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The International Relations of the Green Economy in the Gulf: Lessons from the UAE's State-led Energy Transition

Executive Summary

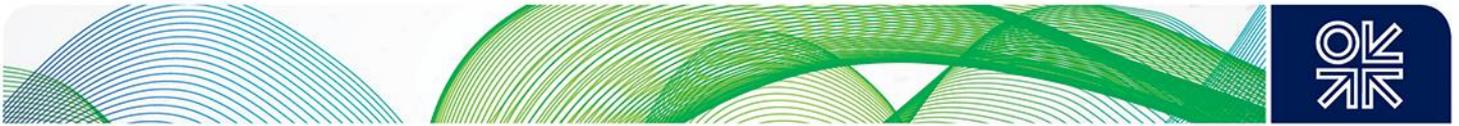
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'Green economy' has become a mainstream concept of the international sustainable development agenda. Simultaneously, the contours of a green energy economy in the Gulf are beginning to take shape, underpinned by a complex web of multifaceted, state-led international interactions. Presently, the United Arab Emirates (UAE) is the only Gulf Cooperation Council (GCC) state to have developed a green economy strategy and to have expressed an aim to align its development with the principles and characteristics of a green economy. Other GCC states have also indicated similar plans (even if more implicitly) in terms of investments in low-carbon technologies, energy efficiency, green infrastructure, and research and development.

There is an overall gap in understanding how countries' international relations and interactions are shaping their green economy agendas and transformations. This study sets out to map and analyse how these 'international relations of the green economy' in the Gulf, specifically with relation to energy, are evolving and are driven by the GCC states and how these relations tie into their development aspirations. It examines how the GCC states (and particularly the UAE) are positioning themselves vis-à-vis this emerging approach to sustainable development, and how they are seeking to acquire the means of implementation for national green energy economy transitions and beginning to put in place the enabling conditions for scaling up investments in sustainable energy.

Through a case study of the international relations of the UAE (and to some extent other GCC states) with state and non-state actors, and of state-driven flows of investments, trade, and aid in the area of sustainable energy, the study addresses four questions: What strategies, external relations, and engagements have the UAE and other GCC states developed over recent years that support a transition to a green economy? In which ways are these strategies, relations, and engagements providing the means of implementation for a green energy economy transition? Are the enabling conditions in the UAE and other GCC states favourable to a green economy transition? In light of lessons drawn from the UAE experience, where do the greatest opportunities and challenges lie for the GCC in managing the international relations of the green economy?

Focusing on the role of the state in driving economic development, the study argues that, if guided by a clear strategy and supported by sufficient enabling conditions, international political and economic engagements and interactions can provide the GCC states with the means of implementation for greener and more sustainable economies and societies. In contrast to most other developing countries, the GCC states have the financial resources to acquire a variety of means of implementation for realizing their development ambitions, including transitions to a green economy. The case of the UAE demonstrates the multiple ways in which these resources can be actively



employed as part of a broader green (energy) economy vision.

However, moving toward a green economy requires an approach that goes beyond programmes and initiatives, involving the use of a variety of policy instruments and comprising an economic transformation. The enabling conditions, namely the policies, regulations, and economic incentives required for investments to be directed into green activities, jobs, and infrastructure, in the UAE and other GCC states still largely support the 'brown' economy. A lot of work still remains to be done, particularly in the areas of energy subsidy reform and sustainable job creation in productive sectors, both of which also rank among the GCC states' most important near- and mid-term economic and social development challenges.

Based on the analysis undertaken, the study makes the following observations and recommendations, which are further elaborated in the paper:

- A benefits-oriented foreign policy vis-à-vis the global governance of environmental issues results in benefits rather than additional obligations.
 - High-level support drives policy and institutional vehicles can provide efficient support mechanisms for delivery, but even in the case of the UAE, the institutional base driving the national green economy transition is still narrow.
 - National circumstances should determine each GCC country's approach, which needs to reflect structural differences in, for example, countries' average income levels.
 - Despite the need to move fast on green economy transitions, sufficient time should be given to planning, thus avoiding time lost on hasty implementation and ensuring more sustained results.
 - Capacity building for technical skills and policy making related to the green economy is available through dozens of international multi-stakeholder initiatives and partnerships, and is an easy and low-cost initial starting point for all GCC states.
 - As in many other areas, regional cooperation opportunities remain underexploited. Potential areas of cooperation include regional standards, technical cooperation forums and stakeholder networks, and collaborative research and development (R&D).
 - Without implementation no green economy transition is possible. Efforts need to be scaled up in all areas – in particular energy subsidy reform, supportive policy and regulatory frameworks – and mainstreamed into all sectors. Public investment and procurement across the board are required for supporting the creation of sustainable infrastructure and jobs. Incentivizing private-sector participation will be crucial for the success of the green economy in the Gulf.
 - The green economy agenda is compatible with some of the key development goals of all GCC states, including economic diversification, energy security, efficiency and source diversification, knowledge economy-building, employment for the national population, and good environmental performance.
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