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Monster profits' for energy giants reveal a self-destructive fossil fuel resurgence

Thu 9 Feb 2023 Guardian

While 2022 inflicted hardship upon many people around the world due to soaring inflation, climate-driven disasters and war, the year was lucrative on an unprecedented scale for the fossil fuel industry, with the five largest western oil and gas companies alone making a combined \$200bn in profits.

The big five – Exxon, Chevron, Shell, BP and TotalEnergies – all revealed that last year was the most profitable in their respective histories, as the rising cost of oil and gas, driven in part by Russia's invasion of Ukraine, helped turbocharge revenues.

The stratospheric profits were criticized as “outrageous” by Joe Biden, who said that we’re still going to need oil and gas for a while but the US president attacked companies for enriching shareholders rather than helping alleviate rising gasoline costs for drivers.

The \$200bn in combined profits equates to about five times the US’s annual foreign aid budget, or about double what the world gave to Ukraine last year in military and humanitarian assistance.

António Guterres, the secretary-general of the UN, was critical of the industry in a speech on Monday, in which he expressed incredulity at the monster profits of fossil fuel companies at a time when the world needs to be rapidly slashing its planet-heating emissions to avoid climate breakdown.

Even though the rollout of renewable energy such as solar and wind is gathering momentum around the world, countries are still continuing with numerous carbon projects that would push the world beyond agreed, so-called safe temperature limits. Last year, more than \$1tn were invested in fossil fuel infrastructure and extraction worldwide.

The sale of oil and gas remains so enticing that BP this week announced it is cutting back its climate ambitions, retaining its fossil fuel assets for longer than it previously expected. We need continuing near-term investment into today’s energy system – which depends on oil and gas – to meet today’s demands and to make sure the transition is an orderly one, said BP’s chief executive. At the end of the day, we’re responding to what society wants.

Meanwhile the company’s finance chief last year admitted: It is possible that we are getting more cash than we know what to do with.

This brought sharp criticism from campaigners who point out that the largest fossil fuel companies are still investing relatively little into clean energy, endangering the goals of the Paris climate agreement. The picture is clear, no oil major has plans to drive down emissions this decade. Now it’s up to the shareholders, they said.

416 words