

Facts about OPEC

Declining nominal GDP/capita (us\$)

	1980	2002		1980	2002
Algeria	2,244	1,720	Brazil	1,228	2,673
Indonesia	486	792	China	305	955
Iran, I.R.	2,332	1,613	Hong Kong	5,649	24,071
Iraq	3,592	1,078	India	256	479
Kuwait	20,940	14,972	Malaysia	1,788	3,890
Libya, S.P.A.J.	12,091	3,570	Philippines	671	1,001
Nigeria	1,293	321	Singapore	4,864	21,065
Qatar	34,040	30,844	Taiwan	2,348	12,514
Saudi Arabia	16,701	8,634	Thailand	693	1,992
United Arab Emirates	28,479	23,358	USA	12,276	36,405
Venezuela	3,943	3,759	OECD	8,894	23,212
OPEC	2,066	1,566			

Source: OPEC Secretariat

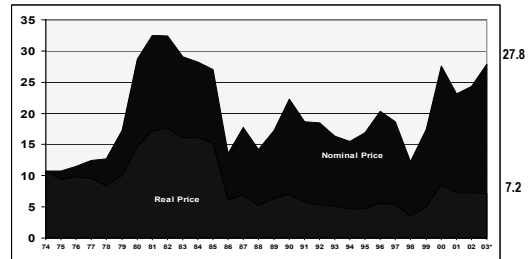


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Facts about OPEC

Fall in oil purchasing power

Nominal vs. Real OPEC Reference Basket Price (US\$/bbl) (base 1974)



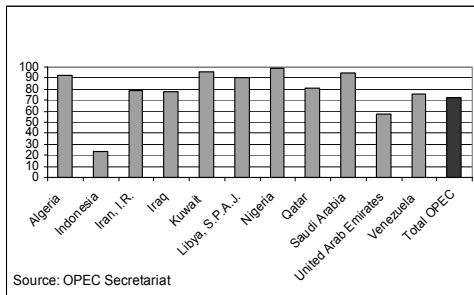
Source: OPEC Secretariat (*year to date to end-Sep. 2003)



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Facts about OPEC

Level of dependency oil & gas export revenues/total exports 2002 (%) (Nominal prices)



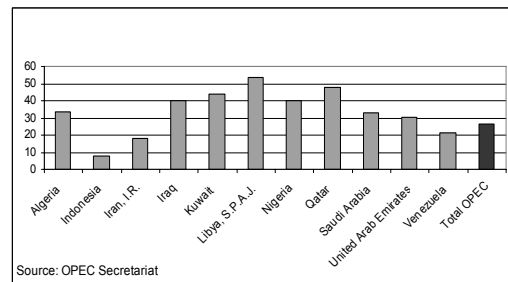
Source: OPEC Secretariat



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Facts about OPEC

Level of dependency oil & gas export revenues/nominal GDP 2002 (%)



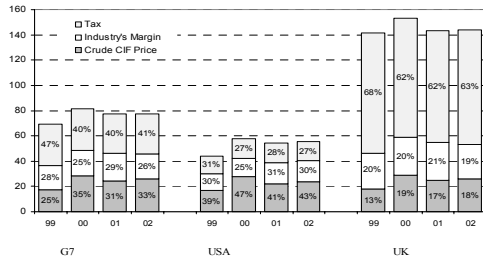
Source: OPEC Secretariat



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Consumer governments capture lion's share of the end-price of oil through taxation

Analysis of the Composite Barrel 1999-2002 (US\$/barrel)



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Facts about oil taxes

- Most of it goes to the ordinary spending of OECD countries
- Are they based on carbon content? No
- In fact there is discriminatory taxing on oil
- Coal has a higher carbon content and not only is it not taxed, it is subsidised.

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Facts about OPEC

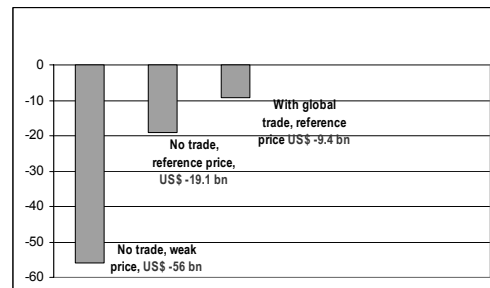
Impact of Kyoto Protocol implementation

Significant impact on OPEC MCs

- High dependency on oil exports revenues
- High human development needs
- Oil is a capital intensive industry

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OWEM results: huge cumulative revenue losses 2002-2010 from implementation of Kyoto Protocol



Source: OPEC Secretariat

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Impact of Kyoto Protocol implementation on OPEC IPCC TAR



Table 9.4: Costs of Kyoto Protocol implementation for oil exporting region/countries

Model	Without trading	With Annex-I trading	With "global trading"
G-Cubed	-25% oil revenue	-13% oil revenue	-7% oil revenue
GREEN	-3% real income	"substantially reduced loss"	n/a
GTEM	0.2% GDP loss	<0.05% GDP loss	n/a
MS-MRT	1.39% welfare loss	1.15% welfare loss	0.36% welfare loss
OPEC Model	-17% OPEC Revenue	-10% OPEC revenue	-8% OPEC revenue
CLIMOX	n/a	-10% some oil exporters' revenues	n/a

Source: Pershing (2000)

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What should we be trying to achieve?



Reduce global emissions on a level playing field
(Article 3 of the Convention on Principles)

Sustainable economic growth and development through:

- **Equity** in accordance with their common but differentiated responsibilities
- Policies and measures should be integrated with national development programmes, taking into account that **economic development is essential for adopting measures to address climate change.**
- **Measures taken to combat climate change should not constitute a means of arbitrary or unjustifiable discrimination or a disguised restriction on international trade.**

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The challenges How to implement commitments



- 1992: 4.8(h):... countries whose economies are highly dependent on income generated from the production, processing and export, and/or consumption of fossil fuels and associated energy-intensive products
- 1997: 3.14: "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*"
- 2001: Bonn Agreement/Marrakech Accords: give priority, in implementing commitments, to "assisting developing country Parties which are highly dependent on the export and consumption of fossil fuels in diversifying their economies"

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The challenges How to implement commitments



Economic diversification is one way but there are many other roads as well:

- Technology transfer (OPEC and CDM)
- Capacity building
- Compensation

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