



## INVESTMENT IN A TIME OF INSURGENCY: MILITANTS DRIVE HOME RISK IN MOZAMBIQUE'S CABO DELGADO

A DECADE AGO, GAS DISCOVERIES IN MOZAMBIQUE RAISED HOPES FOR A BETTER FUTURE. WITH AN EXPECTED USD 100BN IN INVESTMENT, OPTIMISTIC ANALYSTS FORESAW 'AFRICA'S QATAR', AN LNG HUB AND REGIONAL SUCCESS STORY. THINGS ARE HARDLY EVER THAT SIMPLE. THE GAS FIELDS LIE OFF THE COAST OF CABO DELGADO, A POOR PROVINCE ON THE POROUS BORDER WITH TANZANIA, AND HOME TO A RISING INSURGENCY SINCE 2017. SMUGGLING ROUTES CRISSCROSSING THE REGION PROVIDE FUNDING AND LINKS BETWEEN THE ANSAR AL SUNNA MOVEMENT AND REGIONAL MILITANTS, WHILE POVERTY AND INEQUALITY DRIVE LOCAL RECRUITMENT. INSURGENTS ARE GETTING STRONGER AND SMARTER; THEY RECENTLY MADE HEADLINES BY SEIZING A PORT, BUT THEY'VE ALSO BEEN REPORTED DISTRIBUTING FOOD.

THE FIGHTING HASN'T STOPPED INVESTMENT INTO MAJOR LNG PROJECTS, WITH ASSOCIATED REQUESTS FROM TOTAL AND EXXONMOBIL FOR EVER MORE TROOPS TO PROTECT THEIR OPERATIONS. BUT MOZAMBIKAN FORCES ARE POORLY EQUIPPED AND EVEN MORE POORLY MOTIVATED. THE GOVERNMENT HAS RESPONDED BY BRINGING IN MERCENARIES, YET WAGNER GROUP CONTRACTORS ACHIEVED ALMOST NOTHING ASIDE FROM ARGUABLY MAKING THE SITUATION WORSE. TALK OF 'JOINT TASK FORCES' BETWEEN THE GOVERNMENT AND OIL MAJORS FEEDS MISTRUST, WHILE ARRESTS OF JOURNALISTS, WIDESPREAD CORRUPTION, AND REPORTED RIGHTS ABUSES BY SOLDIERS ALIENATE THE LOCAL POPULATION.

IN THE SHORT TERM, IT IS PROBABLY POSSIBLE TO SECURE THE GAS PROJECTS. THE MAIN PLATFORMS ARE OFFSHORE, AND FIXED ONSHORE LOCATIONS CAN BE DEFENDED. BUT THESE INVESTMENTS ARE LONG-TERM, AND THE RISK ENVIRONMENT CAN CHANGE DRAMATICALLY. SPENDING REVENUE FROM THE GAS FIELDS ON SECURITY FOR THE COMPANIES DRILLING THEM COULD LEAD TO A SPIRAL DRIVING DISCONTENT AND WORSENING CONFLICT. IN THE MEANTIME, REGIONAL CO-OPERATION REMAINS NEGLIGIBLE, AND THE GOVERNMENT HAS SHOWN LITTLE SIGN OF BRINGING THE INSURGENCY UNDER CONTROL ANYTIME SOON. OIL MAJORS CAN BUILD WALLS AND HIRE ARMED GUARDS, BUT UNLESS THE GOVERNMENT FINDS A WAY TO WIN HEARTS AND MINDS, THOSE PHYSICAL BARRIERS MAY EVENTUALLY

NOT PROVE HIGH ENOUGH.

## NEW GOVERNMENTS, NEW OIL, OLD PROBLEMS IN THE GUIANAS

RECENT OIL DISCOVERIES HAVE THE POTENTIAL TO TRANSFORM THE NORMALLY SLEEPY CARIBBEAN FRINGE OF SOUTH AMERICA. SINCE 2015, INTERNATIONAL ENERGY COMPANIES HAVE SCRAMBLED TO TAP THE GUYANA BASIN'S UNTOUCHED BILLIONS OF BARRELS OF OIL. GUYANA STARTED EXPORTS IN JANUARY, AND ITS ECONOMY IS PROJECTED TO GROW BY 52.7% THIS YEAR DESPITE COVID-19. SURINAME ANNOUNCED SIGNIFICANT FINDS IN ADJACENT WATERS IN THE SAME MONTH.

THE PROSPECT OF AN OIL WINDFALL DRASTICALLY RAISED THE STAKES FOR SCHEDULED ELECTIONS IN BOTH COUNTRIES, CONTRIBUTING TO NEARLY SIMULTANEOUS MONTHS-LONG DISPUTES FROM SPRING THROUGH SUMMER. IN BOTH CASES, OPPOSITION PARTIES EVENTUALLY WON OUT AGAINST APPARENT ELECTORAL MANIPULATION AND OBSTRUCTION BY INCUMBENTS. THESE NEW GOVERNMENTS SEEM TO PROMISE CALMER DOMESTIC POLITICS THAN THEIR PREDECESSORS. BOTH NEW PRESIDENTS ARE CIVILIANS, REPLACING GUYANA'S DAVID GRANGER, A FORMER GENERAL WHO HAD IGNORED A NO-CONFIDENCE VOTE, AND SURINAME'S DESI BOUTERSE, A POPULIST FORMER DICTATOR WITH DRUG TRAFFICKING AND MURDER CONVICTIONS HANGING OVER HIM.

PEACEFUL TRANSITIONS OF POWER WERE NOT ASSURED, BUT THE COMPANIES BUYING INTO THE OIL BONANZA STILL FACE A SLEW OF POLITICAL RISKS. BOTH NEW PRESIDENTS WON POWER PROMISING TO SQUEEZE BETTER TERMS OUT OF FOREIGN OIL COMPANIES, A MORE PRESSING DEMAND IN SURINAME WHERE CONTRACTS ARE YET TO BE SIGNED AND THE ECONOMY WAS SLIDING TOWARDS CURRENCY AND DEBT CRISES EVEN BEFORE THE PANDEMIC. WEAK REGULATORY CAPACITY IS COMPOUNDED BY CORRUPTION, HEIGHTENING LOCAL FEARS OF THE MISMANAGEMENT AND ECONOMIC DISTORTIONS TO WHICH MANY OIL PRODUCING NATIONS SUCCUMB. WHILE THESE APPARENT VICTORIES FOR DEMOCRACY AND THE RULE OF LAW ARE WELCOME, ADDRESSING ENTRENCHED GOVERNANCE ISSUES AT A PACE THAT PRE-EMPTS THE FALLOUT FROM OIL REVENUES IS A TALL ORDER. WITH FOREIGN INVESTMENT POURING IN, THEY CAN EXPECT MORE SCRUTINY; THE US STATE DEPARTMENT'S CALL FOR GRANGER TO GO SUGGESTS THAT THESE GOVERNMENTS WILL NOT ENJOY THE SECURITY IN OBSCURITY ENJOYED BY THEIR PREDECESSORS.

## NEW DISCOVERIES FUEL TURKEY'S MEDITERRANEAN ENERGY AMBITIONS

IN AUGUST, TURKEY STRUCK METAPHORICAL GOLD IN THE BLACK SEA. WHEN THE FATIH-1 DRILLSHIP MADE THE COUNTRY'S LARGEST EVER NATURAL GAS DISCOVERY, ESTIMATED AT 11.3 TRILLION CUBIC FEET OF RESERVES, OPTIMISTIC OBSERVERS MAY HAVE WONDERED IF THE WINDFALL WOULD ENCOURAGE ANKARA TO RELENT FROM CONTENTIOUS PROSPECTING ACTIVITIES IN GREEK AND CYPRIOT MARITIME TERRITORY.

ANY SUCH HOPE APPEARS MISPLACED, HOWEVER. SHORTLY AFTER ANNOUNCING THE DISCOVERY, PRESIDENT RECEP TAYYIP ERDOGAN THREATENED THAT "TURKEY WILL TAKE WHAT IS ITS RIGHT IN THE MEDITERRANEAN." HASTILY ORGANISED LIVE FIRE NAVAL DRILLS ARE EXPECTED TO GO AHEAD, DESPITE GERMAN FOREIGN MINISTER HEIKO MAAS' SHUTTLE DIPLOMACY BETWEEN ANKARA AND ATHENS.

FOR TURKEY, INCURSIONS INTO NEIGHBOURING STATES' WATERS HAVE ALWAYS BEEN ABOUT MORE THAN GAS DEPOSITS. IN LINE WITH ITS BLUE HOMELAND DOCTRINE, THE COUNTRY HAS LONG CLAIMED SOVEREIGNTY OVER SWATHES OF THE SEA ADMINISTERED BY GREECE AND CYPRUS. LIKE SYRIA AND LIBYA, THE EASTERN MEDITERRANEAN HAS EMERGED AS A THEATRE IN WHICH MR ERDOGAN AND HIS GOVERNMENT CAN SOUND THE DRUMBEAT OF NATIONALISM THAT SERVES THEIR DOMESTIC POLICY OBJECTIVES.

TYPICALLY, MILITARY FORAYS ARE AN EASY SOURCE OF BIPARTISAN SUPPORT FOR AN OTHERWISE EMBATTLED PRESIDENT. NOT ONLY DO THEY CONSOLIDATE THE SUPPORT OF ULTRA-NATIONALIST PARLIAMENTARY ALLIES, THEY ALSO OUTMANOEUVRE OPPOSITION PARTIES WHO WITHHOLD CRITICISM TO AVOID SEEMING LAX ON NATIONAL SECURITY. BELLIGERENCE IN THE MEDITERRANEAN ALSO DISTRACTS A DOMESTIC AUDIENCE FROM RISING COVID-19 CASES AND A RAPIDLY DETERIORATING ECONOMY. ENCAPSULATING THIS ECONOMIC MISERY HAS BEEN THE LIRA'S PLUNGE TO AN ALL-TIME LOW AGAINST THE DOLLAR IN AUGUST, AFTER LOSING OVER 20% AGAINST THE GREENBACK SINCE JANUARY.

UNDETERRED BY A GROWING COALITION COMPOSED NOT JUST OF GREECE AND CYPRUS BUT ALSO FRANCE, ISRAEL AND EGYPT, TURKEY IS LIKELY TO CONTINUE EXPLORATION IN THE EASTERN MEDITERRANEAN TO ASSUAGE GROWING PRESSURES AT HOME. AS A DOMESTIC POLICY, IT MIGHT ACHIEVE ITS OBJECTIVES AT THE COST OF A CONTINUED RISK OF ACCIDENTAL ESCALATION ON ITS SOUTHERN SHORES.