



**5th OPEC International Seminar  
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**Statement by  
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United Nations Framework Convention on Climate Change**

Excellencies,

I thank you for the very kind invitation to address you today. This OPEC Seminar is addressing the triple challenges of price stability, sustainable development and environment, all of which I would like to address in some manner. But let me first open with my thoughts about the role of oil in our society.

There is little doubt that oil – together with the other fossil fuels and deforestation – has been a major contributor to the climate crisis we collectively face. That said, there is utterly no doubt that the global society we have today has been built on the back of oil. Oil is almost a miraculous product: energy dense, stable, transportable and flexible across enormous numbers of applications. Without oil, the incredible trajectories of personal mobility, global commerce, cultural exchange, and scientific advance that have characterized our species over the past 150 years would not have occurred. Simply put, oil deserves recognition – for its role in bringing humanity from the past age to the one in which we live now.

But the question we all confront today, is how do we go from where we are to the next stage of our development. I believe that it is inevitable that we move toward a low emission society, and I further believe that movement has already started, in large part due to the progress of international climate change policy. However, the opportunity to address you today is of the utmost importance because it has become increasingly clear to me that the advance of the international climate change negotiations is not, as some would have it, a threat to the economic future of OPEC, but rather an opportunity for OPEC member states for three main reasons:

First. As greenhouse gas emissions continue to rise, vulnerabilities and climate change impacts are increasing - not only in frequency, but also in severity. Impacts will spare no country and no economic sector.

Clearly climate change impacts differ among the diverse OPEC member states. Those with an active agricultural sector are vulnerable to changing precipitation patterns and exacerbated risks of infectious diseases. Those with low lying coastal areas will be affected by sea level rise. Some are already suffering from increasingly severe heat waves, and saltwater intrusion into fresh aquifers, forcing mega investments into cutting edge desalination technologies which themselves are energy intensive.

Hence, I would argue that it is in the long term self-interest of all oil and gas producing nations to contribute to solving climate challenge in order to avert the worst impacts of climate change on their own economies and societies.

Second. Even with successful climate change mitigation policies in place, oil will undoubtedly remain a predominant fuel in the world's primary energy mix.

According to the International Energy Agency, the full implementation of all existing emission reduction pledges and climate change policies would not lead to a decline in OPEC's market share, production or revenues. Quite to the contrary....

Under a scenario of full implementation of current climate protecting policies around the world, oil demand would reach 99 million barrels per day by 2035, a 15% increase over year 2010 levels and a quadrupling of revenue compared to the period 1984-2009.

Yet even under the more ambitious 450 scenario, based on the more stringent policies that would be needed to stabilize the atmosphere and make it possible to limit average global warming to less than 2 degrees, oil revenues to 2035 would still be three times higher than over the last 25 years (World Energy Outlook, 2010). I conclude from this that the advance of the Climate Change Convention will coexist with increased demand for oil from OPEC nations.

Third. The costs of oil extraction and production are rising. Oil is ultimately a finite resource with declining production at many fields and the "easy cheap oil" is becoming a thing of the past, even in many OPEC countries. While I cannot speak with any authority about the Peak Oil Hypothesis, it does seem fairly apparent that we are pushing boundaries in geography, geology, engineering and even human capability to access the finds needed to replace depleted fields. Leaving aside the potential environmental consequences of Deepwater Horizon type accidents, drilling the deep offshore formations of Brazil or icebound equivalents in the Arctic undoubtedly involves costs - and risks - that are difficult to justify.

Taken together, it seems apparent that oil's price and demand should remain strong – it is up to all of us to try to make sure that oil's unique characteristics flow to the highest value applications possible. Our aim should be an economic system that strategically directs oil toward the highest margin specialty markets, generating the most amount of economic benefit for each barrel of oil's emissions.

How countries capture their portions of that value is, of course, a matter of national circumstance, but it does seem to be beneficial for oil exporters to reinvest their positive cash flows into the lower emission energy sources where demand will grow in the near future.

In that light, I am profoundly encouraged by recent efforts of OPEC members to take leadership in these regards. Allow me to highlight some of these efforts.

The first most evident step is to invest in energy efficiency. This makes compelling sense, as it allows a country to continue its economic growth by optimizing oil and gas production for export, away from inefficient internal consumption.

For example, in the United Arab Emirates, the middle East's biggest energy consumer, energy efficiency is set to become a new focus for the oil and gas industry. Introducing and implementing energy efficiency technologies will potentially save up to USD 3 billion in energy costs.

A second impressive step that I observe is the recent aggressive investment in solar energy from some OPEC nations. Just a few weeks ago, Saudi Arabia announced that it will invest more than \$100 billion to develop 41,000 MW of solar over the next 20 years. The government aims to create up to 15,000 jobs in the next decade by nurturing a solar industry, from solar farms to assembly plants, to factories that make raw materials. Nearby, Qatar Solar Technologies recently invested more than a billion dollars in a world class polysilicon facility, and aims produce 1,800 MW of solar power by 2024. Most if not all of this energy will be used for energy-intensive desalination, putting vital access to water on a more sustainable path.

The Gulf OPEC nations have one of the highest solar potentials in the world.. If this potential is harvested, it is no exaggeration to say that some OPEC countries, in addition to being prominent oil and gas exporters have the opportunity to become dominant exporters of future cutting edge energy forms as well.

A third measure which is beginning to take hold is the expanded use of sequestration technologies, including enhanced oil recovery and carbon capture and storage. In this context, I am pleased to confirm that CCS has been recognized as eligible for funding under the international market-based instrument of the Climate Change Convention.

Abu Dhabi National Oil Co. may start injecting carbon dioxide instead of natural gas into its offshore fields to enhance oil recovery and is currently working to capture carbon, including from the steel industry. These pioneering investments are encouraging, and could be followed by other major investments into CCS to make the technology more marketable.

Ladies and gentlemen, market forces will continue to uncover energy alternatives that are less emission intensive. But that does not mean that the value of oil will necessarily diminish, nor will your income from its export. Alternative energy sources can and will displace oil in lower value applications. This is not a new phenomenon: the percentage of electricity generated from oil has declined

consistently since the 1970's. And yet, demand for oil runs today higher than ever, mostly due to the increasing demands of developing nations that are poised for exponential growth. Over time, oil's migration to the higher ends of the energy and petrochemical markets - where its unique properties cannot be matched economically - will not only continue, it will increase, because those segments will grow exponentially.

I therefore suggest to you that there are many win-win solutions for both climate change and for OPEC that put OPEC nations at the cutting edge of the energy future. This is critically important because the transition to a low-emission economy has begun.

With the outcomes of the UN Climate Change Conference held in South Africa last December, this transition has started – and it will not retract

The message from Durban to the world was loud and clear: the future is low-emission, high resilience. This is exemplified by three of the many key outcomes that were achieved:

The Durban conference secured the continuation of the Kyoto Protocol for a second commitment period starting 1 January 2013.

The Durban conference cemented the mitigation plans of all industrialized nations plus 49 developing countries accounting for 80% of global emissions, albeit on a voluntary basis.

Governments know there must be more certainty than that which is offered by voluntary action, so in Durban they also decided to embark on a future legal framework that will cover all nations of the world, to be negotiated by 2015, and go into effect by 2020.

Many of these issues will be taken forward at the 2012 UN Climate Change Conference to be held for the first time ever in the Gulf region, in Doha, Qatar at the end of this year. I have been working closely with the far-sighted government of Qatar in preparation for this important meeting. I am certain that Qatar can count on all of you to contribute to a successful world event.

On this historic occasion, the OPEC countries have two opportunities:

1. You have an unequalled world stage to showcase the contributions you are already making, and are planning to make, to address climate change, to reduce your own vulnerabilities, and to build a better, stronger, more resilient energy future for all.

2. You could assume an international political leadership role by capturing these efforts in the form of international voluntary pledges in the context of the climate change negotiations.

Ladies and gentlemen, in the long run, climate change impacts are a massive threat to human and economic development in every region. And it goes without saying that a political and technological solution to climate change cannot threaten the economic development of any region or of any developing country. My friends, fighting climate change does not mean fighting oil and gas. Fighting climate change means fighting unnecessary greenhouse gas emissions. And you can help us do that.

The world looks forward to being hosted by one of your key member countries. I look forward to seeing many of you in Doha.

Thank you.

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