Duelling Energy Dynamics: From Cotonou to Strategic Partnerships[1]

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Introduction

Energy security has only recently been defined by the EU itself as a core aspect of its foreign policy. Development policy however, has existed since 1957, as an original feature of Community external affairs. Energy security is at present a foreign policy ambition of the EU in light of its growing dependence upon Middle East oil and Russian gas, and its need to diversify away from current suppliers, and ultimately wean itself off a carbon economy altogether. Energy security has become a **strategic** theme, because the search for new suppliers, and dalliances with current ones requires a careful balancing act between the foreign policies of governments and the commercial interests of large, usually private energy companies. Energy security has also become a **societal theme**, added to virtually every EU foreign policy programme since 2007 where there is the prospect of reform, progress, capacity building and sustainable development. Nowhere is this more evident than in Development policy.

Europe's fifty-year development association with Africa has been broadened to include political, security, and now energy security themes. At present, Africa is chopped up into three policy areas. The Northern, Maghreb states are in fact the most advanced in tying trade, aid and explicit energy **provisions** that can be implemented, monitored, funded and expanded, as found in their individual Neighbourhood Action Plans. My focus today however is not on the North, or its extreme southern neighbour, South Africa (the only African state to have voluntarily renounced its nuclear programme) but the sub-Saharan states, where energy themes have arisen **tacitly** as development issues within the EPAs of the Cotonou framework, and more **explicitly** as political goals within the Africa-EU Energy Partnership.

This means **first** distinguishing between these two instruments – the Cotonou/EPA system, which is the latest incarnation of the long-running Lome Accords; and the more recent EU-Africa Strategic Partnership, and its

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sub-theme Energy Partnership. **Second**, I'll examine how energy features in each instrument. And **finally**, I'll look at the pros and cons of the EU's energy ambitions in Africa, based on what its intentions might be. However, before leaping into the EU side, let's take a moment to examine the African set up.

Dynamic 1: Cotonou & EPAs

We should remember always that development is 'the policy with the greatest potential to both absorb the values and ambitions of its donors and transmit them in the shape of political, security [and economic] objectives to its recipients.'[2] Nowhere is this more evident than the series of Lomé Accords and the 2000 & 2005 **Cotonou Agreements.** These are multi-lateral legally-binding development instruments with series of obligations, the most important of which are conditionality-based adherence to essential criteria of human rights, rule of law, etc, and which open the door for EU action in the field of governance, conflict resolution, and now regional integration. Unfortunately, the traditional donor-beneficiary relationship is still present, one in which the EU is seen to dictate term and the ACPs to acquiesce.

Although Lomé and Cotonou attempted to keep the preferential, asymmetrical trade regime between ACP states and the EU going for as long as possible, the 2007 WTO deadline for new trade arrangements forced a sea-change. It's clear that for all but the 42 poorest states – still protected under the Generalised System of Preferences (GSP)[3] - entry into the world economy through a transition of liberalisation and free trade is inevitable. The EU's recipe is to make such a transition lengthy (15 years), regional in nature and sufficiently linked to the goals of poverty reduction to still count as Development policy.

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EPAs, or Economic Partnership Agreements represents the 'new, WTO-compatible trade arrangements' launched in the first round of Cotonou, in 2000.[4] To be clear, for the purposes of Article XXIV of GATT, EPAs are an **interim agreement** to plan for the formation of a Free Trade Area.[5] EPAs divide up the former ACP grouping of 79 states into six groups: Caribbean,

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[2] Amelia Hadfield, 'Janus Advances? An Analysis of EC Development Policy and the 2005 Amended Cotonou Partnership Agreement', *European Foreign Affairs Review*, Volume 12, Spring 2007, p. 39.

[3] Under the GSP, LDCs receive duty and quota free access to EU markets via the Everything but Arms arrangement. South Africa is the exception, which benefits from the provisions of the Trade and Development Cooperation Agreement (TDCA) in the absence of any new trade regime.

[4] Communication from the Commission to the European Parliament and the Council, *Economic Partnership Agreements*, COM (2007) 635 final, Brussels, 23.10.2007, p.2.

[5] FTAs exist when duties and other restrictive regulations of commerce are eliminated on substantially all the trade between parties.

SADC[6], East African Community **(EAC)**[7], **Eastern and Southern Africa (ESA)**[8], **West Africa** (ECOWAS)[9]**,** and Pacific[10]).

Due to intense opposition by the majority of ACP states, and some atrociously poor management on the part of Commission to explain their benefits and get ACP agreement, 2007 saw 35 ACP states sign up to EPAs or interim EPAs, with 42 refusing to so do.

EPA Initialled	15 Caribbean states (CARIFORUM)
EPA 'Stepping Stone' Initialled	18 African states (including 8 LDCs)
Interim EPA Initialled	2 Pacific states
EPA Rejected	29 LDC African states (including 3 non-LDCs) and 13 Pacific states

This has now changed. According to the European Centre for Development Policy Management, as of January 2009, the Caribbean EPA is still the only full agreement; the other 5 regions have initialled interim agreements covering trade in goods – 'EPAs lite' – between the EU, individual groups and subgroups, though not the actual geographical groupings themselves.[11]

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Why the mess?

First, what the Commission conspicuously failed to make clear is how EPAs – by forcing states into regional groups – will actually alleviate poverty.[12] **EPAs contain provisions for trade and trade rules, but the bedrock of development cooperation that lay at the heart of the Lomé and Cotonou partnerships appears in African eyes to have fallen by the wayside**. The EU seems instead blindly committed to forcing 'the ACP States to play a full part in international trade', either before they are ready, or without the necessary aid to take up the cost of such reforms.

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[6] SADC comprises Namibia, Botswana, Lesotho, Swaziland and Mozambique; with **Angola** and South Africa as envisaged partners.

[7] Includes Uganda, **Kenya**, Tanzania, Rwanda and Burundi.

[8] Includes Zimbabwe, Seychelles, Mauritius, Comoros and Madagascar.

[9] Includes Ivory Coast and Ghana, Nigeria (50% of which is oil), Mauritania, and 12 more.

[10] Includes Papua New Guinea and Fiji.

[11] European Centre for Development Policy Management, *State of EPA Negotiations in January 2009*, Briefing Note, Maastricht, p.1

[12] For a helpful clarification, see for example DFID's *Ten myths about EPAs*, available at http://www.dfid.gov.uk

Second, rows over funding. While the Commission 'has made it clear that it will not provide any additional finance for EPA support beyond the EDF, EU member states are expected to increase their Aid for Trade funding', to hit the goal of 2 billion/year.

Third, missing are specifics on the actual 'translation of [these] commitments into concrete programming and the effective assessment of needs in ACP countries'.[13] The Commission has the programming and the funding to deploy economic provisions for development cooperation regardless of the state of EPAs; it was a strategic mistake on its part to promise that such provisions will only be worked out after full EPAs have been concluded, which could take years, and leaves critically under-funded states in the lurch, and unable to effectively reform the one sector that could ultimately address development and energy security issues – that of energy.

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Trade: In reality, we see that the EC has made a genuine duty-free quota-free market access offer for 80% of trade in goods allowing for asymmetry and suitable transition times.[14] The discourse is clear however, EPAs 'will use trade to help ACP countries and regions build stronger economies that can contribute to poverty reduction.' A good goal, but still an abstract one.

Clearer is **the commitment to assist with structural reforms necessary to implement liberalised markets, which could have a negative impact on development goals if they create hardship, unemployment, sectoral instability and increased corruption**. And all are possibilities.

Arguably, opening up national markets includes **liberalising energy markets**, allowing for competition and inviting in foreign investment. The ideal situation is one where the **benefits of a liberalised, competitive energy market take off**, with trade in energy goods as a genuine feature of African markets – nationally and regionally – with the sector operating to employ sufficient numbers and generating sufficient revenue to contributing positively and permanently to the capacity building of the energy sector, institutional building of the state and the economic welfare of a large chunk of the populace.

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[13] Ibid, p.2.

[14] COM (2007) 635 final, p. 4.

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Currently however – as is written in Commission documents - the **impetus is all on the African states to demonstrate their needs within the aegis of EPA goals** (this makes doubly difficult for those who haven't signed EPAs). The Commission indicates that African states must state clearly within their own **Country Strategy Papers**[15] funding needs in three main categories:

- **Trade-related assistance** (funds to deal with the costs of liberalisation; e.g. creation of an Energy Regulator, or at least to begin the process of unbundling/privatising energy sector ready for national and international competition)
- **Infrastructure** (funds/assistance/expertise for developing public institutions and building capacity for private actors plus the **'hardware'** of venues, roads, connections including grids, pipelines, inter-connectors, LNG ports, etc)
- **Regional integration** (funds for linking with other states; again interconnectors, regional energy regulators, etc.

African states therefore need to coordinate internally, and regionally with the new *Regional Preparatory Task Forces* to get the most out of the EU's proposed 'regionally owned financial mechanisms' – the new funding instrument for the EPAs. The money is there in other words, but rather *more* money is on offer for ACPs who sign up to the EPA framework.[16]

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The **European Parliament's Committee on Development** suggests rightly that for market opening and energy issues is FDI, where 'potential investors need to be offered the security of transparent and stable rules'; EPAs must require a chapter on investment so that states can capitalise on their mining, electricity, gas and oil sectors.[17] The Parliament sees EPAs less as a catalyst for trade and market opening, and more a genuine Development instrument to 'promote sustainable development, regional integration and a reduction of poverty'.[18] The EP's perspective is also positive in suggesting that the

[15] As well as new *Regional Indicative Programmes*, which presumably replace NIPs.

[16] As the Commission document makes clear, 'full EPAs will allow **EDF funding** to be directed towards the range of adjustment needs'; and additional **development finance** will be provided for adjustment costs linked to liberalisation. COM (2007) 635 final, p. 7.

[17] European Parliament, *Report on Development impact of Economic Partnership Agreements* (EPAs) (2008/2170/ (INI)), Committee on Development, A6-513/2008, 18.12.2008, p.16.

[18] Ibid, p.6. Indeed, this same document states later that 'EPAs are an instrument to development… in order to reduce poverty [main goal], achieve the MDGs and respect fundamental human rights; p.7.

adjustment costs present the EU with an opportunity rather than an expense. From the perspective of overhauling market structures and rehabilitating energy sectors, this is exactly the case.

ACPs will suffer impact in readjusting their markets, opening to competition, installing regulatory mechanisms necessary for growth and investment; as well as

- loss of customs duties
- costs of regulatory reform/enforcement mechanisms
- employment
- skills enhancement
- production
- export diversification
- reform of public financial management[19] including tax reform

Every African state with the capacity to become or remain a key exporter of energy products requires that each of these **areas be rehabilitated**.

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Propping up, or Rehabilitating?

What we're talking about therefore is transforming these states' ability to become viable energy producers, and possibly a viable energy-producing region.

These does actually **see the means of energy policy (structural overhaul) addressing the ends of development (trading capacity, poverty reduction)**. But the EU needs to be more explicit on how ITS funds can underwrite each of these areas, not lay the onus on the ACP states themselves. Three main areas need to be tackled

1. **Government reform** (governance and fiscal reform)
2. **Strengthening access to assets and infrastructure** (i.e. the productive capacities of national energy assets)
3. **Private sector overhaul** (i.e. stabilising the business environment for future investment).

The EU should therefore ask not what EPAs can do for European energy security but ask what energy trade mechanisms can do for poverty reduction along the lines of state capacity.

[19] Ibid, p.6.

Again, the EP report makes clear that EPAs will only be a decent Development tool if ACPs AND the Commission together to:

> *support the reform process in areas essential for economic development; to improve infrastructure where it is necessary, as the opportunities offered by the EPAs can only be fully taken advantage of if strong accompanying measures are introduced* ***for*** *the ACP countries; to compensate the net loss of customs revenue and encourage tax reform… to invest in the production chain in order to diversify export production; to produce more higher added-value export goods…*[20]

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EPA Regionalism and Energy

Regionalism may benefit energy trade and security by providing outside investors with a single entity to deal with, rather than a series of states. However, this assumes that some structure exists across the group to harmonise rules, regulations of trade and investment in energy, and also that the group – as a **legal entity** – can *sign* contracts. And this isn't presently the case.

The regions of EPA in Africa therefore, require serious political, economic and legal consolidation- which will take many years - before they can feature as energy actors in their own right, and fuse the trade and development goals of EPA with undertakings in the energy sector.

A second possible problem is that the African EPAs divide the continent into unwieldy chunks, which include states that have and have not signed up to the framework – which is a policy and distribution nightmare – as well as those with dramatically different energy profiles. This is an artificial grouping of states with little in common in terms of energy resources, who are somehow supposed to establish common goals on trade-related assistance, infrastructure needs and regional integration? The Parliament points out that EPAs 'should reflect both the national and regional interest and the needs of the ACP countries', but one state's national interests will not necessarily coincide with that of its neighbour, and regional interests may be even less easy to tap into.[21]

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[20] Ibid, pp. 7-8.

[21] European Parliament, *Report on Development impact of Economic Partnership Agreements*, p.7.

This leads to another problem with EPAs, apart from their lamentable handling by the Commission is their paradoxical generic/genetic makeup; in which all EPAs represent identical interim agreement with their liberalisation schedules in form, but their content will be manifestly different 'in scope, in content and in [their] possible effects on the development of the countries concerned'; one could speculate that this will produce uneven, and ultimately unworkable agreements between the EU and 79+ states.[22] *The envisaged regional dynamic in which national particularities are expected to converge in the areas of fiscal management, governance and trade whilst the hugely different political, geographical, ethnic and industrial composition keeps these states apart is difficult to reconcile.*[23]

Lastly, for ACPs and critics of EPAs alike who see development being held hostage to trade, the EP should be commended for pointing out clearly last month that 'neither the conclusion nor the renunciation of an EPA should lead to a situation where an ACP country may find itself in a less favourable position than it was under the trade provisions of the Cotonou Agreement.'[24]

Even at this point, EPAs are by no means a done deal – in either their form, and especially their content. An additional, and possibly wholly different strategy in which trade, liberalisation and development are dealt with thematically, and rather more strategically, could well supersede it. Hence the need to examine the Africa-EU Strategic Partnership.

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Dynamic 2: Africa-EU Strategic Partnership

Africa has been a focus for development. More recently EU member states have stipulated political and security requirements including good governance as key to achieving development objectives. Cracking down not only on human rights infringements but the corruption and instability that undermines the capacity and potential of states themselves is key to

[22] Ibid, p.11.
[23] Ibid, p.18.
[24] European Parliament resolution of 5 February 2009 on the development impact of Economic Partnership Agreements (EPAs) (2008/2170/(INI)), A6-0513/2008.

reviving states and rehabilitating their industries to make them capable of trade and investment.

> ***Case Study**: A good bilateral example is the 2005 Gulf of Guinea Strategy between US, UK, France and the Netherlands 'to combat oil theft, illegal small arms dealing and money laundering in the Niger Delta'. This has deterred theft of oil and prevented the international safe of stolen oil.*[25] *Nigeria and a few other states have also signed onto the EITI (Extractive Industries Transparency Initiative) which goes some way to forcing national transparency of oil revenue. However, even here, the EU itself appears split between the hawks who have set up the Gulf of Guinea Strategy and believe hard-hitting, commercial links make the difference, and doves who see this approach as 'too strategic' and not strongly 'developmental' enough.*[26]

But **EU-Africa relations on energy-development are far from impressive**; the link between Africa, EU and energy is really only three years old at most. Problems: their engagement is too new, appears reactive in relation to EU issues with Russian security of supply fallout, and patchy. Indeed, the EU lacks leverage with those states like Nigeria that are self-sufficient thanks to energy revenue or Angola and Sudan who have found new patrons in China and India; its only notable energy trade success is with Algeria, which as a Maghreb states falls outside the EU-Africa zone and is included instead in the EMP/ENP policy area.

2 Chronology Slides

Pre-Partnership Activity 2000-7: the **EU's central energy initiative in Africa** during this period was 'about improving **access** to energy as part of poverty reduction strategies' that are still central to development cooperation.[27] These included infrastructure projects that support energy delivery to rural areas, and electrification schemes. These in turn led to support for cross-border projects with regional impact, including ideas for interconnectors, trans-state pipeline projects. More ambitious ideas outlined by the Council in 2007 included the extension of internal market principles to Africa thereby linking oil and gas revenues explicitly to development use.

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[25] Anna Khakee, *Energy and Development: Lessons from Nigeria*, FRIDE Policy Brief, EDC2020, No. 1, June 2008, p. 3.
[26] Richard Youngs, *forthcoming*, 2009.
[27] Ibid..

Conceptually, *the Commission has used the 2005 PCD and the 2006 Consensus to deepen the connection between Development, security, foreign policy and energy.*[28] *Access to and trade in energy should contribute to poverty-reduction in Africa, while the pursuit of Africa energy security goals coincides with the EU's own energy security objectives.*[29] *Today, EC Development policy is now 'clearly presented as the principal means to improve energy security.'*[30]

Practically, *the EU therefore requires policy* ***FOCUS*** *and strategic* ***LEVERAGE***. *It needs a decent strategy that plays up the reciprocal relationship between Africa's* ***societal*** *development needs and the EU's* ***strategic*** *energy requirements. The EU is now the world's largest energy market; with 27 reliably permanent and stable buyers. The Union itself is also the world's most generous donor of funds, technical expertise and governance provisions – tools that can viably keep African reforms on the right path, and which can contribute to building state capacity, infrastructure and trade links. Indeed, as recent events have shown, ESDP task forces can be assigned to provide military and civilian support to areas of unrest.*

The response? **The Africa-EU Strategic Partnership** strives 'to bridge the development divide between Africa and Europe' in which enhanced political dialogue among partners will allow **serious cooperation on eight** key areas, including energy.[31] From 2007, there is a sea-change; possibly arising from the fallout of the EPAs, or the impetus built up over the preceding years:

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> …most of **Africa's development** challenges require a response of a political nature. The EU can therefore no longer envisage nor limit its development cooperation to a form of institutional charity deprived of a key political dimension… [but] must

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[28] Presently, the EU is guided therefore by the following commitment: '*Non-development policies should respect development policy objectives and development cooperation should, where possible, also contribute to reaching the objectives of other EU policies, P*CD, 2005.

[29] The *2006 Development Consensus* makes clear that security and development are an interlinked, inseparable processes; lending weight to the argument that energy security and development are equally entwined. If non-aid policies could further help Africa achieve its MDGs (itself an EU policy) through a more extensive strategy of engagement with Africa, then so much the better.

[30] Richard Youngs, *forthcoming*, 2009.

[31] The Africa-EU Strategic Partnership, December 2007, p. 2, available at http://ec.europa.eu/development/icenter/repository/EAS2007_joint_strategy_en.pdf, accessed 1st September, 2008

> build upon the qualitative improvements allowed for by the EU Strategy for Africa …in order to better meet EU and African interests and needs. … Emerging challenges, such as climate change, **energy security**, migration, terrorism among others, require a new and adapted type of partnership between the two continents.

The Africa-EU Strategic Partnership should therefore be **clear** (i.e. based on a consensus of values, common interests and strategic objectives), **institutionalised** (via effective multilateralism) and **workable** (i.e. manageable sectoral reform with visible deliverables).

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In effect, the **Partnership is the *political counterpart* to the EPAs**, giving the EU a foundation 'to implement its aid effectiveness objectives towards Africa…the necessary framework for…an overarching political partnership… a new inter-continental alliances'.[32] The Partnership is divided into eight themes[33], identified as 'strategic priorities' to be pushed hard between 2008-2010, because success here will 'have a positive impact on the daily lives of the citizens of Africa and Europe'. The one cross-cutting priority that could produce genuine synergies for development and energy is **infrastructure**: positive here is the implementation of the EU-Africa Infrastructure Partnership, launched in Addis Ababa (October 2007).[34]

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I would suggest that achieving Development and energy security objectives is a wholly interdependent process, a process which itself is a **means** to achieving **the ends** of the Strategic Partnership.

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[32] Commission Staff Working Document SEC (2007) 855, Accompanying the Communication from the Commission to the European Parliament and the Council, *From Cairo to Lisbon – The New EU-Africa Strategic Partnership Impact Assessment Report* {COM(2007)357 final}, p. 3.

[33] The Eight Thematic Partnerships include (1) Peace & Security, (2) Democratic Governance and Human Rights (3) Trade, Regional Integration and Infrastructure (4) Millennium Development Goals (5) Energy (6) Climate Change (7) Migration, Mobility and Employment (8) Science, Information Society and Space.

[34] First Action Plan (2008-2010) for the Implementation of the Africa-EU Strategic Partnership, p.1.

EU Strategy for Africa[35]	Development	Energy Security
Political Impact	Dialogue on governance	Rule of law; fight against corruption; institutional development
Economic Impact	Regional integration initiatives; trade integration	**Supply Side attention: Promotion of Private Sector development, supported by FDI;** **Strengthening of physical infrastructure networks (transit of goods)** **Trade integration**
Environmental Impact	Migration, deforestation, desertification, flood/drought	Energy efficiency, biodiversity, toxic waste, nuclear safety

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Three Energy Partnership Objectives[36]

1. Strengthen Africa-EU dialogue on **energy access** (African users and European buyers)and **energy security** (security of resource supply and market demand)
2. Improved access to reliable, secure, affordable, climate friendly and sustainable **energy services** for both continents (cheap and green fuel for Europe to buy from Africa, and reliable indigenous supply for African use)
3. Increased European and African investment (European funds, African people) in energy **infrastructure** in Africa (pipelines, inter-connectors, grids, LNG ports, railways etc), including the promotion of renewables & EE.

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Connecting Development Benefits to Energy Outcomes:

1. **Scaled up investment in energy infrastructure**. Whether a public good or a private utility, the benefits to the local and national

[35] Ibid, author's own condensed version.

[36] According to DG Dev, the Member State Implementation Team (IT) for energy includes Austria, Germany, the Czech Republic, France, the Netherlands, the UK and the Commission itself.

populace include grid access for reliable electrification, pipelines for reliable gas supply (possibly water too), LNG ports etc. These are large projects, which if properly financed, will accrue revenue for state capacity building, and employment for the populace.

- Good emphasis on prioritising the upgrading of energy infrastructure (Africa-Africa, Africa-EU interconnections) in the Partnership.
- Equally good emphasis on the promotion of an 'enabling environment for private sector investment', leading to improved access to energy services,

2. **Improved management of energy resources, including development-oriented use of oil and gas generated resources**. EU/EITI working in close partnership with African states to ensure transparency, and that revenue funds good governance in the public domain and investment/business structures in the private sphere; together the two should contribute to increase basic infrastructure, rural and urban development and the overall welfare of the populace.

3. **Improved electrification rates, development of networks and cross-border interconnections within Africa and between Africa and Europe**. Greater access to electricity for local population; greater cooperation on regional initiatives, from regulatory requirements to infrastructure hardware for such projects. Improved security of supply for African and European consumers.

Projects: €600 million for the '**Electricity Masterplan for Africa**'[37] as well as the Africa-EU Infrastructure Partnership; plus plans for the **Capacity Building Programme** African Power Pools, the African Forum for Utility Regulators, envisaged Supergrid/ Interconnector projects for Ethiopia-Kenya, Zambia-Namibia and the 'African Nabucco', the trans-Saharan Gas Pipeline; Sahara solar power installations.

Allotted EU Funds	**EU-Africa Energy Project**
€220 million (EDF)	77 various projects; 49 on renewables; 1 on EE; 11 on governance; 15 on grid extension
€10 million	Four regional African power pools

[37] EurActive.com, 'EU, Africa unveil 'ambitious' energy partnership, 9 September, 2008, http://www.euractiv.com, plus details in the above funding chart.

€146 million (EDF) + €250 million (EIB) in form of interest rate subsidies, direct grants for insurance premiums, tech assistance, feasibility studies	Infrastructure projects
Possible EU Funds	Capacity Building
€88 million (EDF)	**States that have identified their energy sector as a target for development aid**
€200 million (ACP-EU Energy Facility II)	Activities on renewables, EE, transport, electricity distribution & governance
Up to €300 million (Africa-EU Infrastructure Partnership/Trust Fund)	Investments in Africa's transport energy & ICT networks

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4. **Improved institutional, technical capacities and donor coordinaton;** strengthening agents, boards and donor bodies within EU funding, and between the EU and other funding bodies to ensure timely, proportionate and reliable distribution of funds in the energy sector; working also to pull together public funding with private resources for the benefit of the many, not the wealth of the few.
    - Clear Africa-EU Ministerial Troika in action (Piebalgs/Michel 2008 Joint Mission) linking to AU counterparts; good sectoral leadership by key EU & AU MS
    - Generally clear sense of funding from 10th EDF; ENPI; DCI, bilat contributions, but little in the way of private sector investments.
    - Good envisaged cross-sectoral participation: e.g. African Energy Commission, African Forum for Utility Regulators, Regional Economic Communities, Union of Producers, MS, etc
    - Far more needed to encourage civil society and private sector as stakeholders.

5. **Expanded Africa**-EU technology cooperation and transfer.

- Strong EU/AU MS leadership within the framework of Joint Expert Groups & Working Parties, each tackling a key theme, ultimately more manageable.
- Innovative ideas with AUC's list of project suggestions, permits ownership, etc.

6. **Climate change mainstreamed into energy development cooperation.** This goes a long way to achieving the EU ethos of policy coherence; Europeans probably take at face value the EE-renewables-energy security link, but the potential for African renewable energy, and getting EE to fly there is still underexplored.

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Still Missing: Clear idea of assets, actors and access

- **Actors** (who) EU public and European private energy actors

Shell, Total and ENI have made significant investments in Nigeria; the Nigerian National Petroleum Corporation and Algeria's Sonatrach are interested in the Trans-Saharan Gas Pipeline project.[38] But far more needed to encourage civil society and private sector as stakeholders. The Addis Ababa Joint Statement calls upon 'European countries and the private sector to further mobilise resources for investment in [the] energy sector both in the supply and demand side'. Still mere rhetoric.[39]

- **Assets** (where) African states with natural resources

EU = imports 15% of its oil & gas from Africa, with Algeria the thierd largest exporter of gas to the EU after Russia and Norway. Offshore pipelines to Spain and Italy could increase this.

Every subregion of Africa except East Africa is a net exporter of energy. There are no significant net energy importers in Africa. **Oil and natural gas** is concentrated heavily in North and West Africa.

[38] The pipeline would transport up to 30billion cubic meters of Nigerian natural gas across more than 4,300km of deserts, via Algeria to EU markets, envisaged for 2015.
[39] Press Statement, *African Union/Commission and European Commission launch an ambitious Africa-EU Energy Partnership*, IP/08/1298, Brussels, 8 September, 2008.

North Africa is by far the largest, with significant oil and gas exports going to Europe and other markets, from Algeria, Libya, Egypt and to a lesser extent Tunisia.

West Africa's exports are almost exclusively oil, and from one country -- **Nigeria. Nigeria 'could be an important partner in the EU's diversification efforts' – Tarradellas (Piebalgs spokesman)**[40]

Central Africa is an oil exporting region due to reserves in Sudan, Cameroon, Congo and Gabon. East Africa is a tiny net energy importer (mainly oil)

Southern Africa's net energy exports are oil from Angola and coal from South Africa, whilst Mozambique and Namibia (and, to a lesser extent, Tanzania) have significant natural gas reserves.

- **Access** (how): establish conducive public, legal relations that underwrite private, investor, commercial structures permitting sale of oil and gas (coal from SA), construction of LNG terminals on African coastline, etc. Trade in energy may address the energy securities of the EU buyer and the African seller at the outset. But it's clear the EU is more ambitious than this. North-south trade in energy must be more than a commercial windfall for both sides; it must ***generate societal, as well as strategic benefits***, chiefly by efforts to improve governance standards in the producer states with which the EU is already linked via development assistance.

[40] EurActive.com, 'EU, Africa unveil 'ambitious' energy partnership, 9 September, 2008,

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Conclusion

What's the catalyst behind Energy Development Cooperation?
1) An **external European energy policy**, kickstarted by Russian rogue behaviour?

EDC Focus: Energy Security, meaning access, assets and infrastructure (pipelines), with African exports of oil and gas remedying EU's dependence on Russia, and lessening its overall energy dependence. For the EU, pulling resource-rich African states into its energy security ambit is a strategic move that may – over time – enable European buyers to wean themselves off Russian gas and Middle East oil. Africa seen by Commissioner Michel as 'a safer producer than most other regions' (2007 speech).

2) Security-oriented development taking the place of poverty-reduction development
EDC Focus: Trade, investment, capacity building, post-Cotonou phase in which development is no longer about preferential trade and treatment but a host of strategic partnerships, with EU funds rewarding African energy exports. Conditionality may disappear? Getting civil actors to work. Transformation:

3) Sustainable development as the overarching ethos of all EU foreign policy?
EDC Focus: strong emphasis on pro-green policies to all aspects of Africa links: energy efficiency, use of renewables, attention to nuclear. New profile as global leader, with its 202020 mantra forces the EU to stamp green requirements on all its foreign affairs, and mould burgeoning African relations along similar lines from the outset.

4) Traditional Foreign Policy
EDC Focus: Getting ahead of the Russians, keeping pace with China, and now India, all currently looking at African energy exports for the same reason. 'Strategic partnerships' with African continent a nice counterbalance to its strategic relationship (in the absence of anything else) with Russia. Result: Enlightened Self-Interest. The EU may not only claim leadership in the battle against climate change, but ultimately be well-placed to increase its own energy security through the transformation of

energy-endowed but under-developed African states into sustainable economies trading in energy products.

Annex I

EU Energy-Development Chronology

- 2000: 1st Africa-EU Summit, Cairo (energy not a feature)
- 2001: NEPAD established
- 2002 African Union (AU) established)
- 2002: EU Energy Initiative for Poverty Eradication and Sustainable Development (Johannesburg World Summit); DG Dev launched €220 million Energy Facility for energy delivery to **rural** areas.
- 2004: EU Enlargement
- 2005: EU 'Strategy for Africa': funding of **regional** energy infrastructure, connecting sub-Saharan African with North Africa.
- 2005: *Policy Coherence for Development* (PCD), with its own 'energy fiche': non-development policies to support both development and EU objectives.
- *European Consensus on Development* (ECD), security and development mutually interlinked processes.
- 2006: EU-Africa Ministerial, Brazzaville: Energy a priority issue, newly funded by the €23 billion EDF for an Africa-Europe Partnership on Infrastructure.
- 2007 (March): Opening of Africa-Europe Energy Forum: makes clear EU's focus on 'access to energy'
- 2007: 2nd Africa-EU Summit: Lisbon, launching Africa-EU 'Strategic Partnership' and Africa-EU Partnership on Energy
- Launch of African Energy Funds to sponsor:

Commitments to infrastructure links
Climate change cooperation
Greater senior-level political dialogue
Technology & expertise transfer on key twinning programmes between EU & Africa
Reform of African national energy agencies

- **Overall confirmation of increased development-oriented use of oil and gas.**
- 2008: Implementation of Partnership's 'institutional architecture'
- 2009: Mid-term Review
- 2010: 3rd Africa-EU Summit, Libya

Annex II

Africa: net energy exporter[41]

EU = imports 15% of its oil & gas from Africa, with Algeria the thierd largest exporter of gas to the EU after Russia and Norway. Offshore pipelines to Spain and Italy could increase this.

Every subregion of Africa except East Africa is a net exporter of energy. There are no significant net energy importers in Africa. **Oil and natural gas** is concentrated heavily in North and West Africa.

North Africa is by far the largest, with significant oil and gas exports going to Europe and other markets, from Algeria, Libya, Egypt and to a lesser extent Tunisia.

West Africa's exports are almost exclusively oil, and from one country -- **Nigeria.**

Central Africa is an oil exporting region due to reserves in Sudan, Cameroon, Congo and Gabon. East Africa is a tiny net energy importer (mainly oil)

Southern Africa's net energy exports are oil from Angola and coal from South Africa, whilst Mozambique and Namibia (and, to a lesser extent, Tanzania) have significant natural gas reserves.

Lack of Infrastructure: Fewer than half of African countries have any domestic refining capacity, and many of these are very small facilities. The absence of natural gas consumption in most African countries results largely from a lack of pipeline infrastructure. This, in turn, is a result of several factors, including cost, terrain, and political factors.

Energy InEfficiency: Africa is a heavy user of "traditional" (non-commercial) fuels -- primarily biomass; the consumption of "traditional" fuels is highly labor intensive, inefficient, polluting, and destructive to the environment (i.e., deforestation and desertification).

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[41] These and further details available from http://www.eia.doe.gov/emeu/cabs/chapter3.html.

Annex III


TUNISIA
MOROCCO
ALGERIA
NORTH
LIBYA
EGYPT
WESTERN SAHARA (DISPUTED)
MAURITANIA
MALI
NIGER
CAPE VERDE
SENEGAL
GAMBIA
GUINEA-BISSAU
GUINEA
SIERRA LEONE
LIBERIA
CÔTE D'IVOIRE
BURKINA FASO
GHANA
TOGO
BENIN
NIGERIA
WEST
CHAD
SUDAN
ERITREA
DJIBOUTI
ETHIOPIA
SOMALIA
EAST
CENTRAL AFRICAN REPUBLIC
CAMEROON
EQUATORIAL GUINEA
SÃO TOMÉ & PRÍNCIPE
CENTRAL
GABON
CONGO
DEMOCRATIC REPUBLIC OF CONGO
UGANDA
KENYA
RWANDA
BURUNDI
TANZANIA
SEYCHELLES
COMOROS
Mayotte (Fr.)
MALAWI
ANGOLA
ZAMBIA
ZIMBABWE
MOZAMBIQUE
MADAGASCAR
MAURITIUS
Réunion (Fr.)
SOUTHERN
NAMIBIA
BOTSWANA
SWAZILAND
SOUTH AFRICA
LESOTHO
Continental Africa