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Danske Bank

25 September 2026



- ***In focus:*** *The stakes for dealing with climate and nature crises are rising, but the political hand to drive collective action to address them is weakening. Registering progress at this year's biodiversity and climate summits, COP17 and COP31, looks difficult amid retreating US support, growing conflict and increasingly strained multilateral cooperation. Repeat fossil fuel crises may offer a counterweight, strengthening the case for electrification and clean energy as matters of energy security as well as climate ambition. Yet stronger national transition incentives do little to resolve the financing disputes at the heart of both COPs – namely who should pay and who should receive to make implementation possible. More broadly, as multilateralism faces headwinds, keeping countries at the table seems ever more important. Not as a substitute for delivery, but to keep collective solutions within reach as the crises they must address inevitably intensify.*
- ***Sustainable products update:*** *Global sustainable bond issuance is approaching USD1tn, with 2026 on track to set a new annual record. Europe is a key driver, as investment in renewables, electrification and infrastructure increasingly serves energy security as well as climate ambitions. Nordic issuance has slowed alongside the wider market, rather than reflecting a weakening of sustainable bonds in isolation. While the investment themes remain broadly familiar, the next step for green bonds is about breadth: scaling finance beyond established categories towards a wider range of environmental needs, including adaptation and resilience. More project-specific activities may require tailored assessment and reporting, highlighting that record volumes are only part of the story.*
- ***In briefs:***
  - *Norway grants first wind power license in nine years*
  - *EU proposes mandatory climate adaptation planning for 3 degrees of global warming*
  - *The EU maintains opposition to Arctic oil and gas development*
  - *Lula's re-election strengthens Brazil's role in global nature policy*

In focus: Higher stakes and weaker hand at COP17 and 31

As leaves start falling off the trees in the Nordics, another telltale sign of autumn is that the UN conferences on biodiversity (COP17) and climate change (COP31) are due to end and begin (see table below). Both reflect a global multilateral effort to address the challenges associated with a warming climate and the loss of biodiversity and ecosystems. Although implementation depends heavily on national commitments and delivery, their outcomes provide an important indication of whether collective action is advancing.

Unfortunately, there are indications that the challenges to COP progress are many at a time when the intensity of environmental crises is increasing. War, geopolitical competition and continuous deterioration in multilateralism face the backdrop of global temperature record highs, biodiversity loss and repeat extreme weather disasters – the latter underscored by the ongoing super El Niño. As the stakes continue to increase for the importance of protecting nature and mitigating climate change, the consensus building and multilateral cooperation required to achieve this appears to face an uphill battle.

COP17 and COP31 at a glance: two UN summits, back to back, this autumn

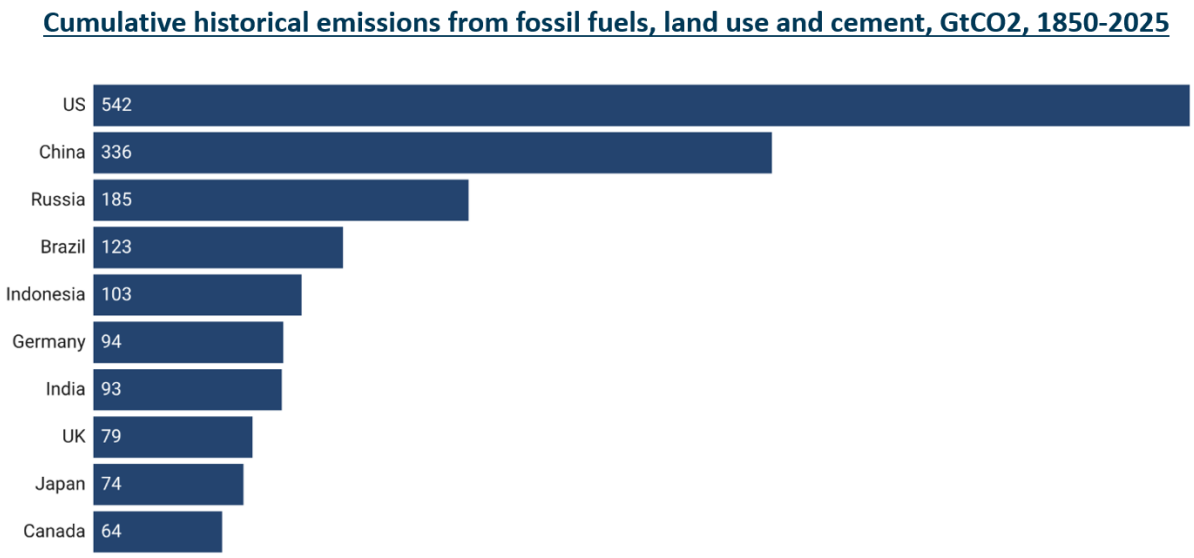
	COP17 – UN Biodiversity Conference Convention on Biological Diversity (CBD)	COP31 – UN Climate Change Conference UN Framework Convention on Climate Change (UNFCCC)
Location	**Yerevan, Armenia** Presidency: Armenia	**Antalya, Türkiye** Türkiye holds the presidency; Australia leads the negotiations
Dates	**19–30 October 2026** High-level segment: 27–28 October	**9–20 November 2026** Leaders' summit: 11–12 November
Key focus areas	• First global review of progress on the 2022 Kunming-Montreal biodiversity framework: fewer than half of assessed national targets are on track • Finance: closing the gap to USD 200bn a year by 2030, including USD 30bn in international finance; making the Cali Fund work • Agreeing the "Yerevan Pathway" to speed up delivery of the 23 targets for 2030	• Climate finance: delivering the USD 300bn-a-year goal by 2035 and the roadmap towards USD 1.3tn • Turning targets into action: the second Global Stock-take begins, plus rules for the Article 6 carbon markets and the Just Transition Mechanism • Presidency action agenda: "35 by 35" target to raise electricity to 35% of final energy demand, plus zero waste and methane

Source: Carbon Brief, UN. Climate Cops occur annually while biodiversity COPs occur every two years.

The headwinds to progress: Worst political setting since the 2015 Paris Agreement?

The elephant in the room facing COP31 is the Paris Agreement exit of the United States, the world's biggest historic polluter, effective as of 27 January 2026. Crucially, the second Trump Administration has also pulled the US out of the 1992 UN Framework Convention on Climate Change (UNFCCC) under which Paris Agreement was adopted at COP21. This in turn may complicate a re-accession of the

US to the Paris Agreement, which was one of President Joe Biden's first actions as president in 2021 after Trump's first term. The US has not ratified the UN Convention on Biological Diversity and is therefore also not an official party to COP17 either.



Source: Carbon Brief

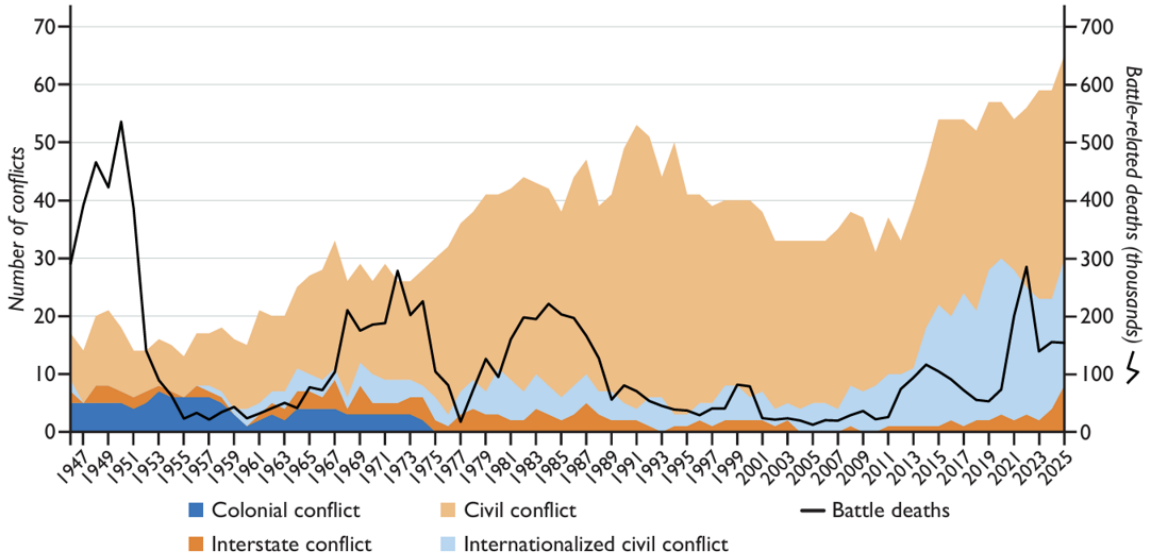
While the US absence at the COPs is problematic, an even bigger challenge is the withdrawal of US from aid funding and climate finance. To mention some, the closure of USAID in 2025, which had administered about USD60-70bn annually, saw US foreign assistance drop by nearly 75% over 2026. This hits global support for clean energy deployment, climate adaptation and nature conservation. Further, in January 2026, Trump instructed the withdrawal of the US from 66 international organisations of which nearly half were UN related. From a climate and nature perspective some key ones include:

- **Intergovernmental Panel on Climate Change (IPCC):** Assesses climate science, impacts and options for cutting emissions.
- **Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services (IPBES):** Provides scientific assessments of biodiversity loss and nature's contributions to people.
- **International Union for Conservation of Nature (IUCN):** Supports nature conservation and produces the Red List of Threatened Species.
- **International Renewable Energy Agency (IRENA):** Helps countries deploy renewable energy through policy advice, technical assistance and investment support.

- **UN-REDD Programme:** Helps developing countries reduce emissions from deforestation and forest degradation, linking climate action with forest conservation.

The US withdrawal from global treaties, aid funding and cooperation more broadly heralds a time of severely weakened multilateral cooperation. It also comes at a time when the intensity of international conflict is increasing (see graph below), a clear example of how some countries have abandoned multilateralism. Conflict and insecurity further risks redirecting funds and focus away from global climate and nature collaboration towards defence. Reportedly, as of 2022, the world's wealthiest nations spent about 30 times more on the military than climate finance. A concerning statistic considering that propensity of conflict since then.

A less secure world: Number of state-based armed conflicts by conflict type, 1946–2025

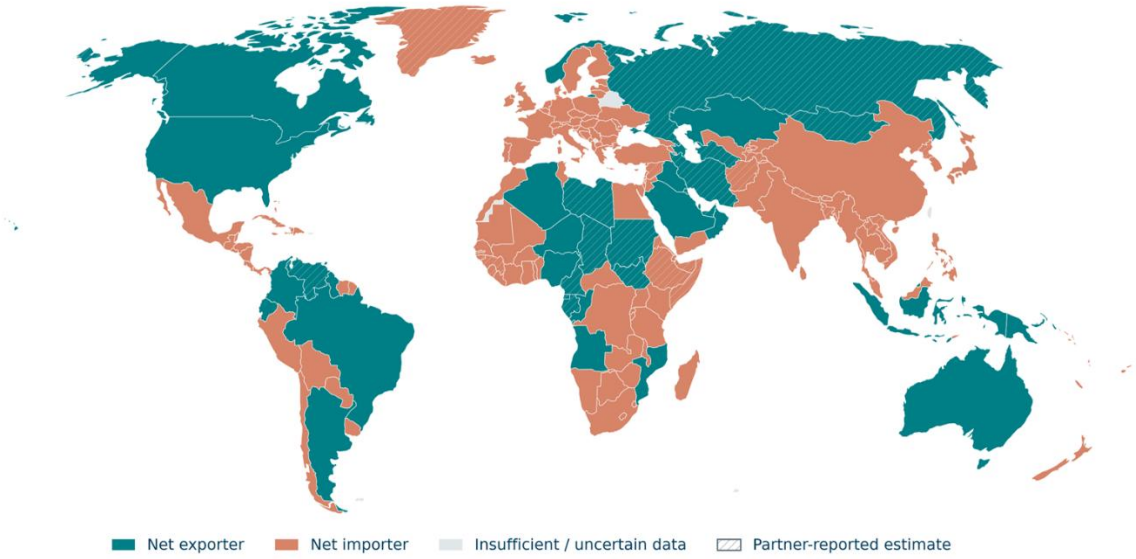


Source: PRIO. Data cut off in 2025, so does not reflect US-Israeli Iran war.

The tailwinds for progress: Repeat fossil fuel crises add transition momentum

While the decline of multilateralism and the rise of conflict highlights challenges facing collective action, repeat fossil fuel crises add a sense of urgency to energy transition efforts that climate crisis and policy have struggled to do. With first the fossil fuel price shock following the Russian invasion of Ukraine in 2022, and the disruption from the US-Israel Iran war in 2026, net oil and gas importers have faced surging costs and rising energy insecurity (see map below). The EU, had as of beginning of October, faced an increased import bill of nearly EUR100bn for the same amount of fossil fuel molecules since the beginning of the Gulf war, while EU governments had paid EUR18bn in fossil fuel tax relief.

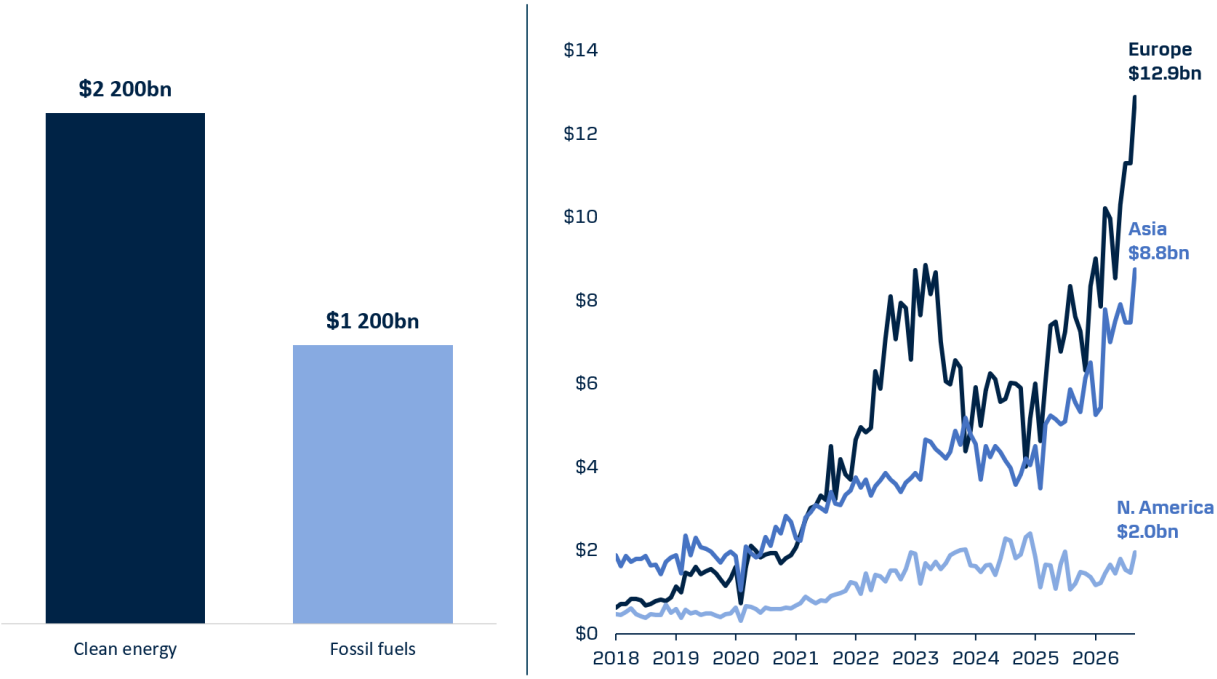
Fossil fuel trade: Net importers and net exporters, 2024



Source: Danske Bank based on UN Comtrade, mineral fuels and related products (HS27) excluding electricity (HS2716) based on USD values. For some countries data is based on partner-reported bilateral flows.

As a result, efforts to transition energy mixes away from imported fossil fuels is being redoubled by net fossil fuel importers. While this for some countries means ramping up coal in the near-term to deal with the crisis, the key story seems to be that momentum for clean energy is accelerating rapidly. For example, the IEA forecasts clean energy spending to be nearly double that of fossil fuels in 2026 – whereas electrification is key on the agenda in the EU for finding a way to curb fossil fuel consumption. At COP31, electrification is also a key focus of decarbonization efforts. China, as the key manufacturer of electricity producing and consuming technologies like solar panels and batteries (therein electric vehicles) are accordingly registering export record upon record as the world seeks to accelerate the transition away from fossil fuels (see graphs below).

Global energy investment 2026 (left) and Chinese clean technology exports by month (right)



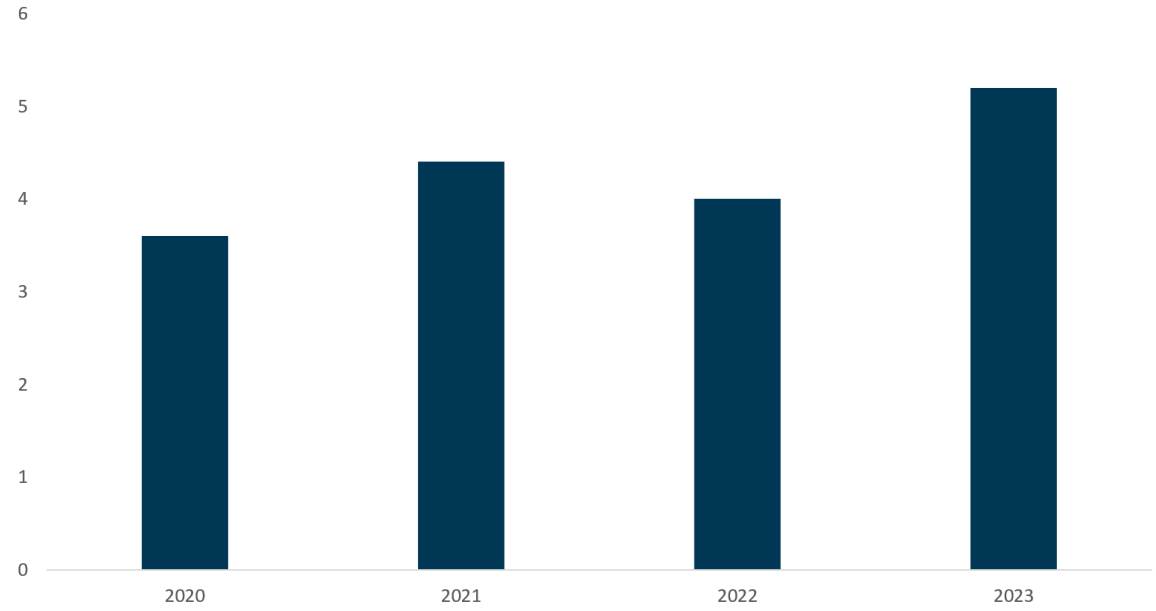
Source: IEA Global Energy Investment Outlook (left) and Ember clean technology export dataset - USD billion (right). Clean tech = solar PV, batteries, EVs, wind, grid, heating & cooling. Ember regions: Europe incl. UK, Norway, Switzerland, Turkey, Russia, Ukraine

Finance key to unlocking COP17 and 31 progress but facing an uphill battle

Against what is perhaps best described as a chaotic broader political outlook, finance progress appears key to turning COP ambitions into action. At COP31, discussions centre on delivering at least USD300bn of climate financing annually for developing countries by 2035, alongside the broader effort to scale climate financing to USD1.3tn. With COP30 last year we highlighted that a gap between developed and developing nations on the burden of sharing of climate finance would be key stumbling block. At COP31, the challenge appears even more pertinent given the American refusal to take ownership of its historic contributions to climate change – a prerequisite many developing countries worst hit by climate change have for their developed counterparts. The "gridlock" of Bonn climate talks this summer, which would lay the groundwork for COP31, foreshadows what could be a difficult conference.

COP17, which is due to finish on October 30, faces similar questions around its USD200bn biodiversity finance annual ambition for 2030, including USD30bn in international finance. For the latter, the EU has proposed that the list of nature donors should be expanded to include emerging economies like China and India, whereas developing countries are pushing back arguing that developed countries must first meet their existing commitments (see graph below). At the time of writing, finance disagreements are reportedly complicating the closing talks of the conference, likely foreshadowing challenges set to face COP31.

Significantly undershooting the 20USDbn per year target for 2025 – Biodiversity related official development assistance, USDbn



Source: CBD and Carbon Brief

Higher stakes and steep political fronts: Multilateralism more important than ever

As the stakes for climate and nature rise, the political conditions for addressing them collectively appear increasingly challenging. Repeat fossil fuel crises may add momentum to national transition efforts on energy security grounds but do little to resolve the financing disagreements facing both COP17 and COP31. Against a challenging political backdrop, keeping countries at the table and working through disagreements feels at times almost as important as registering progress on the issues themselves. Preserving these multilateral forums is therefore an important outcome. It is not a substitute for delivering action and ensuring a fair distribution of how to deal with crises, but a means of keeping collective solutions within reach. The crises do not disappear when cooperation weakens, rather, the higher stakes and weaker hand for dealing with them just emphasises the need for continued consensus building and step-by-step progress.

Sustainable products update

Global sustainable bond issuance is closing in on the USD 1tn mark, broadly matching full-year 2025 volumes and up 13% compared with the same period last year. With two months remaining, the market remains well positioned to surpass the previous annual record set in 2021. Europe continues to be a major driver of growth. Green bond issuance from European issuers is up almost 36% year on year and has already reached record levels, supported by significant investment in renewable generation, electrification and related infrastructure. These investments are also

increasingly important for energy security, as Europe looks to reduce its dependence on imported fossil fuels.

The increase in green bond volumes has been broad-based from European issuers. Issuance from sovereign, supranational and agency borrowers is up almost 50%, financial institutions 38% and corporates 22%. Utilities remain the dominant source of European corporate green supply, with issuance up more than 40%.
Growth is also visible beyond green bonds. European social bond issuance has increased around 70%, entirely driven by higher SSA issuance, reflecting larger social funding programmes as well as refinancing of maturing labelled bonds. Sustainability bond issuance has also increased, up around 25%.

The Nordic region remains one of the most developed sustainable finance markets, supported by an established issuer base and sustainability-focused investors. Issuance volumes from Nordic issuers were higher than last year through the first three quarters, but activity has since slowed, bringing volumes back in line with previous years. The slowdown reflects more negative market sentiment, which has affected primary issuance across the market rather than sustainable bonds in isolation. Sustainable bonds continue to account for around 18% of total Nordic bond issuance, broadly in line with recent years.

In the Nordic corporate market, more than 90% of sustainable bond issuance is green, with real estate increasing its share from around one-third in 2024 and 40% in 2025 to more than 50% this year. One notable difference between the Nordics and the wider European market is the role of utilities. Despite significant investment programmes in renewable generation and electricity networks, Nordic utilities have not used the bond market to the same extent as utilities elsewhere in Europe and have therefore contributed less to green bond growth.

The investment themes financed by sustainable bonds today remain broadly the same as in the past. Renewable energy, energy efficient buildings and clean transport have been central to the green bond market since its early years. What has changed is the story around them. They are increasingly viewed not only through a climate lens, but also in the context of energy security, reduced external dependence and wider infrastructure needs.

As green bond issuance reaches record levels, attention is also turning to environmental needs beyond the categories that have traditionally dominated the market. Growing attention to physical climate risks, for example, has increased the focus on adaptation and resilience alongside emissions reduction. Blue bonds and agriculture-related bonds already provide examples of how more specific environmental activities can be financed through the market.
The challenge is that not all green projects fit as easily into the green bond format. Established categories such as renewable energy and buildings have well-defined criteria and can provide large pools of eligible assets. Other activities can be more project-specific and may require more tailored assessment and reporting.

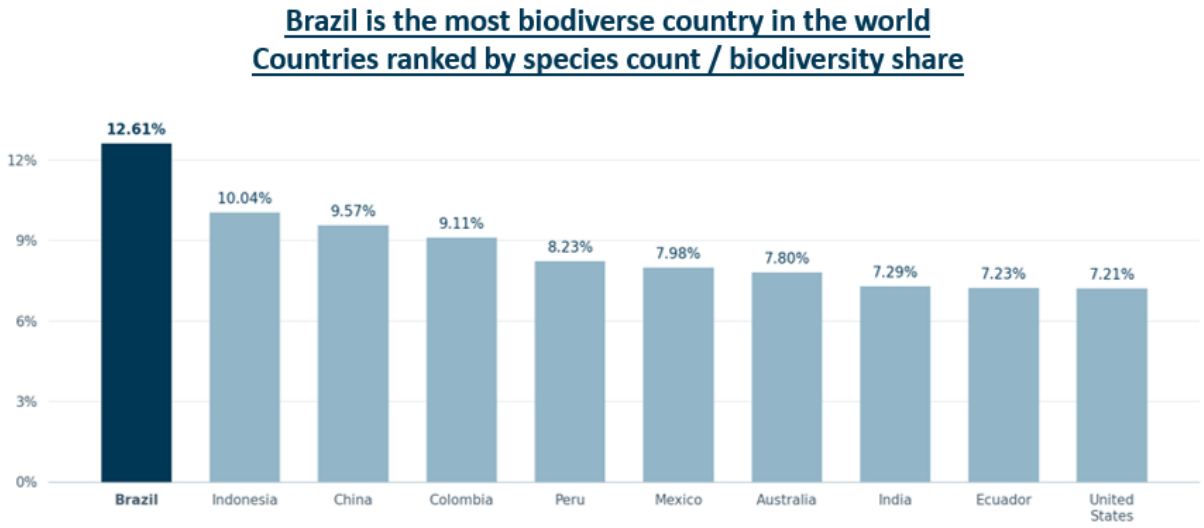
2026 is on track to be another record year, highlighting the scale of the sustainable bond market. For green bonds, the next step is about breadth and scaling financing across a wider range of green projects.

In brief:

- **Norway grants first wind power license in nine years.** The Norwegian Water Resources and Energy Directorate (NVE) has granted Eviny and Norsk Vind permission to develop the Modalsknuten wind farm in Rogaland. The permission includes eight wind turbines of up to 200 metres, with a total installed capacity up to 40 MW and potential annual production of 92.8 GWh. It is the first wind power license granted since municipal veto rights were introduced in 2023. The application for the development was received in August 2025 and was subsequently processed in several rounds before the final zoning regulation was adopted on 19 October 2026.
- **EU proposes mandatory climate adaptation planning for 3 degrees of global warming.** The European Commission is preparing new rules that would require member states to plan for a potential 3 degree rise in global temperatures above pre-industrial levels and designate authorities responsible for managing climate risks across different parts of the economy. The proposal reflects growing concern over Europe's vulnerability to heatwaves, floods and wildfires, as the continent is warming at roughly twice the global average. The Commission anticipates that the EU will need to invest EUR70bn annually in climate adaptation until 2050, although the proposal does not include dedicated financing.
- **The EU maintains opposition to Arctic oil and gas development.** The EU's new Arctic strategy reaffirms its commitment to keeping oil, coal and gas reserves in the ground and preventing hydrocarbon developments that threaten the region's vulnerable ecosystems. However, unlike the previous strategy from 2021, it does not call for a legally binding international ban on new Arctic hydrocarbon development or related imports, reflecting the growing difficulty of securing multilateral agreement. Norway has urged the EU to soften its position as new discoveries may be needed to offset declining production from ageing fields in the 2030s.
- **Lula's re-election strengthens Brazil's role in global nature policy.** Luiz Inácio Lula da Silva's surprise victory over Flávio Bolsonaro has been

welcomed by delegates at the COP17 UN biodiversity summit, where Brazil plays a central role in international efforts to protect forests and mobilise nature finance. Amazon forest loss has fallen to its lowest recorded level under Lula's current presidency, although a strengthened far-right majority in Congress could make it more difficult to maintain and expand environmental protections. Brazil is the most biodiverse country on earth (see graph below), highlighting the country's importance in global biodiversity protection efforts.

Graph of the month:



Source: World Rainforests

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