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ICAS BLUE CARBON & CLIMATE CHANGE PROGRAM

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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



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July - September 2026

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This Season's Global Climate Affairs

Issues & Updates on Blue Carbon

National Action Plan on Blue Carbon: Proposed in 3 Phases, 6 Areas, and Key Actions

Friday, September 25

Source: Vietnam.vn

[Vietnam]

Vietnam has released a draft National Blue Carbon Action Roadmap that would guide development through 2030 and beyond, covering mangroves, seagrass beds, and tidal wetlands. The roadmap proposes three phases, beginning with legal frameworks, MRV standards, and pilot projects in 2026–27, followed by institutionalization and financing mechanisms, and eventually nationwide monitoring and carbon-market integration. Key targets include planting 9,800 hectares of new mangroves and restoring another 6,800 hectares by 2030, expanding marine protected areas, and incorporating quantified blue carbon contributions into Vietnam's NDC.

New Project To Explore Coral Reefs, Mangroves And Seagrass Meadows With EU Support

Monday, September 21

Source: Carbon Herald

[Global]

An EU-backed project called m-CONNECT has launched with nearly €6 million (\$7 million) funding to study coral reefs, mangroves, and seagrass meadows as interconnected coastal ecosystems rather than treating them separately. The four-year initiative brings together 20 partners from 12 countries across Europe, Southeast Asia, and Melanesia to improve understanding of how these habitats jointly support carbon storage, biodiversity, coastal protection, and climate resilience.

Exchanges on blue carbon by the Global Mangrove Alliance Policy Working Group

Thursday, August 27

Source: IUCN

[Global]

The Global Mangrove Alliance Policy Working Group convened experts to examine how stronger policy frameworks and diversified financing can accelerate blue carbon conservation and restoration. Discussions covered carbon markets alongside tools such as payments for ecosystem services, insurance, and outcome-based finance, while emphasizing land tenure, community rights, reliable data, and government engagement as key conditions for successful projects.

China, Solomon Islands Advance Seaweed Blue Carbon Cooperation

Sunday, August 16

Source: CGTN

[China/Solomon Islands]

China and the Solomon Islands advanced a cross-border seaweed blue-carbon project that has generated 2,951 tonnes of carbon sinks. Combining Chinese expertise, overseas marine resources, and global carbon markets, the project converts measurable carbon sequestration into tradable carbon credits. Building on similar cooperation with Indonesia, this initiative expands China's efforts to apply its aquaculture carbon-market model overseas.

TPG-Backed Firm Seals Carbon Investment Deal with Indonesia

Friday, August 7

Source: [Bloomberg](#)

[Indonesia]

Indonesia has formed a major blue-carbon partnership with Rubicon Carbon, combining public and private capital to finance and develop large-scale mangrove restoration and carbon-credit projects. The first phase will cover up to 70,000 hectares on Java's northern coast, with government support on land access, permitting, and community engagement. Indonesia sees this as a key step towards becoming a leader in blue carbon, while Rubicon positions this deal as part of its broader push to revive and expand global carbon markets.

UK Partners With Malaysia on Mangrove Restoration Research

Friday, July 31

Source: [GOV.UK](#)

[United Kingdom/Malaysia]

The UK and Malaysia launched the three-year Revive project to explore how mangrove restoration can simultaneously strengthen ecosystems and deliver fairer economic benefits to coastal communities. Working across three Malaysian mangrove landscapes, researchers will combine ecological data, community governance, and blue-carbon mapping to develop more inclusive approaches to restoration and sustainable value chains.

China's National Blue Carbon Trading Alliance Established in Shenzhen

Friday, July 17

Source: [Xinhua](#)

[China]

China has launched a National Blue Carbon Trading Alliance in Shenzhen, bringing together over 150 organizations across government, finance, technology, and conservation. The alliance aims to standardize blue carbon trading, expand market scale, improve data-sharing, and strengthen international cooperation. Backed by national ministries, Shenzhen was authorized to pilot blue carbon market reforms and lead the creation of this nationwide platform. At the inaugural conference, members released new research, case studies, and technical innovations. Shenzhen also introduced public blue carbon products that allow citizens to participate through a mobile platform.

Southeast Asian Mangroves Shift From Historic Decline to Net Growth

Monday, July 13

Source: [Mongabay](#)

[Southeast Asia]

After accounting for nearly 60% of global mangrove deforestation between the 1980s and 2010, Southeast Asia contributed around 43% of global mangrove gains between 2010 and 2023, largely due to recovery in Indonesia and Myanmar. Researchers attribute the rebound to stronger conservation policies, increased awareness following the 2004 Indian Ocean tsunami, and the natural regeneration of mangroves. However, newly restored forests remain less resilient and store less carbon than mature mangrove ecosystems, underscoring that preventing deforestation remains the most effective conservation strategy.

Scientists Use AI to Produce First High-Resolution Map of Global Seagrass Extent

Friday, July 10

Source: [Mongabay](#)

[Global]

Scientists used satellite imagery and AI to create the first high-resolution global seagrass map, identifying nearly 149,000 km² worldwide. The data show that 70% of global seagrass is concentrated in five countries, yet only 21% is protected, while nearly 80% of recent losses occurred outside marine protected areas. The study also identified surprising recovery zones where improved water quality has enabled rapid regrowth. The map provides a new baseline for targeted seagrass conservation, restoration, and climate mitigation policies.

Environmental Protection

Domestic Institutions Put Environmental Protection into Practice

What is Happening

- **South Africa:** South Africa's Constitutional Court blocked Shell and local partner Impact Africa from exploring for oil and gas along the country's Wild Coast, citing inadequate community consultation and failures to consider climate, ecological, livelihood, and cultural impacts. Referencing the ICJ's landmark climate advisory opinion, the ruling could strengthen future legal challenges to fossil-fuel development in South Africa. ([Climate Home News](#), August 14)
- **China:** Ministry of Ecology and Environment-led coalition has released the 15th Five-Year Plan for ecological protection. The plan aims to optimize ecological space, reverse biodiversity loss, increase the supply of high-quality ecological products, and reinforce national ecological security. Key 2030 goals include raising the Ecological Quality Index (EQI) to 86.5, boosting soil and water conservation rates to over 74%, and expanding forest coverage to 25.8%. ([China Daily](#), August 11)
- **Mexico:** The Mexican government has banned fracking in the shale-rich Tampico-Misantla basin, citing its high population density, concentration of indigenous communities, and freshwater reserves. This decision came as Mexico explores shale development as a means to reduce its reliance on U.S. gas, which currently supplies 75% of the nation's daily demand. ([Bloomberg](#), August 6)
- **Australia:** The Australian government proposed expanding the marine parks around Lord Howe and Norfolk Islands, adding 671,500 square kilometers of highly protected waters where resource extraction would be prohibited. The proposed expansions would protect important marine habitats and biodiversity corridors while helping Australia reach its commitment to highly protect 30% of its ocean before 2030. Public consultation remains underway, with draft management plans expected in 2027. ([Australian Government](#), July 31)
- **United Kingdom:** The Marine Management Organisation introduced a bylaw prohibiting anchoring within the Allonby Bay Highly Protected Marine Area, covering 28 square kilometers off Cumbria's coast. Taking effect on July 30, the restriction aims to protect habitats and allow the recovery of species and ecological processes throughout the protected area, while retaining exceptions for vessel safety and saving lives at sea. ([UK Government](#), July 21)
- **New Zealand:** Five marine reserves came into effect along the southeastern coast of New Zealand's South Island, protecting coastal and estuarine habitats in a region that previously had no designated marine protected areas. The reserves prohibit commercial, recreational, and customary fishing, while allowing limited exceptions for Kāi Tahu educational workshops that preserve traditional knowledge and practices. ([Department of Conservation](#), effective July 1)

Why it Matters

Recent developments in South Africa, China, Mexico, and other countries show national courts, governments, and regulators are willing and capable of advancing environmental protection. Civil society organizations help expose damage, mobilize communities, and challenge harmful projects, but their efforts alone cannot establish and enforce rules across an entire country. State institutions' involvement gives environmental protection a stronger and more lasting foundation. Although national institutions do not always agree, these cases demonstrate that environmental protection has gained influential institutional supporters.

South Africa's ruling against Shell's Wild Coast exploration right demonstrates how judicial review can make environmental safeguards binding on both developers and public authorities. Companies can lose development rights when required consultation and environmental assessment are neglected. Regulators must therefore address these obligations before granting approval. The ruling strengthens the position of communities challenging similarly flawed decisions and puts developers under pressure to account for environmental and social risks early. Ignoring safeguards can jeopardize a project's legal authorization, even when it enjoys commercial backing and government support.

Government policy can also prevent damaging development before communities have to fight individual projects in court. Mexico's restrictions show that expanding domestic energy production does not give every project priority over water supplies and community welfare. Governments can exclude sensitive locations from extraction instead of leaving residents to negotiate protections with developers. National objectives can coordinate work across departments and regions and guide decisions about land and resource use.

Australia's regulatory reforms and New Zealand's marine protection measures address enforcement and long-term ecological recovery. A dedicated regulator gives environmental rules to an institution responsible for monitoring compliance and responding to violations. Clear restrictions within protected areas give ecosystems space to recover and make permissible activities easier to identify. These measures make environmental protection a continuing public responsibility, reducing reliance on voluntary business commitments or the ability of nongovernmental organizations to challenge each violation separately.

These developments also have consequences for investment and public trust. When inadequate consultation or assessment can jeopardize project authorizations, addressing environmental and community concerns early becomes an important part of project planning. Consistent rules can help clarify which activities are permissible and under what conditions, while effective participation can give communities greater confidence in decisions affecting their livelihoods. Conversely, conflicting incentives and uneven enforcement can leave both conservation outcomes and investment expectations uncertain. The credibility of domestic institutions will influence whether ecological protection remains a lasting consideration in development decisions.

More on Environmental Protection:

- **United Kingdom:** The UK government plans to plant 500,000 trees across England over three years through a £79 million package, including £53 million for tree planting and £26 million for local nature

recovery strategies. Local authorities and community groups will receive support to restore wetlands, riverbanks and meadows, improving wildlife habitats and resilience to floods and droughts. ([The Guardian](#), September 30)

- **Global:** Research led by Campaign for Nature and Together for the Ocean finds that countries remain off track to protect 30% of the world's land and seas by 2030. Protection currently covers approximately 20% of land and 10% of marine areas, while existing government pledges would raise coverage to only 26% and 12%, respectively. ([Reuters](#), September 23)
- **Global:** The World Meteorological Organization warns that intensifying wildfires and heat waves could undermine improvements in air quality achieved through lower industrial and transport emissions. Its annual report calls for coordinated action on air pollution and climate change, as wildfire smoke and elevated ground-level ozone increase risks to human health. ([Reuters](#), September 7)
- **United States:** The Trump administration advanced plans to repeal the 2001 "roadless rule", potentially opening nearly 45 million acres of wilderness in national forests to road construction and logging. While the administration claims the move would reduce wildfire risks, environmental groups warn it would threaten wildlife, water supplies, and potentially increase human-caused fires. ([The New York Times](#), August 19)
- **Brazil:** Brazil's Supreme Court affirmed the constitutionality of the Amazon soy moratorium while upholding state laws denying tax incentives to participants. The voluntary agreement bars purchases of soy grown on Amazon land cleared after July 2008. Environmental groups welcomed its legal recognition but warned that the court's endorsement of state measures penalizing participation could weaken the pact's effectiveness. ([Associated Press](#), August 12)
- **Global:** OceanX's 22-day Roo Rise expedition mapped previously uncharted Indian Ocean seafloor and documented diverse coral, sponge, and deep-sea ecosystems, including potential new species. The team also collected 528 environmental DNA samples, creating a biodiversity baseline that could support monitoring and conservation under the High Seas (BBNJ) Treaty. ([Tech Times](#), August 5)
- **Global:** The closure of the Strait of Hormuz has stranded over 1,500 ships in the Gulf, creating a potential global biodiversity threat. Scientists warn that the ships' hulls, encrusted with marine life, could spread invasive species worldwide when trade resumes. The situation is described as a "bio-invasion super-spreader event," with regions having similar conditions to the Gulf, like India and Singapore, being at high risk. ([The Guardian](#), July 29)
- **Global:** The UN's first Global Review shows the world is off-track on its 2030 biodiversity goals, as current pledges bring protected land and water to only 23% while the original commitment aims for 30%. Biodiversity finance is also far below the USD 200 billion annual mobilization target. While traditional conservation is advancing, deeper governance and finance reforms continue to lag, making the upcoming COP17 an important moment to turn commitments into actions and timelines. ([Dialogue Earth](#), July 27)
- **United States:** The EPA exempted "islanded" power plants built exclusively for data centers from the Clean Air Act's Acid Rain Program, allowing them to avoid federal limits on sulfur dioxide and nitrogen oxide

emissions. The administration says the change will encourage data centers to build their own generation and support the U.S. AI expansion. However, it also marks another relaxation of environmental protections to accommodate rapidly growing data-center power demand. ([The Hill](#), July 27)

- **United Kingdom:** On July 10, the UK ratified the BBNJ Treaty, more than two years after first signing the Treaty in 2023. Ratification allows the UK to fully participate in implementing the treaty, which aims to safeguard marine biodiversity, support food security and climate resilience, ensure fair sharing of marine genetic resources, and help deliver global commitments such as protecting 30% of the ocean by 2030. ([GOV.UK](#), July 10)

Climate Policy & Diplomacy

Rebalancing Energy Security With the Green Transition

What is Happening

- Vietnam is considering expanding coal-fired power generation as the Iran war raises concerns about LNG supply security and complicates its energy plans. The government may revise its national power plan to add more coal capacity, while regulatory hurdles and limited investor interest have left the country with only 7.3% of its planned 22.5 gigawatts of LNG-fired capacity for 2030. ([Reuters](#), July 8)
- The National Coal Council urged the Trump administration to provide federal financing and government power purchase agreements to support existing coal plants and build new ones. Its recommendations also include removing barriers to coal construction and repealing power-sector greenhouse gas regulations. ([Reuters](#), July 21)
- China's coal-fired power generation rose 3.4% in the first half of 2026 even as coal's share of electricity fell below 50%. Researchers attributed the rebound to grid constraints and contracts protecting coal plants' operating hours, which prevented available wind and solar power from being fully used. China commissioned 30 gigawatts of new coal capacity during the period. ([Climate Home News](#), August 6)
- China unveiled a five-year plan to increase wind and solar power generation by 53%, making its green electricity target binding for the first time. The plan targets total renewable generation of 1.8 billion tons of coal equivalent by 2030 and seeks to improve supply reliability through storage, more than 300 gigawatts of renewable capacity capable of responding to demand spikes, and pilot projects transmitting entirely renewable electricity. ([Reuters](#), July 23)
- New South Wales, Australia approved a six-year extension for the Mount Pleasant coal mine, allowing operations through 2032 and increasing permitted annual extraction from 10.5 million to 12.5 million metric tons. Supporters emphasized protecting more than 500 jobs, while environmental groups criticized the decision as the mine's owner continued challenging a court ruling that blocked a larger expansion to 2048 over inadequate consideration of its climate impacts. ([ABC News](#), August 15)
- Norway's government asked the Supreme Court to overturn rulings invalidating permits for three oilfields over inadequate environmental assessments. Environmental groups argue that the approvals failed to properly consider emissions from burning the extracted oil and gas, while the government maintains that the licenses are valid and warns that overturning them could threaten European energy security. Two of the fields are already producing, and operations have continued during the legal proceedings. ([Reuters](#), August 24)
- The U.S. EPA announced the removal of Biden-era limits on greenhouse gas emissions from coal-

and gas-fired power plants and is seeking to prevent future administrations from regulating power-sector emissions. The agency argues the rules exceed its authority and that their repeal will lower energy costs, while environmental groups warn of increased climate and public health impacts. ([BBC](#), September 15)

- Germany unveiled a roadmap to end fossil fuel use in its energy sector by 2045, centered on electrifying transportation, heating and industry and expanding renewable electricity. The plan retains 2038 as the legal deadline for closing coal plants while exploring an earlier 2035 exit, and requires state-supported new gas plants to operate on climate-neutral fuels by 2045. Officials presented the transition as a way to reduce import dependence, strengthen energy security and support domestic economic activity. ([Climate Home News](#), September 23)
- Spain, Portugal and Luxembourg urged the EU to establish a 2040 renewable energy target, arguing that the Iran war and disruptions at the Strait of Hormuz demonstrate the economic risks of fossil fuel dependence. The initiative seeks to give investors clearer signals beyond the existing 2030 target, but faces disagreement from governments favoring a broader clean energy target that includes nuclear power. ([Arab News](#), September 29)
- The EU is considering delaying methane monitoring and reporting requirements for foreign oil and gas suppliers, scheduled to take effect in January 2027, amid fears that compliance risks could discourage deliveries during an energy supply squeeze. Energy Commissioner Dan Jorgensen said a possible one-year postponement would preserve the law's ambition and require member states to prepare for implementation. IEA chief Fatih Birol also said members could discuss further strategic oil reserve releases if market conditions require them. ([Reuters](#), September 29)

Why it Matters

The divergent responses to the current energy crisis show how national circumstances shape energy policy. Several European governments have emphasized reducing fossil fuel dependence through renewables, while other countries have defended a continued role for coal, oil and gas. Both approaches can respond to legitimate energy security concerns. The more consequential distinction is whether measures taken to manage the crisis preserve a country's capacity for a continuing green transition or weaken it.

For many EU economies, reliance on imported oil and gas creates exposure to suppliers, shipping routes and geopolitical developments they cannot control. This dependence makes domestic clean energy particularly valuable. Renewable electricity offers a durable path toward reducing that vulnerability. Europe's emphasis on accelerating the transition should consequently be understood in light of its resource constraints and import dependence, as well as its climate ambitions.

Countries with substantial fossil fuel resources face a different calculation. Vietnam's consideration of additional coal plants, Norway's defense of oilfield permits and Australia's extension of a coal mine all reflect concerns about supply chain security and economic continuity. Maintaining conventional energy can

help protect reliable supplies while alternatives develop. Nevertheless, the compatibility of fossil fuels with a green transition depends on continued investment in alternatives and whether new fossil fuel commitments leave sufficient room for those alternatives to replace them.

China illustrates a middle route in which continued fossil fuel use coexists with a faster expansion of clean electricity. In the first half of 2026, coal-fired generation rose 3.4%. Yet coal's share of electricity fell below 50% because Beijing also adopted a binding plan to increase wind and solar generation by 53% over five years. This pattern demonstrates how a growing energy system can retain conventional supply while shifting its composition toward renewables.

The U.S. federal government illustrates the danger of losing that balance. Its partial repeal of power-plant carbon standards and reductions in federal clean energy support favor fossil fuels while weakening technologies that could diversify supply. These policies go beyond retaining conventional energy during a difficult transition. Abundant fossil resources give Washington considerable flexibility, including the ability to develop conventional and renewable energy together. Using that flexibility to restrict clean energy options risks narrowing the country's response to rising electricity demand. The concern is the direction of federal policy, which increasingly prioritizes fossil fuel dominance over a complementary expansion of different energy sources.

Countries should retain the right to choose energy strategies suited to their resources and development needs, but that flexibility always carries a responsibility to preserve progress toward a cleaner system. A temporary increase in fossil fuel use can remain compatible with transition when clean energy continues to expand and gains the infrastructure and market access needed to replace conventional supply. Emergency measures become more damaging when they create lasting barriers to substitution. The crisis should encourage practical national pathways that protect affordable and reliable energy today while steadily reducing fossil fuel dependence over time.

More on Climate Policy & Diplomacy:

- **Germany:** Germany presented a roadmap to phase out fossil fuels by 2045 through electrification, linking the transition to energy affordability and reduced dependence on imported oil and gas. The plan envisages battery-electric vehicles accounting for all new passenger-car registrations by 2035, but environmental groups questioned its ambition and consistency with government support for new gas-fired power plants and policies slowing renewable energy expansion. ([DW](#), September 24)
- **Global:** World leaders at the U.N. General Assembly called for stronger collective climate action as the assembly adopted its first declaration on sea-level rise. Representatives from Nepal, Bangladesh and Pacific island states highlighted devastating floods, threatened coastlines and community relocation, urging sustained international support and presenting climate action as an issue of justice, food security and economic survival. ([Associated Press](#), September 24)
- **United States:** A federal judge ruled that the EPA unlawfully terminated the \$7 billion Solar for All program, overturning its cancellation and reopening support for solar projects serving low-income communities. The court found that Congress's repeal of the program's authorizing provision did not

permit the agency to cancel grants already awarded, while the EPA said it was reviewing the decision and considering an appeal. ([The Washington Post](#), September 18)

- **Türkiye:** Türkiye's COP31 president-designate asserted that his country would have the final say at the climate summit, despite an agreement giving Australia exclusive authority over negotiations. The unprecedented arrangement splits the presidency between two countries and requires disagreements to be resolved through consultation, leaving uncertainty over how Türkiye's overall leadership and Australia's control of the formal negotiations will operate in practice. ([Climate Home News](#), September 11)
- **Spain:** Spain has urged the European Union to establish a dedicated climate adaptation fund and binding resilience targets after a summer of record heat and wildfires. Its proposals include levies on oil and gas profits, climate risk assessments every five years, and stronger shared disaster-response capabilities, arguing that reactive policies are no longer sufficient as climate-related losses across the bloc have reached €822 billion since 1980. (Reuters, September 4)
- **Norway:** Norway's Energy Minister Terje Aasland stated that the country will continue developing oil and gas resources in the Arctic Barents Sea regardless of whether the European Union maintains its opposition to new Arctic drilling. While critics warn that declining European gas demand could leave new projects as stranded assets, oil companies emphasize energy security. Aasland also rejected the idea of Norway as Europe's "green battery", urging other countries to strengthen their own stable power supply and grid integration. ([Reuters](#), August 24)
- **China/Indonesia:** China and Indonesia agreed to expand cooperation across energy, mineral resources, green technology, and defense as Jakarta seeks to balance ties with Beijing and Washington. China has already been among the top buyers of Indonesia's resources and is a major investor in the country's nickel-processing sector, despite recent Indonesian mining and investment regulations creating friction with Chinese firms. ([Reuters](#), August 20)
- **China:** China is reportedly considering a bid to host the 2028 UN climate summit as India withdrew its offer. This move signals Beijing's ambition for greater global leadership on climate issues. While discussions are still in early stages, hosting the summit would put greater scrutiny on China's own climate record, including its relatively modest 2035 emissions target and resistance to stronger fossil-fuel transition and climate-finance commitments. ([Bloomberg](#), August 21)
- **Pacific Islands:** At the Pacific Islands Forum Foreign Ministers' meeting in FIJI, fuel-security concerns stemming from the Iran war overshadowed climate change, with Papua New Guinea's foreign minister saying that climate was no longer the region's immediate priority. ([Bloomberg](#), August 11)
- **United States:** The Trump administration has withdrawn federal funding for the Arctic Report Card, an annual report documenting the rapidly changing Arctic environment for the past two decades. While the report's facilitator NOAA withdraws its support, underlying data collection will continue and editors are exploring alternative ways to continue its publication. This move follows broader cuts to federal climate

assessments and reporting, raising concerns over public access to synthesized climate information. ([The New York Times](#), August 11)

- **United States:** The National Academies removed the first climate-science chapter from its scientific reference manual, a key reference manual for federal judges, after sustained pressure from Republican officials including President Trump. The Academies say the removal is temporary and is meant to review the chapter's development process instead of the underlying science. ([The New York Times](#), August 10)
- **Colombia:** Despite being the co-host of the Santa Marta meeting, the first international conference on transitioning away from fossil fuel, Colombia turned back to fossil fuel as its incoming government pledges to ramp up coal exports and resume fracking. This shift marks a political setback for the Santa Marta coalition, though its members say work will continue under new leadership from Ireland and Tuvalu. ([Climate Home News](#), August 5)
- **United States/Global:** Governments are weighing legal action against the Trump administration's unilateral push to permit deep-sea mining in international waters. At the latest International Seabed Authority talks, countries considered seeking an international court opinion on the legality of U.S.-issued permits, while calls for a moratorium on deep-sea mining grew to 46 governments amid concerns over largely unexplored marine ecosystems. ([Inside Climate News](#), August 4)
- **Global:** Ahead of the 17th United Nations Biodiversity Summit (COP17), UN's biodiversity chief warns that companies and financial institutions are moving too slowly to address biodiversity risks, despite growing threats to profits and supply chains. Private finance for nature remains inadequate, while environmentally harmful investment far outweighs conservation funding, making mobilizing private capital a key challenge for the upcoming talks. ([Reuters](#), August 4)
- **United States:** The Trump administration narrowed the Endangered Species Act's definition of "harm," removing habitat destruction itself as grounds for blocking development unless protected animals are directly killed or injured. The change could open critical habitats to more logging, mining, and drilling, with environmental groups warning it could accelerate biodiversity loss and extinction. ([NPR](#), July 11)

Clean Energy & Technology

Clean Energy Helps Cushion the Global Energy Shock

What is Happening

- Australia's wholesale electricity prices fell about 30% year-on-year in the first half of 2026, according to an International Energy Agency. The agency attributed Australia's lower prices to expanding renewable generation and battery storage, which reduced reliance on coal and gas during demand peaks. ([AAP](#), July 23)
- Analysts estimated that China's electric vehicle fleet displaced 34 million tons of oil in the first half of 2026, equivalent to approximately 1.35 million barrels per day. Transport electrification provides a structural buffer against disruptions at the Strait of Hormuz by reducing potential oil demand. ([Oilprice](#), August 4)
- Global oil supply would fall by 4.3 million barrels per day on average in 2026 as renewed Middle East hostilities disrupted production and shipping. A third-quarter supply deficit of 1.8 million barrels per day will occur despite weaker demand. Middle Eastern production remained 8.3 million barrels per day below pre-war levels in July. ([Reuters](#), August 12)
- Governments across Europe and Asia are accelerating renewable energy deployment to reduce dependence on fossil fuel imports disrupted by the Iran war. Higher energy prices have encouraged rooftop solar installations and electric vehicle adoption, although some countries have also increased coal use to maintain electricity supplies. Grid constraints, storage needs, and financing costs remain obstacles to a sustained transition. ([Reuters](#), August 26)
- China's carbon dioxide emissions fell 1% year-on-year in the second quarter of 2026 as oil consumption declined 9%. Electric vehicles displaced an estimated 36 million tons of oil in the first half of the year. Electrification and greater use of rail and public transportation helped reduce oil consumption despite higher power-sector emissions. ([Reuters](#), September 3)
- SolarPower Europe estimated that solar generation had helped Europe avoid more than €30 billion in gas import costs since the outbreak of the Iran war. The announcement highlighted solar's contribution to energy resilience as rising fossil fuel prices and heatwave-driven cooling demand increased pressure on European energy bills. ([edie](#), September 9)
- Both Brent crude and US crude rose to above \$100 per barrel in early September, reaching their highest closing levels since May. Renewed U.S.–Iran military exchanges and Houthi attacks on Saudi energy facilities heightened concerns about further supply disruptions. ([NBC News](#), September 9)
- Japan's overall imports rose 28% year-on-year by value in August as elevated crude oil prices increased energy import costs. Exports increased 19.3%, supported by semiconductor-related shipments, but the country still recorded a trade deficit of ¥1.106 trillion. Higher energy costs added to inflationary pressures

and expectations of further Bank of Japan interest rate increases. ([The Business Times](#), September 16)

- Electric truck sales in China rose almost 80% year-on-year in the first half of 2026 as surging diesel prices strengthened the economic case for electrification. Sinopec's research institute projected that Chinese diesel consumption would decline more than 10% this year, helping cushion the country's exposure to the global oil shock. Lower operating costs are encouraging adoption, although electric trucks still carry higher purchase prices. ([Bloomberg](#), September 30)

Why it Matters

Repeated escalations in the Middle East and uncertainty over a lasting ceasefire suggest that oil prices will remain elevated in the near term. Higher fuel and transport costs are adding to living expenses and inflation pressures in importing economies. Yet the impact is uneven. Countries with more electrified transport and domestic renewable generation have more options to reduce their exposure, demonstrating the economic value of clean energy investments during a supply crisis.

Electric vehicles provide one of the clearest channels for this protection. As more passenger cars and heavy trucks run on electricity, consumers and businesses require less petroleum to maintain transport activity. This gives oil importers more room to limit purchases when prices are high. China illustrates how electrification can reinforce this flexibility. China's lower purchases have even helped temper upward pressure on global crude prices to some extent, extending part of the benefit beyond its borders.

Renewable electricity offers a related form of protection by reducing exposure to fossil fuels used in power generation. EU solar generation displaced more than €30 billion worth of gas imports for electricity production over six months of the crisis. In Australia, renewables and batteries helped lower wholesale electricity prices even as prices rose in other markets. These benefits complement the reduction in oil demand from EVs.

High fuel prices are also encouraging further electrification, such as the adoption of electric trucks. This creates the possibility of a lasting reduction in fossil fuel dependence after the immediate crisis passes. The economic and climate benefits can therefore reinforce each other: investments that reduce exposure to expensive imported fuels can also support emissions reductions.

For clean energy policy, the broader lesson is that an emissions argument alone will not persuade enough households, businesses, or governments. Affordability, price stability, and reliable supply need to be demonstrated through outcomes people can experience: manageable energy bills, predictable operating costs, and dependable access to power and charging. Lower running costs matter, but high purchase prices, financing barriers, or inadequate infrastructure can still prevent adoption. The economic case becomes stronger when these constraints are addressed alongside the expansion of renewable generation.

The oil price shock has created an opportunity to make that case, but sustained adoption should not depend on another surge. Renewable power, storage, EVs, and electric trucks need to keep improving their costs and reliability so that they remain attractive when oil prices are low. The lasting test is whether clean energy can offer households and businesses an affordable, stable, and dependable path under ordinary market conditions as well as during a crisis.

China's Clean Technology Exports Grow Amid Trade Barriers and Overcapacity

What is Happening

- China's exports of electric vehicles, lithium batteries and solar cells increased 51.6% year over year to \$118.4 billion in the first half of 2026, contributing to broader export growth alongside the expanding AI supply chain. Electric vehicles led the increase, with export value rising 75.1%, followed by lithium batteries at 42.7% and solar cells at 24%. ([Caixin](#), July 20)
- Sales of Chinese-brand vehicles in Mexico rose nearly 30% year over year in the first half of 2026 to 137,525, lifting their market share to 17% despite a 50% import tariff introduced in January. Mexican authorities cautioned that companies had stockpiled vehicles before the tariff increase and that imports of Chinese-brand vehicles fell 43% in the first five months. ([Reuters](#), July 20)
- China's solar cell and panel exports to Southeast Asia, Africa and South Asia rose 33%, 26% and 12% year over year, respectively, in June, measured by weight. Overall solar exports nevertheless fell 9%, marking a second consecutive monthly decline after the export tax rebate ended on April 1, with shipments to Europe, the Middle East and Latin America also declining. ([Reuters](#), July 20)
- Rising Chinese electric vehicle exports helped push trade between China and Brazil to a record high in the first half of 2026. Brazil's imports from China increased 8% year over year to \$38.5 billion, while Brazilian exports to China rose 22% to \$58.3 billion, supported by strong shipments of crude oil and beef. ([Caixin](#), July 20)
- China's exports rose 23.9% year over year in July, producing a \$112.5 billion trade surplus despite growing trade barriers. Demand for electric vehicles, renewable-energy products and AI-related equipment supported the expansion, while overcapacity and price competition pushed manufacturers to seek growth abroad as weak consumer spending and a prolonged property downturn weighed on the domestic economy. ([The New York Times](#), August 7)
- China's latest five-year plan for the auto industry targets EVs and hybrids reaching 70% of new car sales and 40% of new commercial-vehicle sales by 2030, while promoting large-scale deployment of autonomous driving. The plan also calls for advances in battery technology and recycling and greater consolidation of the auto industry amid concerns over overcapacity and intense price competition. ([Bloomberg](#), September 11)
- Beijing has frozen approvals for new energy-storage battery factories amid concerns that rapid capacity expansion is creating overcapacity and intense price competition. More than 100 factories approved in the first seven months of 2026 could produce a combined 2,600 GWh annually, even as booming renewable-energy deployment drives global storage demand. The temporary measure is part of Beijing's broader effort to curb "involution" and consolidate growth in clean-energy industries. ([South China Morning Post](#), September 11)

Why it Matters

China's clean technology exports demonstrate the continuing competitiveness of its manufacturing sector. Yet strong overseas sales coexist with weak domestic demand and pressure on profits. This divergence suggests that the industry's difficulties extend beyond its ability to produce competitive goods. Overseas expansion provides support, but its ability to offset domestic pressures cannot be taken for granted. If foreign demand weakens or trade restrictions intensify, producers could face growing pressure from both directions, leaving fewer opportunities to compensate for domestic weakness through additional exports.

These pressures suggest limits to a growth strategy centered on expanding capacity and competing primarily on price. Even without trade barriers, constrained purchasing power and financing difficulties are posing huge challenges to suppliers. Lower prices may attract customers, but they cannot indefinitely compensate for weak investment or continually rising production capacity. When companies compete for the same limited pool of buyers, further expansion risks intensifying price competition and reducing the resources available for research and investment.

China's next stage of growth therefore requires restructuring alongside technological breakthroughs. Curbing redundant capacity expansion, facilitating the exit of uncompetitive production and encouraging industrial consolidation could help align supply with sustainable demand. The objective should be to release capital, talent and other resources from activities with persistently weak returns and redirect them toward new productive capabilities.

Technological breakthroughs that make previously unviable activities possible can open new markets and create demand beyond those already served by existing technologies. Their impact would extend across supply chains: new applications require additional materials and components, specialized manufacturing equipment, supporting infrastructure and new services. Such demand could encourage further investment and employment, allowing clean technology to contribute more directly to renewed economic momentum. Technical novelty alone, however, is insufficient. New capabilities must address identifiable needs and offer viable commercial uses if they are to generate lasting demand.

Continued export strength offers a window to pursue this transition while overseas orders still support industrial activity. Export revenues and relationships with international customers can help finance research, test new applications and identify opportunities that domestic conditions might otherwise obscure. That window matters because developing and commercializing technological breakthroughs takes time, while prolonged price competition can weaken the financial capacity to pursue them. Using existing demand to build new sources of growth could reduce dependence on repeated capacity expansion and price competition. The long-term challenge is to turn China's manufacturing capabilities into technological breakthroughs that broaden what the economy can produce and what customers have reason to buy.

More on Clean Energy & Technology:

- **European Union:** The European Investment Bank will provide up to €40 million to Finnish nuclear technology company Steady Energy to develop small modular reactors for low-carbon district heating. The financing, structured as a convertible loan, will support research, testing and licensing as the company

works toward its first commercial deployment. ([Bloomberg](#), September 15)

- **Finland:** Google will invest €13 billion in AI infrastructure in Finland, including three new data centers and a 22-year agreement for up to 50% of the energy output from a nuclear plant. This marks Google's largest European investment and its first nuclear energy deal outside the United States. The investment is expected to contribute €3.6 billion to Finland's GDP and support 7,000 jobs annually. ([Reuters](#), September 9)
- **China:** Solar power has surpassed coal to become China's largest source of power capacity as it reached 1,286 GW at the end of July, overtaking coal's 1,285 GW. Solar now accounts for 31.5% of total installed power generation in China. The milestone comes despite a slowdown in new solar installations following China's shift away from guaranteed pricing for wind and solar projects. ([Bloomberg](#), September 1)
- **Thailand:** Thailand plans to increase its clean energy generation to 60% of its electricity mix within 25 years, doubling its previous goal. This shift away from imported liquefied natural gas (LNG) is driven by the need for a more self-reliant and less vulnerable energy system, especially in light of external shocks like the Iran war. The updated 25-year national power plan, to be released in October, will also include nuclear energy for the first time. ([Bloomberg](#), August 27)
- **United States/China:** President Trump signed an executive to declare a national emergency over security risks from foreign-made electricity-grid equipment and restricted the purchase and installation of both related electric equipment and critical software. While not explicitly targeting China, the order follows growing U.S. concerns over potential technology threats posed by China's exports. ([Reuters](#), August 26)
- **Kenya:** Kenya has tripled its long-term renewable energy capacity target from 1,500 MW to 5,500 MW, which includes 2,000 MW of nuclear power as well as new geothermal and hydropower capacity. Kenya generates 93% of its electricity from renewables, but faces some of the region's highest power prices due to high financing costs, grid losses, and costly power-purchase agreements. Therefore, reforms are needed to meet the new capacity whilst ensuring cheaper electricity. ([AP News](#), August 19)
- **China/Bangladesh:** China has become Bangladesh's largest foreign investor in the power sector and provided more than half of its renewable-energy investment last year, as Chinese firms expand into solar, wind, storage, and grid infrastructure. With Bangladesh requiring an estimated \$980 million annually to meet its 2030 renewable target, Chinese capital and technology are emerging as important sources of financing for the country's energy transition. ([Nikkei Asia](#), August 11)
- **Cuba/China:** Facing dwindling fuel supplies and an aging power grid, Cuba has rapidly expanded solar capacity with significant support from China, which supplied USD 117 million in equipment in 2025 and donated 320 MW of panels. Solar now provides around 10% of Cuba's electricity, up from 3% early last year, but inadequate battery storage and deteriorating grid infrastructure have limited its ability to ease persistent blackouts. ([Wall Street Journal](#), August 8)
- **United States/China:** The Trump administration announced a 15% tariff and minimum import prices on polysilicon and downstream products, aiming to counter China's dominance and strengthen U.S. solar supply chains. While U.S. producers welcomed the measures, critics warn that limited domestic supply

could raise solar costs and slow deployment amid surging electricity demand. ([Nikkei Asia](#), August 7)

- United States:** A federal judge ordered the Pentagon to lift its freeze on reviews of proposed onshore wind projects, which renewable energy groups said had effectively halted new wind development nationwide. The Pentagon had justified the freeze on national security grounds, but the judge found that it likely violated statutory review deadlines. The ruling removes a major regulatory obstacle for the U.S. wind industry, which currently supplies about 10% of U.S. electricity. ([Reuters](#), August 7)
- United States:** The ruling comes amid mounting financial costs from the administration's restrictions on wind development. For example, the Trump administration has just agreed to pay Germany's RWE USD 1.22 billion to relinquish offshore wind leases in New York, California and Louisiana. The deal brings federal payouts for abandoned offshore wind projects to nearly USD 4 billion, while RWE will redirect capital toward LNG and natural-gas power plants. ([The Guardian](#), August 6)
- China:** China approved eight new nuclear reactors worth more than RMB 170 billion (\$25 billion), accelerating its nuclear buildout amid surging electricity demand. Spanning four provinces, the projects are part of China's plan to reach 110 GW of nuclear capacity by 2030, as Beijing views nuclear as a source of reliable, carbon-free baseload power for its rapidly expanding wind and solar fleet. ([Bloomberg](#), July 31)
- China:** China's Ministry of Finance has announced a plan to end the decade-long consumption tax exemption for solar and lithium-ion batteries as Beijing scales up efforts to curb overcapacity. Lithium-ion batteries will face a 2% tax beginning in September, rising to 4% in September 2027; while solar cells will face the same two-stage increase beginning in April 2027. Emerging technologies will remain exempt through 2028. ([Bloomberg](#), July 17)

Climate Finance

News on Climate Finance:

- **Hong Kong SAR:** Hong Kong priced approximately HK\$20 billion in digital green bonds across Hong Kong dollars, renminbi, US dollars and euros to finance eligible environmental projects. The government described the offering as the world's largest digital bond issuance, with subscriptions ranging from 1.3 to 11.3 times the amounts offered across the four currencies. ([Hong Kong Government](#), September 29)
- **Australia:** New South Wales' planned 476,000-hectare Great Koala National Park has cleared a key hurdle after the Senate rejected an attempt to block its carbon-credit funding scheme. The state intends to help finance conservation by selling credits generated from ending logging in 176,000 hectares of forest. ([ABC News](#), September 23)
- **European Union:** The EU plans to establish a climate insurance alliance bringing together insurers, investors, public authorities and other stakeholders to expand coverage against extreme weather. With only around one-quarter of climate-related economic losses insured, the alliance will explore instruments including group and parametric insurance to help close the protection gap. ([Reuters](#), September 16)
- **India:** India's carbon market is taking on a larger role in trade policy, with carbon costs paid under its Carbon Credit Trading Scheme potentially qualifying for relief from the UK's Carbon Border Adjustment Mechanism beginning in 2027. ([Financial Express](#), September 14)
- **Global:** The Inter-American Development Bank and Asian Development Bank were reportedly considering dropping climate finance targets following US pressure and the World Bank's decision to retire its target. ADB said its targets remained in place and would undergo a scheduled review in 2027, while IDB said it was exploring greater emphasis on investment outcomes. ([Financial Times](#), September 13)
- **Brazil/China:** Brazil is seeking a bilateral carbon-market agreement with China by COP31 that could make Beijing a buyer of Brazilian carbon credits under the Paris Agreement. The two countries will also join the EU in advancing plans to align their carbon markets, while Brazil considers accelerating international credit trading as it develops its regulated carbon market. ([Reuters](#), September 9)
- **Global:** Green bonds recorded their strongest quarter in the second quarter of 2026, with \$210.8 billion in aligned issuance. Cumulative aligned sustainable debt reached \$7.3 trillion, while first-half green bond issuance totaled \$364.1 billion, accounting for 69% of aligned sustainable debt issued during the period. ([Climate Bonds Initiative](#), September 9)
- **Global:** The Global Environment Facility announced plans for a Drylands and Drought Management Integrated Program with a tentative \$140 million grant funding envelope under its 2026–2030 investment cycle. The program will help countries improve drought preparedness, monitoring and response, while strengthening resilience in drylands and supporting related international drought financing initiatives.

([Global Environment Facility](#), August 24)

- **India:** India is preparing for the country's first blue bond issuances, with state-owned Sagarmala Finance Corp aiming to raise up to 10 billion rupees potentially for projects to strengthen India's maritime ecosystem and port connectivity. ([Reuters](#), August 18)
- **Global:** At the UN Convention to Combat Desertification (UNCCD) COP17, countries are working to deploy the \$12 billion pledged under the Riyadh Global Drought Resilience Partnership to finance drought resilience and land restoration across 74 vulnerable countries. While a significant step, the funding remains far below the estimated \$2.6 trillion needed through 2030, prompting efforts to bring more private capital into restoration and resilience projects. ([The Guardian](#), August 17)
- **Global:** Sustainable fund launches slowed amid weak performance, investor withdrawals and heightened regulatory scrutiny. Europe launched just 13 sustainable funds in the second quarter of 2026 against 64 closures, while investors increasingly favored passive and fixed-income strategies and sustainable equity funds continued to lose assets. ([Reuters](#), August 4)
- **Kenya:** Kenya introduced a framework for international carbon trading that limits authorized overseas transactions to 10 million metric tons of carbon dioxide equivalent through 2030. The rules establish a three-stage project approval process and temporarily exclude forestry and other land-use projects while stronger baselines and safeguards are developed. ([Associated Press](#), August 4)
- **Africa:** Two major African off-grid solar companies are tapping private capital markets through new financing structures, with d.light issuing a \$50 million green bond and Sun King raising \$286 million through securitized debt. By bundling future payments from pay-as-you-go solar customers into investable assets, the deals could help attract institutional capital beyond traditional donors and development banks. ([Associated Press](#), July 31)
- **China:** Green energy deals under China's Belt and Road Initiative reached a record \$20.1 billion in the first half of 2026, exceeding the total for all of 2025. The figure included \$11.8 billion in construction projects and \$8.3 billion in investments, as higher fossil fuel prices increased interest in cheaper renewable energy. ([Financial Times](#), July 26)
- **European Union:** EU governments have begun negotiations over a major reform of the Emissions Trading System, with member states divided over how quickly to tighten the bloc's emissions cap. Sweden and other climate-ambitious countries favor maintaining stronger carbon-price signals to encourage clean investment, while Italy, Poland and others are pushing for a slower trajectory to ease costs for industry and consumers. The EU aims to finalize the reform by early next year. ([Bloomberg](#), July 24)
- **Global:** Multilateral development banks committed a record \$162.5 billion in climate finance in 2025, including nearly \$103 billion for developing economies. Adaptation financing for those economies rose 31% to approximately \$35 billion, although the World Bank's abandonment of its climate lending target raised questions about future collective financing commitments. ([Reuters](#), July 13)

Climate Risks and Adaptation

Super El Niño and Global Warming Intensify Climate Risks

What is Happening

- China's National Climate Center forecasts a strong to super El Niño during summer and autumn, raising risks of heat waves, heavier rainfall, and flooding extending into 2027. Southern China and the Yangtze River basin are expected to receive above-normal rainfall during the event's mature phase, while officials urge major grain-producing regions to prepare for flood damage and northwestern areas to strengthen drought preparedness. ([China Daily](#), July 10)
- El Niño could push approximately 50 million additional people into acute hunger by the end of 2027, according to World Food Programme projections covering 45 countries already facing food insecurity. The agency warns that disrupted rainfall and harvests could prolong the crisis beyond the event's peak and is expanding early-warning and anticipatory assistance to protect vulnerable communities. ([The Guardian](#), August 5)
- Scientists in Florida are relocating vulnerable elkhorn and staghorn corals to cooler waters and temperature-controlled laboratories as El Niño-driven ocean warming threatens widespread bleaching. Building on lessons from the devastating 2023 marine heat wave, 11 conservation organizations are coordinating efforts to breed corals from heat-tolerant survivors, while researchers prepare shading trials to protect reefs that support coastal defenses, tourism, and fisheries. ([The Washington Post](#), August 9)
- NOAA forecasts a nearly 70% chance that the developing El Niño will become the strongest event in records dating to 1950, with rapid intensification expected to culminate in late 2026. Forecasters warn of increased risks from heat, drought, and flooding, but emphasize that record strength does not equal more severe impacts in every region. ([CNN](#), August 13)
- El Niño's projected late-year peak could coincide with the end of the Amazon's dry season, increasing drought and wildfire risks. Heat and water stress can reduce forest growth, increase tree deaths, and weaken carbon uptake, potentially allowing damage to the rainforest to add to the atmospheric carbon burden. ([The Guardian](#), August 14)
- Wildfire smoke from Indonesia is spreading into Malaysia, Singapore, and the Philippines as El Niño-related drought intensifies fires in Sumatra and Borneo, exposing millions to hazardous air pollution. Indonesia recorded more than 50,000 fire-related respiratory infections in July and August, including over 12,000 among children under five, while experts warn that burning drained peatlands can release vast stores of carbon and further worsen climate change. ([BBC](#), September 3)
- El Niño has exceeded previous daily Pacific sea-surface temperature records months before its expected winter peak, with forecasts indicating further strengthening through November and December.

Scientists warn that the event's temporary warming effect, combined with human-caused climate change, could push 2027 to a new global temperature record and worsen extreme-weather risks. ([The Guardian](#), September 21)

- A report projects that heat associated with the developing El Niño could cause approximately 451,000 additional deaths worldwide between June 2026 and February 2027 compared with typical temperature conditions. The study identifies the Global South, especially the Sahel and South and Southeast Asia, as most exposed and urges governments to strengthen heat warnings, cooling facilities, and advance funding before temperatures peak. ([Associated Press](#), September 23)

Why it Matters

The developing super El Niño poses significant risks to lives, livelihoods, infrastructure, and ecosystems. Its effects reach across agriculture, water supplies, public health, and marine environments, and some are already visible. Wildfires and hazardous haze in Southeast Asia are affecting communities across national borders, while scientists in Florida are relocating vulnerable corals to protect them from ocean warming.

As the event strengthens, disaster prevention and response are likely to face mounting pressure, with consequences for harvests and livelihoods potentially extending into 2027. China has already issued warnings about heat, rainfall, and flood risks and called for preparedness in agricultural regions. Many developing countries may face substantial exposure alongside limited public funding, health services, infrastructure, and capacity to act on forecasts. These constraints make advance international coordination particularly important, including financing, humanitarian planning, and support for local response capacity. Waiting until disasters escalate could leave the most exposed communities with fewer options and more costly losses.

El Niño is fundamentally a natural fluctuation in the Pacific climate system, but its impacts now unfold against a background of human-caused warming. Climate change contributes in two distinct ways. Higher background temperatures amplify related heat and place ecosystems and water resources under greater stress, even when the natural event is comparable in strength to earlier episodes. Recent research also provides evidence that warming may be strengthening El Niño events themselves, with coral records indicating unusually strong recent variability in the eastern Pacific. Both mechanisms matter for understanding why a familiar climate cycle can generate increasingly severe consequences.

Public discussion of El Niño's destructive potential should make these connections more explicit. Concentrating on the size of the natural event can leave the contribution of climate change less visible. Explaining how a warmer climate changes its consequences would help people recognize the effects of climate change in pressures on food supplies, health systems, and ecosystems. That understanding is important for connecting immediate disaster preparedness with the longer-term importance of limiting warming.

El Niño can also contribute to further warming through its effects on ecosystems. High temperatures and drought can suppress forest growth and reduce carbon absorption, while fires in tropical forests and drained peatlands release stored carbon. Such damage can have longer-lasting climate consequences than the event's temporary boost to global temperature. The Southeast Asian haze crisis illustrates this

connection: degraded, carbon-rich landscapes become more vulnerable to burning under dry conditions, simultaneously endangering public health and increasing emissions. Damage to these ecosystems can therefore worsen immediate hazards while weakening their capacity to limit future warming.

Climate risk and adaptation are consequently likely to become more prominent in policy debates in the months ahead. As losses accumulate, attention will increasingly turn from emergency rescue to reconstruction, insurance coverage, and compensation for affected communities. Rebuilding raises questions about how to withstand repeated hazards, while insurance brings questions about affordability, coverage, and the distribution of risk. International discussions will also need to address support for countries facing losses beyond their response capacity. How these costs are shared among communities, governments, insurers, and international partners is likely to become an increasingly important question of climate governance.

More on Climate Risks and Adaptation:

- **United States:** Flood insurance coverage is shrinking across the United States as climate change increases flood risk, with federal policies falling by roughly 500,000 in five years. An investigation finds that rising premiums, outdated flood maps and stalled affordability reforms leave millions of vulnerable properties uninsured, making disaster recovery particularly difficult for poorer communities. ([ABC News](#), September 29)
- **Nepal/China:** Nepal may need \$4 billion to \$5 billion for reconstruction following devastating floods, equivalent to nearly a tenth of its economy, according to Finance Minister Swarnim Wagle's preliminary estimate. The glacier-collapse floods destroyed towns, roads and bridges, and damaged hydropower projects accounting for more than 12% of Nepal's generating capacity. ([Reuters](#), August 29)
- **Nepal/China:** Flash floods along the Nepal–China border killed at least 1400 people and left hundreds missing after a landslide involving glacial ice sent water and debris through communities along the Trishuli River, burying buildings and damaging roads and bridges. ([ABC News](#), August 26)
- **Global:** Global ocean surface temperature outside the polar regions reached a record 21.1°C in August, an unusually early peak given that ocean temperatures typically reach their annual maximum in March or April. Scientists have attributed the record to human activities compounded by a rapidly developing El Niño. The warming could potentially weaken the ocean's ability to absorb CO₂. Experts also urge countries to protect marine ecosystems such as kelp beds, mangroves, and marshes that absorb carbon. ([The Guardian](#), August 24)
- **Belgium:** Belgium is battling the largest wildfire in its history, with a blaze in the High Fens nature reserve expanding from 80 hectares to 3,000 hectares in two days and forcing hundreds of people to evacuate. The fire comes as Western Europe recorded its hottest June and July on record, with hot and dry conditions also fueling major wildfires across Greece, Croatia, Spain, France and the UK. ([The Independent](#), August 17)
- **United States:** Lakes Mead and Powell have reached record lows, leaving their combined storage at its lowest level since 1957 and threatening water and electricity supplies across the American Southwest.

Climate-driven drought, record-low snowpack and decades of overuse have strained a river system serving 40 million people, while Lake Powell could fall below its hydropower threshold as soon as this winter despite emergency water transfers and conservation measures. ([The New York Times](#), August 17)

- **Romania:** record-low water levels in the Danube forced Romania to shut down both reactors at its only nuclear plant, which normally supplies 20% of the country's electricity. Romania declared an energy emergency and restarted a lignite-fired power plant to cover the shortfall, while neighboring Moldova faces potential outages as Romanian electricity imports become unavailable. ([The Guardian](#), August 13)
- **Germany:** Record-low Rhine water levels are threatening Germany's industrial supply chains by restricting shipping along the key waterway connecting Rotterdam with the country's steel, chemical, and manufacturing hubs. Analysts say that a month of low water could cut German production by as much as 1%, while officials warn such disruptions could become more frequent despite companies building larger inventories and alternative logistics since the 2018 drought. ([Bloomberg](#), August 6)
- **France:** Declining river flows and rising water temperatures are increasingly disrupting France's nuclear and hydropower generation, prompting state-owned utility EDF to announce nearly €9 billion in climate adaptation investment over the next 15 years. Measures to protect the country's nuclear and hydropower include improved nuclear cooling systems, low-flow hydropower turbines, and stronger flood protections. ([Le Monde](#), August 6)
- **Europe:** Human-caused warming intensified Europe's drought by increasing atmospheric demand for moisture, making the observed soil drought approximately five times more likely in western Europe and 11 times more likely in the east. The drought is damaging crops and disrupting hydropower and river transport, prompting water-use restrictions and raising concerns about food prices. ([The Guardian](#), July 23)
- **United Kingdom:** A new study projects that at least 500,000 additional UK residents could be exposed to coastal flooding by 2100. Researchers warn that stronger coastal defenses and planned relocation will be needed, and that planning must account for risks beyond 2100. ([The Guardian](#), July 21)
- **United States:** Wildfire smoke blanketed the eastern United States, flash floods struck Texas, and firefighters battled 68 major blazes across 15 states as multiple summer disasters unfolded simultaneously. Scientists warn that climate change is increasing both fire-prone dryness and intense rainfall, while overlapping disasters can compound health risks and complicate emergency response. ([Reuters](#), July 17)

BCCC Commentary of the Quarter

Europe Must Define When Industrial Resilience Overrides Carbon Performance

By Zhangchen Wang
September 29, 2026

The European Union is advancing legislation to extend the [Carbon Border Adjustment Mechanism's \(CBAM\)](#) coverage of steel- and aluminum-intensive products farther down the value chain. At the same time, the European Commission's proposed [Industrial Accelerator Act \(IAA\)](#) would add low-carbon and Union-origin requirements to selected public procurement and support schemes while using permitting and investment rules to expand European industrial capacity and resilience.

The IAA's measures are not inherently in conflict with CBAM. Its low-carbon purchasing rules can strengthen the carbon signal created by CBAM, while production brought into Europe would become subject to EU climate rules directly. The central issue is which standard will determine treatment when the objectives diverge. In other words, the decisive test for the EU is how to a foreign producer that supplies a lower-carbon product but cannot satisfy an origin or resilience requirement. That policy hierarchy will influence whether Europe retains a model distinct from the more origin-, localization-, and security-oriented approach now prominent in U.S. economic policy toward China.

The [proposed downstream expansion of CBAM](#) retains the carbon-leakage rationale, as it would prevent companies from avoiding carbon costs by importing finished goods containing covered steel or aluminum or by relocating downstream production outside Europe. CBAM would still base an imported product's liability on its embedded emissions rather than its origin, allowing Chinese and other non-EU producers to reduce that liability through verifiable emissions reductions.

This carbon-based approach is important because decarbonization still shapes EU law and public preferences. In March 2026, the EU [adopted a 2040 target](#) requiring a 90 percent reduction in net greenhouse gas emissions from 1990 levels, with at least 85 percentage points achieved through reductions within the EU. The [2025 Eurobarometer survey](#) found that 85 percent of EU citizens considered climate change a serious problem and 81 percent supported climate neutrality by 2050. In addition to all of these, [international carbon pricing also continues to expand](#) as more governments develop their own accounting and pricing systems.

CBAM's relative maturity, combined with the scale of the EU market, gives Europe an early advantage in shaping carbon-accounting rules and determining how carbon costs are recognized in trade. As discussed in [an earlier ICAS analysis](#), CBAM can extend EU rules beyond Europe through the Brussels Effect when access to the European market leads foreign companies or governments to change their MRV, carbon accounting, pricing, or production practices. Exporters without established frameworks of their own may build them around CBAM requirements. The proposed downstream expansion would strengthen the conditions for this

effect by bringing more firms and longer segments of global value chains within the reach of EU carbon rules. As CBAM aligns more foreign producers' practices with it, the expansion increases the potential for EU methods of measuring and pricing carbon to spread beyond Europe.

In comparison, the IAA aims not only to decarbonize industrial demand but also to retain industrial capacity, reduce external dependencies, and strengthen supply resilience. These objectives can complement CBAM through both demand and production to some extent. Low-carbon requirements in publicly supported projects can increase demand for cleaner goods and make the emissions advantage recognized under CBAM more commercially valuable. Faster permitting and new investment rules could also expand low-carbon capacity in Europe by encouraging Chinese and other foreign producers to establish local facilities there, bringing their production under the EU ETS and other internal rules rather than CBAM at the border.

The Commission's [IAA proposal also applies these objectives differently across sectors](#), revealing where the IAA reinforces CBAM and where it adds an origin condition to carbon-based competition. From 2029, covered procurement and support schemes would require at least 25 percent of the steel used in specified buildings, infrastructure, and vehicles to be low-carbon, without a Union-origin requirement. The Commission explains that a separate proposed trade measure already addresses steel overcapacity, making a European preference unnecessary. The rules for concrete, mortar, and aluminum go further. At least 5 percent of the concrete and mortar and 25 percent of the aluminum used in covered projects would have to be both low-carbon and of Union origin. The IAA is therefore not a single "Made in EU" mechanism.

Nevertheless, that additional origin condition is where the tension with CBAM becomes concrete for foreign producers. Low-carbon aluminum made in China could reduce its CBAM liability in the broader EU market but could not count toward the share reserved for low-carbon Union-origin aluminum in covered public demand. Within that segment, lower emissions would improve the product's carbon treatment without making it eligible for the reserved demand. If origin requirements extend across more sectors or larger portions of public procurement and support, Chinese producers would face increasing pressure to change not only how they produce but also where they produce. The shift would actually make the policy pressures facing Chinese producers in Europe more similar to those they face in the United States, where localization and supply-chain resilience increasingly shape access to markets.

For Chinese companies, this policy hierarchy changes the available response. In the broader market governed by CBAM, firms can improve their competitive position by adopting cleaner technologies, changing their energy mix, lowering embedded emissions, and strengthening MRV. Where origin or resilience becomes a binding condition, those changes may no longer be enough to secure protected public demand. Firms may also need to localize production, source more inputs within Europe, establish local partnerships, or leave that segment of demand. Local production and European sourcing may help a product meet a Union-origin requirement, while a local partnership may affect which company bids for the contract. Under the [Commission's proposal](#), the relevant public procurement procedures would also exclude tenders submitted by operators owned or controlled by entities established in countries without an agreement with the EU

guaranteeing such access. A Chinese company seeking to bid directly could therefore manufacture a qualifying product in Europe and still remain ineligible, meaning that the policy response may extend from changing how and where goods are produced to addressing who owns or controls the bidding entity.

A similar problem appears beyond climate policy. The IAA's investment rules would operate alongside the EU's existing [Foreign Subsidies Regulation \(FSR\)](#), which scrutinizes whether foreign state support distorts competition in the Single Market. The two instruments address different problems and can therefore be complementary in principle. Yet complementarity in regulatory purpose does not guarantee coherence in application. A foreign investor may restructure an investment to meet the IAA's localization and European value-added requirements while still facing FSR scrutiny over the financing or state support that helped make that investment possible. In some cases, the behavior encouraged by one framework may therefore create new exposure under another. Result in a fragmented compliance environment in which separately rational rules can produce inconsistent incentives when they overlap.

Union-origin requirement would not necessarily mean that European rulemaking power had disappeared. Once a foreign company manufactures inside the EU, European influence operates through the ETS and other internal law rather than through CBAM. What changes is the route of that influence. The EU moves from shaping the emissions of production abroad through market access to regulating production located within Europe. The relevant policy question is how Europe should balance cross-border, performance-based influence with more direct control over production at home.

That boundary will also determine how far EU policy converges with the U.S. approach to China. Current U.S. policy explicitly connects foreign investment, supply chains, domestic industrial capacity, and national and economic resilience. The [America First Investment Policy](#) encourages allied capital to support U.S. jobs and growth while directing stricter treatment toward PRC-linked investment in strategic sectors. USTR's [2026 investigations into structural excess capacity](#) likewise describe reshoring critical supply chains and protecting the U.S. industrial base as central objectives. The IAA's emphasis on dependency, resilience, and origin indicates convergence in how Washington and Brussels define the problem, but it does not make their approaches identical. The EU still gives measurable carbon performance an independent role and varies its requirements by sector. European preference may also conflict with U.S. industrial objectives: the USTR investigations cover the EU as well as China, and the IAA would not treat U.S. content as equivalent to Union origin under every instrument. Europe and the United States may align in identifying risks associated with Chinese supply dominance while still competing for investment and disagreeing over which supply chains deserve preferential treatment.

The EU does not need to choose between CBAM and IAA, but it does need a clear policy hierarchy. Carbon performance should remain the broadly applicable baseline across trade and industrial demand, and low-carbon conditions in procurement and support schemes should reinforce that baseline. IAA's Origin, localization, and resilience requirements should be added only where policymakers can demonstrate an economic-resilience risk and explain why a less exclusionary measure would not provide adequate

protection. Labeling an industry strategic or linking it to the green transition should not by itself be sufficient. The difference between the proposed steel and aluminum rules offers a useful starting point, but the same test should govern future extensions and delegated measures.

How Europe draws this boundary will affect the incentives across the economic relationship among the United States, China, and the EU. It will determine whether Chinese producers can preserve competitiveness mainly through decarbonization or must also reorganize production and supply chains, how far U.S. and EU resilience practices converge, and whether Europe retains an independent model between open market access and a broad use of economic-security restrictions. CBAM can remain the carbon-based foundation while the IAA provides an additional tool for specific resilience risks. The decisive test is not whether the IAA expands, but which objective sets the policy boundary when decarbonization, European industrial capacity, and economic resilience point in different directions.

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: Tropical Forest Forever Facility

A. Understanding Tropical Forest Forever Facility (TFFF)

The Tropical Forest Forever Facility (TFFF) is a Brazil-led financing initiative launched at COP30 in Belém in November 2025 to reward developing countries for keeping tropical forests standing. It seeks to make forest protection a continuing source of national income through annual payments tied to the area of eligible forest a country maintains. The initiative addresses a persistent imbalance: tropical forests help regulate the global climate, preserve biodiversity, and support livelihoods, but the countries and communities that protect them bear much of the cost and receive limited financial compensation.¹



To finance these payments, TFFF aims to build a \$125 billion investment fund combining capital from governments and philanthropic sponsors with borrowing from private investors. Investment earnings remaining after financing and operating costs would support forest payments, with deductions for deforestation and degradation. Recipient countries would receive grants to compensate for their forest protection efforts. The central idea is to turn international investment income into lasting incentives for conservation, giving standing forests greater economic value without requiring forest countries to take on debt.

¹ Image : UN Secretary-General António Guterres speaks at the launch of the Tropical Forests Forever Facility. (Photo: © UN Climate Change - Kiara Worth), licensed under CC BY-NC-SA 4.0

B. What is Tropical Forest Forever Facility (TFFF)

Participation depends on forest eligibility and verified conservation

TFFF is a financial support mechanism designed for developing countries with tropical and subtropical moist broadleaf forests. Eligibility covers natural forests, including restored native forests once they meet the applicable forest definition. Commercial tree plantations and forests established in ecologically inappropriate areas would be excluded.

To join, a country would need a deforestation rate below 0.5 percent, assessed using the previous three years' rolling average, and a decreasing trend in the year of accession. After joining, its annual deforestation rate would have to remain stable or decline, subject to provisions for exceptional circumstances beyond the country's control. Participation thus requires continuing conservation performance.

Countries would report forest area and changes annually using an approved satellite-based monitoring system. They could use their own national system or a qualifying third-party system, but the resulting information must meet common standards for transparency, reliability and verification. This provides the evidence for determining whether a country qualifies and allows payments to reflect measured changes in its forests. Political endorsement of TFFF itself would not establish eligibility to receive funds, making TFFF a relatively fair mechanism for rewarding forest protection.

An Investment Fund Supplies The Income for Forest Payments

TFFF's architecture also separates investment management from the administration of forest payments. The Tropical Forest Investment Fund (TFIF), a distinct legal entity, would raise and manage capital. The payment arm, organized as a Financial Intermediary Fund with the World Bank serving as trustee, would receive investment proceeds and administer payments to participating countries. This division assigns financial portfolio management and the application of conservation rules to institutions, making it easier to clarify responsibilities and oversee investment decisions, also ensuring that payments to countries in need follow transparent conservation rules.

The TFIF would combine capital from governments and philanthropic sponsors with borrowing from institutional investors through bond markets. It would invest the pooled resources in a diversified portfolio of government and corporate bonds, spreading exposure across issuers and countries. Investment policies would also exclude specified activities associated with fossil fuels and deforestation. The financial objective is to earn a return above the fund's financing and operating costs while protecting its capital base.

Portfolio income would first cover administrative expenses and financing obligations, including payments to senior creditors and sponsor investors. Resources available for forest payments would then be transferred to the payment arm. Some earnings would be retained to strengthen the fund's financial reserves. The intended result is a continuing stream of investment income that can support annual payments while maintaining the financial resources needed for the fund's longer-term operation.

Annual Payments Depend on Forest Area and Deductions for Damage

The proposed payment system starts with the area of qualifying standing forest. The concept note anticipates an annual payment of approximately \$4 per hectare, before deductions for forest loss and degradation. The calculation rewards the continued maintenance of eligible forests, allowing countries with substantial existing forest cover to receive support each year and encouraging more forest protection measures.

Deforestation would trigger deductions substantially larger than the actual area lost. The first tier covers annual clearing up to 0.3 percent of the preceding year's eligible forest area: each hectare lost would reduce the payment calculation by the equivalent of 100 hectares. Clearing in the next band, above 0.3 percent and up to 0.5 percent, would deduct 200 hectares per hectare lost. At the indicative \$4 rate, these deductions correspond to \$400 and \$800 respectively. Fire-related forest degradation would receive a separate deduction equivalent to 35 hectares for each hectare affected.

The formula treats forest loss as a gross measure: newly restored forest would not cancel out hectares cleared when calculating the deforestation deduction. Restoration can increase the qualifying forest area, but it cannot erase the financial consequences of clearing existing forests. This distinction is intended to preserve a strong incentive to prevent losses while still recognizing the recovery of natural forest.

C. How Tropical Forest Forever Facility (TFFF) is Making a Difference

TFFF Strengthens The Economic Case for Protecting Forests

TFFF's main contribution is to give national governments a better financial reason to protect forests over time. Normally, clearing land for agriculture or timber can generate income, but the benefits of intact forests are rarely reflected in financial returns. TFFF's continuing payment to conservation performance could make forest protection more visible in national budget decisions and strengthen the case for maintaining protection policies. The approach is especially relevant to countries that have already kept deforestation low. Their continued stewardship can be difficult to reward through instruments focused on further emissions reductions against historical baselines. TFFF adds a financial reason to sustain that record.

TFFF Gives Forest Communities A Stronger Claim on Conservation

The community allocation is significant because it turns recognition of Indigenous stewardship into a claim on funding, translating indigenous communities' longstanding demands for direct access into policy for the first time. This could improve conservation through the way resources are used. Communities need funding to defend their territories and secure legal land tenure, and they must exercise leadership rather than receive support only as beneficiaries. Community access could help direct resources toward locally identified threats and priorities. It would also make conservation finance more responsive to the knowledge

and institutions of the people whose livelihoods depend on the forests being protected.

Nevertheless, the absence of Indigenous voting rights on TFFF's main boards and gaps in technical assistance for community financing bodies remain to be problems not yet solved. These concerns set an important test for implementation: whether communities can make decisions, manage funds and hold intermediaries accountable. TFFF's contribution to more equitable forest finance will depend on the authority and practical capacity attached to the community allocation. The reserved share will become more meaningful when communities can truly influence how it is spent.

TFFF Adds A Distinct Layer to International Forest Finance

TFFF also broadens the way forest conservation can be valued in climate policy. Its payments support ecosystem stewardship without conflicting with existing carbon or biodiversity credits for investors, allowing the same forest area to benefit from different financing mechanisms. This distinction matters because many existing payment systems are already organized around quantified emissions reductions, and TFFF is offering extra economic benefits in this sense.

This permits a broader division of labor within forest finance. TFFF's mechanism involves reducing deforestation, maintaining existing forest and restoring cleared land. As the TFFF does not conflict with other forest finance mechanisms, it provides additional funding while simultaneously imposing further conservation requirements on national governments, thereby encouraging them to adopt more robust and multifaceted approaches to support forest conservation.

D. The Latest on Tropical Forest Forever Facility (TFFF) and What it Means

The UK Plans a £400 Million Loan for TFFF

On September 3, the UK government announced its intention to invest £400 million, approximately \$540 million, in the TFFF through a loan. The announcement adds a substantial prospective contribution from a country that had supported TFFF's development but had not committed capital at its COP30 launch. The proposed funding would come from the UK's financial transaction budget, allowing the government to support forest protection through a different budget category from grants.

TFFF would use investment returns to repay its lenders and finance annual rewards for tropical forest conservation. Forest countries receiving those rewards would have no obligation to repay the UK loan. For Britain, the prospect of recovering its investment helps justify allocating public money to international climate and nature objectives. More broadly, this approach could create additional opportunities for forest finance when governments are reluctant to expand grant spending.

The investment remains conditional on finalizing TFFF's governance and operational arrangements and completing British due diligence. The UK will review the facility's size, financial structure and loan terms,

and is seeking participation in its oversight mechanisms. This announcement bolsters TFFF's fundraising prospects, yet it also brings with it various government expectations regarding public investment. To convert this expression of support into available capital, the facility must demonstrate that its financial arrangements can sustain both investor repayments and forest protection payments.

TFFF Faces a \$10 Billion Year-end Funding Deadline

By late September, TFFF had attracted approximately \$7.3 billion in announced sponsor commitments, leaving a \$2.7 billion gap against its goal of mobilizing \$10 billion by the end of the year. Speaking during Climate Week in New York, Brazil's environment minister João Paulo Capobianco expressed confidence that the target could be reached and said discussions were continuing with potential contributors, including China, South Korea and Japan. These talks seek to build on the initial commitments secured around COP30.

The deadline matters because Norway's pledge of up to \$3 billion is conditional on TFFF mobilizing at least \$10 billion in sponsor capital by the end of 2026. Norway also requires its contribution to remain at or below 20 percent of the total. Consequently, unlocking its full pledge would require at least \$15 billion in sponsor capital. Thus, this funding is not only vital in its own right but is even more crucial for securing future funding and establishing a virtuous cycle.

The fundraising challenge has direct implications for the scale of future forest payments. TFFF's longer-term design seeks \$25 billion in sponsor capital to support up to \$100 billion in market borrowing. Sponsor investment would absorb losses before senior creditors, helping attract institutional investors. A smaller capital base could limit borrowing and reduce the investment income available for forest countries.

TFFF Develops The Rules And Capacity Needed for Forest Payments

On July 22, TFFF's interim board adopted the facility's founding charter, establishing a framework for its transition toward operation. The charter provides for equal representation of tropical forest countries and sponsor countries on the board and an advisory role for Indigenous Peoples and local communities. Brazil and Norway were confirmed as initial co-chairs. On August 15, Germany concluded a contribution agreement with the World Bank, releasing €20 million to finance initial administrative costs for the trustee and the TFFF secretariat. This funding supports institutional setup and is distinct from the capital intended to generate forest payments.

Technical preparations are also advancing. FAO is working with the World Bank and Brazil's National Institute for Space Research to develop the eligibility and monitoring sections of TFFF's Operations Manual. Its planned country support for 2026 covers Brazil, the Democratic Republic of the Congo, Ghana, Indonesia, Kenya, Papua New Guinea and Peru. The work includes assessing national monitoring systems, producing forest datasets that meet TFFF requirements and improving methods for detecting forest degradation. These preparations will help establish how forest area and conservation performance are verified before payments are calculated.

E. What's Next for Tropical Forest Forever Facility (TFFF)

As TFFF moves toward operation, its credibility will depend on whether investment income can sustain forest payments through changing market conditions. The published design envisages a diversified portfolio of sovereign and corporate bonds, including substantial exposure to emerging markets. Its financial objective is to earn enough after financing costs and expenses to support conservation while maintaining the capital base. These plans still need to be tested through actual portfolio performance. This risk has already been considered by TFFF, but is still one of the central debates. A high headline yield would be insufficient if defaults, fees or borrowing costs substantially reduce the income available for forests. These risks could even interrupt conservation payments.

What will matter next is the transparency of the investment mandate and actual portfolio, including issuer exposure, credit quality, asset-management fees and financial performance. Reporting should distinguish cash income from changes in asset values and show how much remains available for forest payments after obligations and reserve allocations. Published stress tests would help governments and forest communities assess the fund's resilience. This would turn the promise of lasting finance into a model whose performance and capacity to make payments can be assessed over time.

Another question of the future of TFFF is regarding rewarding countries that increase healthy vegetation cover. The existing design already includes actively restored or naturally regenerated native forests within eligible areas, once they meet the facility's forest criteria. Its mandate excludes afforestation in historically nonforested or ecologically unsuitable areas. The issue for future discussion is how to recognize valuable restoration that falls outside these boundaries, without treating every increase in tree cover as equivalent to forest conservation.

China's dryland greening efforts illustrate that boundary. Under these rules, projects in desert margins or other arid ecosystems would generally fall outside TFFF's eligible moist-forest biome, even where they successfully increase vegetation cover. TFFF could make more impact by giving countries a continuing incentive to rebuild appropriate ecosystems across a wider range of landscapes. Forest finance should recognize the contributions of countries that restore degraded ecosystems or establish new forests in suitable areas alongside those that preserve existing forests.

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This season's Climate Change Project Profile on Tropical Forest Forever Facility (TFFF) was researched and written by Zhangchen Wang, Research Associate at the Institute for China-America Studies.

Climate Change Actor Profile: Sustainable Aviation Buyers Alliance

A. Understanding Sustainable Aviation Buyers Alliance (SABA)

Aviation presents a difficult climate challenge because large commercial aircraft continue to depend on liquid fossil fuels, and fully transitioning aircraft propulsion systems to zero-emission technologies is extremely difficult from both technical and commercial standpoints. Sustainable aviation fuel (SAF) offers a way to reduce lifecycle greenhouse gas emissions while using existing aircraft under approved technical conditions. However, its higher cost and limited supply constrain wider adoption. Expanding its use requires investment in production and sustained demand for the resulting fuel.

The Sustainable Aviation Buyers Alliance (SABA) seeks to accelerate aviation's transition to net zero by supporting the growth of SAF. The alliance focuses on the corporate demand for lower-emission air transport. It enables businesses to help cover SAF's additional cost and indirectly support investment in SAF fuel production. The ultimate goal is to encourage greater use of SAF and to build the demand and production needed for wider and more affordable clean air fuel adoption over time.

B. What is Sustainable Aviation Buyers Alliance (SABA)

Lowering the Cost of Aviation Decarbonization

SAF's higher cost is a major barrier to its wider adoption. Although SAF reduces Airlines' carbon emission, replacing conventional jet fuel with SAF substantially increases their operation costs. This reduces airlines' willingness to expand their use of SAF, making the large-scale adoption of SAF difficult. At the same time, many businesses seek to reduce emissions from employee travel and air freight to enhance their corporate image. One of the best ways for them to demonstrate a reduction in travel emissions is if airlines use low-carbon aviation fuel. SABA connects these needs by organizing purchases that allow businesses to contribute to the additional cost of SAF in exchange for its associated corporate image benefits.

The financial connection is made through sustainable aviation fuel certificates (SAFcs). The physical fuel is delivered for use by an aircraft operator, while a business purchases environmental attributes associated with that fuel. Its payment helps cover SAF's cost premium over conventional fuel. Furthermore, this model enhances operational flexibility by allowing companies to claim emissions reductions without needing to specifically select flights that utilize SAF.

Contracts can be arranged through an airline or directly with a fuel provider, allowing producers to receive revenue from both the physical fuel and its environmental attributes. This arrangement distributes the additional cost across businesses that benefit from aviation and want to support its decarbonization. Corporate payments can reduce the premium an airline must bear on its own, strengthening the commercial case for using SAF. SABA coordinates these purchasing arrangements and establishes common

requirements for the fuel they support.

Combining Purchases to Expand SAF Demand

The next part of SABA's model is to combine separate purchasing needs into a larger pool of demand. Individual businesses may purchase relatively small volumes of SAF certificates or have limited experience arranging fuel-related contracts. SABA is able to bring different needs of individual businesses into a shared procurement process to give suppliers access to a broader customer base and allows buyers to participate in larger purchasing commitments.

SABA coordinates both purchases addressing current needs and agreements covering future supply. Its procurement channels provide information on fuel characteristics and commercial terms, helping buyers identify suitable offerings. Longer agreements can consolidate demand over several years. The purpose is to make purchasing more sustained and predictable, so that a producer can assess how much demand exists and over what period it may generate revenue.

Supporting More Fuel Production with Larger Scale

SAF producers will also have more incentive to produce more low-emission fuel when the increase in demand can support investment in additional supply. A new SAF facility requires substantial spending before it begins selling fuel. Investors and lenders therefore need evidence that future sales can generate reliable revenue. Long-term purchasing commitments help establish that revenue outlook, strengthening a producer's case for financing. When secured before a facility is built, they can help a planned project advance toward a final investment decision. SABA applies this logic by organizing corporate commitments to purchase certificates associated with future SAF production. SABA facilitated contracts for future output support the development of new facilities.

As production grows, greater output can help spread capital costs and build experience with production processes. These changes may reduce costs and make SAF accessible to more users over time. Feedstock costs, energy prices, technology and policy support also influence the outcome. SABA's aim is to help create a reinforcing cycle in which sustained demand supports more production, and more competitive production supports wider adoption.

C. How Sustainable Aviation Buyers Alliance (SABA) is Making a Difference

Raising Higher Expectations for SAF Sustainability

SABA helps raise environmental expectations for SAF suppliers by making sustainability requirements a condition of access to coordinated corporate demand. Its procurement framework requires qualifying fuels to reduce lifecycle greenhouse gas emissions by at least 60% compared with conventional jet fuel. It also excludes palm oil and its derivatives and establishes requirements concerning land-use impacts, sustainability certification and credible emissions claims. These conditions give suppliers a clear benchmark

for qualifying for SABA's procurement.

These criteria matter because SAF production pathways differ substantially in their environmental performance. Feedstock sourcing, land-use changes and the energy used in production can affect the climate benefits of the final fuel. Independent guidance for corporate buyers therefore emphasizes evaluating these characteristics alongside the quantity of fuel purchased. A common purchasing framework can translate these concerns into consistent expectations, helping buyers assess whether their spending supports fuels with stronger environmental credentials.

Linking these requirements to aggregated demand can make stronger environmental performance more commercially valuable. It can also give other buyers a public reference for assessing suppliers and shaping their own purchasing criteria. SABA's contribution is therefore to help establish verified sustainability as an expectation in the emerging SAF market.

Supporting More Pathways to Sustainable Aviation Fuel

SABA also supports investment in a wider range of SAF production pathways. Established routes based on waste oils and animal fats face limits in feedstock availability and competing demand from other sectors. Meeting aviation's long-term fuel needs will therefore require additional options. Research on SAF production points to the value of developing multiple conversion technologies and using a broader range of feedstocks, alongside improvements in established processes.

The most suitable pathway depends on local resources, energy supply, infrastructure and technology maturity. No single route offers the best combination of cost, emissions reduction and scalability under every set of conditions. SABA's next-generation procurement includes both advanced bio-based fuels and power-to-liquid fuels, creating opportunities for investment beyond the most established production methods. Experience from those projects can inform subsequent investment and purchasing decisions. SABA thus contributes to developing a broader portfolio of viable SAF options as their strengths and limitations become clearer. The resulting evidence can help buyers and investors identify which routes offer the strongest combination of climate benefits, cost and supply potential in different settings.

D. The Latest on Sustainable Aviation Buyers Alliance (SABA) and What it Means

SABA Secures Advance Commitments for New SAF Production

On September 22, SABA announced binding, multi-year commitments to purchase SAF certificates from a planned synthetic aviation fuel facility in Texas. The facility is designed to produce approximately 100,000 metric tons of SAF annually. This procurement is SABA's first attempt to help a new production project to reach a final investment decision, extending its purchasing activities into support for facilities that have yet to be built.

The announcement followed the project's selection on April 8 through a competitive procurement launched

in May 2025. More than a dozen advanced biofuel and synthetic-fuel projects competed, with proposals assessed for emissions performance, sustainability, financial feasibility and scalability. The selected facility would use captured waste carbon dioxide and renewable energy to produce synthetic SAF, with initial production projected for 2029 in the April announcement.

Across the contracted volumes, SABA anticipates more than 212,000 metric tons of carbon dioxide-equivalent reductions. Industry analysis identifies this combination as a way to strengthen the project's future revenue outlook. Financing and a final investment decision remained the next steps described in September.

SABA Documents An Early Purchase through SAFc Connect

On May 29, SABA published a case study documenting a corporate buyer's first major SAF certificate purchase, initiated in 2025 through SAFc Connect. The certificates included 700 metric tons of carbon dioxide-equivalent reductions, equivalent to 5% of the buyer's aviation emissions. The purchase took place ahead of a 2030 SAF commitment, providing a reported example of a company beginning procurement before its target year.

The buyer used pre-vetted offers to identify fuel that met its volume, timing and carbon-intensity requirements. It also tested contracting and certificate management across its procurement, legal and sustainability teams. These practical steps addressed barriers identified in earlier third-party reporting, which found that supplier solicitation and vetting processes could take 18 to 24 months.

The case also described preparation for participation in a longer-term procurement supporting a facility before its final investment decision. It suggests that initial purchases can help buyers develop the internal capacity needed for more complex commitments. For SABA, this offers a concrete example of how its current-supply channel can prepare businesses to support future production. The evidence remains a single reported case, with broader transaction data needed to assess uptake across the platform.

Demand And Certificate Tracking Reach a Larger Scale

By September, SABA reported that it had aggregated approximately \$500 million in demand for SAF certificates across its activities. This is a cumulative measure of purchasing demand assembled by the alliance. It indicates the scale of the demand pool SABA can organize. SABA also reported that planning for its next procurement was underway.

The certificate infrastructure used by SABA recorded a separate milestone earlier in the year. On February 19, the SAFc Registry announced that certificates issued through its platform represented more than 164,000 metric tons of unblended SAF and over 500,000 metric tons of carbon dioxide-equivalent abatement. The registry's figures cover its wider market, including SABA buyers, airlines and logistics customers. Fuel associated with its certificates came from production facilities across five countries.

E. What's Next for Sustainable Aviation Buyers Alliance (SABA)

The next challenge of SAF is to make the best use of today's corporate demand to build a SAF industry with a stronger economic foundation. The success of SABA depends on businesses voluntarily paying a premium to support aviation emissions reductions and advance their climate commitments. This willingness to pay provides valuable support for early production and investment. Over time, however, widespread adoption will require a commercial case that extends beyond the reputational value of climate action.

Voluntary corporate demand remains exposed to changes in budgets, management priorities and political conditions. Recent corporate retreats from environmental commitments illustrate how these goals can lose support when cost pressures intensify. Political opposition to corporate climate initiatives can further weaken incentives to pay for emissions reductions. These pressures create a vulnerability for a business model that relies heavily on discretionary sustainability spending.

SABA's strategy should thus be understood as a transitional means of building a more durable market. Policies that give emissions reductions economic value may remain part of that market. Nevertheless, long-term success requires reducing dependence on a limited group of companies willing to absorb a substantial premium. SABA's lasting contribution will depend on whether today's climate commitments help develop fuels that can attract sustained demand because their economic value remains compelling across changing business and political conditions.

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- [How Cleaning Up the Air Is Speeding Up Global Warming - And Revealing A Bigger Problem](#) (*BBC*, September 8)
- [After A Summer of Wildfires And Record Heat, Americans Are Talking about Climate Change. Why Aren't Our Leaders?](#) (*Reuters*, September 9)
- [Prince William: This Summer Has Shown The Climate Crisis Is Here. Now We Must Act](#) (*Independent*, September 20)

Climate disasters are exposing the limits of preparedness and global response.

- [Nepal's Glacial Collapse Foreshadowed A Future of Climate Disaster](#) (*The Guardian*, September 1)
- [Why Has The Response to Nepal's Floods Been so Muted?](#) (*Al Jazeera*, September 16)
- [The Response To Nepal's Disaster Is A Test For Global Climate Institutions](#) (*Climate Home News*, September 23)

Governments are rethinking how climate goals should be pursued in a changing political reality.

- [Net Zero Scepticism Is Not Climate-Change Denial](#) (*The Telegraph*, July 30)
- [Climate Demands Political Leadership](#) (*Le Monde*, August 22)
- [Ireland May Not Have Mutant Blitz Attitude to Climate Crisis but We Have Our Own Potent Version](#) (*Irish Times*, August 22)
- [Our Climate Is Changing Rapidly – and Our Politicians Sound Increasingly Surreal](#) (*The Guardian*, August 24)
- [Britain's Green Taxes Are Economic Vandalism](#) (*The Telegraph*, September 1)
- [Keeping To 1.5c of Warming Is No Longer Possible – but We Must Still Limit the Overshoot](#) (*Climate Home News*, September 2)
- ['Limit Overshoot, Peak, Decline': A New Global Goal for Climate Change?](#) (*Al Jazeera*, September 8)
- [The World Doesn't Need A Paris Agreement for Plastics](#) (*Climate Home News*, September 9)
- [Action on Climate Change Needs A Rethink – Not Just A Rebrand](#) (*Independent*, September 19)

Climate-Focused Conferences & Events

Multinational Conferences & Global Forums

Climate Summit 2026

United Nations

September 23

New York City, USA

- From the [Organizer](#): “Meeting amid growing climate impacts and uncertainty around the global economy and energy security, leaders discussed how to turn existing climate commitments into faster, stronger action. They highlighted the need to scale up solutions that are already available, accelerate the transition to clean energy, expand access to affordable climate finance and strengthen communities’ resilience to climate impacts. Leaders also stressed that international cooperation remains essential, even in a divided world.”

Climate Week NYC

Climate Group

September 20 - September 27

New York City, USA

- From the [Organizer](#): “This year's Climate Week NYC will focus on the energy, the impact, and the action that we drive together. In times of economic and climate uncertainty, collaboration, and learning from one another is key. That’s exactly why Climate Week NYC was set up, and why this September 20–27, 2026 once again it’s connecting the people and ideas about how we live, work and build a low-carbon economy and a more secure future.”
- This year’s agendas spotlight:
 - Political leaders setting national and international direction
 - CEOs and board-level executives making decisions on capital, innovation, and strategy
 - Investors and financial institutions mobilising capital for climate solutions at scale
 - System operators, regulators, and implementers turning ambition into delivery

Global Forum on the Environment and Climate Change

OECD

September 16 - September 17

Paris, France

- The [event](#) “aims to promote dialogue, and enhance understanding among a wide range of countries on key issues relevant to the international climate change negotiations and implementation of the Paris Agreement.”

UNCCD 17th session of the Conference of the Parties

United Nations Convention to Combat Desertification (UNCCD)

August 17 - August 28

Ulaanbaatar, Mongolia

- From the [Organizer](#): “COP17 is expected to bring together delegates from UNCCD’s 197 Parties, alongside leaders from government, business and civil society, as well as scientists, youth, Indigenous Peoples, pastoralists and smallholder farmers. They will convene to forge solutions to the interconnected challenges of desertification, land degradation and drought, recognizing that restoring land is also essential to reducing

instability, preventing displacement and strengthening human and national security in vulnerable regions.”

The High-level Political Forum 2026

United Nations High-level Political Forum on Sustainable Development

July 7 - July 15

New York City, USA

- From the [Organizer](#): “Transformative, equitable, innovative and coordinated actions for the 2030 Agenda for Sustainable Development and its Sustainable Development Goals for a sustainable future for all.”

Public Events & Panel Discussions

-Upcoming Events-

2026 Energy & Defense Summit

Event by Atlantic Council | October 14

The Nuclear Energy Renaissance: The Challenges of Governance with the Advent of AI

Event by Stimson Center | October 7

Building Consensus for Conservation in the Southern Ocean

Event by Stimson Center | October 6

Community-wide Clean Energy: Innovative Solutions for Local Governments

Event by World Resource Institute | October 6

-Past Events-

Battery Geopolitics: Inside the High-Tech Race to Store Energy

Event by Carnegie Endowment for International Peace | September 29

Before the Concrete Sets: Powering Growth with Low-Carbon Cement

Event by World Resource Institute | September 29

Designing our Energy Future

Event by Rocky Mountain Institute | September 24

Nuclear Energy Policy Summit 2026

Event by Atlantic Council | September 23

Climate Diplomacy in a Messy World

Event by World Resource Institute | September 23

Infill Development: Market-Based Climate Solution

Event by World Resource Institute | September 23

Green Fuels for Green Shipping

Event by Rocky Mountain Institute | September 23

Powering America: The Grid, Affordability, and Energy Dominance

Event by Center for Strategic and International Studies | September 15

Event Urban Mining: A Second Life for EV Batteries

Event by Stimson Center | September 3

Food Loss and Waste for Climate and People

Event by World Resource Institute | September 1

Navigating the Strait of Hormuz Energy Crisis

Event by Center for Strategic and International Studies | August 4

Riding High: Assessing the Impact of China's Burgeoning Auto Exports

Event by Asia Society | July 29

Shifting to Next-Generation Sustainable Aviation Fuels

Event by World Resource Institute | July 20

Could 2026 Bring the Perfect Summer Storm?

Event by Carnegie Endowment for International Peace | July 14

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

How Do We Unlock the Circular Battery Economy?

Event by Rocky Mountain Institute | July 2

ICAS BCCC Program Updates

Upcoming ICAS Event

Competing Narratives in the Arctic

Harpa Concert Hall and Conference Centre, Reykjavik, Iceland

October 9, 2026

ARCTIC CIRCLE ASSEMBLY 2026

Competing Narratives in the Arctic

Breakout Session · Organized by the Institute for China-America Studies, The Fletcher School of Law and Diplomacy, Tufts University

FRIDAY, OCTOBER 9 · 16:05–17:00 | Harpa Concert Hall · Reykjavik, Iceland



Rockford Weitz
Director & Professor of Practice,
Fletcher Maritime Studies
Program, Tufts University



Nong Hong
Executive Director and Senior
Fellow, Institute for
China-America Studies



Pavel Devyatkin
Non-Resident Fellow, Quincy
Institute



Whitney Lackenbauer
Tier 1 Canada Research Chair,
Professor, Trent University;
Network Lead, NAADSN



Pia Hansson
Director, Institute of
International Affairs, University
of Iceland

Institute for China-America Studies · The Fletcher School of Law and Diplomacy, Tufts University

On Friday, October 9, ICAS and The Fletcher School of Law and Diplomacy at Tufts University will cohost the breakout session “Competing Narratives in the Arctic” at the Arctic Circle Assembly in Reykjavik, Iceland. Panelists include Rockford Weitz (Director & Professor of Practice, Fletcher Maritime Studies Program, Tufts University), Nong Hong (Executive Director and Senior Fellow, Institute for China-America Studies), Pavel Devyatkin (Non-Resident Fellow, Quincy Institute), Whitney Lackenbauer (Tier 1 Canada Research Chair in the Study of the Canadian North; Professor, School for the Study of Canada, Trent University; Network Lead, North American & Arctic Defense & Security Network), and the session will be moderated by Pia Hansson (Director, Institute of International Affairs, University of Iceland). Further info on panelists can be found below.

Competing power narratives are reshaping how the Arctic is understood and contested through the lenses of security, development, science, sovereignty, and rules-based governance. As geopolitical competition intensifies, these narratives are increasingly influencing not only how outside actors engage the region, but also how Arctic governance priorities are defined and debated. Bringing together perspectives from the United States, China, Europe, Russia, and Indigenous communities, this session will examine how different understandings of the Arctic translate into concrete policy choices and institutional outcomes. It will also explore how external narratives affect Arctic residents, Indigenous rights, local priorities, and the broader legitimacy of Arctic governance. By looking beyond state-centric perspectives, the discussion aims to highlight the gap between external strategic framing and the lived realities of communities in the region.

[Learn More:](https://chinaus-icas.org/event/competing-narratives-in-the-arctic/) <https://chinaus-icas.org/event/competing-narratives-in-the-arctic/>

BCCC & MAP Commentary

Beyond the Mining Code: The ISA's Search for Institutional Credibility

By Nong Hong

August 7

The International Seabed Authority's meetings in Kingston concluded on 31 July with the Mining Code once again dominating much of the discussion. Progress in the negotiations remains important, but the session also revealed a quieter change in the Authority's role. Attention is increasingly shifting to whether the Authority can provide the institutional foundations needed for any future decision on commercial exploitation to command confidence.

The July agenda reflected this development across several areas of the Authority's work. The Council continued negotiations on the Mining Code and, on 24 July, agreed on a roadmap for the work still required before the regulations could be adopted, including further intercessional engagement on unresolved provisions. Discussions concerning the Enterprise focused on its legal status, potential operational role and the practical arrangements required for it to assume more substantive functions. Meanwhile, the Legal and Technical Commission advanced work on standards and guidelines, environmental threshold values, regional environmental management plans, contractor reporting and data management. The budget debate pointed in the same direction, drawing greater attention to the scientific, administrative and compliance resources required as the Authority's responsibilities expand.

These discussions show that the ISA's institutional development cannot simply be postponed until the Mining Code is complete. The Authority is already performing many of the preparatory, supervisory and administrative functions associated with an international regulator, even though the final framework for commercial exploitation remains under negotiation.

Continue Reading: <https://chinaus-icas.org/research/beyond-the-mining-code-the-isas-search-for-institutional-credibility/>

BCCC Commentary

The Strategic Reserve Beyond the Oil Tank

By Zhangchen Wang

July 20, 2026

China's response to the Strait of Hormuz crisis shows that oil-importing countries can strengthen energy security from the demand side. Since the United States and Israel launched attacks on Iran on February 28, severe restrictions on tanker traffic through the Strait of Hormuz have caused a major disruption to global oil supplies. At its worst, the disruption removed as much as 14 million barrels per day from the global market and pushed Brent crude to a peak of roughly \$126 per barrel in April. The crisis could have become far more severe, and analysts suggest that China's sharp reduction in crude oil purchases was one of the most important factors limiting further upward pressure on global oil prices. China's crude imports fell to 7.12 million barrels per day in June, 41.3 percent lower than a year earlier and the lowest level since October 2016.

Whether Beijing intended to stabilize the oil market or simply refused to purchase exceptionally expensive and difficult-to-source oil is not the central issue. What matters is that China had developed a buffer against oil supply shocks from the demand side...

Continue Reading: <https://chinaus-icas.org/research/the-strategic-reserve-beyond-the-oil-tank/>

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.

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ICAS

Institute for China-America Studies

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