

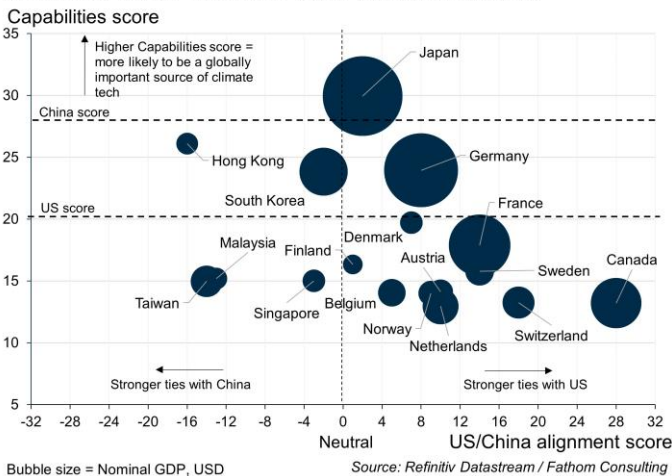
# The surprising truth about energy transition supply chains

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- China's dominance of supply chains for minerals and technology used in the transition to net zero has been well publicised, as have assessments of the risks this poses; but information from Fathom's new and ground-breaking Energy Transition Tool and Centrality Tracker paints a more nuanced picture
- Our analysis reveals that a greater proportion of the leaders in climate tech are more closely aligned with the US than with China; this is reflected in the chart below, where countries positioned higher up have greater climate tech leadership,<sup>1</sup> while those further to the right have closer economic and financial ties to the US than to China<sup>2</sup>

## Climate tech leaders and US/China ties



- Furthermore, although the countries that rank highest on transition minerals are equally divided between those more closely affiliated to the US and those that lean towards to China (see chart below), the ones more closely aligned to the US tend to have higher scores — implying that they are more important sources of the raw materials used in the energy transition<sup>3</sup>

<sup>1</sup> Climate tech leaders are reflected here by the countries that rank within the top decile in the capabilities category of our Transition Tool (this category considers leadership in climate tech, exports of equipment used in the net zero transition and transition preparedness).

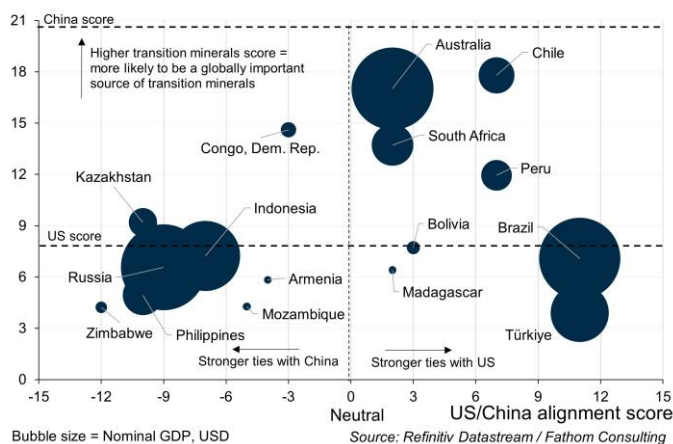
<sup>2</sup> Reflected by bilateral scores on our Centrality Tracker – countries further to the right have stronger economic, financial and other ties with the US than with China

<sup>3</sup> Countries that have higher transition minerals scores are those which have relatively higher deposits, production and exports of critical transition minerals – expressed both relative to the size of each countries' GDP, and relative to its global market share



## Transition mineral leaders and US/China ties

Transition minerals scores



- The scores from our Energy Transition Tool have been built in such a way that they capture the implications of the transition for *each country*, rather than reflect their overall global importance; but on the whole, countries with higher transition scores tend to be the more globally significant players too
- Furthermore, those countries with a larger GDP are more likely to be globally important players and, in both charts, it can be seen that those that are closer to the US tend to have larger economies
- The upshot is that while China itself may be a transition leader (it ranks highest in the transition minerals category, and second in the capabilities category behind Japan), it is likely to be concerned about its own transition supply chains — and a lot more so than the prevailing narrative would suggest

*Fathom's Energy Transition Tool is based on 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](#)

[Building transition-related diversity](#)



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