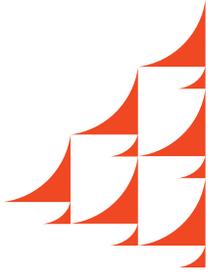


The Arab Gulf States
Institute in Washington
Building bridges of understanding



The Gulf Cooperation Council and the Countdown
to Net Zero

Kate Dourian



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- Informing a global audience of policymakers, legislators, businesspeople, academics, media, youth, and others as the foundation for strategic decisions regarding this important region.
- Employing multiple avenues to inform public understanding of the importance of the relationship between the United States and the Gulf Arab states.
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Now in its 10th year, AGSIW's Petro Diplomacy conference is a signature annual event that brings together stakeholders in the energy sector of the Gulf Arab states, global supply competitors in North America, analysts, and policymakers to discuss how changes in technology, fiscal priorities, and opportunities for growth continue to alter the relationship between politics and energy for both the region and the world.

About the Author

Kate Dourian is a non-resident fellow at the Arab Gulf States Institute in Washington, a contributing editor at MEES, and a fellow at the Energy Institute. Previously she was the regional manager for the Middle East and Gulf states at the World Energy Council, as well as the programme officer for the Middle East and North Africa in the Global Energy Relations Division of the International Energy Agency since September 2015. Her role included building relationships between the IEA and the governments of several Middle East and North Africa countries, using the extensive contacts that she accumulated during three decades spent in several Middle Eastern and North African countries as a journalist and energy analyst. Dourian was actively involved in the discussions that led to Morocco becoming an IEA Association country and the joint work program for which she raised funds from IEA members. She also helped write and edit the Middle East and North Africa sections of several IEA publications and contributed to the supply section of the Oil Market Report. Dourian joined the IEA from MEES where she was a senior editor covering energy-related developments in the Middle East for the weekly from 2013-15.

Executive Summary

At the end of 2023, the United Arab Emirates hosted what was widely seen as a successful United Nations Climate Change Conference, COP28, in Dubai, where nearly 200 parties agreed to transition away from fossil fuels and step up renewable energy investments. The U.N. stated the outcome of COP28 marked the “beginning of the end” of the fossil fuel era.

One of the most important outcomes of COP28 was the first global stocktake, which reviewed what had been achieved on climate action since the 2015 Paris Agreement and identified the gaps. It recognized that by 2030 global greenhouse gas emissions need to be cut by 43% from 2019 levels to limit global warming to 1.5 degrees Celsius. The findings will form the basis for stronger climate action plans due to be submitted by all parties by 2025.

The final agreement at COP28, the “UAE Consensus,” included a pledge by participants to triple clean energy investment by 2030, which will require trillions of dollars in investments. All Gulf Arab oil producing states signed the agreement, so the clock is ticking to make good on the pledges made in Dubai and speed up economic diversification efforts to ease reliance on oil and gas revenue.

Since December 2023, OPEC has been driving home the message that a transition away from fossil fuels needs to be gradual to avoid a shock to the global economy. Successfully transitioning and reaching decarbonization goals will require greenhouse gas emissions to be tackled from all sources – shipping, aviation, road transportation, heavy industry, agriculture, water desalination, electricity generation, heating, and cooling. This, OPEC Secretary General Haitham Al Ghais has argued, cannot be done overnight.

In a March 11 article for OPEC, Ghais painted an apocalyptic picture of what a world without oil would look like: “If oil disappeared tomorrow, there would be no more jet fuel, gasoline or diesel. Internal combustion engine automobiles, buses, trucks, lorries and coaches would be stranded. Airplanes powered by jet fuel would be grounded. Freight and passenger rail powered by diesel would halt. People could not get to work; children could not get to school. The shipping industry, transporting both freight and passengers, would be devastated.” He added, “If oil disappeared tomorrow, the renewables industry would be impacted. The fibreglass, resin or plastic necessary for the construction of most wind turbines, would disappear. The ethylene used in the production of solar panels would vanish ... Yet, despite these realities, there are calls saying ‘Just stop oil,’ ‘Keep it in the ground,’ or ‘don’t invest in new oil and gas projects.’” Ghais added that OPEC wants to see greenhouse gas emissions reduced, noting that the oil industry is “already proactive in this regard.”¹

Although Ghais did not mention the International Energy Agency, OPEC has been at odds with the Paris-based consumer watchdog over what it says is the “demonization” of the oil industry. The long-term demand forecasts of OPEC and the IEA have diverged, and repeated declarations by Fatih Birol, the executive director of the IEA, that fossil fuels are set to peak by

¹ Haitham Al Ghais, “If Oil Disappeared Tomorrow...,” OPEC, March 11, 2024.

2030 have also made for a tense relationship between the two organizations. The IEA's "Net Zero 2050" report published in 2021, interpreted by OPEC as a call on the industry to stop investing in new oil and gas production capacity, was another source of tension.

Saudi Aramco CEO Amin Nasser, speaking in Houston in March, noted that renewables today make up just 4% of the global energy mix, while fossil fuels have held steady over the past two decades at 80%.²

Amid the energy transition, the crisis in the Middle East over the war in Gaza and the ongoing conflict in Ukraine have introduced new risk factors, pushing energy security concerns to the top of the political agendas of consuming countries.

Houthi attacks on commercial ships in the Red Sea have disrupted international trade flows and endangered the free flow of energy from the Middle East, though there has been no interruption to oil and gas supplies. Oil prices have remained relatively stable despite efforts by OPEC to steady prices by slashing production by just short of 6 million barrels per day in the last two years.³

While the energy transition is taking hold in the Gulf, the Arab oil producing countries will need hydrocarbon revenue to drive the decarbonization of their economies, which are still heavily reliant on revenue from oil and gas sales. This will require stable oil prices at levels that allow for a smooth transition while avoiding fragmentation and social instability.

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"The demonization of oil and gas for nearly the last decade ... is turning, there is an understanding that there is a need for oil and gas for the long term," Qatar's minister of state for energy affairs, Saad bin Sherida Al Kaabi, said at the World Economic Forum in Riyadh.⁴

The role of natural gas in the energy transition is still being debated, but several Gulf countries are expanding their production capacity in the expectation that the cleanest of the fossil fuels will displace coal and retain a significant share in the global energy complex for decades to come.

The next few years will be pivotal for the Gulf and the broader international community as the world's energy architecture is redesigned to meet net-zero ambitions.

² Amin Nasser, "CERAWEEK, Houston, U.S.A. Remarks by Amin H. Nasser Aramco President & CEO," (presentation, CERAWEEK, Houston, March 18, 2024).

³ Maha El Dahan and Alex Lawler, "OPEC+ Members Extend Oil Output Cuts to Second Quarter," *Reuters*, March 3, 2024.

⁴ Jamie Ingram, "Oil Sector Leaders Strike Confident Stance In Riyadh," *MEES*, May 3, 2024.

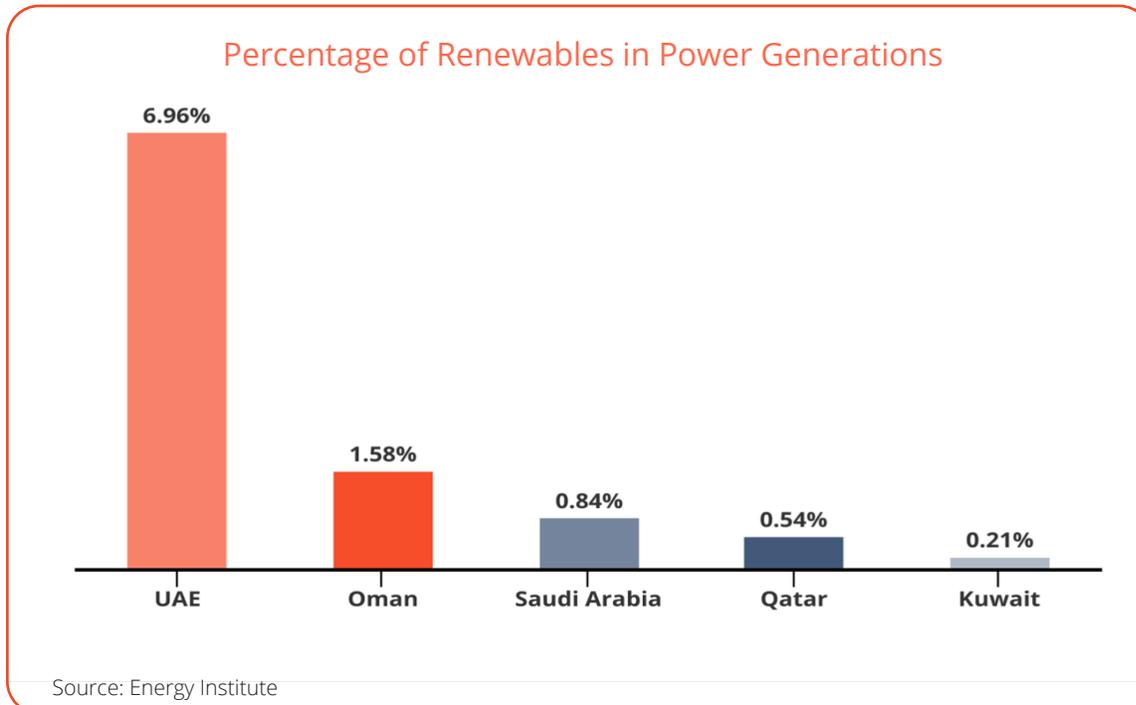
The Energy Transition in the Gulf

Export revenue from oil and gas sales is the mainstay of the economies of the Gulf Arab states (to varying degrees). Kuwait and Iraq are almost entirely reliant on oil and gas revenue to sustain their economies, while Saudi Arabia, the United Arab Emirates, and Oman are well on the way to diversifying and adding renewables capacity to their energy mix. Qatar, one of the world's largest exporters of liquefied natural gas, recently revised its energy strategy.

Turning COP28 pledges into actionable policies is particularly urgent for a region that is extremely vulnerable to climate change, as shown by recent torrential rains and floods in the UAE, Saudi Arabia, and Oman.

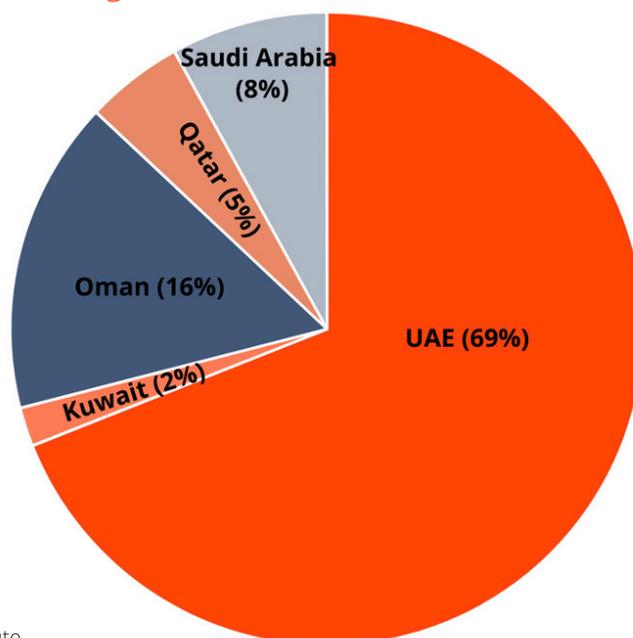
The International Energy Agency expects demand for all three fossil fuels – oil, gas, and coal – to peak by 2030 and be gradually replaced by wind and solar energy and electrification. OPEC's long-term view is that demand for oil will continue to rise until 2045 and that more upstream investment is needed to safeguard global energy security. The Gulf Cooperation Council states have started diversifying their economies and investing in low-carbon technologies to lessen reliance on oil and gas export revenue, but these efforts will need to be scaled up massively to reach net-zero targets.

Current Gulf targets for the share of renewable energy sources in the energy mix remain relatively modest: 10% by 2035 for Bahrain, 30% by 2030 for the UAE, 30% by 2030 for Oman, 30% by 2040 for Saudi Arabia, 15% by 2030 for Kuwait, and 20% by 2030 for Qatar.



The energy transition is not linear, and the Gulf Arab states are not all proceeding at the same pace despite signs that climate change has set in.

Percentage of Total GCC Renewables Production



Source: Energy Institute

There has been a marked shift in attitudes toward renewable energy in the Gulf and broader Middle East and North Africa, with stepped up investment in renewable energy. These investments have been concentrated mainly in solar, but also wind in some countries, such as Egypt, where there is potential for wind energy. The UAE has the highest share of renewable energy capacity in the Gulf Arab states at around 7%, followed by Oman and Saudi Arabia.

Bahrain, which has negligible renewable energy capacity, announced plans to install 2 gigawatts of near onshore and offshore wind farms jointly with UAE renewables developer Masdar. Masdar and Saudi-based ACWA Power, among the world's largest investors in renewable and clean energy, are helping to drive the energy transition within the region and internationally. The agreement marks Bahrain's first major push into the renewables sphere, and it would mark the first offshore wind capacity in the Gulf Arab states.⁵

Kuwait, which has been slow in its energy diversification effort, intends to award its first large-scale renewables projects by the end of 2024. It is targeting 22 GW of renewables capacity by 2030, a highly ambitious goal.⁶

Oman is fast establishing itself as a regional green hydrogen hub. In late April, it announced joint plans with the UAE for six renewables investments valued at \$32 billion. The initiative includes solar and wind projects that will be used also to power green metal production facilities.⁷

⁵ James Marriott, "Bahrain Plans 2GW Wind Capacity," *MEES*, May 3, 2024.

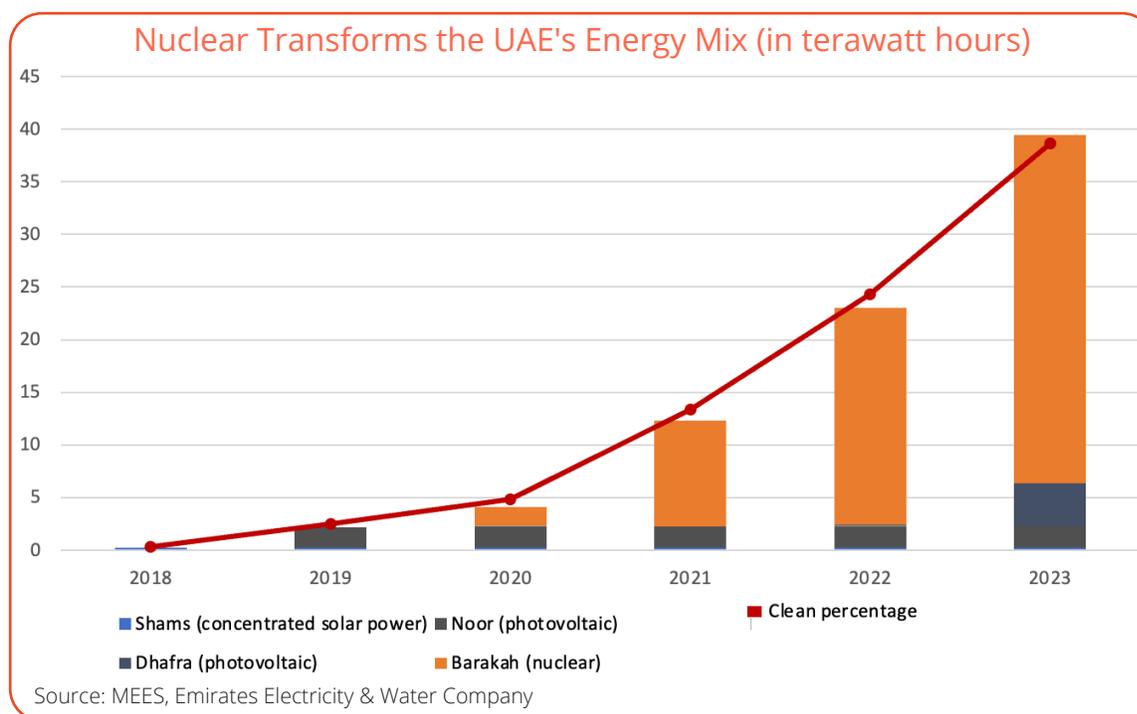
⁶ Yesar Al-Maleki, "Kuwait Aims To Award Solar Project By Year End," *MEES*, May 3, 2024.

⁷ James Marriott, "Oman-UAE Sign \$32bn 'Green' Deal," *MEES*, April 26, 2024.

Saudi Arabia, which is fast catching up to the UAE with major renewables projects, including green hydrogen, is investing heavily in gas and solar to displace around 1 mb/d of oil liquids from its power generation and water desalination sector.⁸

In 2023, a number of solar startups raised installed renewables capacity in Saudi Arabia to 3%. Another 1 GW is due on line by the end of 2024, after which the rollout of solar projects is set to accelerate, with capacity expected to quadruple by the end of 2026. By 2030, Saudi Arabia expects 50% of its power generation to come from natural gas and 50% from renewables.

In the UAE, the addition of nuclear power and the start of operations at new mega solar power plants have caused a drop in demand for natural gas, which fell to a 13-year low in 2023 despite record high electricity demand.



The UAE is now generating nearly 40% of its electricity from nuclear and renewable sources as it pivots away from gas-fired thermal power generation. The rapid transition of the “clean power” share from less than 1% in 2018 comes despite power generation soaring by 8% in 2023 amid robust economic activity and rising demand from previously off-grid industrial sites.

At the same time, the UAE, Kuwait, and Iraq, all members of OPEC, are adding oil production capacity with the expectation that demand will continue to grow even as the energy transition gathers steam.

⁸ Jamie Ingram, “Aramco Drops Expansion Capacity Plans In Major Investment Pivot,” *MEES*, February 2, 2024.

In its March 12 “Monthly Oil Market Report,” OPEC projected oil demand will grow by 2.25 mb/d in 2024 to a record 104.5 mb/d, driven by “strong air travel demand and increased road mobility, including on-road diesel and trucking, as well as healthy industrial, construction and agricultural activities, particularly in non-OECD countries.”⁹

Saudi Arabia and the UAE are banking on carbon capture and storage as the technology of choice to decarbonize and keep oil flowing to markets with a lower carbon footprint. The biggest problem is how to tackle emissions at the point of consumption, the “scope 3” emissions for which the energy industry and policymakers have yet to come up with a workable solution. Oil producers such as Saudi Aramco have argued that while they can reduce emissions from their operations through carbon capture and storage, they cannot be held accountable for scope 3 emissions, which they say are up to governments in the consuming countries to manage through energy efficiency and other policy measures.

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All these developments point to an awareness by policymakers of the urgency to reduce reliance on fossil fuels for environmental, social, and economic reasons. What is clear is that more needs to be done to avoid exceeding the threshold for human habitability.

The Role of Gas in the Energy Transition

Methane emissions from gas and coal operations have accounted for 30% of planetary warming since the industrial era, according to the Global Methane Pledge, which was signed at COP26 in 2021. It acknowledged that achieving a 43% reduction in greenhouse gas emissions by 2030 cannot be met without curbing methane from the two fossil fuels. “Without serious action, global anthropogenic methane emissions are projected to rise by up to 13% between now and 2030,” the pledge stated.¹⁰

COP28 tackled the methane issue early in the two-week summit, with more than 150 countries, including Saudi Arabia and Iraq, joining the Global Methane Pledge. The pledge commits signatories to cutting methane emissions from human sources by 30% from 2020 levels by the end of the decade, which would avert 0.2 degrees Celsius of warming by 2050. Around 50 international and national oil and gas companies also committed to reducing scope 1 and 2 methane emissions from their operations.

For the Gulf Arab states, gas security has gained in importance, and the national oil companies are directing huge investments into upstream gas projects. Saudi Aramco is targeting a 60% increase in gas production capacity from 2021 levels by 2030 and plans to invest \$110 billion to develop unconventional gas reserves at Jafurah.¹¹ Aramco made significant gains in the

⁹ OPEC, *OPEC Monthly Oil Market Report* (Vienna: OPEC, March 2024).

¹⁰ “The Imperative for Methane Action,” *Global Methane Pledge*, accessed May 20, 2024.

¹¹ “Aramco Awards Contracts Worth \$10BN for Vast Jafurah Field Development, as Unconventional Resources Program Reaches Commercial Stage,” *Saudi Aramco*, November 29, 2021.

gas sector in 2023, boosting processing capacity by 800 million cubic feet per day to a record 19.1 billion cubic feet per day. However, higher gas and renewables penetration has been outpaced by strong electricity demand growth.¹²

The Gulf Arab states, led by Qatar, are investing heavily in expanding their LNG capacity on the expectation that demand for the cleaner of the fossil fuels will rise beyond the end of the decade. The COP28 text makes no specific reference to natural gas, but it has been interpreted as inferring that gas could serve as a transition fuel while

Qatar is betting that the world will need more gas and is investing accordingly.

renewables are scaled up. The lack of specific guidance on the gas issue has revived the debate as to whether natural gas will continue to serve as a bridge fuel along the path to net zero by 2050. Qatar is betting that the world will need more gas and is investing accordingly.

QatarEnergy plans to nearly double current LNG capacity to 142 million metric tons per year alongside a strategy to limit methane emissions. Speaking to specialist publication MEES at the World Economic Forum in Riyadh, Qatar Minister of State for Energy Affairs and QatarEnergy CEO Saad bin Sherida Al Kaabi said the company would rely on large-scale carbon capture and storage to achieve its decarbonization target by 2035.

The UAE is expanding its LNG capacity, while Oman is considering doing the same. Even Saudi Arabia is considering building an LNG export facility as it expands gas production, both conventional and unconventional. As a result, the GCC states' LNG export capacity is set to rise by more than 50% by 2028.

Shell, in its "LNG Outlook 2024" report, forecasted a more than 50% increase in demand by 2040, driven mainly by growth in Asia.¹³ Global trade in LNG was estimated at 404 million metric tons in 2023, up from 397 million m/t in 2022, according to the outlook. Although demand for natural gas has peaked in some regions, it continues to rise globally. As a result, LNG demand is expected to reach up to 685 million m/t per year in 2040.

On the supply side, the United States and Qatar are expected to account for 80% of increased production capacity by 2040. The administration of President Joseph R. Biden Jr. ordered a pause on new LNG projects, but it is not expected to have a long-term impact on future global LNG supplies.

The IEA, in its "World Energy Outlook 2023," forecasted that demand for all fossil fuels, including natural gas, would peak by the end of the decade, declaring the end of the "golden age of gas," a term it coined in 2011.¹⁴ It noted that gas use increased by an annual average of almost 2% since 2011, but its share of the global energy mix is expected to shrink considerably, particularly in the power and building sectors, leading to a peak by 2030. As a result, it revised further downward its forecast for gas demand in 2040. The IEA expects demand for gas to fall by a total 710 billion cubic meters. While this is positive for energy security, higher supply amid weakening demand could have an impact on the long-term profitability of projects.

¹² Jamie Ingram, "Saudi Arabia's Gas Development Strategy Leaps Ahead," *MEES*, April 12, 2024.

¹³ Shell Global, *Shell LNG Outlook 2024* (London: Shell, 2024).

¹⁴ International Energy Agency, *World Energy Outlook 2023* (Paris: IEA, 2023).

“The outlook for natural gas would face additional uncertainties in a world of high geopolitical tensions,” the IEA noted. A wave of new LNG export projects that will add 250 bcm per year of capacity is due by the end of 2030, “equivalent to almost half of global LNG supply in 2022,” it added. The outlook was published in October 2023, before Qatar announced in March that it would increase its LNG production capacity by a further 16 million mt/y.

Financing the Energy Transition

The IEA has estimated that clean energy investments will need to quadruple in emerging and developing economies to sustainably meet rising demand and achieve climate targets. However, capital-intensive renewable energy projects remain complicated to finance and will require an unprecedented mobilization of private capital. Yet according to the IEA report, less than half of the oil and gas industry’s unprecedented cash flow from the 2022 energy crisis has gone into traditional supply and only a small fraction to clean technologies.¹⁵

Nasser said March 18 that although the world has invested more than \$9.5 trillion in the energy transition over the past two decades, the share of wind and solar energy is just 4% of the world’s energy consumption.

COP28 President Sultan Ahmed Al Jaber said April 26 that at least a total \$6 trillion needs to be invested to meet the goal of tripling global renewable energy capacity by 2030, with special attention to the developing countries of the Global South. The world “must invest in the global south” because more than 120 developing countries currently receive only 15% of clean technology investment, Jaber stated at a climate meeting in Berlin.¹⁶

The U.S. Inflation Reduction Act has done much to encourage investments in clean energy through tax and financial incentives to drive the renewable energy program forward in the United States. The private sector has a role to play if the energy needs of millions of

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people without access are to be met, but this requires access to affordable finance that is out of reach for many African and other developing economies. The challenge is how limited public finances can be leveraged to turn billions into the trillions needed to finance the transition.

At the same time, higher borrowing costs and tariffs will add to renewable energy costs because China is the largest producer of clean energy components, such as solar panels, electrolyzers needed for green hydrogen production, and lithium for batteries. These could act as barriers to faster deployment of clean energy projects by increasing upfront costs.

¹⁵ International Energy Agency, *World Energy Outlook 2023* (Paris: IEA, 2023).

¹⁶ Tim Stickings, “COP28 President Urges Countries to ‘Think Bigger, Act Bolder’ in Go-Green Plans,” *The National*, April 26, 2024.

The Return of Geopolitical Risk

Amid the devastating war in Gaza, the Middle East is again in the eye of the storm. The death of Iranian President Ebrahim Raisi May 19 caused a slight blip in oil prices, but the market has generally shrugged off geopolitical risk since Hamas' October 7, 2023 attacks in southern Israel. Other factors that have potential to escalate international geopolitical risks include rising tensions between China and the United States, protectionist trade policies, a possible victory by Russia in its war against Ukraine, and a rise in nationalist movements in Europe. Higher tariffs being imposed by Washington on imports of Chinese electric vehicles, coupled with high interest rates that are increasing financing costs for energy and particularly capital-intensive clean energy projects, could also have a negative impact on the energy transition in the United States and globally, particularly if the European Union follows with similar tariffs.

As the IEA put it in its "World Energy Outlook," "both traditional and new security risks are worsened in a more fragmented international system characterized by rivalries and low cooperation." Without international cooperation, the chances of limiting global warming to 1.5° C "recede over the horizon and out of sight."¹⁷

The conflict in the Middle East and the ongoing war in Ukraine have caused thousands of casualties, disrupted the global geopolitical order, and caused a redirection of trade flows. The United States' focus has been drawn back to the Middle East, ostensibly to prevent a spillover of the war between Israel and Hamas in Gaza. Eight months on, the prospects of a resolution to the decades-old Israeli-Palestinian conflict once the guns fall silent appears slim.

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The Iran-backed Houthis have wreaked havoc on shipping through the Red Sea while consolidating their presence and popularity in areas under their control in Yemen, where a humanitarian catastrophe is being overshadowed by the wars in Gaza and Ukraine. The same applies to Sudan, where an ongoing civil war is also starving and displacing millions of people.

The United States' political disengagement from the Middle East, perceived or real, has allowed China to step into the void, particularly economically. China is today the largest investor in the GCC countries and their largest trading partner, having overtaken the EU in 2022. Diplomatically, Beijing tested its clout when it brokered a diplomatic rapprochement between Riyadh and Tehran in March 2023 that has eased tensions between the two Middle Eastern powers, but China has been reluctant to invest significant prestige or security resources to address other regional conflicts.

¹⁷ International Energy Agency, *World Energy Outlook 2023* (Paris: IEA, 2023).

China is rapidly deepening its economic ties with the GCC states and wider Middle East. According to the World Economic Forum, trade between China and the Middle East and North Africa region amounted to \$505 billion in 2022 – a 76% increase over the decade prior. As the GCC countries decarbonize their economies, Chinese technology and finance are pouring in to support clean energy projects, particularly in Saudi Arabia and across the region.¹⁸

In 2023, ACWA Power secured a three-year credit facility from China Construction Bank, enabling the Saudi clean energy powerhouse to obtain \$100 billion in credit facilities. The agreement will support the expansion of ACWA Power's portfolio of power generation and water desalination projects in the Middle East and countries participating in China's Belt and Road Initiative.¹⁹ In April 2024, the Saudi company obtained an \$80 million equity bridge loan from the Bank of China to finance projects in Uzbekistan; half will be in U.S. dollars and the other half in the Chinese renminbi, the first such transaction between a Saudi entity and Chinese bank.²⁰ However, there are no signs that the GCC countries are willing to abandon the U.S. dollar for oil sales to China, although there have been a few cases of oil and gas trades conducted in the Chinese currency.

Saudi Arabia, the UAE, and Oman have all signed strategic partnership agreements with China as their relationships with Beijing have expanded beyond energy exports. As a European Council on Foreign Relations report put it, "These relationships are driven by structural changes in the international energy market, increasing multipolarity in the global power distribution, and the effect of the growing US-China competition on geopolitics." It continued, "The wars in Ukraine and especially Gaza have accelerated those trends. They have reinforced the narratives of a declining Western-led order and fed growing debates in the Gulf about the need to diversify economic and security partnerships."²¹

But Saudi Arabia and the UAE, the two economic powers in the GCC, are trying to balance their relationships with the United States and China while retaining some ties with Russia. And despite China's foray into various sectors of the Gulf economy and a small imprint in the military sector, the United States has thus far retained its role as the security guarantor in the Middle East; it remains to be seen how this engagement will develop as the war in Gaza unfolds.

In August 2023, Saudi Arabia and the UAE were invited to join the BRICS group, with the UAE agreeing to join and Saudi Arabia still undecided. But shortly after their invitation to join BRICS, Riyadh and Abu Dhabi also signed up to the U.S.-backed India-Middle East-Europe Economic Corridor project during the G20 summit in September 2023. Hailed as a historic "green bridge" between India and Europe, the project is high on ambition. Biden called it "a real big deal,"

¹⁸ Alexandre Raffoul and Kai Keller, "As China-Gulf Relations Deepen, Here Are 3 Key Sectors for Growth," *World Economic Forum*, April 10, 2024.

¹⁹ "ACWA Power Secures \$100 Million Revolving Credit Facility From China Construction Bank (DIFC Branch)," *ACWA Power*, June 25, 2023.

²⁰ "ACWA Power Receives the First Renminbi (Rmb) Loan From Bank of China to Finance an Uzbekistan Solar Project," *ACWA Power*, April 4, 2024.

²¹ Camille Lons, "East Meets Middle: China's Blossoming Relationship With Saudi Arabia and the UAE," *European Council on Foreign Relations*, May 20, 2024.

saying a key part of the project was to invest in ships and railways from India all the way to Europe, connected by the UAE, Saudi Arabia, Jordan, and Israel.²² The Gaza war has since intervened, and not much has been said of the project since October 7, 2023.

Wars and conflict tend to suck the air out of ambitious projects, and, in many instances, energy plays a big part as a connector of international relations. Russia's invasion of Ukraine in February 2022 is a case in point. Economic and energy sanctions against Moscow by the international community and retaliatory measures by Russia, which cut off most of its gas supplies to Europe, led to an energy and food crisis that stoked inflation around the world.

In early 2022, oil prices soared to near record levels while gas prices registered a new record before easing, as fears of a supply crunch receded and Middle Eastern and U.S. LNG compensated for some of the loss in

Russian gas supplies to Europe and, more recently, of refined oil products. The Ukraine crisis also prompted EU member countries to accelerate their

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climate ambitions, which could leave Russia in the cold in the future. "Russia's invasion of Ukraine has widened fractures in the landscape of international relations, and energy is one of the dividing lines," the IEA stated in its World Energy Outlook.²³

There is no guarantee that energy and political shocks will not be repeated in the future should these fractures remain unresolved. Addressing them would require breaking down rather than erecting new barriers. The possible changing of the political guard in Washington come January 2025 might make for an uncertain pathway both for international diplomacy and the energy transition.

²² Nandita Bose, "US, India, Saudi, EU Unveil Rail, Ports Deal on G20 Sidelines," *Reuters*, September 9, 2023.

²³ International Energy Agency, *World Energy Outlook 2023* (Paris: IEA, 2023).

