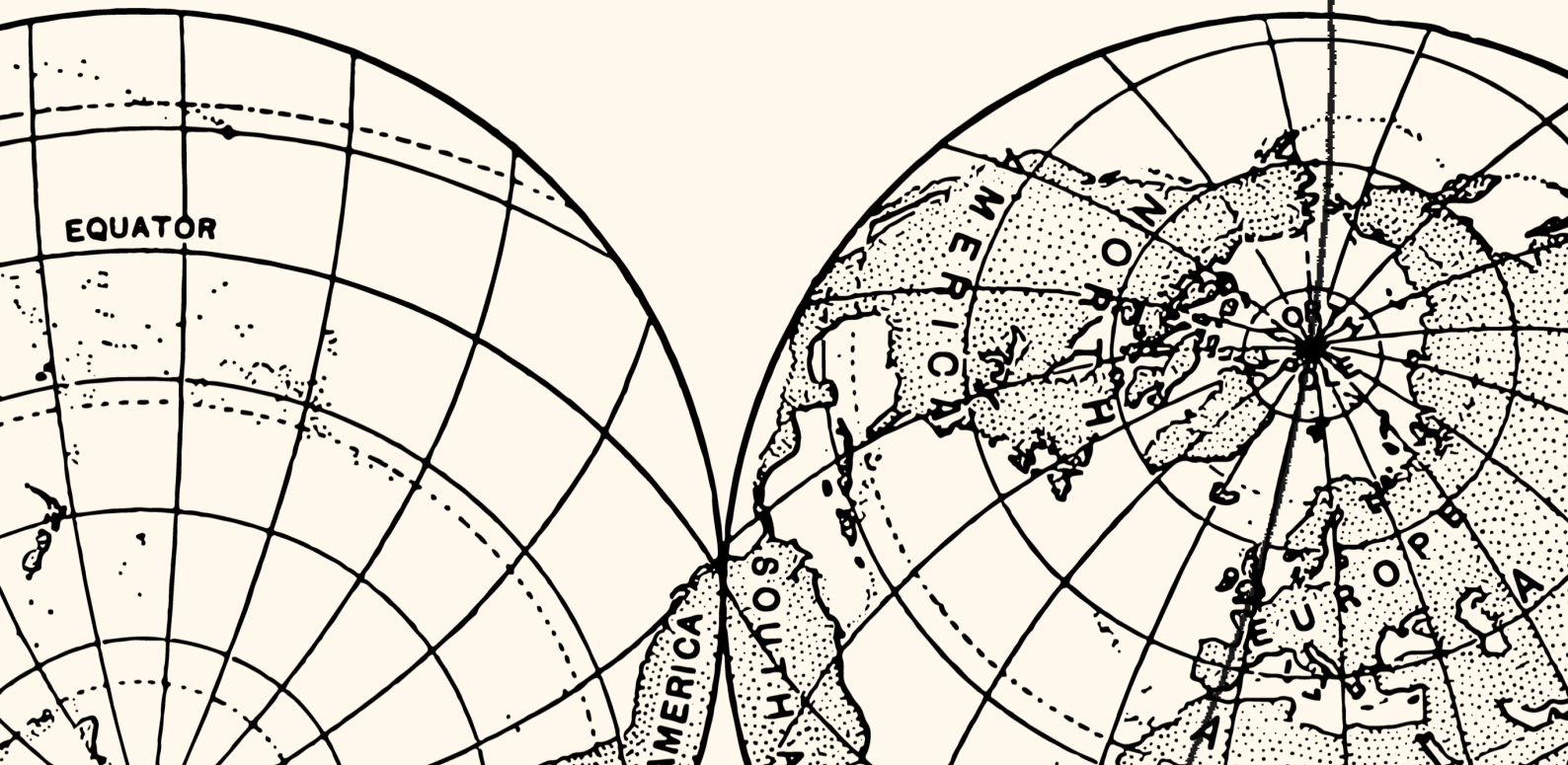
TRADE UNIONS FOR ENERGY DEMOCRACY

CUNY SCHOOL OF LABOR AND URBAN STUDIES

Towards a New International Energy Order

by Sean Sweeney



Bandung Conference, 1955

This working paper served as a discussion document for the Second TUED South Inter-Regional Meeting which took place in February 2025 in Mexico City. The meeting gathered 120 union leaders and allies from 35 countries. For more information on the meeting, visit bit.ly/TUED-Mx.

About

Trade Unions for Energy Democracy (TUED) is a global network of unions and close allies working to advance democratic control and public ownership of energy, in ways that promote solutions to the climate crisis, address energy poverty, resist the degradation of both land and people, and respond to the attacks on workers' rights and protections.

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Part One

The year 2025 is the 70th anniversary of the Bandung Conference where, in 1955, representatives of 29 countries from Asia and Africa, having emerged from a long period of colonial rule, laid the foundations for a South-led effort in the mid-1970s to construct a New International Economic Order (NIEO) based on peace, cooperation, and a radical restructuring of the North-South economic relationships.[1]

Today, we appeal to South governments to take the lead in constructing a New International *Energy* Order (NIEnO). This appeal must be viewed in the context of a world that is threatened by climate change, but is also undergoing fundamental shifts in production, trade, finance, and technologies. As UNCTAD notes, these changes require "a repositioning of the interests and voices of the global South in global economic governance" and "a re-engineering of several dimensions of the global economy."[2]

However, at the heart of such a repositioning and reengineering must be a radically new approach to the way energy is generated, managed and used. This will require a policy shift of historic proportions. At the centre of this policy shift must be a shared commitment to *reclaim* energy. Almost inevitably, reclaiming energy will entail a multi-year and perhaps decades-long process that involves both renationalization, demarketization, and decommodification.

One of the goals of energy reclaiming is to facilitate higher levels of democracy via transparency, accountability and meaningful popular involvement.

The North is Abandoning its Climate Commitments

We make this appeal for a NIEnO at a time when the Global North is quickly backpedalling on its climate and energy transition commitments.

In his inaugural speech on January 20th, 2025, President Trump announced that the US would withdraw from the Paris Agreement, and a goal of his Administration would be to "export American [fossil fuel] energy all over the world. We will be a rich nation, and it is that liquid gold under our feet that will help to do it." But US oil and gas production has grown dramatically over the past 15 years, even during the Obama and Biden administrations. The Trump administration has also ordered the withdrawal of the US from the Just Energy Transition Partnerships (JETPs) with Indonesia, South Africa and Vietnam.[3]

[1] https://digitallibrary.un.org/record/218450?v=pdf
[2] UNCTAD / TDR 2024
[3] Financial Times, March 6th, 2025

Similarly, several EU Member States are pushing hard for the EU to retreat from its commitment to be the first Net Zero continent by 2050.[4] Adopted in 2019 by the European Commission, the European Green Deal was designed to shape the EU's entire industrial policy around economy-wide decarbonization, believing that Europe would gain a competitive advantage over international rivals, thus aligning an ambitious climate policy with a green growth agenda. Five years later, Europe's competitiveness in the production of "net zero technologies" is in freefall, with China emerging as the clear market leader in solar panels, electric vehicles (EVs), heat pumps, stationary batteries, etc.[5] As a response, the EU has taken measures to introduce trade restrictions on China's green exports, introducing a 48% tariff on EVs made in China.[6]

The UK parliament recently defeated proposed legislation that would have made the UK's compliance with the Paris Agreement legally binding.[7] COP29 in Baku in late 2024 provided further indication that the North is retreating from its obligations and responsibilities. The wealthy countries' proposal for a New Collective Quantified Goal (NCQG) for climate finance fell far short of what was anticipated or needed, and experience tells us that pledges to "mobilize" finance are seldom honored by the countries of the North.[8]

Turning Point

These and similar developments mark a political turning point in the struggle to address the climate crisis. The current climate policy framework, with its emphasis on private investment and catering to the needs of for-profit corporations, is rapidly falling apart. Therefore steps must be taken to develop a new approach, based on a global public goods model, non-commercial cooperation, public ownership as well as public financing.

The basic principle of global public goods can be expressed in these words: *emissions generated anywhere are harmful to people everywhere; emissions avoided anywhere will benefit people everywhere.* This principle, which encompasses both climate change mitigation and adaptation, has the potential to set in motion policy approaches that are grounded in cooperation, solidarity, and radical democratic principles. Articulating those proposals in clear and compelling terms therefore constitutes a necessary first step.

[4] The US is responsible for 13.8% of global emissions; Europe 6%
[5] https://single-market-economy.ec.europa.eu/system/files/2023-03/SWD_2023_68_F1_STAFF_WORKING_PAPER_EN_V4_P1_2629849.PDF
[6] https://www.reuters.com/world/europe/eu-launches-anti-subsidy-investigation-into-chinese-electric-vehicles-2023-09-13/
[7] https://www.theguardian.com/environment/2025/jan/24/uk-climate-nature-bill-dropped-deal-labour-backbenchers
[8] Concerns regarding the lack of climate finance, the inadequacy of NDC, etc. were one of the outcomes of COP28 in Dubai.

Future Climate Leadership Must Come From The South

The current situation requires a clear and immediate response from the Global South. Home to 80% of the world's people, the South is disproportionately affected by climate change in ways that are well documented and require no elaboration. The impact of warming temperatures on agriculture, health, the work environment, etc., and the proliferation of extreme weather events, affect poorer countries disproportionately, and in ways that are widely acknowledged by the scientific community and confirmed by direct experience.

But an appropriate response must go beyond reminding the North of its obligations and commitments. It must contain workable proposals for non-commercial cooperation, thus transcending "race to the bottom" capitalist competition. It must also address the glaring limitations of the green growth model and its groundless confidence in the "leading role of the private sector." Not only has this model failed to control emissions, but it has also shown itself to be incapable of addressing energy scarcity and the lack of modern energy services in large regions of the South.

COP 30 in Belém do Pará in November 2025 therefore presents an opportunity for South governments and progressive forces to come to Brazil with a clear commitment to forge ahead with a bold climate agenda. At the heart of this bold agenda must be a radically different approach to energy generation, management, and use—a new international energy order. The approach must liberate the energy transition from the imperatives of private profit while subjecting key energy decisions to public scrutiny and democratic decision making.

But it must also articulate a clear set of policy proposals which South countries can begin to implement *with or without* the support of the North, while continuing to insist that the North fulfil its obligations.

The Rise and Fall of Neoliberal "Green Growth"

It is worth remembering that the NIEO that was proposed in the 1970s was built around an analysis (dependency theory) of the global political economy of that period.

However flawed and incomplete that analysis might appear in retrospect, it attempted to offer a post-colonial vision of global justice and a more equal world. Expressed in the *Programme of Action on the Establishment of a New International Economic Order* resolution passed at the UN in 1974, the NIEO was rooted in socialist ideals and approaches to South-South cooperation; it proposed changes in the terms of trade and financial reform, and urged governments to take measures to reduce the South's dependence on the technologies and expertise of the North.

In contrast to the red-carpet treatment currently extended to multinational companies by many South governments, the NIEO sought to "prevent interference in the internal affairs of the countries where they [the multinationals] operate and their collaboration with racist regimes and colonial administrations."[9]

As is well known, changes in the global political and economic landscape since the mid 1970s dashed the hopes for a NIEO. Following the end of the global post war economic expansion and the impact of the 1973 oil shock (when OPEC quadrupled oil prices) South countries found themselves plunged into debt, crippled by inflation, and ended up turning to the IMF and World Bank for financial support. This support became tied to draconian structural adjustment programs (SAPs) that targeted energy and other public services for privatisation and marketization.

However, during the late 1980s and early 1990s, concerns about rising emissions and climate change intensified. Rich countries concluded that economic growth must be "decoupled" from emissions as soon as possible, without compromising economic growth. The theory that emerged was known as ecological modernisation or "green growth." This thinking informed the climate policy framework that emerged in the early 1990s under the auspices of the UN's Framework Convention on Climate Change (UNFCCC) which also asserted "the leading role of the private sector."

In 2006 the *Stern Review on the Economics of Climate Change*—the green growth bible—was released by the UK Treasury. Authored by a team led by former World Bank chief economist Nicholas Stern, the 662-page Review emphasized that the costs of inaction on climate change would be far greater than the costs of transitioning to a low-carbon economy.[10] The report presented a detailed set of policy proposals designed to steer the global economy towards emissions/growth decoupling, with a particular emphasis on establishing a global price on carbon administered through emissions trading schemes and/or carbon taxes.

[9] digitallibrary.un.org/record/218451?v=pdf

[10] https://webarchive.nationalarchives.gov.uk/ukgwa/20100407172811/https:/www.hm-treasury.gov.uk/stern_review_report.htm. For its significance, see: youtube.com/watch?v=L6cb-PNHiYs

Direct subsidies to green producers were seen as a temporary measure designed to "bring to market" infant technologies, helping green companies to compete with mature carbon-intensive technologies. When combined with the global enactment of carbon pricing consistent with "the polluter pays principle," new markets would be created and investment would flow, setting the stage for what Stern and his co-thinkers called (and still call) "the growth story of the 21st Century."[11] Throughout this period, it was assumed that the greener a corporation was in terms of its investments and operations, the more competitive it would be.

The experience of the ensuing 20 years has shown that green growth theory was completely wrong. The *Stern Review* was correct to point out the need for investments to both mitigate and adapt to climate change, but he was wrong to present the transition to a low-carbon future as a money-making bonanza for private interests, and all governments needed to do was to "send signals" to private companies.

Today it is clear that *there is no mechanism that can align the short-term interests of investors with the prevention of future climate damage* caused by extreme weather events, floods, droughts, the disruption of agriculture, health impacts, etc., and attempts to align climate protection policies with the prerogatives of private wealth accumulation has been an unmitigated policy disaster.

For investors, despite the subsidies, energy transition and decarbonization projects were marked by high risks (thus high borrowing costs) and low returns. It is often pointed out that, when viewed against the backdrop of global GDP, accumulated wealth, and similar indicators, the transition is "affordable." But private investors make decisions based on their specific needs, often on a project-by-project basis. Therein lies the problem. But the solution is clear: a shared approach, based on a global wealth tax, or a pooling scheme shaped by the principle of common but differentiated responsibilities (CBDR) provides the means to escape the rusty cage constructed around the idea that "the private sector must lead" the transition.

De-risking in the North, Debt in the South

Because climate action is rarely a profitable venture, the energy transition the world needs is being impeded by a lack of investment.

Rich country governments have attempted to close the investment gap with direct subsidies or through a policy known as de-risking. Once considered a temporary measure, the subsidies dedicated to growing green sectors have turned out to be permanent.

[11] Nicholas Stern, The Economics of Climate Change: The Stern Review (Cambridge: Cambridge University Press, 2006), p. xvii

The Current Impasse of North-Led Climate and Energy Policy

In 2016 the IEA noted that, "Market-based, unsubsidized low-carbon investments have been negligible."[12] More often than not "bankability" of projects (bankability refers to a project's attractiveness to lenders and investors) were contingent upon "a government-set contract."[13] If it were not for subsidies and other "out of market protections" green industries would either remain on the margins of the global economy or they would not exist at all.

For the rich countries, using subsidies to fill the investment gap has become a serious political problem as well as an unnecessary financial burden.[14] But for the indebted countries of the South, subsidizing the energy transition to the levels seen in the North is simply not an option. Emerging and developing economies (EMDEs) account for "two-thirds of the world's population but only one-fifth of investment in clean energy", according to the IEA.[15] In 2024, over 90% of the growth in clean energy investment since 2021 has occurred in advanced economies and China.[16]

Noting the lack of investment in achieving the UN's Sustainable Development Goals (SDGs) for 2030, in 2015 the World Bank pivoted towards a policy that uses public-sector development funds to 'de-risk' private investment.

Naming its policy 'billions to trillions,' the Bank was confident that if development aid was used in ways that guaranteed profit to private investment (thus "de-risking") targeted public finance would 'leverage' many more multiples of private finance for green and sustainable development.[17] [18] In January 2023 at the WEF in Davos, the IMF's Managing Director Kristalina Georgieva called for de-risking in the South, "You are not going to move money to go into climate investment…if you don't accept that public money should sweeten the deal for these guys."[19]

[12] IEA 2016 Repowering markets

[13] Frankfurt School-UNEP Centre/BNEF. 2019. Global Trends in Renewable Energy Investment 2019, (Frankfurt am Main) Also here.

[14] Germany, for example, spent

[15] IEA, "Financing Clean Energy Transitions in Emerging and Developing Economies (EMDEs)" (Special Report, June, 2021), 13, available here

[16] https://www.weforum.org/press/2024/01/wef24-global-leaders-unite-to-triple-clean-energy-investment-in-emerging-economies/

[17] According to the Blended Finance Taskforce "blending, done well, is one of the best solutions to turn billions of ODA aid money into trillions of investment capital for the SDGs." See: Blended Finance Taskforce *Better finance, better world* (2018) Consultation paper of the Blended Finance Taskforce in consultation with the Business & Sustainable Development Commission and SYSTEMIQ. London: Blended Finance Taskforce

[18] imf.org/en/Publications/staff-climate-notes/Issues/2022/07/26/Mobilizing-Private-Climate-Financing-in-Emerging-Market-and-Developing-Economies-520585.

[19] World Economic Forum, January 2023. https://www.youtube.com/watch?v=Cca4W2JMfcA

Another Future is Plausible

The capacity of any policy approach to impede (let alone reverse) the rise in fossil fuel use and emissions is currently unknown. What is indisputable, however, is the incapacity of the current investor-focused and profit-based approach to deliver the kind of investment, planning, research and development, transparency, and basic justice needed to ensure a transition to a low-carbon future.

Furthermore, the socially regressive features of the investor focused approach have fueled popular opposition to "all things green," particularly (but not entirely) in the Global North, which has fueled nationalist populism and deep skepticism among the working class.[20] This backlash could have been avoided. The South—where most of the world's energy is both generated and used—must be alert to the dangers of "green growth" policies and attempt to chart a different course.

These dangers are already evident in the Global South, where neoliberal energy and climate policies amount to what TUED and others have termed "green structural adjustment."

For example, the Just Energy Transition Partnerships (JETP) between the North and South Africa, Indonesia, Vietnam and Senegal tie "concessional" development finance to various forms of power sector privatization, liberalization, and a reduction of state control over prices. By complying with these conditionalities, governments will create "an enabling environment for the private sector." In the name of climate protection, public electricity companies are required to enter into power purchase agreements (PPAs) with for-profit independent power producers (IPPs), thus reducing the revenues of public companies and driving them into debt. Mounting debt, in turn, reduces the capacity of these companies to invest in the kind of infrastructure (for example, transmission and distribution networks) that is needed for both the energy transition and to reach 100% access.

In a recent January 2025 statement endorsing the JETP approach, government representatives from the EU and the US were candid in terms of their objectives: "Each JETP financing package includes a mix of loans and grants. Access to capital on favourable terms is critical and *should be strategically used to accelerate reform*."[21] This is 1990s-style structural adjustment dressed up in green clothing.

[20] Sean Sweeney, Germany's Energy Transition is Faltering, Jacobin, October 11, 2024
[21] gov.uk/government/news/joint-article-on-just-energy-transition-partnerships

Reality Check: Past & Present Climate Targets

At COP 30, governments will be asked by the UNFCCC to reaffirm their Paris Agreement commitments and strengthen their Nationally Determined Contributions (NDCs), which is a process where each country lays out its plans to, *inter alia*, reduce its emissions or (in the case of many developing countries) slow their increase, and propose measures to build climate-resilient economies ("adaptation"). Many will likely submit more ambitious NDCs, but given the North's wavering commitment to climate action, even this remains to be seen.

Either way, governments and the leading figures in the multilateral system must face reality: what the world needs most of all is not more robust NDCs; rather, the world needs a policy framework that can achieve the targets that have already been adopted but will almost certainly not be reached.

Indeed, ambition without implementation has created false hope. Commitments to reach net zero emissions targets set decades into the future serve to deflect attention away from understanding the failures of the past.

Data presented in the 2023 *6th Assessment Report* of the IPCC warned that, if countries fully complied with their NDC commitments by 2030, GHGs emission levels in 2030 would be just 5.3% lower than in 2019, just a fraction of the 45% reduction the IPCC says is needed by 2030 to stay on track for 1.5 degrees Celsius. The 5.3% reduction would itself be contingent upon "enhanced financial resources, technology transfer and technical cooperation, and capacity-building support" from the North, all of which have yet to materialise.[22]

Meanwhile, the distance between what needs to be done to reduce emissions and what is currently happening is every year growing wider. The annual *Emissions Gap Report 2021* of the United Nations Environment Programme (UNEP) declared that governments have "collectively failed to stop the growth in global GHG emissions."[23] In 2024, the same report concluded that "policies currently in place are insufficient" to meet the NDCs; "If nothing changes, we are heading for a temperature rise of 3.1°C."[24]

[22] Intergovernmental Panel on Climate Change. 2023. Climate Change 2023: Synthesis Report. Contribution of Working Groups I, II and III to the Sixth Assessment Report of the Intergovernmental Panel on Climate Change. Geneva: Intergovernmental Panel on Climate Change. Available here.

[23] The Emissions Gap Report 2021; for 2021; for 2023. https://www.unep.org/resources/emissions-gap-report-2021.

[24] UN Environment Program, 2024.

Furthermore, even though the IEA has warned that developing new fossil fuel resources is incompatible with limiting warming below 1.5°C., by 2030 governments and corporations are, in aggregate, planning to use "more than double the amount of fossil fuels than would be consistent with limiting global warming to 1.5°C, and nearly four times the amount by 2040." [25]

The point to emphasize here is this: the backtracking on climate action we are currently witnessing in the North is a consequence of a set of investor-focused green growth policies that have demonstrably failed to generate investment but have incurred more costs as a result of subsidies and de-risking measures. More ambitious targets will therefore not turn failure into success, and it would be a major mistake to try to salvage this policy simply because it is under attack from right-wing populists like Trump. This would amount to an endorsement of, among other things, the transfer of public resources into private hands. If this transfer of resources were producing positive results in terms of reaching climate goals, then perhaps the policy would have some merit. But this is not the case. Climate action must be constructed around a global public goods approach, which is anchored in solidarity and internationalism.

The feature that perhaps distinguishes global public goods from "green growth" is this: advocates of green growth believe that private investors and companies must be enticed into investing in climate protection, and this will require using public money to make profitable what would not otherwise be profitable (so called "de-risking"). Advocates of a global public goods approach accept that much of the action needed to address climate change will not, and should not, make money for private interests. Climate action will incur costs, but those costs are simply a down payment on the creation of a safer, more just and more equal world. Today, the richest 1% own 45% of the wealth, and almost 3.6 billion people live on less than US$7 dollars per day. [26] The costs of both climate action and ending poverty are but a fraction of the wealth that is stashed in the bank accounts of the rich.

[25] EA (2022). *World Energy Outlook 2022*, IEA, Paris https://www.iea.org/reports/world-energy-outlook-2022, License: CC BY 4.0 (report); CC BY NC SA 4.0 (Annex A). See also: SEI, et al. (2021). *Production Gap Report 2021*. SEI, IISD, ODI, E3G, and UNEP. http://productiongap.org/2021report

[26] Oxfam International, January 2025

Part Two

The Crucial Importance of Reclaiming Energy

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The idea of a new international energy order is grounded in a strategic and targeted "public pathway" approach to addressing climate change. Both seek to situate control over energy at the heart of a new model of economic management that can help steer the global political economy in a different direction. In a modern economy, energy is currently "the means of production," and leaving energy decisions in the hands of private interests (or imperial states) is socially regressive and ecologically reckless.

To achieve a NIEnO, South governments must take a series of steps to collectively develop a new policy architecture for energy, one guided by the need to deliver vital public goods, principal among them being access to energy and energy services, a planned reduction of extraction and pollution, a safe environment and a stable climate. The current for-profit approach to energy is simply not compatible with these goals. There is currently no incentive to intercept rising energy demand, advance energy efficiency to the levels required, or to promote and implement energy conservation, or share technologies and skills within a system of global cooperation.

It is worth remembering that the IPCC's *Special Report on Global Warming of 1.5°C*, released in late 2018, concluded that reaching the Paris targets "would require rapid, far-reaching and unprecedented changes in all aspects of society," including "transitions in land, energy, industry, buildings, transport, and cities." Seven years have passed since the *Special Report* was released, but the "far reaching and unprecedented changes" are nowhere to be seen. Rather, "business as usual" prevails and emissions are currently at record levels.

Energy Expansion Not Transition

Today we face a situation where roughly thirty-five years after the first global climate agreement (the Kyoto Protocol), and a decade after the adoption of the Paris Agreement, the global effort to address climate change has reached a new impasse.

Instead of decreasing, fossil fuel use continues to break records. In 2023, roughly 81.5% of global energy demand was met by fossil fuels.[27] Global coal use, currently at a record 8.7 billion tonnes per year, has doubled since 1990.[28]

[27] Energy Institute, Statistical Energy Review, 2024, energyinst.org/statistical-review
[28] https://iea.blob.core.windows.net/assets/42dee289-ffa2-44a5-b050-7232b2809ce1/CoalMid-yearUpdate_July2024.pdf

The Crucial Importance of Reclaiming Energy

Gas use has grown by 60%[29] and oil use has grown 51% since 1990, and production currently exceeds 100 million barrels per day (mb/d).[30] Last year the global demand for electricity rose by 5.4%, and 59% of the new demand was met by burning coal.[31] The recent growth of modern renewable energy (principally wind, solar, and industrial biomass) has not appreciably changed the world's dependence on coal, oil and gas. Wind and solar power accounted for 10.3% of the world's electricity generation in 2022, and just 4% of final energy consumption.

What we are witnessing today can be more accurately described as an energy *expansion*, not an energy *transition* as understood by the terms of the Paris Agreement.

Rising energy demand has led to a growth in *all* forms of energy supply, and the growth in renewables is currently having a limited impact on the overall pattern of energy use.[32] The dimensions of the energy expansion stand in sharp contrast to the levels of "climate ambition" declared by governments, many of whom have committed to reaching "net zero" emissions by 2050 (United States, EU), 2060 (China) or 2070 (India).

[29] https://www.statista.com/statistics/282717/global-natural-gas-consumption/

[30] https://www.iea.org/reports/oil-market-report-july-2024

[31] https://ember-climate.org/insights/research/global-electricity-review-2022/

[32] According to the United Nations Environment Programme (UNEP) and Bloomberg New Energy Finance (BNEF), "Even though there was a lot of solar and wind capacity installed in the latest decade, its impact on the electricity mix has been gradual, not dramatic." The share of global electrical power generated during the first half of 2020 by wind and solar capacity was just 10%. Frankfurt School-UNEP Centre/BNEF, *Global Trends in Renewable Energy Investment 2019*, http://www.fs-unep-centre.org According to IRENA, "An energy transition requires that the use of renewables expands by more than the growth in energy demand, so that less non-renewable energy needs to be used. Many countries still have not reached this point, despite dramatic increases in their use of renewables for generating electricity." See: https://irena.org/-/media/Files/IRENA/Agency/Publication/2022/Apr/IRENA_-

To address climate change, and to construct a fairer and more equal international order, control over energy is essential. The reasoning is simple:

1 Energy currently generates roughly 75% of the world's greenhouse gas (GHG) emissions. The generation of electricity is the world's leading single source of CO2, responsible for 40% of energy-related emissions (compared to 24% from transport and 23% from industry).

2 Today a relatively small number of companies largely control the world's energy systems. These companies, which are public as well as privately owned, operate within a system of production and accumulation over which they, too, have limited control.

3 The major energy companies and their main suppliers must be reclaimed. This will itself require that policy pivot toward an extension of public ownership and control, accompanied by a series of legal and regulatory measures and a new universal public goods mandate, one that in many instances will resemble their original public mission.

4 Once reclaimed, energy companies (including technology suppliers) can then be reorganised in ways that can pursue decarbonisation and development targets in ways that are socially just.

Dimensions of Reclaiming: Renationalise, Demarketise, Decommodify

Reclaiming energy will entail extending public ownership over companies that are currently privately owned.[33] Where privatisation has taken place, it must be reversed. This is not a particularly radical step, and some countries are already moving in this direction, through constraining the presence of for-profit independent power producers (IPPs) and abandoning competitive retail markets (which have barely taken off).

Where energy companies remain publicly owned, they must be demarketized. During the neoliberal period, many publicly owned energy companies have been required by law to behave as if they were private corporations (thus the term, state-owned enterprises, or SOEs).

[33] ExxonMobil (U.S.), Chevron (U.S.), Shell (U.K./Netherlands), BP (U.K.), TotalEnergies (France) ConocoPhillips (U.S.), Eni (Italy), Repsol (Spain)

In other words, public companies were required to operate as for-profit commercial enterprises. Neoliberal guidelines insisted that, for example, sales of electricity should, at a minimum, cover all the costs involved in delivering electricity (in IMF and World Bank terminology, "full cost recovery") and this would, neoliberals believed, unleash a wave of investment, innovation, improvements in productivity and efficiency. This would, in turn, generate higher profit margins and that would attract still higher levels of investment. SOEs should also stop relying on government subsidies and become publicly traded companies as a way of raising their own capital from investors.

Demarketization can be achieved in the same way as marketization was introduced (or, more accurately, imposed), namely through legal and regulatory changes or by way of direct government interventions. In some instances, direct government interventions may be needed via the enactment of emergency or national security provisions.

Once the process of demarketization is consolidated, new performance criteria will need to be developed. Either way, their future performance will not be judged on their capacity to achieve "full cost recovery" or on their ability to attract private investment. Demarketization will allow energy companies to take measures to better manage and reduce energy use through efficiencies (including digitalisation), regulations, and public works programs to modernise infrastructure, weatherise the built environment, etc. Distributed generation must be integrated into the system in a planned and non-disruptive way, allowing municipalities and communities to have a major say in determining where and how these forms of generation are deployed. This is particularly important given the rising level of opposition to wind and solar arrays internationally.

Whether renationalised or demarketized, the objective is to reclaim energy to public ownership and control. Reclaimed energy entities must then be issued with a universal non-commercial mandate based on energy decommodification.

In the power sector, decommodification entails ending the practice of tying revenues (and profits) to the sale of electrons by volume ("volumetrically"), which accords no social or ecological value to energy conservation, incentivises price manipulation, and discourages the production of needed electricity below certain volume thresholds. Decommodification forefronts social and ecological priorities and marginalises if not eliminates profit considerations from the production, transmission, management, efficiency, conservation, etc., allowing for greater social control over energy decisions.

Decommodification does not mean electricity will not be *priced* according to the amounts consumed. Prices can be regulated to address energy poverty, ensure affordability for the working class and small business, or to serve notice to large industrial and commercial consumers that energy must be used more judiciously. In practical terms, this will mark the end of power purchase agreements (PPAs) and replacing them either with direct public ownership of the means of producing energy-related technologies or with a much simpler procurement model where generation capacity and auxiliary technologies are purchased, owned and operated by reclaimed public companies.

Beyond the power sector, the decommodification of oil and gas will pose a much more formidable challenge. Attempts to use the price mechanism to reduce energy use has often produced perverse results, providing opportunities for windfall profits for private companies. Pollution charges, too, often get passed down to customers, many of whom (like the Yellow Vests in France) have no alternative means of mobility. In transport, subsidies to private electric vehicle manufacturers have catered to the wealthier classes while public transport systems have been neglected.

As intimidating as these challenges are, the current approach rewards companies for selling more energy, and is therefore incompatible with climate targets.

Public Energy 2.0: The Role of Reclaimed Energy Companies (RECS)

Partnering with governments and other public institutions, energy companies reclaimed through re-nationalisation, demarketisation, and via the repeal of neoliberal laws that extol and solidify commodification at the expense of public service (this can be termed "sell more, serve less"), will be key players in the global energy transition.

It is important to remember that, during the early post-colonial period, many countries in the South developed public rural electrification programs that were similar to the ones pursued in the Global North perhaps 5 or 6 decades earlier. In fact, most of the world's power systems were installed as public projects designed to advance national and human development goals.[34] The private sector played a secondary and often insignificant role in the global electrification process. China's effort to expand access to electricity has been particularly remarkable. An estimated 900 million people acquired access from the period 1949 to 2015. In numerical terms, this has been described as the most impressive achievement in the history of electrification.[35]

[34] *Douglas F. Barnes, ed., The Challenge of Rural Electrification: Strategies for Developing Countries, Resources for the Future*, Routledge, 2007.
[35] Gang He, and David G. Victor, "Experiences and lessons from China's success in providing electricity for all," *Resources, Conservation, and Recycling,* 122 (2017): pp. 335-338. doi:10.1016/j.resconrec.2017.03.011.

Advocates of neoliberal energy policy downplay the significance of this history and its accomplishments, and the narrative around the structural adjustment agenda of the 1990s was built around inefficiencies, lack of transparency, and political nepotism—much of which was asserted with little empirical evidence to support these conclusions. However, neoliberals frequently misrepresent the truth regarding the current role of public energy companies or SOEs, which they depict as energy dinosaurs lumbering towards extinction.

For the power sector at least, the reality is quite different. Released in 2020, a major World Bank study showed that the majority of electricity systems in the South remained mostly or fully public, but many were in a state of financial distress. Importantly, a 2016 OECD report pointed to public companies in the power sector being major players in the push to decarbonize electricity systems. "Preferential financing [for SOES] and explicit or implicit state guarantees could translate into lower costs of capital, which in turn could be a competitive advantage for renewables where investments are characterized by high capital costs and relatively low operating costs."[36] More recently, the International Institute for Sustainable Development reminded us that SOEs "have a mandate to deliver socially desirable outcomes, a requirement that distinguishes them from their peers in the private sector."[37]

Today there are clear signs that state involvement in the power sector is *increasing* in the South. Mexico has pressed forward with a public procurement model and is building the largest solar array in Latin America and is upgrading the country's hydroelectric power infrastructure. In 2022 IRENA noted: "The drivers that in the past led to the predominance of regulated systems – such as intense grid expansion needs and a post-World War II reconstruction context – are gaining traction today as the transition progresses and socio-economic challenges are high on the agenda."[38] In recent years the importance of transmission and distribution grids has become a key political question because of the need to integrate power generated by renewables into the system where the source of power (wind corridors, for example) may be located far from the centres of demand. A 2022 report from the IEA notes: "Public sources underpin spending on grids, especially in EMDEs [emerging and developing economies] where they account for around 80% of total grid investment." However, "The decline in investment in transmission and distribution in EMDEs in recent years is a worrying symptom of the poor financial situation of many state-owned utilities and the limited fiscal capacity of governments in these regions."[39]

[36] *Andrew Prag (IEA), Dirk Ruttgers and Ivo Scherrer (OECD), STATE-OWNED ENTERPRISES AND THE LOW-CARBON TRANSITION – ENVIRONMENT WORKING PAPER No. 129. 2016*

[37] https://www.iisd.org/system/files/2022-09/india-state-owned-energy-enterprises.pdf

[38] IRENA (2022), RE-organising power systems for the transition, Abu Dhabi.

[39] IEA, WEI 2022, page 34. The IEA also notes that investment in the energy transition is currently being impeded by "acute financial strains still visible among many (often state-owned) energy companies in emerging and developing economies." Page 23

Overall, SOEs are better placed to finance and deploy renewables and other low-carbon options than private concerns that need to finance projects in a high-risk environment that inevitably leads to high interest rates. According to the 2016 OECD report, "There are many reasons why governments have established and maintained state ownership in the energy sector…In developing countries where large numbers of people do not yet have access to electricity or other modern energy services, governments may see SOEs as a key development actor prioritising energy access over other commercial or environmental goals."[40]

China's Public Model Delivers Low Carbon Energy

Having reached 100% electrification in 2015, SOEs are driving China's deployment of renewable energy, nuclear power, and hydrogen. By the late 2010s, China's SOEs were installing wind turbines at a rate of one every hour.[41]

SOEs are the driving force behind massive wind and solar projects known as "renewable energy bases."[42] Situated in the Mongolian desert, these bases are sometimes 500 MW or larger, which makes a single such project larger than the power capacity of several African countries. According to one source "China's five largest state-owned power generation companies will add 329 GW of clean energy in 2021-2025."[43] By way of comparison, the US is expected to add 75 GW of privately owned wind and solar during the same period—an estimate that may need to be modified now that Trump is back in the White House.[44]

China is also in the middle of its "fourth wave" of (fully public) nuclear power deployment. According to the World Nuclear Association, 26 GW of nuclear power is under construction; 50GW of additional capacity has been approved, and 95 GW of capacity has been proposed. Its hydrogen program, also public, is more ambitious than anything seen elsewhere in the world.[45]

Neoliberals focus on the fact that China has broken up its utilities and they operate as separate entities and at arm's length from state authorities and financing.

[40] Andrew Prag (IEA), Dirk Ruttgers and Ivo Scherrer (OECD), State Owned Enterprises and the Low Carbon Transition – Environment Working Paper No. 129. 2016 www.oecd.org/environment/workingpapers.htm

[41] Gardiner, Beth, "Three Reasons to Believe in China's Renewable Energy Boom." National Geographic. May 12, 2017

[42] China ratchets up renewable energy development, with SOEs spearheading low-carbon transition - Global Times

[43] Institute for Energy Economics & Financial Analysis, IEEFA Report: China in 2017 Continued to Position Itself for Global Clean Energy Dominance. January 9, 2018.

[44] https://www.eia.gov/todayinenergy/detail.php?id=55239

[45] https://world-nuclear.org/information-library/country-profiles/countries-a-f/china-nuclear-power.aspx

But these companies remain state owned, respond to state directives (including decarbonisation targets) and the sale of power by SOEs in power generation to SOEs in transmission and distribution is more of an accounting exercise than a reflection of market principles and dynamics.

Demarketization of State Owned Companies in the South

Today energy-sector SOEs in the high-growth economies enjoy the support and protection of home-country governments, and some SOEs have become successful multinational companies that operate like traditional capitalist entities. SOEs often generate revenue for governments through energy sales, taxes, and royalties.[46] SOEs are major players in coal, oil and gas, but many are also very active in global renewable energy and nuclear energy markets.[47]

They continue to have access to government financing on favourable terms, and they have positioned themselves to meet the rising demand for energy in many countries of the South while at the same time continuing to be dominant players inside China.

In his speech to the 19th National Congress of the Communist Party of China October 18, 2017, President Xi Jinping applauded the marketization of China's SOEs: "We will work to see that state assets maintain and increase their value… and turn Chinese enterprises into world-class, globally competitive firms."[48]

In countries where SOEs have become successful global companies and/or retain market dominance at home, they are central players in the energy expansion and benefiting from the commodification of electricity as a source of revenue and profits. However, in many low-income countries, SOEs have been undermined, decapitalized, and in many instances paralyzed by liberalization and marketization. These policies have prevented the public utilities playing a leading role in the energy transition.

Demarketization of SOEs in some of the high-growth countries of the South presents an immense challenge. Their commercial success currently propels them to generate more business, and thus more revenue for themselves and their governments. However, as we have seen, SOEs can suspend market considerations and focus instead on serving the public good while advancing national integration and development.

[46] Wehrl, F. and J. Pohl (2016), "Investment Policies Related to National Security: A Survey of Country Practices", OECD Working Papers on International Investment, No. 2016/02, OECD Publishing, Paris, http://dx.doi.org/10.1787/5jlwrrf038nx-e

[47] For example, the main Korean energy utility, KEPCO operates internationally and is partnering with private renewable energy companies. See: https://home.kepco.co.kr/kepco/EN/B/htmlView/ENBJHP00203.do?menuCd=EN02080103

[48] http://www.xinhuanet.com/english/download/Xi_Jinping's_report_at_19th_CPC_National_Congress.pdf

An increase in climate finance, nevertheless, remains essential. As noted above, the outcomes of COP 29 in Baku in late 2024 were discouraging in this respect. However, regardless of the quantities that may eventually materialise, how it is used will be as important as the nature and degree of finance committed.

If climate finance is used to, as the IMF's Kristalina Georgieva expressed it, "sweeten the deal" for private investors, then this will amount to a reckless and inequitable use of public resources. Instead, climate finance must be used to rebuild the capacities of governments and to provide the reclaiming process with the capital needed to redirect energy systems towards the delivery of global public goods.

1 Prevent further debt, and relieve the immense pressures of existing debt, on South countries. Many South countries already pay more in debt servicing than they commit to health, education and basic services. Climate finance must maintain and expand these public services, which are vital to both mitigation and adaptation efforts.

2 Be de-linked from the policy of "blended finance" and "de-risking." Since COP15 in 2009, the levels of capital committed have been, first, minimal and therefore inadequate and, second, most of the finances have been mobilised by the MDBs and is therefore public finance. The World Bank's "billions to trillions" idea that public money would "catalyse" large amounts of private sector finance has been an unqualified failure (see below). A NCQG must acknowledge that private investors will not provide the investment needed to reach climate and low-carbon energy targets, and the effectiveness of climate finance will be contingent on public institutions and public financing.

3 Permit and encourage a "reclaim and restore" approach to public services and utilities, and help South governments grow their assets and capacities, putting them in a stronger position to pursue low-carbon industrial and social development.

The Crucial Importance of Reclaiming Energy

Governments must act in unison to make these changes, but such changes are impossible based on today's energy markets where both the buyer and the seller operate beyond the purview of social and ecological concerns.

Control over energy will allow governments to address several formidable challenges or obstacles. These include:

1 The energy system is being shaped by the imperatives of growth, accumulation and consumption, not by basic human needs—including the need to protect the ecosystems that sustain life. Intercepting and reversing these dynamics will take time, but without control over energy, any such scenario is inconceivable.

2 The energy system is out of control. It responds to the basic capitalist laws of supply and demand. Therefore, if as a species we cannot control how energy is generated, managed and used, we will not be able to adequately mitigate or adapt to the impacts of climate change.

3 The costs of the energy transition are inflated by de-risking policies, the high cost of finance, profits, and the refusal to share skills and knowledge. Public control of energy provides a means to remove these obstacles. For more than three decades, climate and energy transition policies have catered to the needs of private interests. This investor-focused approach has failed to significantly impede the global rise of emissions. It has also failed to either eradicate energy poverty or to address rising levels of pollution and environmental degradation. And without clean energy services, truly sustainable economic development is inconceivable.

4 Without exception, the available alternatives to fossil fuels each present a series of formidable challenges, as does economy-wide electrification. Addressing these challenges will require careful planning, and a facts-based approach and some degree of technological pluralism. No single technology group can deliver energy that is 100% carbon free.

5 A just energy transition must be grounded in cooperation, not commercial competition. It must be anchored in an extension of public ownership and control over "all things energy," including the major technology suppliers.

6 Technology transfer is a public good, and measures must be taken to ensure that knowledge and skills essential to the transition are shared with other public institutions regardless of location. This is not currently the case. As the IPCC itself has noted, cooperation is key: "Effective mitigation will not be achieved if individual agents advance their own interests independently" and cooperation "can play a constructive role in the development, diffusion and transfer of knowledge and environmentally sound technologies."[49]

7 While in most countries public opinion supports climate action, there is less support, and rising opposition to, the way the costs of transition are being passed down to working people in many and varied forms.

Reclaiming energy in this way will take years (as did neoliberal privatisation). However formidable the task, it is an urgent priority given what is at stake.

[49] IPCC, AR5 WG3, op cit.

Part Three

South Unity for a New (Energy) Order

South Unity for a New (Energy) Order

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In 1979, Julius Nyerere, then President of Tanzania, delivered a speech to representatives of the G77 group titled "South Unity for a New Order" where he asked governmental representatives assembled in Arusha "what can we do among ourselves, for ourselves?" In the same speech he remarked, "Our coming together in the Group of 77 has the purpose of enabling us to deal on terms of greater equality with an existing Center of Power. [...] The object is to complete the liberation of the Third World countries from external domination. […] And unity is our instrument – our only instrument – of liberation." [50]

When the NIEO was first proposed a half century ago, the Global South was reeling under the pressure of high levels of inflation, an acute balance-of-payments crisis, and mounting debt. These pressures were largely the result of increases in the price of energy and the global recession that ended the post-war global economic expansion.

South governments are in a stronger *economic* position than their predecessors, and thus the material basis for cooperation is already present and could increase in the years ahead. Today non-OECD countries' share of global GDP has surpassed 50%, while the economies of the current 38 OECD member countries accounted for about 46%.[51]

Non-OECD countries account for the bulk of the world's current production of fossil fuels (although this includes Russia and others in the Commonwealth of Independent States (CIS)[52] and the Middle East and North Africa (MENA) countries. Non-OECD countries account for 79% of global coal extraction, 73% of oil and 63% of gas.[53] However, major economies like China, India and Korea are net importers of fossil-based energy. [54]

Although extremely uneven, the rising economic capacity of the South opens the door to new possibilities for cooperation. However, there are several challenges that will need to be overcome if a South-South program of climate action and material cooperation is to emerge.

In recent decades, there have been divergent tendencies and tensions that have obstructed South unity. These tensions have often revolved around the aspirations of the ruling corporate elite in developing countries to become fully integrated into the new trade and financial liberalisation regime that emerged in the 1990s.

[50] https://www.juliusnyerere.org/resources/view/unity_for_a_new_order_1979_arusha_1979

[51] https://www.oecd.org/content/dam/oecd/en/data/insights/statistical-releases/2024/5/PPP-ICP2021-EN.pdf

[52] Armenia, Azerbaijan, Belarus, Georgia, Kazakhstan, Kyrgyzstan, Moldova, Russia, Tajikistan, Turkmenistan, Ukraine, and Uzbekistan.

[53] Based on current oil, gas and coal emissions (Le Quéré et al. 2018), and assuming geographically equal emissions factors, OECD currently extracts fossil fuels equivalent to 9.2 GtCO2/yr and non-OECD 25.3 GtCO2/yr. If OECD were to phase out on a straight line within five years and non-OECD within 25 years, the resulting emissions would be 340 GtCO2, even before considering other sources such as cement and land use change.

[54] https://www.bp.com/content/dam/bp/business-sites/en/global/corporate/pdfs/energy-economics/statistical-review/bp-stats-review-2019-full-report.pdf

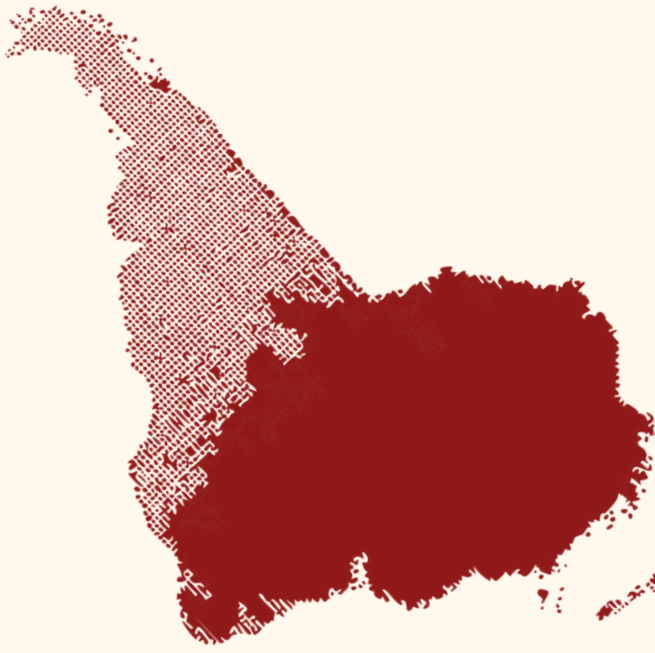
Although extremely uneven, the rising economic capacity of the South opens the door to new possibilities for cooperation. However, there are several challenges that will need to be overcome if a South-South program of climate action and material cooperation is to emerge.

In recent decades, there have been divergent tendencies and tensions that have obstructed South unity. These tensions have often revolved around the aspirations of the ruling corporate elite in developing countries to become fully integrated into the new trade and financial liberalisation regime that emerged in the 1990s. Clearly, advancing the kind of "common vision" that Nyerere and others attempted to cultivate will be contingent on the working classes of Africa, Asia, Latin America, the Caribbean and elsewhere struggling for such an approach in the spirit of solidarity and internationalism. With the relative and protracted economic decline of the US and Europe likely to continue, the working class in the North could also play an important role in helping this common vision once again take hold and thus improve its prospects considerably.

But when progressive governments are elected, they must move more quickly than they have in the past in terms of convening spaces and processes to take the first steps towards a new energy order.

In the past, the "green-left" in the South might have felt that Germany's energy transition (*Energiewende*) had already provided a model of energy transition that, at first glance, seemed to be driven by ordinary citizens motivated by environmental concerns. For reasons that cannot be explained here, this was never the case—and now the German model of energy transition is facing an existential crisis, one that has technical, social and economic features.

Trade unions and social movements also have a responsibility to conduct the programmatic and organizing work needed to support progressive administrations, and although few unions currently have the capacity to do so, it is important to find a way to answer the question Nyerere posed 46 years ago: "What can we do among ourselves, for ourselves?"



Unity of Opposition

In terms of climate and energy policy, the positions (both past and present) adopted in multilateral spaces by the G77 + China, (now 134 developing countries) accompanied by the Ministers of Brazil, South Africa, India and China (representing the BASIC Group) provide a useful reference point in terms of assessing both the obstacles and opportunities for a South-led program of action.

Both G77 + China and BASIC Group bodies have displayed considerable unity in their approach to the need to reform the multilateral system. They have expressed concern regarding the increasing debt service burdens of South countries (external debt reached a record $11.4 trillion in 2022), noting that many South countries already pay more in debt servicing than they commit to health, education and basic services.[55] Both G77 + China have attempted to hold the North accountable in terms of taking responsibility for its disproportionate contribution to climate change,[56] and the need for rich countries to "provide means of implementation support to developing countries as mandated under the UNFCCC and Paris Agreement."[57] BASIC Group Ministers frequently point out that the more developed countries of the South are exceeding what is expected of them in terms of meeting their NDCs, whereas many North countries are not making a commensurate amount of effort.[58]

Regarding climate finance, G77 + China and the BASIC group have collectively criticized the North for its poor record, noting that the South needs an "estimated at 5.8 trillion to 5.9 trillion United States dollars for the pre-2030 period." They have called for an ambitious, transparent and fit-for-purpose new collective quantified goal (NCQG) on climate finance in accordance with Article 9 of the Paris Agreement. At COP 29 in Baku, the G77 + China proposed a target of $1.3 trillion annually by 2035 to support mitigation, adaptation, and loss and damage initiatives in developing countries. However, the agreement reached at COP29 committed to mobilizing only $300 billion annually by 2035. Following COP 29 in Baku, G-77 + China again reiterated that, "Developed countries must meet their obligations to lead in reducing emissions and provide financial, technological, and capacity-building support to developing countries."[59]

[55] https://www.g77.org/doc/Declaration2024.htm

[56] Since the early 1990s the UN has acknowledged "that the largest share of historical global emissions of GHGs originated in developed countries and that, owing to this historical responsibility, developed country Parties must take the lead in combating climate change and the adverse effects thereof."

[57] Ministers of the BASIC Group have correctly pointed out that, in the words of the UNFCCC, "the largest share of historical global emissions of GHGs originated in developed countries and that, owing to this historical responsibility, developed country Parties must take the lead in combating climate change and the adverse effects thereof."

[58] https://www.gov.br/mre/en/contact-us/press-area/press-releases/basic-ministerial-joint-statement-on-climate-change

[59] G77 position on Cop 29/ JTWP

In Search of an Alternative

But what appears to be missing in the G-77 + China deliberations is any recognition that the green growth model is perpetuating the inequities that they correctly highlight.

This is not a theoretical or academic discussion. The most progressive governmental voices in the South today combine harsh criticism of the North for reneging on its climate commitments, of perpetuating neocolonial relationships, and for various forms of exclusion, with an unwillingness to confront green growth thinking or the neoliberal premises upon which it rests.

For example, at the December 2024 *High-Level Regional Consultation on Financing for Development in Asia and the Pacific*, Fiji's Minister for Finance, Biman Prasad, pointed to the need to "decolonize international development." In his speech, he said, "We cannot continue to expect more talk that does not lead to solutions and listen to more expressions of solidarity that mean little to communities living on the frontlines of climate change."[60]

However, Prasad called for "tailored financing mechanisms" so that small business can contribute to achieving the UN's SDGs, and urged the development finance community to support the most climate vulnerable countries (in this case the Small Island Developing States) by providing "a significant increase in highly concessional financing."[61]

Prasad's words illustrate how calls for radical changes in the multilateral system (decolonizing development) are not accompanied by similarly bold language regarding the need for policy reform. The BASIC group has also asserted that "concessional finance is crucial to avoid fiscal distress among developing countries."[62] But, how, exactly, will more concessional (or highly concessional) finance relieve the fiscal distress facing many of the world's poorest countries? How will it advance the fight to address climate change?

This reluctance to question the current "mobilize private investment" de-risking policy is also evident in the UN's Finance for Development (FFD) process. The 2015 FFD conference produced the *Addis Ababa Action Agenda* which reinforced the World Bank's "billions to trillions" message and the seemingly miraculous "catalytic" powers of "blended finance." In Addis, heads of state issued the call for corporations to "engage as partners in the development process" and pledged to continue "incentivizing the private sector" by creating the "enabling environment to encourage entrepreneurship."[63]

[60] https://devpolicy.org/time-to-decolonise-international-development-20250115/

[61] https://www.gov.br/mre/en/contact-us/press-area/press-releases/basic-ministerial-joint-statement-on-climate-change

[62] The final text of the outcome document adopted at the Third International Conference on Financing for Development (Addis Ababa, Ethiopia, 13–16 July 2015) and endorsed by the General Assembly in its resolution 69/313 of 27 July 2015

However, the decade between the Addis conference and the FFD upcoming meeting in Seville in May 2025 should have provided enough evidence to indicate that the "billions to trillions" policy has been a failure of catastrophic proportions.

As early as 2019 UN Secretary-General António Guterres had concluded that the SDGs would not be reached "without a fundamental shift in the international financial system."[64] In other words, "billions to trillions" was not working. Guterres referred to the 2019 Financing for Sustainable Development Report (FSDR), the authors of which made an important observation, stating "there has been no major uptake in private investment levels [since 2015]…This relatively flat trend provides a reality check on expectations for private investments."

But this reality check did not alter the policy. Five years later, the 2024 FSDR Report reiterated that investors needed to step up, at the same time noting that "the private sector will not be able to systemically change behaviour unless profitability and sustainability are aligned." The report suggested that "subsidies, as well as public investments" could help address the profitability problem.[65] In other words, the SDG investment gap was, and remains, a profitability problem. Public money (including climate finance) directed at de-risking private investment was, it seems, the only policy option available.

Similarly, the UN's *Pact for the Future* released in September 2024 committed to closing the SDG financing gap, and pledged to support developing countries "to catalyze increased private sector investment in sustainable development…by creating a more enabling domestic regulatory and investment environment."[66] At the same time, the report noted "Flows of capital to many developing countries are falling, and more capital is leaving many developing countries than is coming in."[67]

Therefore only one conclusion aligns with the facts: the "mobilize private investment" policy is not working; it *never* worked, and it *will not work* in the future.

Therefore the absence of an alternative policy agenda is a problem that must be rectified if the South is going to challenge the existing order. But rather than tinker with the current policy, proposals from the South must be commensurate with scope and scale of the challenges we face as a species.

[63] Financing for Sustainable Development Report 2019

[64] United Nations, Inter-agency Task Force on Financing for Development, Financing for Sustainable Development Report 2024: Financing for Development at a Crossroads. (New York: United Nations, 2024), available from: https://developmentfinance.un.org/fsdr2024.

[65] Summit of the Future Outcome Documents, page 5

[66] Summit of the Future Outcome Documents, page 31

Toward Unity of Action: Championing Global Public Goods

South countries active in the various spaces (G-77, BASIC, BRICs) etc. must therefore go beyond reminding the North of its failings and double-standards. A South-led program for climate action must involve a conscious rejection of "green growth" thinking and its more recent ad hoc appendages, such as "de-risking" and "blended finance."

This is no easy task, and it is even more difficult given the apparent confidence on the part of South governmental leaders in green growth. At the opening of the Belt and Road Initiative (BRI) Forum in Beijing in May 2017, China's President Xi endorsed both "green development" and trade liberalization as a way of sustaining China's economic expansion.[68] Similar thinking informs government policy in other high-growth economies of the South. India's statement at COP29 in Baku underscores the point: "The high Carbon Emission Development Pathways of the Global North in the past have left very little carbon space for the Global South.

However, our growth trajectories for fulfilling the primary needs of sustainable development and poverty eradication cannot be compromised."[69]

The historical discrepancies between North and South due to many decades of territorial and economic colonialism are real, and the idea that energy-intensive economic growth is needed to eradicate poverty has been central to the narrative of some South governments. However, the argument that burning more fossil fuels is necessary to alleviate poverty is growing progressively weaker. Today China, India and other major developing countries are champions of trade-led growth and aspire to be economic superpowers that can rival the US, the EU, Japan, and others in the more advanced capitalist world. They may succeed in this quest, but this will not be a cause for celebration for most of the workers and poor in the South.

Today, most of the energy consumed in high growth developing countries is for industrial and commercial purposes. India's domestic electricity use accounts for just 26% of total energy consumption, whereas industrial and commercial use accounts for almost 50%.[70] China's household electricity consumption has grown sixfold since 2000, but residential use still accounts for just 13% of final energy consumption, while industry accounted for 59%.[71]

[67] https://china.usc.edu/president-xis-speech-opening-belt-and-road-forum-may-14-2017

[68] https://unfccc.int/documents/644686

[69] https://www.statista.com/statistics/1130112/india-electricity-consumption-share-by-sector/

[70] https://www.statista.com/statistics/597852/household-consumption-of-electricity-per-capita-in-china/; https://www.enerdata.net/publications/daily-energy-news/china-unveils-plan-industrial-sector-reach-peak-emissions-2030.html; https://chinapower.csis.org/energy-footprint/

South Unity for a New (Energy) Order

The consumption patterns of the wealthiest 10 percent of the world's population have, since the 1990s, accounted for 49 per cent of the world's emissions since 1990, with the US and the EU together making up half of that 49 percent, or roughly 25 percent of global emissions. However, the richest 10 per cent in China and India accounted for almost 10 per cent of global emissions in 2015, and this surely increased in the ensuing years (2015-2025).[72] In other words, the lifestyles and consumption patterns of the rich of the South are drawing closer to the rich of the North. The political and corporate elite in the high-growth economies appear to be content to pursue the kind of economic growth that has, since 1980, seen emissions more than double. But they are doing it mostly for themselves, not for the poor.

Several MENA countries are in a similar situation. Trinidad and Tobago's energy sector accounted for an estimated 35.7% of GDP and 78.4% of exports in 2019, and contributed 23.4% to Government revenue.[73] Oil comprises 95% of Venezuela's exports and 25% of its GDP.

A South-led program for climate action could be built around a new set of priorities, principal among them being:

1 The need to intercept the expansion of fossil fuel use, particularly in the high-growth developing economies

2 Address energy scarcity through the provision of technical and other forms of material assistance to the least developed countries through regional and state-to-state agreements around technology transfer, adaptation, and knowledge sharing

3 Re-engaging the North in ways that can counter the current drift towards trade-related conflicts with a new agenda that transcends the lose-lose dynamics of competitiveness

4 The need to intercept the expansion of fossil fuel use, particularly in the high-growth developing economies

The growth of energy demand in the South is mostly being met by fossil fuels. Furthermore, non-OECD countries account for 79% of global coal extraction, 73% of oil and 63% of gas.[74]

The Asia-Pacific region currently generates over half of the world's annual CO2 emissions, whereas the US and Europe together contribute roughly 20%. Approximately 50% of the region's CO2 emissions originate from electricity and heat production.

[71] T. Gore. (2020). Confronting Carbon Inequality: Putting climate justice at the heart of the COVID-19 recovery. Oxfam.

[72] https://ngl.co.tt/about/tts-energy-sector

[73] Based on current oil, gas and coal emissions (Le Quéré et al. 2018), and assuming geographically equal emissions factors, OECD currently extracts fossil fuels equivalent to 9.2 GtCO2/yr and non-OECD 25.3 GtCO2/yr. If OECD were to phase out on a straight line within five years and non-OECD within 25 years, the resulting emissions would be 340 GtCO2, even before considering other sources such as cement and land use change.

Due to its dependency on coal and gas, power sector emissions in the Asia-Pacific contribute to 25% of global CO2 on an annual basis.[75] According to the IEA, so-called Emerging and Developing Economies (EMDEs) "are set to account for the bulk of emissions growth in the coming decades unless much stronger action is taken to transform their energy systems."[76]

The majority of the coal trade occurs in the Asia Pacific[72] region, where both the largest importers and exporters are concentrated. Indonesia provided roughly 50% of globally traded thermal coal in 2023. Australia ranked second with 19%. Globally, other important market participants include Russia (17%), South Africa (7%), Colombia (6%) and the United States (3.1%) The fastest-growing coal exporters are all in the South, namely Kazakhstan, Vietnam and the Philippines.[77]

If the South is going to lead on climate, and the more developed countries are to play a particularly important role, then their current trajectory of development must also change. If "business as usual" prevails, the impact of the cumulative emissions generated by the North will be reinforced by the impact of future emissions from the South. The science suggests that the planetary implications will be severe.

All of humanity will suffer incalculable harm, at which point no one will care which countries or social classes initiated such a destructive chain of events, or which countries or social classes managed to take the process to its ultimate conclusion.

Nevertheless, the South (in particular, China) is a major producer of so-called "net zero" technologies (as well as skills and expertise) that were once largely controlled by the North. China is the world leader in solar photovoltaics, and a major producer of wind turbines (both onshore and offshore).[78] It is also a leader in the development of nuclear and hydroelectric power, as well as storage batteries, heat pumps, etc. India, Indonesia, Vietnam, Brazil, are also important producers of the kind of technologies needed for the energy transition.

China also illustrates the power of policy – and the central role of public energy companies – to facilitate a meaningful change of direction. From 2000 to 2015, China added 724 GW of coal-fired power generation capacity.[79] In 2006 China became the world's largest emitter of CO2 on an annual basis, surpassing the US. China per capita emissions: 5.9 tons in 2009.[80] In 2021, China accounted for a little over 53% of the world's coal consumption, the highest percentage ever.[81]

[74] Today, the Asia-Pacific region accounts for over 50% of energy related CO2 emissions.

[75] EA Special Report, Financing Clean Energy Transitions in Emerging and Developing Economies (EMDEs), Special Report. The North's contribution to cumulative emissions remains disproportionately large (the US—just 5% of the world's population—is responsible for roughly 25% of cumulative emissions).

[76] https://www.iea.org/reports/coal-2020/trade

[77] Sean Sweeney, Sustaining the Unsustainable: Why Renewable Energy Companies Are Not Climate Warriors, New Labour Forum, August 2021

[78] Li, Shuyu, Xue Yang, and Rongrong Li, "Forecasting China's Coal Power Installed Capacity: A Comparison of MGM, ARIMA, GM-ARIMA, and NMGM Models." Sustainability, 10, no. 2 (2018): 506; doi:10.3390/su10020506. Cited by Barbara Finamore, Will China Save the Planet? (pp. 34-35). Polity Press. Kindle Edition.

[79] IEA Special Report, Financing Clean Energy Transitions in Emerging and Developing Economies (EMDEs)

[80] https://www.bp.com/content/dam/bp/business-sites/en/global/corporate/pdfs/energy-economics/statistical-review/bp-stats-review-2022-full-report.pdff

However, China's story also illustrates the power of policy and the capacity of public energy companies to respond to a political commitment to pursue a different course. The country's deployment of coal-fired electricity capacity from 2000 to 2015 was the largest fossil-based energy expansion in human history. However, its deployment of renewable energy from 2015 onwards has been little short of spectacular. In principle, this change of direction could be replicated elsewhere.

Currently, China's climate policy is informed by the notion of "socialist ecological civilization" (生态文明) while pursuing what its government has termed "moderate prosperity" (小康社会).[82] President Xi has made big statements regarding China "Taking a driving seat in international cooperation to respond to climate change" claiming that China "has become an important participant, contributor, and torchbearer in the global endeavor for ecological civilization."[83] The industrial and technical capacity is already in place to make strides in this direction, but based on "green growth," whatever China might gain economically in the short term is likely to be erased if the rest of the world abandons the struggle to address climate because of competitiveness concerns.

South governments can show the way forward in terms of fostering a non-commercial approach to energy and technology-related cooperation.

The existing industrial capacity in some of the more developed countries of the South makes cooperation around technologies possible, but this will require the suspension of the kind of intellectual property restrictions that North governments and North-based multinationals have put in place to prevent technology transfer as a global public good.

- Address energy scarcity through the provision of technical and other forms of material assistance to the least developed countries through regional and state-to-state agreements around technology transfer, adaptation, and knowledge sharing

The growing economic prowess of the high-growth and carbon-intensive economies of the South stands in stark contrast to the situation facing the least developed countries (LDCs). This contrast is reflected in energy access and use. According to the World Health Organisation, 2.1 billion people worldwide (almost a third of the global population) cook using open fires or inefficient stoves fueled by kerosene, biomass (wood, animal dung and crop waste) and coal, which generates harmful household air pollution.

[81] In October 2017, President Xi's opened the Party's National Congress, claiming that China was "taking a driving seat in international cooperation to respond to climate change" and had "become a torchbearer in the global endeavor for ecological civilization." In September 2020, the Chinese government announced it was "striving to be carbon neutral before 2060."

[82] http://www.xinhuanet.com/english/download/Xi_Jinping's_report_at_19th_CPC_National_Congress.pdf

Household air pollution was responsible for an estimated 3.2 million deaths per year in 2020, including over 237,000 deaths of children under the age of 5. The combined effects of ambient air pollution and household air pollution are associated with 6.7 million premature deaths annually.[84]

The situation in sub-Saharan Africa (SSA) is particularly dire. Currently, about 600 million people in Sub-Saharan Africa lack access to electricity. Africa is home to nearly 83 percent of the world's unelectrified population.[85]

Meanwhile, multinational corporations and rich-country governments have their eyes on Africa's abundant energy and mineral resources. While 51% of Africans have no electricity, Africa is already a major gas exporter contributing almost 10% of the global supply. (Africa itself consumes only 4% of the world's gas supply.)[86] The EU's Global Gateway program, Italy's Mattei Plan, and similar initiatives seek to gain access to Africa's energy resources, and to develop green projects (such as hydrogen) that are designed to meet developed country needs while providing no solution to the continent's appalling energy scarcity. Facing rising debt levels, Governments are under pressure to sign deals that will bring profits to North-based multinationals while hundreds of millions of Africans remain without energy and other basic services.

The South already has the capacity to collectively address energy scarcity. It is important to remember that, during the early post-colonial period, many countries in the South developed public rural electrification programs that were in many respects similar to the ones pursued in the Global North perhaps 5 or 6 decades earlier. In fact, most of the world's power systems were installed as public projects designed to advance national and human development.The private sector played a peripheral role in the global electrification process.[87]

The Reclaim and Restore TUED position paper on addressing energy scarcity explains how a public pathway approach can meet this challenge. Its message is directed at the World Bank, which it criticizes for undermining public energy systems via the structural adjustment programs of the 1990s. But the analysis offered in Reclaim and Restore is also an invitation to South governments to revisit the story of electrification prior to the neoliberal period, and to explore ways to draw on that experience.

[83] https://www.who.int/news-room/fact-sheets/detail/household-air-pollution-and-health

[84] Globally, the UN's Sustainable Development Goal 7 (SDG7) seeks to achieve universal access to energy by 2030, with a "substantial increase in the share of renewable energy in the global energy mix." Neither of these goals are reachable based on the current policy framework.

[85] https://www.woodmac.com/blogs/the-edge/africas-energy-future-africas-terms/?utm_source=inside-track&utm_medium=email&utm_content=africa-energy-transition-19nov2024-iss313&utm_campaign=inside-track-november-2024

[86] Douglas F. Barnes, ed., *The Challenge of Rural Electrification: Strategies for Developing Countries, Resources for the Future*, Routledge, 2007.

In terms of a material aid program for Africa, there are surely enough resources in the South for it to be able to assemble a "consortium of cooperation" to facilitate partnerships between public utilities and technology suppliers.

- *Re-engaging the North in ways that can counter the current drift towards trade-related conflicts with a new agenda that transcends the lose-lose dynamics of competitiveness*

The crisis of competitiveness that has gripped the Global North, particularly Europe, has been attributed to high energy costs, and high energy costs have been attributed to Europe's effort to decarbonize.[88] The populist right is calling for Europe to abandon "Net Zero" altogether. But if Europe abandons its climate goals, and/or leans towards green protectionism, then the competitive advantage China currently enjoys will have led to the loss of an important market, particularly for solar PV and battery storage. Similarly, if the US under the second Trump administration reduces or removes subsidies for wind, solar, stationary batteries and electric vehicles, then the market for Chinese products will atrophy. In the case of the US, the boom in shale oil and gas will compensate for loss of jobs in the renewables sector which have for the most part been largely confined to the world of developers (installation work, project design, and the securing of financing from lenders), but Europe has limited supplies of coal and gas—although shale gas development seems to be back on the political agenda.

This presents a scenario where China's competitive advantage as a technology supplier will mean little if these markets disappear. China will then be faced with surplus manufacturing capacity in these technologies. In terms of solar pv, China accounts for over 80% of global production, but just 36% of solar pv production serves its domestic market. We saw a glimpse of what might occur when Europe phased down its Feed-in Tariff for solar during the 2013-2018 period. Scores of Chinese solar manufacturers went bankrupt. It is possible that demand for solar will pick up in the South, but in most cases the deployment has been relatively slow with one or two exceptions (Brazil, for example).[89]

If China loses a third of its current market for solar, this will amount to the equivalent of 330 GW of output. Based on capitalist competition, this could lead to the destruction of green productive capacity that, in a system shaped by global public goods, could be used to address energy scarcity in Africa and elsewhere and give a boost to decarbonization in the more developed countries.

[87] https://commission.europa.eu/document/download/97e481fd-2dc3-412d-be4c-f152a8232961_en

[88] https://www.iea.org/energy-system/renewables/solar-pv

To put this figure into perspective, the entire continent of Africa has installed just 20GW of solar power, and most of it in the Arab states in North Africa and in South Africa. If just a fraction of China's surplus capacity were deployed in Africa it could help address energy scarcity while avoiding the spread of fossil-generated power.[90]

Cooperation is the Only Answer to Green Protectionism

Expressing concerns regarding "green protectionism" measures introduced by the EU and the US, while in many respects legitimate, does not address the problem facing the rich countries in terms of addressing the political challenge presented by the populist right. he North has lost, or is rapidly losing, the competitive advantage it once had in the realm of "net zero" technologies, and now wants to change the rules. The populist right has campaigned against "expensive renewable energy" and how it is accelerating de-industrialization.

A decade ago Europe was the showcase for neoliberal green growth and the undisputed leader in wind and solar deployment.

But the argument that decarbonization would give the EU a competitive advantage over its rivals has been shattered, thus providing clear evidence that decarbonization based on capitalist competition is a risky venture. Protectionist policies are unlikely to save Europe's green sectors (including its electric vehicle producers) and climate targets may soon be abandoned.

Based on a cooperative public goods model, a NIEnO provides the means for both North and South to avoid a green trade war and plan the transition in ways that everyone can benefit. Protection of the climate must transcend the rules of capitalist competition. This will be a difficult and complex task, but the world has no alternative but to move in a more cooperative direction.

Energy Cooperation and Global Public Goods

A global public goods approach accepts that much of the action needed to address climate change will not, and should not, make money for private interests. As a starting point, and in the context of climate change and what needs to be done, the basic principle of global public goods is to assert cooperation and sharing over competition and "resource nationalism."

South Unity for a New (Energy) Order

Inspired by the anti-colonial champions of the NIEO, the idea of a New International Energy Order is informed by the need for South-South "unity of action" given the North's current retreat from its climate commitments and the unmet needs of the poorest regions of the South. The struggle to reclaim energy is crucial in this respect, for the reasons described above.

The impetus for the North's retreat flows from the failures of "green growth" which assumed that capitalist competition and climate protection could co-exist, and private investors would commit capital to a global decarbonization effort as outlined by the Paris Agreement. The South has the means to transcend the limits of green growth, advance energy cooperation in the delivery of public goods. It can show that another energy transition is possible.