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BRENT OIL

64.33 \$/BL

GASOLINE

7.13 ₺/LT

USD/TRY

7.78

DIESEL

6.49 ₺/LT

EUR/TRY

9.34

FUEL OIL

5.22

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What Does the New OECD Chief Mean for Climate Action?

Selin Kumbaracı 

On Friday, March 12th, the Australian candidate for OECD Secretary-General, Mathias Cormann, was selected for the role, beating the Swedish candidate and former EU Trade Commissioner, Cecilia Malmström.

The choice between the two, while controversial in other aspects as well, has especially drawn attention due to how Cormann's record on climate action is not the most reassuring.

The OECD can be characterized as a sort of think tank—informing, influencing, and setting standards—when it comes to developing policies on complex international issues. While one of the organization's key areas of focus is tax policy, particularly the hotly debated issue of the digital tax, climate change is also a major area of concern for the bloc's members.

As such, it is particularly Cormann's record as Australian finance minister, spanning from 2013 to 2020, that has drawn the most attention in this area. The Abbott government, which Cormann was a part of, struck down Australia's carbon pricing scheme and did not take effective measures in reducing emissions, such as the setting of a targeted net-zero emissions date.

It is furthermore argued that statements Cormann has made himself, not just the responsibility he can be seen as bearing as a member of the Abbott government, also shows

his not being fit for the position of OECD chief, especially at a time when a large number of the OECD's member countries are moving towards carbon neutrality.

Indeed, Cormann expressed his support for the repeal of the law regarding Australia's carbon pricing by saying that the Australian emissions trading scheme was, "an act of economic self-harm which does nothing to help reduce global emissions," in addition to labeling carbon pricing as a, "very expensive hoax." No other regulatory framework has been put into place, though, in order to act as a replacement for the carbon price.

While Cormann has stated that he would, "work with member countries and partner organizations to deploy every policy and analytical capability available through the OECD to help economies around the world achieve global net-zero emissions by 2050," if selected for the position, his past positions raise some questions regarding his current stance.

Moreover, the selection of an Australian candidate, broadly speaking, is somewhat controversial due to how the OECD has directed criticism toward Australia as a result of its insufficient action when it comes to climate change.

Additionally, given the way in which European countries—which mostly have ambitious climate goals—constitute a significant part of the OECD members, Australia getting this important role has also been questioned.



The opposition does not come from just one source. A coalition of different groups and individuals had written an open letter to the OECD, detailing the shortcomings of Cormann, in terms of his ability, or lack thereof, to act as an effective champion of ambitious climate policy.

A statement he had made regarding climate action as Finance Minister was also included in the letter as a point of objection. The specific example was how, "in May 2017 Mr. Cormann described commercial banks placing lending restrictions on coal as 'very, very disappointing,'" to showcase an instance when Cormann also expressed opposition toward climate action by other actors, not just the government.

This letter, highlighting his unsuitability for the position, was signed by 29 experts and activist groups, ranging from the heads of Greenpeace International to the Dean of the Fletcher School at Tufts University.

There is also opposition from more domestically based sources as well, such as the leader of the Australian Greens, Adam Bandt, who had written a letter to the ambassadors of those nations in the OECD that had a vote on who would take on the role of Secretary-General. Bandt, among other things, has criticized

Cormann for his role in the Morrison government, where there was a push for a "gas-led recovery."

As highlighted by British Shadow Secretary of State for International Trade, Emily Thornberry, the significance of the OECD related both to its work in supporting less developed countries in taking the necessary climate mitigation and adaptation measures as well as supplying the economic expertise to set up "effective carbon markets and green investment banks." As such, Cormann's past positions on issues such as carbon pricing, emissions trading, and investment in fossil fuels become more of a concern when taken in this light.

In the end, however, regardless of the different groups, experts, and politicians that have expressed their opposition to Cormann's selection, he nonetheless has been chosen to head the OECD. Thus, in terms of what to expect from the OECD in the next five years of Cormann's time as Secretary-General can best be summed up in his words, where he has seen the role of the organization as assisting in identifying, "market-based (...) solutions which maximize reduction outcomes in a way that preserves energy affordability and is economically responsible."

Carbon Geopolitics

Bariş Sanlı 

Climate change requires actions on multiple fronts. Government, finance, technology, innovation, law, insurance... You name it, and it should be ready for the crisis. This is a prevalent idea we hear in social media. But if this is a real crisis, it needs prioritization. The divergence of actionable areas lowers the concentration for successful actions. I believe climate change is an engineering problem at its heart. Finance will enable the engineering solutions, and the government should support these two.

Last week, US Climate Envoy John Kerry visited European capitals and talked about the upcoming COP26. There are lots of expectations from the new US administration, and obviously, it will be harder to fulfill these expectations as more action plans are revealed. One of the very interesting talks

was about CBAM - carbon border adjustment mechanisms. Kerry politely rejected some part of the EU proposals, but it is interesting how the EU thinks about its carbon mechanisms.

From the EU's perspective, the internal carbon market and mechanisms are fantastic creations. The word does not belong to me; that is their definition. They have so much belief in their carbon market that they believe California, China, the US, and any carbon pricing should follow European footsteps. That is not the bigger issue. The big problem is whether taxation will solve the climate crisis.

In Turkey, the tax on diesel and gasoline is around 50%. What if we renamed it as the carbon tax and directed all income to green projects. Will it stop gasoline consumption or stop





fossil cars? Unfortunately, the tax couldn't stop the demand for fossil fuels. It may dampen the growth a little bit. Therefore we call these financial measures complementary measures.

CBAM is aiming to stop leakage in the EU market. The argument is simple, should you decarbonize by transforming your sectors or importing services that these sectors provide? Border adjustments are not without merit. They may work. But not in the world of free allowances. If there will be free allowances in parallel with such policies, it may disturb trade differently. China can hand free allowances to its certain industries and put a custom price to protect its market.

EU market, in that sense, can stop leakage. But compared to the cost advantages of foreign countries, the barrier should be quite high.

China is also running its carbon market. It will be the largest globally, and it may include some ASEAN countries in the future, too. It may tweak its custom rules and calculations for a better creative market setting with such a gross market. On the other hand, India is already complaining about high oil prices, and there are political issues to be settled.

So Europe has the perfect carbon market, and now a carbon border mechanism is expected. The US wants to move forward, but taxing is a very big political issue to implement. The divergence of local politics makes it harder to settle. China's market size may dwarf all the carbon efforts around the world. VAT in Saudi Arabia already caused inflation. For the rest of the MENA, more taxes are not easy to work with. India is very sensitive to high energy and agriculture prices. And Africa should be exempted from all kinds of taxes?

The arithmetics of carbon taxing and pricing is also complicated. With more creative maths from the finance side, the targets are already reached, or targets are just junk promises to be sorted out by the genius accountants. The sensible thing is to look at this emergency as an engineering problem and act accordingly. Otherwise, we will sign documents, promise pledges, create certificates, have activist board members, implement international barriers, tax the producers, and hence consume more, but emissions will not slow a bit.

Documentary Review: Brave Blue World

Başak Bozoğlu 

Climate problems have been increasing day by day; therefore, scientists and environmentalists highlight that humanity should take precautions before being too late. Each world resource has a massive contribution to the unique order of the world in itself. However, water may be the most fundamental element for almost all living species lives. Campaigns are being held, politicians are trying to sign international agreements, we personally talk about our responsibilities, but the truth is that millions of children and adults die from water problems each year. UN estimated that 1.8 million people would be living in the water-stress territory by 2025. Netflix's latest documentary Brave Blue World takes the water issue from a different perspective.

My previous documentary reviews were about renewable energy, state-based international agreements, political decisions, and individual actions to

contribute to reducing environmental breakdown. The distinguishing feature of this documentary is that not focusing on water problems, neither individual nor global aspect. It approaches the water issue as a local environment by talking about the most fundamental problem, sanitation. When we look at the issue from a local aspect, there are various examples of developing countries' solution. In 2019, a million children a year under the age of five died because of lack of access to safe water.

When the documentary looked at the topic from a local point, the solutions become very simple. When the aim is focusing on locally appropriate alternatives, the intention is to find global problems to local solutions, which should be safer, cost-effective, and more environment friendly. Therefore, each solution proposal is developed with simple but effective methods for the problem of that region.

It can be a simple machine to imitate nature called biomimicry. Moreover, it can be a system to deliver the filtered water, or it can be a solution to turn wastewater into an energy that can be used instead of coal. These are the solutions that foundations or local residents try to apply their specific region. All these examples are strikingly featured in the documentary.

Safe water and sanitation do not only about developing countries problem, but it is also a problem that requires a solution in developed countries. However, local problems are not only issues that need to be solved through individuals or foundations, brands can also take them. In Mexico, the world's leading cosmetics brand uses the concept of the dry factory to reduce wastewater. The dry factory is a new concept to deal with water pollution, reducing water waste, and reducing water needs. Dry factory as a term used for consumption of



products and human consumption that depends on water consumption only depends on human needs such as coffee water or the water in the industrial processes. 100% of the water usage provided by city water, but 100% of the water needs for an industrial process is covered by the reuse of the treated and recycled water. Especially, many companies around the world establish their factories in different corners of the world for various reasons such as inexpensive labor and cheap raw materials. However, factories established in regions with water shortages such as Mexico have extra negative effects on the region's water problem. Dry factories can be established and operated in the whole world, but it takes time, money, and determination. However, when companies prioritize water scarcity regions, it reduces the negative impact

on the area where already have serious problems. This factory structure that emerged with Mexico continued with Spain, Russia, and Italy. Establishment and operation in a dry factory can reduce the global water consumption in manufacturing, which is spent in production and cannot be reused by 90%. Not only cosmetic brands but also dyeing, chemical, textile, and other factories can apply the process of reducing and reuse water consumption and become industrial environment friendly. In the local areas, water efficiency is not enough to solve the water waste problem; it should reduce the water that they cannot reuse, reduce water requirements, recycle water, and then it is necessary to perform these steps over and over again.

Climate change, renewable energy, and

water crisis problems are fundamental and crucial topics in today's world. In the previous few decades, even though the world has grown worse as climate problems, there has been just as much progress in technology and information dissemination. In this context, countries that even do not have internet, developing and developed countries that have opportunities but have not been able to restrict water use, also have the same problem at the end of the day. The contents we read and watch on this subject generally offer us solutions with high budgets and at the level of governments. However, in this documentary, we see various solution examples in different budgets from different corners of the world; therefore, it can be beneficial to gain inspiration from different directions.

Air Pollution in Serbia

Mihael Gubas



The air in some cities in Serbia, such as Kragujevac and Valjevo, and especially Belgrade, has been rated among the worst in the world in recent years. News on this topic, as a rule, is related to data on the financial damage caused by pollution, which is mostly converted into health consequences and increased, the so-called. "Premature death." The fact that the perspective by which activists call on the ruling party to change something is precisely financial, and not health, social or environmental, testifies to the fact that these topics have not yet taken their place on the lists of priorities that actually belong to them. It also means that political awareness on pollution and ecology is still underdeveloped, and omissions in the methodology - such as the fact that individual stations for measuring harmful particles in the atmosphere work only occasionally, instead of continuously - tolerate more than any individual or environmental and health organizations wanted. Such a firm adherence to the logic of full

financialization and commodification of everything around us means that ideas like the green transition and a society that does not produce greenhouse gases are still too abstract in Balkan countries.

We tend to characterize such shortcomings as the result of our industries' dependence on foreign capital, weak and failed local industries, and often the consequences of transitional "brain drain" or, to a lesser extent, lack of political will and intent. And all this is true, and certainly most of the problems, but while dealing with causes and analyzes, we rarely think of potential solutions along the way because the causes of problems are so complex that to solve them seems to require a consensus of the whole society whose conflicts they just disable any consensus.

In Serbia, these problems are particularly transparent, as it is a country large enough to have

certain industrial advantages over its neighbors. For example, higher population density (in the regional context: Serbia has 111 inhabitants per square kilometer, Croatia 75, and BiH allegedly 68) requires better, i.e., systemic or public heating solutions for households, which is solved by thermal power plants. Public transport still consumes fossil fuels, and it goes without saying that commuting (and on longer distances) will require private transport - old cars that are extremely polluting and that the industry is more developed than in the surrounding countries - but they are not investments have been made in clean air filters, so this type of pollution is also higher. Also, rural areas of the country have a slightly denser average population than the surrounding countries, and heating in such areas is usually on wood. And while urban polluters are recognized as undoubtedly the causes of pollution, rural - wood heating, the so-called "Biomass" - are actually included in renewable energy sources. It's an



old elegant trick to make countries statistically appear cleaner than they actually are.

The level of pollution in Serbia is extremely dangerous to health, especially during the global pandemic that attacks the lungs. Solutions are planned by industrial filters and other methods from the end of the twentieth century, and no serious strategies exist. Mediocre politicians offer outdated solutions as new, and even the line minister (for ecology) is pessimistic. The president, in whose image all the political power of Serbia is embodied, is waging war with the media, again in tears, presenting himself as a victim of non-existent foreign interests. That is, even if there are foreign interests there, and even if they go against the president himself, they certainly go in favor of the population.

The weak purchasing power of citizens reduces the chances for successful and environmentally efficient

replacement of the vehicle fleet even in richer countries, and in Serbia, this is not even talked about at the level of public subsidies. But to say the least, in the absence of the auto industry, the profits of the transport transition will not be retained in the country either. Solar panels on the roofs of houses, technology are still expensive for individual households and thus unavailable, and there are no systematic discussions about replacing thermal power plants with anything other than hydroelectric power plants. And hydropower plants have already reached the list of factors that further destroy the environment.

The situation described in Serbia is really no better in neighboring countries either. And Although the problems are common, the disintegration of the common state has destroyed the common market, thus weakening each of the Balkan countries. Since ecology is a system of connected vessels, it seems obvious that solutions must be the same. Each of these countries

separately has no chance to fully implement the green transition that will make our region free of vassal relations with the capital of Western European countries, but together they have all the comparative advantages for which capital enters the Balkans. Only, while politicians of all our countries are dealing with their positions and seats, while crying to the media about the weight of the head that bears the crown, the "price" of pollution comes per population, and the remediation time is practically over. The common market for new - green - technologies is the only currently available chance for these countries to improve the health and socio-economic picture of the population of the ex-Yugoslav countries. And, since it does not go otherwise, perhaps the cultural break and taboo of similarity and withered "brotherhood and unity" should be "financialized" and presented as a necessary economic measure of green transition and a clean environment.

Future of Global LNG Trade: A Possible Turkish Impact

Onurcan Mısır



Global trade of LNG has been on the rise for many years. Events such as the discoveries of shale gas in the US and technological developments in LNG storage and transportation have facilitated the global LNG market's transformation from oligopolies to being a much more competitive market with new participants. In line with these developments, Turkey has been thriving in the regional LNG trade with its neighbors and building infrastructure to make further trade possible. It has also intensified its efforts to search for LNG in its territorial waters. A potential Turkish influence on the growing LNG market seems closer than ever if Turkey manages to pursue the right policies, especially in trade.

Developments in the know-how of LNG transportation technologies such as liquefaction, regasification, and

reverse flow pipelines have established the foundation of an increasing LNG trade. Many coastal countries have intensified their efforts to build LNG terminals to regasify the LNG shipped in by tankers from the production zones. These terminals, when connected to a natural gas trading hub, first of which was established in Britain in 1999 and spread throughout Europe, help to achieve a more flexible price mechanism by pacing up the energy trade. In Ukraine, a country facing complicated economic and political relations with Russia, import from Europe is now a reality with the recently developed technology of reverse flow pipelines. While this rapid evolution of technology impacted the nature of the global LNG market, the shale boom in the US that took place at the beginning of the century suggested that more participants would begin to

be a part of the equilibrium. The US overtook Russia as the world's biggest LNG producer in 2011 and initiated worldwide LNG exports to South America, Europe, Asia, and even the Middle East, previously known as the leading exporter of global energy trade. It can easily be argued that the global LNG trade is becoming freer, for these developments in technological issues and discoveries are clearly a danger for monopolies. These events found their reflections in the figures: In 2020, even when the COVID-19 pandemic negatively hit many sectors that relied on global trade, global LNG trade has increased to 360 million tonnes. According to Shell LNG Outlook 2021, global demand for LNG is expected to almost double by 2040. In short, global LNG trade will possibly become more competitive while expanding.



Turkey, on the other hand, holding an important key to ease LNG trade both in its region and globally, has many opportunities to benefit from it. It has two straits that separate Europe from Asia, which are crucial in the transportation of all kinds of commodities between the East and the West. It is the only country to own four different LNG terminals in its region. Marmara Ereğlisi LNG Terminal with a capacity of 5.9 million tonnes and the Aliaga Egegaz LNG Terminal with 4.4 million tonnes of capacity per annum are most likely to serve as essential strongholds in a possible Turkish move to act as an 'Energy Trade Hub.' With these infrastructure investments and its geographical features, Turkey can become one of the most important countries in the growing LNG trade. The latest resolution to establish the 'Energy Exchange Istanbul (EXIST)'

under Borsa Istanbul (BIST) will undoubtedly result in the creation of a more competitive and flexible price mechanism which is critical in achieving an attractiveness to gain foreign investors and energy traders both from the supply and demand sides. All of these conditions and achievements in Turkey demonstrate a parallel to the establishment process of the Title Transfer Facility in the Netherlands. Having invested primarily in infrastructure and pipelines, the Netherlands was able to coordinate the LNG trade first with its neighbors in the Benelux, then with Europe, and lastly with the world as a whole when the liberalization of the market began. Turkish economy and energy markets would perform perhaps even better than the TTF example since Turkey stands between two major continents and has the opportunity to influence

its neighbors both economically and diplomatically.

Therefore, it is clear that Turkey can benefit significantly from acting as an 'Energy Trade Hub' in its region. The globalizing nature of the LNG trade can contribute to the Turkish economy. Turkey can use its already present infrastructure to establish mechanisms that will contribute to LNG's more competitive pricing, making the whole trade more accessible and more beneficial to every part of the equilibrium. Under these circumstances, it would not be an exaggeration to argue that the Turkish impact is imminent to be one of the biggest trendsetters of the Eurasian and global energy trade.



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