



Nationalism – A Threat to Global Environmental Diplomacy & Policy?

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Sustainability Report



The Abdullah Bin Hamad Al-Attiyah International Foundation for
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INTRODUCTION

NATIONALISM – A THREAT TO GLOBAL ENVIRONMENTAL DIPLOMACY & POLICY?

Globalisation, the process of increasing globalism of trade, information, migration, and culture, has been recently under pressure from renewed nationalism. Populist nationalist leaders in countries such as the US, UK, and Brazil have challenged international agreements and often threatened to withdraw from climate and environmental action. How is international geopolitics impacting sustainable economic development, effective environmental legislation, transboundary trade in goods and services, access to sustainable energy, and the fight against climate change? What shifts in the US policies of the past four years, should the world expect from the new incoming administration? What are the challenges and opportunities for industry in general, and particularly the energy industry?



Sustainability Report

This research paper is part of a 12-month series published by the Al-Attiyah Foundation every year. Each in-depth research paper focuses on a prevalent sustainable development topic that is of interest to the Foundation's members and partners. The 12 technical papers are distributed to members, partners, and universities, as well as made available online to all Foundation members.



EXECUTIVE SUMMARY

- Globalisation, the process of increasing globalism, has faced recent challenges from populist-nationalist leaders and movements, supported by people concerned about economic, demographic, and cultural change.
- This is, in turn, a threat to the integrated world economy, and to international environmental diplomacy and cooperation. This includes sustainability of climate and other environmental issues, alongside economic, health (including pandemic recovery), social, and human rights sustainability.
- The new US administration of Joe Biden, with John Kerry as climate envoy, promises a return to the multilateral approach, including re-joining the Paris Agreement and aligning domestic action with its goals. This will help other countries deepen their own Paris commitments at the end of 2021. However, Mr. Biden faces challenges from the domestic political system, a loss of US credibility, and uncertainty about whether his policies can be sustained after his term in office.
- Multilateral climate cooperation may also contradict a stated desire for the US to 'get tough on China', even though the climate is an area of constructive engagement and mutual interests.
- Globalisation will continue, but a more contested and fragmented form may see more international conflict and slower and less equal economic growth. Environmental cooperation may be partitioned into regions and sectors, with global cooperation such as that under the 2015 Paris Agreement being outpaced by cooperative initiatives between non-state actors.
- Fossil fuel resources may lose geopolitical importance. Instead, international clean energy investment and access to renewable resources and key energy minerals can become areas of contestation and trade barriers. However, such contests will not follow the same pattern as past struggles over oil and gas resources and transit routes.
- Climate action via regional and sectoral clubs, including sub-national entities, NGOs, and corporations alongside sovereign countries, can help resolve the globalist and nationalist tensions in world action on sustainability. A combination of international climate diplomacy with non-state commitments, economic incentives, and incorporation into international business practices will be more robust than multilateral treaties alone.



THE RISE OR RETURN OF GLOBALISM AND NATIONALISM

Globalism refers to the world system of ideas, international relations, and the economy, spanning intercontinental distances. Globalisation is the process of increasing globalism.

The first wave of globalisation occurred from about 1870 to 1914ⁱ. It was typified by the expansion of colonial empires and a swift rise in world trade and migration because of improved transportation and communications, notably the rise of steamships, railways, and the telegraph. Multinational corporations are not a new invention – the East India Company (founded 1600), Dutch East India Company (1602), and Hudson's Bay Company (1670) are early important examples, which often acted virtually as sovereign governments. Petroleum firms such as Royal Dutch Shell (parent companies founded 1890 and 1897 and merged in 1907) are the archetype of this period, combining businesses in Europe, the United States, the Dutch East Indies (modern Indonesia) and Baku in Azerbaijan, then part of Tsarist Russia.

This era ended with the First World War, and deglobalisation ran from about 1914 to 1950, particularly exacerbated by the tariffs and protectionism of the Great Depression era in the 1930s. Barriers to trade, investment, and migration were raised, alongside trading blocs and a sharp rise in nationalism and international conflict.

The second wave of economic globalisation, beginning after the Second World War with the World Bank and International Monetary Fund (1944 and 1945) and the General Agreement on Tariffs and Trade (1947), has accelerated particularly from the 1980s onwards, with rapid growth in trade, reductions in trade barriers, and increases in capital mobility, currency convertibility, and cross-border investment. Containerisation, much larger cargo ships, expanded ports, and the elimination of tariffs



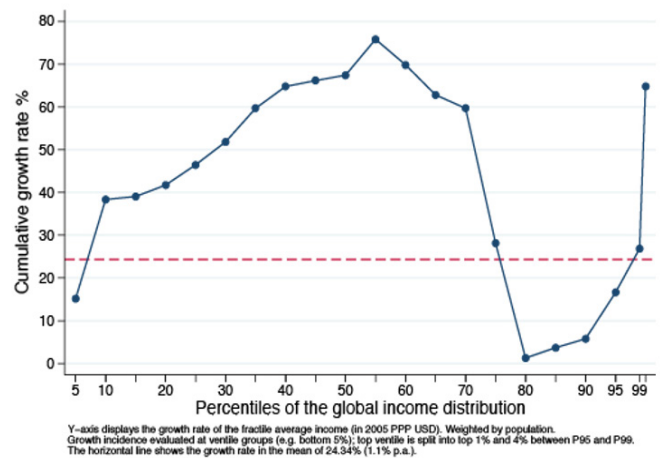
has spurred the expansion of cross-border manufacturing supply chains. Unlike the first wave of globalisation, trade in services, not just goods, has expanded hugely, facilitated by easy international travel, the Internet, and the widespread use of English. Multinational corporations have grown in size and influence, and often become increasingly untethered from their notional home country.

The integration of the former Soviet bloc into the world economy after 1989, and of China from 1992 onwards, the liberalisation of the Indian economy brought in with Manmohan Singh's reforms of 1991, and the foundation of the World Trade Organization (WTO) in 1995, have further accelerated the process. Such policies have been labelled, usually by opponents, as 'neo-liberal'.

This process has had relative winners and losers (Figure 1). The global emerging middle class, particularly in China, has seen strong gains in income, and the upper-income levels globally have also done very well. Relative gains in some poorer countries have also unlocked economic migration both domestically and internationally. Nevertheless, in many developed countries, the previous middle class has seen income stagnate or fall (the 80-95th percentiles in Figure 1). This stagnation has triggered feelings of disillusion and anti-elite sentiments, as well as charges that China and others are competing 'unfairly'. Meanwhile, the position of the very poor (the 'bottom billion' in Professor Paul Collier's book ⁱⁱ) has also declined, a contributory factor to state failure in some places as discussed below.

As measured by the share of world trade to gross domestic product (GDP), globalisation peaked at 60.8% in 2008. Following the global economic crisis, it fell sharply, somewhat recovered in 2009-10, but has stagnated around 56-60%. (Figure 2) shows a timeline

Figure 1 Evolution of global income, 1988-2008 ⁱⁱⁱ



of key political and environmental events in globalisation since 1970, with the trade share of world GDP as a measure of the level of economic globalisation.

Globalism does not refer only to the economy but also includes rapid international travel (the Comet, the world's first commercial jet airliner, in 1952); communications (the creation of ARPANET in 1966, which became the commercial internet in 1989, and the World Wide Web in 1990); and the development of international institutions, such as the United Nations (UN), European Union (EU) and WTO. Globalism also includes military alliances such as the North Atlantic Treaty Organization (NATO); environmental agreements, for instance, the UN Framework Convention on Climate Change (UNFCCC, 1992), the Kyoto Protocol (signed 1997, effective 2005), and the Paris Agreement (2015); and non-governmental organisations such as Greenpeace and Friends of the Earth. The diffusion of science, technology and communications, social media, and cultural, entertainment and media trends, are also major features.

Recently, and particularly since the global economic crisis of 2008-9, globalisation has come under pressure. It has been blamed for growing economic inequality in Western countries, the slow recovery from the financial crisis, the decline of traditional industries and regions, a weakening of national sovereignty, excessive immigration, and for giving an unfair competitive advantage to the Chinese economy. Much loss of employment in traditional industries has been due to automation rather than 'globalisation' or overseas competition, but perceptions still have important political effects.

Challenges to state sovereignty have also come from within, from separatist movements and non-state actors, in places as diverse as Scotland, Catalonia, South Sudan, and the Kurdistan Region of Iraq. In several weak states, the central authority has broken down entirely, under a mix of stresses including failed governance, repression, economic failure, and climatic stresses. The perceived threat from refugees and terrorists has contributed to xenophobic politics in parts of Europe, the US, and India.

This period has seen the election or strengthening in the power of several world leaders variously described as nationalists, populists or anti-globalists: Donald Trump in the US, Vladimir Putin in Russia, Jair Bolsonaro in Brazil, Narendra Modi in India, Boris Johnson in the UK, Recep Tayyip Erdogan in Turkey, Rodrigo Duterte in the Philippines, and Viktor Orban in Hungary. There were also successes for elements of an anti-globalisation agenda, most notably the UK's Brexit vote in 2016, to leave the European Union, which came into effect as of February 2020. However, negotiations on a final settlement concluded only in December 2020.



In Western democracies, significant centres of populism include former industrial heartlands that have suffered depopulation, unemployment, and economic decline. This consists of the US 'Rust Belt' states of Michigan, Wisconsin, and Pennsylvania; the Midlands and North of England; the former coal and steel areas in the French north-east; and the Ruhr Valley in western Germany and much of the former East Germany^{iv}. Rural communities may also be supportive, as with the Law and Justice ruling party in Poland.

It remains to be seen how the new wave of populism will fare in the near future, and what this means for sustainability. Centrist leaders in Germany, France, Canada, and most recently the US have won elections. Japan does not have a significant populist movement^v. The longer-term economic and social effects of the Covid-19 pandemic, the consequences of Brexit, the defeat of Donald Trump in the 2020 US presidential election, and the sharp bi-partisan turn in US politics towards containing and confronting China could all be influential. The emergence and use of new technologies, such as moves to constrain the social media giants' power, further deindustrialisation, and loss of skilled middle-class jobs via artificial intelligence, or 're-shoring' via 3D printing, will also shape and perhaps lead political and geoeconomic trends.

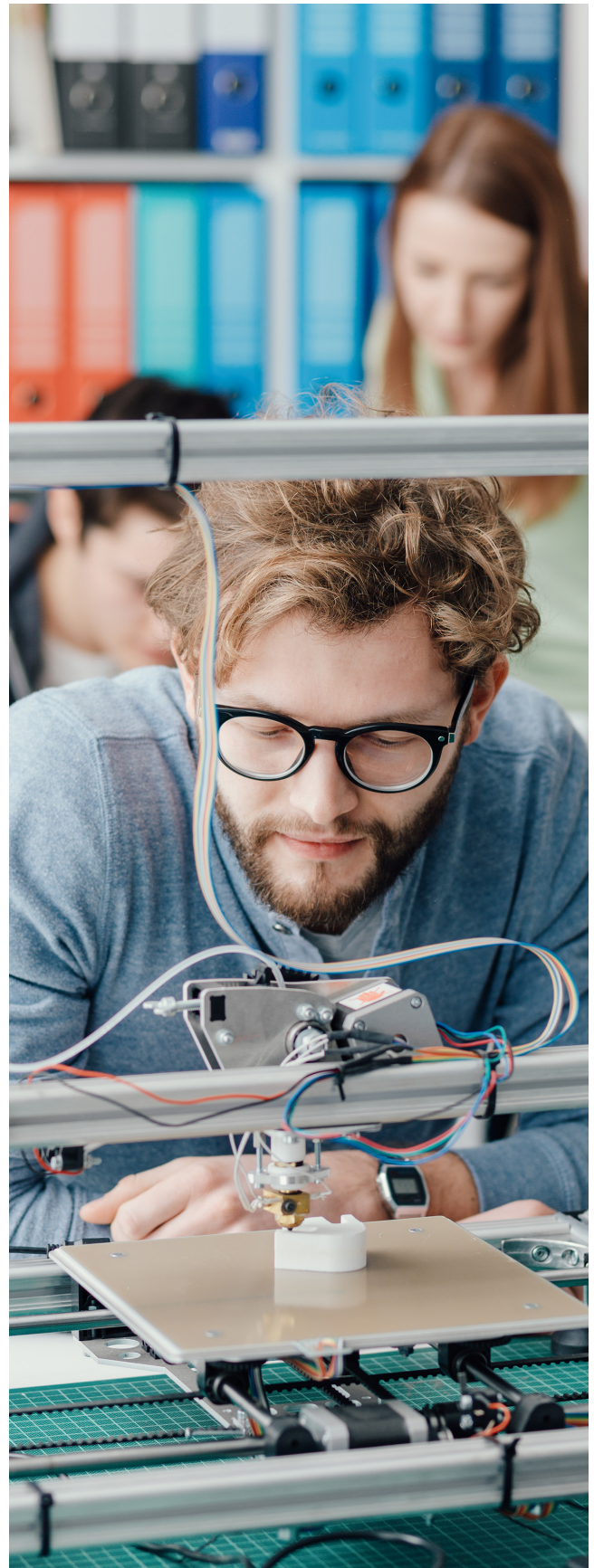
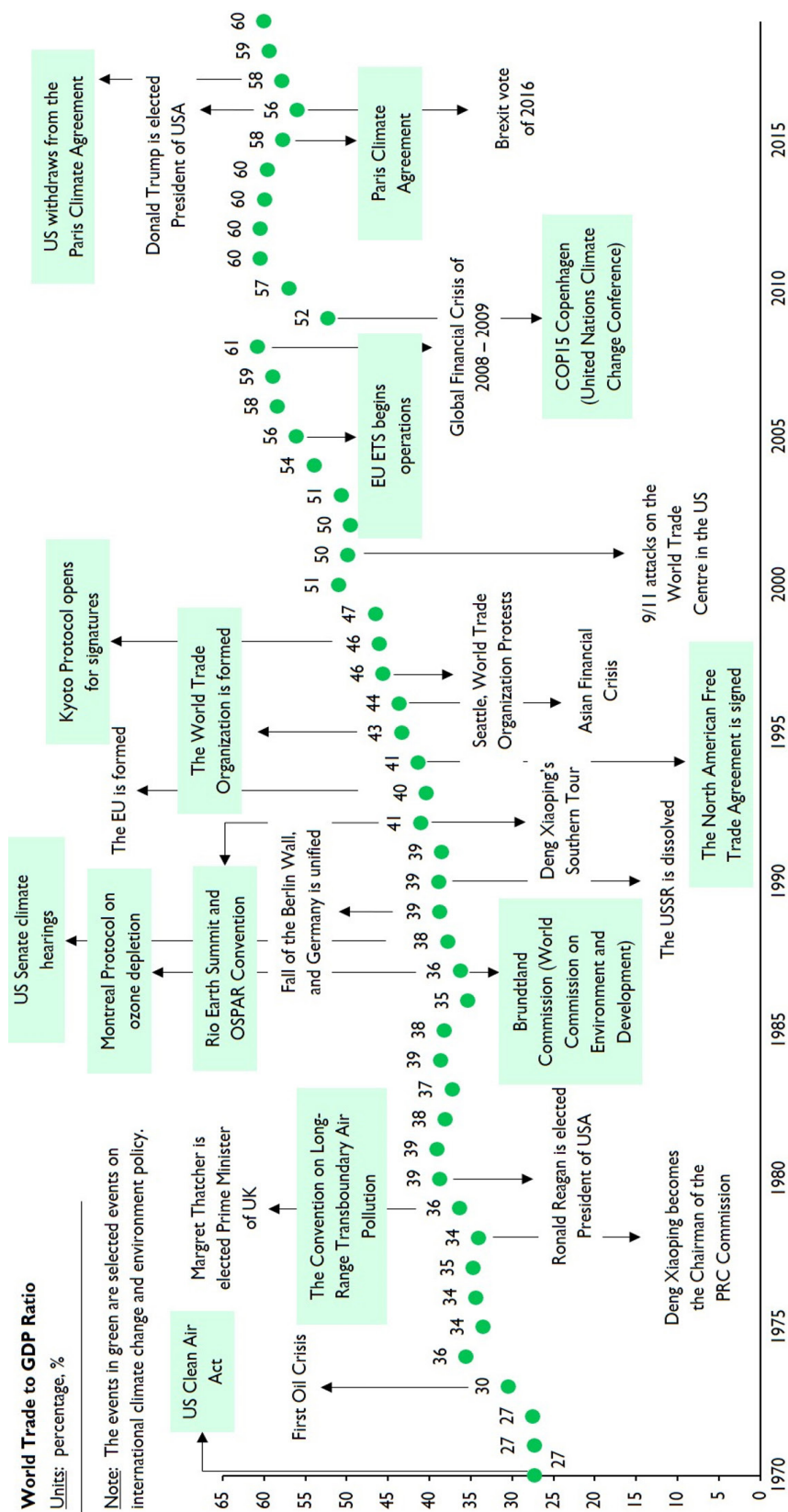


Figure 2 Key events in globalisation and environmental policy, 1970-2020



Sustainability is defined in various ways. The classic formulation is that of the Brundtland Commission (1987): "Sustainable development is development that meets the needs of the present without compromising the future generations' ability to meet their own needs".

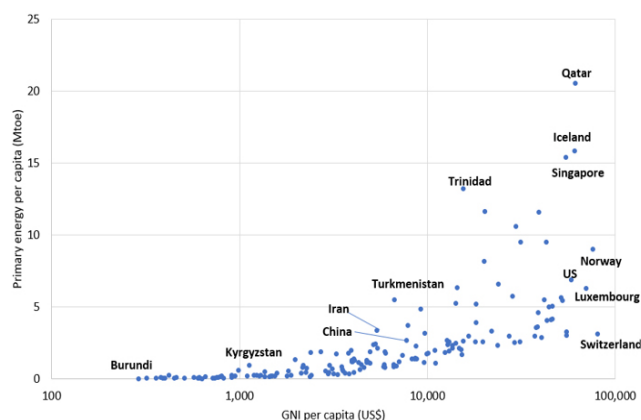
This definition fed into the UN Sustainable Development Goals ^{vi}, adopted in September 2015, which covers environmental (climate, water, biodiversity and others), social and economic aims and those relating to peace, gender equality, and health.

A more narrowly-defined environmental concept covers the 'nine planetary boundaries', the breakdown of which would have a very serious negative effect on the world economy and society. These include climate and pollution, land-use change, loss of biodiversity, biogeochemical flows (such as nitrogen and phosphorus over-use), ozone depletion, ocean acidification, freshwater over-use and others ^{vii}.

The effects of globalisation and nationalism on sustainability are not simple. More rapid economic growth, and more transport, likely means higher energy consumption (Figure 3). However, energy use per capita can vary by a factor of more than five at the same level of per-capita GDP; Switzerland has a higher per-person GDP than the US with less than half the energy use.

Expansion of agriculture, leading to deforestation and the over-use of pesticides and fertilisers, growing air pollution, plastic waste, the transmission of pandemics, and the spread of invasive species, are other environmental consequences. Multinational corporations, able to relocate their operations and headquarters, may be hard for governments to regulate and hold to account for environmental damage.

Figure 3 Energy consumption and GDP per capita ^{viii}



Conversely, greater trade openness and more international cooperation improve efficiency, the availability of less-polluting resources, and the creation and spread of cleaner technologies.

A world of conflictual and protectionist international relations is likely one in which policymakers are distracted by short-term threats and have little attention for longer-term environmental problems. Multinational progress on the environment is difficult to achieve if the peaceful tools of diplomacy, economic relations, and scientific cooperation are hindered.

'Sustainability' does not just encompass the environment. A world of growing economic inequality and conflict could not be considered sustainable. Social, economic, and environmental sustainability are inseparable and have to be fostered together, even though there may be trade-offs between certain aspects.

Various scenarios, which are exploratory rather than predictive or prescriptive, have explored these tensions. For instance, Shell in 2013 presented Mountains, a world of status quo power, coercion, inequality, and economic rigidity, and Oceans, a scenario of economic dynamism, market forces but destabilised politics ^{ix}. Both visions involve major continuing environmental and climate challenges, though with different partial solutions.

Meanwhile, Norwegian state oil firm Equinor, in 2019, put forward three scenarios ^x, where Reform involves market openness and economic growth along with gradual decarbonisation. In opposition, Rivalry involves geopolitical tension and isolationism with rising greenhouse gas emissions (GHG), while Rebalance centres on sustainable development in line with climate goals.

Other visions have been presented for a very different style of politics induced by environmental change. For instance, eco-authoritarianism posits that democratic societies cannot take the radical and harsh measures necessary to limit climate change ^{xi}. A new breed of populists might advocate radical measures in service of the environment, instead of ignoring it.

"Climate change is bigger than democracy"

Roger Hallam, Extinction Rebellion
co-founder



THE TENSION BETWEEN GLOBALISM AND NATIONALISM AND ITS IMPACT ON CLIMATE CHANGE

Climate change is considered the single most important environmental issue confronting humanity.

Progress on mitigating climate change will ultimately be dependent on:

- international consensus achieved at various intergovernmental negotiations;
- the extent to which international trade deals and tariffs could help combat climate change; and
- how cross-border investments encourage the deployment of new technologies.

Over the last several decades, governments worldwide have collectively pledged to slow climate change across various international cooperation platforms. In recent times, negotiations were complemented with intensified diplomatic efforts, which led to significant achievements through the Kyoto Protocol and the Paris Climate Agreement.

The Kyoto Protocol established binding emissions reduction targets for industrialised countries where pursuant negotiations centred on the rules and modalities of land use, land-use change, forestry, and market-based mechanisms. However, the protocol did not press major developing countries carbon emitters, such as China and India, to act. The US signed the agreement in 1998 but never ratified it and later withdrew its resolution to the protocol.

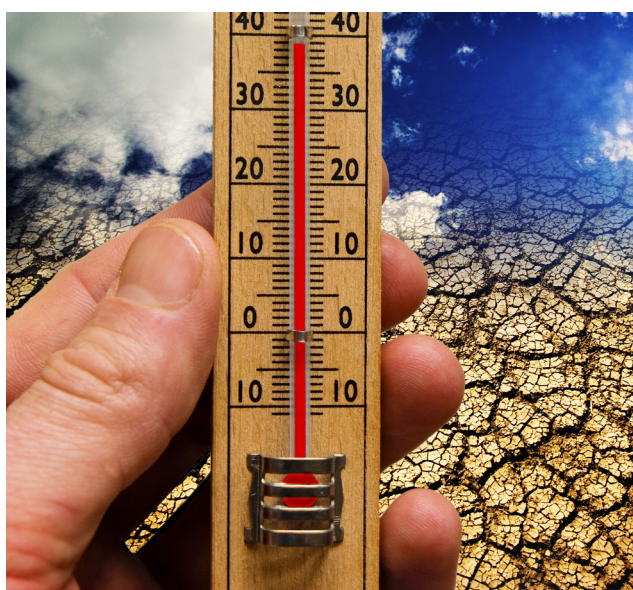
However, the Kyoto Protocol laid a foundation for the most significant global climate agreement to date, the Paris

THE TENSION BETWEEN GLOBALISM AND NATIONALISM AND ITS IMPACT ON CLIMATE CHANGE

Climate Agreement, which sets a long-term temperature target of holding the increase in the global average temperature to below 2°C. The target is marginally above pre-industrial levels, further pursuing efforts to limit the temperature increase to 1.5°C.

When 196 countries that are Parties to the United Nations Framework Convention on Climate Change (UNFCCC) adopted the Paris Agreement in December 2015, it represented a breakthrough. The Agreement is seen by many world leaders that gathered in Paris in December 2015, as the last hope for humanity to preserve the foundations for a healthy planet.

After more than 20 years of negotiations, the world was finally able to resolve the thorny issue of the principle of 'common but differentiated responsibilities', that has bedevilled the UNFCCC process. The interpretation of the UNFCCC core principle of 'common but differentiated responsibilities and respective capabilities, in the light of different national circumstances' has always been a heavily contested issue between developed and developing countries, throughout the many years of climate change negotiations.



The Paris Agreement was a game-changing outcome. It represents a paradigm shift from the top-down command-and-control approach of the Kyoto Protocol era to an inclusive, bottom-up process, characterised by the widest possible cooperation by all countries and participation of all sectors of society, including the different tiers of government.

Under the Paris Agreement, each country has to set forth a climate action plan (a Nationally Determined Contribution – NDC), which describes the country's targets, and the means for reaching the target. These NDCs are now front and centre of the attention by any sector, company, and organisation, wishing to understand what role they can play, and how emerging climate policies will impact them.

MULTILATERAL, BILATERAL, AND UNILATERAL APPROACHES TO MITIGATING THE IMPACTS OF CLIMATE CHANGE

While climate change is a global problem, its effects and impacts are often regional and local. Addressing these impacts often require a combination of multilateral, bilateral, and unilateral approaches. For instance, specific climate adaptation issues may be treatable at a national level but often benefit from a multilateral approach. This would include, for example, cooperative management of a watershed affected by drought or reduced glacial inflow; cooperative disaster relief over a wide area such as the Caribbean or Bay of Bengal; or rising sea-levels along a vulnerable coastline, such as the southern North Sea coast from north-eastern France, Belgium, the Netherlands, and Germany to Denmark.

Even for issues dealt with at a national level, such as flooding or hurricanes, the provision of

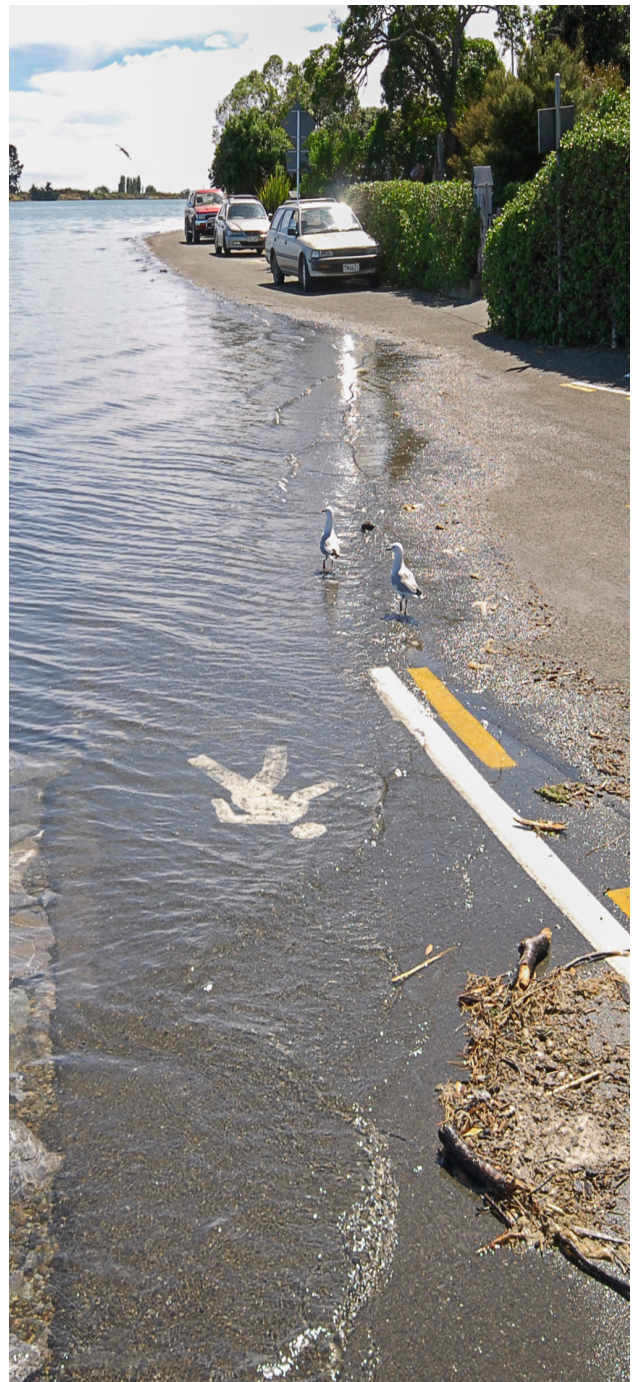
international expertise and financial aid is crucial for lower-income countries, particularly small-island developing states (SIDS).

Climate-related migration is also an issue, which will increasingly affect wider regions, particularly when triggered by a major drought or sea-level rise. However, so far, international cooperation on migration has largely focused on keeping migrants out via agreements with origin or transit countries, as in the EU's approach to Turkey, North Africa and the Sahel, the US's to Central America, and Australia's to its Pacific neighbours.

Some climate policy analysts have called for a different or at least additional selective 'clubs' approach ^{xii}. These would commit to certain climate goals and share benefits within the club, for instance, joint research on renewable energy, or free trade within the club but tariffs against outsiders who do not meet any emissions reduction targets set for members of the club. Others would be welcomed to join if they meet the commitments required. The principle is similar to that of WTO membership and the 'most favoured nation' clause, and to the conditions required of aspiring EU members. This could help overcome the problem of collective action and 'free-riders'. Clubs could be on a national government level and could also include sub-national entities, corporations, and NGOs.

In the US in particular, given the federal government's insufficient action, there has already been substantial international engagement at the state and city levels. This complicates the simple nationalist versus globalist framing, since it allows for even more local decision-making, but with the risk of complicating or contradicting national policies. The EU also has internal tensions over climate policy, given the heavy reliance of some eastern European members such as Poland on coal.

However, future climate diplomacy requires governments to enforce robust efforts to expand their climate diplomatic capacity. Delivering a timely construction of international mechanisms, ensuring their effective operation, and shaping their evolution to address evolving challenges associated with climate change is also pivotal.



THE IMPLICATIONS OF THE US ELECTIONS

The US elections of late 2020 have important implications for multilateralism and climate. President-elect Joe Biden has laid out an ambitious climate agenda, including immediately re-joining the Paris Agreement. He has nominated John Kerry, a former secretary of state and presidential candidate, who has a long history in climate negotiations, as his new climate envoy. Mr. Kerry was a participant at the 1992 Rio Earth Summit,^{xiii} and helped negotiate the 2015 Paris Agreement.

By appointing John Kerry as the first-ever US climate leader, President-elect Joe Biden is sending a clear message. He is reversing President Donald Trump's positions on climate change and plans to push US commitments to fight climate change much further. Mr. Kerry sees climate change as a national security and an environmental issue^{xiv}; he acknowledges the stress it puts on migration systems. He has promised a 'whole of government' approach to it^{xv}. As secretary of state under President Obama, he grouped the US, EU, and China in the 'Major Emitters Group', a possible forerunner of future climate clubs.



Although John Kerry's role and authority are not clear yet, his main task will be to establish a US voice on a global level dedicated to tackling climate change. His biggest challenge will be to deliver on the promise of a robust US response on climate change efforts to a sceptical international community. Proposing a strong updated NDC to COP26 in Glasgow at the end of 2021 would be a crucial early signal of intent. It is also a sign of the US's return to multilateral diplomacy in various other issues.

Mr. Kerry's success as climate envoy depends on the US's willingness to commit strong and binding decarbonisation actions, international climate finance, and fossil fuel subsidies reductions. In contrast to diplomatic overtures, this will require significant political capital domestically across the US.

Furthermore, in terms of political capital, Mr. Biden's ability to pass domestic legislation will be severely constrained if the Democrats do not win the two Senate run-off races in Georgia, to be held on 5 January 2021. He would then have to use executive orders and regulatory actions to advance his environmental agenda, in the face of a heavily Conservative Supreme Court and with the risk of being easily undone by a future Republican president.

Therefore, the US's ability to make durable progress on climate will depend on a realignment of domestic politics or embedding the US in international trade and economic relations that encourage its companies to continue to support climate action. Achieving both would be a highly desirable proposition. However, the Biden administration must resist the temptation of framing climate policy as a contest with China, which could hinder international cooperation on one of the major issues where Mr. Biden's and Xi Jinping's aims actually align.

TRADE AND SUSTAINABILITY

Although free trade and multinational corporations raise sustainability questions, they are also a crucial part of the solution.

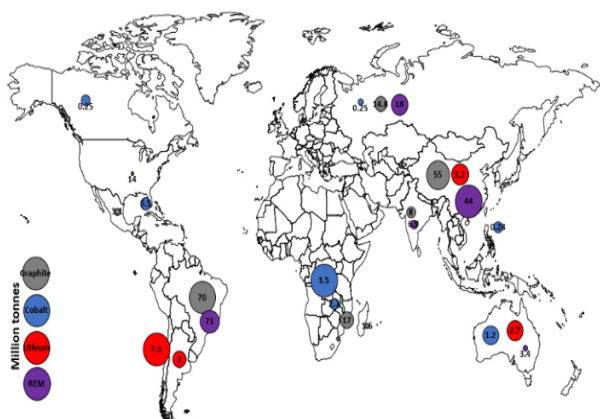
A frequent criticism of free trade has been that apparent falls in emissions in a bloc such as the EU are simply the result of companies, outsourcing the production of goods for consumption in Europe, to countries, like China, where pollution control standards are less stringent. This 'carbon leakage' is damaging for both the environment and European jobs. Multinational corporations seek the lowest-cost area for their operations, which allegedly results in a 'race to the bottom' on labour standards, the environment, and fair taxation. More recent world trade agreements have included increasingly stringent protections for the environment, biodiversity, human and labour rights, and other sustainability concerns.

The EU, UK, Norway, Iceland, China, South Korea, Japan, the incoming US administration, Argentina ^{xvi}, New Zealand, all Australian states ^{xvii}, and soon perhaps Canada ^{xviii}, have committed to being carbon neutral by 2050 (2060 in China's case, 2035 for Finland, 2040 for Austria and Iceland, 2045 for Sweden). These amount to more than 70% of the global economy, creating a strong incentive for others to match these targets to avoid being excluded from markets. This is further strengthened by similar commitments made by sub-national entities, cities, and corporations.

Achieving these low-carbon goals will involve an enormous scale-up in low-carbon technologies, including renewable power, batteries, hydrogen, and perhaps nuclear. In turn, to be cost-effective, these systems will have to be produced in the lowest-cost manufacturing centres. Note this does not necessarily equate to low wages or low skills,



Figure 4 Reserves of major new energy minerals



as Japan and Germany are highly efficient and advanced producers of many manufactured goods.

The international flow of energy commodities will change trading oil, gas, and some coal. Electricity, derivatives of hydrogen, and biofuels will be key traded energy carriers. However, this system will not resemble current global trade in oil, gas, and coal. Renewable energy is more widely distributed, and the available 'rents' from a high-quality resource are much less than for hydrocarbons. Electricity trade requires costly fixed infrastructure, even more than gas pipelines, and stable international and commercial relations. The high cost and the several incompatible options for transporting hydrogen will make it a more regional or point-to-point rather than the global market, at least initially. Carbon footprint certification for both fossil fuels and new energy carriers will be important and represent an effective trade barrier.

Much effort has been devoted to analysing key minerals' economic and geopolitical aspects for the new energy economy^{xix}. These include rare earth elements (REEs), used in magnets, electric vehicles (EVs), and wind turbines; copper and



silver, used in electronics; lithium, graphite, nickel and cobalt in advanced batteries; and indium, gallium, selenium, and tellurium, in some solar panels. These minerals are often mined only in some very limited locations (Figure 4): China, for REEs, and the Democratic Republic of Congo, for cobalt. These could be exposed to local political or security upsets, or more threatening, geopolitical boycotts. In 2010, China allegedly informally banned REE exports to Japan over a maritime dispute^{xx}. However, the nature of these new energy minerals means that mercantile attempts to 'secure' them for use by a limited number of countries are likely to fail.

The third key area in which nationalist policies might play out in sustainable energy lies in the area of technology. The US has sought to 'de-couple' strategic parts of its economy from China, for instance, in telecommunications. Meanwhile, China sees advanced batteries, EVs, solar panels, ultra-high voltage grids and such areas as key areas for its next phase of economic growth and exports, as well as reducing its dangerous dependence on hydrocarbon imports. Europe realises it is in danger of losing its manufacturing competitiveness in new energy, as it did in solar panels. Some other countries, such as India, Turkey, and Saudi Arabia, have sought to foster local renewable manufacturing by 'buy local' policies. Yet the combination of such approaches is to raise the price and thus slow the adoption of new sustainable energy systems.



Environmental, social, and governance (ESG) is the most significant investment trend of a generation. In 2019, despite the uncertainty of the US-China trade war, US\$ 8bn was directed into sustainable-focused funds, under the criteria of ESG, sustainability, and socially responsible investing.

In the ESG acronym, the 'environmental' component has attracted the most attention by strategic and institutional investors, and financial sponsors. For instance:

- the European Central Bank continues to monitor ways in which climate change impacts monetary policy;
- investors queued up to buy Germany's first-ever green bond in September 2020; and
- Hong Kong's Securities and Futures Exchange Commission has increased its disclosure requirements on ESG and green funds.

Beyond these trends across the financial sector and into private capital markets and direct investing, the world's largest sovereign wealth fund, the Norwegian Government Pension Fund Global, has authorised the future deployment of capital earned from oil & gas investments into unlisted infrastructure projects only across the renewable energy value chain.

Strategic investors, such as those exposed to the oil & gas sector, operate on different investment criteria from green energy investors. Major international oil companies continue to invest in renewable energy projects and emerging technologies such as carbon capture to generate safer returns and to stave off their critics who emphasise that they have not allocated substantial capital on sustainable energy.

As investment strategies change and capital flows are directed to the sustainable energy, strategic and institutional investors, and financial sponsors are increasingly keen to address their regulators, shareholders, and the public that they can manage the risk-return impact climate change could have on their portfolios, mitigate downside risks, capitalise on upside opportunities, whilst demonstrating resilience to the challenges posed by climate change. International financial institutions and development banks, including the European Investment Bank ^{xxi}, Goldman Sachs, Blackrock, the CDC Group ^{xxii} (the UK's International Development Bank), the Asian Development Bank, and the Islamic Development Bank ^{xxiii}, increasingly align themselves with the Paris goals ^{xxiv} and refuse to fund coal, fossil fuel projects or those with a high carbon footprint. Major multinationals have committed to 100% renewable energy or zero-carbon goals, including Shell, BP, Total, and Equinor amongst oil companies, and Facebook, Microsoft, Amazon, and Google in IT. In this sense, sustainable investing has become globalised.

On the other hand, a more nationalised and balkanised world poses threats to green investments. China's Belt and Road Initiative (BRI) has been criticised for its heavy concentration on coal power to the exclusion of renewables ^{xxv}, and for lack of social sustainability. Increasing geo-economic competition could see institutions such as the US's Development Finance Corporation (DFC) overlooking sustainability goals to compete with China for influence in key countries or gain 'control' over strategic minerals or transit routes.

Geoeconomic competition in sustainable projects

Blue Hills Wind is a wind power project in Texas, near the Mexican border. An affiliate of China's Xinjiang Guanghui Industry Investment has the rights to build the wind farm. However, it has attracted political opposition because of suspicion over Chinese investment, including its proximity to a US military base, potential influence on the power grid, and the Chinese Communist Party and People's Liberation Army background of Xinjiang Guanghui's owner.

Hinkley Point C and Sizewell C are new nuclear power plants being built or proposed in the UK, a key part of its zero-carbon power plans. China General Nuclear Power has a stake in both projects but has faced opposition over Sizewell C because of high costs and security concerns about a Chinese state firm designing and building its reactor in the UK. This is part of a sharp increase in British concerns about its future relationship with China after David Cameron's government had in 2015 promised a 'golden era' in UK-China links.



IMPLICATIONS FOR MAJOR OIL AND GAS PRODUCERS

- Oil and gas companies have historically been amongst the most globalised corporations. That is likely to persist.
- There is a danger of a Balkanisation of investment, with finance and markets increasingly available only from China and perhaps India.
- In a more globalised world, multinational climate pacts and clubs, possibly with carbon border tariffs, would be suitable for low-carbon oil and gas producers in the medium term. However, in the longer term, unabated fossil fuels would increasingly be squeezed out of the energy mix.
- In a more nationalistic world, fossil fuel development and demand would persist more strongly in some blocs, particularly East and South Asia, but potentially also Australia, Brazil, the US, and Canada.



CONCLUSIONS

The forces underpinning globalisation are robust and likely to persist. Nevertheless, the counter-reaction in certain places is also powerful and may intensify if some countries and regions see themselves as losers from the process. A more contested, regionalised, and patchy globalisation may result.

That, in turn, has important implications for sustainability. It would slow global economic growth and convergence and the dissemination of sustainable energy technologies and investment. It would make global climate action slower and less effective. However, it would encourage the formation of regional or sectoral blocs or clubs, that may be more successful in moving ahead quickly on specific issues. Trade barriers and sanctions may become favoured tools of environmental action.

The apparent swing back towards multilateralism with the election of Joe Biden in the US, and his appointment of John Kerry as climate envoy, is promising after the Donald Trump era. However, it cannot be guaranteed to remain permanent. Domestic political barriers to Mr. Biden's plans are strong, US credibility has taken a blow, and Republicans could still reverse any policy shifts when they return to power. Other countries will have to move ahead with climate architectures that do not depend too much on the US political system. Leveraging advances in clean energy technologies, and embedding the Paris goals into international business practices, are ways to limit backsliding in climate action.



APPENDIX

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OUR MEMBERS

Currently, the Foundation has over 15 corporate members from Qatar's energy, insurance, and banking industries as well as several partnership agreements with business and academia.



Our partners collaborate with The Al-Attiyah Foundation on various projects and research within the themes of energy and sustainable development.





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