

THE EU-UK ENERGY POLICY NEXUS IMPLICATIONS FOR AFRICA-EUROPE SMEs

Energy Security, Clean Transition And
International Cooperation In 2026

Industrial Insight Commentary

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About CIRUU Energy

CIRUU Energy is an energy-sector consultancy focused on energy security, clean-energy transition strategy, critical raw materials, policy intelligence and international partnerships.

CIRUU Energy Europe | Brussels Office

CIRUU Energy's Brussels-facing work operates at the intersection of European energy policymaking, industrial compliance and the Africa–Europe commodity corridor. We provide EU-specific regulatory intelligence, CBAM compliance advisory, carbon-market intermediation, and institutional engagement with DG ENER, ACER and EU member-state authorities.

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Method Note

This commentary is based on CIRUU Energy's internal analysis of current EU and UK energy policy, public institutional sources and previously published CIRUU research. The research cut-off is 15 September 2026. Quantitative claims and policy developments were checked against primary or authoritative sources before publication.

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ANALYSIS

The EU–UK Energy Policy Nexus: Implications for Africa–Europe SMEs



€340 billion

EU fossil-fuel imports in 2025



57%

Energy consumed in the EU comes from imported fossil fuels



€62 billion

Estimated additional expenditure from higher fossil-fuel costs by end of July 2026



3 September 2026

No immediate gas-supply risk identified



5 days later

Similar conclusion reached for oil supply

Europe's energy-policy debate in 2026 is again taking place under conditions of external pressure. The conflict involving Iran has exposed the economic consequences of dependence on internationally traded fossil fuels, while the renewed conflict in Yemen and attacks on Saudi energy infrastructure have increased concerns surrounding trade through the Red Sea and Bab al-Mandeb. These events provide a further test of policies that have developed since the European energy crisis of 2022. The evidence available by 15 September 2026 suggests that the direction of policy in both the European Union and the United Kingdom has been reinforced. Energy security, industrial development and the clean-energy transition have increasingly become interdependent questions of economic resilience.

The degree of European exposure remains considerable. According to the European Commission, the EU imported around €340 billions of fossil fuels in 2025, while imported fossil fuels account for 57% of the energy consumed in the Union. By the end of July 2026, higher fossil-fuel costs since March had produced an estimated €62 billion in additional expenditure. At the same time, Europe has become more resilient to interruptions in physical supply. On 3 September, the Commission and member states found no immediate gas-supply risk

despite lower storage levels, continuing Middle East instability and the shutdown of Qatari LNG production. Five days later, the Oil Coordination Group reached a similar conclusion concerning oil supply. Diversification, additional LNG import capacity, reduced gas demand, refinery production and stocks have therefore changed Europe's position since 2022. The remaining vulnerability is increasingly transmitted through prices and the wider economic cost of imported energy.

This development is clearly visible in EU policymaking. In April 2026, the Council referred explicitly to hostilities involving Iran and the wider region when assessing the vulnerability created by imported fossil fuels. The Council subsequently reaffirmed the clean transition as the most effective strategy towards European strategic autonomy. The Commission followed a similar logic through AccelerateEU, presented on 22 April, which directly linked volatile fossil-fuel markets and the escalating Middle East conflict with the need to accelerate the clean-energy transition. The programme combines conventional security measures with electrification, domestic clean-energy production, grid development, investment mobilisation and consumer protection. Existing transition policy has consequently acquired a stronger energy-security rationale.

This corresponds closely with the analysis presented in CIRUU Energy's EUSEW 2026 Strategic Brief in June. The report identified security, affordability, competitiveness and strategic autonomy as connected dimensions of European energy policy. Fossil-fuel exposure, grid congestion, fragile supply chains, permitting constraints and weak local implementation capacity were treated as mutually reinforcing problems. The report consequently framed strategic autonomy through the distinction between manageable interdependence and dangerous dependency. Europe continues to require international materials, technologies, finance, infrastructure and trading partners. The central issue concerns the resilience of these relationships and the degree of risk created by excessive concentration.

The scale of the required transformation can be seen in electricity infrastructure. The Commission estimates that around €584 billion of investment in European grids is necessary between 2020 and 2030. Around 40% of distribution grids are more than forty years old, while cross-border transmission capacity is due to double by 2030. Renewable expansion and electrification therefore generate requirements across transmission, distribution, storage, digitalisation, flexibility and connection infrastructure. These requirements considerably broaden the industrial base involved in the transition and create demand well beyond the construction of generation assets alone.

Critical raw materials form a second component of this policy. The European Critical Raw Materials Act establishes 2030 benchmarks under which European capacity should be able to provide 10% of annual strategic-raw-material requirements through extraction, 40% through processing and 25% through recycling. In addition, no more than 65% of annual EU requirements for an individual strategic raw material at any relevant processing stage should originate from a single third country. These benchmarks are designed to increase European capacity and diversify supply while retaining substantial international requirements. Europe's external partnerships therefore remain integral to the policy itself.

The United Kingdom has developed a comparable understanding of energy security through a different institutional framework. British supply draws on domestic North Sea production, Norwegian pipelines, LNG terminals and electricity interconnection with continental Europe. Following the outbreak of the conflict involving Iran, the Department for Energy Security and Net Zero stated that only around 1% of UK gas supply in 2025 had come from Qatar and therefore did not expect physical disruption to British gas supply. The department simultaneously identified continued exposure to international fossil-fuel markets as the larger threat to households and businesses. It also noted that the mature North Sea basin represents less than 0.7% of global oil and gas production, limiting its ability to influence international prices.

European Critical Raw Materials Act



Extraction
10%



Processing
40%



Recycling
25%

Europe



€584 billion grid investment,
2020-2030



40% of distribution grids over forty
years old



Cross-border transmission capacity to
double by 2030



65% single-country ceiling per raw
material

United Kingdom



-1% of UK gas supply in 2025 came
from Qatar



<0.7% of global oil and gas output:
the North Sea



Interconnection and LNG complete the
supply mix

Key Constraints Identified



Ageing infrastructure



Storage limitations



Intermittency



Investment conditions

UK Electricity Transformation In 2025



Renewables accounted for **52.1%** of UK electricity generation in 2025



Wind provided **29.5%**



Solar provided **6.9%**

The electricity sector has moved considerably faster than other parts of the energy system.

Clean Power 2030 Targets



Offshore Wind **43–50 GW**



Onshore Wind **27–29 GW**



Solar **45–47 GW**



Batteries **23–27 GW**

This assessment follows the logic developed in CIRUU Energy's earlier Parliamentary Evidence Week briefing on UK energy security. The briefing argued that immediate security requirements and longer-term transition policy can reinforce one another where infrastructure, investment and policy consistency are aligned. It also identified ageing infrastructure, storage limitations, intermittency and investment conditions as important constraints on the British transition.

The transformation of the British electricity sector is already considerable. Official DESNZ statistics show that renewable technologies accounted for 52.1% of UK electricity generation in 2025, with wind providing 29.5% and solar 6.9%. Gas nevertheless remained an important part of electricity generation, while 2025 became the first complete calendar year without coal-fired electricity production following the closure of the final coal-fired power station in September 2024. The electricity sector has therefore moved considerably faster than other parts of the energy system.

The targets for the next phase are considerably larger. The Clean Power 2030 framework envisages 43–50 GW of offshore wind, 27–29 GW of onshore wind and 45–47 GW of solar generation, supported by 23–27 GW of batteries and 4–6 GW of long-duration electricity storage. Government estimates suggest that Clean Power 2030 could require

around £40 billions of investment per year between 2025 and 2030, consisting of approximately £30 billion in generation and £10 billion in electricity transmission. Achieving these targets will depend heavily on planning, project development, network expansion and supply-chain capacity.

British energy policy has consequently become closely connected with industrial policy. The Clean Energy Industries Sector Plan seeks to more than double investment across frontier clean-energy industries to over £30 billion annually by 2035, covering sectors including wind, nuclear energy, hydrogen, carbon capture and networks. The plan also aims to increase British export capability and strengthen domestic supply chains. Energy policy is therefore being used to pursue industrial growth, energy security and decarbonisation within the same framework.

The conflict involving Iran has had an identifiable effect on this framework. On 11 March, the United Kingdom contributed 13.5 million barrels to a coordinated International Energy Agency release of 400 million barrels of emergency oil stocks. The measure addressed immediate disruption in international oil markets, while the government continued to argue that long-term resilience requires reduced exposure to volatile fossil-fuel prices. Emergency intervention and structural transition policy have consequently been pursued in parallel.

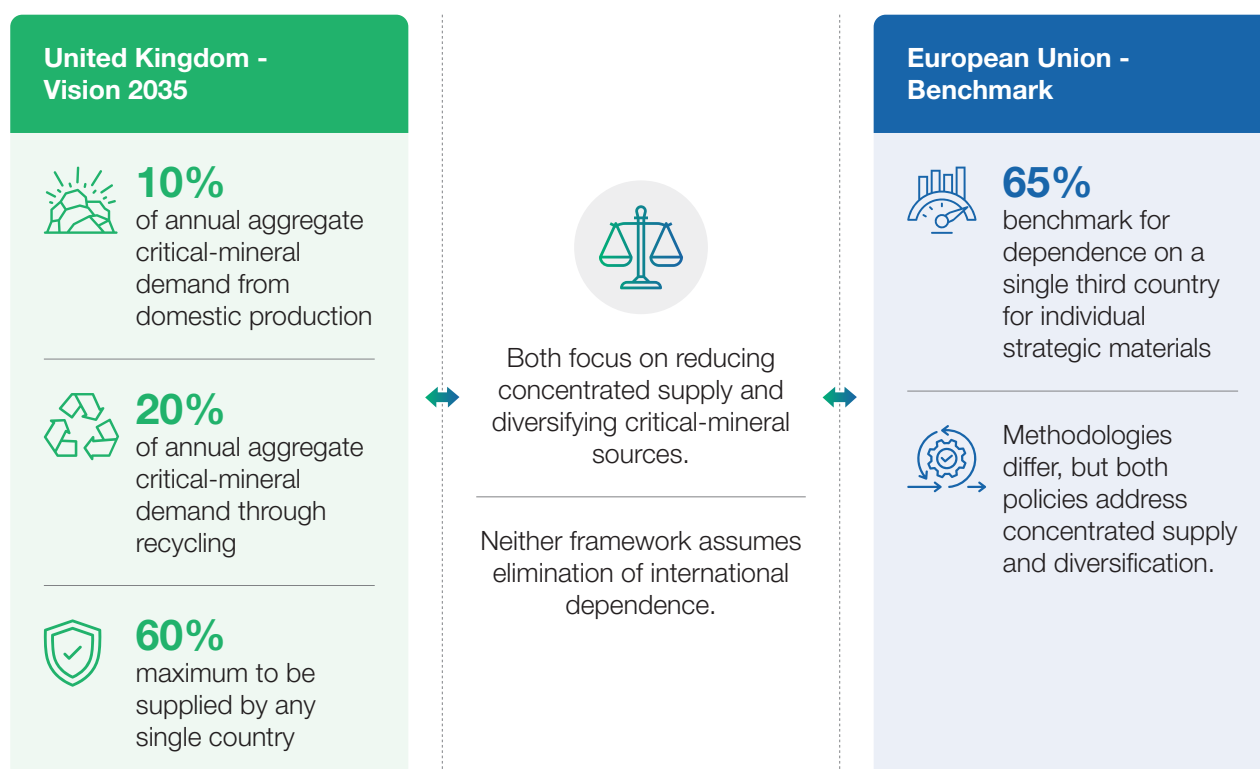
Critical minerals reinforce the similarity between the EU and UK approaches. Britain's Vision 2035 aims for at least 10% of annual aggregate critical-mineral demand to be met through domestic production, 20% through recycling, and no more than 60% to be supplied by any single country. The comparison with the EU is instructive. Brussels has established a 65% benchmark for dependence on a single third country for individual strategic materials, while London seeks a 60% ceiling across aggregate critical-mineral demand. The methodologies differ, although both policies are clearly concerned with concentrated supply and diversification. Neither framework assumes that international dependence can be eliminated.

A common policy direction can therefore be identified despite the different regulatory systems. Both the EU and the UK are expanding clean generation, electricity networks and storage while seeking greater control over critical inputs and industrial capacity. The EU operates through common-market regulation, REPowerEU, AccelerateEU, the Critical Raw Materials Act and Global Gateway. The British framework relies more heavily on national industrial policy, Clean Power 2030, Contracts for Difference, critical-mineral strategy and external mechanisms such as the Global Clean Power Alliance. The instruments differ considerably, but the underlying problem is similar: concentrated supply chains and internationally priced fossil fuels transmit external disturbances into European economies.

In this light, cooperation with African states acquires increasing importance. The situation in African energy markets differs considerably from the European case. Around 600 million people in sub-Saharan Africa, equivalent to approximately 47% of the population, lacked access to electricity in 2024. The IEA estimates that less than \$2.5 billion per year is currently being directed towards electricity access in the region. Under its Accelerating Clean Cooking and Electricity Services Scenario, almost \$150 billion cumulatively, or approximately \$15 billion per year, would be required to achieve universal access by 2035. Around \$7 billion annually would be directed towards grid expansion, \$5 billion towards mini-grids and \$3 billion towards solar home systems.

The difficulty therefore concerns finance and project development alongside physical infrastructure. Equity investment for electricity-access businesses reached around \$580 million in 2023, yet the IEA finds that this capital has tended to favour mature firms in established markets. Smaller companies encounter particular difficulties in securing risk-bearing finance during the development phase. This restricts the number of projects able to mature sufficiently to attract debt finance. The shortage of capital thus begins before construction and directly affects the ability of SMEs to develop commercially viable projects.

Critical Minerals: EU & UK Approaches



Europe-Africa Green Energy Initiative



50 GW

Renewable
electricity
capacity by
2030



**100
million**

People to
gain access
to electricity
by 2030



**> €20
billion**

Pledged
under Team
Europe (€3.4
billion from
the EU)

Africa-Europe Global Gateway Package



**€150
billion**
Investment
framework
across
multiple
sectors



Energy



Digitalisation



Education



Transport



Health



Sustainable
Growth

European policy increasingly attempts to address parts of this problem. The Africa–Europe Green Energy Initiative aims to support at least 50 GW of additional renewable electricity generation and provide access to electricity for at least 100 million people by 2030. More than €20 billion has been pledged under the Team Europe approach, including €3.4 billion from the EU. The initiative covers generation, access, transmission and broader energy-system development.

The initiative forms part of the wider Africa–Europe Global Gateway Investment Package, which provides a framework for around €150 billion in investment across multiple sectors. Energy constitutes only one part of this architecture alongside transport, digitalisation, health, education and sustainable growth. Nevertheless, the package provides a significant policy framework for renewable generation, infrastructure, private investment and sustainable raw-material value chains.

The SME dimension becomes clearer through the Team Europe initiative Investing in Young Businesses in Africa. It currently comprises eight co-funded regional programmes operating in more than twenty countries and seven EFSD+ guarantees, representing €312 million in programmes and €733 million in guarantees. An updated 2026 mapping identified more than 1,200 entrepreneurship-related projects with a combined value above €6.65 billion. The latter figure covers a broader entrepreneurship portfolio across sectors and cannot be interpreted as an energy-specific funding facility. It nevertheless demonstrates that access to finance and investment readiness for African MSMEs have become established components of European policy.

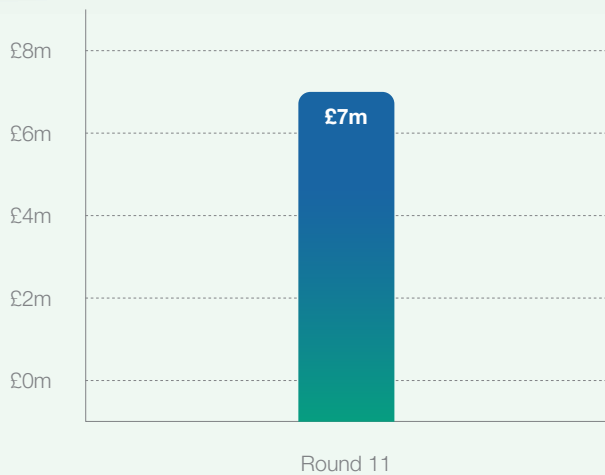
The commercial dimension of this approach can be seen in the EU–Zambia Lobito Business Forum. The forum concentrated on energy, agriculture and value addition in critical raw materials, presented actual investment cases and organised B2B meetings between European and Zambian companies. The format connects wider policy objectives with individual businesses and projects while reflecting an increasing emphasis on processing and domestic value creation within African mineral economies.

The EU also supports regional electricity integration. The Zambia–Tanzania–Kenya interconnector is intended to connect the Southern African Power Pool with the Eastern African Power Pool, increase regional electricity trade and reduce vulnerabilities associated with hydrological conditions in Zambia. The project demonstrates how European external-energy policy already includes infrastructure intended to improve the resilience and commercial integration of African electricity markets.

British policy approaches the same problem through other mechanisms. The Global Clean Power Alliance Finance Mission has developed an action plan with the African Union Commission centred on project preparation, investment planning, transmission, regulatory capacity and private-finance mobilisation. A specific element of the programme concerns expert scrutiny of priority African clean-energy projects followed by targeted project-readiness and bankability support aimed at progression towards final investment decisions. The proposed support can include feasibility work, financial modelling, licensing, environmental assessment and legal structuring.

Energy Catalyst

Funding available across three strands for energy-access innovation in ODA-eligible countries.



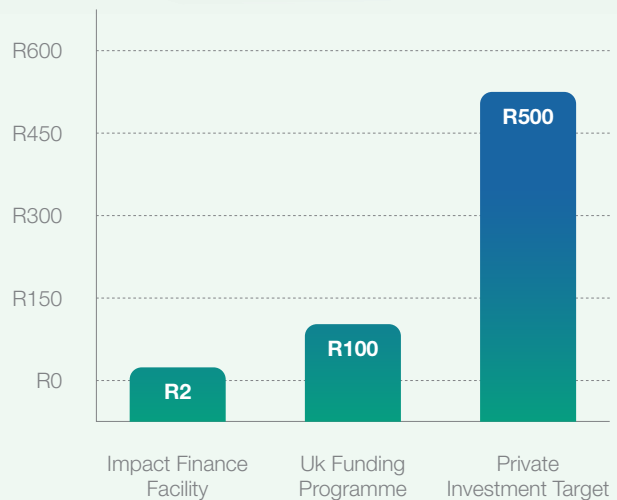
This is particularly relevant to smaller businesses because the financing gap identified by the IEA corresponds directly with the policy problem addressed by the Finance Mission. Capital cannot be deployed at scale where viable projects have not reached sufficient technical, regulatory and commercial maturity. Feasibility work, permitting, financial modelling, local partnerships, technical studies and appropriate revenue structures therefore acquire an economic value of their own.

The UK's Energy Catalyst provides a more direct route for smaller firms. Round 11 offered up to £7 million across its three funding strands for energy-access innovation in ODA-eligible countries, including sub-Saharan Africa. Collaborative projects were required to include at least one SME claiming grant funding. The programme demonstrates how international energy policy can create opportunities for smaller technology companies through consortia combining innovation, project development and local deployment capacity.

Critical minerals provide a further area of cooperation. European and British diversification policies increase the value attached to reliable international supply chains while African governments increasingly seek greater domestic processing and value creation. CIRUU Energy's EUSEW Strategic Brief identified processing, refining, manufacturing, recycling, infrastructure, finance and offtake arrangements as central elements of resilient clean-tech supply chains. It also argued that access to resources alone does not create viable projects and that relationships based predominantly on raw-material exports are increasingly difficult to sustain.

UK-backed South Africa SME finance

Funding announced alongside the wider programme to support SME access to capital and private investment.



The UK's announcements at Mining Indaba in February 2026 provide an example of this policy reaching smaller firms. A £2 million Impact Finance Facility was established to improve access to capital for South African SMEs. It builds on a wider programme backed by more than R100 million in UK funding, intended to unlock up to R500 million in private investment. The British offer also includes expertise in mining, engineering, professional services, finance, ESG standards, traceability and community-centred development. These fields show how mineral-security policy can generate economic activity throughout the value chain.

For African, British and European SMEs, the resulting commercial space can be found across the large number of specialised functions required to develop and operate energy infrastructure. Major transmission systems, utility-scale renewable installations and large mining projects generally exceed the financial capacities of smaller firms. Their development nevertheless requires feasibility studies, environmental assessment, engineering, permitting, metering, digital monitoring, maintenance, logistics, cybersecurity, mineral traceability, technical training, local procurement and regulatory compliance. Smaller firms can occupy these positions as developers, specialist suppliers, technology providers and local implementation partners.

Decentralised energy provides an especially relevant example. Under the IEA universal-access scenario, around one third of required annual investment would be directed towards mini-grids and more than one fifth towards solar home systems. The size and distributed character of these projects allows a broader range of smaller companies to participate. African firms can contribute knowledge of markets, customers, regulation and operating conditions, while British and European firms may provide technology, engineering, finance or specialised technical services. The structure of the market therefore creates a strong case for partnerships in which different capabilities are combined.

Grid development opens a further field. Renewable generation requires transmission, distribution, balancing and functioning electricity markets. Regional African integration through power pools and future continental market structures will require engineering, digital systems, regulatory expertise, forecasting, cybersecurity and market design. The Zambia–Tanzania–Kenya interconnector and the AU–UK Finance Mission show that regional integration has already become an active area of external energy policy.

However, the existence of large international commitments does not imply easy access to finance. The €150 billion Global Gateway figure covers numerous sectors and financing instruments. Guarantees still require viable underlying projects and creditworthy structures. Similar restrictions apply to British programmes. Currency risks, permitting, utility finances, political instability and high debt costs continue to affect project economics. The gap between policy ambition and commercial implementation consequently remains substantial.

Recent developments involving Iran have influenced this policy environment in a demonstrable manner. EU institutions have explicitly connected the conflict with the need to accelerate clean-energy deployment and reduce imported-fossil exposure. The UK has used emergency oil reserves while maintaining a policy centred on clean electricity and reduced vulnerability to global fossil-fuel markets. The conflict has therefore strengthened the security rationale behind policies whose basic direction predates the crisis.

The situation in Yemen as of 15 September 2026 requires a more cautious conclusion. On 10 September, the United Kingdom condemned renewed Houthi attacks on Saudi Arabia, including attacks on civilian and energy infrastructure, and warned that continued escalation endangered navigation and vital trade through the Red Sea and Bab al-Mandeb. The EU's EUNAVFOR ASPIDES mission remained operational in September and continued to provide defensive support to merchant vessels transiting the Red Sea. These developments increase pressure on a security environment already affected by the conflict involving Iran. There is presently insufficient evidence for a separate structural EU or UK energy-policy shift caused specifically by the renewed conflict in Yemen. Its current significance lies in the additional pressure placed on policies concerned with supply diversification, maritime security and exposure to globally traded fuels.

Current EU and UK energy policy therefore suggests that energy security is increasingly understood through the resilience of electricity systems, supply chains, industrial capacity and international partnerships. The conflicts involving Iran and Yemen have reinforced this development, although only the former has so far produced clearly identifiable changes in energy policymaking. CIRUU Energy's earlier assessment of strategic autonomy as diversified and flexible interdependence remains applicable under these conditions.

For African SMEs, and for European and British firms cooperating with them, the practical consequence lies in increasing demand for investable projects, local implementation capacity and specialised services. The difference between the less than \$2.5 billion currently directed towards electricity access and the approximately \$15 billion required annually under the IEA universal-access scenario illustrates the scale of the remaining task. Whether current European and British commitments develop into a broader SME market will depend largely on the capacity of firms and public institutions to convert available capital and policy objectives into technically credible and financially viable projects.



POLICY RECOMMENDATIONS

Expand development-stage finance for SMEs and smaller project developers



The financing problem frequently occurs before construction begins. Smaller developers face difficulties funding feasibility studies, environmental and social assessments, engineering, permitting and commercial preparation. EU and UK programmes should therefore strengthen development-stage financing, risk-sharing instruments and appropriately sized facilities for smaller projects. This would increase the number of projects capable of progressing towards final investment decision. The recommendation follows directly from the IEA finding that smaller companies struggle disproportionately to obtain risk-bearing capital during the development stage.

Improve SME access to large EU and UK energy programmes



Global Gateway, the Africa–Europe Green Energy Initiative and British clean-energy programmes already recognise private-sector participation. However, the scale and complexity of large infrastructure programmes can make participation difficult for smaller companies. Greater transparency regarding future project pipelines, proportionate procurement structures, business matchmaking and clearer routes for consortium participation would improve the position of African, British and European SMEs while maintaining normal commercial and technical requirements.

Connect critical-mineral partnerships with African value creation



EU and UK diversification policies will continue to depend on international mineral supply. Sustainable partnerships should therefore incorporate processing, technical skills, infrastructure and local industrial development alongside extraction. This corresponds with CIRUU Energy's previous assessment that resilient supply chains depend on processing, refining, finance, infrastructure and value creation throughout the chain.

Match generation investment with grids and enabling infrastructure



Renewable-generation targets require corresponding investment in transmission, distribution, storage, digital systems and regulatory capacity. Europe's own requirement for approximately €584 billions of grid investment illustrates the scale of this problem. African energy cooperation should consequently treat networks and system operation as integral parts of generation programmes. This is particularly relevant for regional power pools, decentralised systems and electricity-access projects.

Measure success through implementation, investment and local participation



Headline financing commitments provide an incomplete measure of energy cooperation. EU and UK programmes should place greater emphasis on projects reaching financial close, private capital mobilised, installed infrastructure, electricity connections, SME participation and local economic value. The distinction is particularly important where large investment ambitions coexist with a persistent shortage of financeable projects. The IEA currently records less than \$2.5 billion per year flowing towards electricity access in sub-Saharan Africa against approximately \$15 billion per year required under its universal-access scenario.

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