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Analysis

COP31: Electrification momentum and climate resolve amid global divides

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Key takeaways

- **COP31, scheduled for November 9–20, 2026, in Antalya, Türkiye, concluded on November 22 without an overarching cover decision.** An attempt to repeat a commitment to transition away from fossil fuels, agreed to in 2023, became the central political sticking point, while disagreements over finance, adaptation, and mitigation made a broader compromise more difficult. Governments, businesses, and investors advanced targeted initiatives on electrification, energy security, and climate finance, even as the topline outcome underscored persistent geopolitical divisions. The conference demonstrated continued progress beyond the formal process, but left businesses without a stronger collective signal on the direction of climate policy.

- **COP31 reinforced the private sector's growing role in translating climate ambition into practical outcomes.** Despite the lack of a broader political agreement, strong business participation and voluntary initiatives demonstrated continued momentum behind the energy transition. As governments pursue increasingly divergent policy approaches, companies have opportunities not only to mobilize investment and deploy technologies, but also to help shape the regulatory frameworks and partnerships that will determine how energy markets evolve.

- **Energy security, rising electricity demand, and technological innovation drove a renewed focus on accelerating electrification and diversifying energy systems.** More than 150 countries and 260 businesses participated in COP31's Electrification Delivery Package, while the Presidency's flagship 35-by-35 Global Electrification Pledge sought to increase electricity's share of global final energy consumption to 35% by 2035. New initiatives on geothermal energy, methane reductions, and AI infrastructure further reinforced opportunities for investment and innovation across the energy sector.

- **Divergent national priorities continued to shape global climate leadership and the commercial landscape for the energy transition.** The absence of a formal U.S. delegation, China's growing influence through clean technology manufacturing and exports, and India's emphasis on energy security and economic development highlighted contrasting approaches among the world's largest emitters. Meanwhile, the unprecedented division of COP31 leadership between Türkiye and Australia further exposed tensions between national energy policies and international climate ambitions. These dynamics are increasingly shaping where and how businesses invest, compete, and engage with governments.

- **Climate finance remained contentious, even as countries advanced mechanisms to mobilize investment and strengthen implementation.** Disagreements over developed-country financing obligations and adaptation funding persisted, while progress on international carbon markets and the Baku-to-Belém Roadmap to 1.3T to mobilize $1.3 trillion annually by 2035 highlighted continued efforts to expand financing opportunities, particularly in developing economies.

Geopolitical dynamics and climate leadership

COP31 exposed the growing influence of energy security, industrial competitiveness, and economic development on climate diplomacy, as countries confronted the definite breach of the 1.5-degree Celsius stabilization goal from the Paris Agreement; negotiations extended beyond the scheduled conclusion without an overarching cover decision. The European Union (EU) and a coalition of developing and climate-vulnerable countries opposed a proposed agreement that omitted explicit references to transitioning away from fossil fuels, while oil-producing countries, including Saudi Arabia and Russia, resisted stronger commitments and favored greater recognition of carbon capture and storage (CCS).

The impasse highlighted the divide between countries seeking stronger collective commitments and those prioritizing flexibility to pursue national energy and development strategies. As consensus becomes more difficult to achieve, national policies and smaller coalitions will likely play an increasingly influential role in shaping the pace and direction of the energy transition.

These divisions were particularly evident in the contrasting approaches of the United States (U.S.), China, and India, which together account for roughly half of global greenhouse gas emissions. While all three play central roles in shaping the global energy transition, their differing levels of diplomatic engagement and competing domestic priorities underscore the challenges of collective climate action and the increasingly country-specific nature of energy policy and investment.

United States: The absence of a formal U.S. delegation for the second consecutive year underscored the Trump administration's continued departure from international climate diplomacy. Nevertheless, American state and local officials, lawmakers, and businesses maintained a strong presence at COP31, reflecting continued subnational engagement in clean energy investment and deployment. With federal priorities emphasizing energy affordability, domestic production, and economic competitiveness, companies face an increasingly complex policy environment in which state-level regulations, market incentives, and federal energy policies may diverge. The U.S. approach reinforces the importance of understanding domestic political dynamics alongside international climate commitments.

China: China's participation highlighted its growing influence over the global energy transition through manufacturing capacity, integrated supply chains, and clean technology exports, even as Beijing remained cautious about assuming a more prominent diplomatic leadership role. China's emphasis on South-South cooperation and opposition to trade restrictions reflected its interest in expanding international markets for renewable energy, batteries, electric vehicles, and other clean technologies. As DGA Senior Counselor and former U.S. Energy Secretary Jennifer Granholm observed following her recent travel to China, the country's industrial ecosystem is enabling clean energy deployment at remarkable scale. However, China's continued reliance on coal and resistance to trade measures it views as protectionist underscore the tensions between its industrial ambitions and international climate expectations.

For businesses, these dynamics carry significant implications for supply chains, market access, investment, and competition.

India: India maintained a comparatively low public profile at COP31, prioritizing economic development, energy security, and affordable energy access over a more prominent international leadership role. Its decision to withdraw its bid to host COP33 further reflected its cautious approach to climate diplomacy. Nevertheless, India's expanding renewable energy sector, growing electricity demand, and continued reliance on coal make it central to the global energy transition. For businesses, India's development-led approach creates opportunities to invest in affordable, reliable, and scalable energy solutions aligned with national industrial and infrastructure priorities.

Türkiye and Australia: COP31's unprecedented joint leadership arrangement, with Türkiye hosting and presiding over the conference and Australia leading formal negotiations, highlighted the complexities of reconciling international climate ambitions with domestic energy priorities. Both countries faced scrutiny over continued fossil fuel development, underscoring the competing economic and political considerations shaping global climate diplomacy.

Formal negotiations and decisions

Despite the absence of an overarching cover decision, Parties advanced specific technical and procedural outcomes under the formal UNFCCC negotiating agenda.

Climate Finance Work Programme: Parties advanced the two-year programme established at COP30 to address developed-country financing obligations under Article 9 of the Paris Agreement. Developing countries sought stronger public financing commitments, while developed economies emphasized mobilizing private capital. The continued divide reflects a broader challenge: countries seeking to accelerate climate investment often face the greatest financing constraints. Without clearer commitments and mechanisms to reduce investment risks, the gap between climate ambition and commercially viable projects may persist, particularly in emerging markets.

Adaptation Finance: Developing countries pressed for stronger commitments and clearer implementation timelines, building on COP30's call to triple adaptation finance by 2035. A proposed $120 billion annual benchmark was removed from the unadopted cover decision, leaving questions about financing responsibilities and delivery. The gap underscores the need for concessional capital, risk-sharing mechanisms, and investment in resilient infrastructure and adaptation technologies.

Article 6 International Carbon Markets: COP31 advanced implementation of international carbon markets, including the demonstration of the first version of the Article 6.2 international registry and further guidance on Article 6.4. Although agreement on long-term financing for Article 6.2 infrastructure was deferred, progress could strengthen market participation and credibility, with implications for carbon credit developers, investors, and companies pursuing decarbonization strategies.

Action agenda and voluntary initiatives

Beyond formal negotiations, COP31's Action Agenda and voluntary initiatives advanced cooperation on electrification, energy diversification, emissions reductions, and climate finance. These initiatives signal priorities for government and private sector engagement, although their business implications will depend on subsequent policy and accountability measures, funding, and implementation.

Electrification Delivery Package: COP31's flagship energy initiative brought together activities involving more than 150 countries, 37 cities, and 260 businesses across clean power generation, grid expansion, storage, transport, and industrial electrification. The emphasis on electrification reflected a convergence among countries with otherwise divergent climate priorities. Unlike explicit commitments to transition away from fossil fuels, electrification can be framed around energy security, industrial competitiveness, and economic development, allowing governments to support deployment while retaining flexibility over national energy mixes. For businesses, this creates opportunities across power generation, grid infrastructure, storage, and industrial technologies, although implementation will depend on country-specific policies and investment conditions.

35-by-35 Global Electrification Pledge: Türkiye's initiative seeks to increase electricity's share of global final energy consumption from approximately 23% to 35% by 2035. More than 70 countries supported the target, while over 180 companies backed the Seizing the Electric Advantage statement. Although not adopted through a cover decision, the pledge demonstrated growing interest in electrification as an energy security and industrial development priority. Its emissions benefits will depend on how electricity is generated and the extent to which it displaces fossil-fuel consumption.

Global Geothermal Ambition 2050: Türkiye and the International Renewable Energy Agency (IRENA) launched an initiative to expand geothermal energy supply twelvefold by 2050, highlighting opportunities for reliable, low-emission power generation and investment in energy diversification.

Methane and Non-CO_2 Emissions: More than $480 million in philanthropic funding was announced to address methane and other non-CO_2 pollutants, alongside commitments to reduce fossil fuel methane emissions. The initiatives create opportunities for emissions monitoring, detection, and mitigation technologies.

Transitioning Away from Fossil Fuels (TAFF) Roadmap: Brazil continued advancing its roadmap to implement the COP28 commitment to transition away from fossil fuels. The initiative focuses on regulatory, technological, and investment pathways, demonstrating the role of coalitions of willing countries in advancing climate priorities.

Report on Baku-to-Belém Roadmap to 1.3T: Brazil presented an implementation report outlining more than 75 reforms and financing measures to help mobilize at least $1.3 trillion annually for developing countries by 2035. Emphasizing blended finance, credit guarantees, and investment risk mitigation, the roadmap highlights opportunities for financial institutions and infrastructure investors.

Antalya Artificial Intelligence (AI) Pledge: Türkiye and the International Telecommunication Union (ITU) launched a voluntary initiative addressing AI infrastructure's environmental impacts while promoting AI-enabled climate solutions. Priorities include cleaner electricity for data centers, efficient cooling, grid integration, and environmental reporting, signaling emerging expectations for hyperscalers, data center developers and operators, utilities, and infrastructure investors around energy sourcing, environmental transparency, and infrastructure planning.

Looking ahead: Implications for business

COP31 reinforced the private sector's role in advancing climate implementation as geopolitical divisions complicate multilateral cooperation. The Presidency-backed Business Forum convened more than 1,500 participants from 55 countries, reflecting demand for private capital, technical expertise, and commercially viable solutions. Businesses also called for a stronger negotiated outcome: the We Mean Business Coalition urged leaders to adopt an ambitious clean electrification agenda, while the International Chamber of Commerce called for greater consistency in fossil-fuel transition commitments to support long-term planning.

The absence of an overarching agreement makes national implementation more consequential. Companies will need to assess how international initiatives translate into domestic regulations, procurement programs, grid investment, and financing arrangements. Early engagement can help address implementation barriers and inform policy design, but commercial strategies should distinguish emerging political priorities from measures that materially change project economics.

Three upcoming milestones will help shape the direction of international climate cooperation:

- **COP32 in 2027:** Ethiopia will host the conference in Addis Ababa, with climate finance, investment, and disaster response among its preliminary priorities. The summit is expected to elevate the perspectives of least developed countries (LDCs) and the Global South, highlighting Africa's growing role in clean energy deployment and industrial development, although domestic instability and regional tensions could complicate preparations.
- **Second Global Stocktake (GST2), 2027–2028:** The two-year process will assess collective progress toward the Paris Agreement's goals, providing an important measure of whether national commitments are translating into implementation and informing future climate policies and investment priorities.
- **COP33 in 2028**: While the host country is yet to be determined, the conference will mark the culmination of GST2 and provide an opportunity for governments to respond to its findings, advance outstanding negotiations, and shape the next phase of international climate cooperation.

Together, these milestones will influence the regulatory and investment landscape for businesses operating across global energy markets. As national approaches to energy security, industrial competitiveness, and decarbonization diverge, companies will need to anticipate policy developments, assess country-specific risks, and align commercial strategies with evolving government priorities.

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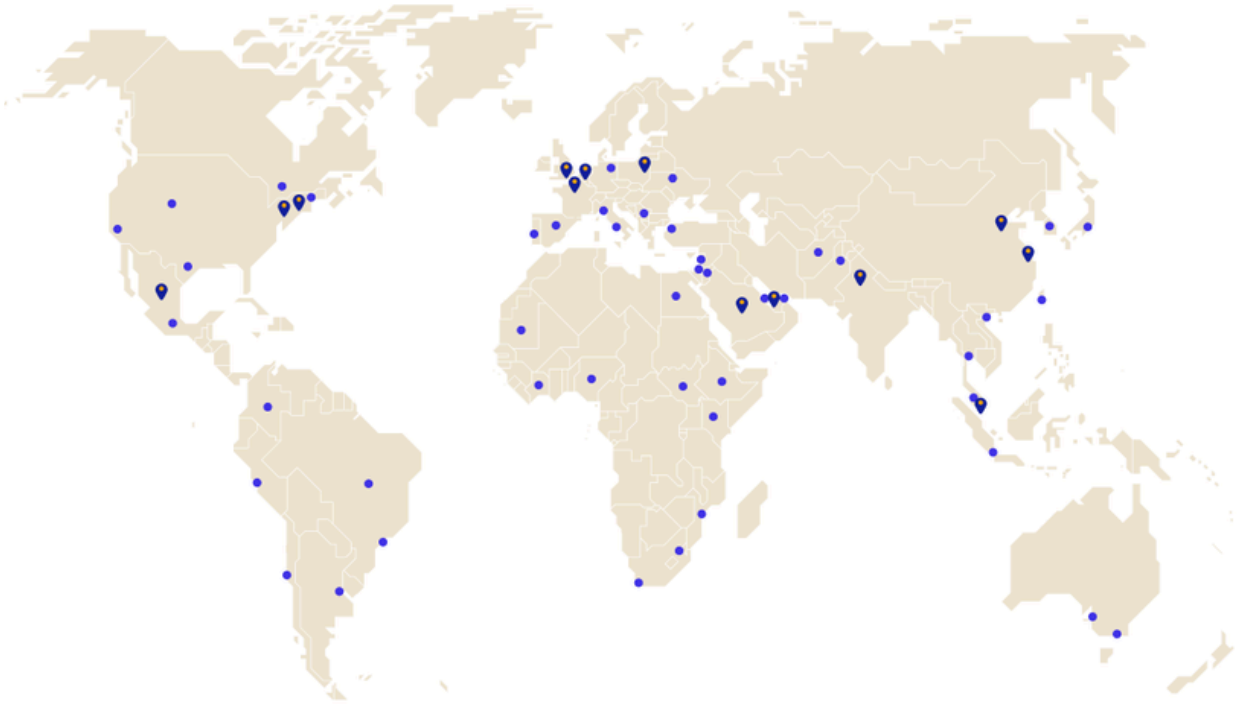

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