

For fossil-fuel reliant governments, climate action should start at home

April 20 2023, by Steve Lorteau



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Many assume that big publicly traded oil companies and private individuals are primarily responsible for climate change. And there is some truth to this assumption.

Chevron, ExxonMobil, Shell and other [fossil fuel companies continue to](#)

[be some of the world's major greenhouse gas emitters.](#)

But, a few individuals also play a disproportionate role in global emissions. [Oxfam found that 125 of the world's richest billionaires emit roughly three million tons of CO₂ per year.](#) This figure is roughly the same as [France's annual CO₂ emissions.](#)

Governments have responded to the problem of private emissions through a variety of [policies](#). However, what is often overlooked is that governments own some major emitters themselves.

State-caused pollution is often neglected

Numerous state-owned [energy](#) companies and utilities rank among the world's biggest polluters.

Despite recent privatization efforts, Saudi Arabia still owns 98 percent of Saudi Aramco Oil Group. Russia holds a majority stake in the multinational energy corporation, Gazprom. [Most OPEC members have nationalized their fossil fuel industries.](#)

Many other governments maintain major stakes in fossil fuel companies, including [Argentina \(YPF\), Brazil \(Petrobras\), Malaysia \(Petronas\), Mexico \(Pemex\) and Norway \(Equinor\).](#)

According to climate researcher Richard Heede's groundbreaking study, [nation-states and government-owned enterprises were responsible for a staggering 68.5 percent of major carbon emissions from 1910 to 2010.](#) In 2017, [the Carbon Disclosure Project](#) reported that government-owned enterprises accounted for 59 percent of the so-called carbon majors' emissions. The carbon majors are the highest emitting companies dating back to the 1850s.

State-caused pollution can also result from unexpected sources. Military operations, for example, [are responsible for one to five percent of global emissions](#). For reference, the aviation and shipping industries roughly account for two percent of global emissions each.

State-caused pollution is different

State-caused pollution presents both a problem and an opportunity.

State-caused pollution is inconsistent with the principles of international [climate change](#) law. As the International Court of Justice has confirmed, governments are required to prevent transboundary environmental harm resulting from the activities under their "[jurisdiction and control](#)," which includes state entities.

The Paris Agreement calls on governments to enact climate change mitigation efforts that reflect their "[highest possible ambition](#)." The UN [Committee on Economic, Social and Cultural Rights](#) notes:

"States should ... refrain from unlawfully polluting air, water and soil, e.g. through industrial waste from State-owned facilities."

These norms suggest that states should do more to lower their emissions.

At the same time, state-caused pollution is easier to control through the political process. In contrast to privately-owned companies, state-owned polluters are directly accountable to government officials.

This implies that their activities are primarily shaped by [political priorities](#), as opposed to the overriding goal of profit maximization. This distinction opens interesting avenues for climate change action, provided governments make it a priority to reduce their emissions.

Addressing state-caused pollution

State emission sources can be controlled in two ways.

First, voters can urge governments to speed up the transition to cleaner energy through state-owned enterprises. Starting in 2003, the Ontario government closed five state-owned coal-fired power plants. The closures slashed coal's share of the province's electricity generation mix [to zero percent from roughly 25 percent](#).

In October 2022, the French government [announced plans](#) to renationalize the country's national utility, Électricité de France. This initiative contributes to [France's energy transition strategy](#).

In both these examples, [governments leveraged state ownership](#) to pursue significant changes in their economy's energy supplies.

Second, national and international courts can hold state-owned polluters accountable for environmental harms. There is an emerging trend of climate change claims against state-owned polluters, or so-called "[state-as-polluter](#)" litigation.

In the [Ogoniland case](#), the African Commission on Human Rights found the Nigerian government responsible for [human rights](#) violations resulting from the polluting activities of its government-owned oil [company](#).

Similarly, an [Ecuadorian court](#) recently found the country liable for constitutional violations resulting from [gas flaring](#)

In [Belgium and the United Kingdom](#), climate activists have launched lawsuits against [government](#) financial institutions for their investments in the fossil fuel industry. This trend of "state-as-polluter" will likely

continue in the future.

A new era for state-owned polluters?

Historically, state-owned energy companies played an important role in pursuing political objectives. During the Cold War, [many countries nationalized their fossil fuel industries to increase domestic wealth.](#)

State-owned energy companies in many countries continue to provide a reliable source of energy for domestic consumers.

The mission of state-owned energy companies will need to change in the climate change era.

Indeed, [36 national fossil fuel industries have the combined capacity to exhaust 143 percent of the remaining 2 C global carbon budget.](#) To address this challenge, governments can leverage their control over state-owned companies to divest from the fossil fuel industry and lower their emissions.

State-owned companies can also make major investments in renewable energy sources and research and development. This will allow state-owned companies to play a decisive role in the clean energy transition.

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