropower) of $212 million in 2005, and $221 in 2006.

These subsidies are completely contradictory to the UK’s commitments to poverty reduction, particularly when you consider that the vast majority of the oil projects funded by the World Bank are primarily for export to wealthy countries like the UK.

For more, see **http://peopleandplanet.org/ditchdirtydevelopment**