Special Report 2

GEOPOLITICAL ENERGY FUTURES

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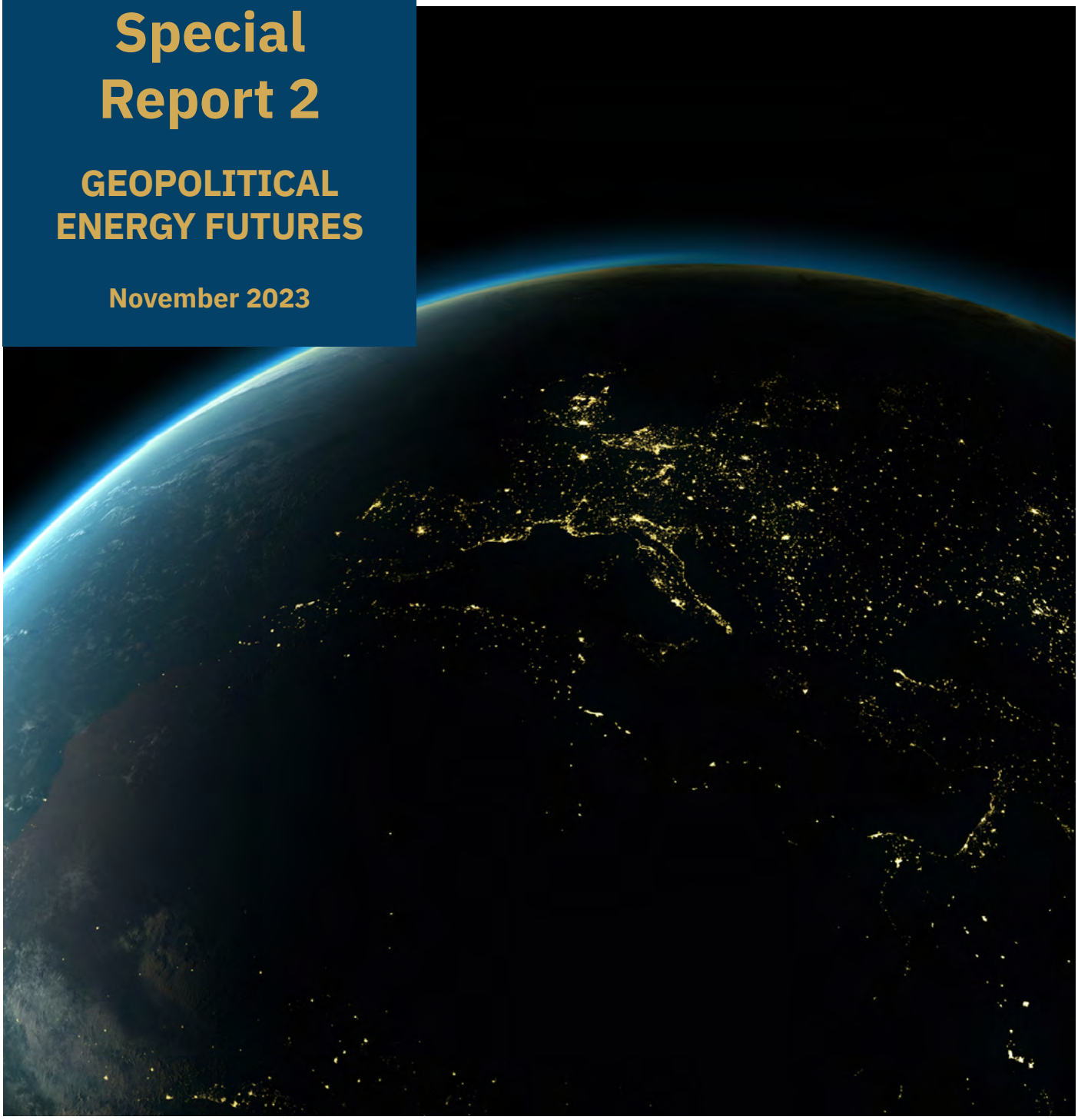

The Geopolitics of Energy in the Post-COVID-19 Era

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African perspectives
Global insights

SAIIA
SOUTH AFRICAN INSTITUTE OF INTERNATIONAL AFFAIRS

Executive summary

In an era marked by rapid global transformations and unprecedented challenges, this special report presents a critical exploration of the intricate nexus between energy dynamics and geopolitical forces. It uncovers the profound implications for South Africa's energy landscape, elucidating strategic pathways towards a secure and sustainable future.

This special report is the second in a four-part series on Geopolitical Energy Futures: Implications for South Africa. The series of special reports consists of:

Special Report 1
Global Markers in South Africa's Just Energy Transition

Special Report 2
The Geopolitics of Energy in the Post-COVID-19 Era

Special Report 3
Navigating South Africa's Geopolitical Energy Transition by 2050

Special Report 4
Systemic Innovations for South Africa's Geopolitical Energy Futures: Towards a Draft Strategic Framework

This special report delves into the confluence of geopolitical shifts and energy transitions to provide policymakers, industry leaders and citizens with insights to shape resilient energy strategies. The interplay between global energy shifts and geopolitical tensions poses intricate challenges, particularly for energy-importing nations like South Africa.

The dominance of key players in critical mineral processing – and their evolving alliances – demands proactive responses. Employing a strategic foresight approach, this report draws from comprehensive stakeholder enagement with energy experts and policy research. It dissects China's influence in mineral processing and examines South Africa's energy relationships with China, the EU and the US.

To navigate this landscape, the report presents a set of actionable recommendations, such as diversifying critical mineral supply chains, fostering domestic and regional production and innovation, forging equitable international cooperation, embracing active non-alignment and self-reliance, cultivating diverse partnerships, prioritising symmetric engagements, promoting peaceful resolutions and regional cooperation, deepening BRICS+ cooperation and trade, navigating EU relations strategically, enhancing US–South Africa diplomacy and leveraging digital and green synergies.

The world stands at a crossroads and the urgency to act is paramount. South Africa's choices today will shape its energy futures and heavily influence those of the region, in the persuit of strategic options for energy security and socio-economic progress. This report's findings underscore that the evolving energy landscape demands strategic foresight. By embracing recommended actions, South Africa can pave the way for a brighter future. The journey may be complex but, with determination, South Africa can transcend challenges and emerge as a beacon of resilience and innovation on the global stage.

Abbreviations & acronyms

AfCFTA	African Continental Free Trade Area
AGOA	African Growth and Opportunity Act
AU	African Union
BRI	Belt and Road Initiative
COP	Conference of the Parties
EAC	East African Community
ECOWAS	Economic Community of West African States
G20	Group of Twenty
EU	European Union
FOCAC	Forum on China–Africa Cooperation
G7	Group of Seven
IMF	International Monetary Fund
MDBs	multilateral development banks
R&D	research and development
SDRs	special drawing rights
WTO	World Trade Organization

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The CST is a flagship research and teaching hub at Stellenbosch University. It brings together complexity thinking, sustainability science and transdisciplinary research across five themes: knowledge co-production, social-ecological resilience, transformative futures thinking, finance and resource flows, and political economy and development. The CST offers a Postgraduate Diploma, MPhil and PhD in Sustainable Development. Both teaching and research activities are theoretically grounded in complex adaptative systems, human-nature interconnectedness, socio-technical transitions and social ecological transformations.

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About SAIIA

SAIIA is an independent, non-government think tank whose key strategic objectives are to make effective input into public policy, and to encourage wider and more informed debate on international affairs, with particular emphasis on African issues and concerns.

SAIIA's special reports are fairly lengthy analytical papers, usually reflecting on and analysing the findings of field research.

Cover image

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CHAPTER 1

Introduction

The convergence of the COVID-19 pandemic and the Russia–Ukraine conflict has sparked unorthodox interventions in response to crises, reshaping the global policy landscape. The aftermath of the pandemic has set Africa on a course of navigating critical geopolitical and economic transformations that are moulding several pathways forward. These seismic shifts, propelled by transformations in production and consumption systems and shifts in worldviews, values and institutions, have set the stage for a profound evolution in our thinking about the futures of energy in South Africa.

In pursuit of an equitable, sustainable and resilient future, embarking on a transformative journey becomes imperative – a journey that questions the very foundations of our societies, particularly our economies. This necessitates a re-evaluation of and confrontation with underlying paradigms and deeply ingrained assumptions that presently underpin and uphold our way of life. Such a profound metamorphosis is the only route to forge a trail for just and sustainable energy futures for generations to come.

This report seeks to address several key questions:

- How do evolving geopolitical and socio-economic trends in Africa shape South Africa's positioning in a multipolar world and what strategic implications does this hold?
- What are the far-reaching consequences of global energy norms shifting towards renewables – including the EU Green Deal – and how do they intersect with South Africa's energy trajectory?
- How does the US influence Africa's energy dynamics and how can South Africa strategically align with the US energy strategy for mutual benefits?
- In light of the COVID-19 pandemic and the Russia–Ukraine conflict, how has Africa's energy landscape and geopolitical orientation transformed, and what does this mean for South Africa?
- Leveraging its renewable energy expertise, how can South Africa proactively collaborate with international partners to address climate change concerns and achieve sustainable development?
- What are the potential long-term implications of the Russia–Ukraine conflict for South Africa's energy sector, economy and global standing, and how can the nation prepare?
- Given China's dominant role in refining critical minerals, what effects does this have on the pace and direction of the global energy transition, and what risks does it pose for South Africa's energy goals?

The global energy transition stands as an emblematic example, intersecting a spectrum of issues: the boundaries of biophysical systems and planetary limits that challenge us; the reverberations of climate change; the demand for energy security in tandem with development; and the imperative to transition toward new models of sustainable and equitable production and consumption.

This special report commences with an exploration of the energy geopolitics in the post-COVID-19 landscape, dissecting pivotal trends steering energy trajectories and the emergent shift toward a multipolar global order. Additionally, the report probes into the ripple effects of the EU Green Deal, the stress points in South Africa's relationship with the EU and the subsequent ramifications for South Africa. The focal trends encompass the evolution of coal and gas, the greening of the EU's energy landscape, and the reverberations these hold for the Global South. It delves into the energy strategy of the US and the ramifications for South Africa within the US–Africa framework. By unpacking the realpolitik and mutual interests at play, this report deciphers the implications for South Africa's strategic positioning, underscored by Africa's distinctive stance within the current geopolitical tableau. The report culminates by peering into the geopolitical dimensions of climate change and the ensuing implications for South Africa's strategic stance.

Included is a comprehensive analysis of the ongoing Russia–Ukraine conflict, unravelling its implications for Africa, with a focused lens on South Africa. This scrutiny extends to disentangling the energy transition geopolitics in Africa and the ripples of China's engagement with the continent and its impact on South Africa's energy futures. Looking ahead, the report embarks on an exploration of how South Africa can adeptly navigate the geopolitical energy transition, skillfully charting a course toward the preferred energy futures. This forward-looking perspective canvasses strategic pathways available to South Africa.

This report introduces a strategic foresight approach tailored for policymakers. It champions intergenerational equity, environmental stewardship and social inclusivity as guiding principles. It underscores the urgent need for well-calibrated, adaptive policies that intricately weave the tapestry of geopolitical dynamics and their implications for South Africa. By synthesising the insights encapsulated within this report, policymakers are equipped to navigate the intricate terrain of geopolitical shifts while shepherding the transition toward sustainable energy futures in the context of a just energy transition.

CHAPTER 2

Geopolitics of energy in the post-COVID 19 Era

Key geopolitical socio-economic trends in Africa

The COVID-19 pandemic abruptly ended a neo-liberal era characterised by weak fiscal policies, tight monetary policies, limited state intervention, free markets, geopolitical stability, long supply chains and low-cost Chinese production. This pandemic, followed by the start of the Russia–Ukraine war, had profound implications, including legitimising unconventional interventions as responses to crises. While the pandemic crisis has come and gone, the Russia–Ukraine war and the climate crisis are now central concerns of the global policymaking community.

In the post-COVID-19 era, Africa is witnessing significant economic trends that are reshaping the continent's trajectory:

- **Rethinking economic and developmental paradigms**: African countries like Egypt, Ethiopia, Kenya, Morocco and South Africa are re-evaluating traditional economic models and embracing new approaches to promote sustainable and economic well-being. This involves diversifying economies, leveraging digital technologies and prioritising sectors such as renewable energy, digitalisation and agribusiness.
- **Multilateral versus regional cooperation and integration**: African nations are balancing multilateral collaboration and regional integration efforts. While engaging with global institutions such as the UN and the World Trade Organization (WTO), African countries are also strengthening regional organisations like the AU, ECOWAS and the East African Community, while SADC seems to lag. The benefits of successful regional integration and cooperation allow for tailored solutions to regional challenges and the promotion of intra-African trade and economic cooperation. African economies are focusing on post-pandemic recovery and building resilience. Governments are implementing stimulus packages and enhancing healthcare systems to reduce overreliance on specific sectors. The African Continental Free Trade Area (AfCFTA) agreement aims to boost intra-African trade and economic integration, fostering regional resilience and cooperation.
- **Changes in standards and norms about energy geopolitics**: Africa is adapting to evolving standards and norms in energy geopolitics, both emphasising the need to improve energy poverty using hydrocarbons and embracing sustainable and clean energy transitions. This involves embracing renewable energy sources, reducing carbon emissions and adopting environmentally friendly practices.
- **Institutions and power dynamics**: The geopolitical energy landscape in Africa is experiencing shifts in influence. With Western global hegemony no longer

uncontested, emerging powers like China and regional actors are gaining prominence. African countries must strategically engage with various stakeholders and foster equitable collaborations to optimise their energy resources and enhance energy security. However, it remains to be seen if this will not simply replace one non-African partner with another new structural dependance between Africa and global neighbours.

- **Multipolarity and the challenges of multilateralism**: The rise of multipolarity poses challenges for multilateralism in Africa. As power dynamics shift, African nations need to navigate complex relationships and competing interests. Building consensus and finding common ground among diverse actors become increasingly crucial for effective multilateral cooperation.
- **Climate change and the energy transition**: Climate change and the energy transition present both challenges and opportunities for Africa. Winners in this context will be those with access to affordable, low-consumption energy and technological advantages. African countries are prioritising climate resilience and addressing energy poverty through traditional fossil fuel explorations and renewable energy deployment.
- **Just transition for South Africa**: A just transition in the South African context involves ensuring an equitable and inclusive shift towards a sustainable economy. However, what this would entail in supporting workers and communities affected by the transition from fossil fuels to clean energy remains contested. With Europe's current reliance on and renewed appetite for fossil fuels, there are increased exports of coal to Europe from African nations. For the time being, providing social safety nets and creating new job opportunities in renewable energy and other green sectors are happening in slow motion.
- **Impact on food systems and agriculture**: The transition to a sustainable post-COVID-19 era has seen significant impacts on food systems and agriculture. African countries are directly negotiating through collaborative diplomatic outreach to traditional suppliers while exploring sustainable agricultural practices, leveraging new agri-technologies, using renewable energy for irrigation and agro-processing, and enhancing food security through climate-smart agriculture. Ensuring resilient and sustainable food systems is crucial for Africa's economic and societal well-being.
- **Improved regional integration and cooperation**: African countries are strengthening regional integration efforts through initiatives like the AfCFTA and regional infrastructure projects. Collaborative approaches are being adopted to address common challenges, enhance trade flows and foster regional stability, which can attract investment and stimulate economic growth.
- **Demand for new global financial arrangements**: African countries increasingly assert their concerns and demand a more prominent role in global financial institutions. There is a growing recognition that Africa has been marginalised in decision-making processes and lacks sufficient representation in global institutions. African countries are calling for a more inclusive and equitable approach to global finance, seeking additional

funding for climate projects without compromising development spending. The push for greater representation and voice in international institutions extends beyond finance to issues like international taxation, global debt discussions and UN Security Council reform.

- **Health infrastructure and pandemic preparedness**: The COVID-19 crisis highlighted the importance of robust healthcare systems and pandemic preparedness. African countries are investing in strengthening health infrastructure, improving access to quality healthcare and enhancing local manufacturing of medical supplies. The core challenges (that remain unresolved) include nurturing human expertise and effective health administration, establishing robust health infrastructure and allocating proficient resources for healthcare.
- **Youth empowerment and job creation**: The continent's young and growing population presents both opportunities and challenges. Governments are focusing on youth empowerment, entrepreneurship and skills development to create employment opportunities and drive economic growth.
- **Geopolitical realignment and external partnerships**: Africa's geopolitical landscape is evolving, with increased engagement from global powers like China, the US and the EU. African countries are diversifying their external partnerships to attract investment, access technology and expertise and enhance trade relations.

Navigating these key trends requires strategic policies, regional collaboration and investment in critical sectors such as healthcare, infrastructure, digitalisation, renewable energy and education. Africa's resilience and ability to harness these opportunities will be crucial in shaping its economic and geopolitical landscape post-COVID-19.

Key geopolitical trends and the shift to a multipolar world

EU Green Deal

Madeiros and Caramelo[1] explain the Green Deal aims to address climate change and environmental degradation concerns by stipulating that:

- there must be no net emissions of greenhouse gases by 2050;
- economic growth must be decoupled from resource use; and
- no person and no place should be left behind.

1 Eduardo Medeiros and Sérgio Caramelo, "EU Policies and Strategies and Territorial Cohesion," in *Public Policies for Territorial Cohesion*, ed. Eduardo Medeiros, The Urban Book Series (Cham: Springer International Publishing, 2023), 3–19, https://doi.org/10.1007/978-3-031-26228-9_1.

This was partly Europe's response to the impact of the pandemic, but evolved as its response to Russian invasion of Ukraine. The core of the Green Deal is the diversification of Europe's energy mix with a stronger focus on boosting deployment of renewable technologies to bolster energy security.

While primarily an internal policy tool, the Green Deal's potential repercussions will extend globally, impacting African nations in sectors like agricultural goods, fossil fuels and various natural resources. These effects will manifest through Europe's substantial financial influence, technological advancements and regulatory standards. The decline in European demand for fossil fuels, particularly after 2030, along with an increased need for vital minerals like cobalt and nickel for the energy transition, will inevitably influence the economies of African countries.[2]

The fossil fuel phase-out is already causing a decline in upstream investments by European development agencies, concessional lenders and private financiers of hydrocarbon projects in Africa. Europe's plans to use decarbonised gas as a transition fuel would present some short-term opportunities for African gas producers. With an increasing European demand for green hydrogen, partnerships are being established through the European Clean Hydrogen Alliance to secure 40 gigawatts of hydrogen imports from non-EU (including African) countries by 2030. The projected demand for critical raw minerals is an opportunity for Africa to replace Asian supply chains. However, it must be noted that this poses the risk of 'reinforcing technology dependencies for Africa, accelerating environmental devastation, -compounding climate disruptions, and importing Europe's carbon emissions.'[3]

The fossil fuel phase-out is already causing a decline in upstream investments by European development agencies, concessional lenders and private financiers of hydrocarbon projects in Africa

The EU's aim is to achieve an energy mix comprised mostly of renewable energy sources, with decarbonised gas acting as a transition fuel. However, for gas to be viable in the medium term, decarbonised gas must be procured over the long run. Currently, there exists a disconnect between the regional policy of the EU and policies at the national level, further compounded by a cautious stance among private sector entities due to the absence of a distinct 'market signal.' Consequently, this disparity has led to varying

2 Zainab Usman, Olumide Abimbola and Imeh Ituen, 'What Does the European Green Deal Mean for Africa?', *Climate Change Notes* (Washington DC: Carnegie Endowment for International Peace, October 2021), 2, https://carnegieendowment.org/2021/10/18/what-does-european-green-deal-mean-for-africa-pub-85570.

3 Usman, Abimbola, and Ituen, *What Does the European Green Deal*, 2.

priorities within different European nation, with the Nordics leaning towards oil and gas, France maintaining its commitment to nuclear energy, and Germany shifting its focus towards natural gas. Most EU countries seem to be set on including green hydrogen in their long-term plans. The prospect of green hydrogen remains unsettled in certain sectors, primarily due to the intricate technological demands related to its transportation and storage. Moreover, the debate over whether achieving the green hydrogen path aligns with the constraints of the climate timeline and the evolving dynamics of the market adds complexity to the issue. However, it holds promising avenues for heavy industry to decarbonise if the transportation and storage challenges can be overcome.

Europe's notable surge in coal consumption has been closely linked to the reduction in Russian natural gas supply. This reliance on coal is expected to diminish promptly as major industrial players like Germany shift their focus to alternative gas providers, such as Qatar. Necessary infrastructural adjustments will be undertaken to facilitate this transition. Furthermore, Europe has achieved remarkable records in incorporating renewables into its national energy mix, occasionally reaching 100% renewable energy utilisation on specific days. It is therefore vital to differentiate between the immediate jolt and disruption caused by Europe's transition process and the long-term trajectory of the region's steadfast commitment to a post-coal future.

Tension points with the EU: Implications for South Africa's relations with the EU

This section examines the evolving dynamics between South Africa and the EU in the context of energy and geopolitics. It highlights the main tension points between the two parties, the nature of their partnership, and the instruments and methods of engagement employed. Furthermore, it addresses key issues such as the disparity in green recovery approaches, migration challenges, pandemic-related concerns and the International Monetary Fund's (IMF) reallocation of special drawing rights (SDRs).

> The partnership between South Africa and the EU is asymmetrical in nature

South Africa's relationship with the EU encounters various tension points. These include disparities in trade policies, divergent approaches to climate change mitigation and differences in development priorities. South Africa must navigate these tension points by engaging in constructive dialogues, leveraging common interests and finding mutually beneficial solutions.

The partnership between South Africa and the EU is asymmetrical in nature. While the EU is a significant trade and development partner for South Africa, power imbalances and differing priorities may impact the effectiveness of this partnership. South Africa should strive for a more equitable relationship, ensuring that its interests and concerns are adequately addressed and that the partnership contributes to its national development objectives. Engaging with the EU requires employing various instruments and methods. South Africa should adopt a multi-bilateral approach, leveraging regional organisations such as the AU to enhance its collective bargaining power. By forging strategic alliances with like-minded countries, South Africa can amplify its voice and influence in discussions on energy and geopolitics. To avoid a 'dialogue of the deaf,' where both parties give with one hand and take with the other, South Africa should proactively drive the agenda in its engagement with the EU. This entails actively shaping discussions, proposing initiatives, and ensuring that consent to initiatives translates into ownership of and influence over the outcomes.[4]

South Africa and the EU may have divergent approaches to green recovery. While the EU emphasises decarbonisation and renewable energy, South Africa faces unique challenges in balancing its energy transition with socio-economic development imperatives. Both parties should strive for understanding, flexibility and collaboration to ensure that green recovery efforts are tailored to each's specific contexts and priorities.

Migration and pandemic-related concerns can impact relations. South Africa should engage in constructive dialogues with the EU, addressing migration challenges through cooperation, shared responsibilities and respect for human rights. Additionally, collaboration on pandemic response, including intellectual property rights, travel bans and access to vaccines through initiatives like COVAX, can foster mutual trust and strengthen the partnership.

The reallocation of SDRs by the IMF presents an opportunity for South Africa to advocate for fair and equitable distribution. South Africa should engage with the EU and other partners to ensure that the reallocation supports global economic recovery, addresses development needs and enhances the resilience of SADC countries in the face of future challenges.

South Africa's engagement with the EU in the realm of energy and geopolitics requires strategic navigation of tension points, the pursuit of a more equitable partnership and the adoption of multi-bilateral approaches. By driving the agenda, promoting effective dialogue, respecting differing priorities, addressing migration and pandemic-related concerns and actively participating in discussions on the reallocation of SDRs, South Africa can forge a constructive and mutually beneficial relationship with the EU. This will enable the country to advance its just energy transition.

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4 Daniel D Bradlow and Elizabeth Sidiropoulos, *Values, Interests and Power: South African Foreign Policy in Uncertain Times* (Pretoria: Pretoria University Law Press, 2020), https://www.pulp.up.ac.za/latest-publications/274-values-interests-and-power-south-african-foreign-policy-in-uncertain-times.

Coal, gas, the green transition and the EU: Implications for South Africa's energy transition

The global shift towards renewable energy sources and the green transition presents challenges and opportunities for South Africa. As a country heavily reliant on coal, it must navigate the transition to cleaner energy sources such as gas and renewables. The EU's discussions on controlling minerals production in certain countries raise concerns about the potential impact on resource-dependent economies like South Africa.

The legacy of the Berlin Conference, which divided Africa and its resources among European powers, continues to impact current energy and geopolitical dynamics.[5] South Africa, as a resource-endowed country, must be wary of ensuring fair and equitable terms in its relationships with international partners. It is crucial to navigate the evolving geopolitical landscape and avoid becoming overly reliant on the demands and preferences of external actors.

While European activists often advocate for the green transition in Africa, there is a need for consistency and engagement within Europe itself. The EU's recent decisions, such as firing up coal plants to address gas shortages and labelling nuclear and gas as sustainable and green energy, highlight the complexities and contradictions in it's energy policy.[6] Reversals in energy policy by Europe after Russia invaded Ukraine underscore the power imbalances in its relations with Africa and South Africa. It is essential for South Africa to assert its interests, ensure a fair distribution of benefits and advocate for a more balanced partnership that respects its national development objectives and priorities.

> South Africa's energy transition and its relations with the EU in the context of energy and geopolitics require careful navigation and a proactive approach

South Africa's energy transition and its relations with the EU in the context of energy and geopolitics require careful navigation and a proactive approach. The country must balance its reliance on coal with the need for cleaner energy sources, while advocating for fair and equitable terms in its engagements with external actors. It is also vital for European activists and policymakers to exhibit consistency in their advocacy for the green transition, both in Africa and within Europe itself. By addressing power imbalances and fostering a more balanced partnership, South Africa can shape its energy future in a way that aligns with its national interests and contributes to sustainable development.

5 Bradlow and Sidiropoulos, *Values, Interests and Power*.

6 Kate Abnett, 'EU Parliament Backs Labelling Gas and Nuclear Investments as Green', *Reuters*, 6 July 2022, https://www.reuters.com/business/sustainable-business/eu-parliament-vote-green-gas-nuclear-rules-2022-07-06/.

US energy strategy

In 2021, the US produced 79% of its total energy requirement from fossil fuels (petroleum, natural gas and coal).[7] However, the US has responded swiftly to the twin impacts of the post-COVID-19 era and the Russian invasion of Ukraine, and is repositioning itself in the global energy environment. It launched a number of initiatives at COP27 that suggest a heavy reliance on critical raw minerals and renewables.[8]

The Inflation Reduction Act is the US's flagship initiative to reposition itself within the global climate environment, the global energy market and the global climate finance markets. This comprehensive set of tax exemptions, financial support and motivating factors aimed at advancing renewable energy is linked with pledges to decrease greenhouse gas emissions by 50–52% by 2030, and to attain a net-zero grid by 2035. These endeavours are faced with significant challenges arising from the conflict in Ukraine, disturbances in global supply chains and heightened inflation trends.[9] Other related US initiatives include the Zero Emissions Vehicles in Emerging Markets Initiative and the Net Zero World Initiative, which includes partnerships with Thailand, Singapore, Chile, Indonesia and Nigeria. The Collective 2030 Zero Emissions Vehicle Goal – that zero-emission vehicles make up 50% of new light-duty vehicle sales by 2030 – was signed off in July 2022 by the European Commission, Canada, Chile, France, Germany, Italy, Mexico, Norway and the UK.[10]

Implications for South Africa in US–Africa relations

Over the past decade, the US has experienced a notable shift in its approach towards Africa, with implications for energy and geopolitics. While the US–Africa relationship has seen significant developments, there have been concerns regarding the consistency between rhetoric and implementation. Summits and initiatives, such as the African Growth and Opportunity Act (AGOA) and the President's Emergency Plan for AIDS Relief, have shaped US engagement with the continent. However, during the Obama administration, a more focused and comprehensive approach to Africa was initiated, including the extension of AGOA to 2025 and efforts to strengthen bilateral trade agreements.[11]

7 US Energy Information Administration, 'U.S. Energy Facts Explained - Consumption and Production', 2022, https://www.eia.gov/energyexplained/us-energy-facts/.

8 US Department of State, 'Driving the Clean Energy Transition: A Progress Report on Implementing U.S. Efforts to Advance Clean Energy', press release 18 November 2022, https://www.state.gov/driving-the-clean-energy-transition-a-progress-report-on-implementing-u-s-efforts-to-advance-clean-energy/.

9 Anand Gupta, 'Toward a More Orderly US Energy Transition: Six Key Action Areas', *EQ International*, 13 January 2023, https://www.eqmagpro.com/toward-a-more-orderly-us-energy-transition-six-key-action-areas-eq-mag/.

10 Kate Larsen and Hannah Pitt, 'Driving the Transition to Zero Emission Vehicles: Does Biden's Plan Chart the Course?, *Rhodium Group* (blog), 9 August 2021, https://rhg.com/research/biden-zero-emission-vehicles/.

11 Margaret Spiegelman, 'AGOA Time: As 2025 Approaches, Opportunities for Improvements Eyed', *AGOA*, 30 January 2023.

During the Trump administration, Africa seemed to take a backseat in US foreign policy. This was evidenced by the 2018 Bolton speech, which primarily focused on Russia and China. While some diplomatic efforts continued, there was a perceived lack of attention to African agency and priorities. Under the Biden administration, US engagement with Africa has become more nuanced. There has been a greater emphasis on African agency, with the US actively listening to African priorities and concerns. These priorities include climate change, infrastructure development, economic relations, investment, a support for open societies and the provision of democratic and security dividends.

The evolving US–Africa relationship holds significant implications for South Africa, particularly in the context of energy and geopolitics. South Africa, as a major regional power, plays a crucial role in Africa's energy landscape and holds significant reserves of mineral resources. As the US prioritises the Inflation Reduction Act to address climate change, renewable energy and sustainable development, South Africa's expertise in these areas can be harnessed to foster collaboration and attract investments. The Biden administration's focus on economic relations and investment aligns with South Africa's economic growth and development aspirations. By leveraging its energy resources and expertise, South Africa can attract US investments in renewable energy projects, infrastructure development and other sectors, leading to job creation, technology transfer and enhanced economic cooperation.

It is crucial for the US to demonstrate tangible actions that translate rhetoric into concrete initiatives

The Biden administration's support for open societies and democratic values aligns with South Africa's commitment to democracy and governance. This shared perspective can provide opportunities for cooperation in areas such as capacity building, security sector reform and peacekeeping efforts, promoting regional stability and security. Still, despite positive developments, there may be lingering suspicions regarding the implementation of US commitments. It is crucial for the US to demonstrate tangible actions that translate rhetoric into concrete initiatives. This will require sustained dialogue, regular diplomatic engagements and transparent mechanisms to monitor progress and ensure the mutual benefits of the US–South Africa partnership.

Narratives and realities: Implications for South Africa and the US

It is essential to bridge the gap between narratives and realities in international relations. South Africa should actively engage in shaping narratives that reflect its interests and strengths.[12] By promoting an accurate representation of its capabilities and contributions in the energy sector, South Africa can enhance its position as a key player in the global energy landscape. South Africa's trade relationships, particularly with the US, are crucial for its economic growth. As AGOA approaches its expiration, South Africa should explore the possibility of replacing it with free trade agreements with major emerging economies. Additionally, supporting the implementation of the AfCFTA can help South Africa diversify its export markets and strengthen regional economic integration.

> The issue of African debt, particularly with China and private creditors, requires attention

The issue of African debt, particularly with China and private creditors, requires attention. South Africa should advocate for responsible lending practices and debt relief initiatives. Recognising the responsibility of private creditors is crucial to ensure sustainable and manageable debt burdens for African countries, including South Africa.

Visa and immigration policies also continue to pose challenges for Africans seeking to visit the US. South Africa should engage in dialogue to address these difficulties and promote more accessible and equitable visa processes. Facilitating people-to-people exchanges can enhance collaboration and foster stronger bilateral relationships.

Restrictions on financing for energy projects by multilateral development banks pose challenges for South Africa's energy transition. South Africa should advocate for a more coordinated and coherent approach among various initiatives and agencies involved in climate finance and sustainable development. Additionally, promoting the reform of global governance structures by elevating African voices, including in multilateral development banks, climate finance, vaccine access and the WTO, can enhance South Africa's influence and ensure its interests are adequately represented.

The normalisation of US–China relations, followed by deep private sector investment and bilateral investment, lay at the heart of China's economic rise. South Africa faces an

12 Bradlow and Sidiropoulos, *Values, Interests and Power*

opportunity to strategically navigate its energy trajectory. By diversifying energy sources, fostering strategic partnerships, ensuring sustainable development, strengthening institutions, investing in human capital and balancing economic wellbeing with sovereignty, South Africa can emulate China's success while safeguarding energy security, autonomy and environmental well-being. The past becomes a guidepost for South Africa as it charts its course in the complex landscape of global energy dynamics, mindful of both lessons learned and unique national imperatives.

Realpolitik and mutual interests: Implications for South Africa's strategic positioning

Due to its resources and economic potential, sub-Saharan Africa has become a strategic focus for major global powers that are driven by realpolitik and mutual interests.[13] Especially in the case of China, Africa is regarded as a crucial battleground to contest the established international order while also promoting its economic and geopolitical objectives. This approach could potentially weaken transparency and the principle of openness. Meanwhile, Russia perceives Africa as a conducive space for state-owned enterprises and private military firms.

In contrast, the US has emphasised good governance, democracy, human rights and responsible investment in its engagement with Africa. The US utilises a mix of favourable incentives and disciplinary actions, including sanctions, to advance its objectives. This approach aligns with South Africa's commitment to democratic values and can foster collaboration in areas like transparency, accountability and sustainable development. The US recognises the importance of critical minerals, including energy resources, for sustainable development. The focus on leveraging natural resources more transparently and diversifying supply chains aligns with South Africa's potential as a major supplier of critical minerals. By strengthening supply chains that are diverse, open and predictable, South Africa can enhance its role as a reliable partner in the global energy transition. As the world transitions towards cleaner and more sustainable energy systems, South Africa's expertise in renewable energy, particularly in sectors like wind and solar, presents opportunities for collaboration with the US. The US, with its focus on responsible investing, can contribute to the development of South Africa's renewable energy infrastructure, fostering job creation and technology transfer and addressing climate change concerns.

The G7 Partnership for Global Infrastructure and Investment, with its $600 billion blended fund,[14] presents opportunities for South Africa. This initiative aims to foster infrastructure development while adhering to transparency, inclusivity and sustainability principles. With their vast energy resources and strategic location, South Africa and Southern Africa

13 Bradlow and Sidiropoulos, *Values, Interests and Power*

14 World Economic Forum and Reuters, *G7 Pledges to Invest $600 Billion into Infrastructure for Developing Countries*, (Cologny: Long-Term Investing, Infrastructure and Development, 2022) https://www.weforum.org/agenda/2022/06/g7-pledges-invest-600-billion-infrastructure-developing-countries/.

can attract investments and participate in infrastructure projects that enhance regional connectivity and stimulate economic well-being.

African perceptions of the current geopolitical context

South Africa finds itself in a transformative era marked by profound changes, referred to as 'Zeitenwende.'[15] The recent and prevailing conflict in Ukraine serves as a stark reminder of the resurgence of great power politics and the end of European security arrangements, ushering in a new post-post-Cold War era. The world has become increasingly volatile, uncertain, complex and ambiguous, necessitating the adoption of complex adaptive systems thinking to navigate the challenges ahead. The existing international order is facing growing contestation, with a fraying multilateralism and the rise of China and the Global South. As power dynamics shift, there are calls for the reform of institutions and the rules that govern them to ensure they adequately respond to the needs of the developing world. The rise of China and the Global South further diversifies global value systems, where heterogeneity will define future global perspectives and priorities.

The rise of China and the Global South further diversifies global value systems, where heterogeneity will define future global perspectives and priorities

Within this evolving geopolitical environment, energy plays a pivotal role. As nations strive for energy security, they are increasingly aware of the interplay between energy resources, politics and global power dynamics. The future of energy will shape the possibilities and limitations of human systems and contribute to the definition of new global alliances and non-alignment strategies. A shift towards complex adaptive systems thinking is essential to effectively address the challenges and opportunities presented by the future of energy and geopolitics. This approach recognises the intricate interdependencies and feedback loops between factors such as energy production, consumption patterns, environmental sustainability and socioeconomic development. By adopting this approach, policymakers can better anticipate and respond to the complexities of the energy transition within the broader geopolitical context.

15 Bradlow and Sidiropoulos, *Values, Interests and Power*.

It is imperative to ensure that energy policies are inclusive and responsive to all nations' diverse needs and aspirations. The voices of developing countries must be responded to, as they call for equitable representation, fair access to energy resources and the alignment of energy policies with sustainable development goals. Engaging in dialogue and collaboration with developing countries will be crucial to shaping a future that benefits all nations. The concept of non-alignment, particularly in the new geopolitical environment, gains renewed significance. Developing countries may advocate for active non-alignment to safeguard their interests, preserve their sovereignty, and navigate the evolving power dynamics.[16] This approach allows nations to maintain strategic autonomy while engaging in mutually beneficial partnerships and avoiding entanglements that could compromise their long-term objectives.

As the world undergoes epochal changes, it is essential to recognise the intricate links between energy and geopolitics. Embracing complexity through complex adaptive systems thinking, promoting inclusive energy policies, and considering strategies like active non-alignment will be pivotal in shaping a future where energy resources are harnessed sustainably, geopolitical dynamics are navigated effectively and the aspirations of all nations are taken into account. By proactively addressing these issues, policymakers can lay the foundation for a more stable, prosperous and equitable world.

Geopolitics of climate change: Implications for South Africa's strategic positioning

Climate change has become a central focus in global geopolitics, and nations increasingly recognise the need for collaborative action to mitigate its impacts. South Africa's strategic positioning in this context is crucial. By actively engaging in international climate negotiations, fostering regional cooperation and aligning domestic policies with global climate objectives, South Africa can strengthen its geopolitical influence and contribute to shaping the global climate agenda.

The convergence of digital and green technologies presents immense opportunities and challenges. Pursuing a sustainable energy future includes developing smart grids, renewable energy integration, and energy-efficient systems that require a robust digital infrastructure. The knock-on impacts have spurred significant investments, including R&D efforts.[17] South Africa should prioritise investments in digital capabilities, promote innovation and R&D, and foster collaborations between the digital and green sectors to leverage benefits between these domains to enhance competitiveness in the global market. Governments worldwide are mobilising state funds to support clean energy initiatives, creating a new space race focused on developing advanced technologies and achieving energy independence. South Africa should prioritise allocating state funds to

16 Elizabeth Sidiropoulos, 'Re-Thinking Non-Alignment: Global South Perspectives', Seminar (SAIIA, March 2023) https://saiia.org.za/event/re-thinking-non-alignment-global-south-perspectives/.

17 International Energy Agency, *World Energy Investment 2023* (Paris: IEA, 2023), https://www.iea.org/reports/world-energy-investment-2023.

renewable energy projects, support local research institutions, especially startups, and actively participate in international collaborations to gain a competitive advantage while pursuing energy independence, sustainably and equitably.

Countries employ multiple instruments to secure economic and geopolitical advantages in the energy transition. South Africa should:

- consider strategic trade policies to promote the export of clean energy technologies;
- implement carbon taxes to incentivise emissions reductions;
- establish resilient supply chains for critical minerals used in green technologies;
- attract foreign direct investment in new industries; and
- provide subsidies and incentives to stimulate the economic well-being of clean energy sectors.

By utilising these instruments effectively, South Africa can enhance its economic cooperation and geopolitical influence.

Integrating climate change considerations into climate finance architecture and international funding institutions is essential. South Africa should actively engage in discussions on climate finance governance, advocate for a fair and equitable distribution of funds and ensure climate financing mechanisms align with national development priorities. By leveraging climate finance opportunities, South Africa can accelerate its transition to a low-carbon economy, strengthen its resilience to climate impacts and position itself as a leader in sustainable development.

Impacts of the Russia–Ukraine crisis

The Russia–Ukraine conflict resulted in a European energy crisis after Russia reduced gas supplies to Europe. A briefing from the EU early in 2023 puts the reduction near 74%,[18] while other estimates suggest as much as 88%.[19] Before the conflict and after the dissolution of the Soviet Union in 1991, Europe increasingly relied on Russian gas for the continent to meet its energy needs. In the scramble to fortify energy reserves before winter in 2022, European countries dramatically increased coal imports from South Africa. This, in turn, has strengthened the hand of coal-vested interests, who now have economic tailwinds to justify their continued existence. This increase in coal volume exports, coupled with preferential price increases, negatively influenced the policy of the South African coal industry to reduce emissions.

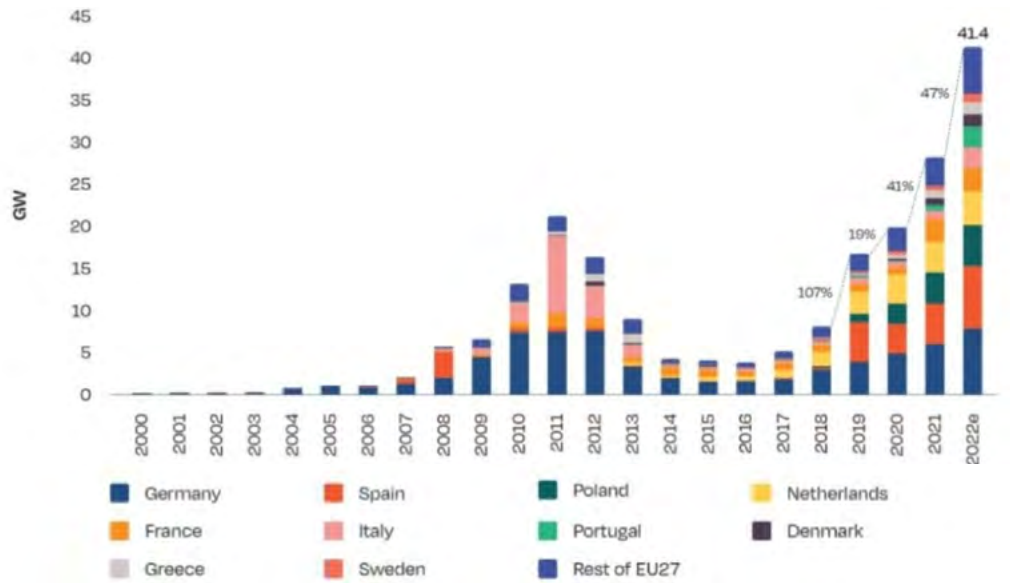
18 The European Parliament, European Parliamentary Research Service Briefing PE 739.362, *EU Energy Security and the War in Ukraine: From Sprint to Marathon* (Brussels: EU Parliament, 2023), https://www.europarl.europa.eu/RegData/etudes/BRIE/2023/739362/EPRS_BRI(2023)739362_EN.pdf.

19 "Nord Stream 1: How Russia is cutting gas supplies to Europe," *BBC News*, 29 September 2022, https://www.bbc.com/news/world-europe-60131520.

Apart from the fluctuation in prices, scarcity of supply and concerns over security and economic instability, another prevalent narrative has arisen. This is the notion that the EU is resuming coal mining due to the Russia–Ukraine conflict while simultaneously urging South Africa to shut down its coal mines using the $8.5 billion as outlined in the COP26 climate summit in Glasgow. This $8.5 billion commitment is intended to aid South Africa's efforts to install more clean energy, accelerate the country's transition away from coal power and soften the impact on workers affected by this shift. This narrative has gained momentum as Germany, Austria, Poland, the Netherlands, and Greece made plans to reopen coal power plants and support coal power in the quest for energy security. In addition, in December 2022, the UK approved its first new coal mine in three decades.

This is, however, a simplistic analysis of the European response to the Russia–Ukraine conflict. Before the Russia–Ukraine crisis, European coal-fired energy generation increased by 13% in 2021.[20] The coal-fired generation before the conflict was a response to the need for economic recovery after the COVID-19 pandemic and has since spurred on the necessity to secure alternative energy sources, which was, in turn, further reinforced by the Russia–Ukraine conflict. Secondly, the rise in emissions has already triggered country-level responses, with more electricity generated by renewables than ever. Figure 1 shows the annual solar PV installed capacity from 2000 to 2022, and the escalating trend is remarkable.

Figure 1 EU27 annual solar PV installed capacity 2000–2022



Note: The EU27 countries are Belgium, Bulgaria, Czech Republic, Denmark, Germany, Estonia, Ireland, Greece, Spain, France, Croatia, Italy, Cyprus, Latvia, Lithuania, Luxembourg, Hungary, Malta, Netherlands, Austria, Poland, Portugal, Romania, Slovenia, Slovakia, Finland, Sweden

Source: World Economic Forum, Can Europe's rush for renewables solve its energy crisis? (2023)

20 Lauri Myllyvirta, 'Russia–Ukraine War Has Not Led to Increased Fossil Fuel Consumption in the EU', Centre for Research on Energy and Clean Air, (Finland: CREA, 2023), https://energyandcleanair.org/russia-ukraine-war-has-not-led-to-increased-fossil-fuel-consumption-in-the-eu/.

The Russia–Ukraine conflict has contradictory implications for South Africa.

- **Short term**: Increasing coal exports to meet the immediate need for coal could result in greater dependence on coal mining; and
- **Longer term**: The combination of policies related to greener energy and the transition from fossil fuels will make it increasingly problematic to finance coal-fired power, alongside the necessity to decarbonise the South African economy as it continues to export coal across borders.

Concerning pursuing coal projects, much can be attributed to a growing global movement around financial institutions that have decided to refrain from financing coal projects. It can also be attributed to a series of legislative and regulatory proposals within the Global North, that aim to create export barriers with the Global South to discourage carbon-intensive exports. This includes the EU's Carbon Border Adjustment Mechanism tool, which will be detrimental to South Africa due to increasing carbon taxes, negatively impacting the balance of trade account.

Provided port systems run smoothly, coal exports will significantly increase revenues for South African mining. However, this will strain energy prices, increasing the cost of renewable energy infrastructure. Germany's coalition government released the Easter package, a remarkable acceleration of renewable energy in Germany. The ambitious aim is to be 100% renewable by 2035 and achieve net zero by 2045, which will significantly increase the demand for solar panels, as highlighted in Figure 1.

In addition, South Africa could catalyse upstream industrialisation, creating much-needed employment, which is crucial.

Ukraine, the war, Russia and Africa: Implications for South Africa

The conflict in Ukraine has significant geopolitical implications, with ripple effects reaching various regions, including Africa. As South Africa evaluates its position within the international community, it is crucial to monitor and understand the complexities of the conflict and its potential consequences for energy and geopolitics. The conflict raises questions about adherence to the rules-based international order. As a proponent of international norms and principles, South Africa should actively advocate for the respect of sovereignty, territorial integrity and the inviolability of borders.[21] Upholding these principles is essential for fostering stability and peace in the global arena.

The conflict in Ukraine exposes the unfinished security architecture in Europe. As South Africa assesses the implications of this European war, it should recognise the importance of comprehensive security arrangements that prevent and address conflicts cooperatively

21 Ovigwe Eguegu, 'The Russia–Ukraine War: Implications for Africa', (Occasional Paper 343 South African Institute of International Affairs, 2023), https://saiia.org.za/research/the-russia-ukraine-war-implications-for-africa/.

and inclusively. Encouraging dialogue and negotiations to resolve the Ukraine crisis is crucial for maintaining global stability. The involvement of NATO in the Ukraine conflict has raised concerns about aggression and regime change.[22] South Africa, as a proponent of peaceful resolutions, should support diplomatic efforts and encourage all parties involved to engage in constructive dialogue rather than resorting to military means. Promoting peaceful dispute resolution is crucial for preventing further escalation and ensuring stability.

The ongoing conflict between Russia and Ukraine has significant repercussions for Africa across various domains, including human security, geo-economics, energy and politics. This conflict has disrupted global energy markets, which can potentially impact African economies. Different African perspectives emerge based on historical relationships, economic interests and geopolitical alignments, leading to diverse positions.[23]

This conflict has triggered shifts in global governance dynamics. Emerging powers such as China and India are challenging Western dominance in areas like trade, investment and security. Africa, a crucial arena for power competition, stands to benefit from strengthening intra-regional ties. By promoting regional integration, cooperation and stability, African countries can navigate the complexities of this evolving global landscape.[24] In this context, African nations face the challenge of balancing national and regional interests with the interests of competing global powers. Developing foreign policies that take into account both short-term and long-term strategic goals becomes crucial. It is essential to navigate the complex dynamics of great-power competition while adapting to evolving governance structures.[25]

The imposition of Western sanctions on Russia in response to the Ukraine conflict has had broader consequences for global energy markets and geopolitical dynamics. As a participant in the global economy, South Africa should monitor the impact of these sanctions and explore potential mitigating actions to address any adverse effects on energy markets while ensuring the stability of international trade.

Geopolitics of the EU Green Deal: The impact on Africa's energy transition

European policymakers perceive the EU Green Deal as a foundation for a comprehensive transformation of EU-Africa relations. The objective is to move away from the traditional donor-recipient dynamic of the past and establish a mutually advantageous partnership. This partnership would involve various aspects, such as sourcing critical raw materials and energy supplies from Africa, developing industrial capabilities, promoting localised value

22 Eguegu, 'The Russia–Ukraine War'.
23 Eguegu, 'The Russia–Ukraine War'.
24 Eguegu, 'The Russia–Ukraine War'.
25 Eguegu, 'The Russia–Ukraine War'.

chains and facilitating technology transfer.[26] From a policy perspective, it would entail aligning the objectives of the EU Green Deal, particularly those that directly impact Africa, with the stated development priorities of the continent. However, unless this results in increased volumes of climate finance for Africa on favourable terms, these efforts to align the EU Green Deal with African priorities could backfire. For example, African governments are urging EU governments and the IMF to agree to reallocate the SDRs that the Europeans currently enjoy. As yet, this proposal has not been met with much enthusiasm.

European responses to the war are complicating a global equity picture. The EU's need for gas has resulted 'in pressure on import dependent economies, electricity shortages, and further short and medium-term spikes in energy prices, often for those that can least afford it.'[27] Additionally, the reactions from the EU have established motivations for investing in coal, gas and the related supply networks. As a result, Algeria will persist in supporting its gas sector to secure lasting agreements with European importers.[28] The new frontier centres on the critical minerals required to manufacture green technologies or products. As the US Treasury Secretary says, 'We cannot allow countries to use their market position in key raw materials.'[29] Critical minerals possess the potential to cause upheaval in the South African economy or exert undesirable geopolitical influence.

Implications of China's relationship with Africa

Large-scale responsible mineral procurement, essential for transitioning to low-carbon energy sources, is extremely difficult. The demand for these critical minerals – particularly nickel, copper, lithium and cobalt – is anticipated to increase, partly due to their application in the renewable energy industry. Since China is currently a global leader in this area, the world's ability to advance the energy transition and achieve decarbonisation targets depends heavily on Beijing. One player's sheer power and impact necessitate an evaluation of the risks and difficulties it might present for the energy transition, as well as possible solutions in the critical minerals supply chain.

When it comes to processing strategic minerals, China dominates the world. On a global scale, it refines 73% of cobalt, 40% of copper, 59% of lithium and 68% of nickel.[30] In subsequent stages of the supply chain, such as producing battery cell components, it also plays a crucial role. Most of the world's mineral-rich battery cell components production

26 Usman, Abimbola, and Ituen, *What does the European Green Deal*.

27 Kuzemko et al., 'Russia's War on Ukraine, European Energy Policy Responses & Implications for Sustainable Transformations', *Energy Research & Social Science* 93 (1 November 2022): 5, https://doi.org/10.1016/j.erss.2022.102842.

28 Thomas Hill, 'A Newly Assertive Algeria Seizes an Opportunity', US Institute of Peace, January 2023, https://www.usip.org/publicat ions/2023/01/newly-assertive-algeria-seizes-opportunity.

29 Andrea Shalal, 'U.S., Allies Cannot Allow China to Dominate Raw Materials, Technologies - Yellen', *Reuters*, 18 July 2022, https://www.reuters.com/world/us-allies-cannot-allow-china-dominate-raw-materials-technologies-yellen-2022-07-18/.

30 Jon Yeomans and Fred Harter, "Who owns the Earth? The scramble turns critical," *The Times*, April 26, 2022 https://www.thetimes.co.uk/article/who-owns-the-earth-the-scramble-for-minerals-turns-critical-jbglsgm02; IEA, The Role of Critical Minerals in Clean Energy Transitions, (2021), https://www.iea.org/reports/the-role-of-critical-minerals-in-clean-energy-transitions.

comes from this region. Most significantly, China is home to three-fourths of the world's lithium-ion mega plants and has 78% of the capacity to produce EV battery cells. As a result, China is the country that consumes the most refined minerals.

China's dominance in refining strategic critical minerals, and its position in the supply chain for battery cell components, gives it significant influence in the global energy transition. This dominance allows China to shape the pace and direction of the transition, impacting global geopolitics by exerting influence over energy markets, technological advancements and resource allocation. It also positions it as a critical partner or competitor for countries seeking to achieve their decarbonisation targets.

The US and EU, along with individual countries, are likely to respond in several ways to address China's dominance in the critical minerals and energy transition sectors:

- **Diversification of supply chains**: To reduce dependence on China and mitigate geopolitical risks, countries may seek to diversify their sources of critical minerals by exploring alternative mining and refining partnerships in other regions, such as Africa and South America.
- **Enhancing domestic production**: The US, EU and other countries have begun developing their own mining and refining capabilities for critical minerals to reduce reliance on imports and secure a domestic supply chain.
- **Strengthening international cooperation**: Collaboration among countries is expected to increase to collectively address the challenges posed by China's dominance. This could involve creating international frameworks for responsible mineral procurement, sharing technological advancements and coordinating efforts to promote sustainable practices in the mining and energy sectors.
- **Support for research and development**: Governments may invest in research and development (R&D) to advance technologies for resource efficiency, recycling and the development of alternative materials to reduce dependence on critical minerals.
- **Promotion of circular economy approaches**: Encouraging circular economy practices, such as recycling and remanufacturing, can help reduce the demand for new critical minerals and enhance resource efficiency.

Though these activities might be very strategic, it will take time to shake what China has managed to build over the years. For many years, China has dedicated extensive efforts to develop its industry, making it challenging and costly for the EU and the US to compete. To match China's progress, they would need to invest significantly in developing not only factories but also human capital, intellectual property and long-established political and economic connections that have facilitated the expansion of China's supply chains.

Implications of China's relationship with Africa impacting the just transition

Besides the financial gaps in Africa's energy transition, the region also has significant technological and expertise gaps.[31] Numerous sub-Saharan African countries currently lack sufficient manufacturing capacity to produce crucial renewable energy equipment and spare parts, and there is a shortage of expertise in the private and public sectors to manage and regulate these increasingly complex renewable energy systems. Similarly, many countries in the region heavily rely on imports for fossil fuel equipment due to limited domestic manufacturing capabilities. In contrast, China has emerged as a key partner in supporting African countries' development, particularly in the ambitious journey towards achieving a sustainable energy transition, including infrastructure support for transport networks.[32]

> This energy transition allows China to change the narrative regarding its relations with African countries

This energy transition allows China to change the narrative regarding its relations with African countries. One prevalent misunderstanding is the belief that China colonised the continent to secure access to its oil, gas, minerals and other natural resources, along with the associated infrastructure. This notion suggests that China developed a dependable supply chain, allowing it to sustain its industrialisation without having to compete openly. However, a different perspective shows that the People's Republic of China has historical ties to anti-colonial struggles and shares ideological affinities with various African nations, dating back to the Non-Aligned Movement. Except for eSwatini (Swaziland), which maintains diplomatic relations with Taiwan, all African countries recognise the People's Republic of China. Numerous African nations seek China's assistance in addressing the continent's infrastructural deficit through the Belt and Road Initiative (BRI). In return, China gains access to crucial strategic resources such as fossil fuels, minerals and untapped markets. China's interest in some African countries is driven by their abundant natural resources, relatively low labour costs, weak governance and less stringent environmental regulations.[33]

China–Africa relations can also be described as paradoxical when it comes to the transition to green energy. Beijing has expressed its willingness to support African

31 John Feffer, 'Chinese Fossil Fuel Investments in Africa', (Foreign Policy In Focus, 2021), https://fpif.org/chinese-fossil-fuel-investments -in-africa/.

32 Wei Shen, *China role for Africa energy transition: a critical review, Report*, Oxford Policy Management., 2021.

33 Feffer, 'Chinese Fossil Fuel Investments'.

states in the transition to green energy but has continuously made fossil fuel-based investments such as building coal power plants in South Africa. Between 2000 and 2021, the China Development Bank and Export-Import Bank of China pledged $49 billion in loans to various African governments for a total of 128 energy projects. These projects make up over one-third of their international energy initiatives. Funding allocations from these loans included:[34]

- $18 billion for oil
- $13 billion for hydropower
- $6 billion for coal
- $3 billion for gas/LNG
- $611 million for wind
- $480 million for geothermal
- $367 million for solar
- $7.5 billion for unidentified industries.

China–Africa relations can also be described as paradoxical when it comes to the transition to green energy

China's paradoxical stance on the energy transition does not mean Beijing cannot offer anything meaningful to Africa's energy transition. On the contrary, it can be very helpful in this transition. Speaking at the UN General Assembly on 22 September 2021, Chinese President Xi Jinping declared that China would stop constructing coal power plants abroad and would offer substantial support for green transitions in developing countries. However, partially due to COVID-19, China declared that it would stop supporting state-backed projects in Africa during the most recent Forum on China–Africa Cooperation summit, which took place at the end of 2021. Instead, the emphasis would be on boosting bilateral trade between China and Africa, encouraging Chinese private companies to invest in Africa and fostering collaboration between Africa and China. Xi also announced a shared Africa–China climate plan and an emerging climate diplomacy approach among the nine programmes to strengthen China–Africa cooperation at the 2021 Forum.

34 Maureen Heydt, "Towards a Solutions-Oriented Approach: China, Africa and Energy Transition Narrative Building" (Boston University Global Development Policy Center, 17 November 2022), https://www.bu.edu/gdp/2022/11/17/towards-a-solutions-oriented-approach-china-africa-and-energy-transition-narrative-building/.

In the run-up to COP27, China released a new concept note on climate cooperation. In it, it encourages the AU and BRICS member states to join the framework of partnership and the development of green and low-carbon energy in developing countries.[35] This could result in a new era for China–Africa cooperation on renewables. The first China–South Africa New Energy Investment and Cooperation Conference was held in Sandton, South Africa on 13 June 2023. This could deepen cooperation, trade and investment in new energy technologies to help South Africa overcome its energy challenges and reignite its economic growth. The Chinese government extended a gesture of assistance to South Africa, providing solar panels and generators as donations for installation in public institutions to avert power interruptions. The Chinese ambassador to South Africa also said that Beijing would provide Eskom with renewable energy equipment to help it deal with the energy crisis.[36]

China possesses the capacity to assist in Africa's just transition

China possesses the capacity to assist in Africa's just transition. There are high hopes for Chinese enterprises in South Africa, a country historically reliant on coal, where private investment often spearheads renewable energy initiatives. China has the potential to establish platforms for the exchange of knowledge, offer consultancy services in renewable engineering to African countries and share its proficiency in the distribution of renewable energy. The BRI offers significant opportunities to address infrastructure deficits to accelerate the energy transition. However, despite announcements and endorsements for energy transitions on the continent, action is lacking. As renewable energy's growth is poised to profoundly influence Africa's social and economic trajectory, China and African countries need a well-defined strategic framework that outlines the connection between climate and energy. This framework will solidify their collaboration in the realm of renewable energy.

China maintains its imports of agricultural products and raw minerals from Africa, considering both food security and the minerals essential for its energy transition as priorities. As the AfCFTA fosters free trade between the two regions, their relations are expected to strengthen further. The AfCFTA presents opportunities to promote the growth of green manufacturing, renewable energy infrastructure and green sectors. South Africa, with its advanced industrial and technological capabilities, exhibits particular interest in regional energy integration. The opening up of markets and the development of regional

35 Cobus van Staden, "China Releases Climate Plan Focusing Heavily on Global South," China Global South Project, 26 April 2023 https://chinaglobalsouth.com/2022/10/13/china-releases-climate-plan-focusing-heavily-on-global-south/.

36 Mandisa Nyathi, "China offers to help South Africa with power crisis," *Mail & Guardian*, 14 June 2023.

economies of scale offer prospects to stimulate renewable energy projects and create an export-oriented environment.[37] Hence, South Africa can engage in clean energy trade within the framework of the AfCFTA. Achieving this will require strong political leadership and commitment to the agreement. The success of regional energy cooperation hinges on creating conducive conditions, including adequate infrastructure – such as grid integration and upgrades – and relevant regulations. Shared benefits can thus be realised within Africa's broader objectives of industrialisation.

China has aided in filling a crucial financial vacuum amid low levels of funding from Western organisations or conventional development finance institutions in Africa. Beijing is playing an increasingly significant role in Africa's energy transition, primarily through its significant investments and loans in a variety of energy infrastructure projects, including the extraction of oil and gas, the construction of power plants using both conventional and renewable energy sources, and the construction of transmission and distribution networks. Africa's top priorities considering the global climate challenge are a more active relationship between African countries and China and a smooth transition from fossil fuels to renewable energy. Therefore, it is necessary to speed up innovation through a variety of efforts so that the green economy may become more than just a theoretical possibility in Africa. Mutual benefits can be envisaged through China–Africa relations on energy transitions; however, the Chinese government will need to make more concerted efforts to change the current engagement paradigm, which heavily relies on state-owned enterprise' ad hoc interactions with African markets.

The geopolitical issues surrounding China's dominance in critical minerals procurement and the energy transition are interconnected with broader global dynamics

The geopolitical issues surrounding China's dominance in critical minerals procurement and the energy transition are interconnected with broader global dynamics. These include the evolving global governance landscape, great-power competition and the shifting dynamics of international trade and investment. The actions and responses of various countries and regions are influenced by these interconnected geopolitical factors. For instance, China's BRI and its investments in Africa are part of its broader geopolitical strategy to secure access to mineral resources, expand its influence, and strengthen economic ties. The response of the US, EU and others to China's dominance is also shaped by their own geopolitical interests, economic considerations and competition for

37 International Institute for Sustainable Development, *How Can the AfCFTA Improve Energy Efficiency and Access in Africa?* (IISD: 2021, https://sdg.iisd.org/commentary/guest-articles/how-can-the-afcfta-improve-energy-efficiency-and-access-in-africa/.

influence in various regions. Consequently, addressing the challenges associated with China's dominance in critical minerals and the energy transition requires a comprehensive understanding of these interconnected geopolitical dynamics and the formulation of strategic policies that are informed by foresight and account for the broader context.

Pursuit of strategic options in South Africa

Active non-alignment emerges as a viable strategic option for Africa. By maintaining a neutral stance in major geopolitical rivalries, African countries can safeguard their sovereignty, preserve their independence and avoid becoming entangled in conflicts that are not of their making. Active non-alignment allows Africa to forge its own path and pursue its national interests without being beholden to external powers.[38] As the future of energy and geopolitics unfolds, African countries, including South Africa, should prioritise self-reliance in meeting their energy needs. Developing domestic energy sources, investing in renewable energy projects and enhancing energy efficiency can reduce dependence on external actors and foster long-term energy security. By embracing self-reliance, African nations can mitigate vulnerabilities associated with fluctuating global energy dynamics.

> To maximise opportunities and minimise risks, African countries should actively seek a diverse range of partners for energy cooperation and geopolitical engagement

To maximise opportunities and minimise risks, African countries should actively seek a diverse range of partners for energy cooperation and geopolitical engagement. Building relationships with multiple countries, regions and international organisations enables African nations to access a wider array of resources, technologies, investments and expertise. A diverse partnership network promotes a balanced approach to energy and geopolitics, reducing the risk of overreliance on a single ally. African countries should strive for greater symmetry in their engagements to ensure more equitable and mutually beneficial partnerships. This entails promoting dialogue, transparency and fair terms in energy agreements and other cooperative initiatives. By seeking symmetry, African nations can foster relationships that are based on mutual respect, shared benefits and the pursuit of common interests, enhancing the overall stability and sustainability of their energy and geopolitical interactions.

38 Sidiropoulos, 'Re-Thinking Non-Alignment'.

Continual reflection and adaptation are vital in the face of evolving energy and geopolitical dynamics. African countries should regularly assess their strategic options, align them with changing circumstances and respond proactively to emerging challenges and opportunities. Flexibility and the ability to adapt strategies will allow African nations to effectively navigate the future of energy and geopolitics while safeguarding their national interests.

CHAPTER 3

Conclusion

Given the intricacies of global geopolitics, active non-alignment is a strategic approach for the African continent. This approach preserves sovereignty and independence and prevents involvement in external conflicts. By embracing active non-alignment, African nations can chart their own course and pursue their interests independently.

> In the evolving landscape of energy and geopolitics, prioritising self-reliance in energy is paramount

In the evolving landscape of energy and geopolitics, prioritising self-reliance in energy is paramount. Developing domestic energy sources, investing in renewables and enhancing energy efficiency within bioregional constraints reduce reliance on external actors and ensure long-term energy security. By establishing diverse partnerships for energy cooperation and geopolitical engagement, African countries can leverage their unique position to access resources, technologies, investments and expertise to expedite the much-needed just energy transition. Diverse networks reduce dependence on any single ally, thereby building resilience in economic and social systems.

Continual reflection and adaptability are crucial in the face of evolving geopolitical energy dynamics. This includes regular assessments, alignment with changing circumstances and proactive responses to navigate the changing landscapes of energy, geopolitics and the geopolitical-energy nexus. South Africa must navigate this uncertainty critically, considering alternative framings to inform its own geopolitical energy future and to shape a stable, resilient and inclusive domestic energy economy, competitive and secure within the global context. A view of the geopolitical energy nexus as a complex adaptive system allows both global and local policymakers to anticipate and respond to the complexities of the transitioning world through strategic actions that capture the emerging benefits of the multipolar world.

This report offers several recommendations for South Africa to navigate the global energy transitions landscape:

- **Diversify critical mineral supply chains**: The research unequivocally demonstrates that China's dominance in critical mineral processing demands strategic diversification. South Africa should actively seek partnerships beyond established supply chains,

forging relationships with alternative mining and refining partners in regions such as Africa and South America. By reducing dependence on a single source, South Africa can mitigate geopolitical risks and ensure a more stable supply and better manage the demand for critical minerals.

- **Foster domestic production and innovation**: The path to energy sovereignty requires a robust domestic industry. Building on South Africa's industrial capabilities, the country should invest in developing its own mining and refining capabilities for critical minerals. Furthermore, investing in R&D of innovative technologies for resource efficiency, recycling and alternative materials will diminish reliance on imported minerals and accelerate progress towards self-sufficiency.
- **Forge equitable international cooperation**: Collaboration is paramount in addressing the challenges posed by nation state energy dominance. South Africa should strengthen international cooperation by engaging in partnerships with countries that share common goals and concerns. Establishing international frameworks for responsible mineral procurement, technology sharing and sustainable practices will amplify collective efforts towards a greener, more secure energy landscape.
- **Embrace active non-alignment and self-reliance**: The research highlights the significance of active non-alignment as a strategic approach for South Africa. By remaining neutral in geopolitical rivalries, South Africa can safeguard its sovereignty and chart an independent course. Embracing self-reliance through domestic and regional energy development and investment in renewable energy projects will mitigate vulnerabilities and ensure long-term energy security.
- **Cultivate diverse partnerships**: The research underscores the importance of diversity in partnerships. South Africa should cultivate relationships with multiple countries, regions and international organisations. By accessing a broad spectrum of resources and expertise, South Africa can create a balanced engagement framework that prevents overreliance on any single ally.
- **Prioritise symmetric engagements**: Mutual respect and shared benefits are foundational to sustainable partnerships. South Africa should advocate for transparent and fair terms in energy agreements, ensuring that relationships are built on equitable grounds. Such an approach fosters stability and contributes to the overall sustainability of energy and geopolitical interactions.
- **Promote peaceful resolutions and regional cooperation**: Amid geopolitical tensions, South Africa's diplomatic prowess can play a pivotal role. By actively promoting principles of sovereignty, territorial integrity and dialogue, South Africa can contribute to conflict mitigation and foster global stability. This effort will serve as a catalyst for cooperation among nations and lay the groundwork for a harmonious global energy landscape.
- **Deepen BRICS+ cooperation and trade**: Strengthening ties with BRICS+ in new energy technologies stands as a transformative step. By deepening cooperation, trade and investment, South Africa can overcome energy challenges and enable economic

wellbeing. This partnership should be nurtured to its full potential, creating a win-win situation for all nations.

- **Navigate EU relations strategically**: South Africa's engagement with the EU must be underpinned by strategic navigation. Addressing tensions, pursuing equitable partnerships and adopting multilateral approaches will enable South Africa to maximise the benefits of collaboration while safeguarding its interests.
- **Enhance US–South Africa diplomacy**: Sustained dialogue and transparent mechanisms are essential in the US–South Africa partnership. By enabling regular diplomatic engagements and monitoring progress, South Africa can ensure mutual benefits and enhance bilateral relations.
- **Leverage digital and green synergies**: Investments in digital capabilities and collaboration between digital and green sectors are key. By fostering innovation and R&D, South Africa can enhance its competitiveness and collaboration in the global market while capitalising on the synergies between these domains.

As this report concludes, the weight of responsibility rests upon South Africa's shoulders. The journey towards resilient energy futures is not just a necessity; it is a collective imperative. The research findings showcased in this report underscore the urgency and significance of the recommended actions. The global energy transition landscape is evolving. South Africa's choices hold the power to not only influence its own trajectory but also shape the contours of a sustainable, equitable global energy landscape.

As the world witnesses a paradigm shift in energy dynamics, South Africa stands poised to lead the charge, demonstrating that the post-COVID-19 era can indeed one of transformation, resilience and progress

The time for action is now. By diversifying supply chains, fostering domestic capabilities, nurturing equitable partnerships and embracing active non-alignment, South Africa can forge a path towards energy sovereignty. As the world witnesses a paradigm shift in energy dynamics, South Africa stands poised to lead the charge, demonstrating that the post-COVID-19 era can indeed one of transformation, resilience and progress.

Let these recommendations serve as a rallying cry for policymakers, industry leaders and citizens alike. Together, let us seize this opportunity to shape a brighter, more sustainable future for South Africa – one where energy security and geopolitical harmony intertwine to propel us towards a new era of prosperity. The journey may be challenging, but with strategic foresight and resolute determination South Africa can emerge as a beacon of hope, resilience and systemic innovation on the global stage.

African perspectives.
Global insights.

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