

Briefing: The urgent need for action on oil and gas production at COP27

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Introduction

Leading scientific bodies are clear: we need a just and equitable managed decline of oil and gas production in order to achieve the goals of the Paris Agreement. But it is also clear as COP27 approaches that the plans of governments and the industry are headed in the opposite direction. This briefing outlines the key issues regarding oil and gas production and the policy interventions and international cooperation needed to ensure it is aligned with keeping global temperature rises within 1.5°C.

The problem of oil and gas production

The many crises the world is facing - conflict, inflation, high commodity prices, climate crisis - are all rooted in an over-dependency in fossil fuels.

The latest IPCC report (August 2021), flagged as a "code red" for humanity, found that the production of coal, oil and gas was the primary cause of the climate crisis – with fossil fuels responsible for 85% of CO₂ emissions in the past decade. U.N. Secretary General Antonio Gueterres said earlier this year, "Investing in new fossil fuels infrastructure is moral and economic madness."¹

Worryingly, UNEP's Production Gap Report found the world's governments plan to produce more than twice the amount of fossil fuels in 2030 than would be consistent with limiting warming to 1.5°C.

This new oil and gas investment is an opportunity cost: Forecasts indicate that up to USD 570 billion will be spent every year in new oil and gas development and exploration between now and 2030. This money could be repurposed to fill the investment gap of USD 450 billion required to deploy wind and solar.² Moreover, despite the current rush for gas, gas demand is going down globally in the medium to long term. Any new gas production infrastructure is very likely to be stranded.

A central theme of this COP is how developing countries can achieve a just and equitable energy transition. Research and experience show that at this point in history, only a renewable energy -based pathway can work. Efforts to meet development and energy access goals based on fossil fuels have been disastrous, leading to increased conflict, inequality, human rights violations, and disastrous health and environmental impacts. Gas based development fails people and communities.

Progress on moving beyond oil and gas

At the COP26 summit in November 2021, 39 countries and financial institutions signed the *Glasgow Statement on International Public Support for the Clean Energy Transition*, committing signatories to end their direct international public financing for fossil fuels by the end of 2022, except in exceptional circumstances, and fully prioritize their public finance for the clean energy transition. If all signatories follow through on their pledges with integrity, this will directly shift USD 28 billion a year from fossil fuels

¹ <https://press.un.org/en/2022/sgsm21228.doc.html>

² <https://www.iisd.org/system/files/2022-10/navigating-energy-transitions-mapping-road-to-1.5.pdf>

to clean energy and help shift even larger sums of public and private money away from investments in climate-harming fossil fuels. Critically, the Glasgow Statement commits signatories to reinvesting this money in renewable energy and energy efficiency in the places that need that investment most.

Also at COP26, 11 National and Subnational Governments launched *The Beyond Oil & Gas Alliance*, a first-of-its-kind alliance of governments determined to set an end date for their oil and gas exploration and extraction and curtail new licensing or undertake other significant measures that contribute to the joint goal of aligning oil and gas production with the objectives of the Paris Agreement. Members are Costa Rica, Denmark, France, Greenland, Ireland, Quebec, Sweden and Wales as core members; California, New Zealand and Portugal as associate members. Italy joined as a “friend” of BOGA. This group reiterated their support for the initiative in September 2022.³ BOGA members also promised to support just transitions away from fossil fuel consumption and production.

Additionally, a growing number of governments, health professionals, scientists and civil society organizations have been calling for a global treaty to end fossil fuels⁴, including most recently a call for a *Fossil Fuel Non Proliferation Treaty* from the European Parliament⁵.

What more needs to happen at COP27 on oil and gas production

- *Governments should embed the need to phase out oil and gas in the negotiations.* Specifically, the decision text should build on COP26 and call for phase down of all oil and gas, not just unabated coal. The **Mitigation Work Program and Global Stocktake** are two work streams where negotiators should include clear priorities to phase out oil and gas production.
- Finance is critical: *global north countries must support those in the global south for loss and damage* and to develop industries and economies that enable all countries to move rapidly beyond coal, oil and gas. This should include taxing oil and gas companies to pay for reparations.
- *More financial institutions need to commit to help drive down oil and gas production.* In order to send a major signal to companies and governments to accelerate the phase-out of oil and gas production, finance institutions should follow the lead of groups like Banque Postale and end finance for oil and gas. Institutions who have joined the “Glasgow Financial Alliance for Net Zero” should additionally announce that they will phase out support for oil and gas production as part of their commitment to Net Zero.
- *Governments should join and strengthen the Beyond Oil and Gas Alliance.* They should join as members, and support the development of a Global Just Transition fund to support countries working to achieve economic development and energy access goals without deepening dependence on fossil fuels.
- *Strengthen links between oil and gas and biodiversity loss:* Given COP27’s proximity and CBD COP15, negotiators and other policy makers acknowledge the importance of stopping fossil fuels as a means to protect biodiversity of forests and oceans.

³ <https://beyondoilandgasalliance.com/wp-content/uploads/2022/09/BOGA-Statement-26-Sep-2022.pdf>

⁴ <https://fossilfueltreaty.org/home>

⁵ <https://fossilfueltreaty.org/european-parliament>