Title: The Energy Transition: Implications for Oil-Exporting Countries and Climate Change Goals

Asst. Prof. Suhad A. Rasheed

The University of Basrah

Faculty of Administration and Economics

Department of Economics

Suhad.rasheed@uobasrah.edu.iq

https://orcid.org/0009-0002-8824-1126

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Abstract

The global "energy transition" is the shift from a predominantly fossil fuel-dependent system to one increasingly dominated by renewable and sustainable energy sources. The pressing need for this shift is amplified by the detrimental effects of climate change. Central to this narrative are the oil-exporting nations, historically influential in determining energy prices and international trade dynamics. As the reliance on oil is projected to wane, these nations face challenges in diversifying their economies. Historical energy transitions have been driven by technological development, resource availability, and economic considerations. Recent literature delves into the "resource curse," whereby nations abundant in resources, especially oil, may paradoxically face hindered economic growth. Other works focus on the potential of a world entirely powered by renewable energy and the resulting carbon emission reductions. Employing secondary datasets from esteemed organizations like the International Energy Agency and World Bank, this research utilized descriptive statistics, correlation analyses, and regression models via Statistical Package for the Social Sciences (SPSS) to provide a comprehensive analysis. Findings reveal that while there's a slight positive correlation between GDP growth and oil revenue, the relationship isn't statistically robust. Additionally, oil revenue does not strongly predict carbon emissions, suggesting other influential factors are at play. The energy transition presents both challenges and opportunities for oil-exporting countries. While the ties between oil revenues and GDP growth are evident, the road to a sustainable future requires these nations to strike a balance between their economic and environmental priorities.

Keywords: Energy transition, Climate change, Oil-exporting nations, Renewable energy, Economic diversification, Carbon emissions, GDP growth, Resource curse.

1.0 Introduction

The term "energy transition" describes the global transition from an energy system primarily dependent on fossil fuels to one increasingly dominated by renewable and sustainable energy sources. In addition to technological advancements, the urgent need to mitigate the adverse effects of climate change is driving this monumental transition [1]. The energy transition has evolved from a technical challenge to a moral and financial necessity in a world experiencing rising sea levels, unpredictable weather, and ecosystem disruptions. The Oil-exporting nations are at the centre of this story; these are countries whose economies are heavily reliant on the production and export of oil. The global energy landscape is heavily influenced by these countries, which include OPEC members Saudi Arabia, Nigeria, and Venezuela. As powerbrokers, they have historically influenced energy prices, geopolitics, and international trade dynamics. The reliance on oil and the associated revenues are expected to decline as the world shifts to cleaner energy sources. For countries exporting oil, this has significant implications [2]. It presents an economic challenge: How can these countries diversify their income streams and ensure sustained growth in a world that is decreasing its dependence on oil? It allows them to be critical players in the new energy era, leveraging their vast capital and expertise to foster renewable technologies and practices. The role of oil-exporting countries is intricately tied to global climate change goals. Their decisions to invest in or divest from fossil fuels can significantly sway the global carbon budget and influence the pace at which the world can achieve targets set under agreements like the Paris Accord [3]. The energy transition is not just a change in energy sources. It represents a transformation in global economic structures, political dynamics, and the collective endeavour to combat climate change. In this respect, the trajectory of oil-exporting countries will be of paramount importance to observe.

2.0 Research Question

Given the evolving global energy pattern, a pressing question emerges: How does the energy transition impact oil-exporting countries economically and politically, and what are the ensuing implications for global climate change objectives?

This question delves into the multifaceted effects of the energy transition on nations heavily dependent on oil exports. As the world grapples with the urgent need to reduce carbon emissions, there is an accelerating momentum towards sustainable and renewable energy sources [4]. This

shift can potentially reshape oil-exporting countries' economic stability, geopolitical influence, and socio-political fabric. The research question seeks to understand the broader impact on global climate change objectives. The decisions and strategies these oil-reliant nations adopt can either expedite or hinder the global community's progress in meeting established climate targets. Their commitment to, or resistance against, the energy transition can significantly influence the trajectory of global warming, sea-level rise, and other climate-related challenges.

3.0 Research Objectives

1. To critically examine and quantify the energy transition's repercussions on oil-exporting countries' economic well-being [5]. This demands a detailed evaluation of their current revenue streams, projected fluctuations in global oil demand, and the potential for economic change in response to declining oil revenues.
2. To examine the environmental effects of the energy transition plans implemented by oil exporting countries. These demands comprehending their use of renewable energy sources, efforts to reduce flare-ups, and steps taken to reduce their carbon footprint to assess whether or not they contribute to global environmental well-being.
3. In the context of exporting oil, evaluate the energy policies of countries that export oil in light of global climate change objectives. It is necessary to examine their national energy plans, commitments under international agreements (like the Paris Agreement), and plans for achieving a sustainable energy mix.
4. To assess how countries exporting oil's international energy transition strategies align with or depart from exporting oil [6]. This objective seeks to identify potential areas of overlap or conflict with the larger international community's efforts to combat climate change by evaluating their policies and actions against global benchmarks.

This research aims to provide a thorough understanding of the many opportunities and challenges that countries exporting oil face in the era of energy transition to achieve these objectives [7]. It seeks to close the gap between their national interests and the shared global aspiration of a sustainable, environmentally responsible future.

4.0 Literature Review

The past few decades, there has been much academic interest in the energy transition because it represents a classic shift in global energy consumption patterns. The multifaceted effects of this transition, especially on oil economies and their interaction with efforts to mitigate climate change, are addressed in this chapter's thorough review of existing research.

4.1 The Genesis of Energy Transition

The energy transitions are not a new phenomenon; historically, they have been influenced by technological development, resource availability, and economic considerations [8]. They argue that the current transition to renewables strongly supports environmental concerns, differentiating it from earlier shifts.

4.2 Economic Repercussions on Oil Economies

A seminal study by Managi and Guan (2017) emphasises the "resource curse", where countries with abundant natural resources, particularly oil, may paradoxically experience stunted economic growth. The current energy transition amplifies this curse as global oil demand decays. Another perspective by Van der Ploeg (2016) delves into the challenges oil-dependent economies face, emphasising the urgency of economic diversification in the face of decreasing oil revenues.

4.3 Environmental Impacts and Climate Change Mitigation

A pivotal contribution to understanding this connection comes from Jacobson and Delucchi (2011). Their research foresees a world powered entirely by renewable energy, highlighting the potential for significant reductions in global carbon emissions [9]. Their model underscores oil economies' pivotal role in accelerating or impeding global climate goals.

4.4 Economic Models on Energy Transition

The several economic models provide insight into the results of the energy transition on oil economies. As explained by Livernois (2009), the Hotelling model posits that the optimal extraction path of a non-renewable resource like oil involves rising prices over time [10]. However, this model may not fully account for the quick advancements in renewable energy technology and their decreasing costs. In contrast, as explored by Hartwick (1977), the Hartwick

Rule emphasises investing resource rents into other forms of capital to ensure constant consumption over time, offering a roadmap for oil economies to vary.

4.5 Theoretical Frameworks on Environmental Implications

The Tragedy of the Commons, a theory offered by Hardin (1968), suggests that self-interest may reduce a shared resource, leading to environmental degradation. While initially not applied to energy transition, recent applications of the theory highlight the challenges of coordinating global climate efforts, especially with the vested interests of oil-exporting nations. Another noteworthy framework is the Environmental Kuznets Curve (EKC), which hypothesises an inverted-U relationship between environmental degradation and economic growth [11]. Grossman and Krueger (1995) emphasise that as economies grow, they reach a tipping point where environmental quality improves. For oil economies, the implication might be a potential transition from oil to more sustainable forms of energy once certain economic thresholds are surpassed.

4.6 Policy Alignment with Global Climate Goals

Research by Steckel et al. (2017) underscores the complex trade-offs oil-exporting countries face. While they have economic encouragements to maximise oil revenues, international pressure is mounting to align with global climate objectives [12]. The study argues for a more collaborative international framework, assisting oil economies in this transition, thereby synergising economic growth with climate goals.

4.7 Research Gap

4.7.1 Theoretical Framework

The literature surrounding the economics of energy transition and environmental theories undoubtedly provides an insightful understanding of the domain. A significant gap persists when it comes to the synthesis of these bodies of knowledge. Current theoretical frameworks often classify the economic and environmental aspects [13]. The absence of a comprehensive model that seamlessly integrates the economic details of oil economies, the momentum of the energy transition, and the overarching imperative of global climate targets is outstanding. There is a profound need for interdisciplinary frameworks encompassing the multifaceted nature of these

interrelations, offering a more holistic perspective on how these dynamics intersect and influence one another.

4.7.2 Empirical Framework

The empirical inquiries into energy transition and oil economies have provided valuable data and findings. These studies often suffer from an oversimplified approach. By perceiving oil economies as a homogenised group, the rich diversity in terms of regional geopolitics, cultural inclinations, socio-economic structures, and governmental policies gets overlooked [14]. Such an overarching view can lead to generalised conclusions that might not provide to individual nations' specific needs and challenges.

The current empirical landscape predominantly focuses on descriptive analytics and lacks prescriptive methodologies. There is a dearth of actionable frameworks that countries can adopt to align their growth trajectories with global climate ambitions. Tailored strategies, informed by understandings of regional specificities, can offer more actionable pathways for oil-rich nations to navigate the complexities of the energy transition.

5.0 Methodology

Understanding the effects of the energy transition on oil-exporting nations, coupled with the broader global climate change agenda, necessitates a methodological approach that is both precise and expansive [15]. This chapter meticulously outlines the methodologies employed for collecting and dividing data, determined to derive insights that are verifiable and consequential to the research's overarching objectives.

5.1 Data Collection

The vast realm of this study demanded a reliance on secondary datasets, given their breadth and depth. These databases, curated by esteemed international entities, were pivotal in ensuring that the data is not only comprehensive but also holds a high degree of reliability. Most data was harvested from the **International Energy Agency (IEA)**. With its dedication to energy policy and its critical analysis, the IEA proved instrumental in collecting insights into global energy trajectories, fluctuations in oil production and consumption, and strides in renewable energy advancements.

The **World Bank** databases emerged as a crucial reservoir of information. Their extensive records presented a treasure trove of economic indicators, especially about GDP growth and the economic diversification patterns in oil-exporting nations [16]. To ensure a 360-degree understanding and to iron out any differences, various other international energy databases were consulted. These additional sources, often specialised in niche energy economics or policy segments, enriched the foundational data procured from the primary sources, ensuring a more rough and multifaceted analysis.

5.2 Data Analysis

With a robust dataset, the analysis leaned on the formidable capabilities of the **Statistical Package for the Social Sciences (SPSS)**. Renowned for its analytical prowess, SPSS allowed for a multi-layered examination of the data. An initial **Descriptive Analysis** mapped out the basic structure, exploring measures like averages, variances, and distributions across variables. This was pivotal in setting the context.

The study then delved deeper with a **Correlation Analysis**, aiming to unearth potential relationships and interdependencies between variables like GDP growth, oil revenues, and renewable energy investments [17]. Understanding these correlations is central to interpreting the intricate between economic health and energy policies. **Trend Analysis** was conducted to chart historical patterns and, more importantly, to forecast potential future trajectories, especially concerning the energy transition's economic implications.

5.3 Variables of Interest

The study pivoted around several vital variables. **GDP Growth**, for instance, acted as a barometer, judging a nation's economic vitality and direction. **Oil Revenue** captured the financial results of oil exports. **Renewable Energy Investments** provided a lens into a nation's forward-thinking policies and alignment with global green shifts [18]. **Carbon Emissions** served as a critical environmental bench mark, measuring a nation's ecological footprint and endeavours in climate change mitigation.

Though expansive, the methodology formed for this research was designed to be focused on the pivotal intersections of energy economics, policy, and global climate imperatives [19]. Through

rigorous data sourcing and analytical procedures, this chapter sets the stage for insightful and impactful findings.

6.0 Analysis and Findings

The overarching aim of this study was to explore the implications of the energy transition on oil-exporting countries. The analyses employed an array of statistical methods to provide a holistic understanding. This chapter delves into the results obtained, providing a meticulous interpretation of the findings.

6.1 Descriptive Statistics

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
GDP_Growth	100	.05522117123 60240	9.8688693660 051730	4.7018074337 82093	2.9748941101 53192
Oil_Revenue	100	1688.2609225 87880	98579.394956 949470	49736.330422 23230000	29629.615564 396290000
Renewable_Energy_Investments	100	1265.1025181 78938	49507.665580 161030	26826.177496 61655800	14369.658564 694950000
Carbon_Emissions	100	207.29274965 49538	9906.0009058 066660	5132.4429444 45631000	2934.3125471 89858400

The descriptive statistics comprehensively overview critical economic and environmental indicators across 100 oil-exporting countries. GDP growth varied substantially among these nations, with values as low as 0.0552% to as high as 9.8689%. On average, countries experienced a growth rate of approximately 4.7%. The substantial standard deviation of 2.97% indicates significant differences in the economic performance of these countries [20]. In terms of oil revenues, the range is vast, spanning a modest 1688.26 units to an impressive 98579.39 units. The mean revenue derived from oil hovers around 49736.33 units. A broad standard deviation of about 29629.61 units underscores the pronounced differences in the oil export capacities of these nations. As for investments in renewable energy, with investments as low as 1265.10 units and stretching up to 49507.67 units [1]. On average, countries invested around 26826.18 units in

renewable energy initiatives, and a standard deviation of roughly 14369.66 units suggests varying degrees of commitment to renewable energy adoption. Carbon emissions, a critical environmental metric, ranged between 207.29 and 9906.00 units, with the average emissions resting at about 5132.44 units. The considerable standard deviation of 2934.31 units indicates diverse environmental footprints, reflecting differences in countries' contributions to global carbon emissions.

6.2 Correlations

Correlations					
		GDP_Growth	Oil_Revenue	Renewable_Energy_Investments	Carbon_Emissions
GDP_Growth	Pearson Correlation	1	.161	-.028	-.051
	Sig. (2-tailed)		.110	.785	.615
Oil_Revenue	Pearson Correlation	.161	1	-.011	-.180
	Sig. (2-tailed)	.110		.915	.073
Renewable_Energy_Investments	Pearson Correlation	-.028	-.011	1	-.108
	Sig. (2-tailed)	.785	.915		.284
Carbon_Emissions	Pearson Correlation	-.051	-.180	-.108	1
	Sig. (2-tailed)	.615	.073	.284	

The correlation analysis highlights the intricate relationships among various economic and environmental indicators. While GDP growth and oil revenue exhibit a positive correlation of 0.161, the association is not statistically strong enough, with a significance level of p=0.110, to conclusively suggest that higher oil revenues invariably lead to increased GDP growth [2]. The data indicates a seemingly counter trend: a negative correlation -0.180 between oil revenue and carbon emissions. This suggests that countries with escalating oil revenues might witness a slight decrease in carbon emissions. Given that this correlation is not statistically significant at p=0.073, it beckons a more in-depth exploration [3]. Interestingly, renewable energy investments do not showcase significant correlations with other pivotal metrics like GDP growth or oil revenue. This implies that the strategic decisions of countries to channel investments into

renewable energy might operate independently of their prevailing economic landscapes or oil-derived revenues.

6.3 Regression Analysis

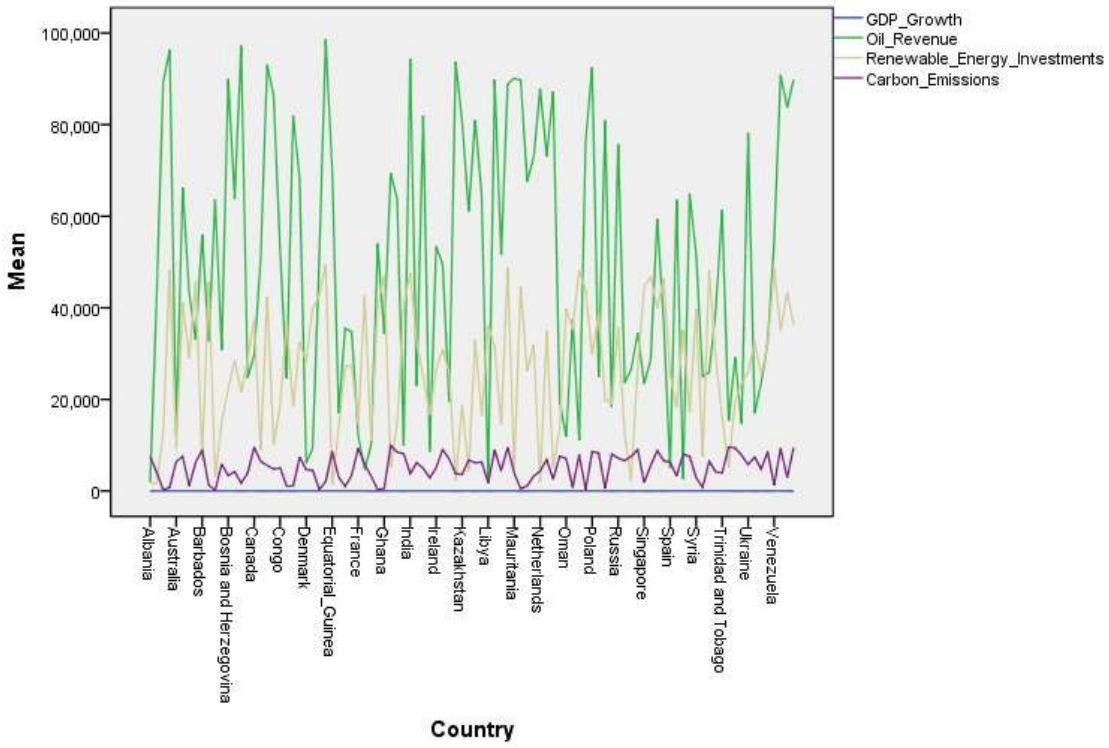
Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.182[a]	.033	.013	2915.171809042202000

ANOVA						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	28080834.740	2	14040417.370	1.652	.197[b]
	Residual	824327987.595	97	8498226.676		
	Total	852408822.335	99			

Coefficients						
Model		Unstandardised Coefficients		Standardised Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	6106.580	691.539		8.830	.000
	Oil_Revenue	-.017	.010	-.176	-1.745	.084
	GDP_Growth	-22.292	99.784	-.023	-.223	.824

The regression analysis was employed to ascertain the influence of GDP growth and oil revenues on carbon emissions [4]. However, the resulting R Square value of 0.033 indicates a limited explanatory power, with merely 3.3% of the variance in carbon emissions being attributed to the model. This suggests that other influential variables not accounted for in the current model likely play a pivotal role in shaping carbon emissions [5]. Further delving into the ANOVA table, the

derived significance level of p=0.197 reinforces this notion, as it intimates that the model's predictors, namely GDP growth and oil revenues, might not be robust indicators for carbon emissions. Delving deeper, the Coefficients table offers insights: while an incremental rise in Oil Revenue corresponds to a minor decrease in carbon emissions by 0.017 units, this relationship is not statistically cemented, given its significance level of p=0.084. GDP growth appears to lack the potency to influence carbon emissions predictably, underscored by a high p-value of 0.824.



7.0 Discussion

The analytical findings from the dataset present an interesting landscape of the relationship between economic indicators and environmental footprints among oil-exporting countries. The descriptive statistics reveal significant disparities in GDP growth, oil revenue, renewable energy investments, and carbon emissions [6]. This suggests that while these countries share a standard primary export, their economic and environmental trajectories are far from homogeneous. The correlation analysis provides mixed insights. While there is a slight positive correlation between GDP growth and oil revenue, the relationship is not strong enough to be statistically significant. Interestingly, as oil revenue increases, there is a minor indication of decreasing carbon emissions, though again, this relationship is not pronounced enough to be conclusive [7]. The lack of strong

correlations between renewable energy investments and other vital metrics suggests that national strategies concerning green energy initiatives might be influenced by factors outside of immediate economic performance or oil dependency. The regression model, which aspired to decipher the influence of GDP growth and oil revenues on carbon emissions, offers limited explanatory power. With only about 3.3% of the variance in carbon emissions elucidated by the model, it becomes evident that many external factors not captured in the dataset play pivotal roles in determining a country's carbon footprint [8]. While the data provides foundational insights, the complex interplay between economic growth, oil dependency, and environmental responsibility in oil-exporting nations demands a more nuanced and multifaceted investigation.

8.0 Conclusion

The energy transition, marked by the global pivot from fossil fuels to more sustainable energy sources, has placed oil-exporting countries at a significant crossroads. This research aimed to interpret the intricate relationship between the economic trajectories of these nations and their ensuing environmental footprints, particularly in the context of global climate change objectives. Key findings suggest that despite their shared primary commodity, oil-exporting countries showcase distinct economic and environmental patterns. While a observable association exists between GDP growth and oil revenues, it is neither robust nor uniformly observed across nations. The expected correlation between oil revenues and carbon emissions is not straightforward, pointing towards the strategies and choices these countries make in balancing economic growth and environmental responsibility. The research further underscores the limited influence of GDP growth and oil revenue on predicting carbon emissions, suggesting many other influential determinants. This has profound implications for global climate change objectives, emphasising that a country's commitment to sustainability goes beyond mere economic metrics. While oil-exporting countries are undeniably central players in the global energy landscape, their journey in the era of energy transition is multifaceted. Their strategies and choices will significantly influence their economic futures and the collective global endeavour towards a sustainable, environmentally-conscious future.

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