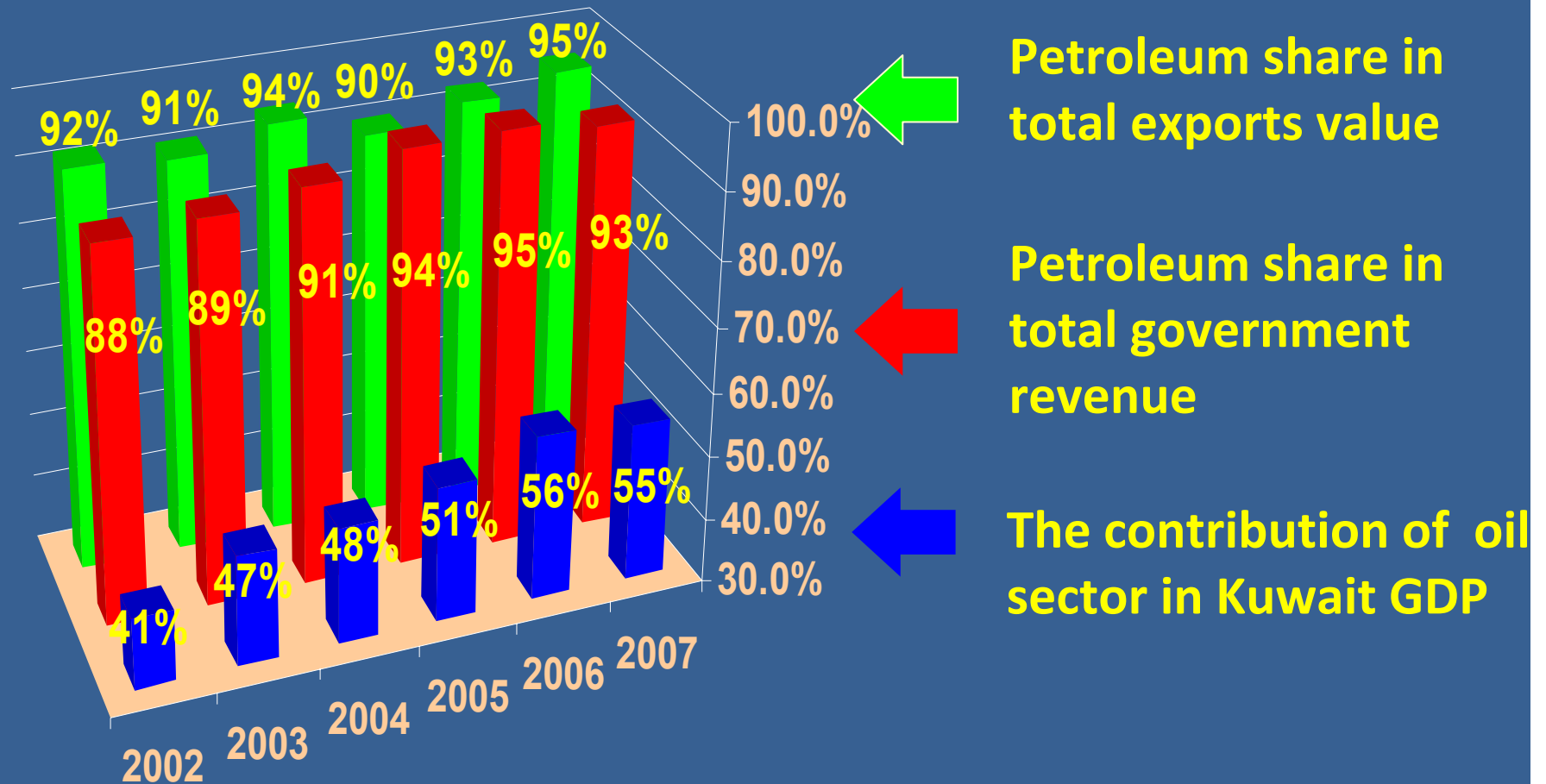


Minimizing Spillover Effects Is a Commitment

**Presentation by Kuwait
Atif Al-Jemali**

**AWG-KP Workshop on Spillover Effects
Bonn, March 30, 2009**

The role of petroleum in Kuwait economy



Source : Ministry of Planning , EIU

Vulnerability

To climate change

- Major cities are along laying costal line
- A number of small islands threatened by rising sea level
- Harsh environment and scares water supplies

To the impact of policies and measures

- Identified in Article 4.8 (h) of the convention
- Over 90% of government revenue is from oil exports
- Limited opportunity for diversification of government revenue

Article 2.3 of Kyoto

“Each Party included in Annex I shall strive to **implement policies and measures** under this Article in such a way as to **minimize adverse effects, including the adverse effects of climate change, effects on international trade, and social, environmental and economic impacts on other Parties,**

Article 3.14 of Kyoto

Each Party included in Annex I **shall strive to implement the commitments in such a way as to minimize adverse social, environmental and economic impacts on developing country Parties,** particularly those identified in Article 4, paragraphs 8 and 9, of the Convention. In line with relevant decisions of the Conference of the Parties serving as the meeting of the Parties to this Protocol shall, at its first session, **consider what actions are necessary to minimize the adverse effects of climate change and or the impact of response measures on Parties** referred to in those paragraphs. **Among the issues to be considered shall be the establishment of funding, insurance and transfer of technology.**

Study by McKay Consultants

Objective:

- Assess Impact of Existing and Emerging Climate Change Policies on Future Oil Demand

Assessment Approach:

- Reviewed over 2500 policies in 40 countries.
- Focused on 13 Countries, representing about 80% of world GDP
- Selected 19 Policies representing the different areas on
 - ✓ Taxation
 - ✓ Fuel Switching
 - ✓ Energy Efficiency
 - ✓ Technology Developments

- Key Findings:

- Climate Change Policies have the Potential to Reduce Future World Oil Consumption by up to 25%
- The Average Annual Loss of Revenue to National Oil Companies could be up to \$265 Bn (based on price scenarios at time of study in 2006)
- Investments in Upstream and Downstream Sectors are Expected to be Scaled Back with concerns over the Security of Oil Demand
- Technology related policies have the lowest impact

Conclusions

Within a suite of policies and measures, technology development based measures have the lowest impact on oil demand and thus provide lower negative spillover effects on oil producing developing countries

Technologies such as CCS provide win-win solutions to address climate change and adverse effects of the policies and measures

Technology options enables the economic development to proceed in a sustainable manner

THANK YOU





Climate Change Polices	UK	Germany	Italy	France	Spain	EU15	Japan	S Korea	USA	Canada	China	India	Brazil	Russia Federation
Energy Efficiency														
Investment in Private Households	✓✓	✓✓	✓✓	✓✓	✓✓	✓✓	✓✓	✓	✓✓	✓✓	✓	✓	✓	✓
Investment in Industry	✓✓	✓✓	✓✓	✓✓	✓✓	✓✓	✓✓	✓✓	✓✓	✓✓	✓✓✓*	✓✓✓	✓✓	✓✓✓
Voluntary Agreements	✓✓	✓✓	✓✓	✓✓	✓✓	✓✓	✓✓	✓✓	✓✓	✓✓	✓✓✓	✓✓	✓✓	✓
Energy from CHP	✓	✓✓	✓✓	✓✓	✓✓	✓✓	✓	✓✓	✓	✓	✓	✓	✓	✓✓✓
Technology Developments														
Hydrogen/Fuel Cells	✓	✓✓	✓	✓	✓	✓	✓✓	-	✓✓	✓✓	✓	✓	-	✓
Carbon Capture & Storage	✓	✓	✓	✓	✓	✓	✓	-	✓✓	✓✓	✓	✓	✓	✓
Other Policy Measures														
EU Emissions Trading	✓✓✓	✓✓✓	✓✓✓	✓✓*	✓✓✓	✓✓✓	-	-	-	-	-	-	-	-
Non-EU Emissions Trading	-	-	-	-	-	-	✓✓	✓✓	✓✓	✓✓	✓	-	-	✓
CDM and JI Projects	✓✓	✓✓	✓✓	✓✓	✓✓	✓✓	✓	✓✓	-	✓✓	✓✓	✓✓	✓✓	✓
Green Certificates	✓	✓	✓	✓	✓	✓	✓	-	✓	✓	-	-	-	-
Tax-Related Policies														
Local Carbon Tax	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	-	-	✓	-
Energy Tax	✓✓	✓✓	✓✓	✓✓	✓✓	✓✓	✓✓	✓✓	✓	✓	✓	✓	✓✓	✓✓
Excise tax on oil products/fossil fuels	✓✓	✓✓	✓✓	✓✓	✓✓	✓✓	✓✓	✓✓	✓	✓	✓	✓	✓	✓✓
Tax credits for renewable energy projects	✓	✓	✓	✓	✓	✓	✓	✓	✓✓*	✓✓	✓	✓	✓✓	-
Border adjusted taxes	✓✓	✓✓	✓✓	✓✓	✓✓	✓✓	✓✓	✓✓	✓✓	✓✓	✓✓	✓✓	✓✓	✓✓
Fuel Switching														
Policies to encourage use of Nuclear Power	✓✓	-	✓	✓✓✓	✓✓	-	✓✓✓	✓✓✓	✓✓✓	✓✓✓	✓✓	✓✓	✓	✓✓✓
Policies to encourage use of renewable energy	✓✓	✓✓	✓✓	✓✓	✓✓	✓✓	✓	✓✓	✓✓	✓✓	✓✓	✓✓	✓✓✓	✓✓
Biofuels	✓✓✓	✓✓✓	✓✓✓	✓✓✓	✓✓✓	✓✓✓	✓✓✓	-	✓✓✓	✓✓✓	✓	✓	✓✓✓*	✓✓
Natural Gas	✓✓✓	✓✓✓	✓✓✓	✓✓	✓✓✓	✓✓✓	✓✓	✓✓✓	✓✓	✓✓	✓✓✓	✓✓✓	✓✓✓	✓✓✓*

✓✓✓	Major Impact
✓✓	Medium Impact
✓	Minor Impact
-	Not Applicable

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