

# NET ZERO PRODUCERS FORUM: A CATALYST FOR CLIMATE AMBITION OR YET ANOTHER DELAYING TACTIC?

## INTRODUCTION

On April 23, 2021, the United States, Canada, Qatar, Norway, and Saudi Arabia, which jointly account for 40 percent of global oil and gas production, announced the creation of a [Net Zero Producers Forum](#) (NZPF) to “develop pragmatic net-zero emission strategies.” Though the initiative was overshadowed by the flurry of announcements made by Heads of Governments at the Leaders Summit on Climate convened by President Biden, the creation of the NZPF is a significant development as it is arguably the first international initiative

bringing together fossil fuel producers to discuss the impact of climate policy on the production of oil and gas directly.

While this tacit recognition by major oil and gas producers that their contribution to the climate crisis can no longer be ignored is an interesting development, the framing of the initiative and its main objectives raise the prospect of the NZPF being a greenwashing tool in service to the oil and gas industry’s interests. Unless the NZPF members align around the need

for a managed and equitable phase-out of fossil fuel production in line with the 1.5°C limit, this forum will only serve as a smokescreen to help prolong the life of fossil fuels assets and ultimately make the global climate crisis worse.

In this piece, we lay out the imperative for countries in the forum to begin winding down their oil and gas production, how the forum’s initial priorities diverge from that, and action steps the forum should focus on to drive meaningful change.



# 1. THE ONLY CLIMATE COMPATIBLE LONG-TERM STRATEGY FOR OIL AND GAS PRODUCERS IS MANAGED DECLINE

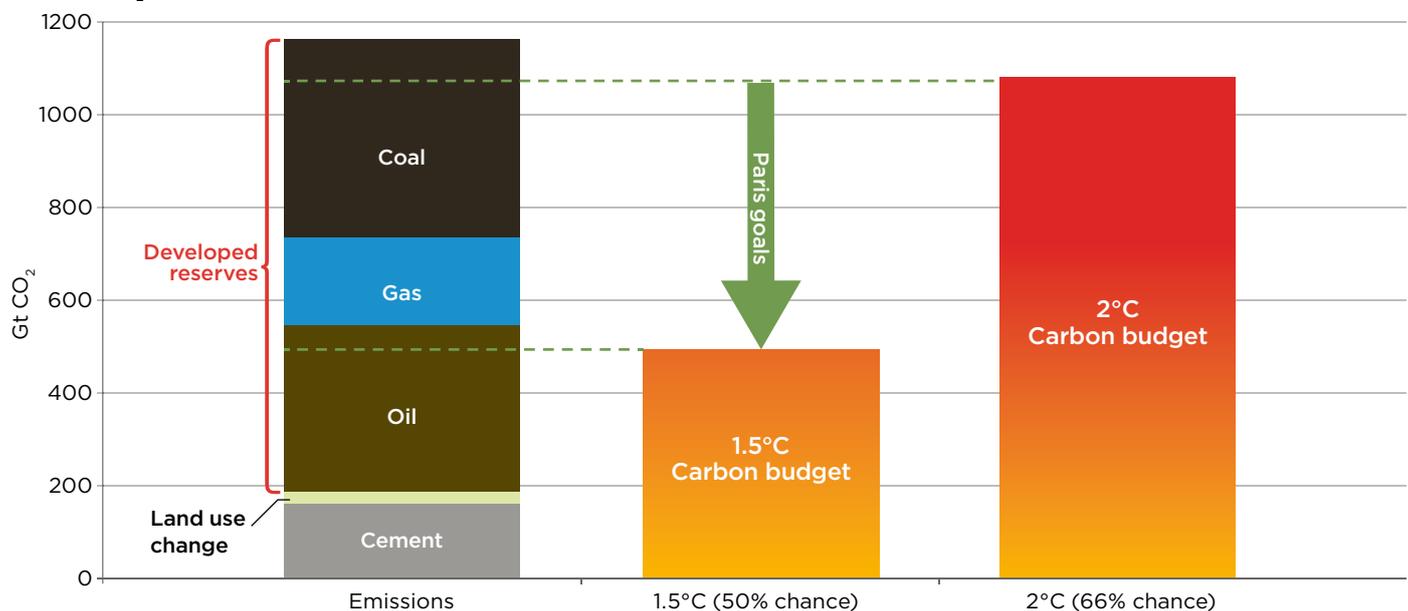
Details on the objectives and modus operandi of the NZPF are scarce, but the language used by its founding members was carefully crafted to avoid any mention of aligning oil and gas production plans with rapidly decreasing carbon budgets as the world works to limit global temperature rise to 1.5°C. As a *Climate Home News* [article](#) highlights, “leaving fossil fuels in the ground is not on the agenda.” This political decision is fundamentally at odds with the growing body of research showing that continued expansion of fossil fuel production is incompatible with mitigating the climate crisis.

[Oil Change International](#) research has shown that even if global coal use were phased out overnight, developed oil and gas reserves would still push the world beyond 1.5°C (Figure 1). Additionally, in its recently published “[Net Zero by 2050](#)” 1.5°C-aligned scenario, the International Energy Agency outlines that reaching net zero emissions globally by 2050 entails that “there are no new oil and gas fields approved for development [...], and no new coal mines or mine extensions” beyond 2021.

In the IEA’s 1.5°C-aligned pathway, ending new fossil fuel exploration and

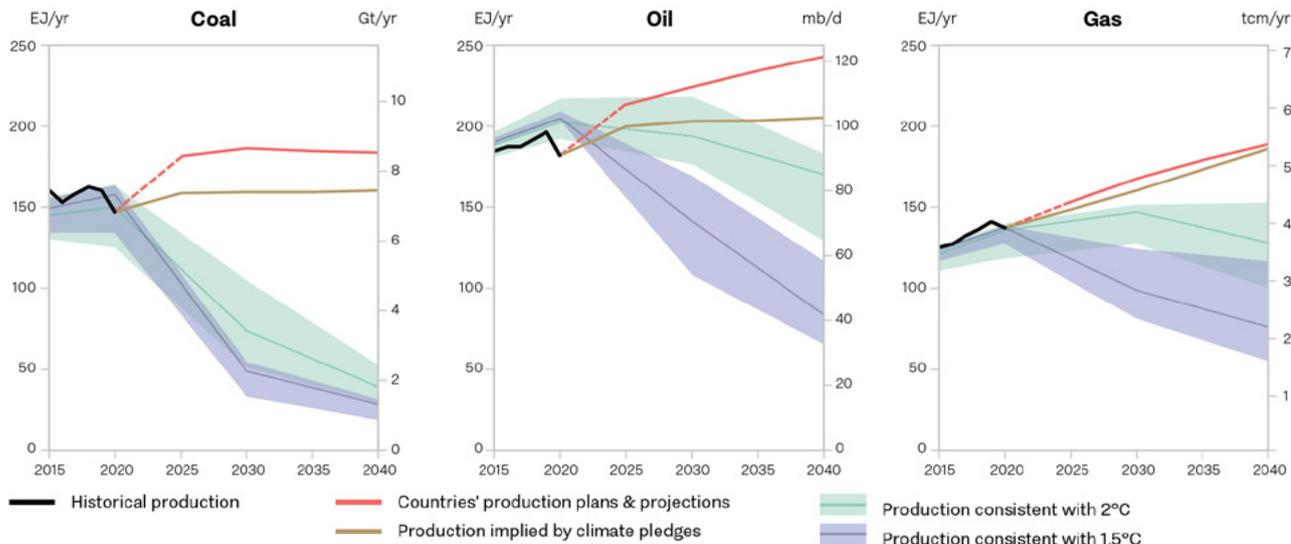
production licenses is in fact one of the very first and immediate milestones the world needs to reach. It is therefore clear that if oil and gas producers are serious about contributing to the goal of reaching net zero emissions by 2050, they need to immediately cease issuing new exploration and production licenses. The NZPF should reflect that reality.

Figure 1: CO<sub>2</sub> emissions from developed global fossil fuel reserves, compared to carbon budgets within range of the Paris goal



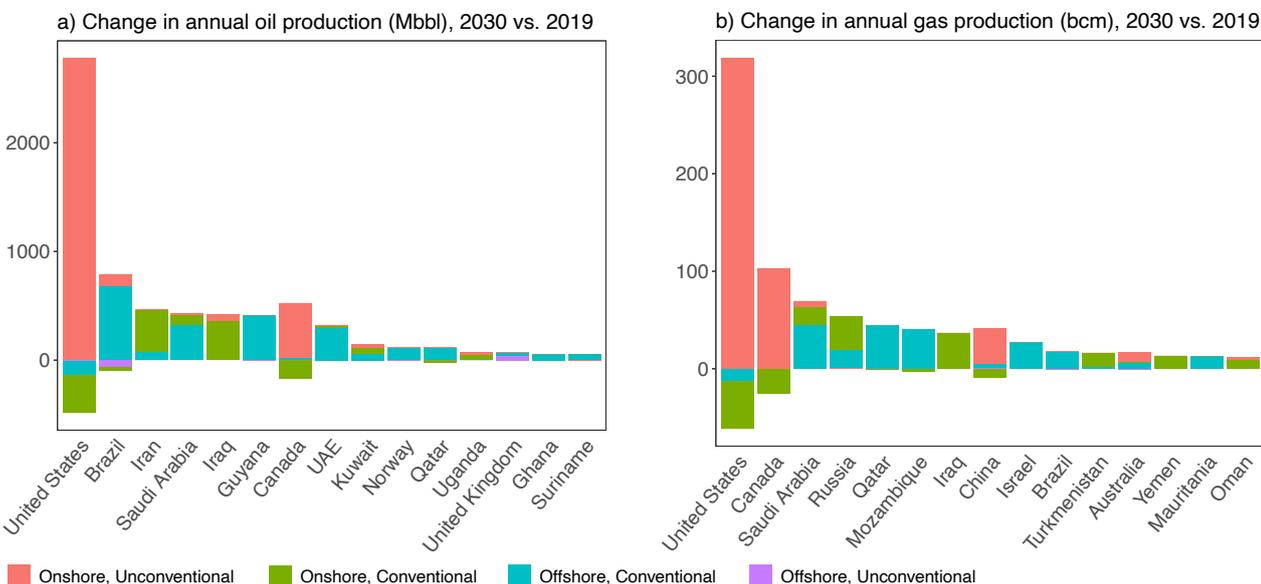
Source: Oil Change International, [Big Oil Reality Check](#), 2020

**Figure 2: Global coal, oil and gas production according to different climate pathways**



Source: SEI, IISD, ODI, E3G, and UNEP, *Production Gap Report*, 2020

**Figure 3: Changes in annual oil and gas production – when comparing 2030 with 2019 – for 15 countries with the largest projected increases by volume, shown by different field types (including from both existing and new fields)**



Source: Stockholm Environment Institute, *Trends in fossil fuel extraction*, 2021

Additionally, the *2020 Production Gap Report* shows that oil production would have to decrease by about 4 percent per year and fossil gas production by about 3 percent per year between 2020 and 2030 to be consistent with a 1.5°C trajectory. Instead, governments are planning to produce 120 percent more fossil fuels than is compatible with that pathway (Figure 2).

The discrepancy between climate objectives and fossil fuel production plans is striking for the founding members of the NZPF, in particular when it comes to expansion plans for fossil gas production. Out of the five members of the NZPF, four are within the global top five countries with the largest planned increases in fossil gas

production over the next decade. All five are among the top 15 countries with the largest planned increases in oil production over the same time period. The United States ranks first in both lists (Figure 3).

In light of the stark disconnect between what global climate goals require and these countries' future production plans it is not clear what the "net zero" part of the Forum's name stands for. The IEA, long a booster of new oil and gas development, is itself now confirming: "net zero" is not a legitimate cover for countries' continued investments in and subsidies for oil and gas production. Unless it explicitly addresses the need to phase out oil and gas production in line with the goals of the Paris

Agreement, the NZPF will not be seen less as a serious effort to respond to the climate crisis but as a move by some of the largest producing countries to preserve their access to a rapidly shrinking global market by branding themselves and their fossil fuel products as "green". As its social license to operate progressively erodes, the global oil and gas industry and supporting governments have employed a variety of tactics to slow down the transition and consolidate power. According to recent research, net zero pledges by the oil and gas industry fit a pattern of delay and obfuscation that the NZPF will play into unless it addresses the fundamental question of how to plan for a just and equitable decline of the industry.

## 2. UNPACKING THE NZPF'S PRIORITIES: PROLONGING THE LIFETIME OF FOSSIL FUEL ASSETS THROUGH RISKY TECHNOLOGICAL SOLUTIONS

While some of the forum's main themes, such as methane abatement and economic diversification, need to be addressed urgently by oil and gas producers and warrant strong global collaboration, there is a risk that the main focus will be on minor technological fixes addressing fugitive emissions rather than accelerating the phase-out of production overall. The process of producing oil and gas accounts for [around 15 percent](#) of the life cycle emissions from oil and gas — the bulk of the climate impact comes when that oil and gas is ultimately burned. The initial focus of the NZPF appears to be on reducing this 15 percent of emissions, rather than taking responsibility for and reducing the total amount of carbon the countries are drilling out of the ground.

This is similar to the obfuscation tactics we see now from many Big Oil and Gas companies. Their climate pledges largely focus on reducing the total emissions per barrel (or carbon intensity) of the oil and gas they extract, rather than reducing overall extraction at the pace the Paris goals require. The oil and gas industry can appear committed to reaching “[net zero emissions](#)” while in fact potentially increasing its absolute level of emissions and/or making CO<sub>2</sub> abatement rest on [unproven and risky negative emissions technologies](#) or on devoting [unsustainable amounts of arable land to planting trees](#) to offset these emissions. In the words of Mike Coffin at Carbon Tracker: [net zero goals don't tell the whole story](#).

The same applies to the Net Zero Producers Forum. [Norway](#) intends to use the NZPF to share its experience “[producing oil and gas with low](#)

[emissions and helping to realize new, important solutions such as capture and storage of CO<sub>2</sub>](#).” The “Circular Carbon Economy” concept has been promoted by Saudi Arabia and its proxies as a marketing tool to maximize the value of the carbon it extracts through carbon capture and storage (CCS), negative emissions, and hydrogen. Chatham House describes it as “[a renewed push for technologies to remove and store CO<sub>2</sub>, and to turn that stored CO<sub>2</sub> into value-added products](#).”

The oil and gas industry as well as fossil fuel-producing nations have long pointed to the promise of CCS deployment as an excuse to delay reducing fossil fuel extraction. However, results have not materialized and are unlikely to do so. Most of the limited CCS pilot projects to date have either [proven costlier and less effective than hoped, or failed](#). CCS projects in operation today have capacity to capture [just 0.01 percent](#) of annual global fossil fuel emissions. A [recent analysis by Bloomberg New Energy Finance](#) found that renewable energy currently offers the least expensive source of new capacity for more than two-thirds of the world's people, with [new renewable energy outcompeting even existing fossil fuel plants](#) in many regions. CCS makes fossil fuels even less competitive by increasing costs and dramatically reducing their efficiency.

Climate researchers at the Tyndall Centre concluded in a [recent report](#) that, based on the current state of the industry, fossil fuel-based CCS is incapable of delivering significant emissions reductions before 2030, a date by which the [IPCC](#) says global CO<sub>2</sub> emissions must be reduced by 45 percent in order to retain a chance

to limit warming to 1.5°C. The Tyndall Center further highlighted that the overwhelming majority of existing and planned CCS capacity is used to extract more oil through a technique called [Enhanced Oil Recovery](#), which leads inexorably to additional greenhouse emissions from the oil and gas produced. As documented in a [recent analysis by the Center for International Environmental Law](#), moreover, CCS would dramatically increase emissions of toxic and hazardous pollutants, and require the buildout of massive new infrastructure for transporting carbon dioxide. Both the impacts of increased emissions and the risks from hazardous CO<sub>2</sub> pipelines would fall disproportionately on low wealth communities and communities of color.

The oil and gas industry is also increasingly pointing to the need for hydrogen development as [a way to justify expanding fossil gas production and infrastructure](#). So-called blue hydrogen, produced with fossil gas coupled with CCS, has been hailed as a growth opportunity. But producing hydrogen using fossil gas is [still dirty](#) and pipelines built for gas cannot switch to pumping hydrogen without expensive retrofits. According to a [report by the industry](#) “less than 0.7 percent of hydrogen production today is from fossil plants equipped with CCS.” In limited circumstances, hydrogen will be a key solution for hard-to-decarbonize sectors, but only if it's green hydrogen produced in a safe and clean way using wind- and solar-powered electricity. The NZPF will be engaging in greenwashing if it touts hydrogen produced through fossil fuels as a “net zero” solution or excuse for continued expansion of production.

# 3. PRINCIPLES TO TURN THE NET ZERO PRODUCERS FORUM INTO A TOOL FOR AMBITIOUS CLIMATE ACTION

Rather than focus its diplomatic energies on technologies to delay and distract from the hard work of planning a phase-out of fossil fuel production, the Net Zero Producers Forum should reverse course and serve as a catalyst for accelerating that phase-out in line with the 1.5°C limit. This would be in line with the proposal made by United States Vice President Kamala Harris during her presidential campaign to convene “a global negotiation of the cooperative managed decline of fossil fuel production.”

For the first meeting of the NZPF in the fall of 2021, we propose the following recommendations to guide the forum’s work. They could fit within the discussion of ‘economic diversification,’ or they may require leadership from participating countries to include more explicitly elsewhere.

❶ **Stop new expansion now** through licensing bans. A number of countries, most recently Denmark,

have already banned new licensing rounds for oil and gas exploration and extraction. Hundreds of civil society organizations have signed the [Lofoten Declaration](#) calling for an end to new fossil fuel development, a move recently supported by [101 Nobel laureates](#).

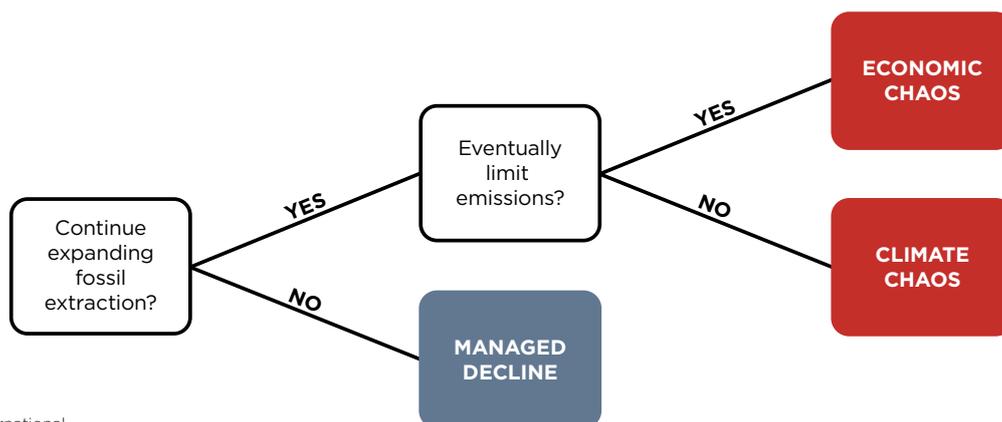
❷ **Agree to an immediate decline of production.** International cooperation will be central to plan a managed decline of fossil fuel production, which must start immediately. Postponing decisions creates the risk of a precipitated and chaotic decline of the industry or climate chaos.

❸ **Recognize the need for wealthy, diversified countries to phase out production fastest.** [Equity](#) dictates that the managed decline of production happens fastest in countries such as the United States, Canada, Norway, and the United Kingdom as they are better able to absorb the costs and impacts of the transition. Such countries should also

support the economic diversification of less wealthy countries that are more reliant on fossil fuel revenues.

- ❹ **Set long-term production decline rates in line with 1.5°C and commit to an explicit end date for oil and gas production.**
- ❺ **Commit to absolute emissions reductions and avoid relying on carbon offsetting or CCS technologies to meet these commitments.**
- ❻ **Support workers and communities affected by the transition.** The transition must be rooted in climate and social justice. The communities whose livelihoods are tied to the oil and gas industry must be supported throughout the transition.
- ❼ **Commit to global transparency and accountability of fossil fuel production plans** so that communities, investors, and countries can hold each other to account for proposed plans and whether they truly meet the global 1.5°C target.

Figure 4:



Source: Oil Change International