



COP27 - SHARM EL-SHEIKH

7 – 18 NOVEMBER 2022

SHAPING THE AGENDA FOR COP 27;
SHIFTING SANDS AND BUILDING BRIDGES

6 APRIL, 2022

Introduction

These notes are intended to form the starting point for a series of commentaries ahead of COP27 in Sharm El-Sheikh and, next year, COP28 in the UAE. They are developed from a Middle Eastern perspective and explore the issues affecting the focus for each event, the linkage between the two and the likely ambitions for each host-nation.

The impact of current geopolitical factors cannot be overstated when relationships with the West are being tested beyond limits witnessed since the Suez Crisis of 1956 and OPEC's Oil embargo of 1973. Critically, these insights aim to provide valuable context which will help inform messaging and enhance communications, at a time when energy security offers the chance to enable peace and unlock sustainable economic opportunity.



Sheikh Ahmed Zaki Yamani, the late Saudi Arabian oil minister, presided over the oil crisis of the early seventies



Oil was used then as an economic weapon in response to the west's support for Israel during the Yom Kippur War

Central to the success of both Middle Eastern editions of COP will be the region's confidence in its traditional allies (US, Europe and the UK), versus the non-OPEC member (Russia) and an increasingly opportunistic China. India too cannot be ruled out in terms of its non-alignment with the West and COP, all of which will make for potentially challenging dialogue.

Shaping the agenda for COP27; shifting sands and building bridges

With just over six months to go before the next edition of the Conference of the Parties to the United Nations Framework Convention on Climate Change, hereafter “COP27”, the organisers will be recalibrating their agendas and strategic visions in the light of the constantly shifting sands of geopolitical challenges.

Typically announced during the UN's mid-year climate change meetings, the agenda for COP27 is likely to be made public after the SBI conference (Subsidiary Body for Implementation) in Bonn during [June](#).

Well reported, dramatic hikes in oil and gas prices, increasing by over 60 per cent since May 2021, amplified by supply shortages created by sanctions imposed on Russia, inject a heightened urgency to the energy transition debate. The need to urgently implement the bold pathway to net zero ambitions characterised by the Parties' National Determined Contributions (NDCs), many of which are widely supported by the private sector, is a critically game-changing imperative.

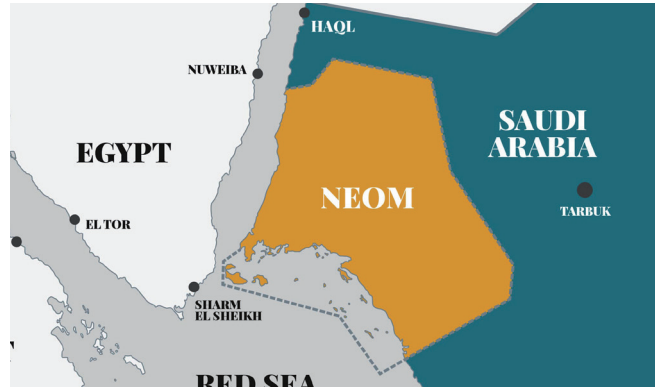
Without embracing practical energy solutions which provide adequate, consistent power to fuel economies, the fall out from the current crisis could well derail progress made by previous COPs to establish a timeline that protects the world from a man-made abyss.

Whilst Egypt's ambitions for COP27 may still be a work in progress, its position at the top of Africa and at the nexus of the MENA region point towards a lively debate. Something else that won't be lost on the organisers or its regional stakeholders is the location of COP27 in Sharm El-Sheikh on the southern tip of Sinai, just 71km over the Red Sea from Saudi Arabia's futuristic new [Neom City](#) development, set to be carbon neutral and fuelled entirely by green energy.



Ironically therefore that so much of the current posturing on climate change is inextricably linked to a (neighbouring) country which holds 15 per cent of the world's proven oil reserves and remains its largest exporter.

Strategically, Saudi Arabia's sovereignty over two islands 13km from the Sinai coast, framing the Straits of Tiran¹ (Tiran and Sanafir), ceded by Egypt as recently as 2017, is another influencing factor. This statement of brotherly relations coincided with fresh talks on physically linking the two countries.



Known as the Saudi - Egypt causeway, or the [King Salman bin Abdulaziz Bridge](#)², it was first considered in 1988. Plans to develop the U.S.\$ 4 billion project were revisited in 2016, to be built by a consortium led by the Saudi-Binladin group.



Whilst the outcome of these negotiations remain a work in progress, what it highlights is the strength of Saudi involvement in Egypt's U.S.\$ 400 billion economy, its political structure and the energy needs of its 103 million population. Something that will be paramount in the minds of COP27 organisers and its newly appointed Climate Champion, Dr. Mahmoud Mohieldin, a veteran IMF economist and special envoy to the UN on "Financing the 2030 Agenda for Sustainable Development".



¹ Previously closed by Egypt in 1967, the Straits of Tiran and the Gulf of Aqaba remains critically important to the four countries sharing its shores, and volatile to sea-borne terrorism.

² Reference to the project can be seen [here](#) and press reports in 2016 such as [MEED](#)

The current working title for COP27 is characterised as: “A radical turning point in international climate efforts in coordination with all parties, for the benefit of Africa and the entire world”. A more cynical perspective could reflect on Egypt’s dire need to reignite its post-pandemic tourism business³ by gaining aid to finance its sustainable energy ambitions.

“A radical turning point in international climate efforts in coordination with all parties, for the benefit of Africa and the entire world”

Published commitments suggest Egypt’s energy policy aims to source 20 per cent of its electricity from renewables this year, something which is unverified, and by 42 per cent by 2035. Various references identify these ambitions⁴, but Egypt’s NDCs pre-date these and excluded nuclear energy.

Whilst recognising that COP is a global platform, as both the 27th and 28th editions are hosted in the Middle East (no more than 2,150km apart), the region’s domestic priorities will doubtless shape the debate. Both in terms of its economic impact on the region’s oil and gas exports, and the need to invest in sources of clean energy and better environmental practices that contribute towards NDCs.

No more so than with Egypt’s nuclear power ambitions at [El Dabaa](#) and any fall-out associated with its potentially stalled development with the Russian State Atomic Energy Corporation (ROSATOM). As recently as January this year, further agreements between the two countries were signed, with work planned to start later this year⁵. Whilst this is just one example, any delay in El Dabaa will have a major impact on Egypt’s ability to achieve its energy transition goals by 2035.

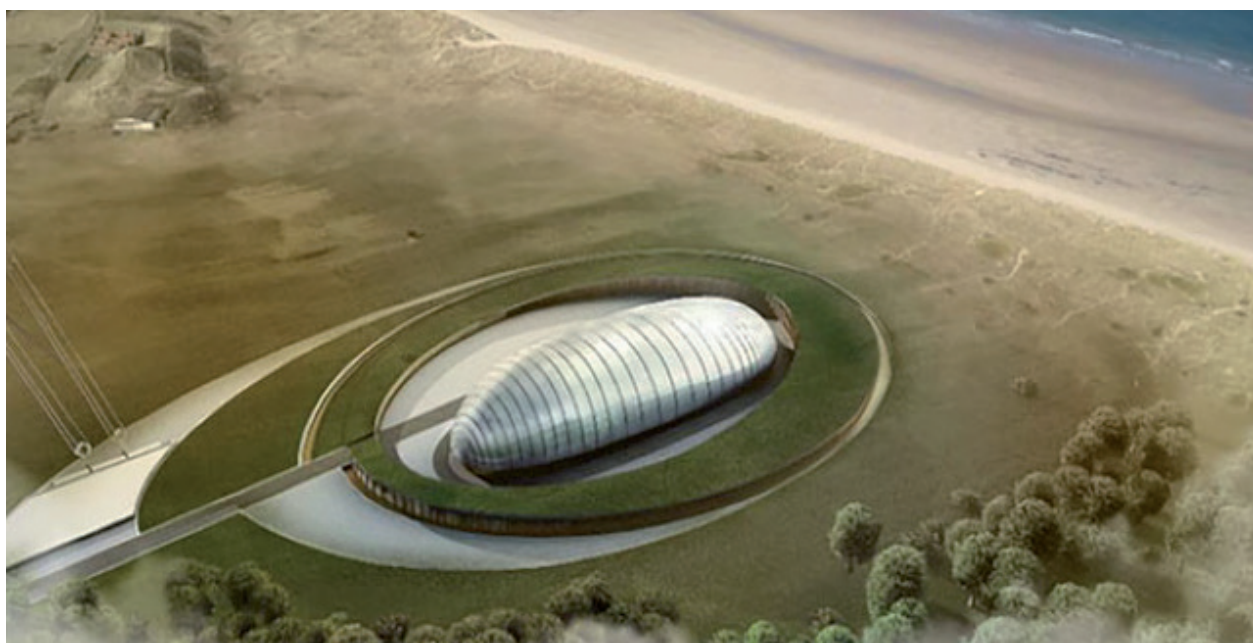


³ Estimated to be worth 15 per cent of Egypt’s pre-COVID GDP, but reducing from U.S.\$13 billion in 2019 in 2021 to U.S.\$3.5-4 billion according to reports in [Arab News](#)

⁴ Reference [IRENA Energy Outlook 2018](#)

⁵ Reports covered in January 2022 in World Nuclear News [World Nuclear News](#)

Doubtless other countries such as Saudi Arabia (as well as those populous nations across the African continent), will be keen to access clean electricity generated by nuclear energy. Regulatory approval, allowing new countries to establish nuclear power plants, together with lower cost, more nimble options such as Small Modular Reactors (SMRs), provide a compelling argument to accelerate this process.



A number of countries are seeking to gain leverage on the SMR debate, which is seen as an important enabler of clean electricity used to power energy intense sectors, from desalinated water to the potential production of hydrogen. Success is likely to be gained by nations influencing regulatory approval and structuring financial agreements, not just those having the proven technology. Chinese influence can therefore not be ruled out.

Energy security runs parallel with another key theme that will emerge during COP; the urgent need to find employment in industries for the MENA region's fast-growing, Arab Youth. The IMF⁶ estimates that around 25 per cent are unemployed, the highest in the world, growing exponentially due to the fact that 60 per cent of the population is under 29 years of age. Poorer nations within the region will struggle with energy and food prices at a time when they need to create 18 million new jobs within the next 10 years.

⁶ IMF report <https://www.imf.org/external/np/vc/2012/061312.htm?id=186569>

Therefore, economics of statehood in relation to sustainable commitments will be high on the agenda for COP27 as it has a pivotal influence on domestic security and the potential to ignite or mitigate another Arab Spring.

Summary of key influencing factors

1. Energy security	the ability to balance individual NDCs with the need to generate revenues to fund economic diversification and jobs. Central to this is nuclear energy.
2. Arab Youth	nations need to be seen to provide a dependable future for their fast growing, young and ambitious populations.
3. Water and food security	especially important as food prices are soaring and, in Egypt, a growing sense of vulnerability is attributed to Ethiopia's (Chinese built and funded) Grand Renaissance Dam across the Blue Nile.
4. Economic opportunity	the ability at COP27 to secure aid and funding, offsetting potentially onerous costs attached to more environmentally responsible practices.

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