

## Like Big Tobacco, Big Energy Targets the Developing World for Future Profits

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In the 1980s, encountering regulatory restrictions and public resistance to smoking in the United States, the giant tobacco companies came up with a particularly effective strategy for sustaining their profit levels: sell more cigarettes in the developing world, where demand was strong and anti-tobacco regulation weak or nonexistent. Now, the giant energy companies are taking a page from Big Tobacco's playbook. As concern over climate change begins to lower the demand for fossil fuels in the United States and Europe, they are accelerating their sales to developing nations, where demand is strong and climate-control measures weak or nonexistent. That this will produce a colossal increase in climate-altering carbon emissions troubles them no more than the global spurt in smoking-related illnesses troubled the tobacco companies.

The tobacco industry's shift from rich, developed nations to low- and middle-income countries has been well documented. "With tobacco use declining in wealthier countries, tobacco companies are spending tens of billions of dollars a year on advertising, marketing, and sponsorship, much of it to increase sales in... developing countries," the *New York Times* [noted](#) in a 2008 editorial. To boost their sales, outfits like Philip Morris International and British American Tobacco also brought their legal and financial clout to bear to [block](#) the implementation of anti-smoking regulations in such places. "They're using litigation to threaten low- and middle-income countries," Dr. Douglas Bettcher, head of the Tobacco Free Initiative of the World Health Organization (WHO), [told](#) the *Times*.

The fossil fuel companies — producers of oil, coal, and natural gas — are similarly expanding their operations in low- and middle-income countries where ensuring the growth of energy supplies is considered more critical than preventing climate catastrophe. "There is a clear long-run shift in energy growth from the OECD [Organization for Economic Cooperation and Development, the club of rich nations] to the non-OECD," oil giant BP noted in its [Energy Outlook report](#) for 2014. "Virtually all (95%) of the projected growth [in energy consumption] is in the non-OECD," it added, using the polite new term for what used to be called the Third World.

As in the case of cigarette sales, the stepped-up delivery of fossil fuels to developing countries is doubly harmful. Their targeting by Big Tobacco has produced a sharp rise in smoking-related illnesses among the poor in places where health systems are particularly ill equipped for those in need. "If current trends continue," the WHO [reported](#) in 2011, "by 2030 tobacco will kill more than 8 million people worldwide each year, with 80% of these premature deaths among people living in low- and middle-income countries." In a similar fashion, an increase in carbon sales to such nations will help produce more intense storms and longer, more devastating droughts in places that are least prepared to withstand or

cope with climate change's perils.

The energy industry's growing emphasis on sales to these particularly vulnerable lands is evident in the strategic planning of ExxonMobil, the largest privately owned oil company. "By 2040, the world's population is projected to grow to approximately 8.8 billion people," Exxon [noted](#) in its 2013 financial report to stockholders. "As economies and populations grow, and living standards improve for billions of people, the need for energy will continue to rise... This demand increase is expected to be concentrated in developing countries."

This assessment, explained Exxon CEO Rex Tillerson, will govern the company's marketing plans in the years ahead. "The global business environment continues to provide a mix of challenges and opportunities," he [told](#) financial analysts at the New York Stock Exchange in March 2013. While the demand for energy in the developed economies "remains relatively flat," he noted, "energy demand for the economies of the non-OECD countries is expected to grow about 65% to support anticipated growth."

In recognition of this trend, Exxon has undertaken a wide variety of initiatives intended to boost its sales capacity in China, Southeast Asia, and other rapidly developing areas. In Singapore, for example, the company is [expanding](#) a refinery and petrochemical facility that make up its "largest integrated manufacturing site in the world." The refinery is being modified to produce more diesel, so as to better service the growing fleets of trucks, buses, and other heavy vehicles in the region. Meanwhile, the hydrocarbon processing facility at the chemical plant is being doubled to meet the rising demand for petrochemicals used in making plastics and other consumer goods, especially in China. ("China alone is expected to represent over half of global demand growth" for these products, Tillerson [observed](#) last year.)

To promote its products in China, Exxon has established a "[strategic alliance](#)" with the China Petroleum and Chemical Corporation (Sinopec), one of China's state-owned energy giants. A key goal of the alliance is the establishment of an "integrated world-scale refinery and petrochemical complex" in eastern China which, Exxon officials [noted](#), is to "become a major marketer of petrochemicals throughout China and petroleum products throughout Fujian Province." A major component of this joint effort, [the Fujian Refining and Ethylene Integrated Project](#), came on line in September 2009.

✘ Exxon is also expanding its capacity to supply liquefied natural gas (LNG) to Asia. In partnership with Qatar Petroleum, it has [built](#) the world's largest LNG export facility at Ras Laffan in Qatar and is building a mammoth LNG operation in Papua New Guinea. This \$19 billion project, which began operation in April, includes a [430-mile pipeline](#) to deliver gas from the island's interior highlands to an export terminal near Port Moresby, the capital. "The project is optimally located to serve growing Asia markets where LNG demand is expected to rise by approximately 165% between 2010 and 2025," [said](#) Neil W. Duffin, president of ExxonMobil Development Company.

Next on the company's agenda is a plan to draw on the natural gas being [extracted](#) in ever greater quantities from domestic shale formations in the United States via hydro-fracking and convert it into LNG for export to Asia. Although various American politicians have been pushing the strategic export of such supplies to Europe to "[rescue](#)" that continent from its reliance on Russian gas, Exxon has other ideas. It sees Asia, where gas prices are higher, as the natural market for its LNG — and U.S. foreign policy be damned. "By exporting natural

gas,” Tillerson [told](#) the Asia Society in June 2013, “the United States could shore up the energy security of Asian allies and trading partners and stimulate investment in American domestic production.”

### **Big Energy’s “Humanitarian” Mission**

In promoting such policies, Exxon’s executives are careful to acknowledge that growing concerns over climate change are generating increased resistance to fossil fuel consumption in Europe and other First World areas. When it comes to the rest of the planet, however, such concerns, they claim, should be outweighed by a “humanitarian” impulse to provide cheap fossil energy to poor people. Drawing on the arguments of Danish environmental renegade [Bjørn Lomborg](#), author of *The Skeptical Environmentalist*, they argue that tending to the needs of the poor constitutes a greater priority than curbing global warming. “We must also recognize that there is a humanitarian imperative to meeting these growing global energy needs,” Tillerson typically [asserted](#) in 2013.

Asked why global warming shouldn’t be of greater concern, the Exxon CEO parroted Lomborg’s anti-environmental perspective. “I think there are much more pressing priorities that we... need to deal with,” Tillerson [told](#) the Council on Foreign Relations in June 2012. “There are still hundreds of millions, billions of people living in abject poverty around the world. They need electricity... They need fuel to cook their food on that’s not animal dung... They’d love to burn fossil fuels because their quality of life would rise immeasurably, and their quality of health and the health of their children and their future would rise immeasurably. You’d save millions upon millions of lives by making fossil fuels more available to a lot of the part of the world that doesn’t have it.”

Although the leaders of the other giant energy firms, including BP, Chevron, and Royal Dutch Shell, are less outspoken than Tillerson, they are pursuing a similar marketing strategy. “Demand growth [for petroleum products] comes exclusively from rapidly growing non-OECD economies,” BP noted in its recent report on the global energy outlook. “China, India, and the Middle East account for nearly all of the net global increase.” Like ExxonMobil, BP and the others are hard at work expanding their capacity to sell fossil fuels in these growing markets.

Nor are only the oil and gas companies pursuing this strategy. So is Big Coal. With coal demand declining in the U.S., thanks to the growing availability of low-cost natural gas generated by fracking, the coal firms are shipping ever more of their American output to Asia, which will contribute significantly to increasingly the carbon emissions there. According to the Energy Information Administration (EIA) of the Department of Energy, U.S. coal exports to China [rose](#) from essentially zero in 2007 to 10 million tons in 2012. Exports to India increased from 1.5 million to seven million tons and to South Korea from virtually nothing to nine million. Exports to just these three countries jumped by more than 1,000% during these years.

The EIA [summarized](#) the situation this way: “Companies in key parts of the U.S. coal supply chain — both producers and railways — have increased sales to Asia because of rising Asian coal demand, overall strong export prices, and lower U.S. consumption of coal to produce electric power.” Looked at from another perspective, diminished carbon emissions from coal in the United States — [much touted](#) by President Obama in his embrace of natural gas — has no significance when it comes to climate change, because of the greenhouse gases being produced when all that coal is consumed in Asia.

To increase sales yet more, the giant coal companies are promoting the construction of [new shipping terminals](#) on the West Coast, including two each in Oregon and Washington State. The largest of these, the [Gateway Pacific Terminal](#) near Bellingham, Washington, will handle up to 48 million metric tons of coal a year, most of it destined for China and other Asian countries.

Although the terminals are often promoted by local officials as sources of new jobs, they are [sparking fierce opposition](#) from community activists and Native Americans who view them as posing a severe threat to the environment. Claiming that coal dust and spills from trains and loading facilities will harm fishing sites they deem vital, members of the Lumni tribe are [citing](#) longstanding treaty rights in their efforts to block the Cherry Point Terminal, one of the planned Washington State facilities.

In the Pacific Northwest, [opposition](#) to the coal terminals and the rail lines that will be so crucial to their operation — some of which will traverse Indian reservations and pass through green-minded cities like Seattle — is gaining strength. The process has been similar to the way climate activists mobilized against [the Keystone XL pipeline](#) that, if built, is slated to bring carbon-dense tar sands from Canada to the U.S. Gulf Coast. But the coal companies and their allies are pushing back, insisting that their exports are essential to the country's economic vitality. "Unless the ports are built on the West Coast," [said](#) Jason Hayes, a spokesman for the American Coal Council, U.S. suppliers won't be viewed as "reliable business partners" in Asia.

Although community and tribal opposition may succeed in blocking or delaying a terminal or two, most analysts believe that, in the end, several will be built. "There are two billion people in Asia who need more power, so eventually more U.S. coal will get onto global markets," [says](#) Matt Preston, an analyst for the energy consultancy firm of [Wood Mackenzie](#).

## **Perpetuating the Fossil Fuel Era**

In the end, all these efforts to boost fossil fuel sales in Asia and other developing areas will have one unmistakable result: a sharp rise in global carbon emissions, with most of the growth in non-OECD countries. According to the EIA, between 2010 and 2040 world carbon dioxide emissions from energy use — the main source of greenhouse gases — will [rise](#) by 46%, from 31.2 billion metric tons to 45.5 billion. Little of this increase will officially be generated by the planet's wealthiest countries, where energy demand is stagnant and tougher rules on carbon emissions are being put in place. Instead, almost all of the growth of CO<sub>2</sub> in the atmosphere — 94% of it — will be sloughed off on the developing world, even if a significant part of those emissions will come from the combustion of U.S. fossil fuel exports.

In the view of most scientists, an increase of carbon emissions on this scale will almost certainly lead to a global temperature rise of at least four degrees centigrade and possibly more by the end of this century. That's enough to ensure that the changes we are already seeing, including severe [droughts](#), stronger [storms](#), raging [wildfires](#), and rising [sea levels](#), will be [eclipsed](#) by exponentially greater perils in the future.

Everyone will share in the pain from such warming-induced catastrophes. But people in developing lands — especially the poorest among them — will suffer more, because the societies they live in are least prepared to cope with severe catastrophes. "Climate-related hazards exacerbate other [socioeconomic] stressors, often with negative outcomes for

livelihoods, especially for people living in poverty,” the UN’s Intergovernmental Panel on Climate Change [observed](#) in its most recent assessment of what global warming will mean for planet Earth. “Climate-related hazards affect poor people’s lives directly, through impacts on livelihoods, reduction in crop yields, or destruction of homes, and indirectly through, for example, increased food prices and food insecurity.”

Certainly, the giant fossil fuel companies bear a moral, if not as yet in our society a legal, responsibility for the intensification of climate change and the lack of serious response to it. Beyond this, their carefully planned strategy of selling carbon products to those most at risk can only be viewed as outright immorality. Just as health officials now [condemn](#) Big Tobacco’s emphasis on cigarette sales to poor people in countries with inadequate health systems, so someday Big Energy’s new “smoking” habit will be deemed a massive threat to human survival.

Above all, Big Energy is insuring that one small ray of good news when it comes to climate change — the contracting use of coal, oil, and gas across the developed world — will prove meaningless. The economic incentive to sell fossil fuels to developing countries is undeniably powerful. The need for increased energy in developing countries is no less indisputable. In the long run, the only way to meet these needs without endangering our global future would be through a mammoth drive to expand renewable energy options there, not by shoving carbon products down their throats. Rex Tillerson and his cohorts will continue to claim that they are performing a “humanitarian” service with their new “tobacco” strategy. Instead, they are actually perpetuating the fossil fuel era and helping to create a future humanitarian catastrophe of apocalyptic dimensions.

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