BCCC

ICAS
Institute for China-America Studies

ICAS Blue Carbon & Climate Change Program

Quarterly

Quarter 2 - 2026

ICAS Blue Carbon & Climate Change Program

The ICAS Blue Carbon and Climate Change (BCCC) Program explores new policy pathways for sustainably developing the blue carbon economy and combating climate change.

The goal of this program is to establish a platform for academic exchange between experts around the world to produce tangible policy recommendations for countries to follow together. Most prominently, the program endeavors to find new pathways for multilateral engagement and mediation in areas of competition to promote mutually beneficial cooperation on climate change where possible.

The BCCC Quarterly Team

Research & Editing by Zhangchen Wang	Research Associate
Research & Editing by Jinliang Ding	Part-time Research Assistant Intern
Editing by Rian Knighton	Communications and Program Coordinator
Advising by Nong Hong	Head of BCCC Program Executive Director, ICAS

Learn more on the ICAS BCCC Program webpage

ICAS
Institute for China-America Studies

BCCC ICAS Blue Carbon & Climate Change Quarterly

April - June 2026

Contents

This Season's Global Climate Affairs

Issues & Updates on Blue Carbon

Mombasa Ocean Summit Drives Progress on Marine Protection, but Threats Persist

Friday, June 19
Source: *Climate Home News*
[Global]

This year's Our Ocean Conference reaffirmed more than 300 commitments on marine protection and emphasized the growing role of oceans in climate change, with the blue carbon ecosystems among those that gained more visibility. The conference tracked $6.4 billion mobilised for ocean commitments, including $1.1 billion dedicated to climate-related initiatives. However, to turn pledges into progress, much greater funding and policy support are required.

Mangrove Forests Fight Climate Change—But Climate Change Is Fighting Back

Friday, Jun 5
Source: *Inside Climate News*
[Global]

Researchers find that rising sea levels could reduce the carbon-storage capacity of mangrove forests, despite their long-standing ability to adapt to coastal flooding. While in some areas mangroves may initially absorb more carbon, the overall ecosystem is likely to store less carbon over time as suitable habitat shrinks. In some cases, mangrove forests could even emit carbon back into the atmosphere.

Mangrove Forests Are Healing after Decades of Human Destruction

Thursday, June 4
Source: *BBC*
[Global]

A new study shows that following decades of decline, mangrove forests around the world have experienced a net recovery since 2010, with both forest loss and degradation rate slowing due to stronger legal protection and growing public awareness. However, progress has been uneven across regions. While mangroves have demonstrated strong capacity to regenerate once human pressures reduce, threats such as pollution, coastal development, and tropical cyclones continue to pose significant risks to these ecosystems.

South Korea turns to ocean ecosystems for carbon cuts

Thursday, May 28
Source: *UNDP*
[South Korea]

South Korea has unveiled a national strategy to expand blue carbon by restoring and protecting tidal flats and seaweed ecosystems. The plan broadens the country's blue carbon approach beyond traditional coastal habitats to include seaweed. The government aims to strengthen scientific monitoring, carbon accounting, and restoration projects while integrating blue carbon into national climate policy.

Vietnam Launches National Blue Carbon Action Partnership

Thursday, May 28
Source: *UNDP*
[Vietnam]

Vietnam officially launched its National Blue Carbon Action Partnership (NBCAP), a multi-stakeholder platform designed to coordinate efforts to protect and restore coastal ecosystems such as mangroves, seagrasses, and tidal marshes. This initiative aims to strengthen policy coordination, mobilize investment, and advance nature-based climate solutions.

Caribbean Countries Participate in Regional Knowledge Exchange to Advance Blue Carbon Markets

Friday, June 5
Source: *The San Pedro Sun*
[The Caribbeans]

The Government of Belize and the Inter-American Development Bank convened a regional knowledge exchange to advance blue carbon markets in the Caribbean. Attended by representatives from Belize, Jamaica, and Trinidad and Tobago, the workshop helped participants identify key gaps and opportunities, as well as the need for improved governance, data systems, and capacity building to support the development of high-integrity blue carbon credits.

Indonesia Fast-Tracks Blue Carbon Pricing Program

Tuesday, April 14
Source: *ANTARA*
[Indonesia]

Indonesia's Ministry of Marine Affairs and Fisheries is fast-tracking carbon pricing initiatives in the marine and fisheries sectors to support the blue economy. The ministry is focusing on three main pillars: regulatory aspects, data and information management, and blue carbon restoration pilot projects. The total blue carbon potential from mangroves and seagrass ecosystems under the ministry's jurisdiction is estimated at 10 million tons of CO_2 equivalent annually.

Philippines Taps Blue Carbon and Biodiversity Credits to Protect Coasts and Climate

Friday, April 10
Source: *Carbon Credits*
[The Philippines]

The Philippines has advanced its National Blue Carbon Action Partnership (NBCAP) Roadmap, a national strategy to conserve and restore blue carbon ecosystems while exploring biodiversity credits to support ecosystem conservation. Recently submitted to the Department of Environment and Natural Resources, the roadmap aims to strengthen coastal resilience and align blue carbon initiatives with the country's climate commitments.

Environmental Protection

News on Environmental Protection:

- **Global**: African and Commonwealth nations meeting at the Our Ocean Conference in Kenya called for rapid implementation of the High Seas Treaty (BBNJ), warning that many marine conservation commitments have yet to translate into meaningful protection. Delegates emphasized the need to move from pledges to concrete action, with leaders highlighting Africa's growing role in global ocean governance and marine conservation. (*AP News*, June 17)

- **Global**: Scientists have identified nearly 166,000 square kilometers of coral reefs that appear capable of surviving the climate crisis, three times more than previous estimation. The findings suggest that some coral ecosystems are more resilient to warming waters and environmental pressures than previously thought. This opportunity of coral reef conservation urges complementary policy action to advance the global "30 by 30" goal of protecting 30% of the world's land and oceans by 2030. (*Reuters*, June 16)

- **United States**: A network of volunteer sea turtle rescue groups across Florida is helping protect endangered and threatened sea turtle populations from fishing-related injuries, one of the leading human-caused threats facing marine turtles. At Florida's Navarre Beach Fishing Pier alone, volunteers rescued 59 turtles in 2025 and more than two dozen in the first half of 2026, transporting injured animals to rehabilitation centers for treatment and release. (*Inside Climate News*, June 13)

- **China**: The NDRC releases a new ecological compensation plan aimed at reducing reliance on government funding for environmental protection. The plan introduces 20 measures to expand market-based compensation, promoting emissions and water right trading, green finance instruments, ecotourism, etc. The reforms seek to reward conservation while supporting local economic growth, creating opportunities for localities to turn ecological assets into investable green projects. (*Yicai*, May 22)

- **Brazil**: Deforestation in the Amazon decreased by 36% between August 2025 and March 2026, reaching the lowest level since 2018. This decline is attributed to government actions and increased enforcement by Brazil's environment institutes. However, the number of wildfires increased by over 30%, and deforestation in Roraima rose by 21%, highlighting the need for continued efforts to combat illegal deforestation and promote sustainable initiatives. (*Inside Climate News*, May 14)

- **United States**: The Environmental Protection Agency (EPA) has approved the country's first marine carbon dioxide removal field trial, authorizing Carboniferous to deploy crushed sugarcane biomass on the deep seafloor in the Gulf of America to test its carbon storage potential. The pilot project is the first federal permit for ocean-based biomass sequestration. The approval comes as the EPA removes Biden-era web content describing the role of oceans in climate change mitigation. (*E&E News by Politico*, April 2)

Climate Policy & Diplomacy

Show Me the Money? Climate Action Enters Financing Deadlock at Bonn

What is Happening

- Kicking off the mid-year climate talk in Bonn, UN climate chief Simon Stiell warned that governments must stop "reopening past debates or renegotiating commitments already made". He also urged governments to advance Global Goal on Adaptation, Global Stocktake, and a new mechanism for just transition. (*Climate Home News*, June 8)

- Ahead of the talk, a document reveals that The EU sets to adopt a "short, sharp, and more strategic" negotiation approach after struggling to advance its priorities at COP30 in Brazil. The strategy emphasizes firmer focus on a smaller number of priorities, engaging in year-round climate diplomacy, and building alliances with both traditional partners and opposing parties before the summit begins. (*Reuters*, June 8)

- As host of COP31, Turkey's environment minister Murat Kurum sets energy electrification as a flagship priority of the COP31 conference, proposing a target to electrify 35% of global energy use by 2035. In addition to the electrification target, the COP31 presidency also calls for halving the increase in global waste and increasing energy efficiency in buildings by at least 25% by 2035. (*POLITICO*, June 9)

- COP31's co-president and Australia's climate minister Chris Bowen warned governments of the risk of fossil fuel dependence. Supporting Turkey's energy transition proposal, Bowen states that it is the "fastest way to strengthen energy security, cut emissions, and bring down costs". (Agence France Presse, June 8; *POLITICO*, June 9)

- Finance dominates negotiations, yet little progress is made regarding climate finance commitments. Discussions on the Global Goal on Adaptation (GGA) have become deadlocked over how to implement the COP30 commitment to triple adaptation finance by 2035. Developing countries are pushing to explicitly reference a $120 billion annual target, calculated by tripling the previous $40 billion goal, while developed countries have resisted fixing a specific figure and could instead use actual 2025 funding levels as the baseline, resulting in a substantially lower target. (*Climate Home News*, June 15)

- Disputes over governance reforms have stalled efforts to transition the Adaptation Fund to operate exclusively under the Paris Agreement, potentially delaying access to future revenues from Article 6.4 carbon market. This could prevent the Fund from accessing a significant source of funding at a time when many developed countries are reducing overseas climate finance commitments. (*Climate Home News*, June 16)

- Progress is made on plans to operationalize COP30's Just Transition Belém to Antalya Mechanism (BAM). However, serious disagreements remain on its vision and scope, with BAM's role in financing

for just transition in developing nations being a major point of contention. (*E3G*, June 18)

- Negotiators from fossil fuel-producing countries push back on references to the IPCC, UN's expert scientific panel on climate change, and challenge the need to limit warming to 1.5C. Saudi Arabia opposed language expressing concerns over El Nino, while India suggested deleting any reference to "irreversible changes". (*Agence France Presse*, June 17)

Why it Matters

Seeking to lay the groundwork for the COP31 meeting in November, this year's Bonn Climate Conference concluded after two weeks of negotiations that yielded limited substantive progress while exposing significant deadlock over climate finance that divides developed and developing countries. Just as UN climate chief Simon Stiell remarked in his closing statement, the "you-first-ism" observed across negotiation rooms is "a recipe for gridlock", undermining the transition from climate ambition to implementation.

Disputes over finance spilled into nearly every major negotiation track, including adaptation, mitigation, and just transition. One of the most contentious issues concerned the Global Goal on Adaptation (GGA), where parties disagreed over whether to formally incorporate the commitment to triple adaptation finance by 2035. Unlike renewable energy and other mitigation projects, adaptation investments largely rely on public finance as they generate limited financial returns. However, with the U.S. withdrawing from the foundational UN climate treaty and European countries cutting climate finance to fund their military, sources of climate investment and aid are shrinking. Meanwhile, climate-vulnerable nations are facing immediate and escalating climate threats. For them, securing predictable public climate finance is a central priority. However, developed nations argue that the GGA negotiations should focus on technical issues such as resilience-building measurement, signifying a growing divergence in priorities and interests between climate-vulnerable developing countries and developed nations.

Deadlock was also evident in the Mitigation Work Programme (MWP) as parties disagree over whether it should actively drive stronger emission reductions or simply serve as a platform for discussion. Moreover, divergence emerged on the fundamental climate science and the 1.5C target. However, instead of being a complete climate denial, the debate was more fundamentally about equity, where developed countries are accused of failing to provide sufficient climate finance and technological support. Nevertheless, these politicized disputes could dilute the significance of scientific findings, undermining their ability to serve as a common foundation for urgent climate action.

Whether it is developed countries resisting the formalization of tripling financial commitment in the GGA, or large, developing countries questioning the distribution of mitigation responsibility, these disagreements in Bonn ultimately reflected competing political and economic interests. As negotiators avoid discussion by citing agenda and scope, a gap between climate negotiations and real-life climate challenges is revealed. With climate risks intensifying as can be observed in this year's El Nino, repeated deadlock over the same topics and persistent procedural disputes raise broader questions about the ability of the UN climate process to transition towards implementation. As any climate decision in the UN negotiation would require consensus, Bonn again highlighted the challenge of translating shared climate goals into collective action.

However, the conference was not without signs of progress. Highlights of the meetings include the incoming Turkish COP31 Presidency's Action Agenda, which proposed a target of electrifying 35% of final energy consumption by 2035. The Brazilian COP30 leadership also presented their roadmap for transitioning away from fossil fuel. Despite these initiatives being outside of formal negotiations and relying on voluntary participation, they generated valuable momentum around real-world efforts. Moreover, negotiations on just transition moved forward with the development of a blueprint for the new Belém-Antalya Mechanism (BAM), moving the discussion toward operationalization.

The continued disagreements exposed in Bonn reflect not merely inertia, but genuine questions about how global climate negotiations should move forward. The EU's efforts to coordinate negotiation strategies ahead of COP31 demonstrate the importance of diplomacy and coalitions in advancing climate objectives. At the same time, the emergence of initiatives such as the Santa Marta summit suggests that "coalitions of the willing" are gaining popularity in driving climate actions.

Yet despite alternative pathways, the global legitimacy of COP should remain indispensable. Minilateral initiatives risk underrepresenting developing regions, thus reinforcing existing inequalities in global climate governance. Rather than bypassing difficult negotiations, countries must demonstrate their willingness to commit and confront them directly. While developed countries have increasingly emphasized streamlining finance and mobilizing more funding sources, these conversations should not divert attention from the need for public finance. Therefore, with this year's Bonn talks producing more disagreements than solutions, the challenge facing COP31 and future climate talks will be finding ways to move beyond procedural disputes and demonstrate that the consensus-based climate regime remains capable of delivering meaningful progress in an increasingly fragmented geopolitical environment.

EU-China Trade Imbalance: A Brewing Storm for Green Transition?

What is Happening

- At the 2026 Conference on EU-China Relations, president of the EU Chamber of Commerce in China emphasized the gaping trade imbalance between China and the European Union. The EU's trade deficit with China has reached a peak of nearly €400 billion in 2022. In March, the European Commission proposed the Industrial Accelerator Act (IAA) to bolster manufacturing and business growth. Criticized by China as protectionist, this industrial policy would constrain China's investment in Europe's hi-tech sectors and encourage companies to diversify their supply chains. (*SCMP*, May 17)

- While the EU considers Section 301-style trade tools, China warns the EU of retaliation against new trade restrictions and characterizes the EU rhetoric as protectionist. China's Ministry of Commerce adds that the two parties were exploring the establishment of a trade and investment consultation mechanism. (*SCMP*, May 31)

- Meanwhile, China's cleantech investment in the EU continues as the bloc intensifies scrutiny on China-originated products, especially electric-vehicles. China's SAIC has selected Spain as the destination to build its first EU car plant. With an initial investment of €200 million, this investment is

expected to create more than 2,000 jobs and source local components. (Bloomberg , June 1)

- With China's imports from the EU falling by 1.3% in May, widening the trade imbalance despite a slowdown in exports, the EU is considering new trade restrictions against China. Experts warn that this might harm China's "new three" energy industries, as Europe accounts for 40% of their exports. (Bloomberg, June 9)

- While the EU urges companies to diversify their supply chains away from China, the bloc's continued reliance on Chinese suppliers was underscored by lobbying from European automakers to temporarily lift sanctions on a major Chinese semiconductor producer, amid fears of severe disruptions to vehicle production. (Bloomberg, June 16)

- In the June 18 conference, EU leaders debated new measures to address the growing trade deficit with China and reduce reliance on Chinese imports, particularly for supplies such as rare earths. While consensus is reached on the need to diversify their supply chain, the bloc remains mixed on their approach, with countries like France advocating for a tougher stance while others such as Spain urging cooperation rather than competition. The European Commission is tasked with exploring potential measures to tackle overcapacity and overreliance on single suppliers. (Reuters, June 18)

Why it Matters

The looming EU-China trade war, dubbed the "China Threat 2.0" as China climbs up the value chain into high-tech manufacturing, appears to have reached a point of impasse as European leaders opted against immediate actions in the recent Brussels meeting despite past month's combative narrative. While the European Commission prepares a new set of trade instruments and Sino-EU leaders expected to meet at the end of June, one reality has become increasingly clear: while China is a strategic and economic competitor, it has also become indispensable to Europe's manufacturing base and energy transition.

Energy and green technology are sitting in the front and center of this competition. As the largest export destination for China's "new three" products, namely photovoltaics, lithium-ion batteries, and EVs, the EU relies greatly on China's green technology. At the same time, China's slowing domestic economy has made exports of advanced manufacturing increasingly important. While seemingly an interdependency, this relationship is severely asymmetric as China has the chokehold on rare earth processing and critical supply chains across energy-intensive industries from chemicals to automaking, giving Beijing considerable confidence to retaliate should the EU impose further trade restrictions. Besides, a EU-China trade war would likely generate spillovers affecting global markets, much as how Trump's tariffs on China redirected Chinese exports towards Europe.

Therefore, the emerging policy direction of EU-China trade becomes selective engagement and managed frictions. Diverging positions within the EU, highlighted during the meeting in Brussels, illustrate this reality. While some countries favor tougher policies towards China, others such as Spain continue to pursue pragmatic cooperation. Prime Minister Pedro Sánchez's state visit to China in April reinforced Madrid's position as the preferred EU landing zone for Chinese clean-tech capital. Along the same lines, SAIC's decision to establish its first EU electric-vehicle plant in Spain demonstrates how opportunities for

mutually beneficial engagement between China and the EU remain. In this case, manufacturing localization not only creates domestic jobs, but also facilitates R&D collaboration, technology transfer, and supply-chain de-risking,allowing the EU to benefit from China's strengths in clean-tech manufacturing while strengthening its own industrial base.

Selective cooperation also remains possible in areas where comparative advantages or mutual interests are strong. China can provide cheaper materials for energy-intensive industries and technology know-how for green technologies, while the EU can share their expertise in developing carbon markets and climate regulations. Joint investment in emerging markets such as Africa and Southeast Asia could further support global decarbonization at a time when U.S. climate leadership has weakened.

Nevertheless, political economic realities suggest that the EU is likely to strengthen its trade defense framework, especially since existing instruments remain fragmented and address specific products or situations rather than the broadband causes of China's overcapacity. However, instead of pure protectionist tariffs and bans, new trade instruments should ideally generate leverage that increases Beijing's transparency and commitment towards aspects such as clean-tech inputs and market conditions while preserving channels for cooperation. If managed effectively, both Sino-EU relations and the long-term resilience of EU manufacturing could be protected, while the global energy transition would stand to benefit. The meeting between Brussels and Beijing at the end of June will provide a clearer picture of both sides' positions.

More on Climate Policy & Diplomacy:

- **China**: China's new five-year energy plan targets 50% of electricity generation from non-fossil sources by 2030, including 30% from wind and solar—up from approximately 22% today. Wind and solar are also expected to exceed 50% of installed capacity, up from 47% at the end of 2025. The plan also aims to reduce power-sector carbon intensity by more than 10%, which analysts argue is relatively modest and may not be sufficient to prevent emissions from rising above 2025 levels. (*Reuters*, June 25)
- **China**: The NDRC announced a three-year plan to accelerate energy-saving and carbon-reduction upgrades in nine key industries, including steel and cement. This campaign seeks to drive further green development and support China's carbon-peaking goal. (*Xinhua*, June 15)
- **European Union**: The EU agreed to implement stronger price controls on its second emission trading system (ETS2), which will impose a price on CO_2 emissions from heating and transport fuels starting in 2028 . If permit costs exceed €45 per tonne, 40 million permits will be released from a "stability reserve" to regulate supply, up from the previous 20 million. The reserve will be extended beyond 2030 and can be triggered twice per year. (*Reuters*, June 11)
- **United States**: Invoking the Korean War-era Defense Production Act, Trump offers $700 million funding to U.S. coal plants for the first time in 13 years. This includes $425 million to extend the life of 12 existing coal plants and $350 million for new coal projects. The funding comes from a program originally intended for carbon capture technology. (*The New York Times*, June 4)

- **United Kingdom**: The UK vows to stick to its net-zero goal amidst global energy shock as the government pledges to reduce emissions to by 87% below 1990 levels by 2042. Energy Secretary Ed Miliband says that moving to "clean homegrown power" would be crucial to hedge against global energy shock. According to analysis by Carbon Brief, meeting this target would require investing around "£880 billion over 25 years" and would yield benefits worth £1,620 billion". (*AP News*, June 2)

- **United States**: Following Trump's budget cut, the United States National Science Foundation (NSF) announced plans to dismantle its own $368 million deep-sea observation network in the Pacific and Atlantic Oceans, a system critical to marine research and monitoring that provides vital climate data. The plan was later reversed after strong backlash from scientists and bipartisan lawmakers. (*The Guardian*, June 18)

- **EU**: Following Trump's NSF slash, the European Commission launched OceanEye, a program to invest in critical ocean observations and data collection technology. The initiative will begin with €92 million in funding as part of the EU's broader Ocean Pact plan. As climate change increasingly threatens ocean systems, including the AMOC that is crucial to Europe's climate, EU officials stress that isolated ocean monitoring efforts would be insufficient. (*POLITICO*, June 8)

- **United States**: Amid affordability concerns, California's Air Resources Board (CARB) voted to give oil refiners and industrial polluters up to $4 billion worth of free carbon allowances to help them comply with the state's carbon market. Critics warn the move could weaken emissions reductions and reduce funding for climate programs, potentially complicating efforts to meet the state's climate goals. (*Bloomberg*, May 29)

- **China**: A major change in China's carbon intensity metrics reduces the previously reported CO_2 emission from 2020 to 2025 by half. This change, which excludes non-energy uses of fossil fuels and includes industrial process emissions, implies a 7% increase in emissions instead of the previously reported 14%. The revised methodology could allow China to meet its 2030 climate commitments even with increasing absolute emissions. (*Reuters*, May 27)

- **China**: UN climate chief Simon Stiell praised China's growing role in global climate governance, describing its leadership as increasingly important amid geopolitical tensions. Stiell also called on China to maintain its leadership at COP31. (*China Daily*, May 15)

- **New Zealand**: New Zealand government plans to amend the Climate change Response Act 2002 to prevent courts from finding companies liable for climate change-related harms in private lawsuits. With the change potentially applicable to a landmark lawsuit against six major emitters, critics warn that this could limit legal avenues to hold emitters accountable. (*Reuters*, May 12)

- **United States**: New York rolls back its landmark climate goal as Governor Kathy Hochul and state lawmakers reached a tentative agreement to delay the state's greenhouse gas regulation enforcement until 2028. The proposal also introduces an interim target of reducing emissions by 60% from 1990 levels by 2040. State officials argued the changes are necessary to balance climate objectives with rising

energy costs. (*Bloomberg*, May 8)

- **Colombia**: Representatives from 57 countries gathered in Santa Marta, Colombia for the first international summit dedicated to transitioning away from fossil fuels. Co-hosted by Colombia and the Netherlands, this meeting is held outside the formal UN process and seeks to build coalitions of the willing to work on initiatives such as fossil-fuel transition roadmap, subsidy reform, and fossil-fuel free trade system. Several major emitters such as China, India, and the U.S. were not invited. The group is set to reconvene in Tuvalu in 2027. (*The New York Times*, April 30)
- **UAE**: The UAE announced its departure from OPEC, posing a significant blow to the oil producers' bloc. Effective on May 1st, UAE's exit could weaken OPEC's control over global oil supplies and allow the UAE to increase production once regional export disruption eases. This move could also lead to widening rifts between the UAE and Saudi Arabia. (*Reuters*, April 28)
- **France**: Environment ministers from the G7 meet in Paris with climate change deliberately excluded from the formal agenda to avoid divisions with the United States. Instead, discussions will focus on biodiversity finance, ocean conservation, desertification, forests, and water pollution, with France seeking support for an $800 million initiative to protect national parks in Africa. (*France 24*, April 23)
- **United States**: Trump's 2027 budget proposal looks to cut billions from climate programs whilst channeling $1.5 trillion into defense spending. The proposal seeks to cancel more than $15 billion in the Department of Energy's fund for renewable energy projects, $1.6 billion from the National Oceanic and Atmospheric Administration, and roughly half the Environment Protection Agency's budget. (*Los Angeles Times*, April 3)

Clean Energy & Technology

The Iran War Gives Clean Energy a New Opening

What is Happening

- Rising fuel prices following the Iran conflict have significantly boosted consumer demand for electric vehicles across Europe. Higher petrol and diesel prices have made EVs a more attractive and cost-effective alternative, accelerating the shift away from internal combustion vehicles. (*The Guardian*, April 12)

- China's clean technology exports surged in March amid the Iran conflict. The growth reflects increasing global demand for clean energy technologies driven by energy security concerns, while reinforcing China's position as the world's leading supplier of renewable energy equipment and electric mobility products. (*Bloomberg*, April 18)

- The UK government has reaffirmed its commitment to net zero and clean energy amid the energy market disruption caused by the Iran conflict. Energy Secretary Ed Miliband announced plans to accelerate renewable energy deployment and energy efficiency measures, including expanding rooftop solar, promoting electric vehicles, and reforming electricity pricing related to the gas market. (*The Guardian*, April 20)

- The global energy price shock triggered by the Iran conflict has accelerated demand for renewable energy technologies, driving record Chinese exports of solar panels, batteries, and electric vehicles. China's solar exports reached an all-time high in March, with strong growth across emerging markets in Asia and Africa as countries sought to reduce dependence on imported fossil fuels. (*CNN*, April 26)

- Europe's expanding solar capacity has helped shield consumers from soaring fossil fuel costs triggered by the Iran conflict, with SolarPower Europe estimating that solar generation saved the EU €12.8 billion in energy costs during the first 100 days of the crisis. (*Euronews*, June 5)

- Despite the Trump administration's support for fossil fuels, solar power reached a historic milestone in the United States, generating more electricity than coal for the first time in May and becoming the country's third-largest source of electricity after natural gas and nuclear power. Solar and battery storage accounted for 91% of new power capacity added in the first quarter of 2026, continued expansion of renewable energy as energy price continues to rise despite federal policy headwinds. (*PBS News*, June 10)

- Surging electricity prices have triggered a rooftop solar boom in the Philippines, making the country the world's largest importer of Chinese solar panels since the outbreak of the Iran conflict. Residential electricity costs have risen by about 10% amid higher fuel prices, prompting households to invest in rooftop solar as a way to reduce energy bills. (*Reuters*, June 28)

Why it Matters

The clean energy gains following the Iran conflict reveal an important truth that renewable energy and electric vehicles do not advance only because of climate ambition. They also advance as a more practical and affordable economic choice. The sharp rise in fuel and electricity costs after the conflict changed the calculation for consumers and governments. In Europe, higher petrol and diesel prices made electric vehicles more attractive. In the Philippines, rising electricity bills pushed more households toward rooftop solar. Across emerging markets, countries facing higher fossil fuel import costs turned more quickly to solar panels, eclectic vehicles, and other clean technologies. Even in the United States, where the federal government has always been supportive of fossil fuels, solar generation reached a historic milestone as renewables and battery storage continued to dominate new power capacity additions.

Ironically, the energy price shock was not created by climate policy. It came from geopolitical conflict and disruption in fossil fuel markets. Yet its effect was to strengthen the economic case for clean energy. The conflict has unintentionally done what years of policy arguments often struggled to do: it made the cost advantage of clean technologies visible to ordinary consumers and national governments. They become tools for lowering bills, reducing exposure to fuel imports, and improving energy security.

The other irony from the U.S.-Iran conflict that drove up fossil fuel prices is that one of the biggest beneficiaries of this shift has been China. As global demand rose, China's exports of renewable energy products surged, reinforcing its position as the world's leading supplier of clean energy technologies. This shows that long-term industrial preparation matters. Countries that invested early in clean technology manufacturing are now better positioned to benefit when global demand accelerates. For other economies, the lesson is that clean energy supply chains are becoming a major source of economic and geopolitical advantage.

At the same time, this does not mean fossil fuels can or should disappear overnight. Energy systems still require reliability, affordability, and realistic transition planning. Some sectors remain difficult to electrify, and some countries may continue to rely on fossil fuels where alternatives are not yet sufficient or cost-effective. A more realistic approach is to let cost, reliability, security, and emissions all shape energy choices. Where clean technologies are already cheaper, more stable, and easier to deploy, they should gain a larger role.

The broader significance is that the Iran conflict may have opened a new phase for clean energy adoption. Higher fossil fuel prices have expanded the market for renewables and EVs, introduced more consumers to clean technologies, and strengthened the business case for further investment. Once households install rooftop solar, consumers switch to EVs, and governments see renewables reduce exposure to fossil fuel shocks, the transition becomes easier to sustain. The conflict has therefore created a painful but important lesson that clean energy is increasingly an economic and energy security strategy, and that may give it stronger long-term momentum.

China's Solar Industry: Evolving into Involution?

What is Happening

- Due to grid inflexibility, China's CO_2 emissions grew by 2% in the first quarter of 2026 despite adding a

record wind and solar capacity. Moreover, curtailment is worsening as wind and solar capacity factors fell sharply by 5% and 11% respectively. (*Carbon Brief*, June 4)

- Amid overcapacity and subsidy cuts, China's major solar panel companies struggle to generate profits. Jinko Solar reported a loss of ¥1.3 billion in the first quarter of 2026, while the top five companies together lost ¥7 billion. Beyond oversupply, shrinking domestic demand also contributes to this decline. However, innovation pathways such as perovskite cells remain. (*Nikkei Asia*, June 9)

- China's major solar companies are pivoting into battery storage as competition within solar manufacturing intensifies whereas demand for storage rises globally. JinkoSolar plans to grow its battery manufacturing capacity from 5GWh to 13-14 GWh by the end of the year. Moreover, global demand for battery storage is booming. While solar panel export grew 4.7% in 2025, the export market for battery storage is expected to rise by 30% in 2026. The industry is looking to shift towards a solar-plus-storage business model. (*Reuters*, June 4)

- During the SNEC conference, Zhu Gongshan, chairman of GCL Technology, commented that the Chinese solar industry's past strategy has "reached its physical limits"; while Shi Zhengrong, founder of Suntech, voiced concern about the industry's pivot to energy storage. This conference also saw the launching of the Space Energy Development Alliance, which aims to focus on space-based solar power as a potential source of demand. (*Bloomberg*, June 4)

- Months prior to the conference, the government has already cautioned about a market of oversupply. Led by the Ministry of Industry and Information Technology, regulators from four ministries called on firms and local governments to pledge anti-involution efforts. (*Xinhua*, April 9)

- With the demand for battery storage rising, China sees increasing R&D for this industry, such as the Energy Storage Validation Research Institute (ESVL) built by CATL. Moreover, new financing mechanisms such as infrastructure REITs are designed to lower funding cost and support continued deployment, with the first energy storage REIT listed on June 9. (*SCMP*, June 20)

- At the same time, Chinese cleantech companies are also charging into solar manufacturing. Sungrow, a global leader in inverters and Battery Energy Storage System (BESS), marked its entry into PV module manufacturing as the company launched its next-generation AI-enabled solar module PULSON that actively monitors and optimizes plant performance and is estimated to increase power generation by 6%. (*pv magazine Global*, June 2)

Why it Matters

China's solar industry is entering a new stage of development. After years of rapid capacity expansion, the industry's central challenge is no longer building more solar panels, but increasing the ability to integrate its current generation into the grid. Domestic uncertainty caused by grid inflexibility and the transition away from the Feed-in Tariff (FiT) system have added burden to the previous involution-style and subsidy-backed growth model, leading to slowdown both in integration and installation. However, instead of descending into "turmoil" as some observers claim, developments suggest that the industry is looking to enable its transition through entering a new battlefield of solar-plus-storage.

Most fundamentally, the current slowdown should not be interpreted as a retreat from renewable energy. Last year's exceptionally high installation figures were partly driven by developers rushing projects before the FiT reform took effect, making this year's decline appear sharper than it is. Meanwhile, the new Contract for Difference (CfD) system, aiming to achieve a market-based pricing for renewables, created short-term uncertainty as the absence of policy-backed revenue guarantees altered the financing decision process. At the same time, policymakers have increasingly shifted their attention to improving renewable utilization. Policies such as binding renewable consumption goals and the 300GW energy storage target under the 15th Five-Year plan point toward the same objective of building an electricity system capable of accommodating larger shares of renewable generation.

The solar manufacturers are precisely responding to this shift by diversifying their business portfolio to become less grid-reliant. BESS allows generators to smooth out the "duck curve" that produces daytime oversupply and evening scarcity. With grid capacity being a global issue, foreign demand for the industry is also spiking. However, since the industry has already been occupied by giants such as BYD and CATL, it raises the question of how the "newcomers" would compete against them—and if they could, would the transition risk transferring involution from one industry to another.

Moreover, the transition is compounded by increasingly blurry boundaries within cleantech. While solar manufacturers pivot to storage, green technology firms that traditionally focused on batteries, inverters, or even wind turbines are launching their own solar modules to form an ecosystem that combines their various products such as inverters, storage systems, and softwares through AI-driven optimization. Therefore, competition is gradually shifting away from individual products toward complete energy ecosystems capable of improving grid flexibility and maximizing renewable utilization. However, given the fierce competition within the solar industry, it is fair to ask if the cleantech giants are going to set new industry standards or be dragged into a price war.

The mismatch between incentives driving manufacturing investment and those governing grid development and electricity markets have resulted in recurring overcapacity issues. Therefore, whether this next phase of the solar industry will produce industry consolidation or another cycle of overcapacity depends not only on market demand, but also on the government's ability to align industrial policy, grid modernization, and potentially electricity market reform.

More on Clean Energy & Technology:

- **United States:** Polestar, a Sweden-based EV maker that is majority-owned by China's Geely, announced that it will stop selling new electric vehicles in the United States beginning with the 2027 model year after failing to receive authorization under the U.S. Connected Vehicles Rule, which restricts vehicles incorporating Chinese-linked connected technologies on national security grounds. (*Reuters*, June 25)

- **China/Europe**: CATL and British energy supplier Octopus established joint venture Swaptopus, aiming to build more than 30 battery-swapping stations across Europe by 2035. In addition to attracting over $34.3 billion of private investment, this network is estimated to support more than 300,000 electric heavy-duty trucks and reduce hours-long battery charging time into mere minutes. (*Yicai*, June 23)

- **China**: China's National Energy Administration launched its first binding renewable energy consumption rules. Starting August 1, Beijing will impose renewable energy consumption targets for companies and provinces. Those who fall short must purchase green certificates, boosting the demand for solar and wind producers. This reform marks a shift from renewable buildout to ensuring that clean energy is actually used. (*Bloomberg*, June 22)

- **China**: China completed its first transmission rights trade between State Grid and Southern Power Grid, marking a shift to market-based allocation of transmission capacity that better reflects supply-demand dynamics. The pilot also helps export-oriented firms access certified green power to meet growing international climate and trade requirements. (*Yicai*, June 21)

- **United States**: The Trump administration has abandoned its efforts to halt wind energy projects in the U.S. after a series of legal setbacks. A recent court ruling affirmed that Trump's executive order freezing federal permitting and leasing for wind projects was unlawful. Despite challenges, clean energy production continues to surge, with a record 79.7 GW projected to come online in 2026. (*Inside Climate News*, June 16)

- **China**: China aims for 40% market penetration of new-energy heavy-duty trucks by 2030, up from the 29% in 2025, with over 80% electrification on fixed short-haul routes in key regions. The plan includes infrastructure development such as 30,000 kilometers long zero-carbon freight corridors and 3,000 charging and battery-swap stations, financial support, and promoting business models like vehicle-battery separation. (*Bloomberg*, June 13)

- **United States**: Solar power generated more electricity than coal in the United States in May 2026, according to an Ember report. Solar supplied a record 12.8% of U.S. electricity, while coal fell to 12.2%, its fourth-lowest monthly share ever. The milestone reflects the continued rapid expansion of solar capacity, which reached a record 45.5 TWh of generation in May, up 17% from a year earlier. Despite policy headwinds facing the renewable energy sector, solar and battery storage accounted for more than 90% of all new electricity capacity added in the first quarter of 2026. (*ABC News*, June 12)

- **United States**: Nine renewable energy companies are suing the Pentagon since the security review of new wind farms has been frozen for months, leading to a "total halt of all wind development in the United States", stalling over 106 planned wind projects in 21 states. The group argues that the Pentagon freeze jeopardises $47bn investments and thousands of jobs. (*The New York Times*, June 12)

- **United Kingdom**: Three UK clean-tech firms, Progressive Energy, Airhive, and Mission Zero Technologies, have formed a joint venture UnionDAC to build Europe's largest direct air capture (DAC) facility. The project aims to begin storing carbon dioxide underground by 2030 and capture 60,000 tonnes of CO2 annually by 2032. (*Bloomberg*, June 11)

- **European Union**: The European Commission has authorised a €23 billion state aid scheme from Italy intended to increase electricity generation from renewable energy sources. These projects are forecast to provide a total of 37.15GW of additional renewable electricity capacity, representing roughly 48% of Italy's current renewable capacity. (*Energy Monitor*, June 9)

- **EU/Africa**: The European Commission pledged €5 billion to renewable energy projects in North Africa and the Middle East, aiming to bolster Europe's energy security. The initiative, called T-MED, seeks to leverage the region's abundant solar and wind potential, potentially generating 15 gigawatts of new renewable energy capacity by 2035. While the Commission hopes to attract private investment, the project faces significant challenges, including the need for over €100 billion in investment and potential political and regulatory hurdles. (*POLITICO*, June 9)

- **United States**: Microsoft is reconsidering its ambitious 2030 target of matching 100% of its hourly electricity use with renewable energy purchases. The company's rapid data center expansion, driven by AI and cloud growth, is making it difficult to achieve this goal. Such a retreat for Big Tech has significant implications as it marks that the industry is shifting from embracing emission-reduction goals to prioritizing its energy security through oil and gas. (*Bloomberg*, May 6)

- **United Kingdom**: The UK recorded its lowest-ever level of fossil fuel electricity generation, with gas-fired plants supplying just 2% of power demand as solar and wind generation reached near-record highs. The milestone reinforces the progress toward its target of achieving a 95% clean electricity system by 2030. (*Bloomberg*, April 22)

- **Cambodia**: Cambodia has begun construction of the US$1 billion Upper Tatay pumped-storage hydropower project, financed by China, to strengthen renewable energy capacity. The 1-gigawatt facility will function as a large-scale energy storage system to advance the country's transition toward a more resilient and low-carbon electricity system. (*South China Morning Post*, April 19)

- **China/United States**: China considers restricting exports of advanced solar manufacturing equipment to the U.S. due to rising concerns over U.S. efforts to leverage China's solar industry downturn to build its own self-sufficiency. Such policy could hinder U.S. domestic solar expansion and space-based computing capacity. Although no decision has been finalized, the discussions showcase China's efforts to protect its industrial leadership in key sectors. (*Reuters*, April 15)

Climate Finance

EU ETS Reform Tests the Balance Between Carbon Pricing and Industrial Competitiveness

What is Happening

- Germany has called for the EU to make industrial competitiveness a central focus of its upcoming reform of the EU Emissions Trading System (ETS), proposing targeted adjustments to support the clean industrial transition while maintaining the carbon market's role in driving decarbonization. Berlin advocates revising free allowance benchmarks, slowing the pace of emissions reductions, and enhancing the Market Stability Reserve (MSR) to improve market flexibility and long-term investment certainty. (*Bloomberg*, April 20)

- Analysts have lowered their forecasts for EU carbon prices in 2026 and 2027 amid growing uncertainty over proposed reforms to the EU ETS and future allowance supply. Expectations of regulatory intervention, combined with concerns that high energy prices and geopolitical tensions could weaken industrial activity and reduce demand for emissions permits. (*Reuters*, April 30)

- The European Commission convened a high-level stakeholder roundtable to gather input for the 2031–2040 review of the EU ETS and the MSR ahead of legislative proposals due in July 2026. Participants broadly reaffirmed support for the ETS as the EU's central carbon pricing mechanism, while calling for reforms that strengthen investment certainty. Stakeholders also stressed that complementary measures will be essential to ensure the ETS continues to drive Europe's decarbonization and industrial transition. (European Commission, May 18)

- The European Commission plans to link future EU ETS support more closely to industrial decarbonization investments, making domestic clean investment a condition for greater flexibility in the carbon market. The Commission is considering measures to reward companies that invest in low-carbon technologies, alongside a proposed €30 billion ETS Investment Booster to support industrial decarbonization and strengthen the competitiveness of European clean industries. (*Clean Energy Wire*, June 1)

- The European Commission plans to increase the allocation of free CO_2 allowances under the EU ETS to help energy-intensive industries remain competitive ahead of broader ETS reforms. The proposal would adjust the system's benchmark rules to provide additional free permits for sectors facing international competition, even as critics warn the measure could weaken carbon pricing incentives and allow higher emissions. (*Reuters*, June 18)

- Twelve Central and Eastern European countries have urged the European Commission to expand the EU Modernisation Fund as part of the upcoming EU ETS reform, arguing that greater financial support is essential to help lower-income member states accelerate the clean energy transition. The proposal seeks to increase funding from carbon market revenues to support decarbonization investments.

(Reuters, June 22)

Why it Matters

The latest EU ETS reform debate sends a difficult signal for climate finance: Europe appears to be moving first toward easing the pressure on industry, and the climate function of carbon pricing risks becoming secondary. The ETS has long been presented as one of the EU's most important climate policy and climate finance tools, not only because it puts a price on emissions, but also because it creates revenue that can be reinvested in decarbonization. Yet the current reform discussions suggest that, when carbon costs collide with industrial competitiveness, the EU may be willing to weaken parts of the system that were designed to make emissions more expensive and investment in low-carbon technologies more urgent.

This is a concerning development. If free allowances are expanded, emissions reduction trajectories are slowed, or the Market Stability Reserve is adjusted mainly to reduce pressure on industry, the ETS could lose some of its credibility as a carbon price signal. The reform debate reflects a broader policy reversal. After years of trying to prove that carbon pricing could guide industrial transformation, Europe is now acknowledging that the previous approach has not fully succeeded. High carbon prices or regulation have not been enough to secure a smooth clean industrial transition, especially when companies are also facing high energy costs and intense competition from economies with lower climate compliance costs.

At the same time, the industrial concerns behind the reform cannot be dismissed. Europe risks losing investment, production capacity, and jobs in sectors that are still central to its economy due to weak industrial development. A climate policy that accelerates deindustrialization would also weaken public support for decarbonization and make future climate action more politically fragile. Economic development remains the foundation on which long-term climate ambition depends. Therefore, some flexibility in the ETS may be necessary, particularly if it helps companies invest in cleaner technologies rather than simply absorb higher compliance costs.

The key question is whether the EU can prevent flexibility from becoming a retreat. The next stage of ETS reform should not be defined by excessive concessions to industry, but by a more careful balance between decarbonization and industrial resilience. Measures such as the proposed ETS Investment Booster and calls to expand the Modernisation Fund point in a more constructive direction, because they focus on using carbon market revenues to finance clean industrial investment and support lower-income member states with higher transition costs. This could help preserve the ETS as a climate finance mechanism rather than turning it into a weakened compliance system.

Nevertheless, expanding support for less-developed member states may be necessary for a fairer transition, but it could also trigger resistance from other countries over how ETS revenues are distributed. Europe's renewed focus on reindustrialization means climate policy will face growing pressure to accommodate competitiveness concerns. The ETS's future will depend on whether the EU can keep carbon pricing strong enough to drive decarbonization while making the financial burden of transition politically and economically sustainable. For now, the reform debate shows that this balance remains far from secure.

More on Climate Finance:

- **Bangladesh:** Bangladesh calls for greater and more accessible climate finance, arguing that the global goal of $300 billion per year by 2035 remains insufficient to meet developing countries' mitigation and adaptation needs. Prime Minister Tarique Rahman urged developed countries to fulfill their climate finance commitments, accelerate disbursement through the Green Climate Fund, and operationalize the Loss and Damage Fund with predictable support for vulnerable nations. (*Reuters*, June 23)
- **Latin America**: The Climate Investment Funds has approved $250 million funding for Brazil and Mexico respectively to help trigger co-financing of more than $5 billion in each country. The guarantees are to encourage private-sector investment in decarbonization in the countries' industrial sectors. (*Bloomberg*, June 22)
- **United Kingdom**: During the Our Ocean Conference in Kenya, the UK announced a £13.9 million new funding to support ocean conservation and resilience building initiatives in climate-vulnerable coastal communities through its Blue Planet Fund. The funding is broken down into a £6.7 million contribution to the World Bank-managed PROBLUE fund, £2.2 million for ORRAA, and £5 million for GPAP. (*GOV.UK*, June 17)
- **Kenya**: Kenya has become the first African country—and only the second globally after Vanuatu—to receive funding from the UN-backed Santiago Network on Loss and Damage. The $700,000 grant will support the development of a national system to identify and assess communities that have suffered climate-related losses. (*Mongabay*, June 11)
- **Global**: Representatives from 186 countries approved a $3.9 billion funding package under the Global Environment Facility (GEF) for 2026–2030 to support climate adaptation, biodiversity conservation, and water security in 144 developing countries. The new financing will prioritize vulnerable countries. The replenishment reinforces the GEF's role as a key financing mechanism for implementing the Paris Agreement and the Kunming–Montreal Global Biodiversity Framework. (*euronews*, June 10)
- **Global:** Despite international pledges on climate change, the world's 65 largest banks have lended $906 billion to fossil fuel companies in 2025, an increase of nearly 8% from the previous year. After last year's disbandment of the Net-Zero Banking Alliance which aimed to align banks' lending with the net zero by 2050 target, this development further highlights the loss in momentum of voluntary climate initiatives and demonstrates the magnitude of political pressure in reversing net zero commitments, especially in the United States. (*The Guardian*, June 9)
- **United States**: Following a series of environmental rollbacks under the Trump administration, the Securities and Exchange Commission proposed repealing a rule requiring public companies to report greenhouse gas emissions and climate risks, citing concerns about exceeding statutory authority and imposing costs on companies. Environmental groups argue this will deprive investors of crucial data for assessing financial risks. (*AP News*, May 29)

- **China:** Following a pledge to expand funding in the international ESG market, China issued $885 million (RMB 6 billion) of green sovereign bonds in Hong Kong, marking its first offshore green bond sale in the city and second international ESG debt offering after last year's debut issuance in London. The offering included three-year and five-year yuan-dominated notes priced at yields of 1.42% and 1.56% respectively, with proceeds earmarked for financing or refinancing of green-related projects. (*Bloomberg*, May 27)
- **United Kingdom:** The UK will cut its contribution to the UN Green Climate Fund (GCF) by nearly half, reducing its commitment for the 2024-2027 period from the pledged £1.6 billion to £615 million. This decision follows a broader reduction in the UK's overseas climate finance budget and comes after the U.S. withdrawal of a $4 billion pledge last year, making it the second major donor to cancel substantial funding commitments. (*Bloomberg*, May 14)
- **United Kingdom:** U.K's development finance institution, British International Investment, launched a $1.48 billion climate finance initiative across India and Southeast Asia to scale renewable and low-carbon projects. The five-year program, titled British Climate Partners, will partner with private investors to deploy capital through equity platforms and mezzanine finance. (*Reuters*, April 23)
- **United States**: World Bank's post-2026 climate agenda faces delays as the Trump administration pressures to reduce emphasis on climate targets and expand support for fossil fuel infrastructure in developing countries. The debate centers on the renewal of the bank's Climate Change Action Plan (CCAP), which since 2021 has guided a significant increase in financing for emissions reduction and climate adaptation projects. (*Climate Home News*, April 16)

Climate Risks and Adaptation

Preparing for a Stronger El Niño in a Warmer World

What is Happening

- The World Meteorological Organization warned that El Niño conditions could return as early as May, with climate models indicating a high likelihood of development and intensification through the rest of the year. It is expected to alter rainfall patterns and impact many parts of the world. A new El Niño could also contribute to higher global temperatures, reinforcing concerns about climate-related weather extremes and the need for advance adaptation planning. (*Reuters*, April 24)

- Scientists and international agencies warn that the expected return of El Niño could further amplify an already worsening climate crisis, bringing heightened risks of extreme weather and temperature increases worldwide. (*Le Monde*, May 12)

- The United Nations warned that the world should prepare for the return of El Niño. According to the World Meteorological Organization (WMO), there is an 80% chance that El Niño conditions will develop before September and a 90% chance before November. UN Secretary-General António Guterres described the phenomenon as an "urgent climate warning," cautioning that it could worsen heatwaves, droughts, heavy rainfall, and other weather-related disasters. (*The Guardian*, June 2)

- El Niño has officially returned and is expected to strengthen into a very strong or "Super" El Niño, according to the U.S. National Oceanic and Atmospheric Administration (NOAA). The agency's Climate Prediction Center estimates a 63% chance that the event will rank among the strongest El Niño episodes since records began in 1950, with near certainty that it will persist through the fall and likely continue into winter. (*CNN*, June 11)

- The Food and Agriculture Organization (FAO) and the World Food Programme (WFP) have launched their first joint anticipatory action appeal, seeking $202 million to help nearly nine million people prepare for the impacts of a potentially strong El Niño event. The funding would support early interventions across 22 high-risk countries in Africa, Asia-Pacific, and Latin America before climate-related shocks occur. (*World Food Programme*, June 18)

- Exceptionally warm Pacific Ocean temperatures have raised concerns that a "super" El Niño is developing, potentially intensifying global climate risks and pushing temperatures to new records. Scientists noted that sea surface temperatures in the Niño 3.4 region reached their highest June anomaly in more than four decades and have risen unusually rapidly following the end of La Niña conditions. The U.S. Climate Prediction Center estimates an 89% chance that El Niño will reach strong intensity by the end of the year and a 62% chance it will become very strong. (*Bloomberg*, June 23)

- Papua New Guinea is facing a worsening food security crisis as El Niño-driven drought and frost have damaged crops and livestock across the Highlands region. Up to three million people could be affected

nationwide, including 1.9 million in the Highlands, where many communities depend on subsistence farming for food and income. (*The Guardian*, June 24)

Why it Matters

The expected return of El Niño has emerged as one of the most closely watched climate risks of 2026. El Niño has the potential to influence temperature, precipitation, food production, water availability, and disaster risks across multiple continents simultaneously. The steady stream of warnings issued by the WMO, the United Nations, national meteorological agencies, and scientific institutions since April all demonstrate the continuously growing concern that a strong El Niño could become a major driver of climate-related disruptions in the months ahead, and it might even persist for a relatively long period of time.

Importantly, the concern is not simply that El Niño is returning. El Niño is a naturally occurring climate phenomenon that has shaped global weather patterns for centuries. What makes this episode particularly significant is that it is developing in a world that is already substantially warmer than in previous decades. Scientists increasingly warn that climate change may amplify the impacts of El Niño by raising baseline temperatures and increasing the likelihood of extreme heat, droughts, heavy rainfall, and other weather-related hazards. In this sense, the risks associated with El Niño and climate change are not separate challenges but interacting forces that can reinforce one another.

The evolution of media coverage over the past three months also reveals an important shift. Early reporting focused largely on forecasts, probabilities, and the possibility of El Niño's return. As confidence in its development increased, attention gradually moved toward preparedness and risk management. International organizations have begun mobilizing resources, governments are strengthening early warning efforts, and humanitarian agencies are planning interventions before major impacts occur. At the same time, reports from places such as Papua New Guinea demonstrate that some communities are already experiencing climate-related stresses associated with changing weather conditions.

The challenge is no longer limited to understanding climate risks; it increasingly involves preparing for them before they fully materialize. The return of El Niño will test the effectiveness of early warning systems, disaster preparedness plans, food security measures, and international coordination efforts. As climate risks become more interconnected and potentially more severe in a warming world, adaptation is becoming not only a long-term objective but also an immediate necessity.

In fact, the growing attention devoted to El Niño also offers a more encouraging perspective. The international community is responding to the potential crises with great attention and coordination. The WMO has issued repeated warnings, the United Nations has called for advance preparation, and organizations such as the FAO and WFP are seeking funding for anticipatory action before major disruptions occur. These efforts reflect a broader recognition that climate-related disasters cannot always be prevented, but their impacts can be reduced through timely planning, stronger early warning systems, and targeted adaptation measures. Whether these preparations will be sufficient remains uncertain. However, the rapid shift from forecasting potential risks to implementing concrete response strategies suggests that climate adaptation is becoming a more central component of global climate governance.

The return of El Niño may therefore serve not only as a test of climate resilience, but also as an opportunity to demonstrate how early action and international cooperation can help reduce vulnerability in an increasingly unpredictable climate.

More on Climate Risks and Adaptation:

- **Global**: UN Secretary-General António Guterres called for climate adaptation to become a central pillar of economic policymaking, urging governments and financial institutions to significantly increase investment in resilience as climate risks intensify. Guterres also stressed that countries investing in climate resilience should benefit from lower borrowing costs and improved access to insurance and private capital. (*Reuters*, June 24)
- **United Kingdom**: The UK government has launched a new strategic partnership between the Foreign, Commonwealth & Development Office (FCDO) and the Met Office to use artificial intelligence to strengthen global climate security by improving weather and climate forecasting. The initiative will develop AI-enabled forecasting tools capable of providing earlier and more accurate predictions of extreme weather events to enhance global governments' preparedness for climate shocks. (UK.Gov, June 22)
- **Azerbaijan**: African leaders meeting at the World Urban Forum in Baku warned that climate change and rapid urbanization are overwhelming the continent's capacity to respond in natural crises. Officials called for greater investment in climate resilient and adaptation measures to support Africa's fast-growing cities. (*Africa News*, May 27)
- **Kenya**: African climate experts called for a shift from climate adaptation commitments to actual implementation during the Pan African Coalition for Adaptation and Resilience (PACAR 2026) workshop, warning that delayed action will intensify humanitarian crises across the continent. Participants urged for greater investment in adaptation finance in Africa. (*Africa Science*, May 20)
- **United States**: The U.S. military is continuing to strengthen climate resilience at its installations despite the Trump administration's rollback of broader climate policies. Major projects include rebuilding Tyndall Air Force Base into a highly resilient installation with hurricane-resistant infrastructure alongside flood protection, wildfire mitigation, and water security upgrades at other military sites. While climate-related language has been removed from Pentagon strategies, resilience investments continue under the banner of military readiness, reflecting growing efforts to safeguard defense infrastructure against increasingly severe climate-related risks. (*Bloomberg*, April 17)
- **Laos & France**: Laos and France have launched two French-funded programmes to strengthen climate-resilient agriculture and sustainable landscape management between 2025 and 2027. Backed by a €6 million grant from the Agence Française de Développement (AFD), the initiatives will improve climate-resilient agriculture, reduce climate-related agricultural losses, and enhance Lao government's capacity to develop long-term investment strategies and policy frameworks. (*Vientiane Times*, April 13)

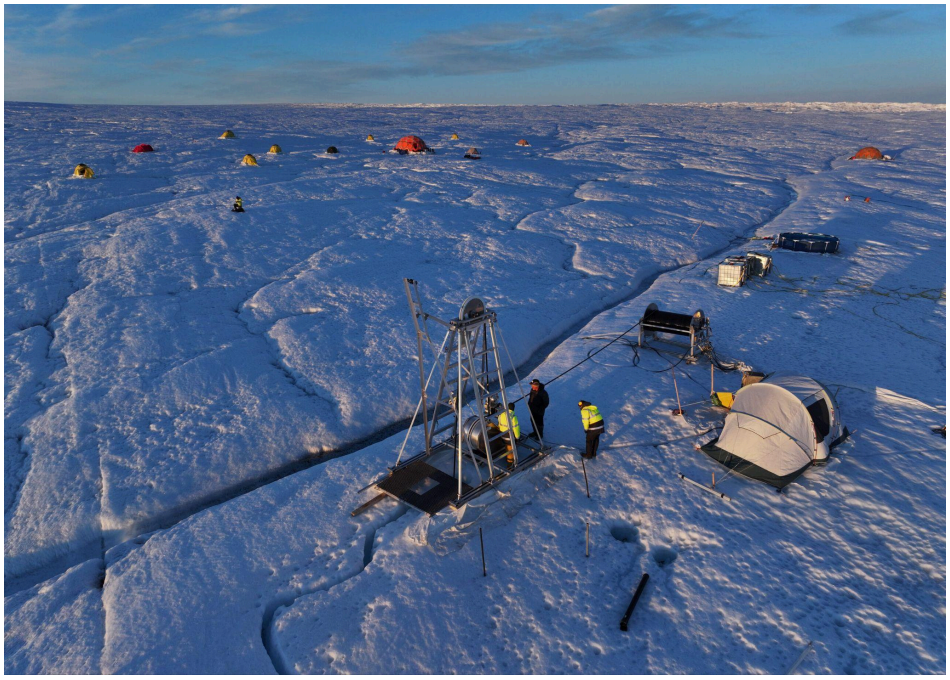
BCCC Commentary of the Quarter

Critical Mineral Is Testing Climate Cooperation From the High Seas to the Arctic

By Zhangchen Wang
June 3, 2026

The entry into force of the Agreement on Biodiversity Beyond National Jurisdiction, widely known as the BBNJ Agreement or the High Seas Treaty, marks an important moment for global ocean governance. It reflects a growing international effort to strengthen the protection and cooperative management of marine spaces beyond national jurisdiction. Yet this moment of conservation arrives alongside another trend that points in a very different direction: the growing interest in the ocean as a potential source of critical minerals for renewable transition.[1]

The clean energy transition is meant to reduce the environmental harms of fossil fuels, but it depends on minerals that must be extracted, processed, transported, and governed. Electric vehicles, batteries, grid infrastructure, and other clean technologies all require minerals such as lithium, nickel, cobalt, and rare earth elements. Since critical minerals become increasingly important to the future of clean energy systems, attention is increasingly focused on both their availability and the security of their supply chains. With the seabed believed to contain significant deposits of many of these minerals, the deep sea is increasingly discussed not only as an ecological frontier, but also as a potential resource frontier.



This is the resource paradox of the clean energy transition. To move away from fossil fuels, societies need to expand renewable energy and other low-carbon technologies. Yet some of the material inputs required for that transition may create new environmental pressures, especially in fragile and poorly understood

[1] Image: Scientists and engineers monitor a hot water drill on the Isunnguata Sermia glacier of the Greenland Ice Sheet on July 09, 2024 in western Greenland. (Photo by Sean Gallup/Getty Images)

ecosystems such as the seabed. For example, deep-sea mining could disturb seafloor sediments, damage benthic habitats, and generate sediment plumes that affect marine communities beyond the immediate mining site.

The deep sea ecosystems remain poorly understood, and the full consequences of mining activity are still debated. Critics warn that deep-sea ecosystems may be damaged by mining before they are even fully studied, while supporters argue that seabed minerals could help diversify critical mineral supply and support the technologies needed for decarbonization.

The BBNJ Agreement does not regulate seabed mining directly. Its focus is the conservation and sustainable use of marine ecosystems. The International Seabed Authority (ISA) remains the central institution for mineral-resource-related activities in the international seabed Area under the United Nations Convention on the Law of the Sea. That distinction matters because BBNJ is not a mining regulator and does not replace the ISA.

Yet the two regimes should not be treated as separate worlds. If seabed mining affects habitats, species, or broader ecosystem functions, it inevitably touches the biodiversity concerns that BBNJ was designed to elevate. The overlap is therefore not simply about licensing authority. It is about how different regimes, created for different purposes, respond to the same ocean space and the same environmental consequences.

This is why the BBNJ Agreement's "not undermine" principle matters. The agreement is meant to operate without weakening existing legal instruments, frameworks, and relevant legal bodies. In practice, that requirement raises a new question of how can institutions with different mandates work together to manage the shared goals of governance, development, and protection in the same ocean space? The answer is not yet clear, but the need for dialogue is clear, especially as climate change, resource demand, and ocean governance become more connected.

In fact, some studies suggest that deep-sea mineral extraction could, under certain conditions, reduce some environmental pressures compared to land-based mining. Although significant uncertainties remain regarding biodiversity loss, habitat disruption, and long-term ecological impacts, these competing assessments reinforce the need for stronger coordination between institutions. In this context, the BBNJ Agreement could actually help strengthen environmental baselines and biodiversity considerations, and the ISA remains responsible for regulating mineral activities. If managed effectively, the relationship between the two frameworks could provide a more balanced approach to both environmental protection and resource development.

The Arctic adds another layer to this dilemma. This region contains significant mineral resources and has long been central to discussions of energy, shipping, security, and climate change. It is also one of the regions most visibly transformed by global warming. The energy transition is raising the strategic value of Arctic

minerals, while climate change is altering the region's physical conditions and increasing attention to local development.

The Arctic also introduces a second paradox. Beyond the resource paradox of the clean energy transition, there is a governance paradox in the Arctic itself: the region increasingly requires scientific cooperation, environmental transparency, and careful rules coordination, yet the same forces that make cooperation necessary also make it harder to sustain, because states may fear that stronger international rules could limit their own interests and influence in the region. Critical minerals, shipping routes, and resource access are increasingly viewed through the lens of supply chain security, industrial competitiveness, and great-power competition. As a result, the Arctic's environmental and development challenges cannot be separated from the broader political context in which they are governed.

In 2024, Norway's parliament supported opening a large Arctic seabed area for mineral exploration, presenting the issue partly through the lens of metals needed for the green transition. However, later that year, the government paused the first licensing round after political pressure, environmental criticism, and broader international concern. The episode shows how quickly the clean energy transition and environmental protection can become entangled with resource access and international political concerns.

Ultimately, the environmental and political paradoxes of the energy transition share the same root. Developing new sources of critical minerals will support decarbonization, but it creates all kinds of challenges that no single country or institution can address alone. International cooperation is needed to ensure that efforts to support the green transition do not end up creating new environmental damage, and it is also needed to prevent competition over critical minerals from deepening political distrust and confrontation between states.

Indeed, the effectiveness of international agreements depends on state behavior because their mandates are limited. Nevertheless, they can help shape the terms of debate. They may not be able to remove competition, but they can still shape whether competition takes place within a more transparent, science-based, and environmentally cautious framework.

The larger question then is whether international governance can turn these overlapping pressures on climate change into a space for cooperation rather than confrontation in an era of great power competition. The search for critical minerals should not be allowed to undermine the environmental and cooperative principles that the clean energy transition is meant to advance.

This season's BCCC Commentary of the Quarter was researched and written by Zhangchen Wang, Research Associate at the Institute for China-America Studies.

Climate Change Project Profile: Industrial Accelerator Act (IAA)

A. Understanding Industrial Accelerator Act (IAA)

As the clean transition moves from target-setting to industrial implementation, governments are no longer focused only on reducing emissions. They are also asking where clean technologies are produced, who controls key supply chains, and how public spending can support domestic industrial capacity. The IAA represents one of the EU's most important attempts to connect decarbonization with industrial competitiveness. It aims to link emission reduction, public procurement, domestic production, and foreign investment conditions together, allowing Europe's green transition to also serve its manufacturing capability. [2]

Although the IAA is still a proposal and its final form remains uncertain, its direction is getting increasingly clear: Europe wants the clean economy to create factories, jobs, technologies, and strategic resilience within Europe. This makes the IAA important not only for European industry, but also for foreign companies and trade partners, for whom it raises new questions. As the proposal moves forward, it will test whether climate policy can become a tool for industrial renewal without creating new barriers that slow international cooperation and investment.

[2] Image Source: European Commission, licensed under CC BY 4.0.

B. What is Industrial Accelerator Act (IAA)

A New Instrument for Decarbonization and Industrial Competitiveness

The IAA is a proposed European Union regulation designed to strengthen Europe's industrial capacity and support the decarbonization of strategic sectors. It is one of the key legislative proposals under the EU's Clean Industrial Deal, which is the bloc's overarching mechanism in achieving both industrial competitiveness and energy transition. The IAA is therefore more than a decarbonization tool, it is framed as a foundation for the EU's future industrial renewal, supply chain resilience, and economic security.

Currently, European industries face high energy costs, competition from foreign producers, declining manufacturing capacity, and the risk of falling behind in key clean supply chains. At the same time, many low-carbon industrial products remain more expensive than conventional alternatives, making it difficult for producers to justify large investments without stronger and more predictable demand. The IAA is designed to address this gap by using the EU's Single Market, public procurement, and public support schemes to create demand for low-carbon and European-made products.

Earlier tools such as the EU Emissions Trading System and the Carbon Border Adjustment Mechanism focused heavily on carbon pricing and the treatment of carbon-intensive imports. The IAA moves further into the industrial policy space. It asks not only how Europe can reduce emissions, but also who will produce the low-carbon materials, vehicles, and technologies needed for that transition, under what conditions, and with what benefits for the European economy.

Proposing to Introduce New Means

The IAA proposes several new policy tools, with public procurement being one of its most important departures from past strategies. The proposal would require certain public purchasing decisions to include low-carbon and/or Union-origin criteria, especially in strategic sectors where the EU wants to increase domestic industrial capacity. For example, for energy-intensive materials used in public procurement for buildings, infrastructure, and motor vehicles, the proposal sets minimum requirements beginning in 2029. At least 25 percent of steel used would need to be low-carbon, and at least 5 percent of concrete and mortar and at least 25 percent of aluminum would need to be low-carbon and of Union origin.

Besides public procurement, the IAA would also allow or require governments and public bodies to attach conditions related to low-carbon production and European manufacturing when providing support for selected industrial products and technologies. For public support schemes involving energy-intensive materials, member states would need to apply IAA-related requirements to at least 45 percent of the relevant national budget. For automotive-related support schemes, the requirements would apply even more broadly. This means that public money would be used to ensure that this transition generates industrial value inside Europe. In a broader sense, the IAA is part of the Clean Industrial Deal's effort to mobilize public resources for EU-made clean manufacturing and to make public spending serve both

climate and industrial objectives.

Additionally, the IAA plans to introduce new foreign investment conditionality, which has received significant attention from foreign investors. The IAA does not close Europe to foreign investment, but it seeks to ensure that major investments in strategic sectors bring real value to the EU. For large investments of at least €100 million from non-EU countries that control more than 40 percent of global manufacturing capacity in areas such as electric vehicles, batteries, solar technologies, and critical raw materials, the proposal would attach conditions related to employment, innovation, local value creation, technology and knowledge transfer, and European workforce participation. This is the EU's attempt to prevent its Single Market from becoming merely a destination for foreign production without deeper industrial benefits to communities. This is particularly relevant for Chinese firms, because electric vehicles, batteries, solar technologies, and critical raw materials are precisely the sectors where Chinese companies hold strong positions and where China-EU industrial cooperation has become increasingly sensitive.

The fourth tool is the development of universal low-carbon product rules. The proposal would give the European Commission a role in defining what counts as a low-carbon product, using methods linked to emissions accounting, carbon pricing, and existing EU climate instruments. This is not the first time the EU has introduced low-carbon rules. Rather, the IAA builds on a broader regulatory ecosystem that includes the EU ETS, CBAM, the Batteries Regulation, and so on. The purpose is to make low-carbon requirements measurable, comparable, and enforceable across different industries. Without such rules, public buyers and public support schemes would struggle to distinguish genuinely low-carbon products from conventional alternatives.

Lastly, the IAA would require member states to simplify and speed up permitting procedures for industrial manufacturing projects and to designate industrial manufacturing acceleration areas where strategic projects can be developed more efficiently. This responds to a common criticism of EU industrial policy: Europe often sets ambitious climate and industrial goals but struggles to move projects quickly from planning to implementation. Taking together, the IAA tries to address both sides of the investment problem: whether companies have a market for low-carbon products, and whether they can build the necessary production capacity in time.

C. *How Industrial Accelerator Act (IAA) is Making a Difference*

A Demand-Side Industrial Policy

At its core, the IAA is a demand-side industrial policy tool. Unlike traditional industrial policies that focus mainly on subsidies, tax incentives, or production targets, the IAA seeks to shape the conditions under which clean industrial products enter, and most importantly, compete effectively in the European market. In practice, this means that when public authorities or publicly supported projects purchase certain materials, technologies, or vehicles, they may be required to consider whether the product is made in the EU and how carbon-intensive it is.

This approach is significant because public procurement and public funding represent powerful market-shaping tools. Public procurement accounts for a large share of economic activity in Europe, while public support schemes can influence investment decisions in all sectors. If public buyers and subsidy programs begin to favor low-carbon and European-made products, companies will have a stronger incentive to invest in European manufacturing capacity with cleaner production processes and more transparent supply chains. The IAA therefore tries to move beyond the logic of simply penalizing carbon-intensive production. Instead, it aims to build lead markets for low-carbon products by ensuring that cleaner and locally produced alternatives have a more stable source of demand. This is especially important for products where upfront costs can be high and private buyers may not yet be willing to pay a green premium.

Covering Strategically Important Sectors

The IAA focuses on sectors that the EU considers strategically important for both decarbonization and industrial competitiveness. These include energy-intensive industries, the automotive sector, and net-zero technologies. Together, these sectors do not represent the entirety of European manufacturing, but they play an outsized role in enabling downstream industrial ecosystems. They provide the materials, components, and technologies needed for construction, mobility, energy systems, clean technology deployment, and even strategic sectors such as space and defense. Energy-intensive industries are key pillars of this strategy. These sectors are difficult to decarbonize, yet they are also foundational to Europe's industrial base.

The automotive sector is another major focus. As electric vehicles and other low-emission vehicles become central to the future of European manufacturing, the IAA seeks to ensure that public support for clean mobility also contributes to European industrial capacity. The proposal includes Union-origin requirements for electric vehicles, plug-in hybrid vehicles, and fuel cell vehicles purchased or leased through public procurement. These requirements include EU assembly, a minimum share of EU-origin vehicle components excluding the battery, EU-origin requirements for key battery components including battery cells, and later requirements for electric powertrain and electronic systems. This is especially important because the automotive transition is also a supply chain transition. European automakers are not only competing over vehicle brands; they are competing over batteries, software, drive systems, and component ecosystems, areas where Chinese firms have become increasingly competitive.

The proposal also covers broader net-zero technologies, including batteries and energy storage, solar and wind technologies, nuclear fission technologies, and other technologies connected to the EU's Net-Zero Industry Act. The connection is important because it adds demand-side and market-access tools to an existing effort to expand European clean technology manufacturing. The Net-Zero Industry Act focuses on strengthening production capacity and simplifying permitting for net-zero technologies, while the IAA uses procurement, public support, and origin requirements to create stronger demand for those technologies

and their key components.

Reshaping Market Access for Foreign Producers

The IAA also makes a difference by changing the terms under which foreign producers and investors participate in Europe's clean economy. Besides demonstrating their advantages on price, regulatory compliance, and emission performance, foreign companies may also need to demonstrate that their presence in Europe contributes to local production, employment, technology diffusion, and supply chain resilience under the current IAA rhetoric.

It is particularly noteworthy that these sectors are also the areas where Chinese companies typically hold especially strong positions in global manufacturing and supply chains at the same time. For Chinese firms, the IAA reshaped the basic investment model for entering the European market. A Chinese company seeking to build or acquire manufacturing capacity in Europe will have a wider range of issues to consider in the future because of IAA. They will need to rethink the questions such as how to structure ownership, whether to form a joint venture with European partners, how much technology or know-how can be licensed locally, how much research and development should take place in Europe, and whether the project can meet expectations on European workforce participation and local sourcing. In this sense, the IAA moves beyond the question of whether Chinese clean technology companies can invest in Europe. It asks what kind of investment Europe is willing to accept.

This is a meaningful shift from export-oriented market access to conditional localization. For much of the past decade, in sectors such as solar PV, batteries, and electric vehicles, Chinese firms have been very competitive as they have benefited from mature supply chains, production experience, and better price. The IAA does not erase those advantages, but it does make them less sufficient on their own. If access to public procurement, public support, or politically sensitive manufacturing projects depends on Union-origin requirements and value-added investment conditions, Chinese firms may need to move from simply supplying Europe to embedding more of their production, workforce, and partnerships inside Europe.

D. The Latest on Industrial Accelerator Act (IAA) and What it Means

China Pushes Back

China responded quickly after the European Commission introduced the IAA proposal. On March 6, China's Ministry of Commerce expressed "grave concern" over the proposal. The ministry said China would closely follow the legislative process, assess the act's impact, and defend the legitimate rights and interests of Chinese companies. The Ministry of Commerce later also argued that the proposal sets restrictive requirements for foreign investment in four emerging sectors that are strategically important to Europe. It also criticized the act's exclusionary "Union-origin" requirements in public procurement and other forms of public intervention, calling them serious investment barriers and institutional discrimination.

The strongest industry-level response came from China's automotive sector. On May 22, the China Association of Automobile Manufacturers expressed "serious concern, strong dissatisfaction and firm opposition" to the IAA. The association criticized the proposal for containing discriminatory provisions targeting foreign firms. It also called on the European side to "carefully assess" the potential impact of the relevant provisions on China-EU industrial cooperation.

Despite strong opposition, some Chinese enterprises have begun attempting to take a proactive approach at the same time. BYD was looking to take over an existing factory in southern Europe for a second European electric vehicle plant. A company adviser said the reason Chinese automakers were looking for existing European facilities was that proposed EU "Made in Europe" local-content rules could come into effect before newly built plants are ready.

The IAA is about to become an immediate and direct test of the EU-China trade relations. Although the proposal is not formally written as a China-specific measure, its sectoral focus makes China the most affected external player. The covered clean industries are precisely the areas where Chinese companies hold strong manufacturing advantages and where the EU is most concerned about strategic dependence. China's strong reaction is not surprising. From Beijing's perspective, the IAA risks turning Europe's green transition into a new set of investment and market-access barriers.

Meanwhile, it is reasonable that European policymakers want public procurement, public support, and foreign investment to strengthen local manufacturing, create jobs, and reduce dependence on external suppliers. The challenge is finding the right balance. If the IAA is too restrictive, it could discourage investment, increase costs, slow deployment, and deepen trade tensions with important partners.

European Industries Split Over How Far the IAA Should Go

In the automotive sector, Volkswagen, Stellantis, and Renault sent a letter to European lawmakers in June urging the EU to adopt simple "Made in Europe" rules. Together, the three companies account for about 60 percent of European car output. They proposed that 70 percent of vehicles sold in the EU should have 70 percent of their value generated within the bloc, covering the full value chain from engineering to manufacturing. However, on the other hand, BMW was a lot more cautious and suggested that Europe should think more in terms of "Made with Europe," rather than only "Made in Europe," when shaping local supply policies.

Meanwhile, the steel sector believes that the IAA is still not strong enough. The European Steel Association warned that the current proposal may not provide the long-term demand certainty needed for major industrial investments and argued that public support for low-carbon steel should not flow to producers outside the EU. It called for clearer and stronger "Made in Europe" rules for low-carbon steel.

Other clean technology sectors have also welcomed the IAA while warning against overly rigid

implementation. SolarPower Europe called the proposal a major moment for European solar manufacturing because it would allow EU countries to give preference to EU-made solar and battery storage systems. At the same time, it warned that battery storage requirements could become counterproductive if they are too strict or begin too early. While welcoming the recognition of wind energy as a strategic sector, European wind power company WindEurope noted that Europe's wind industry still heavily depends on diversified global supply chains and trusted partners.

The IAA will test how far Europe can go in using industrial policy without undermining its own competitiveness. Some sectors want stronger protection because they face direct competition from foreign producers and need clearer policy and demand signals for expensive low-carbon investments. Others support the overall goal but worry that strict local-content rules could increase costs, complicate supply chains, or reduce Europe's ability to attract investment. The core question is how strong and how flexible the IAA should be.

EU Member States Debate the Scope of "Made in Europe"

There are also differing opinions among EU member states regarding the IAA. France and several other countries supported the rules as a way to strengthen European industry against cheaper imports, while countries such as Sweden and the Czech Republic warned that "buy local" requirements could deter investment and raise procurement costs. Some industries also wanted the policy to cover close non-EU supply chain partners such as the United Kingdom and Turkey. On May 28, EU industry ministers held a policy debate on the IAA at the Competitiveness Council. According to the Council, ministers discussed how to use access to the Single Market through European preference and low-carbon requirements. Most member states supported the IAA's objectives and European-origin measures, but several raised concerns about market fragmentation, especially if decarbonization requirements are not applied consistently across the bloc. Others warned that public procurement rules and permitting procedures could create additional administrative burdens. The same debate also showed that member states are still weighing how open the EU industrial strategy should remain. Some ministers suggested expanding the IAA to cover more sectors, while most delegations emphasized that the EU should remain an open economy and continue to support trade and investment.

E. What's Next for Industrial Accelerator Act (IAA)

One of the most important questions is how Chinese companies will adapt to the IAA if it moves forward. The IAA will push China from purely exporter toward deeper localization. Chinese firms may need to invest more directly in European production and build stronger links with European supply chains. This shift is in fact consistent with China's own industrial trajectory. Many Chinese companies, including state owned enterprises, are already expanding overseas as they seek to move closer to major markets and reduce exposure to tariffs. The IAA could positively accelerate a transition in China that is already underway. In this case, future disputes are likely to focus less on whether Chinese companies can invest in

Europe and more on what kind of investment will be acceptable. Questions over ownership structure, financing, local sourcing, technology transfer, intellectual property, labor requirements, and joint venture governance could become central to China-EU clean industrial relations. The IAA may create a pathway for Chinese firms to remain active in Europe, but only if their investments can be framed as contributing to European industrial capacity. China and Chinese companies will also seek to protect their own interests. They are unlikely to accept investment terms that they see as one-sided. The future of China-EU clean industrial cooperation may therefore depend on whether both sides can find terms that are mutually beneficial.

For Europe, the next challenge is whether the IAA can turn policy ambition into actual industrial capacity because creating demand is only one part of the problem. Europe also needs enough capacity to respond to that demand. Many European companies have spent years facing all the challenges. Whether they can use the IAA to regain competitiveness and move back toward the front of global clean technology industries within a short timeslot remains uncertain.

Another issue worth watching is whether the IAA will also become relevant beyond Europe. The United States faces a similar dilemma: how to reduce dependence on foreign industrial supply chains while building domestic manufacturing capacity. Washington has already relied heavily on tariffs, domestic tax credits, and import restrictions linked to foreign entities of concern. These tools are already shaping the U.S. clean industrial policy landscape. The EU's IAA suggests a possible next step in this policy evolution. If the United States moves further in this direction, the question will be whether U.S. and EU clean industrial policies become more coordinated or more competitive. Their goals are largely similar, but these do not necessarily lead to cooperation. U.S. and EU policies could begin to compete for the same industries, technologies, and corporate investments.

For China, this would create a more complex external environment. Chinese companies seeking to expand overseas may face overlapping and potentially competing requirements from Europe and the United States. China's role could become more strategically important. The IAA is therefore not only a European industrial policy proposal. It may also point to a broader shift in which the clean transition becomes increasingly relevant at an international level.

Main Sources & Expanded Reading

The EU Industrial Accelerator Act: Brussels Fights 'Tooth and Nail' for Europe's Economic Future, Center on Global Energy Policy at Columbia University, May 13, 2026

Ambition Without Precision: Why the Industrial Accelerator Act Falls Short, Kiel Institut, March, 2026

The Industrial Accelerator Act, Industrial Policy and EU Security of Supply, Florence School of Regulation, March, 2026

The Industrial Accelerator Act (IAA): A Long-Awaited First Step, Still Short on Ambition and Urgency, *E3G*, March 4, 2026

Commission Proposes Industrial Accelerator Act to Strengthen Industry and Create Jobs in Europe, European Commission, March 4, 2026

Europe-China: A New Joint Venture Strategy for Cleantech, Montaigne Institut, December, 2025
EU to Discuss Potential Restrictions on Chinese Imports Amid Fears of Overreliance, *The Guardian*, May 28, 2026
China Expresses 'Grave Concern' over EU's Proposed Industrial Accelerator Act, *Reuters*, March 6, 2026
Europe Should Think More 'Made With Europe', Not 'Made in Europe', BMW Official Says, *Reuters*, June 18, 2026
Explainer: What Is in the EU's Buy-European Law?, *Reuters*, March 14, 2026
MOFCOM Spokesperson's Remarks on the EU Industrial Accelerator Act, Ministry of Commerce of PRC, March 12, 2026
Industrial Accelerator Act will Strengthen Europe's Economic Resilience, Wind Europe, March 4, 2026
Industrial Accelerator Act Marks New Era for Solar Manufacturing in Europe, Solarpower Europe, March 4, 2026
Clean Industrial Deal, European Commission, last visited on June 24, 2026

This season's Climate Change Project Profile on Industrial Accelerator Act (IAA) was primarily researched and written by Zhangchen Wang, Research Associate at the Institute for China-America Studies.

Climate Change Actor Profile: BBNJ Agreement

A. Understanding BBNJ Agreement

Accounting for two-thirds of the ocean and 43% of the Earth's surface, the high seas are the largest habitat on Earth. Despite this scale, the existing high seas governance framework remains fragmented with important regulatory and institutional gaps, leaving this global commons vulnerable to biodiversity loss and environmental degradation caused by both human activities and climate change. The Agreement under the United Nations Convention on the Law of the Sea on the Conservation and Sustainable Use of Marine Biological Diversity of Areas beyond National Jurisdiction, commonly known as the BBNJ Agreement or High Seas Treaty, represents the first international agreement to ensure the conservation and sustainable use of marine biodiversity in areas beyond national jurisdiction (ABNJ). Having officially come into force in January 2026, the Treaty marks a significant step towards achieving the goal of preserving 30% of the ocean by 2030. Moreover, the Treaty also aims to ensure that the conservation of the high seas also contributes to scientific and economic benefits for participating nations, particularly developing states.

The Treaty's real significance, however, lies in its implementation. The effectiveness of its financing, enforcement mechanisms, and institutional arrangements will determine whether it can translate international commitments into coordinated conservation actions. Therefore, in addition to a global pledge to protect the ocean, the BBNJ Agreement is also a site of geopolitical competition over the future of ocean governance.

B. What is the BBNJ Agreement

A New Framework for the High Seas

The BBNJ Agreement is the first comprehensive, legally binding instrument dedicated to governing the high seas under the United Nations Convention on the Law of the Sea (UNCLOS). Adopted in 2023 after two decades of negotiation, it came into force on 17 January 2026, 120 days after its ratification passed the 60-country threshold the September before. While UNCLOS was designed to provide the legal framework for ocean governance, shifting climate conditions, emerging technologies, and evolving interests have required new measures to sustain its effectiveness across all marine and maritime activities. As the third implementing agreement of UNCLOS, the BBNJ Agreement complements the Convention by establishing new mechanisms to better fulfill its obligations. Unlike the two earlier UNCLOS implementing agreements which focus on deep seabed mining in ABNJ and straddling or highly migratory fish stocks respectively, the BBNJ Agreement functions as a comprehensive conservation tool that treats the high seas as a holistic system instead of focusing on individual resources or sectors.

Advancing High Seas Conservation through Four Pillars

The BBNJ Agreement encompasses four interconnected elements that combine biodiversity conservation

with equitable governance. The first pillar concerns the fair and equitable sharing of benefits derived from Marine Genetic Resources (MGRs), which are defined as animals, plants, and other marine organisms with actual or potential scientific and commercial value, including applications in pharmaceuticals, cosmetics, and biotechnology. To promote transparency and collaboration, Parties collecting MGRs must share information through an open-access Clearing-House Mechanism. Sharing the resulting benefits, whether monetary or through research cooperation, data sharing, and capacity building, are intended to ensure that all Parties, particularly developing states, can participate in and benefit from marine scientific research.

The second and third pillars establish the Treaty's environmental safeguards. Area-based management tools (ABMTs), such as Marine Protected Areas (MPAs), enable Parties to designate regions of the high seas for conservation and sustainable use. Depending on the conservation objectives, the MPAs may restrict activities including fishing, mining, or scientific research. Once adopted, Parties are responsible for ensuring that activities under their jurisdiction comply with these measures. Complementing this, Environmental Impact Assessments (EIAs) require Parties to evaluate whether proposed activities are likely to cause significant harm to marine biodiversity before they are authorized. While environmental assessments conducted under other international frameworks may satisfy the Treaty's requirements if deemed equivalent, the criteria for equivalence is yet to be defined, raising concerns over inconsistent implementation and regulatory loopholes. As the BBNJ Agreement intends to complement rather than undermine existing sectoral regimes, effective coordination is essential to avoid regulatory conflicts or overlapping requirements.

The fourth pillar echoes the benefit-sharing mandate of pillar one and focuses specifically on capacity building and the transfer of marine technology to enable all Parties, particularly developing states, to participate effectively in implementing the Agreement over the long run. This includes scientific training, technical assistance, infrastructure development, and the sharing of data, knowledge, and relevant technologies. Unlike the other three pillars, these obligations are flexible and needs-based rather than legally binding, allowing support to evolve alongside the priorities and capabilities of developing countries.

Establishing New Institutions

Implementing these four pillars requires the BBNJ Agreement to build an institutional architecture from scratch. The Conference of Parties (COP) sits at the top as the Treaty's central decision-making body, supported by a secretariat that handles administration and coordination. A Scientific and Technical Body advises on matters ranging from MPA site criteria to EIA thresholds and standards; while the access and benefit-sharing committee, capacity-building and transfer of marine technology committee, and implementation and compliance committee tie directly to the four pillars of the Treaty. Moreover, a finance committee will be established to fund both the Treaty's operations and capacity-building support for developing states.

C. How the BBNJ Agreement is Making a Difference

Closing the Governance Gap

The BBNJ Agreement represents a significant shift in global ocean governance by giving biodiversity protection a more central place. Historically, the high seas were governed by around 20 international bodies, each with distinct mandates, geographic scope, and legal authority. While these institutions regulated individual activities such as shipping, fishing, or seabed mining, they have operated largely in isolation, with coordination across overlapping jurisdictions and sectors remaining limited. Therefore, no overarching mechanism existed to account for the cumulative environmental impacts arising across sectors or institutional boundaries. The BBNJ Agreement closes the governance gap by establishing a cross-sectoral, conservation-focused framework that sits alongside existing bodies rather than replacing them, while promoting cooperation among states on issues none of these bodies were designed to handle alone. It also reflects a growing recognition that the high seas can no longer be governed as a collection of discrete resources at a time when environmental degradation and surging demand for marine resources are accelerating together.

Balancing Conservation with Equity

Beyond the creation of a new biodiversity governance framework, the BBNJ Agreement also places equity and fairness at its core, increasing its prospects for long-term implementation. Rather than treating conservation as a standalone objective, the Agreement couples environmental protection with fairness through its benefit-sharing mechanism for MGRs and its dedicated pillar on capacity building and technology transfer. These provisions facilitate the diffusion of scientific knowledge, technology, and economic benefits, enabling countries with limited institutional, infrastructural, and scientific capacity to participate more effectively in high seas research and conservation while strengthening their ability to implement the Treaty over the long term. This is particularly important as many of the countries that depend most heavily on marine resources and are most vulnerable to ocean degradation are also those with the least financial and technological capacity to protect them. Moreover, these mechanisms also broaden participation by creating tangible incentives for states with fewer direct maritime interests, such as landlocked nations, through access to scientific collaboration, technology transfer, and the potential benefits arising from MGRs.

This emphasis on equity is particularly significant given the growing divide between developed and developing countries across international environmental negotiations. As demonstrated in climate conferences over the years, disagreements over finance and historical responsibility have increasingly slowed progress on collective action. The BBNJ Agreement attempts to address these tensions from the outset by embedding tangible benefit-sharing and capacity-building within the treaty itself, making equity not simply a political aspiration but a core component of the governance framework that offers a stronger foundation for broad participation than a treaty focused solely on conservation obligations.

D. The Latest on the BBNJ Agreement

The Secretariat Battle

The most consequential near-term decision is where the secretariat will be permanently housed. Three cities, China's Xiamen, Chile's Valparaíso, and Belgium's Brussels, have delivered bid presentations during the PrepCom 3 meeting, held from March 23 to April 2, 2026. A final decision on the host city will be made at COP1 in January 2027. Beyond a competition for office space, this is a contest of geopolitical significance. As the latest candidate that submitted its bid in January 2026, China's entrance shows the country's increased commitment towards multilateral cooperation and environmental protection, while also signifying its ambition in playing a more active role in marine governance and shaping global orders. This bid could also increase the representation of Asia-Pacific and the Global South, which have historically lacked presence in the UN system. During its presentation, China has highlighted this opportunity and vowed its commitment to enhance inclusivity and global representativeness in the Treaty's implementation, with particular attention to the Global South. Furthermore, against the backdrop of the U.S. withdrawing from international agreements, this presents an opportunity for China to step up, fill the vacuum, and uphold international commitments.

However, the prospect of a major power taking on a larger role in the BBNJ framework has raised broader geopolitical concerns among some observers, particularly over how influence in global governance may be exercised through institutional leadership. Although the secretariat has no formal decision-making authority, its role in agenda-setting, coordination, and implementation could still shape negotiations and the balance between conservation and exploitation. China's bid therefore reflects a broader question of whether the growing role of major powers in emerging institutions will strengthen global implementation or introduce geopolitical tension into their operation.

Apart from ongoing geopolitical dynamics, China has presented an attractive bid with an especially notable financial offer. Beijing's commitment amounts to "approximately $70 million, including cost reductions, waived utilities, contributions to treaty funds, and an additional $3 million earmarked to support developing countries' participation in future meetings". In comparison, Belgium has reportedly pledged approximately €600,000 in "waived secretariat rent over five years" and "€70,000 to voluntary fund". Meanwhile, factors such as the secretariat's institutional relationship with the UN also shapes the vote. If the secretariat is to be closely integrated with the existing UN system, Belgium could be a better candidate for its extensive diplomatic network and existing connection with UN institutions. Geographical representation also matters, which could benefit Chile's bid for the country's representation of the Global South. As one of the first countries to ratify the Treaty and submitting the bid for secretariat as early as March 2023, the country also has a strong domestic environmental agenda, existential concern over ocean's health, as well as the experience of leading ocean conferences.

Each candidate therefore represents a distinct comparative advantage for the BBNJ Agreement. China offers substantial financial resources, expanding marine scientific capacity, and an increasingly active role in global environmental governance; Belgium contributes institutional experience, diplomatic expertise, and close

integration with the broader UN system; while Chile brings political momentum, regional representation, and a strong commitment to ocean conservation rooted in its national interests. Ultimately, the outcome should be determined by the nation's commitment and competence in facilitating the implementation of the BBNJ Agreement. Regardless of the result, this decision would shape the foundational tone of the translation of BBNJ's ambition into implementation.

Financial Mechanism Pending

As a treaty where capacity building and developing nations' participation are at its core, financing is a key issue to be tackled to shift from negotiation to implementation. As the president of Palau expressed, "with the treaty now in force, financial obligations are no longer hypothetical". The PrepCom 3 meeting made progress on the three components of the BBNJ's financial mechanism, yet significant decisions such as financial rules remain bracketed. The meeting finalized a memorandum of understanding with the Global Environment Facility (GEF) on channeling funds from existing multilateral environment financing institutions to BBNJ. It also agreed on the terms of reference for the Voluntary Trust Fund (VTF), which pays for delegates from developing countries to attend COPs and other BBNJ meetings. Most importantly, it set a roughly two-year timeline to operationalize the Special Fund that finances the implementation of the Agreement for developing nations. The Special Fund is financed through MGRs monetary benefit-sharing and voluntary contributions, making it BBNJ's main long-term, Treaty-owned implementation fund. While the question of "who pays" is resolved, who can benefit and by how much is yet to be determined. What should the procedure to apply for funding be, and how to set a balanced criteria for eligibility? These are some of the many questions that need to be answered to operationalize the Special Fund, while their implications are tied to the fundamental value of the BBNJ Treaty.

Moreover, conversation lagged over rules that could affect the adaptation of the first budget. While assessed contributions will generally be determined by the UN scale of assessments, treatment of arrears is undecided. The balance of power of the finance committee, namely its composition such as the representation of Small Island Developing Countries (SIDs) and Least Developed Countries (LDCs), is also bracketed and forwarded to COP1. While there are no fundamental disagreements about financing obligations, the fact that consensus is still absent over certain bureaucratic aspects and will be deferred to the COP meeting, taking precious time off negotiations over key issues such as the adoption of the first budget, implies that countries have varying senses of urgency on the Treaty's implementation.

E. What's Next for the BBNJ Agreement

So far, the Preparatory Commissions have established the general framework of the BBNJ Agreement and reflected no major divergence over the Treaty's provisions. However, how its implementation would go is too early to tell. Finance, governance, and coordination with other international bodies are areas that are most crucial for effective implementation, and should be closely watched in the first COP meeting.

Finance has been a main bottleneck for environmental institutions over the years and has increasingly

become a point of contention between developed and developing nations. For the BBNJ Agreement, financing is especially important as enabling developing countries to contribute meaningfully to conservation is one of its key objectives. Although the broad financing architecture has been agreed upon, key questions remain unresolved. The first budget has yet to be adopted at COP1, and disagreements over its size could delay not only the operation of the Secretariat and subsidiary bodies, but also the capitalization of the Special Fund, which will rely heavily on assessed contributions from developed countries before monetary benefits from marine genetic resources begin to materialize. Whether developed countries demonstrate sufficient political willingness to provide early funding will therefore be an important indicator of the Agreement's long-term viability.

Governance will present another major challenge. Questions remain over how conservation measures will be monitored, how compliance will be assessed, and what mechanisms will exist to address failure to fulfill protection obligations. Moreover, since the Treaty establishes a general governance framework rather than prescribing detailed rules, trade-offs among biodiversity conservation, marine scientific research, fisheries, shipping, and resource exploitation needs to be negotiated over time. These decisions are likely to become increasingly complex as the high seas evolve into a more contested global commons, where national security interests in critical minerals, shipping routes, and marine resources intersect with conservation objectives. The effectiveness of the BBNJ Agreement will therefore depend not only on the rules contained in the treaty itself, but also on whether its institutions can translate broad political consensus into practical and enforceable action.

Lastly, coordination with existing institutions will be equally critical. The BBNJ Agreement is designed not merely to complement existing ocean governance bodies but to serve as a coordinating hub across a fragmented normative landscape. Effective implementation will require the BBNJ institutions to engage closely with these organizations, ensuring that conservation measures, EIAs, and ABMTs are coordinated rather than duplicated, ambiguous, or left with regulatory gaps. While the COP, secretariat, and the Clearing-House Mechanism all have different mandates in promoting coherence and facilitating coordination, the specific mechanisms are still unspecified. Meanwhile, regional coalitions and existing international bodies are actively aligning their mandates with the BBNJ framework, distributing the burden of coordination across multiple levels of governance. The most important next step is for COP1 to build on this momentum by resolving the institutional foundations the Treaty needs to function, without allowing long-standing political disputes unrelated to the ocean to derail progress.

Main Sources & Expanded Reading

Why China Wants to Host the New BBNJ Secretariat, *The Diplomat*, April 20, 2026
Agreement on Marine Biological Diversity of Areas beyond National Jurisdiction, United Nations, last visited on July 1, 2026
Marine Protected Areas in Antarctica: Has China's hand been revealed?, Wilson Center, May 19, 2023
China enters race to host High Seas Treaty HQ, *Dialogue Earth*, January 29, 2026
Why China, Not the United States, Is Making the Rules for Deep-Sea Mining, Carnegie Endowment for International Peace, December 19, 2023
Leading from the "Global Middle": China's Bid to Host the New Ocean Treaty, China Global South Project, April

16, 2023
Finance cannot be an afterthought for the high seas treaty, *Dialogue Earth*, March 19, 2026
MGR Mechanism | BBNJ Treaty, Harvard University, last visited on July 1, 2026
Financial Resources and Mechanism | BBNJ Treaty, Harvard University, last visited on July 1, 2026
Financing the High Seas: What PrepCom III Settled, and What It Passed On, UNSW Sydney, May 19, 2026

This season's Climate Change Actor Profile on the BBNJ Agreement was primarily researched and written by Jinliang Ding, Part-time Research Assistant Intern at the Institute for China-America Studies.

Climate Research, Analysis, and Beyond

Scientific Research Results & Releases

April 2026

- Research Article: Long-Term Adaptation Pathways for Venice and Its Lagoon under Sea-Level Rise, *Scientific Reports*, Volume *16*, Article number: 9438
- Research Article: Legacy Effects of an Extreme Marine Heatwave on a Stress-Tolerant Coral, *Global Change Biology*, Volume 32, Issue 4
- Comment Article: Strengthen The Tropical Forests Forever Facility to Safeguard Forests and People, *Nature Ecology & Evolution*, Volume 10, page 1026-1028
- Research Article: Observational Constraints Project A ~50% Amoc Weakening by The End of This Century, *Science Advance*, Volume 12, Issue 16
- Research Article: Corals and Reef-Dwelling Fish Regulate Carbon Storage and Cycling Processes in Coral Reef Ecosystems, *Advanced Science*, e20612
- Research Article: Global Blue Carbon Losses from Salt Marshes Exceed Restoration Gains, *Nature Communications*, Volume 17, Article Number 3744
- Journal Article: Increasing Extremity and Accelerating Expansion of Heatwaves Across Eurasia, *Environmental Research Letters*, Volume 21, Number 8
- Journal Article: Dynamics and Future Projections of Indian Forest Carbon Stocks under Different Emission Pathways Using CMIP6 and LPJ-GUESS, *Environmental Research: Climate*, Volume 5, Number 2

May 2026

- Journal Article: Atmospheric Warming Contributions from Airborne Microplastics and Nanoplastics, *Nature Climate Change*, Volume 16, page 598–605(2026)
- Research Article: Integrated Climate Effects on Nitrogen Cycles in Global Grasslands, *Science Advance*, Volume 12, Issue 19
- Journal Article: Loss of Competitive Strength in European Conifer Species under Climate Change, *Nature Communication Earth & Environment*, Volume 7, Article Number 401
- Research Letter: Climate Change Amplifies Rainfall Sensitivity to Deforestation in the Southern Amazon, *Geophysical Research Letter*, Volume 53, Issue 9
- Research Article: Arctic Sea Ice Decline, Increasing Successive Sudden Stratospheric Warmings and Cold Northern Hemisphere Continents, *Nature Communications Earth & Environment*
- Research Article: Antarctic Ice-Shelf Basal Melt Shaped by Competing Feedbacks, *Nature Geoscience*, Volume 19, page 675-682
- Research Article: Seabird Range Contraction and Dispersal under Climate Change, *Nature Climate Change*
- Research Article: Including Ozone Increases Estimated Global Crop and Economic Benefits of Carbon Neutrality Policies, *Nature Food*, Volume 7, page 441-451
- Research Article: Improving Marine Heatwave Statistics in Global Climate Models Using Machine Learning: A Case Study for The North–West European Shelf, *Climate Dynamics*, Volume 64, Article Number 243

June 2026

- Research Article: Rapid and Intense Declines of Forest Connectivity in the Amazon Arc of Deforestation Over Four Decades, *Global Change Biology*, Volume 32, Issue 6
- Journal Article: Impact of Climate Change on Plantation Crops with Special Reference to Tea in India,

Frontiers in Climate, Volume 8
- Research Article: Amplified Arctic Iceberg Traffic Reshapes Benthic Biodiversity, *Nature*, Volume 654, page 963-970
- Research Article: Human-Caused Sea Level Rise Drives 21st-Century Worldwide Water Level Extremes, *Science Advance*, Volume 12, Issue 24
- Research Letter: Permafrost Carbon–Climate Feedback Amplifies Earth System Tipping Risks, *Environmental Research Letters*, Volume 21, Number 12
- Research Article: Unprecedented Ongoing Shrinkage of European Winters Revealed by A Six-Century Snow Cover Reconstruction, *Nature Communications Earth & Environment*

Third-Party Views on Climate Change

El Niño is returning to test climate resilience in an already warmer world.
- The World Is About to Get a Preview of Life in 2035 (*The New York Times*, May 6)
- Is The U.S. Prepared for Extreme Summer Weather? (*The Washington Post*, May 18)
- Opinion: El Niño Is Back. What Does That Mean For An Already Overheated California? (*Los Angeles Times*, May 25)
- Congress Should Heed The Pacific Ocean's Super El Niño Warning (*The Hill*, June 3)
- Is Climate Change Supercharging El Niño? A Debate Rages. (*The New York Times*, June 19)
- A Super El Niño Threatens Disaster. Trump Is Handling It Recklessly (*The Guardian*, June 23)

The U.S.-Iran crisis is reshaping energy priorities and showcasing the strategic value of clean energy.
- How The Iran War Could Shift Energy Policies Around The World (Atlantic Council, April 3)
- Britain Is on The Wrong Track in Energy Policy. Here's What We Should Do (*The Telegraph*, April 13)
- How China Is Plugging Energy Supply Gaps Left by Us-Iran Conflict (*Reuters*, April 14)
- Who'd Have Thought A Fossil-Fuel Shill Like Trump Would Be The One To Spark A Green Revolution? (*The Guardian*, April 18)
- 'Easily the Worst President in U.S. History' (*The New York Times*, April 21)
- The Only Good News From Iran (*The New York Times*, April 22)
- Europe Should Behave More Like China Does If It Wants to Survive This Age of Chaos (*The Guardian*, May 11)
- The Iran War Is Forcing Europe to Confront Its Energy Problem (*The Economist*, May 19)
- Iran Shock Jolts Asia and Europe to Speed Up Energy Transition (*Bloomberg*, June 3)
- The Energy Transition's Foundations Are Weakening. The US-Iran Crisis Shows Why That Matters Now (*World Economic Forum*, June 18)

Europe is recalibrating carbon market measures for a changing world.
- Analysts Cut EU Carbon Price Forecasts on Policy Reforms (*Reuters*, April 30)
- EU Carbon Border Levy Is a Growing Source of Tension for Ukraine (*Wall Street Journal*, May 22)
- ETS Reform Must Reflect Reality or Risk Industrial Decline (*Euractiv*, May 30)
- The New Carbon Order: China's Response to Europe's CBAM (Center for Strategic & International Studies, June 15)

The AI revolution is creating both climate risks and climate opportunities.
- New Gas-Powered Data Centers Could Emit More Greenhouse Gases Than Entire Nations (*Wired*, April 22)

- Officials Hugely Underestimated Impact of AI Datacentres on UK Carbon Emissions (*The Guardian,* April 24)
- Ecology Is Not Yet Ready For AI—And Why That Matters (*PNAS*, May 27)
- Are Data Centers The New Coal Mines? (*Washington Post*, June 18)
- AI Is Replacing Sustainability As The Latest Business Trend (*Forbes*, June 19)
- AI For Climate Change: 3 Lessons From 5 Organizations Leading The Way (Forbes, June 25)
- The AI Boom Is Colliding with A New Threat: Severe Weather (*CNBC*, June 29)

Europe is confronting the realities and contradictions of a rapidly warming summer.

- Europe, Epicenter of Global Warming, Faces Its Own Contradictions (*Le Monde*, May 12)
- Why Europe Is the Fastest-Warming Continent (*The New York Times, June 24*)
- A 'Deeply Ironic' Climate Disruption (*The New York Times, June 25*)
- Red-Alert Heatwaves Are Becoming Europe's New Normal. Investors Are Paying Attention (*CNBC*, June 27)
- Air Conditioning, Scourge of the French Left (*Wall Street Journal*, June 29)
- As Europe Braces For A Second Heatwave, The EU's Green Deal Faces Crucial Summer Test (*Euronews*, June 30)

Climate-Focused Conferences & Events

Multinational Conferences & Global Forums

Seventh Global Conference on Climate and SDG Synergies

United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP)
June 29 - June 30
Bangkok, Thailand

- From the Organizer: "Amid escalating geopolitical tensions, the world is facing an unprecedented convergence of challenges — rising energy costs driven by conflict, intensifying climate impacts and natural disasters, environmental degradation, and slowing growth with mounting debt burdens. These crises are deeply interconnected, and so too must be the solutions. Recognizing these interconnected crises, this year's Conference will focus on practical ways to address multiple challenges, and translate integrated and synergistic planning into coordinated implementation, building on the outcomes of the Sixth Global Conference and informed by the work of the Expert Group on Climate and SDG Synergy."

The 10th Ministerial meetings on Climate Action

Ministerial meetings on Climate Action (MoCA)
June 22 - June 23
Brussels, Belgium

- From the Organizer: "Since 2017, the EU, Canada and China have held an annual ministerial meeting to advance the goals of the Paris Agreement. The meetings provide a space for discussions on implementing the Paris Agreement through the promotion of ambitious climate action and the successful adoption of technical rules under the United Nations Framework Convention on Climate Change (UNFCCC)."

London Climate Action Week 2026

Climate Action Week
June 20 - June 28
London, The United Kingdom

- From the Organizer: "An open and inclusive platform for action — and a public good — LCAW is one of the world's largest independent climate events. Now in its eighth edition, it brings together more than 75,000 people across more than 1,000 events over nine days each June. From community gatherings in every London borough to major international conferences, ministerial roundtables and public art installations — climate action happening, visibly, across an entire global city."
- Primary Goals:
    - Shaping global climate action including diplomacy towards the annual UN climate COP
    - Aligning the London climate cluster to deliver new climate solutions
    - Delivering inclusive net zero and resilient climate transitions for and with London and UK

UN June Climate Meeting (SB64)

United Nations Climate Change
June 8 - June 18
Bonn, Germany

- From the Organizer: "We have entered the implementation era of the Paris Agreement. Accordingly, the UN system and its partners are convening a wide range of NDC-related events, showcasing how countries and

stakeholders are moving from climate plans to impact."

- Conference Outcome:
  - "On just transition, you took important steps towards turning the promise of the just transition mechanism into a reality, and to set up the review of the just transition work programme."
  - "On Action for Climate Empowerment, we laid crucial groundwork for accelerating a just transition, and deepening participation and engagement across societies."
  - "On adaptation and mitigation, Parties voiced the need to deepen and accelerate action, but very disappointingly, we did not deliver on that here in Bonn."
  - "The COP31 Presidency announced targets for electrification, city resilience and efficiency, and waste under the Action Agenda."

Public Events & Panel Discussions

-Upcoming Events-

Turning National Adaptation Plans into Local Action: Lessons from Brazil, India and Indonesia
Event by World Resource Institute | July 9

Where's the Water: Mekong Wet Season 2026
Event by Stimson Center | July 8

Clean Energy Solutions for Data Center Demand
Event by World Resource Institute | July 7

Webinar — Scaling Zero Emission Trucks through Policy and Finance
Event by Rocky Mountain Institute | July 2

-Past Events-

How Do We Unlock the Circular Battery Economy?
Event by Rocky Mountain Institute | July 2

Navigating Global Energy Markets Amid Uncertainty
Event by Center for Strategic and International Studies | June 12

From Strategies to Action: Aligning Climate Goals, Development and Finance
Event by World Resource Institute | July 11

Building Blue Resilience at the Our Ocean Conference
Event by Stimson Center | June 2

A Water Festival Without Clean Water
Event by Stimson Center | May 14

Saving Lives in a Warming World: Investing in Climate Services for Health
Event by World Resource Institute | May 12

The Future of the Panama Canal: Climate Resilience and Strategic Competition

Event by Stimson Center | May 11

The Future of Climate-Health Policy: Lessons from the U.S. Experience
Event by Carnegie Endowment for International Peace | April 23

AI for Food Security Forum
Event by Center for Strategic and International Studies | April 30

Implications of the War in Iran for Climate Security
Event by Stimson Center | April 28

The Latest Trends in Global Emissions
Event by World Resource Institute | April 28

Climate Action, Close to Home
Event by Center for American Progress | April 21

Climate Finance as a Tool for Global Stability
Event by Stimson Center | April 21

Accelerating the Transition: Energy Efficiency and Energy-Efficient Design
Event by Rocky Mountain Institute | April 18

Investing in Africa Forum
Event by Atlantic Council | April 16

Introduction to Cool Cities Lab: Assessing Heat Risks and Prioritizing Cooling Solutions (Option 1/2)
Event by World Resource Institute | April 15

Financing Innovations in Climate Mobility
Event by Carnegie Endowment for International Peace | April 14

The Futures Summit: A New Era of Development Cooperation
Event by Center for Strategic and International Studies | April 10

Game changers: Cures for 21st century biological threats
Event by Atlantic Council | April 10

Webinar—Driving Economic Development with Affordable Power
Event by Rocky Mountain Institute | April 9

Housing and the Climate Nexus: Pathways to Resilient, Affordable, and Low-Carbon Urban Futures in Africa
Event by World Resource Institute | April 9

Crude Diplomacy: Oil and the Iran War
Event by Carnegie Endowment for International Peace | April 7

How the War in Iran is Impacting Global Energy Infrastructure | All About the Base
Event by Center for Strategic and International Studies | April 6

ICAS BCCC Program Updates

ICAS Event

USMCA Joint Review: Where To From Here?

Online

June 29, 2026

ICAS held a virtual discussion on Monday, June 29, with Diego de Leon Segovia, Director at APCO; David Collins, Professor of International Economic Law at The City Law School; Wenting He, Postdoctoral Scholar at The China Institute, University of Alberta; and Enrique Dussel Peters, Professor at the Graduate School of Economics at Universidad Nacional Autónoma de México. Sourabh Gupta, Senior Fellow and Head of the Trade n' Technology Program at ICAS, moderated the discussion.

The discussion took place just before the first six-year joint review of the United States-Mexico-Canada Agreement (USMCA). Although the review is formally intended to determine whether the three parties will extend the agreement for another sixteen years, panelists broadly agreed that the process has become a much wider negotiation over the future of North American production. The central questions are how much manufacturing should take place in the United States, how tightly Mexico and Canada should align with U.S. economic security priorities, and how Chinese participation in North American supply chains should be treated.

Continue Reading: https://chinaus-icas.org/event/usmca-joint-review-where-to-from-here/

ICAS Event

EU-China Relations in an Era of Great Power Competition and Global Order Reconfiguration

Brussels, Belgium

June 10-11, 2026

On June 10–11, 2026, the Institute for China-America Studies (ICAS) co-hosted the “EU-China Relations in an Era of Great Power Competition and Global Order Reconfiguration” conference in Brussels, Belgium with the Institute for China-Europe Studies (ICES), the National Institute for South China Sea Studies (NISCSS), and the Institute for Security & Development Policy (ISDP). The event brought together policymakers, diplomats, and scholars from Europe, China, and the United States to discuss the future of EU-China relations in a rapidly changing international environment.

ICAS Executive Director Dr. Nong Hong participated as a speaker in the panel “Shared Horizons: Managing EU-China Ties through Ocean Stewardship.” Her remarks focused on Chinese and European interests and policies in the Arctic, as well as potential areas for future cooperation.

ICAS Senior Fellow Sourabh Gupta moderated the panel "The Third Variable: Dynamics and Trade-offs of EU-China-US Relations." The discussion explored how relations among China, the European Union, and the United States increasingly shape one another amid intensifying great power competition.

Continue Reading:
https://chinaus-icas.org/event/eu-china-relations-in-an-era-of-great-power-competition-and-global-order-reconfiguration/

ICAS BCCC Event

Electric Vehicles in U.S.–China Relations: Industrial Competition, Supply Chains, and Climate Goals

Washington, DC
April 24, 2026

On April 24, ICAS convened a panel discussion as part of DC Climate Week 2026, titled "Electric Vehicles in U.S.–China Relations: Industrial Competition, Supply Chains, and Climate Goals". This is also the second consecutive year that ICAS has hosted an event during DC Climate Week. The discussion was grounded in a shared recognition of the critical role of transportation electrification in addressing environmental challenges and reducing emissions. Against this backdrop, the panel explored how electric vehicles serve not only as a tool for climate mitigation but also as a driver of industrial development and economic growth, comparing the trajectories of the United States and

China while examining competition and potential avenues for future cooperation.

The panel featured LI Shuo (Director of China Climate Hub & Senior Fellow, Asia Society Policy Institute), John HELVESTON (Associate Professor, Department of Engineering Management and Systems Engineering, George Washington University), and Yilun ZHANG (Research Associate, Institute for China-America Studies), and was moderated by Zhangchen WANG (Research Associate, Institute for China-America Studies).

Continue Reading:
https://chinaus-icas.org/event/electric-vehicles-in-u-s-china-relations-industrial-competition-supply-chains-and-climate-goals/

BCCC Commentary

Bridging the Gap Between Science and Policy in Arctic Climate Cooperation

By Zhangchen Wang
April 2, 2026

During the 2026 Arctic Circle Rome Forum – Polar Dialogue, a familiar pattern emerged across discussions on climate change and international cooperation. Policy-focused panels repeatedly emphasized the importance of sustaining international climate cooperation amid ongoing geopolitical tensions and escalating climate risks. At the same time, scientific sessions covered a wide range of ongoing research and highlighted the practical challenges they face, many of which could be better alleviated through broader international collaboration.

These two conversations—one focused on policy principles and the other on scientific practice—often unfold in parallel, yet are only weakly connected. While the urgency of Arctic climate change is widely recognized and the potential benefits of scientific cooperation are clearly understood, there is still a limited alignment between the needs articulated by scientific communities and the frameworks discussed in policy circles. What remains missing is a clearer pathway to connect these two domains...

Continue Reading: https://chinaus-icas.org/research/bridging-the-gap-between-science-and-policy-in-arctic-climate-cooperation/

The Institute for China-America Studies (ICAS) is an independent think tank in Washington D.C. ICAS focuses on the evolving dynamics in the U.S.-China relationship to promote greater collaboration and mutual understanding through sincere exchanges of fresh ideas, objective policy-oriented research, and fair assessments of this critical bilateral relationship.

We aim to provide a window into the worldviews of both the United States and China, and thereby serve as a vehicle to promote greater understanding between these two countries and societies.

ICAS is a 501(c)3 nonprofit organization

ISSN (Print): 2837-3952 *ISSN (Online): 2837-3979*

ICAS
Institute for China-America Studies

1919 M St. NW Suite 310
Washington, DC 20036
202 968-0595 | www.chinaus-icas.org