



**EUROPEAN INTERESTS AND EXTERNAL CLIMATE  
CHANGE POLICY OF THE EU TOWARD EGYPT**

**AVRUPA ÇIKARLARI VE AB'NİN MİSİR'A YÖNELİK  
İKLİM DEĞİŞİKLİĞİ POLİTİKASI**

**Defne GÜNAY\***

**ABSTRACT**

According to the International Panel on Climate Change, climate change will affect the rivers leading to the Mediterranean, desertification will increase, rise in sea level will affect coastal settlements, and crop productivity will decrease in the region. Therefore, climate change is an important issue for the Mediterranean region. The European Union (EU) is a frontrunner in climate change policy, committing itself to a decarbonized economy by 2050. The EU also promotes climate action in the world through its climate diplomacy. Such EU action in promoting the norm of climate action can be explained with reference to EU's economic interests. In this paper, I analyse whether the EU serves its economic interests by promoting climate action in its neighbourhood policy towards Egypt. Based on documentary analysis, this paper argues that European companies benefitted from the market-based solutions adopted by the Kyoto Protocol in Egypt, exported renewable energy technologies to Egypt and face a level-playing field in terms of regulations promoted for them by the EU in Egypt.

**Keywords: Climate Change Policy, Political Economy, European Neighbourhood Policy, Egypt, Energy Policy.**

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## ÖZ

Uluslararası İklim Değişikliği Paneline göre iklim değişikliği sonucunda Akdeniz bölgesindeki nehirler etkilenecek, çölleşme artacak, yükselen deniz seviyesi kıyı yerleşimlerini etkileyecek ve tarım mahsullerinde verim düşecektir. Bu nedenlerle iklim değişikliği Akdeniz bölgesi için önemli bir konudur. Avrupa Birliği, iklim değişikliği politikasında öncülük ederken 2050 yılı itibariyle karbondan arındırılmış ekonomi hedefini de tutturmayı hedeflemektedir. Avrupa Birliği aynı zamanda iklim diplomasisi aracılığıyla dünyada da iklim politikalarının benimsenmesini teşvik etmektedir. Avrupa Birliği'nin bu etkinlikleri, ekonomik çıkarlarıyla açıklanabilmektedir. Bu çalışmada AB'nin, Mısır'a yönelik iklim değişikliği politikası sayesinde ekonomik çıkar elde edip etmediği incelenmektedir. Belge analizi yapan çalışma, AB-Mısır iklim değişikliği ilişkileri sayesinde Avrupa şirketlerinin Kyoto Antlaşması tarafından oluşturulan piyasa temelli çözümlerden yararlandığını, Mısır'a yenilenebilir enerji teknolojileri ihraç ettiğini ve AB tarafından Mısır'da teşvik edilen AB düzenlemeleri sayesinde avantajlı bir konum elde ettiklerini ortaya koymaktadır.

**Anahtar Kelimeler:** İklim Değişikliği Politikası, Ekonomi Politik, Avrupa Komşuluk Politikası, Mısır, Enerji Politikası.

## INTRODUCTION

This article explores EU external climate change policy toward Egypt. What the European Union does in its southern neighbourhood has received a lot of attention since 2010 (Dandashly, 2018; Turhan Hurmi, 2011). The EU's review of its European Neighbourhood Policy (ENP) first in 2010 coincided with the Arab uprisings in the Middle East and North Africa. Another review of the ENP took place in 2015 against the backdrop of the ongoing Syrian war and the refugee flows out of Syria. Consequently, security, stability and migration in the EU's renewed policy towards the southern Mediterranean have been at the heart of much scholarly analyses overshadowing issues like climate change. However, the consequences of climate change in the Mediterranean region will be dire. These include water shortages, rise in the sea level, decline in agricultural production and desertification according to the International Panel on Climate Change (IPCC).

The EU has part of its territory in the Mediterranean region and its neighbours include countries that are located in this region. The EU has been pursuing an international regime on climate change to tackle these problems and it began its efforts to stabilize and cut down on its carbon dioxide emissions since early 1990s. The 2020 package is a set of binding legislation to ensure the EU meets its climate and energy targets for the year 2020. The package sets three key targets: 20% cut in greenhouse gas emissions (from 1990 levels), producing 20% of EU energy from renewables, 20% improvement in energy efficiency. The targets were set by EU leaders in 2007 and enacted in legislation in 2009. The EU also adopted the 2030 Climate Change Framework with targets for 2030 defined as at least 40% cuts in greenhouse gas emissions, at least 32% share for renewable energy and at least 32.5% improvement in energy efficiency. The framework was adopted by the European Council in 2014 and revised in 2018.

Against such a backdrop of EU activity in climate change policy, it is important to study what the EU does for climate change in the framework of its neighbourhood policy. There is no such academic analysis from an International Relations perspective in the literature. I aim to address this gap by studying EU climate change policy as reflected in its neighbourhood policy with reference to Egypt. Egypt is chosen as it is a Southern Mediterranean European Neighbourhood Policy (ENP) partner, it is a strategic country in the region for the West and it is one of the highest recipients of EU funding for economic and social development (İşleyen, 2015; Roccu, 2018). The research questions that this article addresses are as follows: Does the EU benefit from the economic incentives that the Kyoto Protocol created in its relationship with Egypt? Does the EU aim to export its own climate change and energy regulations to Egypt? Does the EU increase its renewable energy technology exports by promoting climate action in Egypt?

In what follows, the paper first gives an overview of what the EU wants to achieve in its external climate change policy and outline the research questions of this study. Then it shows how this external climate change policy reflected on the EU neighbourhood policy towards Egypt. Finally, the findings will be discussed.

## **1. CONCEPTUAL FRAMEWORK**

What drives EU foreign policy, whether norms and values or material interests has been a core debate in EU foreign policy (Manners, 2002; Toje, 2011; Damro, 2012). Del Sarto argued that the EU as an empire did both: engage in normative policies to serve economic and security interests of the EU in its neighbourhood (Del Sarto, 2016). The EU tries to spread its rules and regulations through offering its “advanced” neighbours a stake in its internal market by the Deep and Comprehensive Free Trade Agreements, twinning exercises, and project

funding (Del Sarto, 2016: 220). Consequently, from the perspective of Europe as an imperial power, '[r]ule transfer thus becomes a form of exerting power on peripheral states,' which are essential to secure the EU's energy supply and trade markets (Del Sarto, 2016: 221). In line with Del Sarto (2016), this paper argues that the EU promotes its own economic interests in Egypt while taking normative action on climate change<sup>1</sup>. The following section gives an overview of the evolution of EU external climate change policy and outlines the research questions examined in this paper.

In what follows I aim to examine what policies and reforms the EU promotes in Egypt to address climate change and I explain why, with reference to the interests of the EU and the global norm of combating climate change.

## 2. EU CLIMATE CHANGE POLICY AND ITS EXTERNAL DIMENSION

The EU has competence to act in all areas of environmental policy, including air and water pollution, waste management and climate change. Article 191 of the Treaty of the Functioning of the European Union defines combatting climate change as an objective of EU environmental policy. EU's activities on climate change goes back to 1980s. As a response to international debate on climate change and the creation of the Intergovernmental Panel on Climate Change (IPCC), the European Commission issued a communication on climate change in 1988, declaring the then European Communities (EC) had to be prepared for an international agreement on climate change and to make a contribution to its negotiations. It was not only due to changes in the global context, European Commission also considered climate change as an issue which could drive European integration deeper and make the then EC a credible international actor (Kulovesi, 2012: 118-9). In other words, the norm of climate action was considered by the European Commission as a cause that could mobilize the national governments and the public opinion in the EC since the very beginning of EU climate policy framework. The EU participated at the United Nations Framework Convention on Climate Change negotiations (UNFCCC) as a regional economic integration organization alongside its member states in 1992. The UNFCCC entered into force in 1994, and it aimed to stabilize greenhouse gas concentrations to prevent human induced interference with the climate system. Countries were divided as Annex I, Annex II and non-Annex I countries according to the

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<sup>1</sup> 'Normative empire' framework is preferred here to acknowledge the uneven economic relations between the EU and its southern neighbours. It is well-documented that the preferential trade agreements signed between the EU and its southern neighbours increased the volumes of EU exports to the region, while remaining relatively ineffective in increasing exports by the southern neighbours to the EU. The limited liberalization of the EU's agricultural market is one of the reasons why exports from the Middle East and North African countries didnot increase significantly, as agriculture is part of their comparative advantage (Dadush and Myachenkova, 2018: 20).

'common but differentiated responsibilities' principle of the Convention. Annex I were the developed countries that included OECD members and the EU, and economies in transition including Russia, Baltic states, several Central and East European countries. Annex I countries were expected to return their greenhouse gas emissions to 1990 levels by the year 2000. Annex II countries were Annex I countries except economies in transition countries, and the developing countries outside these categories are called non-Annex countries. Annex II countries were required to provide economies in transition and developing countries financial resources and assist them in the development of technologies to mitigate and adapt to climate change.

From the beginning of EU action on climate change, the European industrialists proved to be an important actor with veto power. The early preference of the EU was to address climate change by adopting a carbon tax, but European industrialists refused. The Economist called this the 'most powerful offensive against an EC proposal ever mounted by Europe's industrialists' as early as 1992 (Levy and Newell, 2004: 80).

In the Kyoto Protocol (1997) legally-binding emissions reduction targets, or caps, were adopted for the first time for 37 industrialised countries, including EU member states. Although these reduction targets can be reached by industrialised countries through many different measures such as carbon taxes or reduced economic growth, the Kyoto Protocol agreed for the utilization of several market-based mechanisms, which are criticized in the literature (Lohmann, 2008; Konak, 2011). These mechanisms are Joint Implementation (JI), Clean Development Mechanism (CDM), International Emissions Trading. They created what is called 'offset markets' where countries could buy Certified Emission Reduction (CER) Units through the CDM, Emission Reduction Units through JI to reach their reduction targets by implementing carbon offsetting activities in another country. Middle East and North African countries are eligible to participate in CDM projects, which would then produce carbon credits for the implementing country. Based on the Kyoto Protocol, the EU member states agreed to undertake their carbon emissions reduction together through the EU Emissions Trading System (ETS) adopted in 2003 came into effect in 2005. Also as part of the Kyoto Protocol, EU member states began participating in CDM and JI mechanisms, which leads us to the following research question: Does the EU benefit from the economic incentives that the Kyoto Protocol created in its relationship with Egypt?

The renewable energy directive of 2009 (2009/28/EC) was another part of the EU's climate change regulations. This directive set fulfilling at least 20% of total energy needs from renewable energy sources as an EU-wide target to be accomplished through national efforts. The Directive specifies national renewable energy targets for 2020 for each member state. All EU countries must also make

sure that at least 10% of their transport fuels come from renewable energy sources by 2020. Another set of binding measure the EU adopted for climate action was the Energy Efficiency Directive of 2012 (2012/27/EU). The Directive required all EU members to use energy more efficiently in generation, transmission, distribution and consumption.<sup>2</sup>

After the adoption of the ETS and EU industries were taken under carbon reduction obligations, it became an urge for the EU to push for another international agreement on climate change after Kyoto Protocol reached its end in 2012. This was in the interest of European industries to keep their competitiveness in international markets under the carbon reduction obligations they had under the EU climate change regime (Kulovesi, 2012: 125). In fact, Resource-Efficient Europe Flagship Initiative (2011) also states that the EU needs to use its external commercial policy to “continue efforts to provide a level playing field for industry, to improve the conditions for sustainable supply of raw materials, and to promote the liberalisation of trade in environmental goods and services so as to ensure industry's international competitiveness.” In 2009 Copenhagen Conference of Parties (COP), the EU demanded the adoption of mitigation targets by developing countries as well as the developed world, which was received negatively by the developing countries. As a result, in 2011 in Cancun, parties reached a middle ground agreement where developing countries would make pledges of reduction in nationally appropriate mitigation actions in a bottom-up manner, to enhance monitoring, reporting, review of greenhouse gas emissions, and Green Climate Fund, a new technology mechanism, the Cancun Adaptation framework and an adaptation committee were established. Paris Agreement that was signed in December 2015 brought universal and binding commitments on mitigation to all countries, removing the earlier division of countries by the UNFCCC and Kyoto Protocol (Savaşan, 2017: 108). According to the Paris Agreement, all state parties were legally obliged to pledge Intended Nationally Determined Contributions (INDCs) to mitigation of and adaptation to climate change and pursue these targets domestically, even if they are not legally-bound to achieve their targets. The EU's 2030 climate and energy framework forms the basis of its INDC in Paris Agreement. The EU committed itself to reducing greenhouse gas emissions by at least 40% below 1990 levels, improving

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<sup>2</sup> The directive adopted measures such as an annual reduction of 1.5% in national energy sales, member states making energy efficiency renovations to at least 3% per year on buildings owned by the central government, national long-term renovation strategies for energy efficiency of buildings to be made, mandatory energy efficiency certificates to accompany rental and sales of buildings, the preparation of energy efficiency action plans every three years, adoption of energy labels for setting minimum energy efficiency standards for a variety of products, move to using smart meters, obliging energy companies to carry out measures to help final consumers improve energy efficiency to reach 1.5% yearly energy savings, making large companies conduct energy audits periodically, protecting the rights of consumers to know their past and current energy consumption.

energy efficiency by 27%, and increasing the share of renewable energy sources to 27% of final consumption by 2030 in their INDC. In 2018, the revised renewable energy directive came into force (2018/2001/EU) that set a new binding renewable energy target for the EU that is at least 32% of total energy consumption to be fulfilled by renewables by 2030. In 2018, the new amending Directive on Energy Efficiency was adopted (2018/2002). The target in this amended directive was to reach the energy efficiency target for 2030 of at least 32.5%. The Directive needs to be transposed into national law by member states by 2020. Under the new Governance regulation the EU member states will also draft 10-year National Energy and Climate Plans for 2021-2030 on how they plan to meet their energy efficiency and other energy targets.

Such activities of the EU in promoting climate change rules and regulations around the world supports the following research question of this study: Does the EU aim to export its own climate change and energy regulations to Egypt?

In the absence of the United States leadership in international climate change regime, and against the backdrop of existing EU soft instruments on energy efficiency, renewable energy adopted as early as 1991, Germany and the EU provided leadership in 2007 Bali COP 13 (Kulovesi, 2012: 127). Germany's climate change policies measures date back to the Green Party that formed a coalition government in 1998 aimed to have an impact on German environmental policy by adopting measures such as the Renewable Energy Act to promote using renewable sources of energy for electricity production; programmes to promote solar panel use; a gradual increase in energy prices to promote the development of new technologies and energy efficiency; and measures to develop low-emission energy technology (Jaggard, 2007: 337). These policies were also backed by German government's plans to make solar power stations "Germany's export hit of the future" (Jaggard, 2007: 337). In fact, Germany advanced in renewable energy technology and the German Solar Association BSW set as an objective to export 80% of solar energy technology produced in Germany (Morris, 2014). Despite advances by China, world renewable energy export is still dominated by three EU member states, Germany, Denmark and Spain (Curran et.al., 2017). This leads to the third research question of this study. Does the EU increase its renewable energy technology exports by promoting climate action in Egypt?

### **Climate Change and EU-MENA Relations**

There have been several overlapping layers of EU policies towards the Mediterranean including the 1996 Euro-Mediterranean partnership launched at the 1995 Barcelona Euro-Mediterranean conference, the European Neighbourhood Policy (2004) and the Union for the Mediterranean (UfM) in 2009.

The Euro-Mediterranean partnership covers both bilateral and multilateral relations between the EU and the Mediterranean and Middle Eastern countries, aiming to achieve cooperation and progress in political, economic and social aspects of the relationship (De Flers and Regelsberger, 2005: 330). New layers of institutional cooperation were added onto this basis until 2010 but the free trade area has not materialised. One of those new layers in the EU-Mediterranean relations is the ENP that was initiated in 2004. With the initiation of the ENP, the Barcelona process was relegated to a multilateral forum, while bilateral relations between the EU and the southern neighbours were going to be managed by the ENP and its Action Plans (European External Action Service, 2011). The main rationale was to give neighbours “everything but the institutions” in order to ensure stability within the EU’s neighbourhood and create a “ring of friends” (Prodi, 2002). The last layer added to the EU-Mediterranean structure was the UfM, which originally was a French initiative but got adopted by the Union in 2009 and incorporated the Euro-Mediterranean Partnership. The UfM was aimed to revitalise EU-Mediterranean relations and render the partnership more visible by funding projects in areas such as economy, environment, energy, health, migration and culture. The UfM incorporates the Barcelona Process. However, it leaves bilateral relations between the EU and partner countries within the remit of the ENP.

The ENP was reviewed in 2010 and 2015. Tobias Schumacher pointed out how the “ring of friends” narrative was replaced by a “ring of fire” narrative among the European policymakers (Schumacher, 2016). Schumacher argues this change is accompanied by the lack of human rights, democracy, reform promotion in its neighbourhood by the EU, therefore not acting according to its values and principles of human rights and democracy in the ENP after its 2015 revision. However, critics point out that the EU had already been an imperial power in its neighbourhood (Del Sarto, 2016). According to Del Sarto, the ENP’s initial aim to create a “ring of friends” was serving the EU’s security interest in creating a buffer zone and also to stabilize the gas and oil imports from the neighbours and to consolidate export markets (Del Sarto, 2016). The EU’s cooperation with the authoritarian governments of MENA countries both before and after the Arab uprisings, such as EU cooperation with the authoritarian government of Mubarak and EU cooperation with the authoritarian government of al-Sisi, attest to the observation that the EU acts as a normative empire in its southern neighbourhood (Del Sarto, 2016).

### **EU Climate Policy towards Egypt**

The institutionalization of EU-Egypt bilateral relations dates back to 1977 when the Egypt-EC Cooperation Agreement was signed. The Cooperation Agreement provided non-reciprocal market access for Egyptian industrial goods



and raw materials to the Community market while agricultural exports to the European Community were given trade concessions. With the 1995 Euro-Mediterranean Partnership, the EU developed a multilateral regional forum to institute cooperation among EU member states and southern Mediterranean countries. The financial support Egypt received from the EU through Mediterranean Economic Development Assistance in 1996-1999 constituted 17% of the total support given to the southern Mediterranean (Fiedler, 2015: 48). This agreement was replaced by the EU-Egypt Association Agreement in 2001, which came into force in 2004. The Association Agreement aimed to create a free-trade area based on reciprocal tariff liberalization. The Association Agreement also forms the basis for other forms of cooperation such as political dialogue, human rights and democracy, state aid, public procurement, migration. With the creation of the ENP, the EU/Egypt Action Plan was signed in 2007 to set the priorities of the bilateral relations between EU and Egypt as part of the ENP. In 2017 Partnership Priorities replaced the Action Plan to guide the period 2017-2020. The foreign direct investment from the EU makes up around three quarters of the total investment in Egypt, constituting the EU as the biggest investor in Egypt (EEAS website)

Climate Change entered the ENP documents in the 2007 review of the ENP, *A Strong European Neighbourhood Policy*, which stated that the Commission was to deepen climate change dialogue on the international rules and agreements on climate change post-2012 with the neighbour countries (European Commission, 2007). The Commission was also going to provide capacity-building assistance on climate change policies, promote the utilization of Kyoto mechanisms in the neighbour countries, which could then attract foreign direct investment and promote the development of cleaner technologies. The Commission was also going to share its experiences with the ETS.

The EU-Egypt Action Plan (2007) stated the promotion of climate change action as one of its priorities. To address this priority, the Action Plan points out enhancing EU-Egypt cooperation “to achieve the commitments by the parties with regard to provisions under the Kyoto Protocol and the UN Framework Convention on Climate Change” (EU-Egypt Action Plan, 2007). The 2008 Memorandum of Understanding on Strategic Partnership on Energy states that Egypt aims to increase the share of renewable energy in its electricity production and “to converge towards the EU objectives in this area” and that the ‘EU has a leading role in the development of renewable energy technologies and has recently confirmed that greater use of renewable energies is a key priority for its energy policy’ (Memorandum of Understanding, 2008). Likewise, Egypt aimed to improve energy efficiency in both production and consumption and to “exchange experience with the EU in this field” (Memorandum of Understanding, 2008). Later the document mentions that the two sides are committed to the UNFCCC

and they will use the appropriate Kyoto Protocol mechanisms. In its 2009 Progress Report, the Commission observed Egypt's efforts to prepare a second national communication to the UNFCCC, a greenhouse gas inventory, an assessment of climate change impacts and adaptation methods, and to prepare Clean Development Mechanism (CDM) projects (European Commission, 2009). The report also noted Egypt did not have an official position on the post-2012 climate regime and that EU and Egypt started contacts on it.

In its 2010 revision, the Commission reiterated that the EU would increase cooperation with its neighbours to address low-carbon development, adaptation to climate change “with a view to implementing the Cancun agreement and moving towards a comprehensive global climate regime” (European Commission, 2011). This reflects the EU's interest in securing another post-Kyoto agreement and including the developing world in it, which resulted in the Cancun agreement as explained earlier. In the 2015 revision, the Commission notes that the EU is committed to an ambitious climate change policy and energy dialogue with neighbouring countries including issues such as energy security, energy market reforms as well as renewable energy sources and energy efficiency. The EU also emphasized the implementation of the Paris Agreement and national commitments of the neighbours were important. According to the document, the EU was going to cooperate on issues “including on the phasing out of subsidies for fossil fuels, introducing robust emissions monitoring, reporting and verification frameworks, including in the longer term, emission trading systems, which could be linked to the EU emissions trading system as they become ready” (High Representative, 2015).

The Partnership Priorities (2016) stress that the EU and Egypt can create a synergy in conventional energy sources particularly the discovery of offshore gas reserves in Egypt can increase income for Egypt and help the EU diversify its energy sources. The EU offers energy dialogue to Egypt to turn it into a regional energy hub, joint research, and promotion of sub-regional energy cooperation in the Mediterranean. According to the document, the EU will assist Egyptian government, which requested support, to help update Egyptian energy strategy to promote sustainable development and reduction of greenhouse gas emissions (EU-Egypt Partnership Priorities, 2017). Moreover, the EU will support Egypt in implementing its Intended Nationally Determined Contributions on adaptation and mitigation as part of the Paris agreement on climate change.

Most recently, in an EU-Egypt Memorandum of Understanding of 2018 both sides agree to draw from EU funding for external action to make Egyptian electricity regulatory agency more independent in making the electricity market free to enter for new participants. To this end, the EU encourages Egyptian agency to be active in the Mediterranean Energy Regulators Association (MEDREG) that

is supported by the European Commission. The Memorandum of Understanding also aims to transform Egypt into an oil, gas and electricity hub in the region. Particularly for making Egypt an electricity hub, the EU will offer funding and technical expertise in building and improving the necessary technical assistance for establishing, strengthening interconnections, as well as improving the distribution and transmission networks. The Memorandum of Understanding also refers to the use of EU funding for promoting renewable energy in Egypt, which is also in line with the Paris Agreement to reduce Greenhouse Gas Emissions that both Egypt and EU signed. According to the document “[b]oth Sides intend to improve the policy, regulatory, financial, technical and environmental preconditions needed to achieve greater investments and scale in Renewable Energy in Egypt, within the limits of available funding under EU external action financing instruments... [and] to share their experience in setting the legal framework, including certification and accreditation schemes, to support the use of both small- and large scale renewable energy deployment options for the buildings, industry, transport, agriculture and other relevant sectors” (Memorandum of Understanding, 2018). Here the aim is to transfer EU regulations on renewable energy<sup>3</sup> to Egyptian energy policy. Likewise energy efficiency measures will be taken by the Egyptian government with EU support in “institutional strengthening, capacity building and knowledge transfer, developing action plans, developing regulations and implementation of specific energy efficiency projects,” which “should contribute to achieving Egypt’s goals regarding sustainable development and climate change” (Memorandum of Understanding, 2018).

In this period, EU’s record of renewable energy technology exports to Egypt has varied. In biofuel technology exports, EU exports to North African countries declined from 2000-2003 to 2012-2015 (Pasimani, 2017: 10). EU’s solar photovoltaic technology exports<sup>4</sup> to North Africa increased incrementally from 0.03 bn EUR in 2000-2003 to 0.06 bn EUR in 2012-2015 (Pasimani, 2017). Yet the EU can hardly compete with Chinese exports in solar PV technology. In solar thermal technology,<sup>5</sup> Egypt was the fifth biggest export market for the EU companies in 2000-2003. EU solar thermal technology export to North Africa increased from 0.02 bn EUR to 0.08 over the same period from 2000 to 2015 (Pasimani, 2017: 47). In hydropower technology exports, EU exports to Egypt declined from 2008-2011 to 2012-2015 (Pasimani, 2017: 26). Wind technology exports of EU to North Africa also grew from 0.02 bn EUR in 2000-2003 to 0.37 bn EUR in 2012-2015 (Pasimani, 2017: 51). With the exception of biofuel

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<sup>3</sup> Renewable energy sources are defined as bioenergy, solar energy, geothermal, hydropower, ocean power, wind power by International Panel on Climate Change (2011).

<sup>4</sup> Solar PV is the technology through which sun rays are directly transformed into electricity.

<sup>5</sup> Solar thermal is the technology where the heat from the sun light is used for heating or producing electricity.

technology exports, EU export of renewable energy technology to Egypt increased in the period from 2000-2015.<sup>6</sup>

The EU also funded projects in Egypt with an aim of climate change adaptation and/or mitigation include a project on rural development funded in 2009, in which poor farmers will be provided more sustainable irrigation infrastructure and practices thereby reducing water use in agriculture (European Neighbourhood Policy Instrument, 2009). Another project in 2011 on upgrading informal areas, in which climate change adaptation awareness of the local population living in underserved informal areas of Cairo will also be achieved (European Neighbourhood Policy Instrument, 2011a). In 2011, another project aimed to create a more efficient energy production plan through regulation change was funded that also aimed to cut greenhouse gas emissions (European Neighbourhood Policy Instrument, 2011b). The regulation change included the convergence of Egyptian energy market regulations with those of the EU. A Programme on national waste management in 2013 aimed to create and implement a waste management policy in Egypt, which would recycle and reuse the waste as compost was funded (European Neighbourhood Policy Instrument, 2013a). Also in 2013, another Rural Development Programme was funded (ENPARD) that would contribute to climate mitigation practices by incorporating good agricultural practices and irrigation techniques (European Neighbourhood Policy Instrument, 2013b). Starting in 2013, an ENP-funded project entitled ClimaSouth ran for 48 months (Climasouth website, 2018). The project aimed to build institutional capacities to mitigate and adapt to climate change in Algeria, Egypt, Israel, Jordan, Lebanon, Libya, Morocco, Palestine and Tunisia. The project aimed to help policymakers in these countries develop negotiation capacity in international climate change meetings, mitigation and adaptation capacities as well as access to climate change finance capacities of these countries (Climasouth, 2018).

In 2015 European Neighbourhood Instrument funded a project on renewable energy and water with climate change adaptation and mitigation being significant objectives (European Neighbourhood Instrument, 2015). The aims of the project are to increase renewable energy use and reuse of wastewater to address energy and water shortages in Egypt. The identified problems include the lack of good governance principles in renewable energy sector, lack of private participation in the renewable energy market.

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<sup>6</sup> European companies with investments in energy in Egypt include German Siemens, Italian ENI, French Schneider Electric (Mandour, 2019).

## Discussions

Our first research question was whether the EU benefits from the economic incentives that the Kyoto Protocol created in its relationship with Egypt. The ETS was easily accepted by the industry and Member States as it offered new tradable assets by commodifying nature at a European scale (Bailey and Maresh, 2009). The ETS started allocating carbon allowances to firms in competitive carbon-intensive industries first. Firms could also increase their allowances by undertaking carbon-offset activities in third countries. Due to the economic slump in 2008, the EU had a surplus of credits in the ETS leading to a low price for carbon emissions that would enable European industries to emit carbon at a cheap price (European Commission, 2015). The ETS runs its third phase now (2013-2020) with stricter criteria on eligible offset credits and auctioning of carbon allowances to keep the prices from falling. In other words, the EU is not in any need for carbon-offset credits as it has already had too much. Out of the 20 approved CDM projects undertaken in Egypt, 11 included EU member states. A comparison with CDM projects registered in China shows that this number is highly insignificant. China has 3876 registered projects (Clean Development Mechanism Registry, 19 July 2019). As Table 1 shows, there is a sharp decline in the CDM projects in Egypt after 2012. The decline corresponds with the third ETS, which operated with strict criteria on eligible offset credits to reduce the surplus of carbon credits available in the ETS. Therefore, the economic benefits of gaining Certified Emission Reductions (CER) from projects done in Egypt is marginal for the post-2013 period.

**Table.1: CDM projects in Egypt**

Registered	Title	Host Parties	Other Parties	Reductions **
07 Oct 06	<u>Catalytic N2O destruction project in the tail gas of the Nitric Acid Plant of Abu Qir Fertilizer Co.</u>	Egypt	Austria Germany	1065881
15 Dec 06	<u>Onyx Alexandria Landfill Gas Capture and Flaring Project</u>	Egypt	Spain France	370903
22 Jun 07	<u>Zafarana Wind Power Plant Project</u>	Egypt	Japan	248609
26 Jul 08	<u>Waste Gas-based Cogeneration Project at Alexandria Carbon Black Co., Egypt</u>	Egypt		109514
2 Mar 10	<u>Zafarana KfW IV Wind Farm Project, Arab Republic of Egypt</u>	Egypt	Germany	171500
14 Jul 10	<u>Egyptian Brick Factory GHG Reduction Project</u>	Egypt	Canada Netherlands France	430350
23 Sep 10	<u>Zafarana 8 - Wind Power Plant Project, Arab Republic of Egypt</u>	Egypt	Denmark	209714

17 Jan 11	<u>Emissions reduction through partial substitution of fossil fuels with renewable plantation biomass and biomass residues in CEMEX Assiut Cement Plant</u>	Egypt	United Kingdom	416528
19 Jan 11	<u>Fuel Switching from Mazout to Natural Gas in Misr Fine Spinning &amp; Weaving and Misr Beida Dyers at Kafr El Dawar</u>	Egypt		45051
08 Aug 11	<u>Zafarana 85 MW Wind Power Plant Project</u>	Egypt	United Kingdom	170364
10 Feb 12	<u>Al-Sindian 13 MW Natural Gas based Cogeneration Package Project.</u>	Egypt		25384
18 Oct 12	<u>Reduction of N2O emissions from the new nitric acid plant of Egypt Hydrocarbon Corporation at Ain Sokhna</u>	Egypt	Austria	251595
29 Oct 12	<u>Land Filling and Processing Services for Southern Zone in Cairo</u>	Egypt	Portugal	25053
20 Dec 12	<u>N2O and NOX Abatement Project at KIMA Fertilizer Plant in Aswan (Egypt)</u>	Egypt	Switzerland	120650
24 Dec 12	<u>N2O and NOX Abatement Project at Delta-ASMEDA Fertilizer Plant in Al Mansoura (Egypt)</u>	Egypt	Switzerland	189999
24 Dec 12	<u>Partial Fuel Switching to Agricultural Wastes &amp; Refuse Derived Fuel (RDF) at Kattameya cement plant</u>	Egypt	Italy	32320
26 Dec 12	<u>Partial Fuel Switching to Agricultural Wastes, Sewage Sludge &amp; Refuse Derived Fuel (RDF) at Helwan cement plant</u>	Egypt	Italy	42615
31 Dec 12	<u>Partial Fuel Switching to Agricultural Wastes, Sewage Sludge &amp; Refuse Derived Fuel (RDF) at Arabian cement plant</u>	Egypt		70862
31 Jan 13	<u>Gas Flare Recovery at Suez Oil Processing Company, Egypt</u>	Egypt	United Arab Emirates	186230
23 Nov 15	<u>Network Energy Optimization</u>	Egypt		9794

**Source:** Clean Development Mechanism Registry, 19 July 2019.

Our second research question was whether the EU succeeds in creating a ring of similarly regulated states in its neighbourhood. In fact, the EU promotes climate change in its neighbourhood policy towards the Mediterranean with the aim to free the energy market by removing subsidies on energy, enable private sector to enter Egyptian energy market whilst consolidating EU regulations. An example of this is the promotion of Mediterranean Energy Regulators (MEDREG) by the EU in its neighbourhood, including in Egypt. European Commission financially supports MEDREG, which aims to foster sharing of good practices among energy regulators in the Mediterranean region (Proedrou, 2019: 229). Through the MEDREG, the EU is promoting its own regulations in Egyptian energy and climate policies to create a market that is regulated along the EU regulations. While aiming to improve the capacity of Egyptian state to regulate and monitor the energy market in accordance with the EU rules, it also tries to consolidate these rules by keeping Egypt anchored to the international climate regime for ensuring competitiveness of EU industries. The EU persistently worked

towards keeping Egypt part of the evolving international regime on climate change through its ENP. EU aimed to free the Egyptian energy market by the phasing out of fossil fuel subsidies (High Representative, 2010), freeing the Egyptian electricity market to new entrants (Memorandum of Understanding, 2018). The EU also aimed to transfer its own renewable energy regulations to Egypt through capacity building, knowledge transfer and institutional strengthening (Memorandum of Understanding, 2018). The EU also funded a project that aimed to create a more efficient energy production plan through regulation change (European Neighbourhood Policy Instrument, 2011b). Therefore, EU spreads its regulations to Egypt in order to create a similarly regulated country in its neighbourhood.

Our third research question was whether the European companies exported renewable energy technologies to Egypt while the EU cooperates with Egypt on climate change. EU exporters, with Denmark, Germany and Spain being top three, dominate global trade in renewable energy equipment (Curran et.al., 2017: 674). Analyses of EU export of renewable energy technology to Egypt show that there has been steady but small increase in solar, hydropower, wind technology exports to North Africa from 2000 to 2013, which is a period that encompasses the initiation of the ENP in 2004. In 2013, there was a major increase in wind technology exports to the region (Tagliapietra and Zachmann, 2016). Therefore European companies increased their renewable energy technology exports to Egypt.

### 3. CONCLUSIONS

The literature on EU foreign policy has long conceptualized the EU as an actor promoting its norms to advance its own interests in its neighbourhood. Yet, this literature can benefit from studies assessing which interests are served by pursuing particular EU policies. This paper assessed what economic interests of the EU are served by its pursuit of external climate change policy towards Egypt.

Although the CER units to be gained from projects in Egypt could be beneficial for European companies until 2013, as the ETS rules became strict after 2013, CERs lost their appeal. In 2013, the prices of carbon credits were so low in the ETS market that the EU revised the rules of eligible credits to reduce the excess credits from the market. Therefore, there was no longer any need for the credits to be gained from the projects in Egypt. Renewable energy technology exports is an area where European companies are dominant. In fact, the EU's wind technology exports peaked in 2013 and all other renewable energy technology exports except biofuel kept increasing steadily. Finally, the EU promotes its own regulations in its neighbourhood to create a more competitive environment for its own companies is confirmed as the EU supported Egypt to join European platforms on energy regulation, to adopt EU regulations on energy and to remain anchored to

the post-Kyoto process of the international community to sign a new climate change agreement.

This study confirmed Del Sarto's (2016) argument that the EU promotes norms to serve its interests and contributed a case study in EU promotion of climate action as a norm in its relationship with Egypt. Although climate change is an important problem that requires taking action, it is also important to underline that certain modes of action, such as limiting economic growth or imposing carbon taxes, get marginalized by the dominant climate change norms and the market-based solutions that are being promoted. These market-based solutions serve the interests of certain groups of actors. This study revealed that market-based solutions and export of EU regulations in Egypt in fact serve the economic interests of European companies.

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