

## Saudi Aramco 2030 Climate Change Challenges. The Legal Framework for the New Saudi Oil

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### Abstract

In 2016, the Kingdom of Saudi Arabia decided to transition its economy from one depending very significantly on crude oil to a more diversified economy through the Vision 2030. Partial privatisation of Saudi Aramco, as one of the top integrated energy companies, is at the heart of this plan. Saudi Arabia itself faces challenges from climate change impact in the form of a rising level of desertification in the kingdom and has signed and ratified the Paris Agreement. Saudi Arabia plans to reduce desertification through the following initiatives: “Green Saudi” and “Green Middle East”, which involve the planting 10 billion trees and the establishment of forests to reduce net carbon emissions. It has also established NEOM as a smart energy city with net zero emissions. The KSA recently announced the carbon finance trading platform. Despite all these developments, the main legal challenge facing climate change and carbon finance in Saudi is the absence of proper laws and regulations. In particular, the current corporate governance arrangements of Saudi Aramco and of the Capital Markets Authority are an obstacle to a full IPO. There is an absence of legal provisions regarding carbon, hydrogen and climate change coupled with weak transparency and disclosure of key climate-relevant information. Establishing laws and regulations relevant to climate change by taking lessons from the best standards (such as the EU climate change law or the UK carbon regulations) is, therefore, an essential step for Saudi legislators and regulators. The research analyses existing arrangements and makes recommendations for reform.

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