POLICY BRIEF



Geopolitics and the Global Green Transition

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Understanding the Geopolitics of the Energy Transition – a new world in the making

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Introduction

Great power rivalry, regional wars and geo-economic competition have reshaped the international landscape, and with it the context within which international environmental cooperation takes place. Climate change, biodiversity loss and transboundary pollution demand sustained international cooperation, yet the trust and institutional capacity that underpin such cooperation are eroding amidst deepening geopolitical uncertainty.

This policy brief explores how the emergence of a geopolitical logic in international relations affects the global green transition, and how policymakers can respond to both the threats and opportunities that geopolitical disruption poses for global sustainability. It draws on recent research on the political economy and international politics of the green transition, as set out in my recent book *Green Political Economy* (Falkner, 2026), as well as the evidence presented in my LSE IDEAS talk of October 2026.[1] It argues that, while the emergence of a new geopolitical age is bound to complicate and slow down the transition to a greener global economy, it also offers new opportunities for accelerating investment in renewable energy and advancing the decarbonisation of the economy.

Shifting paradigms in green political economy

Over the last four decades, our understanding of the nature of the global environmental challenge has undergone a profound transformation. In the wake of the Rio Earth Summit in 1992, which is widely seen as the high point of environmental multilateralism, the transition to a greener economy was widely framed as an international 'collective action problem' (Haas, Keohane and Levy, 1993; Barrett, 2003). To overcome pervasive free-riding incentives and set firm environmental objectives, states created a large number of international environmental targets, treaties and institutions. This multilateral framework was expected to gradually reduce global environmental harms in a coordinated fashion, with richer nations taking a lead and supporting poorer ones through international environmental aid. However, despite the creation of a large network of international environmental regimes, international society failed to tackle some of the most egregious forms of global environmental harm, notably climate change and biodiversity destruction. It soon became clear that moving from international target-setting to domestic implementation proved harder than anticipated.

By the beginning of the 21st century, the shortcomings of environmental multilateralism had become all too apparent and helped to shift the analytical focus to the domestic political-economic obstacles holding back the green transition. Political economy scholars began to reframe global environmental protection as a question of solving major distributional conflicts that pitted the winners and losers of the transition against each other (Falkner, 2008; Aklin and Mildenberger, 2020). Domestic fights over who should bear the costs of environmental protection and decarbonisation, rather than free-riding incentives among states, were increasingly seen to create the main barriers to a faster ecological transformation. The role of business actors, technological innovation and market dynamics assumed greater importance in green political economy.

1 Event titled 'Green Political Economy' was held at LSE on 13 October 2026; see https://www.lse.ac.uk/ideas/events/green-political-economy.

Over the last decade, our understanding of what is holding back the global green transition has shifted yet again. On the one hand, the state has reemerged as a driving force behind the greening of the economy, with leading economies experimenting with major green industrial policy programmes. On the other hand, intensifying great power conflict and the erosion of the established international order has elevated geopolitical dynamics to greater prominence. Questions about state power and geo-economic competition are now moving centre-stage in green political economy discussions. Quite how this new geopolitical age will impact global environmental sustainability remains a matter for debate. This policy brief seeks to chart this debate and provide initial answers.

How geopolitical conflict hinders the green transition

We can identify at least four ways in which heightened geopolitical conflict and uncertainty will hinder the global green transition.

Weakening environmental multilateralism and international institutions. The decline of the liberal international order, which had multilateralism, international institution-building and the strengthening of international law at its heart, is bound to weaken existing international environmental regimes. Many of them, including the UN climate regime, rely on voluntary efforts by states and work with diffuse reciprocity and conditional cooperation. Trust among major powers is, therefore, key to their success, but rising economic nationalism and geopolitical tensions are quickly eroding what trust remains in global environmental politics. Unilateral acts, such as America's withdrawal from the Paris Agreement and international climate finance, may thus reduce the willingness of other nations to act on urgent environmental threats with increased policy ambition and financial commitments.

Geo-economic competition and fragmenting global supply chains. As geo-economic competition intensifies among great powers, global supply chains for green goods and technologies are bound to become fragmented, which in turn will drive up the cost of the global green transition. In the past, Chinese investment in environmental technologies (solar and wind energy, batteries, electric vehicles) and critical minerals processing has been a major factor behind the falling costs of renewable energy. But while Western economies have benefited from this, growing concerns about Chinese market dominance in key green sectors and the desire to protect domestic manufacturing capacity have led them to impose trade barriers against Chinese imports. The resulting fracturing of global green markets is bound to slow down the green transition as well as make it more expensive. This is particularly so for developing countries that lack the fiscal space to compete in a green subsidy and tariff race (Meckling, 2025; Jackson and Larsen, 2026).

Heightened energy insecurity during the green transition. Even if the green transition were to continue at pace despite the weakening of international environmental governance, its costs are likely to rise due to the heightened energy insecurity caused by frequent geopolitical shocks. The Russian invasion of Ukraine in 2022 and the US and Israeli attack on Iran in 2026 caused major disruption to global oil and gas markets. Many countries responded by ramping up investment in fossil fuels, increasing coal-based energy production and securing access to new oil and gas supplies. Even those countries that are committed to decarbonising their economies will need

to think carefully about how to secure continuous supplies of cheap gas and oil during the net zero transition. Thus, for decades to come, volatile fossil fuel supplies and prices will impose an 'uncertainty tax' on the green energy transition.

Distributional consequences of geopolitical uncertainty. Geopolitical disruption also feeds back into domestic politics and complicates the green transition. As witnessed in the wake of recent geopolitical crises in Ukraine and the Middle East, energy price spikes that translate into higher inflation and harm economic growth intensify domestic political polarisation and contestation over environmental policy. If the green transition is increasingly framed as a source of vulnerability amidst intensifying geopolitical tensions, it is bound to weaken domestic political support in those countries whose leadership in global environmental politics is needed.

How geopolitical forces can advance the green transition

The link between geopolitics and global sustainability is not a one-way street. Indeed, the strengthening of a geopolitical logic in international relations can also support the global green transition.

Green energy investment as geopolitical insurance. Energy security provides the first and most important link between geopolitical uncertainty and sustainability. The combination of electrification and investment in renewable energy enables countries to reduce their reliance on fossil fuels and thus provides a form of geopolitical insurance. Domestically produced wind and solar power is less likely to be subject to maritime chokepoints and other external supply shocks. For energy-importing countries, in particular, the transition away from fossil fuels offers a way out from weaponised dependence on oil and gas supplies, which tend to be concentrated in geopolitically sensitive areas.

Energy shocks as green investment catalysts. In the recent past, several energy-related shocks caused by geopolitical conflicts have already provided a major impetus for increased investment in renewable energy. This was the case with the European Union's response to Russia's invasion of Ukraine (Falkner, 2023) and can also be observed in the wake of the Iran war (Mccartney, Kelly and Somasekhar, 2026). As reported by the International Energy Agency (2026), investments in renewable energy since 2015 have already avoided more than $260 billion in fossil fuel import costs in 2025 in the key net energy-importing regions. In other words, the green transition is already paying a security dividend.

Green investment as a source of future economic growth and strength. Although geopolitical rivalry is likely to disrupt the global flow of green products and technologies, we should also consider the possibility that geo-economic competition will create additional incentives for countries to invest in green technology as a source of national economic advantage and future economic growth. Indeed, recent uses of green industrial policy across Western economies were partly spurred on by the realisation that China had gained dominance in key sectors that are critical to the green transition. Competition of this kind, if channelled in the right direction, may help to increase public and private investment in green technologies, expand green R&D and create new market opportunities for green products.

Conclusions and policy implications

Geopolitics and global sustainability are intertwined in complex ways. While we develop a more robust understanding of how the rise of geopolitical dynamics in international affairs is interfering with global efforts to protect the environment, it is clear that governments have a key role to play in cushioning any disruptive effects while harnessing potential synergies. We can identify at least five priorities for policy-makers:

Make the security case for green energy explicit. Governments should embed electrification, energy efficiency and investment in renewables in national security strategies. Transparent metrics, about avoided emissions and reduced fossil fuel dependence, are needed to show how the green transition lowers exposure to geopolitical shocks.

Pursue resilience through diversification, not autarky. The task of de-risking the economy requires a judicious diversification of the supply chains for energy, critical minerals and clean technologies. Few if any countries can manage the green transition on their own. Domestic measures, such as stockpiling, recycling and circular economy models are important, but like-minded governments will also need to create new international partnerships to secure access to critical resources and establish diversified supply chains.

Keep green trade open where it matters most. Trade measures are needed to protect domestic environmental action and prevent carbon leakage, but should be calibrated to avoid penalising low-carbon goods without clear security justification. Like-minded countries could negotiate plurilateral trade deals on green goods, standards and rules of origin that reduce friction while recognising legitimate industrial policy interests and security concerns.

Sustain international cooperation in new formats. With multilateralism under strain, environmental cooperation will increasingly be focused on less-than-universal forums, involving a diverse range of minilateral clubs, sectoral initiatives, regional partnerships and transnational networks. These should be designed to remain open to others, including geopolitical rivals, in the hope that they help reduce the conflictual dimensions of the global green transition.

Include developing countries in the new green economy. Climate finance, technology partnerships and preferential trade agreements should ensure that emerging and developing economies are partners rather than casualties of global green competition. Their support is essential for the legitimacy of any new international order, as well as planetary sustainability. ■

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