

Building transition-related diversity

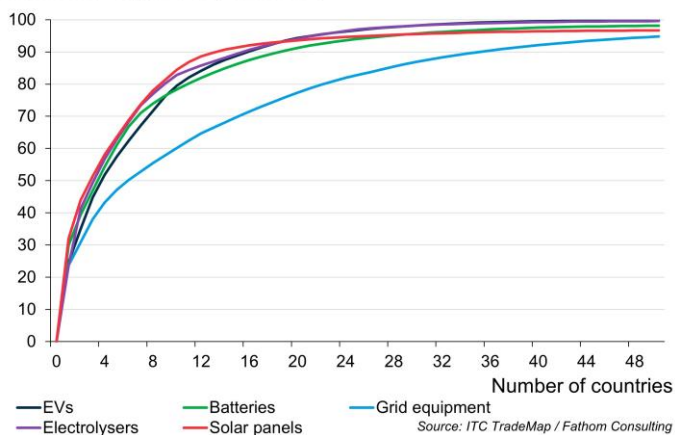
Andrew Harris
12 July 2023



- Diversifying away from the oligopolistic structure of oil and gas markets has long been touted as one possible benefit of the climate transition
- However, as data obtained from Fathom’s new Energy Transition Tool reveals, the export of various key transition-related goods remains in the hands of a highly-concentrated group of suppliers, leaving countries potentially vulnerable to the threat of economic coercion
- 2021 data indicate that China — the US’s main geopolitical rival — holds the largest export market share for four of the five key products (though in each case the market share remains well short of 50%)
- This status quo is unlikely to be palatable to policymakers in DC and, if not addressed, it could pose issues for countries’ willingness — or indeed ability — to embrace the climate transition
- The good news is that countries do, to some extent, have the ability to either onshore (or at least friendshore) the production of climate-related technologies (both the Inflation Reduction Act and the CHIPS and Science Act include provisions for this); the bad news is that shifting the production of raw materials is even more complex

Key transition products

Market shares, per cent, cumulative





Top five export market shares, 2021					
	1	2	3	4	5
EVs	Germany	Japan	China	Belgium	United States
Batteries	China	Japan	Hong Kong, China	Germany	Korea, Rep. of
Grid equipment	China	United States	Germany	Mexico	Italy
Electrolysers	China	Japan	Germany	United States	Korea, Rep. of
Solar panels	China	Hong Kong, China	Singapore	Japan	Malaysia

Source: ITC TradeMap / Fathom Consulting

Fathom analysts have constructed a comprehensive dataset measuring the risks and opportunities facing 186 countries from the net-zero transition.

The dataset offers a broad overview, with the net scores for each country after risks have been balanced with opportunities; it also provides the stand-alone risk and opportunity scores, and enables a deep dive into the data with a comprehensive list of risks and opportunities broken down into categories and subcategories for each country. In addition, we project future changes to the scores in ten-year intervals to 2050.

This unique dataset is powered by 198 carefully chosen — and in some cases purpose-built — data series, which can be accessed via a dashboard. The wealth of information it provides is unparalleled and can be used in a variety of ways by policymakers and investors.

For more information: please contact our Head of Climate Economics, **Brian Davidson**





Further reading

[Should an oil nation lead COP28?](#)

[March round-up: climate economics](#)

[Avoid greenwashing and make a difference](#)



Fathom Consulting
47 Beviden Street
London
N1 6BH
Tel: +44 (0)20 7796 9561



Contact information
andrew.harris@fathom-consulting.com
www.fathom-consulting.com

This newsletter is a confidential, copyright protected communication intended only for the person to whom it was originally sent. If received in error, please notify the sender and delete immediately. Its intended recipients may not make copies of this newsletter, or distribute it to third parties, without the written consent of Fathom Consulting.

Fathom Consulting is a trading name of Fathom Financial Consulting Limited, a company registered in England & Wales under the Companies Act, company number 04942817, © 2023

Regulatory Disclaimer

FFC LIMITED and all of its affiliates (henceforth FFC) do not conduct "investment research" as defined in the FCA Conduct of Business Sourcebook (COBS) section 12 nor do they provide "advice about securities" as defined in the Regulation of Investment Advisors by the U.S. SEC. FFC is not regulated by the SEC or by the FCA or by any other regulatory body.

This research report has not been prepared in accordance with legal requirements designed to promote the independence of investment research and is not subject to any prohibition on dealing ahead of the dissemination of investment research. Nonetheless, FFC has an internal policy that prohibits "front-running" and that is designed to minimize the risk of receiving or misusing confidential or potentially material non-public information.

The views and conclusions expressed here may be changed without notice. FFC, its partners and employees make no representation about the completeness or accuracy of the data, calculations, information or opinions contained in this report. This report may not be copied, redistributed or reproduced in part or whole without FFC's express permission.

Information contained in this report or relied upon in its construction may previously have been disclosed under a consulting agreement with one or more clients. The prices of securities referred to in the report may rise or fall and past performance and forecasts should not be treated as a reliable indicator of future performance or results. This report is not directed to you if FFC is barred from doing business in your jurisdiction. Nor is it an offer or solicitation to buy or sell securities.

Analyst Certification

I Andrew Harris, the lead analyst, certify that the views expressed herein are mine and are clear, fair and not misleading at the time of publication. They have not been influenced by any relationship, either a personal relationship of mine or a relationship of the firm, to any entity described or referred to herein nor to any client of FFC nor has any inducement been received in relation to those views.

I further certify that in the preparation and publication of this report I have at all times followed all relevant FFC compliance protocols including those reasonably seeking to prevent the receipt or misuse of material non-public information.