

THE EVOLVING GEOPOLITICS OF NORTH AFRICA AND ITS IMPACT ON ENERGY MARKETS




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- ▶ **Arab Spring(s)**: an overview of causes, developments and subsequent scenarios
 - ▶ **Regime change**: differences and recurring patterns among North African countries
 - ▶ The **power vacuum** engendered by the Arab Springs and the rise of terrorism in the Region
 - ▶ **Relationships**: terrorism and energy vs. Arab Springs and energy
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ARAB *SPRINGS*

Milestones

- 1) Dec. 2010: Bouazizi and the *thawra al-yasmin* (Tunisia)
 - 2) Jan/Feb 2011: the legendary weeks of Tahrir Square (Egypt)
 - 3) Oct 2011: Gheddafi's assassination (Libya)
 - 4) July 2013: Military coup and ousting of President Morsi (Egypt)
 - 5) Jan 2016: UNSMIL Representative Martin Kobler announced a new interim government led by Fayez Serragħ (Libya)
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THE ANOMALOUS SPRINGS


Morocco

- February 20 Movement (M20F)
- Protests did not lead to the total fracture with the Monarchy
- February 2011: Conseil Economique et Social
- July 2011: New Constitution


Algeria

- President 'Abdel Aziz Bouteflika remained in office and was re-elected in 2014
- Status quo
- The government lifted the state of emergency
- Reform Commission
- Revenues from the energy sector used as a powerful deterrent

REGIME CHANGE/1

- ▶ Liberticidal policies (regarding freedom of speech, expression, press, assembly)
 - ▶ Tolerance to or involvement in cases of corruption and bribery
 - ▶ Dual attitude towards political Islam (*Islam-friendly vs scapegoating*)
 - ▶ Huge securitization of the State
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THE POWER VACUUM ENGENDERED BY THE ARAB SPRINGS

- No ruling expertise and *wasta*
 - Political Isolation Laws (Tunisia, Egypt, Libya)
 - Trafficking
 - Momentous migrations
 - Internationalization of jihadism
 - Islamic State's expansion.
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THE RISE OF TERRORISM IN THE REGION: CLARIFICATIONS

Political Islam

- ▶ Opposes illegal and violent means to create and spread political attitudes.
- ▶ It is not interested in the forced dismantlement of national institutions
- ▶ Emphasis over *da'wa*, «call to Islam»»

Jihadism

- ▶ Justifies violence
- ▶ Refuses democracy as an import-good, a symptom of Westernization, a clear sign of the Crusader-Zionist alliance
- ▶ Emphasis over *tamaddud*, «expansion»
- ▶ **Jihad**: effort, struggle.
- ▶ Greater jihad (jihad akbar): against mundane passions and worldly weaknesses.
- ▶ Lesser jihad (jihad saghir): against the enemies

AL-QAIDA AND DA'ISH


AL-QAIDA

- ▶ The franchising model
- ▶ Long-term approach to the establishment of the Caliphate.
- ▶ The far enemy
- ▶ Unprecedented communication strategies
- ▶ Arab dominance
- ▶ Blaming of the victims.

DA'ISH

- ▶ Territorial expansion as inherently necessary for the survival of the Islamic State
- ▶ Short-term approach.
- ▶ The near enemy
- ▶ Increased communication skills
- ▶ Appreciation of foreign fighters' different origins
- ▶ No justifications


TERRORISM AND THE ENERGY SECTOR

- ▶ The most vital sector in almost all Arab countries.
 - ▶ 35% of Algerian GDP, 98% of total exports and 62% of total revenues (OPEC).
 - ▶ 60% of Libyan GDP, 99% total of exports, and 96% total revenues (OPEC).
 - ▶ Egypt: the largest non-OPEC oil producer in Africa; a major transit route for oil shipped from the Persian Gulf to Europe and to the United States.
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TURMOIL AND THE ENERGY SECTOR/1

- ▶ In terms of volume of crude oil, the Libyan disruption resulted in a loss of 1.6 b/d, in addition to 136,000 refined products.
- ▶ Concerns were raised about oil traffic through the SUMED pipeline and the Suez Canal. In the first ten months of 2010, crude oil and refined products flows through the Canal amounted to 1.96 b/d.
- ▶ Significant increase in the prices needed by the producers to manage their fiscal positions. Failure to meet these expectations would contribute to the growing radicalization and opposition: rise in public spending.
- ▶ Resource-curse theories (1970s): resource endowments are not a blessing but a curse – one that constrains growth, feeds corruption, fuels conflict, prevents diversification.
- ▶ **The effects on oil and gas markets of the turmoil in the MENA region in general and North Africa in particular have been less dramatic than feared.**

TURMOIL AND THE ENERGY SECTOR/2

- ▶ The rulers who conserved power, new rulers and more generally national institutions proved to have **same interests, objectives and perspectives as before**.
 - ▶ The relationships national power/energy and international relations/energy did not changed.
 - ▶ A momentous, unprecedented ideological shift in the way of perceiving energy did not occur, and North African countries deployed a sufficient level of **resilience** after the turmoil.
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TERRORISM AND THE ENERGY SECTOR

- ▶ Terrorism reverses the attitudes towards energy.
 - ▶ The rational-choice behaviour as we used to know it disappears.
 - ▶ The number of attacks in 2014 surpassed the total for any year in the 1980s (World Terrorism Index).
 - ▶ Energy-related companies as agents of *the Zionist-crusader alliance*.
 - ▶ Attacks on energy infrastructure are a regular topic in **online jihadist forums**
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FINANCING

- ▶ Targets: insurgent groups and populations under jihadist control

- ▶ Libya



EXERTING PRESSURE

- ▶ Targets: local and international governments and companies working in the Region
 - ▶ Algeria
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MEANS OF PROPAGANDA

- ▶ Targets: international audiences, the media and potential recruits
 - ▶ Egypt
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OUTLOOKS

- ▶ Energy exploitation for: financing – destabilizing – communicating/propaganda
- ▶ Tactical approach instead of a strategic one
- ▶ **Risks:**
 - Gradual loss of productive capacity
 - Damages to energy infrastructure
 - Repeated power outages.
 - Governments overspend for the securitization of plants and pipelines

BEST PRACTICES

- ▶ Developing counter-narratives
 - ▶ Increasing the awareness of the relationships ideology-strategy, doctrinal push factors-secular economic interests
 - ▶ Foreseeing alternative threat scenarios
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