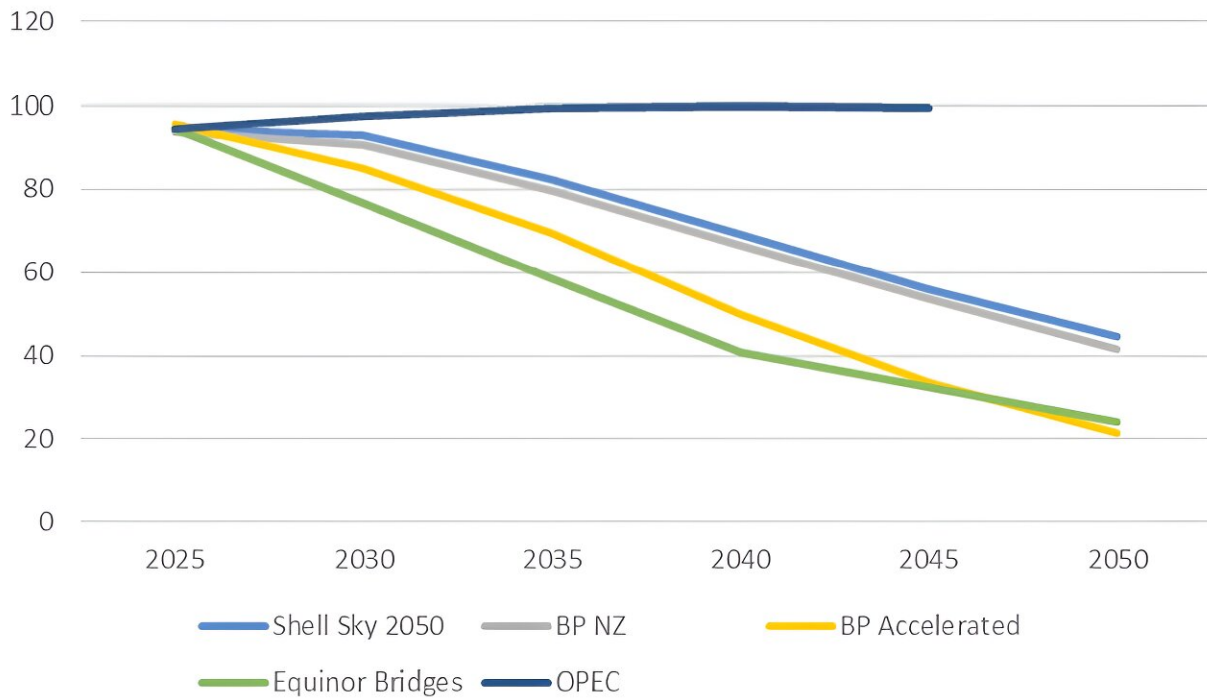


# Viewpoint: The oil industry has succumbed to a dangerous new climate denialism

August 1 2023, by Adi Imsirovic



IEA’s scenario excluded from the graph because it published so few datapoints, but it is broadly in line with the others. Meanwhile, the Opec data is for reference and not a net zero scenario. BP, Shell, Equinor and OPEC. Credit: The Conversation

If we have not been warned of the dangers of climate change this summer, we never will be. Extreme heat, forest fires and floods have been all over news reports. Yet the oil and gas industry remains largely in

denial.

The [International Energy Agency \(IEA\)](#) says steep cuts in oil and gas production are necessary to reach the Paris (COP 21) goal of keeping global warming at 1.5°C. However, only a tiny fraction of the industry, accounting for less than 5% of oil and gas output, has targets aligned with the IEA's "net zero" requirements.

The current secretary general of production cartel Opec, Haitham al-Ghais, [expects global oil demand](#) to rise by about 10% to 110 million barrels a day by 2045, a volume incompatible with the Paris goals. The UK government has [just offered](#) a helping hand, granting around 100 new North Sea licenses. What are we to make of this mismatch?

## **The new denialism**

Typical of the new breed of climate denialism is a [recent report](#) by the Energy Policy Research Foundation (ERPF), a body funded by the US government and various undisclosed corporate interests and foundations. It sees the IEA's requirements as a "seal of approval ... to block investment in oil and [gas production](#) by western companies". The report views meeting the targets as too costly, too harsh on [poor countries](#) and too bad for the energy security of the west.

In fact, it is wrong on each account. Many eminent economists and scientists use the concept of the social cost of carbon (SCC), which is defined as the cost to society of releasing an additional ton of CO<sub>2</sub>. [Expert estimates](#) from 2019 put this at between US\$171 and US\$310 (£133 to £241). If we go with, say, US\$240 per ton, the social cost of continued carbon equivalent emissions comes out at almost US\$8.5 trillion every year.

A [recent study](#) has factored into the calculation [climate feedback loops](#).

This is where one problem caused by global warming leads to others, such as melting permafrost unleashing stores of methane.

When the study estimated the [economic damage](#) that this could cause, it produced an SCC in excess of US\$5,000. That implies annual costs of more like US\$170 trillion a year, which makes the US\$4 trillion investment into [clean energy](#) that the [IEA thinks necessary](#) to meet the Paris climate goals look like a drop in the ocean.

It may help to break this down to one barrel of oil. A [special IEA report](#) for COP28 estimates that on average, each barrel of oil emits 0.53 tons of CO<sub>2</sub> equivalent in greenhouse gas across its life cycle, 20% of which comes from production.

Going back to our average SSC per ton of US\$240, that points to a social cost of US\$126 per barrel. With oil currently at US\$85 per barrel, the societal damage from producing, transporting, refining and consuming it is far greater—and that's before including climate feedbacks.

Meanwhile, the arguments by the EPRF and like-minded supporters about energy security are laughable. The history of the oil and [gas industry](#) is a history of wars and geopolitical tensions. Transitioning to cleaner fuels can only increase our energy security and reduce the need to police remote autocracies.

The argument that poor countries need to continue burning carbon for development reasons is no better. In its [latest report from 2022](#), the Intergovernmental Panel on Climate Change (IPCC) said climate change would probably see an increase in "losses and damages, strongly concentrated among the poorest vulnerable populations".

Equally, the World Health Organization [estimates that](#): "Between 2030 and 2050, climate change is expected to cause approximately 250,000

additional deaths per year from malnutrition, malaria, diarrhea and heat stress."

## How to respond

The denialists offer no alternatives to cutting carbon emissions, and often simply ignore climate change altogether. The [recent ERPF report](#) mentions climate change only four times. It is as if heatwaves, [forest fires](#), flooding, rising sea levels and the demise of natural habitat caused by climate inaction were happening on another planet.

We still have time to limit [global warming](#) below 1.5°C. It is true that we will need oil and gas for many years, and that there are currently no alternatives for certain sectors such as air travel, shipping and some industries. Nonetheless, there is still much that can be done now to make a substantial difference.

To incentivize the transition to cleaner energy, governments need to end [fossil fuel subsidies](#), which the [IMF estimates](#) amounted to US\$5.9 trillion in 2020 alone. We also need to put a proper price on carbon—only 40 countries have attempted this so far, and [none has it](#) anywhere near the estimated social cost of emitting carbon.

Countries that resist charging their own polluters should face a carbon border adjustment mechanism, which is a tariff that effectively puts the polluter on the same footing as local players. If all the actors in the fossil fuel supply chain had to face the cost of the damage they cause, the need to phase out long-term investments in fossil fuels would become more obvious.

The IEA requirements for "net zero" are just one of the pathways towards meeting the Paris goal of 1.5°C warming. Others are explored by some of the more credible actors in the petroleum industry, such as [Shell](#)

, [BP](#) and Norway's [Equinor](#), but all require a substantial decline in oil demand and production by 2050.

Instead of criticizing efforts to slow climate change and sponsoring ridiculous reports calling for more fossil fuels, [the oil industry should](#) eliminate leakages, venting and flaring of methane, and electrify as many processes as possible using renewable power. It should also employ carbon capture, usage and storage technologies over the next ten years—yes this will increase the price of fossil fuels, but that is exactly what we need to make clean sources of energy competitive across the board and speed up the energy transition.

The sooner the industry starts facing up to the realities of climate change, the more chance it has to survive. The companies and even countries that produce fossil fuels will have to face and pay the cost for the damage they cause. Those costs are already massive and will grow. Those that survive will do so only as a provider of clean and sustainable energy.

This article is republished from [The Conversation](#) under a Creative Commons license. Read the [original article](#).

Provided by The Conversation

Citation: Viewpoint: The oil industry has succumbed to a dangerous new climate denialism (2023, August 1) retrieved 27 April 2024 from <https://phys.org/news/2023-08-viewpoint-oil-industry-succumbed-dangerous.html>

This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.