



Strategic Climate Balancing: What the International Community Can Do as the United States Steps Back

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Policy recommendations

In response to US withdrawal from multilateral climate cooperation, the international community should consider a climate balancing strategy. This involves three possible courses of action:

- **Engage US states and cities directly.** Subnational (i.e. state-led) decarbonization can achieve reductions comparable to federal action at near-equivalent cost. The 24-state US Climate Alliance remains committed to ambitious targets, and California's regulatory standards have spillover effects across the country. International partners should build formal cooperation frameworks with governors and mayors, bypassing Washington.
- **Build an industrial alliance.** 85% of IRA

clean energy investments by dollar value went to Republican-held districts. A heavy industry coalition using carbon fees on steel, aluminium, cement, and fertilizers, paired with Carbon Border Adjustments for non-members, creates sticks and carrots that can compel engagement without requiring US federal buy-in from the outset.

- **Reframe climate as energy security.** China installed twice as much solar in H1 2025 than the rest of the world combined and now accounts for roughly 60% of global electrolyser manufacturing capacity. International partners should frame the clean energy transition as a strategic race the US cannot afford to lose, not a burden to be shared.

On 20 January 2025, President Donald Trump signed an executive order mandating US withdrawal from the Paris Climate Agreement. On 7 January 2026, the administration went further, announcing withdrawal from the UNFCCC itself, the IPCC, and 66 other international organizations. This is the most far-reaching retreat from international climate governance in the post-Paris era.

The stakes are considerable. The US is the world's largest historical emitter. According to the UN Environment Programme's Emissions Gap Report 2025, global warming is still projected at 2.3–2.5°C this century, and the expected US withdrawal from the Paris Agreement cancels about 0.1°C of the recent improvement in projections. Furthermore, the free-rider dynamic is real: when a major economy bears none of the costs of collective action, others face weakened incentives to maintain their own ambitions. As former US Special Envoy John Kerry warned, the withdrawal is “a gift to China and a get-out-of-jail-free card to countries and polluters who want to avoid responsibility”.

This brief argues for Climate Balancing: a three-pronged strategy in which international partners work around the federal government by engaging sub-national actors, build alliances with US industry, and reframe climate as a security and competition challenge. The idea is to make engagement in US self-interest rather than asking Washington to adopt new values.

The Scale of US Rollback

The second Trump administration has moved to dismantle US climate governance at a pace that exceeds its first term. On day one, the administration withdrew from Paris, froze Inflation Reduction Act (IRA) disbursements, and revoked all Biden climate executive orders. In July 2025, the One Big Beautiful Bill Act (OBBBA) rolled back and phased out much of the IRA's clean energy tax credit structure. Princeton's REPEAT Project estimated the combined effect would increase US emissions by roughly 190 million metric tons per year by 2030, and 470 million by 2035.

Most consequentially, the EPA has revoked the 2009 ‘endangerment finding’; the legal determination underpinning all federal greenhouse gas regulation under the Clean Air Act. Even the fossil fuel sector has cautioned against full repeal, given the possibility that a patchwork of state regulations and climate litigation will fill its place. The US has also withdrawn from the JETP financing partnerships with South Africa, Indonesia, and Vietnam, cancelling over \$4 billion

in climate finance commitments at a moment when overseas development aid is projected to fall 9–17% globally.

The number of US scientists contributing to IPCC assessments has fallen from 210 in 2014 to 46 in 2025. The State Department office responsible for climate negotiations has been dissolved, as has the EPA's scientific research arm. The US sent no federal officials to COP30 in Brazil, and Trump implied the US may move in the future to further disrupt global climate talks. The US has withdrawn from climate internationally. Domestically it has undermined the capacity of any future administration to either rejoin Paris or engage in decarbonization at scale.

Trump's Relationship with Multilateralism

Understanding what the US will and will not cooperate on is essential for designing viable international strategies. The Trump administration's approach to multilateralism is transactional: it welcomes cooperation when it serves US power, leverage, or security, and resists it when it constrains autonomy or redistributes gains. The pattern spans both terms. In January 2017, the administration withdrew from the Trans-Pacific Partnership and threatened to reduce NATO security commitments unless allies met 2% GDP spending targets. Returning in 2025, it dismantled USAID and then, in January 2026, withdrew simultaneously from the UNFCCC, the IPCC, the WHO, and 66 international organizations: treating multilateral institutions as costs to be shed rather than assets to be sustained. When Spain declined to grant the US use of jointly operated airbases during the February 2026 strikes on Iran, Washington's immediate response was a threat to cut trade ties with Madrid, using economic coercion against a NATO ally for a sovereign decision about its own territory. The record is clear: framing climate cooperation as burden-sharing and financial transfer will not compel US engagement. The international community's task is to make the same goals on mitigation, technology transfer, climate finance, legible in terms of competition and strategic self-interest.

The clean energy sector illustrates exactly this competition logic and crucially, the political constituency for it already exists inside the US. In the first half of 2025, China installed twice as much solar capacity than the rest of the world combined, and Chinese firms now hold nearly 60% of global hydrogen electrolyzer manufacturing capacity. Congressional Republicans have not ignored these trends: industry groups including the American Petroleum Institute

lobbied explicitly against ceding the hydrogen supply chain to China. The political space for a competition-framed clean energy argument already exists inside the US; the international community's job is to widen it.

Three Instruments for Climate Balancing

1. *Open the Black Box: Engage Sub-National Actors*

US states and cities are not passive bystanders. A May 2025 study in *Nature Communications* found that state-led decarbonisation can achieve nationwide emissions reductions of 46% at near-federal costs (a system cost increase of just 0.7%). The US Climate Alliance, representing 24 states and territories, continues to pursue ambitious action alongside thousands of global cities that have set emissions reduction targets.

International policymakers, NGOs, and climate institutions should formalise cooperation with US sub-national actors through direct partnerships, joint financing, technology transfer, and investment frameworks that deliberately bypass Washington. California is the world's fourth largest economy and has historically generated regulatory spillovers: its zero-emission vehicle standards have been adopted by 17 states and Washington DC, covering 36% of new light-duty vehicle sales nationwide. Governor Newsom's COP30 attendance showed that sub-national actors can credibly represent US ambition on the world stage.

One caveat matters. Sub-national actors themselves face organised opposition from fossil fuel companies and utilities that have systematically undermined state clean energy policy through lobbying, litigation, and astroturfing. International engagement must therefore be politically strategic: building formal cooperation with state-level institutions, research networks, and policy bodies; supporting the enabling environment for these policies, not just the policies themselves.

2. *Build an Industrial Alliance*

The IRA's clean energy investments were not politically neutral. Some 85% of IRA investments by dollar value went to Republican-held congressional districts, with 19 of the 20 top clean energy investment districts represented by Republican lawmakers. Energy Innovation's analysis of the OBBBA estimated full repeal would eliminate 840,000 jobs by 2030 and increase consumer energy costs by \$20 billion annually. These economic stakes have created genuine fractures within the Republican coalition, with major industry lobbying to retain specific clean energy credits. The evidence bears out in the data: though no

Republican voted for the IRA, they fought in Congress to preserving key aspects of it in 2025.

Meaningful constituencies remain in red states like Texas, Iowa, and Kansas, where workforces and industries tied to clean energy represent local economic stakes that cut across party lines. International partners engaging with US industry should speak to this constituency in its own terms; jobs, energy costs, manufacturing competitiveness, rather than in the language of climate burden-sharing.

The tools to build on these fractures already exist. The EU's Carbon Border Adjustment Mechanism (CBAM) applies carbon costs to imports of steel, aluminum, cement, fertilizers, and electricity from countries without equivalent carbon pricing. Economies representing almost two-thirds of global GDP have now implemented a carbon tax or emissions trading system; the US increasingly stands outside this sphere. The practical recommendation is not to build new architecture but to deepen coordination among existing systems: harmonizing carbon pricing methodologies, extending CBAM-style coverage to additional trading partners, and using the resulting framework to offer market access to aligned partners while applying border adjustments as a structural incentive for those outside. One estimate suggests a coordinated heavy industry coalition across G20 participants could reduce emissions by 570 million tons of CO₂ per year — without requiring US federal participation, but with structural pressure built in for eventual re-engagement.

Equitable design of this coalition architecture matters for political viability. WTO challenges over CBAM and insufficient development support have generated real opposition; revenue sharing with affected economies and recognition of domestic carbon pricing schemes would address both while widening participation. Countries that feel carbon border measures are designed with rather than against their development interests make more durable partners. The EU–Indonesia Comprehensive Economic Partnership illustrates this: a genuine industrial partnership rather than extraction — qualitatively different from the non-binding bilateral minerals MOUs the US is currently pursuing, and one that builds the diplomatic capital sustaining long-term cooperation on both climate and critical minerals.

3. *Reframe Climate as Security: The Clean Energy Race*

The most politically viable pathway for compelling US re-engagement is to make non-cooperation costly in

terms the administration understands. The IEA's 2025 Critical Minerals Outlook found that the top three refining nations hold 86% of critical mineral processing capacity, with China dominant across lithium, graphite, cobalt, rare earths, and copper. This concentration creates genuine strategic vulnerability for a US that prioritises technological and military leadership over China.

Countries and blocs, especially the EU, should deepen cooperation on critical mineral supply chains in ways that create competitive pressure on Washington. Research across 1,092 net-zero scenarios found that shifting dependence from fossil fuels to critical minerals actually improves energy security for most countries. The message for multilateral partners is this: the clean energy race is already underway, and the US choice to pursue narrow bilateral minerals deals over coordinated multilateral partnerships, while China's processing dominance goes unchecked, makes that race strategically harder to win. Making that cost visible and credible is the most direct lever available.

Lastly, the federal administration's rhetoric obscures a significant domestic reality: 92% of new US power capacity in 2025 was renewable (solar, wind, and batteries). With Middle East conflict driving oil price volatility, the strategic case for energy security through renewables is increasingly self-evident. Early evidence from Spain, Portugal, and Pakistan suggests that high solar penetration offers a meaningful buffer against fossil fuel price shocks. The international community needs to make that logic explicit: securing the clean energy supply chain, from aluminum to

grid infrastructure, is a more durable path to energy independence than doubling down on oil and gas.

Conclusion

The international community cannot afford to simply wait out the Trump administration. Current climate policy in the US is a partisan gridlocked issue that is not unique to Trump; any Republican-controlled White House in the future will likely oppose climate cooperation. A democratic-controlled congress or White House is an uncertainty that the international community cannot rely on, nor, given the pace of global warming, can emissions be allowed to increase. Whatever happens in 2028, that administration will inherit a weakened EPA, a hollowed scientific infrastructure, a fractured legal framework, and a country that has withdrawn from the UNFCCC itself.

Climate Balancing is a realistic response. It does not ask the US federal government to adopt new values; it works around it, engaging the sub-national actors and industries that can still deliver, and building coalitions whose competitive logic the administration cannot ignore. Critically, it does not depend on federal re-engagement and instead it operates through the actors within the US system that structural factors do not constrain. It keeps the door open for re-engagement by preserving multilateral institutions and raising global ambition. Amitav Acharya described this moment as the "the world-minus-one"; multilateralism must prove it can function without its former hegemon. Institutions have survived the absence of hegemons before. The task now is to ensure that climate cooperation does too.

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