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Climate finance: Geopolitics, wars, tariffs and the road to COP30

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Abstract

The global climate agenda faces a crucial turning point as geopolitical conflicts increasingly compete with environmental goals. Conflicts in Ukraine and West Asia have diverted funds to military spending and deepened reliance on fossil fuels. Meanwhile, energy security crises have exposed global supply chain vulnerabilities, forcing short-term dependence on coal, oil, and liquefied natural gas, despite commitments to boost renewable energy. Trade disputes further complicate the situation: former U.S. President Donald Trump's revived tariff policies have raised fears of protectionism harming affordable clean technology access, while the EU's Carbon Border Adjustment Mechanism (CBAM) risks sparking "green trade wars" by unfairly impacting developing countries. These issues erode trust in multilateral climate negotiations, especially as climate finance credibility needs rebuilding after COP29's revelations in Baku. Climate change, which demands long-term, coordinated efforts, has become an unintended casualty within this turbulent environment. Future talks must go beyond symbolic promises by establishing transparent, fair financial flows, protecting green investments from geopolitical shocks, and ensuring trade measures are equitable. Only by balancing security, trade, and sustainability can COP30 establish a foundation for resilient and inclusive climate action.

Keywords: Climate Finance; Conflicts; Tariffs; Polycrisis; Green Initiatives; COP30

1. Introduction

Climate change remains a critical issue, but ongoing geopolitical conflicts often overshadow its urgency. The wars in Ukraine and West Asia have worsened global energy insecurity, leading to increased military spending and a rise in fossil fuel investments that hinder decarbonization efforts. These crises divert resources from green initiatives and make energy transitions vulnerable to external shocks. Simultaneously, trade disputes complicate sustainability efforts. The reintroduction of Trump-era tariffs signifies a move toward economic nationalism, disrupting supply chains for renewable technologies like solar panels and batteries. The EU's CBAM introduces a new form of climate-related protectionism—aimed at preventing carbon leakage but risking marginalizing exporters from the Global South and sparking trade conflicts within the WTO. A simple analogy to this is that a person can go in for long-term investments only if his basic needs are met and surplus money is not diverted to hospital bills or other irritants. Similarly, for a nation, it can only finance climate needs if its surplus money is not diverted for war funds, energy security, or unfair trade practices. Lack of climate funding to developing countries also brings trust deficits, resulting in a feeling by these countries that climate policies are being thrust upon them by the developed countries. In this environment, the credibility of climate finance, the cornerstone of trust in global climate negotiations, faces significant challenges. At the 29th Conference of Parties in Baku, the New Collective Quantified Goal (NCQG) was adopted, committing developed countries to mobilize at least US$300 billion annually by 2035. The Baku-to-Belém Roadmap, which aims to scale up climate finance from all public and private sources to US$1.3 trillion per year by 2035, was also agreed upon. However, this outcome drew criticism from many developing countries and civil society groups, who deemed the target insufficient. As a result, COP 30 at Belém is expected to face new challenges in climate finance. [22] This paper explores

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how conflicts, trade policies, and energy security issues are reshaping climate diplomacy and the strategies needed to address these challenges.

2. The Polycrisis of Climate Diplomacy

The term ‘polycrisis’ (from the French 'policrise') refers to a complex scenario where multiple interconnected crises converge and intensify each other, creating a challenging situation to manage or resolve. [19] Unlike individual shocks, a polycrisis produces ripple effects across various sectors—such as security, economy, health, and the environment—ultimately weakening the collective will and ability to respond. [35] Climate change, which demands long-term, coordinated efforts, has become an unintended casualty within this turbulent environment. Ongoing wars, pandemics, and economic conflicts continually shift global focus and resources away, hindering multilateral climate negotiations just when rapid action is most critical.

Since February 2022, the Ukraine war has vividly shown how geopolitical conflicts can hinder climate diplomacy. Europe, in its effort to replace Russian natural gas, has restarted coal plants, increased oil imports from alternative sources, and heavily subsidized fossil fuels. NATO's increased defense spending not only drew funds away from clean energy projects but also raised military emissions. During international climate talks, negotiators often had to focus on energy security crises instead of advancing new climate goals. Overall, the war has intensified the conflict between immediate survival needs and the pursuit of long-term environmental goals.

Alongside the Ukraine conflict, West Asia has experienced growing instability, from Israel-Palestine clashes to regional rivalries among Iran, Saudi Arabia, and others. These conflicts unsettle oil and gas markets, leading to price swings that impact the global economy. When fuel prices rise, governments often reduce their support for costly green transitions, prioritizing short-term relief for consumers and industries. Ongoing wars and instability thus emphasize oil's crucial role in global geopolitics, hindering progress toward renewable energy. Climate diplomacy is also compromised, as divisions deepen between energy producers and consumers, leaving ambitious climate targets hostage to security crises.

The U.S.–China trade war and the U.S.-India tariffs issue exemplify another facet of the Polycrisis. Green technologies such as solar panels, wind turbines, and electric vehicle batteries depend on interconnected global supply chains. Imposing tariffs and retaliatory trade actions raises costs, limits access to essential parts, and hampers the spread of clean technologies. For example, U.S. tariffs on Chinese solar panels, justified by economic reasons, unintentionally slowed renewable energy adoption. Likewise, disputes over crucial minerals—from lithium to rare earths—have led to protectionist policies that fragment markets and erode trust in multilateral institutions.

The COVID-19 pandemic added another layer to this complex crisis. While countries focused on saving lives and stabilizing economies, climate negotiations stalled. Major climate summits were delayed, and stimulus measures often prioritized economic recovery over green initiatives. Lockdowns temporarily reduced emissions, but this decline was brief, with carbon output rebounding once restrictions lifted. Additionally, the pandemic damaged trust in international cooperation: vaccine nationalism and border closures set a precedent for fragmented responses, spilling over into climate discussions. The world's difficulty in coordinating effectively during COVID-19 highlights the challenges of maintaining unified climate diplomacy under stress. [14]

These crises exemplify a polycrisis, where wars, trade disputes, and pandemics not only compete for political attention but also amplify each other's destabilizing impacts. Military conflicts raise emissions and hinder energy transitions; trade wars impede technological progress; pandemics weaken multilateral trust. While each shock is harmful on its own, their combined effect sidelines climate change—a critical issue requiring the cooperation that these crises threaten to undermine.

3. History of Climate Finance: Trust Deficit and Structural Gaps

Climate change involves long-term shifts in temperatures and weather patterns, mainly driven by human activities like burning fossil fuels that emit greenhouse gases into the atmosphere. These gases trap heat, causing global warming, which leads to melting glaciers, rising sea levels, and more frequent extreme weather events. The effects are especially harsh for developing countries, which emit the least but are most vulnerable. To address this imbalance, climate finance is vital, channeling funds from developed to developing nations. This funding supports investments in renewable energy, energy efficiency, and low-carbon infrastructure, as well as adaptation efforts such as flood defenses, drought-resistant crops, and climate-resilient cities. By providing predictable and fair financial flows, climate finance helps close

the gap between global goals and practical actions, making it essential for sustainability, equity, and a secure future for everyone.

Climate finance has historically been a key, often controversial, element of international climate negotiations. The discussion became more prominent in the 1990s with the establishment of the United Nations Framework Convention on Climate Change (UNFCCC). [38], [39] This treaty incorporated the principle of common but differentiated responsibilities and respective capabilities (CBDR-RC), acknowledging that developed countries, as major historical emitters, have a greater duty to support developing nations with funding and technology to cope with climate challenges.

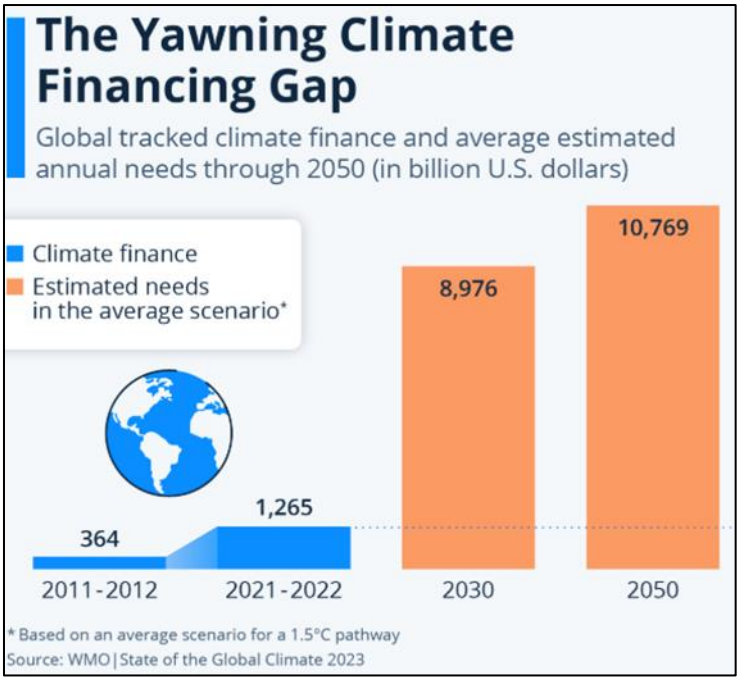
The financial issue came into sharp focus at the 2009 Copenhagen Climate Conference (COP15), a gathering remembered as much for its setbacks as for its achievements. The conference did not result in a legally binding agreement, but it did establish a key political commitment: developed countries agreed to mobilize $100 billion per year by 2020 to aid climate actions in developing nations. Although this pledge was notable, it lacked details on how the money would be delivered, how progress would be monitored, or how to balance support for adaptation and mitigation. Critics quickly pointed out that the $100 billion was largely symbolic politically, rather than a concrete operational plan.

The 2015 Paris Agreement (COP21) emphasized the significance of climate finance. Article 9 explicitly required developed countries to provide financial support to help developing nations with both mitigation and adaptation efforts. Although the agreement represented a diplomatic success in creating a global framework for reducing emissions, the financial aspect was still fragile. Developing countries contended that the $100 billion target was too small and its delivery uncertain. Additionally, climate finance reports showed that most funds were directed toward mitigation projects like renewable energy. At the same time, adaptation—vital for vulnerable countries facing rising seas, droughts, and extreme weather—continued to be chronically underfunded. [15]

Since Paris, annual reports from the Organization for Economic Co-operation and Development (OECD) and other monitoring agencies have consistently pointed out the discrepancy between commitments and actual funding. While the OECD estimated that developed countries mobilized about $83 billion in 2020, civil society groups challenged their methodology, claiming that the figures were inflated by including loans, private finance supported by guarantees, and double-counted flows. Missing the $100 billion target by the 2020 deadline has worsened the trust gap between the Global North and the Global South.

Leading up to COP29 in Baku (2024), climate finance talks were shaped by unfulfilled promises. Countries in Africa, Asia, and Latin America—which face the heaviest climate impacts yet contribute little to global emissions—consistently call for more reliable and transparent financing. Initiatives like the Green Climate Fund (GCF), the Adaptation Fund, and recent mechanisms such as the Loss and Damage Fund, established at COP27 in Sharm el-Sheikh, aimed to create structured financial channels. However, these funds often remained underfunded, and commitments seldom matched actual needs. [11]

Meanwhile, the rising costs of climate impacts became increasingly undeniable. The Intergovernmental Panel on Climate Change (IPCC) projected that adaptation expenses in developing countries could reach $160–$340 billion annually by 2030 and up to $565 billion by 2050. Overall, the climate finance requirement for the world for 2030 could be 8,976 billion USD, which may rise to 10,769 billion USD by 2050. In contrast, actual adaptation funding averaged under $30 billion per year in the early 2020s. This stark gap between the needs and available finance underscored the fundamental shortcomings of the global system.



Source. https://www.statista.com/chart/31966/global-tracked-climate-finance-and-average-estimated-annual-needs/ Statista data on Climate financing

Figure 1 Shows that climate finance has been very inadequate. If we do not take necessary measures, the 2030 and 2050 Climate Finance requirements cannot be met

At COP29, negotiators settled on a new collective quantified goal (NCQG) of $300 billion annually by 2035, with an aspirational cap of $1.3 trillion. While this seemed like a significant step up from the previous $100 billion benchmark, a closer look uncovered several structural gaps and ambiguities. These issues left developing countries feeling deeply dissatisfied. [7]

Initially, the figure was presented as a mobilization target rather than a guaranteed transfer, which made the meaning of "mobilization" vague and open to the same debates that affected the Copenhagen and Paris commitments. Second, funding remained skewed towards mitigation rather than adaptation. Most of the pledged resources went to mitigation activities, particularly renewable energy initiatives. While mitigation is essential for reducing global emissions, developing countries emphasized that adaptation—like coastal defenses and resilient farming—was equally urgent. Third, no binding roadmap existed to grow from $300 billion to the aspirational $1.3 trillion. Developing countries saw this as a political gesture rather than a serious financial plan. The lack of a clear timeline or enforcement mechanism made the target seem more like a distant goal than a concrete commitment.

The trust gap in climate negotiations, already widened by the unmet $100 billion commitment, further increased after Baku. Developing countries, especially the Least Developed Countries (LDCs) and the Alliance of Small Island States (AOSIS), emphasized that without reliable funding, they cannot fulfill their Nationally Determined Contributions (NDCs) under the Paris Agreement. The credibility of developed countries was also questioned due to domestic politics. In the United States, for example, climate finance depends on congressional approval, making long-term commitments uncertain. Likewise, European nations facing economic challenges from energy crises and inflation found it difficult to allocate substantial new funds. These political barriers cast doubt on whether the $300 billion goal would result in actual disbursements.

For the Global South, the message was clear: climate finance is stuck in a cycle of lofty promises and poor delivery. This hampers both adaptation and mitigation efforts and undermines multilateralism, as trust is essential for international cooperation. Without reliable funding, the legitimacy of the Paris Agreement itself could be at risk. Furthermore, the North–South divide in priorities remains evident. Developed countries tend to focus on mitigation finance, viewing global emissions reduction as a shared goal. Conversely, developing nations emphasize adaptation and resilience, directly linked to their survival.

The experiences in Copenhagen, Paris, and Baku highlight that climate finance needs to move beyond vague promises. First, future commitments should clearly define what qualifies as climate finance and include strong monitoring to

prevent double-counting and inflated claims. Second, a larger portion of adaptation funding must be assured, aiming for equal focus with mitigation efforts. Third, developed nations should create predictable, legally binding disbursement pathways that are protected from domestic political changes.

Ultimately, climate finance transcends mere numbers—it centers on restoring trust. Without trust, even bold goals can turn into hollow promises. While Baku's outcome is symbolically ambitious, it may be seen as just another instance of under delivery unless fundamental reforms are implemented at COP 30.

4. The European Union's Carbon Border Adjustment Mechanism (CBAM) Debate

As the world pushes to speed up climate initiatives, the European Union's Carbon Border Adjustment Mechanism (CBAM) has become one of the most debated tools. Set to be fully implemented in 2026, CBAM mandates that importers pay a fee based on the carbon emissions embedded in goods like steel, aluminum, cement, fertilizers, and electricity. Its aim is to align international trade with Europe's climate goals, making sure that foreign producers bear similar carbon costs as European industries covered by the EU's Emissions Trading System (ETS). Supporters consider CBAM a vital measure to prevent "carbon leakage"—the shifting of industries to countries with laxer climate laws—and to encourage global adoption of carbon pricing. However, it has faced strong opposition from developing nations, which view it as a form of "green protectionism' masked as climate action.

The EU presents CBAM as a dual-purpose initiative: safeguarding European industries' competitiveness and motivating trading partners to decarbonize. By imposing a carbon cost on imports, CBAM aims to prevent companies from relocating production to countries with less strict climate policies. This levels the playing field for European firms investing in low-carbon solutions and signals to other nations that gaining access to the EU's lucrative market increasingly depends on reducing emissions intensity. Ultimately, this could encourage countries to adopt carbon pricing or enforce regulatory reforms, aligning international trade with climate goals. [4], [5]

However, developing nations have responded with mostly strong criticism. Countries like India, Brazil, and South Africa contend that CBAM ignores the principle of common but differentiated responsibilities (CBDR), which recognizes the historical responsibility of industrialized nations for most greenhouse gas emissions. By implementing a unilateral, tariff-like measure, CBAM ends up penalising exporters in the Global South, many of whom lack the financial and technological resources to decarbonise as quickly as developed economies. [12]

For India, a key steel and aluminium exporter, CBAM is likely to raise export costs to the EU, reducing competitiveness and risking jobs in emission-heavy industries. Brazil, less impacted by heavy manufacturing, has criticized CBAM for being inconsistent with cooperative strategies, especially as it prepares for COP30 in Belém, focusing on forest finance and joint carbon pricing mechanisms. South Africa, which depends heavily on coal for energy, views CBAM as disproportionately damaging to its industries, worsening economic vulnerabilities.

The legality of CBAM within WTO rules is a key debate. The EU claims that CBAM aligns with WTO laws, especially those permitting trade measures for environmental goals. Critics, however, view CBAM as a discriminatory tariff that breaches non-discrimination and fair competition principles. Additionally, there is concern that CBAM could spark a series of "green trade wars," as other advanced economies might adopt similar measures, risking the fragmentation of global trade when increased cooperation is crucial.

Within the G20, responses to CBAM vary, highlighting the different priorities of member countries. The U.S., though not implementing CBAM, has shown interest in trade policies related to carbon, particularly in transatlantic talks on green steel and aluminum. Japan and South Korea, which depend heavily on exports to the EU, have voiced concerns but are seeking ways to adapt by investing in low-carbon technologies.

Emerging economies remain cautious about CBAM. India considers it a "disguised restriction on international trade" and advocates for increased climate finance and technology transfer to support decarbonization. Brazil favors cooperative approaches, such as international carbon markets under Article 6 of the Paris Agreement. Fossil fuel-exporting G20 countries like Saudi Arabia and Russia view CBAM as a threat to their export-dependent economies. This divergence exposes the underlying tensions within the G20: advanced economies promote market-driven decarbonization strategies, while developing and emerging economies emphasize fairness, financial support, and gradual change. Rather than uniting the G20 behind a common climate and trade strategy, CBAM risks deepening these existing divides. Ultimately, the success of climate diplomacy will depend on countries balancing environmental goals with fairness, ensuring that the transition to a low-carbon economy does not become another arena for trade conflicts.

5. USA moving away from Paris Agreement leading to fragmentation

The 2015 Paris Agreement marked a significant milestone in global climate diplomacy by establishing a universal framework for emissions reduction and climate finance. Its effectiveness, however, relies heavily on the credibility and consistency of commitments made by major powers. The United States, as the second-largest emitter and a key player in climate finance and technological innovation, is particularly influential. Nonetheless, the cycles of withdrawal, re-entry, and increased uncertainty during Donald Trump's presidency have revealed the fragile nature of the Paris Agreement.

Trump has been steadfast in opposing the Paris Agreement. [37] In 2017, he announced the U.S. would withdraw, calling it a "bad deal" that hurt American industries while unfairly benefiting emerging economies like China and India. His administration also stopped contributions to the Green Climate Fund (GCF), halting billions in climate aid that developing countries relied on for adaptation and mitigation. When President Joe Biden rejoined the Agreement in 2021, there was a brief period of hope. The U.S. committed new climate funds and resumed climate diplomacy. Yet, Trump's return to power and his renewed opposition to U.S. climate funding have once again disrupted the system. [8]

This inconsistent approach creates a significant trust gap in global climate cooperation. For developing countries, especially in the Global South, climate finance is essential for survival, not optional. When the U.S.—a nation historically responsible for a large share of global emissions—frequently withdraws from financial commitments, it weakens not only the Paris Agreement but also the broader idea of climate justice. Countries that already doubted Western promises after the failure to meet the initial $100 billion annual climate finance goal now have even more reason to doubt whether promises for long-term funding will ever be fulfilled

The volatility in the U.S. also impacts private investments, especially in clean energy. Transitioning to clean energy depends on stable policies and predictable financing. Investors considering projects in developing countries often seek cues from leading nations. When the U.S. pulls back from climate funding, it reduces investment in renewable energy, carbon markets, and adaptation infrastructure. This trend leaves vulnerable economies more dependent on fossil fuels and increases their climate risks.

Geopolitical fragmentation is increasing in this context. Frustrated by the unreliability of Western-led climate finance, developing countries are increasingly forming multipolar alliances. Groups like BRICS (Brazil, Russia, India, China, and South Africa) are pursuing climate cooperation independently, focusing on South-South funding, technology exchange, and utilizing local development banks for green projects. China, in particular, has established itself as a leader in renewable energy and green infrastructure, providing alternatives to U.S. or European-backed climate efforts. Instead of a single global response under the Paris Agreement, the world faces a risk of a fragmented landscape of overlapping and sometimes competing initiatives. [23]

The risk of this fragmented approach is that it undermines the shared effort required to achieve the core aim of the Paris Agreement: keeping global temperature rise below 1.5°C. Climate change, unlike trade or security, cannot be effectively addressed through disconnected groups. However, as long as the U.S., under Trump's leadership, stays hesitant to commit to long-term financial support and reliable collaboration, the integrity of the Paris framework will continue to face threats. The Paris Agreement was intended as a global accord for a global crisis; without ongoing U.S. involvement, it could become just a symbol of broken multilateralism amid increasing geopolitical tension.

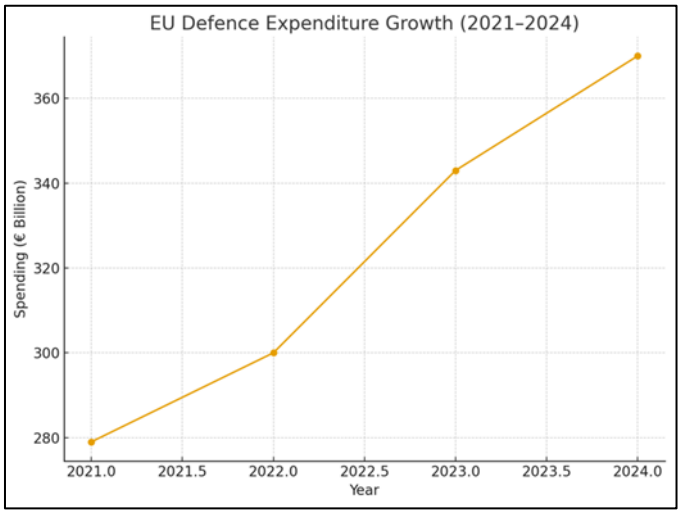
6. Ongoing Wars and the Diversion of Funds from Green Initiatives

Global conflicts and rising hostilities have shifted countries' financial focus from climate and green projects to defence and military readiness. The Russia–Ukraine conflict, starting in February 2022, has led to a sharp rise in defence budgets across Europe. EU nations together allocated €343 billion to defence in 2024, up from €279 billion in 2023—a 30% real increase from 2021 to 2024—while their defence spending as a share of GDP grew from 1.6% to 1.9%. NATO allies in Europe and Canada now allocate 2.02% of GDP to defence, up from 1.66% in 2022, with 23 countries meeting or exceeding the 2% goal—almost four times as many as in 2021. [13] For example, Germany set up a €100 billion special fund and increased its defence budget above the 2% GDP threshold, signalling a major shift from its previous postwar restraint. Projects like the EU's Readiness 2030, which plans to mobilise €800 billion for defence, highlight this militarisation trend. Additionally, NATO's 2025 Hague Summit committed members (excluding Spain) to reach 5% of GDP on defence by 2035, further emphasising the move toward sustained militarization. [3], [9]

At the same time, West Asia has experienced a significant rise in military spending. SIPRI reports that Middle Eastern military expenditures reached $243 billion in 2024, marking a 15% increase from 2023 and a 19% rise since 2015. Israel's military budget surged by 65% to $46.5 billion—its steepest increase since 1967—mainly due to the Gaza war and tensions with Hezbollah, with its defense costs accounting for 8.8% of GDP [2]. In real terms, Israel's monthly defense expenses jumped from $1.8 billion before October 7 to $4.7 billion by year-end. Since the conflict began, the U.S. has provided at least $12.5 billion in direct military aid to Israel, part of a total of $17.9 billion in assistance so far. [1], [10] Saudi Arabia also contributed to this regional increase, boosting spending to $80.3 billion—a modest 1.5% rise from the year before but still among the highest worldwide. These increases in military funding reflect a major shift in national priorities; resources that could support renewable energy, climate adaptation, or resilience are instead allocated to military procurement, modernization, and deterrence strategies. In Europe, the sudden spike in defense funding has reduced the budget available for green investments under EU initiatives like the Green Deal. Similarly, climate-vulnerable economies in West Asia are reallocating limited fiscal resources to bolster military readiness, leaving less for water security, sustainable development, and heat resilience. [32]

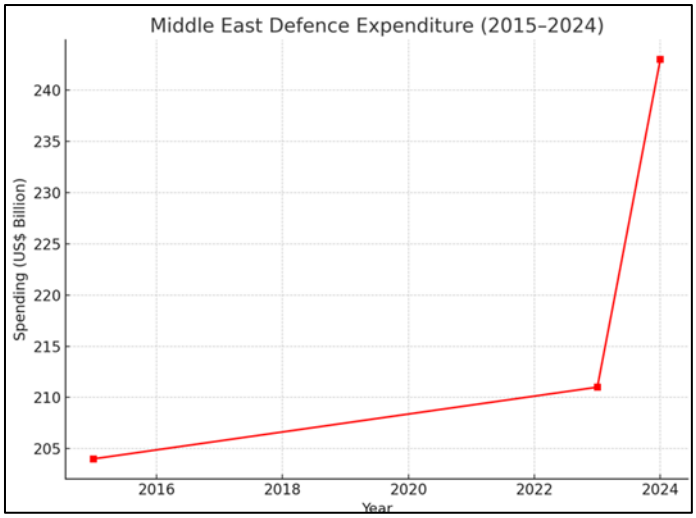
This shift reflects both realpolitik and trust dynamics: as threats escalate, governments prioritize immediate security, and investors follow suit by rerouting capital into defense-linked industries. Furthermore, the contrast in swift, abundant funding for war versus chronically underfunded climate commitments (such as the unfulfilled US$100 billion per year pledge) fuels disillusionment in the Global South, undermining multilateral climate finance and confidence in long-term cooperation. [19]

Unless measures are taken to shield climate funding from geopolitical shocks, green initiatives will remain sidelined whenever global security crises occur. The current situation shows that, during times of war, climate action is often sacrificed in the name of national defense, risking the planet's future. [20]



Source: European Parliamentary Research Service. (2025, May 7). EU Member State defense expenditure. Think-tank. https://epthinktank.eu/2025/05/07/eu-member-states-defence-budgets/eu-member-state-defence-expenditure/?utm_source=chatgpt.com

Figure 2 Europe's defines expenditure surged from around €279 billion in 2022 (1.6% of GDP) to €343 billion in 2024 (1.9% of GDP), a 37% real-term increase over two years



Source Helou, A., and Helou, A. (2025, April 29). Israeli defense spending jumped in 2024, part of overall rise in Middle East: SIPRI. Breaking Defense. https://breakingdefense.com/2025/04/israeli-defense-spending-jumped-in-2024-part-of-overall-rise-in-middle-east-sipri/?utm_source=chatgpt.com

Figure 3 Military spending in the Middle East reached US $243 billion in 2024, a 15% increase from the previous year and 19% above 2015 levels

Analyzing Asia, the past five years have seen a significant increase in defence spending, which has shifted fiscal priorities and indirectly affected climate actions. China's defence budget has steadily grown, exceeding $225 billion in 2024, with particular emphasis on naval capabilities and advanced weaponry. India has also increased its defence budget to over $80 billion, mainly due to border conflicts and modernisation needs. Pakistan, despite its smaller scale, allocates nearly 4% of its GDP to defence, which strains resources that could otherwise support climate resilience efforts. Japan, moving away from long-standing restraint, approved record defence budget increases—aiming for 2% of GDP by 2027—drawing funds away from social and environmental programs. South Korea has consistently increased its defence spending above $50 billion annually to address regional threats. These collective trends highlight a focus on security competition, which tends to overshadow investments in renewable energy, climate adaptation, and climate finance.

The rapid increase in defense spending among these Asian nations puts pressure on public finances and shifts government focus. As funds are redirected towards military modernization and geopolitical rivalries, essential climate initiatives—such as renewable energy, adaptation, and green infrastructure—may be pushed aside. These budget changes threaten to weaken domestic climate policies and reduce countries' ability to contribute significantly to global climate finance. This worry is heightened as global warming continues to intensify: without ongoing investment in low-carbon solutions, progress toward net-zero targets could slow down. Additionally, reduced fiscal flexibility may limit these countries' participation in international climate efforts, restricting access to technical support, green bonds, or affordable climate loans. Ultimately, rising military costs risk narrowing the region's climate goals and hindering collective efforts on mitigation and resilience.

7. Energy Security vs Climate policies

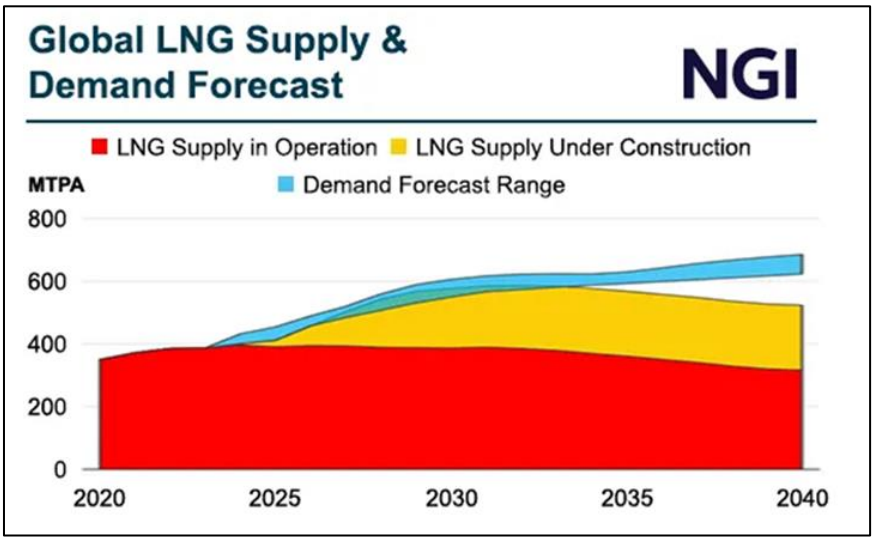
The connection between energy security and climate policies has become a critical topic in contemporary geopolitics. The Russia–Ukraine conflict showed how energy disruptions can both slow down and speed up the transition to low-carbon infrastructure. At first, Europe relied heavily on coal and urgently sought fossil fuel supplies to avoid shortages. But within a few months, the continent shifted its approach—investing heavily in renewable energy, increasing LNG capacity, and implementing the RE Power. The EU plans to reduce its reliance on Russian gas and accelerate its clean energy initiatives. This scenario highlights the challenge of balancing existing energy systems with new ones: without robust financial tools, such as sunset clauses and dedicated green funding, immediate fossil fuel solutions may become long-term burdens. [6]

Similar patterns are emerging in West Asia. Geopolitical instability in Western Asia—marked by the Israel–Hamas conflict and rising U.S.–Iran tensions—has led to market disruptions and fluctuations in oil prices. While these tensions strain national budgets and increase defence expenditures, countries like Saudi Arabia and the UAE are also focusing on renewable energy investments for the future. Initiatives such as Saudi Arabia's Vision 2030 and the UAE's clean energy targets show how they are channelling their revenue surpluses into renewables and hydrogen development, despite

ongoing regional instability. This balancing act illustrates that energy shocks caused by conflict can either entrench dependence on fossil fuels or spur strategic transitions shaped by governance and investment strategies.

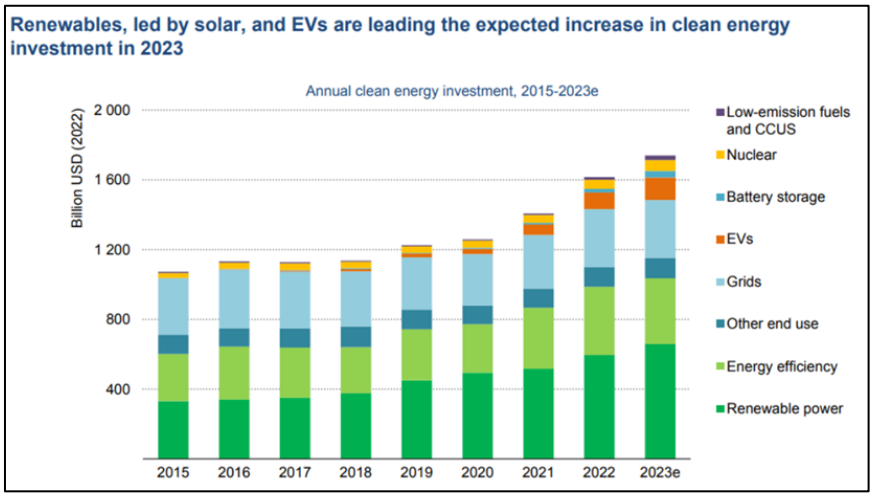
In the Indo-Pacific, energy security concerns—such as vulnerabilities in key supply routes like the Straits of Malacca and Hormuz—lead countries like India, Japan, and South Korea to diversify their energy sources and accelerate their transition to clean energy. India has increased LNG imports from the U.S., Qatar, and Australia and aims for 500 GW of renewable energy capacity by 2030. Meanwhile, Japan and South Korea are investing in hydrogen and nuclear power as strategic alternatives to LNG, demonstrating that energy security can encourage, rather than hinder, green industrial policies.

The post-Ukraine LNG trade surge underscores the lock-in dilemma. Europe's urgent pursuit of gas has led to long-term LNG agreements and investments in export infrastructure, which could entrench fossil fuel dependency unless such contracts include transition clauses. Developing economies dependent on these deals may face decades of carbon-heavy infrastructure unless climate-friendly finance directs investments toward renewables.



Source: https://naturalgasintel.com/news/asia-could-drive-50-rise-in-global-lng-demand-by-2040-shell-says/ Article titled 'Asia Could Drive 50% Rise in Global LNG Demand By 2040' Published by Natural Gas Intelligence.

Figure 4 There is constant increase in Demand and supply of LNG as a cleaner fuel till 2040



Source: https://www.mercomindia.com/clean-energy-technologies-global-investments-in-2023 Mercon Clean Energy Insights

Figure 5 Annual clean energy investment growth (2016–2023), illustrating the accelerating trend in global renewable energy finance

Energy security continues to be a major factor influencing fiscal decisions. Conflicts and crises often cause a temporary dependence on fossil fuels, yet they also expose the associated risks. These moments can serve as catalysts for an energy transition if supported by strategic finance and policies. By leveraging tools such as green industrial policies, climate-focused investments, and sunset clauses on fossil fuel infrastructure, countries can transform energy crises into opportunities for adopting low-carbon solutions instead of setbacks. West Asia and the USA could emerge as major suppliers, while Asia and Europe could be the primary markets. [24]

Recommendations

Advancing global climate governance must prioritise financial credibility. Although COP30 in Brazil has set ambitious goals, its success could be compromised if mechanisms for transparent accounting and reliable implementation are not quickly put in place. Developing countries have highlighted that previous failures to meet the $100 billion target have damaged trust in climate negotiations. To rebuild confidence, it is crucial to establish verifiable reporting systems that clearly differentiate between loans, grants, and private investments. A stronger focus should be placed on adaptation finance, mainly provided through grants and concessional loans, rather than debt-generating instruments. This approach allows vulnerable nations to invest in resilience efforts like flood defences, climate-smart agriculture, and early warning systems without risking their fiscal health. Additionally, strengthening and expanding multilateral funds such as the Green Climate Fund, the Adaptation Fund, and the Loss and Damage Fund—with predictable replenishment cycles—can institutionalize this credibility and help avoid recurring funding shortages. [17]

Second, climate diplomacy must develop equitable trade mechanisms that connect climate goals with fairness in global trade. The EU's Carbon Border Adjustment Mechanism (CBAM) highlights the tensions that can occur when unilateral policies are seen as green protectionism. To prevent CBAM from worsening inequalities, it should be complemented by capacity-building support and targeted financial aid for exporters from developing countries. This approach would help producers adopt cleaner technologies instead of facing punitive costs that reduce their competitiveness. In addition to unilateral measures, there is a need to create inclusive carbon-pricing coalitions—groups of countries that harmonize standards and share revenues fairly. These arrangements can prevent fragmentation and avoid "green trade wars." A joint platform between the WTO and UNFCCC could be established to resolve climate-related trade disputes, balancing environmental goals with developmental fairness.

Third, the unpredictability of geopolitical crises highlights the need for conflict-resilient climate diplomacy. Wars and hostilities, from Ukraine to West Asia, have repeatedly derailed negotiations, diverted funds, and caused fossil fuel lock-ins. To protect climate commitments, it's crucial to institutionalize continuous negotiations even during crises. Solutions like emergency ministerial meetings or digital negotiation platforms can help maintain progress. Additionally, establishing "green corridors" for trade in critical minerals and renewable tech—shielded from geopolitical disruptions—can ensure the steady flow of lithium, cobalt, solar panels, and wind turbine parts, even during conflicts, preserving the global transition infrastructure from supply chain shocks.

Brazil's upcoming COP30 presidency presents a chance to serve as a bridge in a fragmented global landscape. With its longstanding leadership in forest diplomacy and its South-South networks, Brazil is uniquely positioned to redefine climate finance discussions around fairness and ambition. By harnessing the global importance of the Amazon, Brazil can push for a financing framework that promotes conservation and ecosystem services while also supporting tangible adaptation metrics under the Global Goal on Adaptation (GGA). Establishing clear resilience benchmarks will help bring adaptation to the same level as mitigation in negotiations. Additionally, Brazil's influence among emerging economies offers an opportunity to restore trust between the Global North and South. This can be achieved through balanced packages that combine finance, technology transfer, and capacity-building, fostering shared responsibility for climate solutions. If Brazil can position itself as a mediator, COP30 might become a pivotal moment for closing the credibility gap in climate finance and fostering international cooperation.

8. Conclusion

In summary, the next stage of climate governance depends on four main pillars: building credibility in finance, ensuring fairness in trade, strengthening resilience in diplomacy, and promoting peaceful coexistence. Absent these components, the world risks cycling back to empty promises, which can erode trust in multilateral climate initiatives. Ongoing conflicts, tariff disputes, and geopolitical tensions will continue to challenge global climate governance, yet inaction is not an option, as climate risks intensify despite global crises. COP30 in Belém presents a vital opportunity to restore credibility, uphold trade fairness with equity, and prove that climate action can continue despite geopolitical strains. [40] Addressing climate policies amidst "tariffs and hostilities" requires renewed political resolve, equitable financing, and mutual trust. [33]

Compliance with ethical standards

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The author reported no potential competing interests.

Data Availability

The author confirms that the data supporting the findings of this study are available within the articles and their supplementary materials. Data that support the findings of the study are available on reasonable request.

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