Searching for Coherence Between the so Called "External Dimension of the European Energy Policy" and Europe's Historical and New Foreign Relations

By Sara Nso*

Last 3rd September, in a letter addressed to the European Neighbourhood Policy Conference, representatives of several non-governmental organisations from the EU and neighbouring countries regretted the "traditional" character of the Union's energy approach towards its neighbours. They complained this approach focuses on ENP countries as an energy supply source to the EU, instead of prioritizing energy poverty and needs –which is the strategy that the Union has adopted with the less developed countries.

The European Neighbourhood Policy was developed in 2004, according to its official web page, "with the objective of avoiding the emergence of new dividing lines between the enlarged EU and its (immediate) neighbours (by land or sea), as well as to strengthen the prosperity, stability and security of the ensemble."

Since among the neighbouring countries to the Union there are energy producers such as Egypt or Algeria, as well as oil and gas transit countries such as Ukraine, energy has become an important element of the Action Plans that constitute the main instrument of the new neighbourhood initiative.

Being at an early stage of development and implementation, the issue of energy linked to Europe's new neighbourhood policy does not escape controversy between the parties involved.

Part of this controversy is derived from the Union's different approach towards other historical oil and gas providers, located far from the first ring of immediate neighbours to the EU. Oil is one of Central African countries' main exports to the Union. But is the Union giving the same treatment to the region as to its closest neighbours? The adjacent table shows the case of several Central African countries.

In fact, the Union's energy strategy when it comes to Africa, Caribbean and Pacific (ACP) countries is very different from its approach to neighbouring countries: the first one being strongly influenced by the character of Europe's traditional development cooperation.

Country	1st export to EU	2nd export to EU	3rd export to EU
Cameroon	Oil = 45.9%	Wood = 16.5%	Bananas = 9.3%
CAR	Diamonds = 59.7%	Wood = 31.0%	Wood = 6.4%
Chad	Oil = 63.1%	Aircraft = 17.1%	Cotton = 9.5%
Congo	Oil = 48.8%	Wood = 21.2%	Wood = 10.4%
DRC	Diamonds = 57.6%	Oil = 10.5%	Cobalt = 8.8%
Equatorial Guinea	Oil = 88.0%	A. Alcohol = 3.1%	Aircraft = 2.9%
Gabon	Oil = 27.4%	Wood = 26.4%	Sheets V. = 11.7%
Sao Tome & Prin.	Calc. Machine = 34.9%	Accessories = 29.8%	Cocoa beans = 28.8%

Source: European Commission, External Trade.

Percentage of Selected Country Exports to the EU Accounted for by Specific Products.

The General Framework of the Union's Development Cooperation Strategy

Until the 29th February 2000, when the Lomé Agreements expired, EU-ACP countries relations were basically based on a system of non reciprocal tariff preferences and on technical and financial assistance. Independently from the degree of success of this type of cooperation – through which the Union became the world first donor to developing countries –, this policy has received wide criticism due to its disregard of WTO rules such as the Most Favoured Nation treatment. In fact, the Lomé system was working thanks to a succession of waivers that the Union demanded from the WTO. However, the time for waivers has come to an end, since the EU – after two other waivers asked for during the negotiations of the Cotonou Agreements – has decided to adapt its trade relations with the ACP countries to the WTO regime by the end of 2007.

The negotiations for the Cotonou agreement began the 30th September 1998 and concluded eighteen months later. Three questions were mainly discussed: (a) the compatibility of the agreements with the WTO rules; (b) the management of the heterogeneity among the countries that constituted the ACP group; and (c) the impulse to the economic reforms. A compromise was achieved in February 2000 and on the 23rd June the agreement was signed in Cotonou (Benin), to be effective the 1st April 2003. But real implementation – due to the already mentioned waivers – is not due until 2008, when the Economic Partnership Agreements (EPA) negotiated with several regional groupings coming from the ACP will begin working. Until that moment, the terms of Lomé IV will still be in place.

These EPAs mainly imply the substitution of the former non-reciprocal trade regime for a reciprocal one, since the agreements are supposed to constitute free trade areas (FTAs) between the Union and regions coming from the former ACP group. These new conditions mean getting into the WTO

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liberalisation logic, since the Union will eliminate most of its preferential treatment towards the ACP countries, but they do not necessarily imply the acknowledgement of the superiority of the WTO formula compared to the EU development cooperation model. The decision that drove the change in European policy was mostly imposed by the WTO members who felt at a disadvantage compared with the EU privileged trade partnership with the ACP countries, as for example the United States. In any case, this swerve in the basics of the EU development cooperation policy has already had important consequences in the developing world, starting from the re-activation of the pre-existent regional integration processes in the ACP area.

Coming back to Central Africa, it must be said that most African oil producing countries are located in the Gulf of Guinea: Nigeria, Cameroon, Congo, Gabon, Equatorial Guinea and the Democratic Republic of the Congo – to which we could add Angola, Chad and Sudan, if we refer to Central Africa and not only the Gulf area. With the exception of Nigeria and Sudan, all of them are members of the Economic Community of Central African States (CEEAC, in its French acronym), which is the second regional integration group that has evolved in Central Africa. In 2003, the oil reserves of this group represented 1.6% of world reserves and 17.9% of the African ones (half of them located in Angola). Considering only the territory of the CEMAC, which is a more active organisation at the regional level, we note that oil is in fact common to all its members. This could lead us to think of a security of supply advantage for the EU resulting from its next FTA with Central Africa. But what is the degree of coherence – if any – between the EU new development policy and the Union's strategy on energy supply?

The EU Energy Initiatives and the Poor: Facts and Inconsistencies

In 1996, the Commission published a green book on EU relationships with the ACP countries, which envisaged challenges and options for a new kind of partnership. It opened the door to a debate about the new European development cooperation, since Lomé IV would expired in 2000, and it proposed a reworking of the conventions, the commercial preferences of which had performed in an adverse way – contributing only to the economic success of specific countries that carried out appropriate diversification policies, such as Côte d'Ivoire or Zimbabwe.

But in 2000 many other international organisations made a move towards a new approach to development cooperation: the donor community applied the so called 'comprehensive development framework' – in order to improve the coordination and efficacy of development aids – proposed by the president of the World Bank, J.D. Wolfesohn, in January 1999. The first Summit Africa-Europe of Heads of State and Government took place in Cairo in April. This resulted in the Cairo Action Plan. In September, the UN Millennium Declaration proposed the goal of eliminating poverty by 2015. The in-appropriateness of the development cooperation strategies, mostly directed by Western countries, had finally been accepted by the international community A change in direction was indicated.

Interestingly, at the same time, in November 2000, the Union was publishing another green book, this time on a strategy for the security of energy supply. The European future position was understood as based on four pillars: (1) the control of demand; (2) the diversification of the sources of energy; (3) a better internal energy interconnection; and (4) the search of strategic partners, such as Russia –but also in more distant areas, such as Iran. With regard to this last point, the green paper underlined the need to maintain a "constructive dialogue with the providers to the Union", by putting, as an example, the case of Euro-Mediterranean energy cooperation in the framework of the Barcelona Process. Africa was not even mentioned in the document, apart from its appearance in a graphic – and, even in this case, only Nigeria was represented.

	2001	**2002**	**2003**	**2004**	**2005**
Lybia	7'79	7'88	9'16	9'55	9'01
Nigeria	4'84	3'97	4'69	3'09	3'49
Algeria	3'08	3'44	3'77	3'67	3'85
Angola	1'21	1'74	0'91	0'75	1'17
Other African	0'75	1'10	0'97	0'86	0'88
Cameroon	0'63	0'74	0'70	0'78	0'57
Egypt	0'64	0'83	0'51	0'51	0'26
Tunisia	0'23	0'38	0'36	0'34	0'22
Congo	0'29	0'40	0'08	0'07	0'11
Gabon	0'30	-	0'06	0'07	0'11
Zaire	0'04	-	0'02	0'01	0'02
CEMAC	1'22	1'14	0'84	0'92	0'79
Central Africa	7'31	6'85	6'46	4'77	5'47
Whole Africa	19'78	20'49	21'26	19'60	18'81

Source: European Commission, DG TREN.

In 2004, Equatorial Guinea began its oil exploitation, but Guinea's oil boom does not seem represented in such a low increase of supply between 2004 and 2005. Central African Republic reserves have not yet been evaluated. In any case, some data are missing.

Percent of the EU's Oil Supply Provided by Africa and Countries Therein

However, during the World Summit for Sustainable Development in Johannesburg, the EU member States and the Commission launched the so called EU Energy Initiative for Poverty Eradication and Sustainable Development (EUEI), arguing that access to modern and affordable energy services was a prerequisite for achieving the Millennium Development Goals, in particular, poverty eradication. This way, while energy itself did not figure among the six sectoral priorities of the Community's development policy, the document EUEI acknowledged that energy is linked directly or indirectly to every one of them.

The Union was finally receiving the level of interest that the United States, China and India had already achieved. Moreover, the project was initiated as a part of a new European strategy towards development cooperation. But did the EUEI represent the best roadmap possible towards making the abundant African energy resources the key to regional development? Or was it simply surrounding the real issues concerning the transformation of oil revenues in economic growth and development, such as transparency and governance?

Still in exploratory phase, the EUEI counts on a 220 million euros budget (plus private contributions) and it has already launched several programmes, such as:

- An Energy Facility for the ACP countries. This facility co-finances projects that bring energy to the poor living in rural areas. It works through calls for proposals (up until now 75 proposals have been received. One-third of these is co-financed with private sector contributions).
- A Dialogue and Partnership Facility. This encourages the use of national and regional policies for the eradication of poverty. The organisation of a workshop for the Ministers of the CEMAC on the need to get the energy to the poor rural areas is a case in point.
- The COPENER. This is an external program of the DG TREN of the European Commission. It has a 17 million euros budget and offers 50% of the financial aid to selected projects. It has been functioning since 2005 and has 24 projects in Africa. All of the projects funded are focused on the alleviation of the most urgent needs of poor rural populations (access to water, etc.)
- The Africa-Europe Partnership on Infrastructure. This has a 5.6 million euros budget (10th EDF, 2008-2013). Its priorities are: land transport, energy, water, information technology and telecommunications. The partnership is supported by a new fund from the European Bank of Investments (260 million euros for loans).

Even though the logical link between energy and development – which seems fairly appropriate, since less developed countries are more fragile because of the price volatilities of primary resources, and since access to energy in these countries is normally limited to urban areas –, the Union is really using energy for the alleviation of the living conditions of the poor, and not – as it is claimed through the initiative's name– for the eradication of poverty. If that was the case, the EITI project on transparency of the extractive industries' revenues would prove more effective to the Union's goals. In fact, in the Council's conclusions of May 2007 the "transparency discourse" has been finally integrated in Europe's energy strategy.

In addition to the confusion between the goals claimed and the strategies applied, the Union's approach towards Central African countries –considering its growing energy dependency– reveals a serious lack of coherence, defined here as "a logical and consequent attitude with regard to a previous position".

The lack of coherence with the Union's previous position, where the need for oil and its historical link with the Central African region –where some European oil companies have worked for a long time in a situation of monopoly–, is reflected in:

- The absence of a specific mention of its Central African partners in the green book on energy security and its latest developments.
- [Paying attention to the World Bank's statement on how Central African oil will represent a risk for the development of the region as long as "oil management" – implying, among others, the appropriate economic absorption of oil revenues, or the application of the reforms on competition to the oil and mining sectors– will not change its current direction to avoid the evolution of the region into an area containing countries with two speeds when it comes to economic growth (the oil-economies and the non-oil-economies)] The focus on poverty alleviation strategies, instead of on a more transparency linked strategy.
- The fact that the Economic Partnership Agreement (EPA) between the Union and the CEMAC requires the creation of a free trade area, where competition rules compatible with European Law would be established. These rules could have an influence on the participation of European companies in the share of the Gulf's oil. This is incompatible with the Union's development goals.
- The liberalisation of the services sector, also imposed by the free trade area, could thwart future development of basic local industry involved in oil production and distribution. Again, this would

go against the Union's proclaimed development objectives.

All in all, the EU's approach towards Central Africa seems to be contradictory when we consider, on the one hand, its energy needs and historical presence in the region and, on the other hand, its proclaimed development goals.

Conclusion

While the Union launches initiatives to integrate energy in the development strategies of its Southern partners, it seems fair to wonder if that is the best approach to the issue of growth in regions as rich in oil as Central Africa. It is far from clear that programs such as the EUEI attack the real problem of transforming oil wealth into economic growth and linked human development.

The simple push given to the CEMAC integration process could lead to the much needed "new oil governance in the developing world". The institutionalisation of regional political exchanges that includes a dialogue on development cooperation between the EU and those in the South could be the first step towards an authentic harmonisation of the oil management systems that nowadays differ so much from one country to another.

This could be – even if indirect – the way the EU will influence in the near future the economic transformation of a region whose geo-strategic interest has already been acknowledged by the United States. If there is any certainty when it comes to the Central African development equation, it is that it will continue to be linked to its historical inter-regional relations with the EU.

In any case, the failures in Europe's intent to have a comprehensive approach when it comes to its energy needs and its external relations, should push us to be more cautious when we use the expression "external dimension of the European energy policy".

Given that, at this early stage of the development of the Union's energy and international relations strategies, its partners (further and closer neighbours) are not even able to agree on what is the best approach (traditional and more strategic one or modern approach, linked to poverty alleviation), we could bet that the coming debate will be long and arduous.