



## Energy Security, Climate Security and Democracy

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**Achieving energy and climate security globally is critical to maintain democratic values and multilateral cooperation based on the rule of law.**

The changing geopolitics of energy is currently the greatest threat to the international rules-based order. Oil and gas markets are moving away from rules-based systems, with direct state control and strategic involvement increasing across the world. The increase in political and financial support to dictatorial regimes in Africa and Central Asia in order to secure access to their resources has led to democratic retreat and fuelled the destabilisation of whole regions. The anti-democratic changes in Russia are an example of the direction the world might move as geo-political competition for energy emboldens authoritarian regimes.

The strengthening engagement of China with repressive leaders in resource rich African countries embodies an even more serious risk. China argues that it is driven to engage with these countries as it feels excluded from investment in other areas by the “West”, notably the USA. If China continues along this “hard power” path to deliver its energy security, it could lead to an unstable world characterised by 19<sup>th</sup> century-style great power competition.

At the same time, if global carbon emissions do not begin falling in the next two decades, then the impacts of climate change will rapidly amplify these trends and destabilise large parts of the world. Unchecked climate instability will cause trillions of dollars worth of damage to the global economy; with the poorest people in the poorest countries suffering the largest impacts.

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Fragile governments in the poorest parts of Africa and Asia will not be able to peacefully manage and adapt to the disruption caused by climate change. History shows that the politics of resource insecurity will erupt into factionalism and conflict. Darfur is one of the first examples of how long term climate shifts can break down traditional resource sharing agreements. Californians may be able to adapt to the loss of melt waters from the Sierra Nevada by building hugely expensive desalination plants. But that option will not be available to the hundreds of millions of Indians and Pakistanis who depend on Himalayan melt waters from rapidly shrinking glaciers.

Military planners in many major powers are already predicting the need for enhanced reactive military capability to counter-act mass environmental migration in the coming decades. The EU is already struggling with illegal immigration from countries in North and West Africa which are highly vulnerable to climate change; implicitly forcing critical value –based choices over building more intrusive border controls around a “Fortress Europe”. Climate change will create an environment where the values of open, democratic societies – in rich and poor countries – are increasingly harder to maintain.

### **Energy and Climate Security can only be effectively achieved together.**

Responding to the challenges of energy and climate security requires a convergent approach to policy that tackles these issues simultaneously. Maintaining the current political and policy silos will result in confusion and stasis. Convergence needs to happen in three areas:

**Politically**, we cannot achieve global cooperation to tackle climate change in an atmosphere of ever increasing national competition for energy resources. Preventing catastrophic climate change will require international cooperation on a scale never seen before, and must rest on a basis of trust and mutual interest. The politics of energy security must be reoriented in a similar way, with major consumers cooperating to ensure stable and reliable supplies.

**Economically**, the – mainly private – decisions to deploy between \$11-17 trillion of energy system investment over the next 25 years need consistent signals from governments if they are to deliver the public goods of energy and climate security. The

recent rise in oil prices has led to an explosion of interest in new coal-fired power stations and in coal-to-liquids technology to preserve energy security. However, the lifetime emissions from the currently planned new coal power stations in China, India and USA alone will breach limits on a stable climate. There is a need for consistent incentives to ensure any future coal power stations are climate neutral (e.g. built with carbon capture and storage). Countries can no longer buy their national energy security at the expense of increasing global climate insecurity.

**Institutionally**, governments and regulators have separated the issues of energy, transport and environmental performance into different institutional silos. The challenge of achieving investment shifts of the size needed to tackle climate change makes this a self-defeating approach. For example, driving greater efficiency in the personal car fleet improves both climate and energy security, but requires unprecedented cooperation over investment, pricing, innovation and behavioural incentives between a range of ministries and constituencies. Climate and energy security challenges will only worsen over the coming decades; a major public sector reform process is needed in all countries to build the new institutions capable of tackling them.

**Immediate progress on Energy and Climate Security can be driven by deals between major consuming countries; if new processes can be built to align national interests.**

The technology needed to move to a low carbon, energy secure global economy exists. Shifting to such a system is affordable; costing less than 1% of global GDP over thirty years. Delivering energy and climate security for all is at its heart a question of global political alignment. Countries must feel that their national strategic interests are best advanced through cooperation not competition, and through prevention not reaction.

But no fora currently exist where these broad political alignments can be created. Energy security discussions are too narrow, generally bilateral and too heavily focused on short term solutions. Climate change discussions are based in environmental fora, fail to engage with economic interests and are often marginalised inside political debates. There is a need to create new spaces, with a new range of actors to drive agreement forward. These will not replace existing UN approaches, but are needed to make progress with the required urgency.

An example would be for Europe to use its enormous economic weight to drive change in its relationships with India and China. China is currently building a major 1GW coal-fuelled power station every 4 days; mainly to fuel production for OECD markets. We cannot stop India and China building coal power stations to meet their energy security aims, but we could prevent lock-in to their carbon emissions by helping deploy carbon capture and storage (CCS) technologies. The EU has already agreed to build a commercial scale CCS demonstration plant with China by 2020, but without renewed political impetus and funds it will be too late to have any substantial impact on climate stability.

For energy security reasons, China has also set an ambitious target of reducing energy intensity per unit of GDP by 20% by 2010. It is in Europe's interest to act decisively to help China achieve this; for example, by harmonising efficient automobile and product standards and lowering tariffs. Fears around IPR protection are holding up EU-China and EU-India cooperation in renewable technologies, coal, and other areas. A robust deal over this issue, which balances legitimate public and private interests, is critical to moving forward.

Such a deal with China and India would also need to address Europe's interests in ensuring access to energy sources is driven by rules-based market processes, not strategic and military relationships. Europe needs to further promote mechanisms to weaken the "curse of oil" on unstable states; a process in which China and India as growing consumers have an equal interest. This would involve working with China and India to reduce destabilising interventions and breaches of human rights, and expand and strengthen agreements such as the Extractive Industry Transparency Initiative (EITI) to help reduce corruption and ensure populations benefit from their country's natural wealth. It will be politically impossible in Europe to forge the necessary depth of agreement with China on climate change, unless China itself agrees to act as a more responsible global citizen on energy issues.

A web of global deals on energy and climate security between major energy consuming nations could be a first, pragmatic step to producing a stable global regime. This will require the careful construction of a new global political alignment, making full use of formal and informal channels, in order to drive change at the scale and pace needed.