

Think
new things
Make
new connections

Terms of Reference

Climate and security trade-offs: Transatlantic industrial and trade policies in the green transition

7 - 8 November 2024, with departures on the 9 November

Summary

As leading global economies make bets on economic growth in low-carbon industries and the transition to a net-zero future, the nexus between climate priorities and those for trade and economic security are creating both frictions and new areas of opportunity. The erosion of long-established trade norms, policies and institutions has coincided with a renewed interest on both sides of the Atlantic in the use of industrial policy and other once-disfavoured tools such as tariffs to border measures to promote decarbonization, create jobs, secure supply chains, and strengthen national security. The urgency of climate change has been a key driver of this shift, but by no means the exclusive one. In the United States, strategic competition with China, the economic revival of regions suffering from post-industrial decline, and anxieties over supply chain fragility have also been major factors. In the United Kingdom and Europe, by contrast, there has been greater emphasis on energy costs, derisking from Russia, and a broader decline in global competitiveness.

The emergence of what U.S. National Security Advisor Jake Sullivan has called “the New Washington Consensus” raises many questions about the future of transatlantic cooperation around trade and climate. For example: Can Washington, London, and Brussels transcend sharply divergent regulatory systems and decarbonization approaches to expand the global marketplace for low-carbon goods and technologies? How will different risk appetites for supply chain relationships with China shape partnerships around critical minerals and next-generation climate technologies? How can advanced economies help ensure that the Global South is not disadvantaged by their industrial policies and shares equitably in the benefits of the net zero transition?

With a transatlantic focus, the aim of this conference is to accelerate understanding of the way evolving trade dynamics and green transition agendas are converging in geopolitics, and the responses of political, governmental and business sectors. Decision making on economic and trade policy, national security, development and international diplomacy is now central to climate policies. It also provides crucial context for domestic industrial strategies and private sector investment.

COP29, which directly follows this conference, will highlight debates about how to mobilise climate finance. It will also likely see a recurrence of tensions over trade-related climate measures, such as the EU Carbon Border Adjustment Mechanism, as occurred at COP28.

DITCHLEY

Finding opportunities for economic alignment and investment could strengthen relations between developed and developing economies in ways that might reduce tension and contribute to functional geopolitics.

This conference will bring together business leaders and decision-makers on economic policy, geopolitics, diplomacy and national security from the UK, US and Europe, as well as selected countries globally. It will examine the trade-offs between different policy priorities (economic security, national security and the green transition) and the opportunities that accrue by their intersection. The conference will consider:

- Global trade as it relates to energy transitions.
- Opportunities to expand clean energy supply chains across developed and developing economies.
- Both the risks of slowing climate action and the opportunities for innovation that arise from strategic competition between the US and China.
- The opportunities for the UK, both in accelerating the green transition at home and collaborating with partners in the US, EU and across the world.
- How to manage domestic industrial strategies and coordinate industrial strategies with allies.

Working Groups:

Working Group A: Managing geopolitical risk in strategic competition over green technology and trade

What does the current geopolitical environment mean for investment and trade in clean energy technologies? Where are there opportunities for collaboration? What forms of competition will be most productive in furthering a green agenda?

Working Group B: Climate and trade mechanisms

How can decision-makers effectively navigate emerging tensions between trade and climate policies and leverage trade relationships to drive emissions reductions? What institutions and partnerships are best suited to these aims, and how can they be designed to ensure a just transition and fair deal for the Global South?

Working Group C: Navigating industrial strategies and private sector investment

Is there an opportunity for a shared understanding or alignment around industrial policy across the US, EU and UK and in ways that explicitly develop beneficial opportunities for private sector investment, including in emerging market economies?

How should the private sector manage geopolitical risk and the threat that climate change presents, and what are its responsibility and opportunities in doing so, especially in areas of energy and national security.