

GEOPOLITICS AND GREEN TRANSITION: new balances, new challenges

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Ecological transition is a critical geopolitical and geoeconomic challenge, the wellspring for several competition-cooperation scenarios that are now more sensitive than ever. The Russian war against Ukraine has shone a harsh light on the issues involved in securing energy supplies. But the ecological transition can also be synonymous with new opportunities for cooperation, particularly between Europe and Africa. To ensure that these opportunities are not confined to the short term, however, they must also be accompanied by a significant rebalancing of the international economic and trade system, which is decied as asymmetrical by many southern hemisphere countries. Europe would be well advised to take a proactive role in tackling these multiple challenges, in alignment with its strategic interests and values.

The question of the ecological transition in general, and the energy transition in particular, raises a great many geopolitical considerations. On the one hand, protecting certain fossil resources is a matter of national sovereignty and independence for some countries; on the other hand, decarbonizing energy mixes may lead to new questions being raised or new patterns of inter-state dependency. Aside from the central role of energy in Russia's invasion of Ukraine, what do you think are the main areas of tension or, conversely, the opportunities for cooperation likely to emerge in terms of the energy and ecological transition in the year ahead?

Sébastien Treyer: Sustainability is a central theme, geopolitically and geoeconomically, that triggers several different competition-cooperation dynamics. There is a lot of concern about maintaining energy security, a corollary to the relative uncertainty about the geopolitical shape of a world dominated by renewables. A recent report from the European Council on Foreign Relations¹ examined the security and stability of Europe's energy supply from this perspective. It seems that the energy transition is, or will be, the source of potential clashes between client and supplier countries – which generally have a relationship marked by instability – such as Algeria, a supplier of gas and oil. The reality is that maintaining peaceful relations with some of our neighbors, such as Russia for example, is directly linked to

¹ Mark Leonard, Jean Pisani-Ferry, Jeremy Shapiro, Simone Tagliapietra, Guntram Wolff, *The Geopolitics of the European Green Deal*, 2021.



the relationships that exist in terms of energy supply. Given this, how can we improve the security of energy supplies within the European Union? Renewables are certainly part of the response to this complex equation.

In a report published in 2019,² the International Renewable Energy Agency (IRENA) examines the main geopolitical features of the world of renewables. One of the key elements that is regularly emphasized is the gradual shift from a geopolitical world structured by oil-dependency during the 20th century and concentration of oil resources in the hands of a small number of countries, to a world characterized by the curse of raw materials that afflicts countries like the Democratic Republic of the Congo (DRC) and/or by a greater dependency on China in this regard.³ We certainly need to anticipate these issues so that we avoid reproducing with mineral resources the same sourcing patterns we have seen with oil. The DRC, as we just mentioned, is already wracked by “the curse of raw materials” against a background of corruption and cronyism that purchasing countries are equally responsible for.

But there is more to the question than this aspect alone, and the analysis put forward by IRENA looks at the issues in greater depth. In a world of distributed renewables production, we will need to think of security in terms of networks rather than of securing geographically concentrated natural resources. How are we to guarantee the security of the electrical and digital networks needed for producing and distributing the energy of tomorrow? How can we optimize distributed production of renewables? These are the challenges to tackle in the coming years and, from the international perspective, they are sensitive issues owing to the ever higher levels of interconnection between various discrete networks.

And although securing a network-administered resource is potentially easier than a quasi-military approach to securing a territorial supply source, such as a pipeline, it does nonetheless demand a change of perspective. Tomorrow’s physical energy networks will no longer be dependent on fixed sources but on deterritorialized network models, synonymous with new opportunities for energy sovereignty for some as well as bringing a new set of constraints. Moreover, these questions are inextricably linked to issues of governance and security of the data and management systems used by these various networks. And we have to remember that ecological transition is about more than just questions of energy. It also shines a spotlight on issues surrounding access to technologies, ownership rights, and international equity in a wider sense. From the viewpoint of Southern hemisphere countries, the current global economic

system seems profoundly unfair and asymmetrical. It is critical to make sure that ecological transition does nothing to accentuate these imbalances.

It is vital that we identify and encourage opportunities for cooperation arising from the ecological transition, particularly between Europe and Africa. And I feel that the time is right for cooperation. The model that dominates the relationship between the European Union and Africa has less to do with competition for technologies the EU would prefer to maintain ownership of, and more to do with a mutual desire to learn how to implement the transformation of certain sectors. From this perspective, it is very much in Europe’s interest to coopt Africa as an ally for co-constructing ambitious strategic positions in relation to the coming transition.

The issue of trade is central to the conditions needed for establishing a harmonious and long-lasting collaboration.

But the EU’s carbon border adjustment mechanism, currently being adopted, puts out some very mixed signals. Although discussions on the mechanism are mostly focused on internal EU issues right now, external factors are every bit as essential. Many emerging and developing countries, in Africa, Latin America and the Middle East, have not yet reached complete industrialization, and see this seemingly protectionist mechanism as hampering

their development. Overcoming this reticence will only happen if the technical details of the adjustment mechanism are co-designed with these states, proving them that the idea is not to cut them off from our market but to find the tools needed to accelerate transition. From the sustainability standpoint, it is sometimes better to import sustainable palm oil from Malaysia than to use European rape seed oil produced using pesticides. The pivot back to locating trade within Europe is already underway and will very likely lead to misunderstandings and perhaps tensions with our partners.

Another major point of potential conflict or cooperation centers on harmonizing sustainable finance standards. This issue, while apparently more technical, has major geopolitical ramifications.

Although international finance actors are currently collaborating closely in terms of fighting the climate emergency, this outward convergence between positions adopted in Paris, London, Frankfurt, New York and Shanghai serves simply to mask fierce competition to establish sustainable finance standards. If we are too hasty in accepting the supremacy of a particular standard, European taxonomy for example, countries such as India, Indonesia or South Africa might feel they were once again being cut off from equal access to global capital markets. Paradoxically, we actually need to slow down this rush to codify to ensure that all countries can have unfettered access to future markets created by the transition.

The environment is no longer simply a pretext for forging relationships rooted in other priorities; it is now the focus of structural negotiations with its own agenda

² IRENA, *A New World: The Geopolitics of the Energy Transformation*, 2019.

³ Supplies of rare minerals are essential to the computer industry and for the production of renewables, among others.



What are the conditions needed so that the cooperation model you described can triumph over the competition model?

S.T.: In October, the IDDRI held a three-day debate on renewing multilateralism through sustainability: the views expressed during this event underlined the central role played by the ecological transition in crystallizing potential inter-state conflict or cooperation in the years ahead. The environment is no longer simply a pretext for forging relationships rooted in other priorities; it is now the focus of structural negotiations with its own agenda. It is worth remembering certain historical precedents: in the late 1980s, during the Cold War, negotiations on acid rain between the countries of Eastern and Western Europe, instigated by the environmental and scientific communities, led to far-reaching changes to industry on both sides of the Iron Curtain. The environment is an effective lever for encouraging economic and political change, even at a time of heightened geopolitical tensions.

There are two further factors to consider when assessing these possibilities.

First, we are currently seeing countries of the South returning to the geopolitical center stage, coupled with their deeply felt disillusionment with how the world is run and reservations about how the ecological transition is being managed.

Globally, there is certainly a strong consensus around Agenda 2030, backed up by the Paris Agreement and the Addis Ababa Action Agenda on financing sustainable development. Most countries, both North and South, have enacted a new social contract for the planet, combining the fight against inequalities with decarbonizing their economies and preserving biodiversity. Civil society is also showing an increasing convergence of societal and environmental interests centering on Agenda 2030. But this form of social contract remains theoretical, and real-life applications are hard to achieve.

Specifically, countries of the South justifiably point to the broken promises made by Northern countries in terms of international solidarity and the rebalancing of the economic system which, in their view, is a prerequisite for the environmental agenda to succeed. Mindful of the South's new-found geopolitical clout, this chasm between expectations and realities has potentially severe consequences. There is a real risk that these countries will give up and disengage from efforts to protect the climate, or indeed from multilateral cooperation mechanisms in general.

Listening to the change of tone in messaging from our African colleagues is eye-opening: they are no longer simply appealing to the North's moral responsibility toward less developed countries, victims of the climate emergency or a

system felt to be unfair, but are primarily stressing the fast-rising economic and geopolitical power of these emerging economies. Their demands are not new. They can be traced back to the 1960s and the call by non-aligned countries for a New International Economic Order. With modern-day geopolitics seemingly conditioned primarily by power struggles between China and the USA, or Russia and Europe, we are also, in a way, seeing the return of non-aligned nations to center stage. "Time for another Bandung"⁴ seems to be what most of the planet is calling for! Unlike in the

1960s, however, these actors now have the means to act and ensure that their voices are heard. Their markets count, are sought after, representing a powerful lever for demanding a seat at international bodies such as the IMF and World Bank, which are no longer the exclusive prerogative of OECD countries.

At a more structural level, countries from the Global South are demanding that all cooperation within the framework of the European Green

Deal must be a genuine opportunity for root-and-branch reconfiguration of trading terms within global value chains, not simply a way of rubber-stamping European autarky.

The second factor to bear in mind is the structural inability of some countries to start on the road to ecological transition.

In many parts of the world, it is not knowing whether states are for or against transition that counts, but rather whether they have the capacity to put it into practice. These are states where governance is fragile, that rely almost exclusively on income from extractive activities and are in effect left outside of drives to improve sustainability and cooperation.

Civil society plays a crucial role in this context. It is therefore imperative to reshape the contours of international governance, not simply as the expression of inter-state relationships, but also to embrace non-governmental civil society actors including NGOs, trade unions, citizen movements, private sector economic actors and local communities.

At the recent IUCN World Conservation Congress, held in September in Marseilles, France, many contributors argued for greater weight to be given to the rights and interests of indigenous peoples and local communities during climate negotiations, citing strategic and political interests rather than moral considerations alone. A growing number of experts and civil society organizations are backing these demands and coming up with rigorous and deliverable political strategies to achieve them. Calls for indigenous communities to have a greater say are no longer utopian dreams but are now a well-understood element of realpolitik.

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⁴ The Bandung Conference took place in Indonesia during the Cold War, from April 18-24 1955, and was the first gathering of representatives from 30 or so Asian and African states. It signaled the entry on the international stage of decolonized states from the "third world" who refused to join either of the two blocks, and the start of the non-aligned movement.



Can you give us some concrete examples of successful cooperation centering on the ecological transition that inspire you?

S.T.: The first concrete example that springs to mind is the transformation in progress in the steel industry, which is highly promising as well as extremely challenging. We now have technically credible zero-carbon steel available, made using decarbonized electricity and zero-carbon industrial processes. Despite being technically viable, the manufacturing cost of these processes remains too high and difficult to amortize owing to limited uptake to date. At the same time, some of the industry's major players are notably reticent about the transition. South Africa's steel industry, one of the country's major employers of non-whites, claims the transition would negatively impact employment in a country whose politics remain scarred by pervasive inequalities.

Faced with these constraints, how can we make sure that places such as sub-Saharan Africa can be equipped with essential infrastructure that relies on zero-carbon heavy industry? Squaring this equation requires convincing most of the sector's actors that it is worth investing in zero-carbon steel over the next decade, in place of stranded assets rendered valueless by the ecological transition.

This goal requires a powerful upstream policy commitment by the main steel buying countries – India, the USA, Europe and Canada – to zero-carbon steel, and agreements with the industry's economic actors to back up this commitment. The fact is that manufacturers need to be reassured about profitability if they are to start transitioning toward these new markets. This type of solution, associating public and private actors, echoes Pascal Lamy's notion of polyilateralism, which could usefully be applied to the process of ensuring that the transition underway is a success. But multilateral frameworks, universal and therefore fairer for the weak than exclusively polyilateral solutions, remain relevant to ensure that such agreements – more local and more specific, forming efficient small clubs – continue to be discussed, evaluated and contextualized within the UN framework.

A second standout example is the progress made following the signature of the Kigali Amendment in 2016, which ushered in the gradual discontinuation of highly polluting hydrofluorocarbons (HFCs) in air conditioners and refrigerators, meaning that the Indian air-conditioning industry is now zero HFC. Let us hope that similar initiatives will multiply over the next few years.

Is there a special role Europe can play in terms of these various issues at the intersection of ecological transition and geopolitics?

S.T.: Does Europe have to champion these demands for a new balance of powers? This is an open question. Some are opposed, arguing that it is a form of post-colonial repentance,

or something utopian and non-priority. My own view, on the other hand, is that a seemingly utopian position can prove to be geopolitically relevant.

The Green Deal's leadership role in ecological transition, European cooperation with our neighbors from the African continent, the establishment of fairer trading models, and rebalancing of power to give greater weight to local communities are the components that can be used to forge a credible and intelligent geopolitical position for the European Union, in alignment with its strategic interests. This position, undoubtedly attractive to non-aligned states, would serve as the key building block for relationships characterized by long-term cooperation that is ultimately likely to yield economic benefits. Once again, it is not unrealistic to assert a convergence between utopia and realpolitik.

Are there any tangible signals that prove Europe's intention to assume this proactive role, or are we only at the start of a long-term process?

S.T.: One thing is certain in the short term. Europe has little leeway for prevarication in terms of ecological transition positioning if it wants to maintain its leadership in this area. Geopolitical rivalries and global economic balances are, by their nature, always liable to very rapid change.

With its Green Deal, Europe has already embraced a posture that is equitable, although difficult to live up to internally. To preserve its credibility with its international partners, it needs to successfully align its messaging with its internal interests and win over the most reticent sectors and countries, such as the agrifood sector or Poland, whose energy independence relies on coal. The next two or three years will determine whether – or not – the block can establish the conditions for harmonious and fruitful cooperation with non-aligned countries.

However, forging stable relationships rooted in cooperation requires an investment over the longer term. The African Union-European Union summit that took place in February is the starting point for a series of initiatives whose success will only be measurable in the medium term.

Lastly, support for civil society, peace building and strengthening the influence of minorities are all undeniably long-term goals. But Europe would be well advised to take a clear stand on these issues right now, even more so as others see authoritarianism as a way to accelerate transition. It is essential that Europe maintains its support for democracies and pluralistic civil societies as the values that guide its positioning. To take one example, when it co-finances projects in Africa with China, Europe must be unequivocal in terms of its expectations for transparency and respect for human rights.

