MEETING SUMMARY
JAPAN-EUROPE FORUM 2021:
THE POST-PANDEMIC OUTLOOK IN JAPAN AND EUROPE

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INTRODUCTION

This document summarizes the discussions of the 'Japan-Europe Forum 2021: the Post-Pandemic Outlook in Japan and Europe'. This event comprised of three sessions with different foci. Session one examined the macroeconomic perspectives of this relationship, session two debated digitalization and green growth, while the third session observed trade policy and enhancement for inclusive growth. Participating in the event were a range of experts from government, international organizations, foundations, the private sector and academia. The following summary highlights the key themes to emerge in these discussions.

This event was held under the Chatham House Rule of non-attribution. As a result, no names or quotations are mentioned in this summary.

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MACROECONOMIC PERSPECTIVES

THE CRISIS SPOTLIGHT: ISSUES HIGHLIGHTED BY THE COVID PANDEMIC

Crises are revealing events that can often shed light onto the structural fault lines of social and economic systems. The ongoing COVID-19 pandemic has certainly provided many lessons. These were discussed by participants, focusing on some of the long-term concerns in Japanese society that have been brought to light by the health crisis. The initial discussion centred around three issues: Japanese labour force productivity, gender, and social inequalities.

Labour productivity in Japan has remained low in recent years and shows little signs of improvement. This is especially true when compared with other industrial economies. The pandemic, having radically disrupted normal working practices in Japan, has slowed the country's productivity levels. While studies in the UK claim that home-working productivity is comparable to office-working, Japan-based surveys suggest that numbers might be down by as much as 30 per cent. Adding to this issue, the slow pace of digital transformation in Japan has also hampered individuals' ability to work from home, as home working set-ups often lack sufficient equipment and connections. Surveys also suggest that many Japanese employers have been reluctant to allow working from home, and that many employees have been equally reluctant to exploit the working from home possibilities, further complicated the situation. Finally, concerns over the ageing population have also been highlighted by the ongoing health crisis. With international travel restrictions imposed by the government to curb infections, the availability of foreign-born workers in Japan has decreased dramatically, putting immense pressure on the Japanese working population. Over the longer term, this may stimulate new forms of working, including digitization and mechanization. However, this remains a significant concern for the short term, specifically with the continuity of the pandemic.

COVID-19 has partially reversed recent positive trends in gender equality in Japan. While some progress has been seen in recent years, women faced disproportionate hardship over the first 18 months of the pandemic. Pre-pandemic, Japan already had a significant gender wage gap and showed substantial societal reluctance to address the structural inequalities holding it in place. Following the introduction of COVID-19 restrictions, women have been burdened with asymmetric increases in time spent on domestic work and childcare. This has resulted in a fall in female employment, especially by married women. Finally, the nature of the Japanese tax and social security system has further aggravated the position of women in society. These phenomena have not been caused by new inequalities, but by new manifestations of an existing unequal system.

Wealth distribution in Japan has also become increasingly unequal. Japan, alongside other Asian countries, was frequently cited in the past as being equal in income and wealth equality. This was seen as an accomplishment of the Asian development model. Yet, Japan's move towards incentive-based wages, the Anglo-American model, and many companies' shift away from life-time employment, have undermined these notions. New trends in property ownership might have also contributed to this trend. The pandemic, therefore, has only sped up a process that was set in motion long before it, which can be said about many social inequalities in Japan and beyond.

THE ROLE OF CENTRAL BANKS IN A GREENER FUTURE

Central banks can play a significant role in the race to net zero emissions. The costs of the increased frequency of natural disasters, of instability of the financial system, and of market fragility are compelling motives for the sector's involvement. There are at least four paths to a more sustainable financial system.

First, banks can make their investment portfolios greener and more sustainable. This is done through active investigation into the emissions intensity of companies they finance. This type of incentive works beyond the banking sector, promoting greener practices in commercial markets too.

Second, central banks can elongate their projection models. The market standard is to conduct operations based on a 3-to-5-year financial forecast. Banks could instead extend their projections to 2050. This way, daily operations would consider the financial risks of the climate crisis in a more realistic manner

Third, the inclusion of environmental standards in the purchase of corporate bonds by banks. As many central banks engage in quantitative easing, taking this step would make the bank's assets greener.

Fourth, central banks can include environmental standards in the process of lending to other banks. Conditioning bank lending to meet certain environmental standards would incentivise commercial banks to engage with sustainable actions too.

Together, these four paths can push the sustainability agenda in different ways and ultimately help the entire banking sector to improve its practices.

The current banking frameworks in place in Japan and Europe were also examined in this light. Could they be greener? Many central banks employ inflation targeting systems in which, for example, a 2 per cent inflation target secures central banks' operational independence from government. While governments are concerned with fiscal policy, taxing and expenditure, central banks are able to manage their own financial decisions in line with this target. The issue for central banks looking towards a greener future is that climate action is often limited by inflation targets and priorities. In this context, banks are therefore reluctant to make sustainability the main priority, since it might overthrow this framework, and with it their independence.

GOVERNANCE ISSUES ON POLICY RESPONSE TO COVID IN JAPAN

This section of the event underlined some of the Japanese government's mistakes in dealing with the multi-disciplinary impact of the COVID-19 pandemic. Three key problems were highlighted: a coordination failure between agencies, loose border controls, and a disagreement over PCR testing policies.

On the government's failure to coordinate its agencies, the case of restaurants was brought to light. On the one hand, the Ministry of Finance (MOF) sought to improve the government's budget balance and decrease COVID-19 expenditure. On the other, the Ministry of Health, Labour and Welfare (MHLW) wanted to curb infections. When, during times of restricted movement, the MOF decided to stop financial aid to restaurants, restauranteurs' resistance to government policies grew. This led the MHLW to lift restrictions prematurely, resulting in increases in the rate of infections. In turn, the government was compelled to impose new restrictions upon restaurants, creating new expenses. This cycle of incoordination served to increase both the number of infections, and the virus's economic impact.

There were also issues with border control throughout the pandemic. Despite the discovery of the 'Alpha' variant of the COVID-19 virus in Japan in mid-December 2020, it took the government one full month to close the country's borders on 14 January 2021. The MHLW justified this delay by claiming that its experts needed time to examine the variant and formulate its advice accordingly. Similarly, when the 'Delta' variant arrived in Japan in mid-April 2021, it took the government one month before appropriate policies and restrictions were put in place. This can be seen to demonstrate the difficulty Japanese policy-makers have faced in adapting their methodologies to fit changing realities, particularly given the pace of change seen with COVID-19.

The possibility of implementing COVID-19 PCR testing as a possible economic policy was also discussed. Given the staggering number of asymptomatic COVID-19 patients, individuals are not always aware if they are carrying the virus or not. This leads to economic shrinkage as populations adapt their behaviour accordingly. While positive results are *medically* useful – to indicate which patients to treat – negative tests are *economically* useful – identifying which people are sufficiently healthy to navigate society. Escalating the level of testing is therefore seen as a useful tool to revitalise the economy and decrease social uncertainty. However, in the case of Japan, health professionals strictly resisted this idea, preferring PCR testing to be undertaken for purely medical purposes, rather than 'wasted' looking for negative tests. Yet, there was also criticism that not enough tests were being conducted to justify this refrain. Once again, this issue was able to expose conflicting opinions within the Japanese government, with neither side implementing their policies successfully. The compartmentalisation of processes led to the optimization of local agency-specific goals at the cost of cross-agency goals. This practice can also hinder green advances within governments, so must be addressed in order to overcome both the pandemic and the wider climate emergency.

INTER-GENERATIONAL ISSUES

Having observed how governments failed to collaborate during the pandemic, participants also questioned their ability to address inter-generational challenges like the climate crisis. One proposed solution was a mechanism called 'future design'. In this idea, organizations create a role for future-generation representatives. This can be done figuratively, or practically, by adding a team member with responsibility for supporting this perspective. The mechanism recommends that this person, or people, advocate only for future generations, rather than advocating for short-term practicality, profit, etc. This adds a very real voice to discussions that can otherwise often be dismissive of climate concerns.

This idea was then challenged on what it says about the timeframe of the climate emergency. This crisis should not be seen as a problem for the future, but one that already exists in the present. The recent floods in Germany, as well as the fires in Canada, are current examples of climate change-driven catastrophes. While the future design mechanism is useful, it is not enough, as it fails to consider present generations as victims of climate disasters. Policymakers everywhere need to be prompted to see the true urgency of this crisis and act accordingly.

Participants also discussed how climate action has sparked present day generational debates. The issue of carbon pricing was used to illustrate this point. Carbon prices are argued to be extremely low, which allows for emissions-intensive companies to make profits. Escalating carbon prices would incentivise companies to become more sustainable. Yet, there is considerable resistance to this within society, particularly from older age groups. This happens in both the public and private spheres. Publicly, traditional organisations and industries might lose their competitive advantage with higher pricing, as is the case of the automobile industry in Germany. Older generations leading these sectors therefore offer fierce opposition to some climate policies. Privately, older age groups might also dispute price changes that accompany carbon pricing, such as the price of energy. This is particularly true for citizens that reply on limited pensions in their retired years. One participant summarized this issue by claiming that while younger generations worry about their children's health and safety, senior generations worry for the economic structure of their countries.

COLLECTIVISM AND INDIVIDUALISM

Participants observed that the UK government, much like its Japanese counterpart, has failed to coordinate between economic and public health targets. This has resulted in shifting policies, public uncertainty, and the emergence of a rhetoric of "freedom". The political argument on freedom, which emerged in the UK, revolved around libertarian values and, ultimately, was pursued at the cost of public health. This discourse partially aligned with the plea of certain sectors, namely hospitality and aviation, that were worried about collapse. In this context, participants discussed the place of individualism and collectivism in both European and Japanese societies.

In historical analysis of crises, the conflict between altruistic desires versus the individual need for survival arises frequently. It is seen during war time, as well as following natural disasters, and takes place at the government, community, and individual levels. It is useful, therefore, to conceptualize coordination as a scarce resource during times of hardship. Even the Japanese government, leading a society that has traditionally demonstrated high levels of collectivity, failed to coordinate its goals and strategies during the COVID-19 pandemic.

However, while government agencies behaved individualistically, Japanese society has been seen to demonstrate higher levels of collectivism than elsewhere. Some participants commented on how Japanese people monitored each other to ensure that restrictions were being followed. This was attributed to a sense of societal and cultural obedience, which was deemed an advantage to policymakers.

DIGITALIZATION AND GREEN GROWTH

THE GREEN AGENDA DURING THE PANDEMIC

Activists and academics in the climate space have expressed relief that the pandemic did not displace the climate agenda entirely. Even during the months of tougher restrictions and widespread fear throughout the initial spread of COVID-19, green issues still had a place in popular, academic, and political discourse. In fact, the pandemic aided the dissemination of what the academic world has long known: that sustainability and profitability are interlinked. The COVID-19 crisis demonstrated that companies that have a better understanding of their supply chains, such as sustainable companies, will outperform traditional companies. By having better knowledge about their suppliers, as well as what risks they face, green companies were therefore better able to navigate the pandemic when it hit those supply chains.

Participants discussed the Paris Agreement national targets[1], especially Japan's new domestic emissions reductions target of 46% by 2030, from 2013 levels. It was recognised that while this is a good international pledge, it is insufficient in terms of action. Japan still plans for 19% coal power generation, which is inconsistent with the urgency of this crisis. Moreover, countries need to introduce and enforce policies to help them to reach these goals. The UK has legislated its targets, which is a significant step towards meeting them, but it is not yet where the country needs to be to prevent 1.5 degree warming.

To successfully transition to a green economy, countries need to pay attention to both mitigation and adaptation. While targets and policies help mitigate the crisis, citizens and organizations will need help adapting to these changes. Many observers believe that limiting warming to 1.5 degrees is now impossible: the world already stands between 1-1.2 degrees warmer than pre-industrial levels. If the international community remains committed to 1.5 degrees warming, we are likely to see a situation that exceeds the 1.5 degree target and then requires renewed efforts to reduce this back down. A world where humans do not need to significantly alter their livelihoods is no longer a possibility. Going forward, all must adapt to the new reality. Governments should, therefore, fund adaptation initiatives at home and beyond to ensure international targets can eventually be met.

It was questioned whether 'green' growth was possible and desirable. Participants noted that this is likely to depend on the context in which green growth is discussed. When contrasting green growth to normal growth, analysts will support green as it is believed to be more profitable and stimulating for the job market. However, when contrasting green growth to no growth, the debate is fiercer. While many cannot consider no growth an option, others argue it is the only solution in the current reality.

CORPORATE TRANSFORMATION

While participants agreed that government subsidies would be beneficial to aid a large-scale green transition, this is rarely offered. So, what might motivate a company to transition to sustainability without government assistance? Several incentives were identified:

[1] The global framework to limit global warming to 2 degrees Celsius, preferably 1.5 degrees Celsius, below pre-industrial levels.

- **Business opportunities** to enable access to a more climate-aware customer base and new sustainable business models, among others.
- **Technological advances** can aid a green transition in two ways: by innovating new ideas but also by enabling older green ideas to become more affordable and scalable.
- **Social pressure** from investors, employees, customers, and other stakeholders will also have influence.
- **Values and responsibility,** as outlined in a company's code of conduct, may also account for the value of climate and nature, and acknowledge a company's responsibility to undo any environmental harm it might have caused in the past.
- However, disincentives such as **policy risks** and **stranded assets** can also play a role: those companies choosing not to independently transform to become more sustainable risk being left behind as more and more green legislation is passed. Companies also need be aware of the importance of investing in technology that will survive the sustainability transition; for example, there are already 6 to 12 trillion USD in fossil fuel stranded assets across the world.

In terms of how a company might undertake a green transformation, first, it must identify opportunities to contribute positively to systemic risks. Participants discussed the importance of using the UN's Sustainable Development Goals (SDGs) as a framework for how an organisation might contribute to green development. Companies should acknowledge the 17 SDGs, as well as their sub-targets, and identify opportunities to contribute to them. Second, 'smart' goals must be set that incorporate not only climate, but also goals relating to nature and equality. That is, corporates must strive to help the biosphere, biodiversity and human societies in equal measure. Third, companies should identify innovation opportunities within their sectors. Technological developments might guide this step. Fourth, companies should adapt their governance models to integrate the SDGs in performance management. This would ensure sustainability enters the company DNA, helping innovative and green thinking to thrive.

CHANGES IN THE ENERGY MARKET

Like many others, the energy sector has suffered due to COVID-19. Disrupted supply chains, new legislation, and global insecurity have all contributed to changes in this space. One very clear impact of the pandemic was a global increase in energy consumption. People now work, shop, and talk more online than ever before. This promoted an unexpectedly fast digitalization of society, creating a host of problems on the supply side of the industry. While many governments have been incentivised to look for additional sources of energy, investment in new capacities is trickier than before given pressures to decrease carbon emissions. Adding to this problem is the variability in supply of renewable energy sources such as solar and wind power. Funding has also become an issue, as both manufacturing and energy supply companies have struggled to secure funds for investment in the future, instead allocating funds to their traditional day-to-day business. Fuel purchase has also not provided an easy solution as competition for existing resources has increased alongside new demand. The combination of these factors has escalated energy insecurity in many parts of the world.

Participants reflected on the role that China has played in the (in)security of the energy sector. China owns over a 90 per cent market share of the solar panel industry, as well as over half of the world's refining capacity of critical resources, such as lithium, cobalt, nickel, copper and rare earth metals. These are some of the key assets that countries need to build renewable infrastructures and achieve their net zero targets. Countries with solar potential will benefit China via demand for panels and rare earth; while countries with little renewable potential will invest in motors and batteries that also require these metals. The development of alternative materials and promotion of recycling systems are therefore urgently needed to avoid feeding China's monopoly in this field. China's role can be viewed as particularly complex in the face of COP26; while geopolitical tensions suggest that China may not play a constructive role at the conference, various industrial incentives from within China point to it potentially having a very productive role to play. Participants were therefore both hopeful and apprehensive about China's role at the forthcoming meeting.

Despite all the changes to the energy sector throughout the pandemic, the urgency of the climate crisis has not altered. If anything, the energy sector has seen many more challenges arise as more governments declared net zero targets. The key problem in this context is no longer whether net zero should be achieved, but how. Many technologies that are hoped will help to achieve this goal are entering the demonstration stage, but they will also need to reach a level of affordability quickly so that solutions can be disseminated at scale. Participants concluded that it will be a combination of technological advancements and actions by companies that will realise decarbonisation and achieve net zero targets. The key role of governments in this context is to provide an environment that enables sustainable companies to engage in healthy competition.

EMERGING MARKETS AND GREEN GROWTH

The pandemic, much like the climate crisis, has restated the distinction between developed and developing economies. Some European countries have already begun distributing the third shot of the COVID-19 vaccine to their populations, while many of their African counterparts are yet to deliver effective first-round vaccination strategies. Europe and Japan should build local partnerships and facilitate investment in Africa to narrow this gap. Participants commented that the current cost of capital and interest rate conditions are effectively prohibitive of European investment in Africa. A blend of financial solutions could improve these conditions and attract investment. By observing the international inequalities that have plagued the world since the onset of the pandemic, it has become clear that it is the responsibility of developed economies to mitigate the largest portion of this crisis. Without vaccine equity, African nations will continue to suffer through the pandemic and there will be little space for a moral or practical argument about rebooting the global economy if a whole continent is left behind. This is especially true in the transition to sustainable practices and clean energy. It is unrealistic for developed economies to pressure developing economies to transition quickly while they are still in the midst of dealing with COVID-19.

Participants argued that developed economies should shoulder the bulk of the costs and adaptations of the sustainable transition. As much as 70 per cent of the global carbon budget is consumed by OECD countries. It was the development of these economies that caused the climate crisis, so they must bear the bulk of the responsibility in undoing it. That means focusing on transitioning markets into green economies, investing heavily in new technologies, and educating developing countries on past mistakes that can be avoided. More importantly, it is imperative that advanced economies understand and commit to these responsibilities, instead of an idea of equal shares. This will result in a much quicker and harsher transition in developed economies, but also offer a real chance at beating the climate crisis.

TRADE POLICY AND ENHANCEMENT FOR INCLUSIVE GROWTH

WHAT IS THE IMPACT OF THE PANDEMIC?

At the time of the roundtable in September 2021, the COVID-19 pandemic was still not over and there was still little evidence to suggest that the world had entered the last stage of the crisis. While many governments and their populations hoped that the vaccine would be the solution to the problem, this has so far proven untrue. There are three ongoing problems with vaccination access worldwide. First, developing economies have had little access to the vaccine. Second, certain developed economies have struggled with a growing anti-vaccination lobby. Third, the growing social inequalities that have pushed millions outside of stable housing, have created huge logistical challenges regarding vaccination of homeless populations. With emerging markets still caught in the eye of the storm, millions refusing immunisation, and millions more without stable housing, the eradication of COVID-19 remains out of reach. Participants were consequently cautious about judging the impact of an event that has not yet ended.

Some of the global trends that we see today predate the pandemic. Supply chain disruption, for example, was already taking place before the arrival of the virus. In the UK, Brexit has created difficulties. In many developing economies, natural disasters and climate change have reshaped production patterns. The designation of global border restrictions during the pandemic has certainly deepened these concerns, although they were not fully functioning before the virus either. Another trend that predates the pandemic is that of anti-globalization political movements, and the rise of opponents to free trade. This is less common in Japan, but has certainly been seen in Europe and in the US. Considering these realities, it has become clear that only once the pandemic is safely in the past will it be possible to fully and objectively assess its impact on contemporary society.

THREE HYPOTHESES ABOUT INCLUSIVE GROWTH

Inclusive growth can be defined as economic growth that is distributed fairly across society and creates opportunities for all. This raises several challenges in the Japanese context due to persistent low demographic growth, rising wealth inequality, and increasing income inequality.

Free trade has been the basis for inclusive growth in post-war Japan. In post-war Japan the country's economic system was transformed to focus on private property, open markets, and a hard currency. At this time, market opportunities expanded strongly. The outcome was a rapid increase in income levels, a fast-growing middle class, and rising savings. These savings became the basis for widespread investment, which powered the high growth of the Japanese economy after World War II.

Since the 1990s, there has been a change in Japan's growth model. The non-inclusive post-bubble growth-model has been based on expansionary fiscal and monetary policy. It caused asset price inflation, financial repression, and real-wage repression, and resulted in negative real interest rates for savings held in Japanese banks. Simultaneously, the mean wage level in Japan started falling following the Japanese financial crisis in 1998.

Further, export promotion based on loose monetary policies increased regional disparities in Japan. The unconventional tools of Japanese monetary policy included Yen depreciation, improved financing conditions for large enterprises, and promotion of the stock prices of large enterprises due to stock purchases by the Bank of Japan. Thus, the loose monetary policy increased in particular the income of large export-oriented enterprises, which tend to be clustered around certain Japanese regions, such as Kanto and Nagoya, heightening regional disparities. At the same time, these policies paralysed productivity growth and put a constraint on the rise of income levels, which became a burden for economic activity in Japans periphery regions. Lastly, the monetary policy of the Bank of Japan resulted in the loss of domestic purchasing power due to persistent capital exports.

Given this context, it was suggested that Japan should consider gradually tightening its monetary policy and combining this with fiscal consolidation. Moreover, it might also exchange the consumption tax for a carbon tax, and maintain free trade as a priority. Tighter monetary policy would work together with increasing interest rates to force enterprises of all sizes to promote efficiency gains. The resulting productivity gains would in turn create the opportunity for real wage increases, especially for younger generations and less qualified people, who have suffered most under the post-bubble economic policy. These changes would help to safeguard the greening of the economy for the future, trigger inclusive growth, create opportunities for all, and ensure a more efficient allocation of resources.

LEARNING FROM EACH OTHER

On the issue of what Japan and Europe can learn from the respective economic challenges that each has faced, participants expressed concern. European countries have largely followed the same path as post-bubble Japan: in the face of economic issues, they have cut interest rates and flooded their markets with cheap liquidity. This has led to the zombification of economies and very unjust income and wealth effects at the cost of younger generations. As a result, demographic issues will continue to intensify across European countries; if governments persistently and systematically shift the burden of specific problems to the next generation, these individuals will struggle to achieve the financial stability required to start and grow families. This decrease will in turn create challenges for sustaining pension schemes. To diminish these problems, Japan and Europe should instead reframe their macroeconomic policies to work in the interest of younger generations. While this may be a difficult shift to enact, it will have real benefits to entire society.

Participants also discussed whether Europe can learn any lessons from Japan in its dealings with the economic and political impact of trade liberalization. Unlike Europe, Japan has not suffered from extensive youth unemployment. While this might seem positive, it is explained by country-wide stagnation in productivity and low wages. While an abundance of low paying jobs often results in high immigration, Japan has taken very few immigrants, instead preferring to employ younger workers or export labour intensive processes. The latter is the reason why the Japanese government is keen to maintain the low value of its currency and promote export of these services.

One lesson that could be learned from the European experience is to increase its investment in post-graduate education. There is currently low demand for highly academic employees within Japan, which has not only discouraged post-graduate studies, but also pushed (over) qualified youth to seek employment abroad. By investing in Japanese higher education, human capital investment will increase and, in turn, potentially also the required skill level of the average job.

THE CPTPP AND THE CHINA QUESTION

The Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) forms an important part of the framework for international trade in the Asia-Pacific. The international agreement evolved from the Trans-Pacific Strategic Economic Partnership Agreement, also known as P4. This was a relatively small initiative by Brunei, Chile, Singapore and New Zealand in 2005. Since then, the CTPPP has grown to include eleven signatories. In 2017, Donald Trump withdrew the US from the CPTPP and it is now anticipated that China may wish to fill the US power vacuum. However, Chinese membership of the CPTPP remains a hotly contested topic; a debate that was echoed by the discussion at the roundtable.

Some participants believed China's application to the CPTPP to be concerning for the entire international community. China's objective was identified as building 'discourse power' within international organizations, joining international forums to have access to the conversion, rather than the being interested in collaboration. This could enable China to amass enough power within such organizations to displace current arguments, monopolise discourse, and replace existing rules with its own. Such a scenario would be unaligned with the values and origins of CTPPP. At its start, P4 envisioned trade liberalization and protection from unfair trading policies imposed by huge powers, which should remain the guiding principles for decision-making about new members.

Others suggested that there is scope for collaboration within the agreement. CTPPP offers a rules-oriented space in which countries can collaborate. There is no opportunity to bargain for special status and all members must sign up to the same rules when they join, as the UK agreed to do, when it launched its accession to the CPTPP in 2021. These participants felt that, if a government is willing to enact the required changes and accept all rules, they should be allowed membership. It was asserted that Taiwan should also be granted access to the CPTPP. In 2001 China and Taiwan both joined the WTO simultaneously. While the political economy was completely different at that time compared with today, it demonstrates both states can coexist in the same international forum.

ECONOMIC INTEGRATION AND PEACE

The idea of economic integration as deterrent to war was another topic that was discussed with diverging views. On the one side, Europe has sustained peace in its neighbourhood for the last seven decades by heavily integrating the economies of its member states. The free movement of people and capital has promoted economic freedom, which in turn has set the foundations for peace. This was used to argue that, in order to nurture good political and economic relationships, powerful countries need free-market based economic systems. This was a concern given that both the US and China have been moving away from this model.

On the other hand, it was argued that the idea of peace and integration should be decoupled, with a focus on relationships based on correlation, not causation. The example of Western Europe in the post-war period and the participation of the US in creating European peace can be used to demonstrate this. After the end of the war, every western European country was either partly occupied by or totally dependent on the US, enabling the US to make certain decisions about those countries. The US was in favour of European peace, and wanted a united Europe against the Soviet Union. Western Europeans were only partially agreed on the Soviet threat, but most preferred a US-led system to the alternative. It was therefore not only interdependence that brought peace, but rather the combination of Europeans' efforts and the state of the wider international relations system – namely the threat of Soviet confrontation, the Marshall Plan, NATO – that forced Europeans to make peace. It was acknowledged that this situation is quite different to the current US-China stand-off, however, as neither country is superseded by a higher power, meaning that maintaining a peaceful relationship is a much bigger challenge.

CONCLUSION

Many of the themes discussed at the roundtable pointed to the urgency of the crises humanity currently faces, as well as the inadequacy of current measures. On the sustainability front, speakers were clear that the target-setting approach of governments is useful, but insufficient to meaningfully tackle climate change. Regarding trade, the Chinese threat was observed with concern. Nevertheless, participants also discussed encouraging topics. The positive conversations demonstrated the ability of corporations to contribute to the green transition, especially given insufficient government action. They also showed how the development of new technologies can help the world to face the climate crisis. Across all of the themes discussed, it was made clear that collaboration and debate is the key to ensuring a brighter future.