

# Demonising African oil & gas is not constructive for energy transition

 By [NJ Ayuk](#)

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In a [2014 article](#) written for the *Guardian* newspaper this week, Nobel Peace Prize laureate, Archbishop Emeritus Desmond Tutu argued for an Apartheid-style boycott on coal, oil and gas companies as a solution to fight climate change and help ensure global environmental sustainability goals. "We must stop climate change. And we can, if we use the tactics that worked in South Africa against the worst carbon emitters," the subtitle of the piece reads.



The sentiment expressed by Tutu is laudable and speaks to many across the world that have become rightfully concerned by the effects of climate change on our environment.

However, it is also a misguided sentiment. Oil and gas companies are not autocratic regimes focused on oppressing the people and steal their resources. They are businesses, which yes, are focused on profit, but they are also focused on the sustainability of the business itself. In practical terms, it means that these companies adapt to the needs of the economies they are integrated in. Boycotting oil and gas companies will not have an impact on carbon emissions, but it might raise the price of fuel in the long run. That is not the goal intended.

## Restructuring

While there is demand for hydrocarbons, there will be production. The shift in the dynamic of supply and demand in recent years can already be spotted in the way oil and gas companies have restructured. More and more, these companies are diversifying their portfolios to include renewable energy assets and many of them are at the forefront of research and development of new technologies to help exploit renewable resources.

Oil and gas companies are shifting into becoming “energy companies”, they are even rebranding, with Equinor (former Statoil) being the most evident example, to showcase that change in corporate paradigm. And in all honesty, who else would be better prepared, better funded and better placed to drive the energy transition that we all seek. Demonising energy companies is not a constructive way forward, and ignoring the structural role that carbon-based fuels have in today’s society distorts the public debate. Bringing energy companies, governments and civil society groups together to find functional solutions will achieve much more.

This is especially the case in Africa. While the concerted effort among all of the world’s nations is fundamental to curb the effects of climate change, it is paramount to have a clear understanding of what efforts will be most decisive, and which regions of the world are in a better position and have the biggest responsibility to tackle these issues.

To be sure, Europe, North America and China, by and large responsible for much of the CO<sub>2</sub> emissions that are behind the changes in our climate, have to live up to that responsibility and move towards more sustainable practices.

We cannot expect African nations, which put together have polluted seven times less than China, 13 times less than the United States, and 18 times less than Europe since the beginning of the industrial revolution, according to [Carbon Brief](#), to undermine their best opportunities for economic development by simply aligning with the Western view of how to tackle CO<sub>2</sub> emissions.

Gabriel Obiang Lima, minister of mines and hydrocarbons of Equatorial Guinea, summed it up quite concisely. "Under no circumstances are we going to be apologising," he said, "anybody out of the continent saying we should not develop those [oil and gas] fields, that is criminal. It is very unfair."

## **Powering Africa**

Lima’s blunt words are an answer to a number of misconstrued views about the African continent, and about the oil and gas industry it is striving to develop. While a few nations across the continent have been producing hydrocarbons for decades, these resources have mostly been exported to fuel industrial development in Europe, the US and Asia. The reasons for this are varied and have as much to do with the European colonial legacy as with the lack of existing financial resources and expertise to develop local economies over the last century.

That, however, is coming to a change. As I have argued and championed for years, African nations are finally starting to make use of these resources to develop their own national economies. We must remember that nearly half of all Africans still don’t have access to electricity and that nearly every company in the continent struggles with the lack of power reliability, which raises operational costs, reduces productivity and hurts their ability to compete in international markets. African leaders are now painfully aware of the damage an unreliable energy network causes on national economies and are moving to change that.

Today, natural gas is by far the most economically sustainable way of producing power in enough quantities to fuel economic development. Petrochemical plants represent a massive economic opportunity to produce byproducts from oil and gas with a higher value within the supply chain, an opportunity to create jobs, develop infrastructure and produce wealth. Refineries too have a dramatically positive impact in curbing the need for fuel imports. All of these are fundamental pieces of the puzzle that will foster Africa’s economic growth and promote the betterment of the lives of its people.

## **Closing the infrastructure gap**

The African Development Bank has estimated that between \$130-170bn a year in the run up to 2025 would be needed to

close the infrastructure gap across the continent. How are African nations to fund these fundamental developments if they give up on exploring their natural resources? How can the Western world, or anyone for that matter, suggest, or demand, that African nations leave these resources underground when it was these same resources that powered economic development everywhere else?

After decades of colonial occupation and subsequent political and military in-fighting, many African regions have now reached the level of stability that will allow them to build working functioning economies. The fuel for that will be these countries' natural resources, be it oil, gas, coal or diamonds. Boycotting the companies that can help these countries develop these resources would be paramount to economic suicide.

This is not to say that environmental sustainability and climate change should not be at the top of the list of concerns when debating the African energy sector, but it should inform environmental impact assessment policies and foster best practices in the industry, not put a stop to it.

## Funding economic development

Yes, renewable energy sources can have a role in contributing to expand electrification in Africa, and solar and wind power have become competitive when compared to carbon-based generation, but that will always depend on the resources available in each region and will always have to be supported by other forms of generation capacity that can overcome the issue of intermittency that follows renewable power generation.

This is already happening. Kenya, for instance, is one of the world's leading nations in terms of the share of its energy matrix coming from renewables, on its way to reach 100% in the coming years, but it also holds some of the world's largest geothermal energy reserves, and it will continue to develop its oil reserves because it needs the money to fund economic development.

Africa's time to grow and develop is finally here, and it will be funded by its natural resources. Misguided moral lessons from the West will do little to change that because the financial resources coming from these activities are crucial and irreplaceable. In a somewhat ironic way, even if Africa wanted to stop using fossil fuels and shifted every power station to renewable sources, it would still be forced to develop its oil and gas fields in order to fund that transition.

## Balanced approach

There is no point in promoting radical approaches to the energy transition, particularly for Africa. A balanced manageable and well-lead approach of progressive transitioning combining hydrocarbons and renewable energy development alongside strong environmental protection policies in the sector is the option that is not only realistic, but that will allow to combine economic growth and environmental sustainability.

The *New York Times* quoted Energy Minister Gwede Mantashe, South Africa's Energy Minister: "Energy is the catalyst for growth. They even want to tell us to switch off all the coal-generated power stations," "until you tell them, "you know we can do that, but you'll breathe fresh air in the darkness".

Enough said.

## ABOUT NJ AYUK

Ayuk is founder and CEO of Centurion Law Group and the executive chair of the Africa Energy Chamber of Commerce (AEC).

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