

## *INSS Insight* No. 1486, June 9, 2021 The Saudi Drive to Lead the Green Revolution in the Middle East

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Saudi Arabia, which alongside the United States is ranked first in greenhouse gas emissions per capita, has launched an ambitious initiative for itself and for the Middle East, integrated into the kingdom's 2030 Vision: producing 50 percent of its energy needs from renewable energy by 2030. The motives for the initiative are economic and political, and not purely environmental – namely, a desire to score points with the current US administration, which has placed environmental issues high on its agenda. Israel should consider avenues for cooperation with Saudi Arabia on environmental issues, with an emphasis on energy aspects, as this may be a basis for deepening ties between the two countries.

On March 27, 2021, Saudi Crown Prince Mohammad bin Salman announced the <u>Saudi</u> and <u>Middle East Green Initiatives</u>, including the Middle East Green Initiative, in a drive to spearhead a comprehensive Saudi environmental process in the Middle East. Intended is a regional roadmap, designed to help achieve goals defined by the international community in the fight against global warming, based mainly on reducing greenhouse gas emissions. The initiative fits in with the 2030 Vision, which bin Salman announced in 2016, as the environmental struggle involves reducing oil consumption and transitioning toward renewable energies.

The green initiative includes the largest forestry project in the world, which will increase vegetation within Saudi Arabia (commitment to plant 10 billion trees and thereby contributing 1 percent to the global goal of planting trees) and in its neighboring countries (another commitment to plant 40 billion trees across the Middle East, which will contribute 5 percent of the global target). The green initiative also includes a commitment to reduce the country's carbon emissions, fight pollution and soil erosion, preserve marine life, and increase the percentage of protected areas in the country.

Particularly ambitious is bin Salman's statement that by 2030, 50 percent of the kingdom's energy consumption will be from renewable energy (according to the International Energy Agency, in 2018 less than 0.05 percent of Saudi Arabia's electricity supply came from renewable energy). On April 8, the Crown Prince held an opening ceremony at the SAKAKA solar power plant, where he also announced seven new solar

projects. In tandem, the Saudi Public Investment Fund has launched the Sudair Solar Energy project in Sudair Industrial City, one of the country's largest solar parks. The total capacity of all projects is 3.67 gigawatts, expected to supply energy to more than 600,000 households in a way that according to the Saudi Ministry of Energy will reduce greenhouse gas emissions by more than 7 million metric tons. These developments are intended to accelerate the transition to green energies within the framework of the 2030 Vision and to position Saudi Arabia as a global hub for conventional and renewable energy. According to bin Salman, who links the green initiative to his overall philosophy of modernization, these climate-friendly actions will lead to economic diversity and improve competition, stimulate innovation, and create millions of quality jobs in the kingdom, a critical issue for the younger generation, challenged by major unemployment.

Indeed, it is clear that questions of unemployment and economic (and therefore political) stability are related to Saudi Arabia's green motivation to divert the resources freed up from saved energy toward necessary structural reforms in the economy. The coronavirus pandemic intensified economic pressures on the kingdom and once again illustrated the intensity and extent of its dependence on the global oil market. Striving for the production of green sources of income that are not dependent on oil requires extensive resources, which compete with the resources needed today in order to temper the decline in the population's standard of living. Saudi Arabia <u>estimates</u> that a move to reduce the use of polluting fuels will save the kingdom about \$200 billion in the next decade, which in turn can be channeled to economic reforms. Bin Salman seems to understand that he must take risks in the field of internal stability in the short and medium term in favor of the long term. The risk stems from the threat to the population's extravagant lifestyle and living conditions under the "contract" between the ruler and his citizens, which is the basis of the monarchical order.

Saudi Arabia is particularly sensitive to the effects of global warming and is trapped in a vicious circle of climatic conditions: as temperatures rise, so does the demand for electricity for air conditioning, which in turn requires the burning of fossil fuels that contribute to global warming. The same is true when it comes to desalination. The shortage of drinking water, which is increasing in the face of population growth and rising temperatures, means that <u>Saudi Arabia already has the largest desalination plants in the world</u> – which increase the country's energy consumption and greenhouse gas emissions. According to the World Bank, Saudi Arabia ranks first in greenhouse gas emissions per capita, alongside the United States. Although the kingdom has faced environmental challenges for decades, including rising temperatures, water shortages, and pollution, the solutions it proposed so far have been financial, such as the purchase of extensive agricultural land in South America and Africa to grow crops or expensive agricultural subsidies in the kingdom itself. Thus the question is how far the kingdom

will proceed in implementing the green initiative, especially as a country marked by a culture of waste, among the highest in the world.

However, in Saudi Arabia there is a growing understanding that reducing the use of conventional energy sources is inevitable in light of the new global environmental initiatives that are expected to dictate market forces. Researchers <u>suggest</u> that the change will be rapid and total, as the exponential growth phase tends to continue until the new technology accounts for about 75 percent of its ultimate size in the global market. The areas that will be able to prepare themselves for change will benefit from the move, while those lagging behind can expect significant economic losses. After years of increased national oil consumption, the Saudi Minister of Energy (whose title until September 2019 was Minister of Oil), <u>declared</u> in March that Saudi Arabia intends to reduce its consumption of liquid hydrocarbons (oil and natural gas). On the one hand this will help reduce its greenhouse gas emissions, and on the other hand it will allow it to maintain its position as a hydrocarbon exporter: a reduction in domestic consumption will increase Aramco's long-term available capacity, until the world is fully weaned from oil.

In this way, Saudi Arabia will be able to make full use of its profits from polluting energies and at the same time finance and develop its renewable energy economy. Saudi Arabia, as well as the United Arab Emirates, understands that with the gradual withdrawal of oil comes the opportunity to be one of the leaders in the renewable energy market, and even hold a significant share of this market in the world, if it invests most of its resources in such a move.

It is likely no coincidence that the Saudi green initiative was announced early in the Biden administration, which unlike its predecessor has emphasized its commitment to climate issues. Relations between Riyadh and Washington are at a sensitive stage of "recalibration": while the Trump administration enjoyed intimate relations with Saudi Arabia, the Biden administration has assumed a more principled, working stance that will promote American interests, but not ignore values such as human rights and environmental issues. At the International Climate Summit organized by the US President on Earth Day (April 22-23) with the participation of world leaders, King Salman declared that Saudi Arabia will host the Green Initiative.

While the King and Crown Prince stressed the importance of regional cooperation in the field, it is clear that Saudi Arabia aims to lead the process and not join other initiatives. For example, in April 2021, representatives from all the Gulf states and other Arab countries met in Abu Dhabi for a regional dialogue on climate issues, with the participation of the United States Special Presidential Envoy for Climate, John Kerry,

though without the participation of a representative of Saudi Arabia, which had announced its own green initiative only a few days earlier. Among the Gulf states, the UAE is considered a leader in green initiatives, developing solutions and other renewable technologies, especially solar energy, nuclear energy, and green cities like Masdar. The United Arab Emirates is also home to the headquarters of the International Renewable Energy Agency (IRENA) and has set itself the goal of having 30 percent of its energy needs green by 2030. The lack of a Saudi representative in environmental initiatives from the Emirates raises questions about possible future competition in the Gulf around the transition to renewable energies.

## **Conclusions, and Implications for Israel**

The green initiative launched by Saudi Arabia is highly ambitious and seeks to position it as a leader in the environmental struggle in the Middle East. Some scientists and diplomats <u>consider</u> this move unfounded, and question the ability of Saudi Arabia, a country whose economy is oil-based, to meet the Green Initiative goals. Even the Saudi leadership lacks unanimity on the matter. In early June, Minister of Energy Abdulaziz bin Salman, brother of MBS, <u>spoke out against</u> the International Energy Agency <u>report</u> presenting a roadmap for the transition to renewable energy by 2050, claiming it was disconnected from reality – or as he put it, "a sequel of [the movie] *La La Land.*" This sharp rhetoric hints at possible rivalry within the leadership regarding the proposed environmental policy.

However, the competitive element in the region can certainly encourage the strong desire and seriousness to realize ambitious goals. Many support the initiative and emphasize the importance of reducing gas emissions in Saudi Arabia, along with investment in atmospheric carbon dioxide absorption programs, such as the Saudi industry's forestry project, designed to help deal with carbon emissions. However, the promises of many states under the Paris Accord have not yet been realized, and Saudi Arabia is no exception. Thus, even if its intentions are good and ambitions are far-reaching, they should be taken with a grain of salt.

It seems that environmental cooperation will be a major issue in the international arena in the coming years, especially under the Biden administration. The normalization between Israel and various countries in the Middle East offers opportunities for fostering cooperation in environmental areas as well, with an emphasis on energy. In addition, environmental collaborations could form a central element in a framework for creating relations with regional players with whom Israel has not yet established relations.