

# **African Security Dimensions of Energy Geopolitics**

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- Can Africa emerge as an effective energy source that will contribute to the stability of the world energy market?
- Can Africa's energy (and mineral) resources become an instrument for its economic development?
- What are the factors impeding Africa's economic & infrastructural development?
- Is India's partnership with Africa different from other countries?

# Global Energy Challenges

- Growing energy demand in emerging economies
- Global primary energy demand will grow by 40 per cent until 2030
- Tight supply market; era of 'easy oil' over
- Concerns over availability of timely, affordable supplies
- More dependence on geologically difficult & technologically demanding resources

# Challenges

- Resource nationalism – producers using energy resources as foreign policy tools
- New consumers don't trust current market
  - prefer bilateral deals
- Climate change issues
- Lack of infrastructure – both for hydrocarbons & renewables

- **Where does Africa fit into this scenario?**

# Why the scramble for Africa?

- Alternative source – diversification strategy
- New technology - Africa's deep offshore resources accessible and available
- Offshore location negates construction of infrastructure to transport to ports
- High quality (low sulphur)
- African nations grant favourable contractual terms (PSAs) to IOCs & NOCs

# Problems in African Energy

- Only elites have benefited
- Dutch disease and rentier states - lack of accountability
- Other sectors under-developed
- Local populace continue to be poor – lack of employment avenues

# Consequences of scramble

- Regimes interested in short term gains through huge revenues show little interest in how revenues should be spent including the degree to which resource extraction should be allowed, and degree to which it is turned into a source of technology, skill formation and market access.
- Has led to strengthening of authoritarian govts through arms deals
- Have allowed states to become rentier economies, with little need for accountability.
- Led to internal conflict
- Led to environmental degradation
- Bilateral deals with African states – lead to lack



# Regional Share of Energy Resources

Region	Oil	Gas	Coal	Uranium
West Asia	56.6%	40.6%		2%
Russia & CIS	10.3%	33.7%	16%	31%
Latin America	14.9%	4.3%		5%
North America	5.5%	4.9%	25%	14%
Asia-Pacific	3.2%	8.7%	29%	26%
<i>Africa</i>	<i>9.7%</i>	<i>7.9%</i>	<i>5%</i>	<i>18%</i>

# Contd....

- As demand rises, will African countries have energy for own use in future?
- Under-developed energy infrastructure
- Dependence on processed products
- No transfer of technology
- No employment generation

# Contd.....

- No incentives to move to cleaner energy
- Land acquisition for bio-fuels – could affect food security
- Marginalization of African labour and unequal distribution of benefits accruing from exploitation of resources will exacerbate insecurity

# How will Africa enhance position in global energy market?

- African states must try to become integrated into the global energy market
- They should not allow themselves to be exploited by powers seeking regional influence in order to have exclusive or preferential access to their resources
- African leaderships' role in dealing with opportunities and concerns will decide Africa's future role in global energy market
- To ensure their energy security, they need to diversify markets

# Is India's role different?

- 18% of India's oil comes from Africa
- Africa seen as reliable alternative to West Asia for oil/gas supplies
- However, India's energy ties with Africa less successful than China's
- In several cases, Chinese NOCs have prevailed over Indian NOCs in winning contracts
- India's approach different from China's

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- Indian firms have adopted “value added” model - combination of resource extraction with long-term industry development in the host country
- India careful not to adopt neo-mercantilist approach
- Advocates long term relations, based on trust
- Places energy ties within larger developmental agenda to facilitate economic transformation

# Indian policy

- Need to enhance energy infrastructure - upstream, downstream and agro-energy and power grids
- Objective should be job creation and economic growth
- Provide technological support in energy sector

# Response to Indian strategy

- Varying
- Democratically-accountable nations prefer India's long-term engagement philosophy
- Military juntas/autocratic regimes, prefer to sign deals with countries that earn them huge revenues, ignore pressure on governance issues
- Less focus on development prospects