INEVITABLE POLICY RESPONSE

2026 TRANSITION FORECAST

375 climate experts' view on the energy and land transition

February 19, 2026

INEVITABLE POLICY RESPONSE NETWORK

The Principles for Responsible Investment (PRI) commissioned the Inevitable Policy Response in 2018 to advance the finance industry's knowledge of climate transition risk, and to support investors' efforts to incorporate climate risk into their portfolio assessments

The IPR consortium is led by Energy Transition Advisers (ETA) & Theia Finance Labs. Analytics support is provided by Deloitte.

IPR benefits from the support of philanthropic funders, corporate and financial industry partners, and independent non-profit NGO research institutions.

LOOKING BACK ON 6 YEARS OF IPR

When the Inevitable Policy Response (IPR) launched its first forecast in 2019, it was motivated by a core idea: that the scale of climate crisis would make it impossible to ignore in the long-run, and that a policy response of some kind would be inevitable over the next decade. This thesis - so far - has been proven correct. A policy response is materializing.

Over the past 4 years alone, we have tracked +600 climate policy announcements / actions in the G20. With the support of policy and technology scaling, cost parity for low-carbon and zero carbon alternatives is now achieved or within reach over the next decade across the majority of GHG emissions.

Crucially, IPR also predicted that the policy response would not be sufficient to limit temperature warming to 1.5°C with no overshoot. It is now agreed that that stretch goal of the Paris Agreement is out of reach. IPR forecasts clustered around a 1.8C 50% outcome between 2019 and 2024 – shifting towards 2°C in 2025 post elections.

Following the 2024 mega election year, 2025 and COP30 did not deliver the policy ratchet IPR had predicted.

2025 leading up to COP30 was supposed to be a breakthrough year for climate, both a consolidation of gains made since the Paris Agreement, and a turning the page on the next chapter of an accelerated climate policy agenda in the form of updated Nationally Determined Contributions. But the US election has reset both the US and international climate policy dynamic.

But not prisoners of the moment, the international panel of experts surveyed by IPR annually continue to believe in the long-term vision of net zero this century.

While 2025 did not prove to be a policy ratchet year, previous policy momentum lay the groundwork for technology cost reduction and deployment in many sectors such as clean power and EVs and so reduced the pressure on new policy.

Outside of the US, the overwhelming majority of policies tracked through our Quarterly Forecast Tracking process were consistent with our experts' sentiment and forecast.

As we turn the page on 2025, the steps policymakers, investors, companies, and civil society need to take to achieve the 2026 IPR forecast are clearer than ever.

- First, we must now finish the job when it comes to decarbonizing electricity and then electrifying the economy. This is our first best hope for bending the emissions curve and requires residual policy support (notably related to grid infrastructure and creating a conducive investment environment) and mobilizing financing and investment.
- Second, we must lay the investment groundwork to do for industry what has been done for transport – drive technology solutions, bend the cost curve, and scale the alternatives such that the term 'hard to abate' becomes a thing of the past.
- Third, governments and finance must find a new way for land use. If there is one area where IPR was 'too optimistic' in the past is around net deforestation, driving nature protection, and changing food consumption patterns would take centre stage. For now, pessimism prevails.
- Fourth, key long-term questions remain. With negative emissions faltering from lack of policy and finance support, the question of how we get from 'near zero' to 'net zero' remains. Here, the balance of policies may shift towards adaptation over mitigation as we reach near zero.

Jakob Thomä
Director, IPR

Mark Fulton
Founder, IPR

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KEY INSIGHTS OF THE 2026 TRANSITION FORECAST

The Global Transition

- The 2026 Transition Forecast recalibrates sentiment after last years' reset, with experts remaining **optimistic** about the G20 achieving net zero this century – consistent with achieving around 2°C warming.
- The overall transition remains fragmented. **~23%** of last year's forecast shifted **more optimistic** and **~24%** shifted **more pessimistic**. Bottom-up review of transition dynamics by sector & geography remains key.
- Not all policy targets are out of reach. Despite headwinds, **58% of the G20 are expected to achieve their net zero target**.*

Sector winners & losers

- Clean energy, transport, and industry are forecasted to effectively decarbonize (>90% low-carbon technology penetration) across the majority of G20 countries by 2050.
- **Deforestation action** – likely motivated by Brazilian leadership at COP30 – is showing faint **signs of improvement**. While targets are expected to be missed across the board, ending net deforestation by the 2030s is now the most likely outcome in Brazil & Indonesia.
- Nature protection continues to deteriorate, with **67%** of IPR countries **projected to fall short of their 2022 Kunming commitment** to safeguard 30% of land area by 2030.

The Next 5-10 Years

- Climate transition experts expect continued growth in clean power and electric vehicles.
- Experts forecast that the **UK and Canada** will reach a **clean power share of 90% by 2035**, whereas Germany is expected to close its final 10% gap by 2040.
- By **2035**, **China** is expected to be the first G20 country to achieve an **EV sales share of >90%**.
- The **remaining countries** are projected to require an **average of 10 to 15 years to meet the transition target**.

Why?

In the context of a year of 'bad news', the key question is: why? Why has the forecast not seen more deterioration? We propose two answers:

Firstly, the **noise outweighs the signal**. While there has been clear backsliding on policy ambition in a number of markets, overall, our quarterly forecast tracking suggests **climate is still relevant** and – while not hitting front page news – climate policy did see a number of important wins consistent with our experts' expectations. Secondly, '**technology doesn't care about your feelings**'. Cost curves have collapsed, new technologies continue to emerge, and technology momentum is – at least in some sectors – **building on previous 'policy incentives' as the primary driver of the transition story** and reducing the importance of these incentives moving forward.

*Defined as achieving net zero within 4 years or less of the target.

KEY INSIGHTS FROM POLICY MOMENTUM TRACKED BY IPR IN 2025

A Landmark Year for Clean Power Investments

In 2025, clean power became the primary driver of global policy activity. Despite a strategic pivot in the US, the rest of the world scaled their investments in clean energy technologies by focusing on new on- and offshore wind projects, nuclear power plants, grid modernization, and large-scale battery storage.

Limited Progress on Nature Despite COP30

Despite Brazilian leadership at COP30, international policy action on nature protection remained largely stagnant. This lack of concrete measures for halting deforestation or protecting vulnerable ecosystems indicates a growing disconnect between official commitments and the realization of biodiversity goals.

Impact of US Climate Policy Shift on Global Stability

In 2025, the US underwent a fundamental retrenchment of its energy objectives, de-prioritizing decarbonization in favor of fossil fuel expansion. While heightened geopolitical tensions led some nations to loosen their regulations, no other country scaled back its climate goals in a manner similar to that of the US.

Policy Momentum Widely Maintained

Compared to 2024, most nations sustained their policy momentum through 2025, with some countries showing accelerated progress in clean energy and EVs. However, parallel to the stagnation in nature, the buildings and transport sectors saw the fewest policy announcements during the year.

Driving Force of Transitions

While global policy momentum remained largely maintained in 2025, the U.S. represents the primary exception due to multiple rollback of climate policies. Beyond legislative measures, the transition is increasingly driven by the advancement of cost-competitive, low-carbon technologies, especially within the clean power and transport sector. Looking forward, the policy outlook for 2026 remains largely unchanged compared to IPR's 2025 Transition Forecast.

THE 2026 TRANSITION FORECAST IS POWERED BY 375 GLOBAL EXPERTS' SENTIMENT ON THE EXPECTED ENERGY AND LAND USE TRANSITION UNDERTAKEN POST COP30

INEVITABLE POLICY RESPONSE

6,536 **Data points** informing the 2026 Transition Forecast (after data cleansing)

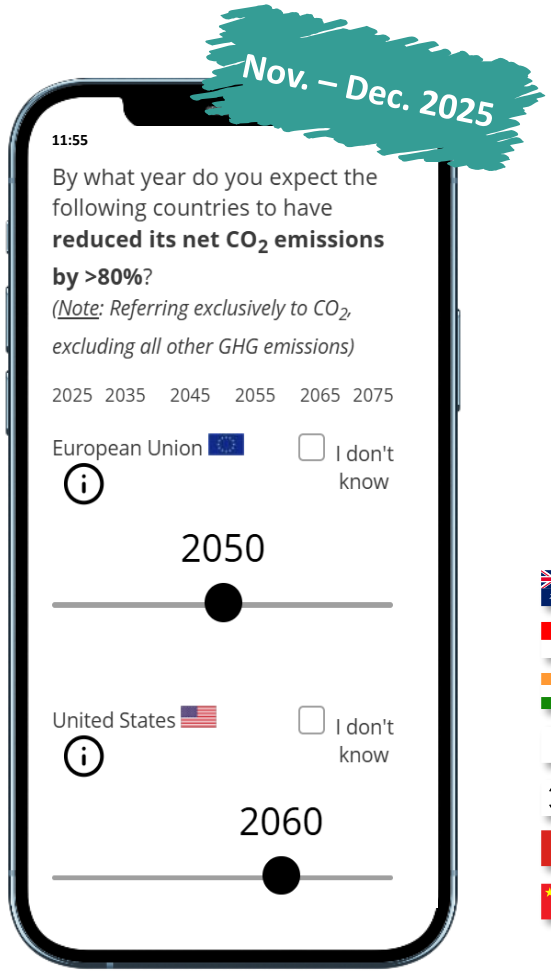
375 **Climate transition expert** participants

75% Of **global economic activity** covered in the survey

69% Of **global energy use** and **CO2 emissions** covered

19 **Number of countries** covered

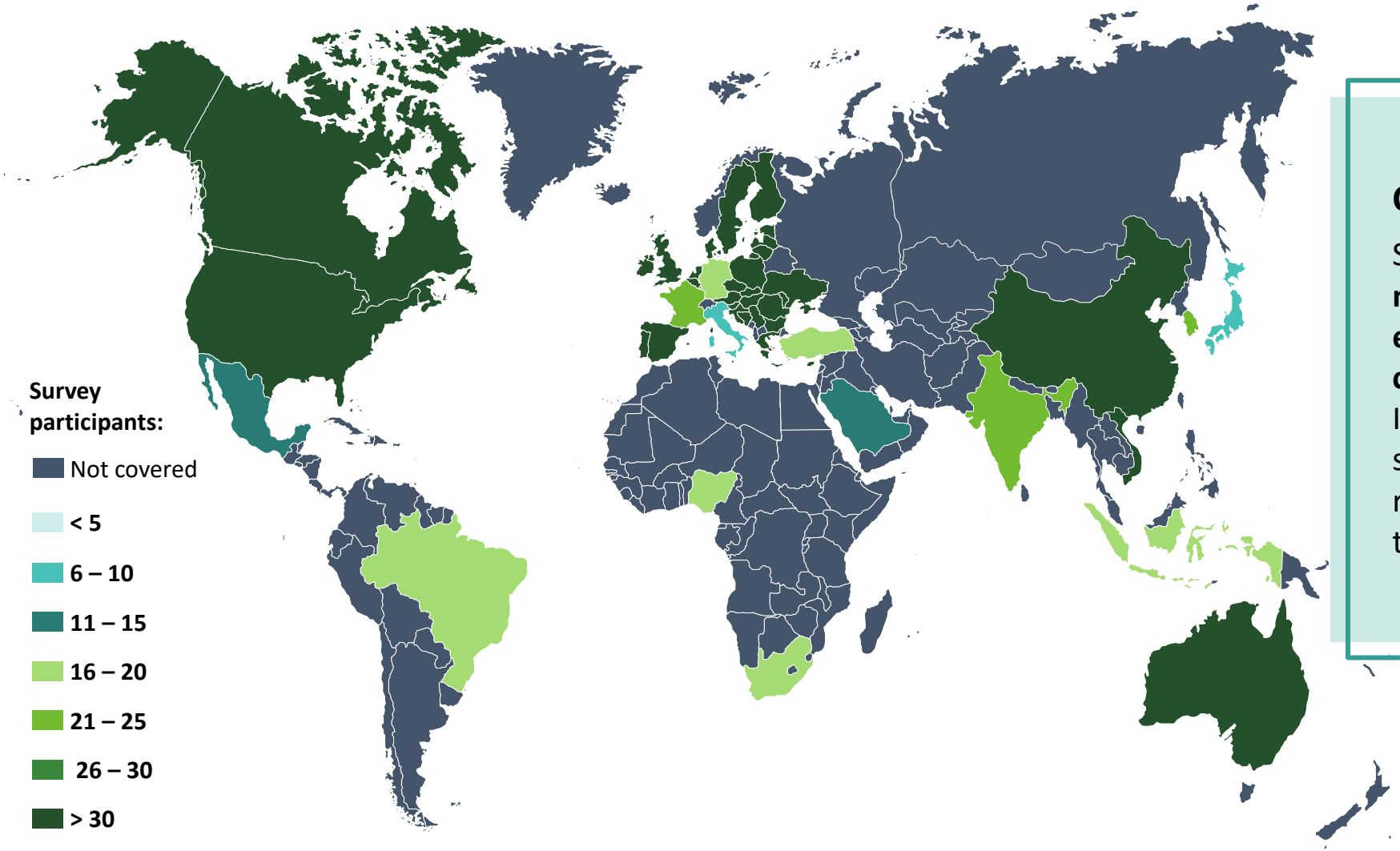
6 **Sectors** covered in the Climate Transition Expert Survey



- **Net Zero and Carbon Price**
- **Industry**
- **Power**
- **Agriculture**
- **Transport**
- **Land Use**
- **Buildings**
- **Nature**

- Australia
- Indonesia
- India
- Japan
- South Korea
- Vietnam
- China
- France
- Germany
- Italy
- UK
- Nigeria
- Saudi Arabia
- South Africa
- Türkiye
- Canada
- Mexico
- US
- Brazil

TO UNDERSTAND THE "MOST LIKELY" TRANSITION PATHWAY ACROSS 8 DIFFERENT SECTORS, IPR SURVEYED CLIMATE TRANSITION EXPERTS FROM 19 COUNTRIES



CLIMATE TRANSITION EXPERTS

Survey of "individuals with **meaningful amount of experience, expertise**, and **recognized contributions** across one or multiple IPR sectors, evidenced through e.g. scholarly work, strategic leadership roles or notable achievements within these sectors."

*Not enough responses were received for Argentina and Russia to consider the results for all sectors reliable. Therefore, the forecast for all sectors is 'N/A'.

TO GUARANTEE THE ROBUSTNESS AND INTEGRITY OF THE IPR TRANSITION FORECAST, SURVEY RESPONSES UNDERGO A THREE-STAGE VALIDATION PROCESS BEFORE THE FINAL FORECAST RANGES ARE CALCULATED

1. Review and Validation of Survey Responses

In a first step, the results of the Climate Transition Expert Survey are reviewed to identify and address any responses that could compromise the **robustness** of the forecast. This includes three checks:

Plausibility Check
Evaluates response plausibility on the basis of a number of factors, including the current status quo or the relationship of the response to the other expert opinions.

Comprehension Check
Assesses whether participants accurately interpreted the questions and provided responses consistent with the requested metrics.

Consistency Check
Validates participant expertise by analysing the logical alignment between related or sequential responses, such as those regarding net-zero and 80% decarbonization targets.

2. Calculation of Median Forecast Targets

To establish a reliable forecast, the average target was determined using the **median** of survey responses, ensuring a balanced representation of projections and minimizing distortions caused by outliers.*

3. Definition of Transition Forecast Ranges

To account for the inherent **uncertainties in energy and land-use pathways**, forecast targets were organized into five-year intervals (e.g., 2050-2054, 2055-2059). This approach avoids the implication of false precision while providing a **realistic framework for the projected transition**.

Due to lower response rates and greater variability in projections, wider forecast steps were applied to net deforestation targets.

*The **median** is less affected by extreme values or outliers because it only depends on the middle value of a sorted dataset. Outliers can disproportionately shift averages, making it unrepresentative of the typical data point, whereas the median remains relatively stable, providing a more accurate representation of the typical value in a skewed dataset.

THE 375 EXPERT VIEWS ON WHAT THE ENERGY AND LAND TRANSITION WILL LOOK LIKE IN THE FUTURE ARE WHAT MAKES UP IPR'S 2026 TRANSITION FORECAST

INEVITABLE POLICY RESPONSE

Transition Forecast

Forecast not applicable | Insufficient responses were received to deem results robust

		Economy wide	Power	Buildings	Transport		Industry	Land use	Nature
		Net Zero CO_2 emissions	Clean power	Zero carbon heating	Light duty vehicles	Heavy duty vehicles	Industry decarb.	Net defores-tation	Protection*
Asia Pacific excl. China	Australia	2050 – 2054	2045 – 2049	2035 – 2039	2045 – 2049	2045 – 2049	2045 – 2049	2035 – 39	2035 – 2039
	Indonesia	2060 – 2064	2055 – 2059	N/A	2045 – 2049	2055 – 2059	2050 – 2054	>2040	2050 – 2054
	India	2065 – 2069	2055 – 2059	N/A	2045 – 2049	2055 –2059	2055 – 2059	Achieved	2035 – 2039
	Japan	2050 – 2054	2045 – 2049	2040 – 2044	2045 – 2049	2045 – 2049	2050 – 2054	2030 –2034	Achieved
	South Korea	2050 – 2054	2045 – 2049	2045 – 2049	2045 – 2049	2050 – 2054	2050 – 2054	>2040	2035 – 2039
	Vietnam	N/A	N/A	N/A	2045 – 2049	2050 – 2054	2050 – 2054	>2040	2060 – 2064
China	China	2060 – 2064	2045 – 2049	2040 – 2044	2035 – 2039	2040 – 2044	2045 – 2049	Achieved	2030 – 2034
Europe	France	2050 – 2054	Achieved	2040 – 2044	2040 – 2044	2045 – 2049	2050 – 2054	Achieved	2035 – 2039
	Germany	2050 – 2054	2035 – 2039	2040 – 2044	2040 – 2044	2045 – 2049	2045 – 2049	Achieved	Achieved
	Italy	2055 – 2059	N/A	2040 – 2044	2050 – 2054	2050 – 2054	2050 – 2054	Achieved	2040 – 2044
	UK	2050 – 2054	2035 – 2039	2040 – 2044	2035 – 2039	2040 – 2044	2040 – 2044	Achieved	2040 – 2044
Eurasia	Russia	N/A	N/A	N/A	N/A	N/A	N/A	Achieved	N/A
Middle East and Africa	Nigeria	2055 – 2059	2045 – 2049	N/A	2050 – 2054	2050 – 2054	2050 – 2054	>2040	2040 – 2044
	Saudi Arabia	2050 – 2054	2050 – 2054	N/A	2045 – 2049	2040 – 2044	2055 – 2059	Achieved	2030 – 2034
	South Africa	2065 – 2069	2055 – 2059	2040 – 2044	2055 – 2059	2055 – 2059	2045 – 2049	2030 –2034	2040 – 2044
	Türkiye	2060 – 2064	2050 – 2054	2050 – 2054	N/A	2065 – 2069	2055 – 2059	Achieved	2050 – 2054
North America	Canada	2050 – 2054	2035 – 2039	2040 – 2044	2040 – 2044	2050 – 2054	2045 – 2049	2035 – 39	2040 – 2044
	Mexico	2055 – 2059	2045 – 2049	N/A	2045 – 2049	2065 – 2069	2050 – 2054	>2040	2050 – 2054
	US	2060 – 2064	2050 – 2054	2045 – 2049	2050 – 2054	2050 – 2054	2050 – 2054	>2040	2045 – 2049
South America	Argentina	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Brazil	2050 – 2054	Achieved	N/A	2045 – 2049	2050 – 2054	2050 – 2054	>2040	Achieved

* This projection aligns with GBF's Target 3, which seeks to protect 30% of the planet's land and oceans by establishing protected areas and implementing effective area-based conservation measures.

COMPARED TO LAST YEAR, EXPERTS ANTICIPATE THAT 23% OF SECTORS WILL TRANSITION FASTER THAN PREVIOUSLY PROJECTED, WHILE 24% ARE EXPECTED TO LAG BEHIND

INEVITABLE POLICY RESPONSE

Transition Forecast

2026 Forecast compared to 2025 Forecast: No change | Earlier | Later | Insufficient responses were received to deem results robust

		Economy wide	Power	Buildings	Transport		Industry	Land use	Nature
		Net Zero CO_2 emissions	Clean power	Zero carbon heating	Light duty vehicles	Heavy duty vehicles	Industry decarb.	Net defores-tation	Protection*
Asia Pacific excl. China	Australia	No change	Later *(1 step)*	No change	Later *(1 step)*	No change	No change	No change	No change
	Indonesia	Earlier *(1 step)*	No change	N/A	Earlier *(1 step)*	Later *(1 step)*	No change	Earlier *(1 step)*	Later *(2 steps)*
	India	Earlier *(1 step)*	No change	N/A	Earlier *(1 step)*	Later *(1 step)*	No change	Achieved	Earlier *(3 steps)*
	Japan	No change	No change	Earlier *(1 step)*	Earlier *(1 step)*	Later *(1 step)*	Later *(1 step)*	Later *(1 step)*	Achieved
	South Korea	Earlier *(1 step)*	No change	Earlier *(1 step)*	Earlier *(1 step)*	No change	Earlier *(1 step)*	No change	Earlier *(1 step)*
	Vietnam	N/A	N/A	N/A	Later *(1 step)*	No change	No change	Later *(2 steps)*	Later *(>3 steps)*
China	China	No change	No change	Earlier *(1 step)*	No change	Earlier *(1 step)*	No change	Achieved	Later *(1 step)*
Europe	France	No change	Achieved	Later *(1 step)*	Later *(1 step)*	No change	Later *(1 step)*	Achieved	Later *(1 step)*
	Germany	No change	No change	Later *(1 step)*	No change	Later *(1 step)*	Later *(1 step)*	Achieved	Achieved
	Italy	No change	Later *(1 step)*	No change	Later *(2 steps)*	Later *(1 step)*	Later *(1 step)*	Achieved	Later *(2 steps)*
	UK	No change	No change	No change	Earlier *(1 step)*	Earlier *(1 step)*	No change	Achieved	Later *(1 step)*
Eurasia	Russia	N/A	N/A	N/A	N/A	N/A	N/A	Achieved	N/A
Middle East and Africa	Nigeria	Earlier *(2 steps)*	Earlier *(1 step)*	N/A	Earlier *(1 step)*	Earlier *(2 steps)*	Earlier *(2 steps)*	No change	Earlier *(2 steps)*
	Saudi Arabia	Earlier *(2 steps)*	No change	N/A	Earlier *(2 steps)*	Later *(2 steps)*	Later *(1 step)*	Achieved	Earlier *(1 step)*
	South Africa	Later *(1 step)*	Later *(2 steps)*	Earlier *(1 step)*	Later *(1 step)*	Later *(2 steps)*	No change	Earlier *(2 steps)*	Later *(1 step)*
	Türkiye	No change	Later *(1 step)*	No change	N/A	Later *(3 steps)*	Later *(2 steps)*	Achieved	Later *(>3 steps)*
North America	Canada	No change	Earlier *(1 step)*	No change	No change	Later *(1 step)*	Earlier *(1 step)*	Earlier *(1 step)*	No change
	Mexico	Earlier *(2 steps)*	Earlier *(2 steps)*	N/A	Earlier *(2 steps)*	Later *(2 steps)*	No change	No change	Later *(1 step)*
	US	No change	Later *(1 step)*	No change	Later *(1 step)*	No change	No change	No change	No change
South America	Argentina	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Brazil	Earlier *(2 steps)*	Achieved	N/A	Earlier *(1 step)*	Earlier *(1 step)*	No change	Earlier *(1 step)*	Achieved

* This projection aligns with GBF's Target 3, which seeks to protect 30% of the planet's land and oceans by establishing protected areas and implementing effective area-based conservation measures.

MEANWHILE, EXPERTS SENTIMENT REGARDING THE ACHIEVEMENT OF THE TRANSITION REMAINS UNCHANGED FOR 30% OF SECTOR FORECASTS

INEVITABLE POLICY RESPONSE

Transition Forecast

2026 Forecast compared to 2025 Forecast: No change | Earlier | Later | Insufficient responses were received to deem results robust

		Economy wide	Power	Buildings	Transport		Industry	Land use	Nature
		Net Zero CO_2 emissions	Clean power	Zero carbon heating	Light duty vehicles	Heavy duty vehicles	Industry decarb.	Net defores-tation	Protection*
Asia Pacific excl. China	Australia	No change	Later (1 step)	No change	Later (1 step)	No change	No change	No change	No change
	Indonesia	Earlier (1 step)	No change	N/A	Earlier (1 step)	Later (1 step)	No change	Earlier (1 step)	Later (2 steps)
	India	Earlier (1 step)	No change	N/A	Earlier (1 step)	Later (1 step)	No change	Achieved	Earlier (3 steps)
	Japan	No change	No change	Earlier (1 step)	Earlier (1 step)	Later (1 step)	Later (1 step)	Later (2 step)	Achieved
	South Korea	Earlier (1 step)	No change	Earlier (1 step)	Earlier (1 step)	No change	Earlier (1 step)	No change	Earlier (1 step)
	Vietnam	N/A	N/A	N/A	Later (1 step)	No change	No change	Later (2 steps)	Later (>3 steps)
China	China	No change	No change	Earlier (1 step)	No change	Earlier (1 step)	No change	Achieved	Later (1 step)
Europe	France	No change	Achieved	Later (1 step)	Later (1 step)	No change	Later (1 step)	Achieved	Later (1 step)
	Germany	No change	No change	Later (1 step)	No change	Later (1 step)	Later (1 step)	Achieved	Achieved
	Italy	No change	Later (1 step)	No change	Later (2 steps)	Later (1 step)	Later (1 step)	Achieved	Later (2 steps)
	UK	No change	No change	No change	Earlier (1 step)	Earlier (1 step)	No change	Achieved	Later (1 step)
Eurasia	Russia	N/A	N/A	N/A	N/A	N/A	N/A	Achieved	N/A
Middle East and Africa	Nigeria	Earlier (2 steps)	Earlier (1 step)	N/A	Earlier (1 step)	Earlier (2 steps)	Earlier (2 steps)	No change	Earlier (2 steps)
	Saudi Arabia	Earlier (2 steps)	No change	N/A	Earlier (2 steps)	Later (2 steps)	Later (1 step)	Achieved	Earlier (1 step)
	South Africa	Later (1 step)	Later (2 steps)	Earlier (1 step)	Later (1 step)	Later (2 steps)	No change	Earlier (2 steps)	Later (1 step)
	Türkiye	No change	Later (1 step)	No change	N/A	Later (3 steps)	Later (2 steps)	Achieved	Later (>3 steps)
North America	Canada	No change	Earlier (1 step)	No change	No change	Later (1 step)	Earlier (1 step)	Earlier (1 step)	No change
	Mexico	Earlier (2 steps)	Earlier (2 steps)	N/A	Earlier (2 steps)	Later (2 steps)	No change	No change	Later (1 step)
	US	No change	Later (1 step)	No change	Later (1 step)	No change	No change	No change	No change
South America	Argentina	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Brazil	Earlier (2 steps)	Achieved	N/A	Earlier (1 step)	Earlier (1 step)	No change	Earlier (1 step)	Achieved

* This projection aligns with GBF's Target 3, which seeks to protect 30% of the planet's land and oceans by establishing protected areas and implementing effective area-based conservation measures.

WHILE THE UK AND CANADA ARE EXPECTED TO REACH A CLEAN POWER SHARE OF 90% BY 2035, GERMANY IS ON TRACK TO CLOSE ITS FINAL 10% GAP BY 2040

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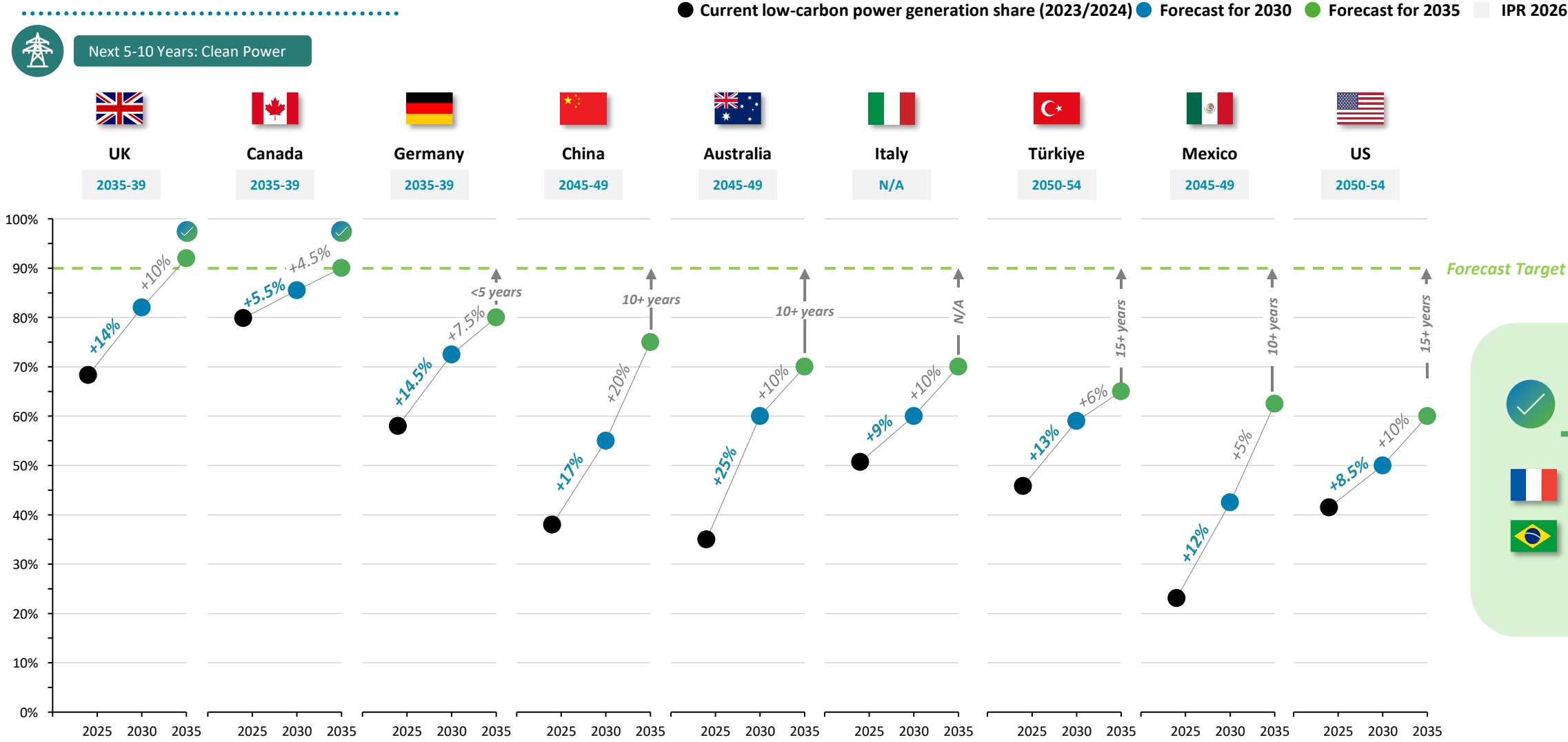
Transition Forecast

Next 5-10 Years: Clean Power



Achieved

France

Brazil

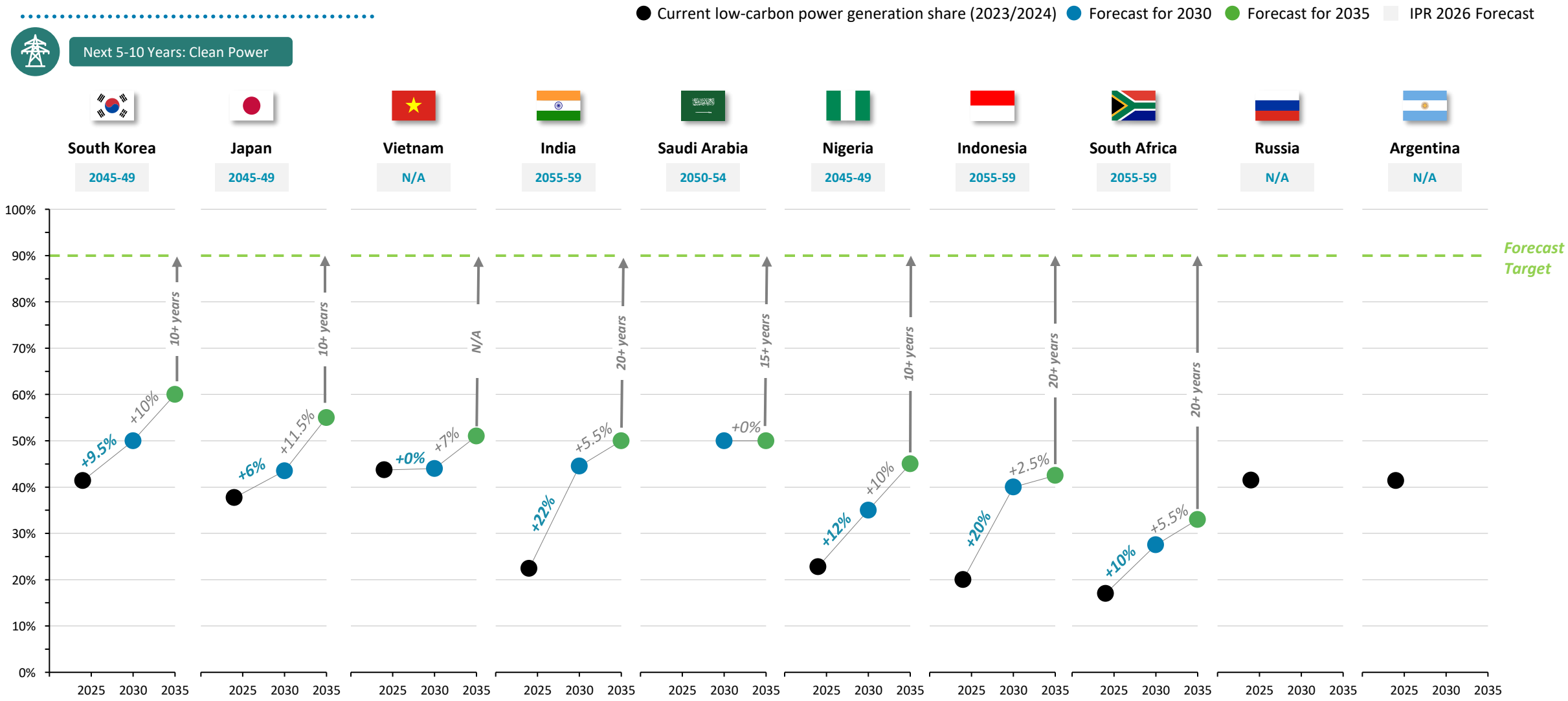
Note: Brazil and France have already achieved the forecast. For Argentina and Russia insufficient responses were received to deem results robust. Therefore, the policy target for 2030 and 2035 is missing.
Survey Question: What do you expect the share of clean power to be in the total power generation by 2030 and 2035?

CONVERSELY, NIGERIA, INDONESIA, AND SOUTH AFRICA ARE FORECAST TO ACHIEVE A CLEAN POWER SHARE OF LESS THAN 50% BY 2035, RISING FROM A CURRENT BASELINE OF APPROXIMATELY 20%

INEVITABLE POLICY RESPONSE

Transition Forecast

Next 5-10 Years: Clean Power



Note: Brazil and France have already achieved the forecast. For Argentina and Russia insufficient responses were received to deem results robust. Therefore, the policy target for 2030 and 2035 is missing.
Survey Question: What do you expect the share of clean power to be in the total power generation by 2030 and 2035?

CHINA STANDS AS THE SOLE NATION PROJECTED TO REACH A 90% EV SALES SHARE BY 2035. MEANWHILE, THE UK, VIETNAM, GERMANY, AND TURKEY ARE EXPECTED TO HIT THE 60% MILESTONE BY THE SAME YEAR

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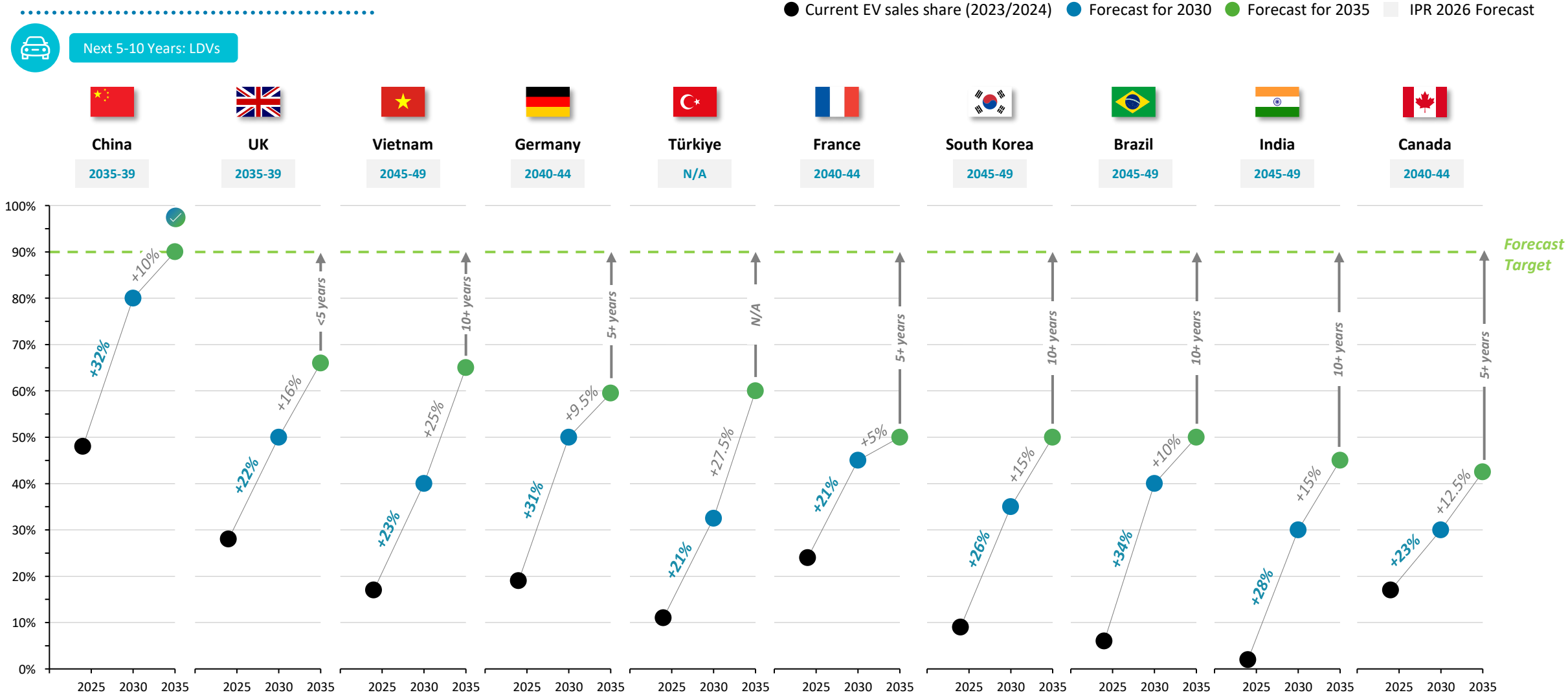
Transition Forecast

Next 5-10 Years: LDVs



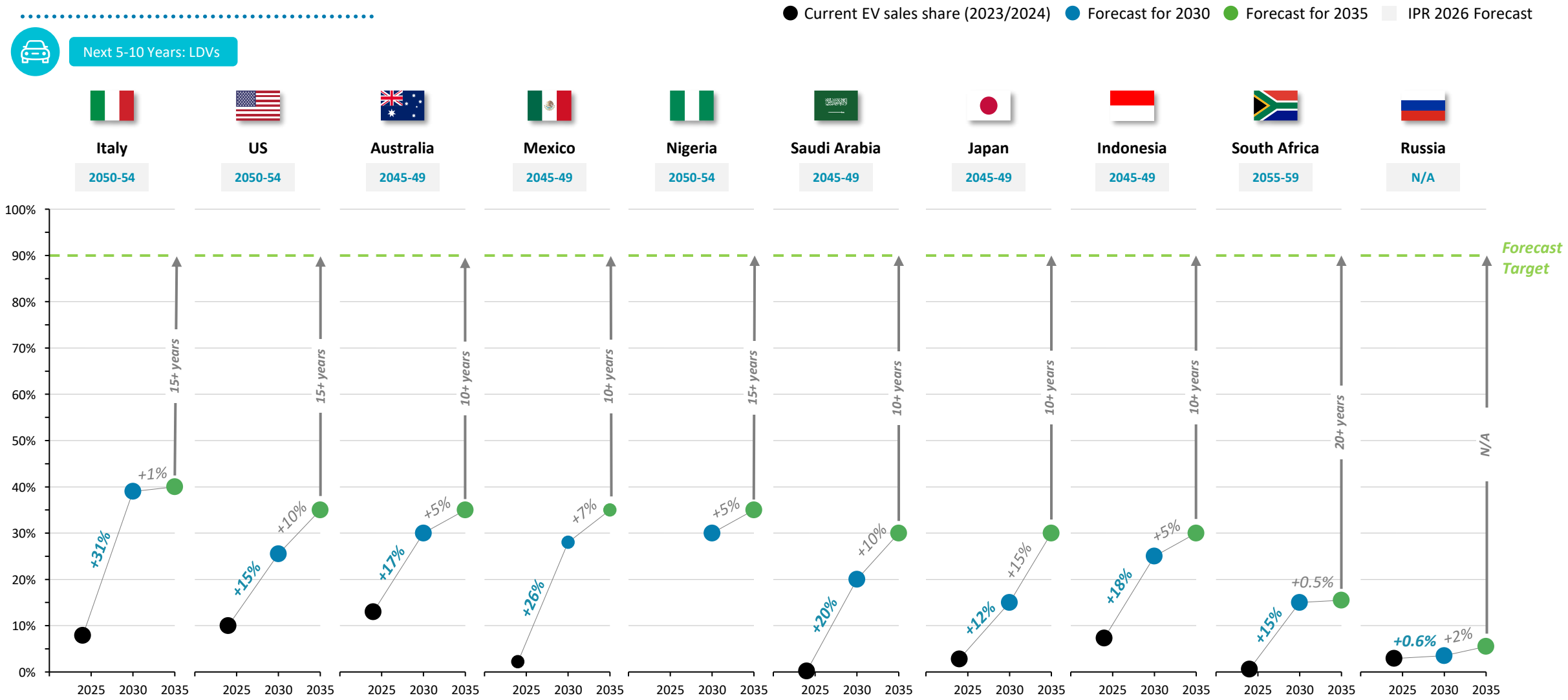
Note: For Argentina no information on the starting point was available and insufficient responses were received to deem results robust. Therefore, the country is missing.
Survey Question: What percentage share of battery electric vehicles (BEVs) do you anticipate in the total domestic light-duty vehicle sales by 2030 and 2035?

THE REMAINING COUNTRIES ARE PROJECTED TO REQUIRE AN AVERAGE OF 10 TO 15 YEARS TO MEET THEIR TRANSITION TARGET, WITH THEIR EV SALES SHARES EXPECTED TO REMAIN BELOW 40% BY 2035

INEVITABLE POLICY RESPONSE

Transition Forecast

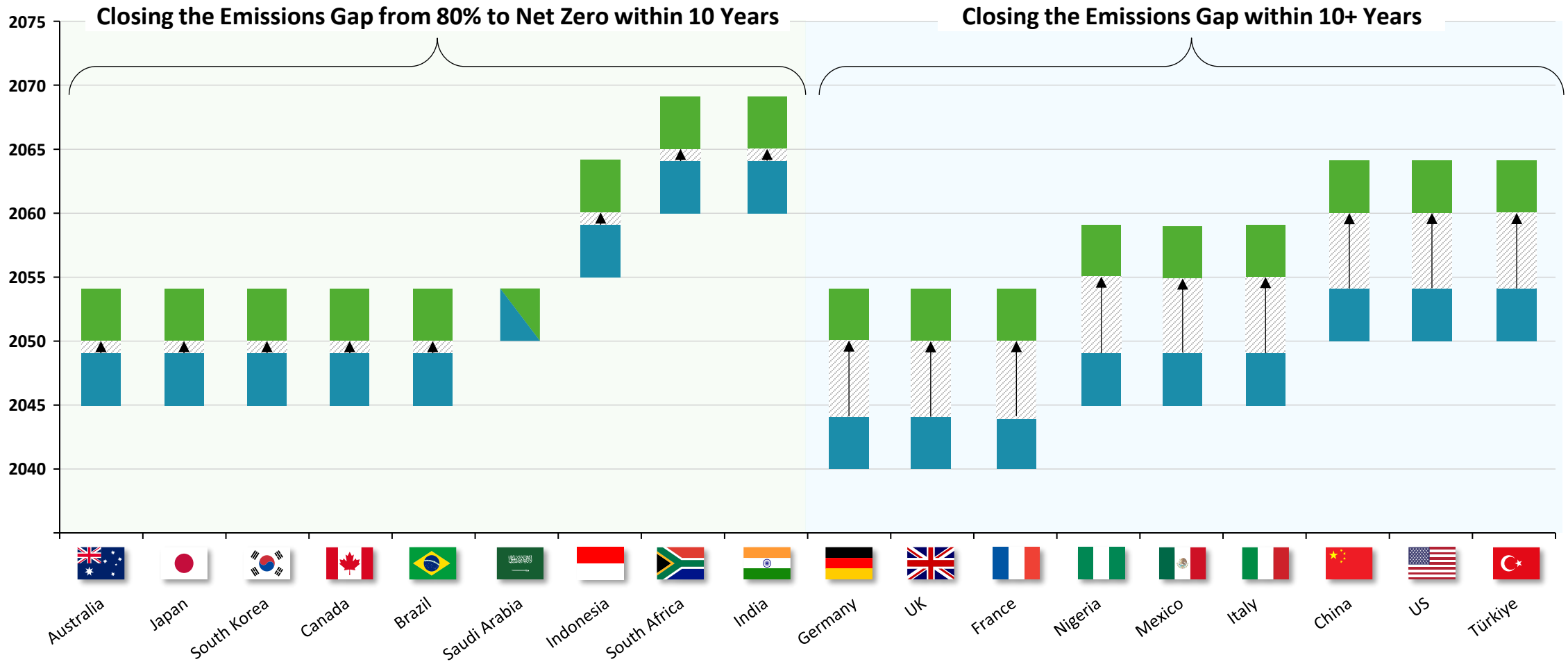
Next 5-10 Years: LDVs



Note: For Argentina no information on the starting point was available and insufficient responses were received to deem results robust. Therefore, the country is missing.
Survey Question: What percentage share of battery electric vehicles (BEVs) do you anticipate in the total domestic light-duty vehicle sales by 2030 and 2035?

EXPERTS FORECAST THE MAJORITY OF ASSESSED COUNTRIES WILL REACH NET ZERO ON AVERAGE WITHIN 10 YEARS AFTER REDUCING NET CO_2 EMISSIONS BY 80%

Last Mile: Net Zero



*For Argentina, Russia, and Vietnam insufficient responses were received to deem results robust. Therefore, the policy targets are missing.

Survey Question: By what year do you expect the following country/countries to have reduced its net CO_2 emissions by >80%? (Note: Referring exclusively to CO_2, excluding all other GHG emissions)

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THE 2026 TRANSITION FORECAST COVERS 19 MAJOR ECONOMIES ACCOUNTING FOR THREE QUARTERS OF GLOBAL CO_2 EMISSIONS AND ~75% OF GLOBAL ECONOMIC ACTIVITY

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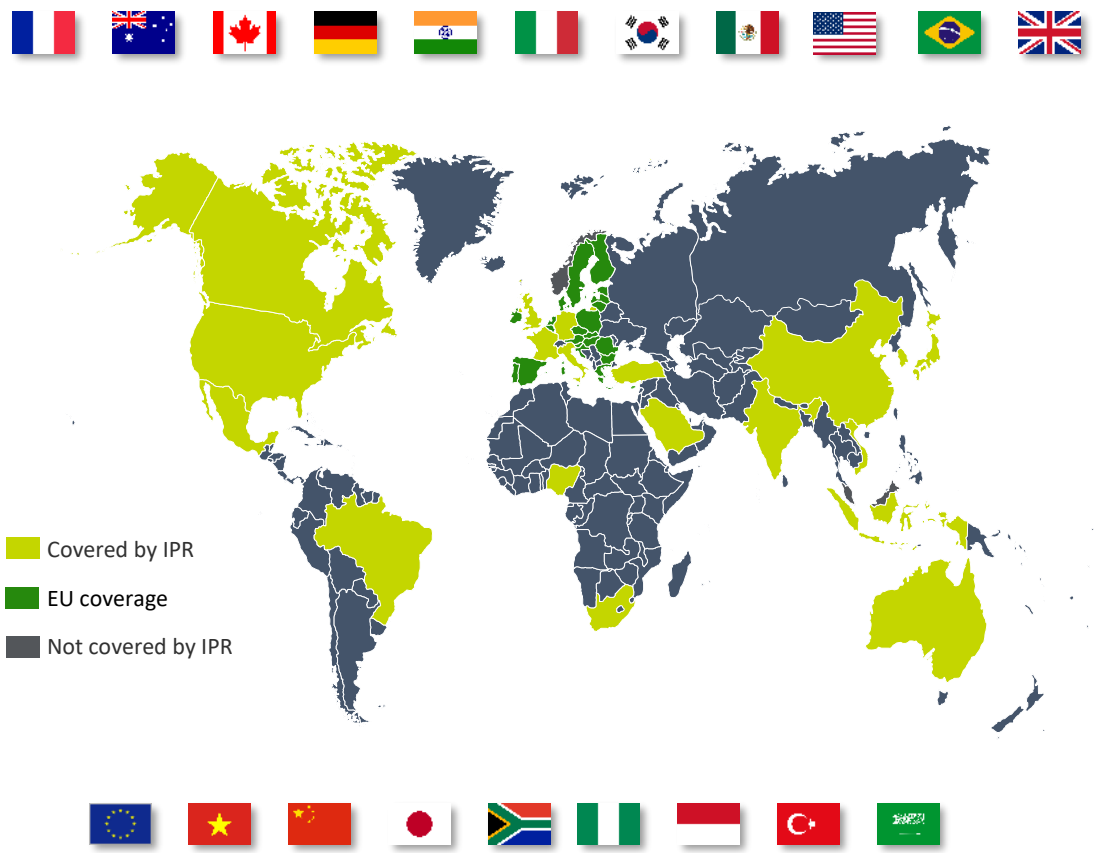
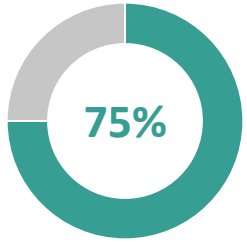
IPR Forecasts nearly all G20 countries + Nigeria and Vietnam



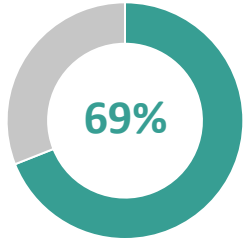
Covers the transition across energy and land use:

- Power
- Transport
- Buildings
- Industry
- Land use
- Nature

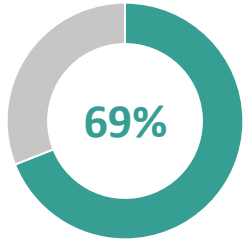
With IPR countries accounting for:



of global economic activity



of global energy use



of global CO_2 emissions

Source: GPD, energy use, emissions. Latest available data was used.

IPR'S CLIMATE TRANSITION EXPERT SURVEY DRIVES THE 2026 TRANSITION FORECAST WHILE QUARTERLY TRACKING PROVIDES CRITICAL INSIGHTS ON POLICY AND TECHNOLOGY MOMENTUM

Forecast Methodology

Quarterly Policy Tracking (QFT)

Undertaken since Q1 2022, IPR tracks policy announcements in 21 countries and 15 sectors to understand the status, speed and scale of the energy, land and nature transition. Key insights are published on a quarterly basis in Quarterly Forecast Trackers (QFTs) (link).

*IPR distils and transforms complex climate policy developments into **actionable insights**, for investors, financial advisors, and corporations.*

Climate Transition Expert Survey

The Climate Transition Expert Survey captures global experts' sentiment on the current pace and scale of the climate transition.

The survey covers 375 experts' opinion on decarbonization timescales across 8 sectors in 19 countries.

2026 Transition Forecast

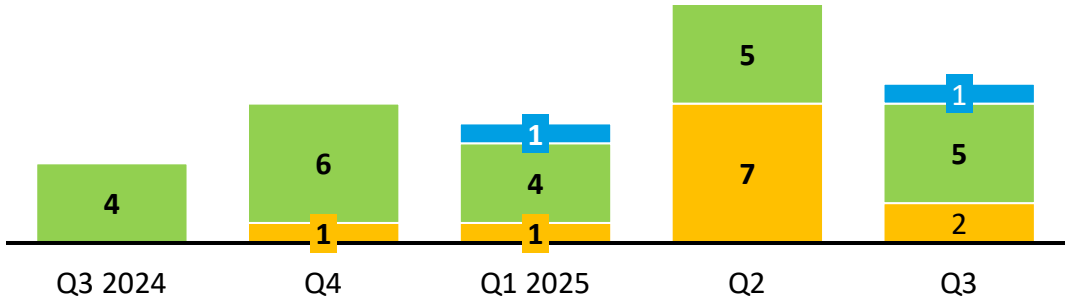
The 2026 Transition Forecast is powered by the Climate Transition Expert Survey.

It covers the current pace of climate, land use and nature transition in G20+ nations, and outlooks to the expected transition pathways.

QUARTERLY FORECAST TRACKERS (QFTS) ARE INFORMED BY A GENERATIVE AI SOLUTION FOR TRACKING RELEVANT POLICY DEVELOPMENTS ACROSS 8 SECTORS AND 22 COUNTRIES

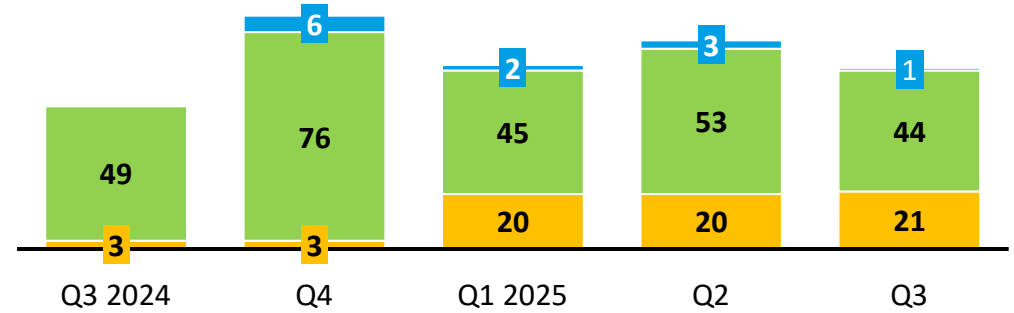
Land Use and Nature Policies

Number of land use policies tracked by quarter[1]



Energy Policies

Number of energy policies tracked by quarter[1]



1. IPR's Q4 2024 QFT will be published alongside its Q1 2025 QFT in April 2025.

IPR Policy Tracking Approach

GENERATIVE AI

Intelligent classification of relevant and irrelevant information from articles reduces noise.

Summarization of key policy item findings within news sources.

TRADITIONAL SEARCH

Embeddings generation to structure textual data as n-dimensional vectors based on their semantic distance.

Semantic search based on user query fit narrows baseline to most relevant news items.

Find, extract, and generate data to **fuel traditional policy analysis**.

Symbiotic AI-Analyst Relationship

Produce outcomes and curate data that can further **drive Gen AI applications**.

- **High-speed** automated policy news tracking
- **Comprehensive coverage** of a wide range of policies
- **High accuracy** due to end-to-end policy screening

POLICY MEASURES DURING 2025 WERE FAR LESS WIDESPREAD ACROSS SECTORS COMPARED TO LAST YEAR, WITH MOST MEASURES ANNOUNCED OR LEGISLATED IN CLEAN POWER

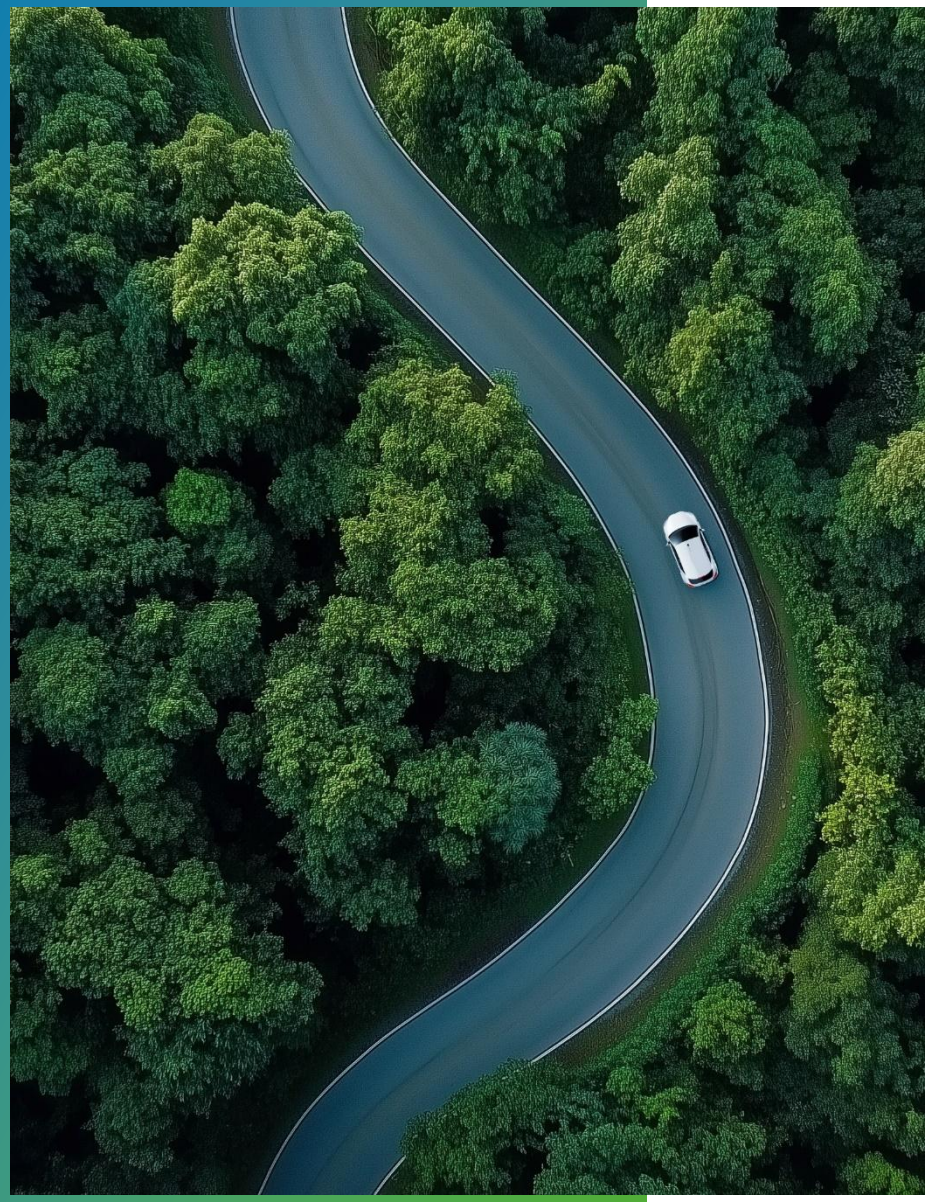
INEVITABLE POLICY RESPONSE

Policy Momentum

Average policy momentum tracked by IPR in 2025 compared to 2024: ↑ Acceleration → Momentum maintained ↓ Deceleration

		Economy wide	Power	Buildings	Transport		Industry	Land use	Nature
		Net Zero CO_2 emissions	Clean power	Zero carbon heating	Light duty vehicles	Heavy duty vehicles	Industry decarb.	Net defores-tation	Protection*
Asia Pacific excl. China	Australia	→	→				↓		
	Indonesia		↑	N/A			→		→
	India		↓	N/A	↑		→		
	Japan	→	↑						
	South Korea		→						
	Vietnam		→	N/A					
China	China	→	→					↑	
Europe	France		→						
	Germany		→				→		
	Italy		↑						
	UK		↓		↑		→		↓
Eurasia	Russia	→	↑						
Middle East and Africa	Nigeria	→	→	N/A					
	Saudi Arabia		→	N/A					
	South Africa		→						
	Türkiye		→	↓					
North America	Canada	↓	↑						
	Mexico	↓		N/A					
	US	↓	↓		↓	↓	↓	↓	↓
South America	Argentina								
	Brazil			N/A					↓

* This projection aligns with GBF's Target 3, which seeks to protect 30% of the planet's land and oceans by establishing protected areas and implementing effective area-based conservation measures.



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IPR 2026 TRANSITION FORECAST: NET ZERO CO_2 EMISSIONS FORECAST COMPARISON

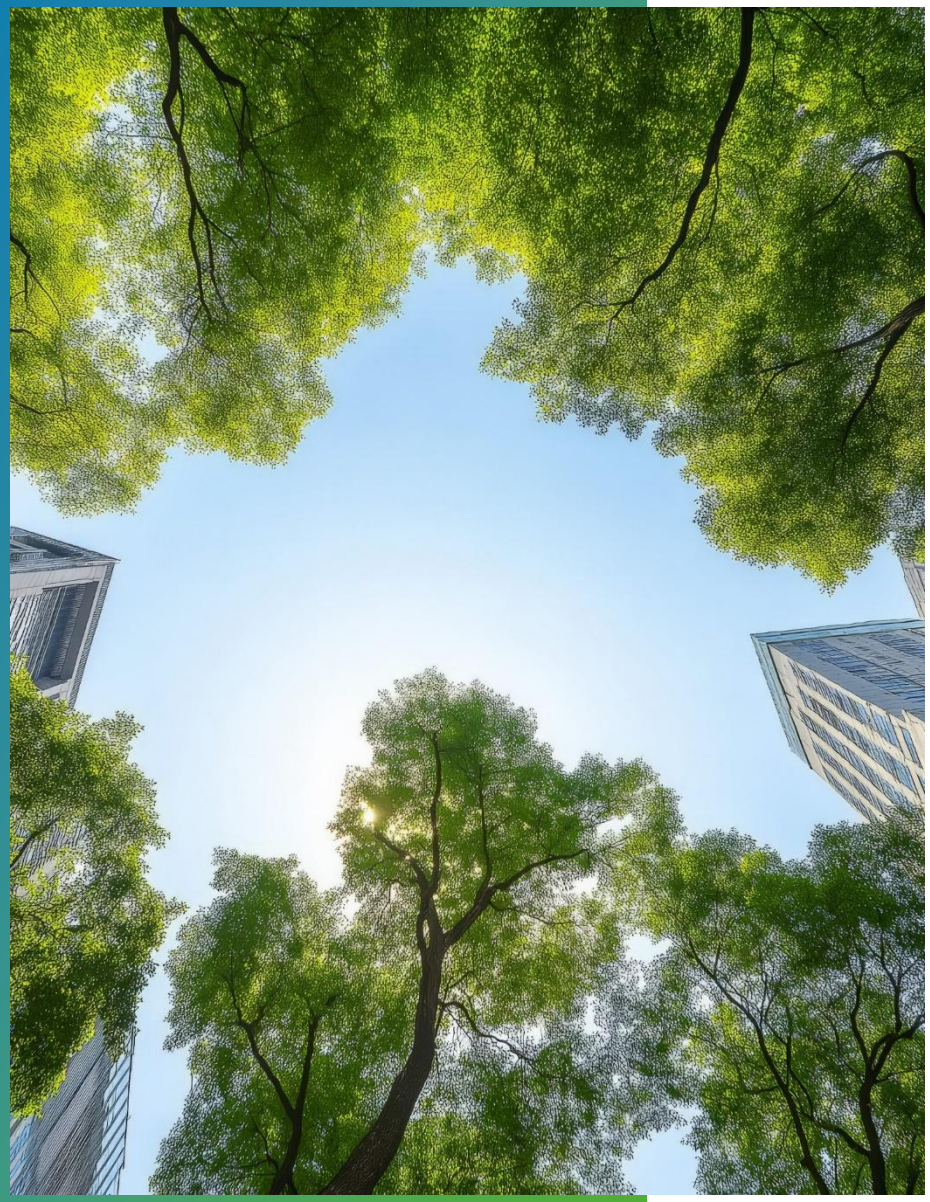
INEVITABLE POLICY RESPONSE

Click here for the full list of tracked policies

Insufficient responses were received to deem results robust

		Actual Policy Target	Median	Mean	Mode
Asia Pacific excl. China	Australia	2050	2050	2053	2050
	Indonesia	2060	2060	2060	2060
	India	2070	2070	2067	2070
	Japan	2050	2050	2052	2050
	South Korea	2050	2050	2054	2050
	Vietnam	2050	N/A	N/A	N/A
China	China	2060	2060	2060	2060
Europe	France	2050	2050	2054	2050
	Germany	2045	2047.5	2051	2045
	Italy	2050	2053	2055	2060
	UK	2050	2050	2051	2050
Eurasia	Russia	2060	N/A	N/A	N/A
Middle East and Africa	Nigeria	2060	2055	2055	2060
	Saudi Arabia	2060	2060	2054	2060
	South Africa	2050	2061	2063	2075
	Türkiye	2053	2059	2060	2065
North America	Canada	2050	2050	2053	2050
	Mexico	2050	2054.5	2056	2050
	US	N/A	2060	2062	2065
South America	Argentina	2050	N/A	N/A	N/A
	Brazil	2050	2050	2052	2050

Note: Policy targets vary in definition and scope. For consistency, CO_2 emissions are compared with the net-zero target, independent of each country's specific net-zero definition.
Survey Question: By what year will net zero CO_2 emissions be achieved? (Referring exclusively to CO_2, excluding all other GHG emissions)
Sources: Forecast methodology including approach for validating robustness can be found in the Methodology section.



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IPR 2026 TRANSITION FORECAST: CARBON PRICING FOR POWER AND INDUSTRY

INEVITABLE POLICY RESPONSE

Click here for the full list of tracked policies

Prioritizing the mechanisms with the highest significancy: 1 Most selected 2 Second most selected 3 Third most selected

Adjusted survey question

	National carbon tax or Emissions Trading Systems (ETS)	Other energy / industry regulations creating implicit cost (e.g. fuel standards)	Voluntary carbon markets (VCM)	Carbon Border Adjustment Mechanism (CBAM)
Australia	**1**	2	-	-
Indonesia	2	**1**	-	3
India	**1**	2	3	-
Japan	**1**	3	-	2
South Korea	**1**	2	-	3
Vietnam	-	2	-	**1**
China	2	**1**	-	-
France	**1**	2	-	3
Germany	**1**	2	-	3
Italy	2	**1**	-	3
UK	**1**	2	-	3
Russia	2	**1**	-	-
Nigeria	2	**1**	3	-
Saudi Arabia	**1**	2	3	-
South Africa	**1**	3	-	2
Türkiye	**1**	3	-	2
Canada	**1**	2	3	3
Mexico	**1**	2	3	-
US	2	**1**	3	-
Argentina	**1**	-	-	-
Brazil	2	**1**	-	-

Survey Question: Which of the following mechanisms do you expect to have the most significant impact (equal to or >$50 per ton of CO2eq) in the following country/countries?

AMONG THE 21 IPR COUNTRIES, 15 HAVE IMPLEMENTED CARBON PRICING SCHEMES TO MITIGATE THEIR EMISSIONS

INEVITABLE POLICY RESPONSE

15 countries have **introduced** a carbon price (EU Emissions Trading System (ETS) or carbon price)

France, Germany, Italy

The EU Emissions Trading System (ETS) covers power, industry and aviation, with a shipping expansion planned until 2026, and buildings until 2027.

UK

The UK ETS covers power, aviation, and industry, with shipping added by 2026 and a UK CBAM starting in January 2027.

Canada

Canada's federal government set a rising national carbon price, reaching CAD$170 (US$131) by 2030.

Australia

Australia Safeguard Mechanism sets limits on GHG emissions from large industrial facilitators.

USA

The US lacks a federal carbon pricing scheme, but several states have introduced carbon initiatives for the power and industry sectors.

China

China will expand its ETS to cement, steel, and aluminum starting 2025, making it the world's largest carbon market.

Japan

Japan began the trial phase of GX-ETS in 2023 and plans to transition to a mandatory compliance system by 2026.

Argentina

In 2018, Argentina launched a carbon price on petrol and petroleum coke.

Mexico

Reports like I4CE 2025 suggest Mexico's ETS is effectively stalled due to political/regulatory delays.

Indonesia

In 2023, Indonesia launched a mandatory ETS initially covering 99 coal facilities that account for 81% of it's national power generation capacity.

South Korea

South Korea's ETS has been active since 2015 and covers ~700 of the country's largest emitters.

South Africa

South Africa has a voluntary carbon market and plans a 140% carbon tax increase by 2030.

Saudi Arabia

At COP29, KSA launched its first voluntary and regional carbon credit exchange.

5 countries have **proposed** the introduction of a ETS or carbon tax

India

India passed the Energy Conservation Amendment Bill which proposes the establishment of a carbon market.

Vietnam

The government has been evaluating options for implementing a carbon credit market with a carbon credit pilot from 2025 and full trading potentially beginning in 2028.

Türkiye

Turkey's Emission Trading System starts in 2025, piloting in 2026–2027 before full implementation.

Nigeria

In 2022, the Nigerian Minister of the Environment announced that the country had begun activities to develop a national ETS and carbon tax.

Brazil

Brazil has proposed the establishment of a regulated carbon market for major emitters based on a national cap-and-trade scheme. Full implementation is expected in 2030.

1 country has **no carbon pricing policy**

Russia

Sources: Full forecast evidence can be found in the separate Policy Evidence Annex.

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IPR 2026 TRANSITION FORECAST: CLEAN POWER

Click here for the full list of tracked policies

Current status quo: Share of low-carbon generation (2023 or 2024) and change in low-carbon generation (2022-2023 or 2023-2024)

Achieved

- Brazil
- France

2035 – 2039

Germany	58% (+4%)	
UK	68% (+8%)	
Canada	80% (+0%)	

2045 – 2049

China	38% (+3%)	
Nigeria	23% (+0%)	
Australia	35% (-1%)	
Mexico	23% (+0%)	
South Korea	41% (+3%)	
Japan	38% (+7%)	

2050 – 2054

Türkiye	46% (+4%)	
US	42% (+1%)	
Saudi Arabia	1% (+0%)	

2055 – 2059

India	22% (+1%)	
Indonesia	20% (+13%)	
South Africa	17% (+2%)	

Climate transition experts were optimistic that the majority countries will reach ~90% of power generation from renewable sources by 2050, with Germany, Canada, and the UK, who currently have a minimum of 60% low-carbon electricity generation, expected to reach this target the earliest (by 2035 - 2039).

*For Argentina, Italy, Russia, and Vietnam insufficient responses were received to deem results robust. Therefore, the policy target is missing.

Survey Question: By what year will the share of clean power in total power generation be >90%? (Note: clean energy sources include bioenergy, geothermal power, hydropower, solar power, wind power, nuclear power and abated fossil fuels)

Sources: IEA Country Profiles. Forecast methodology including approach for validating robustness can be found in the Methodology section.

2 IPR COUNTRIES HAVE ACHIEVED THEIR CLEAN POWER TARGET, WHILE 5 COUNTRIES HAVE SET A NET ZERO POWER TARGET, AND 13 COUNTRIES HAVE SET INTERIM TARGETS

INEVITABLE POLICY RESPONSE

2 countries have **achieved their target**

Brazil

France

5 countries have **targets in place** to deliver clean power

Canada

Canada has announced a target to achieve a net zero electricity grid nationwide by 2035.

UK

The UK has improved their target to achieve a zero-carbon electricity system by 2030.

Germany

Germany has announced a target to achieve 80% renewable power by 2030 and decarbonise electricity supply by 2035.

Indonesia

Indonesia has announced a target to achieve 44% clean power by 2030 and 100% by 2050 as part of the JETP deal.

13 countries have **set interim targets** to partially decarbonise their electricity grid

Australia

Australia aims to increase the share of low-carbon power generation to 82% by 2030.

Italy

Italy has announced a target for renewables to provide 65% of its electricity generation by 2030 and 80-90% by 2050.

Japan

Japan has announced a target of reaching 40-50% renewable generation (+20% nuclear) by 2040.

China

China's 14th Five-Year Plan targets 39% clean electricity and 20% non-fossil energy by 2025.

India

India aims to achieve 50% electric power capacity from non-fossil fuel sources by 2030 (about 500GW).

South Korea

South Korea has announced a target to reach a share of 56% renewable energy power generation by 2030 and 72% by 2036.

Saudi Arabia

Saudi Arabia announced that it plans to generate 50% of its electricity from renewables by 2030.

Vietnam

Vietnam's Eight National Power Development Plan includes a target for 58% renewable energy to by 2030 and 71-78% by 2050.

Türkiye

Türkiye has announced a target for 55% of renewable electricity generation and 65% installed capacity by 2035.

South Africa

South Africa has set a target to increase the share of renewable energy to 41% by 2030.

Russia

Russia has not set a specific clean power target but wants to reduce energy intensity by 56% by 2030.

Mexico

Mexico has announced to increase its share of renewables to 45% by 2030.

Nigeria

As part of its Renewable Energy Master Plan (REMP), Nigeria set a target to achieve 36% renewable energy by 2030.

Argentina

The Economy Ministry of Energy has announced plans to achieve 57% renewable energy generation by 2030.

1 country has **no clean energy plans**

USA

Trump reversed Biden's 100% clean power by 2035 goal, shifting the country's power agenda in favor of fossil fuels.

Sources: Full forecast evidence can be found in the separate Policy Evidence Annex.

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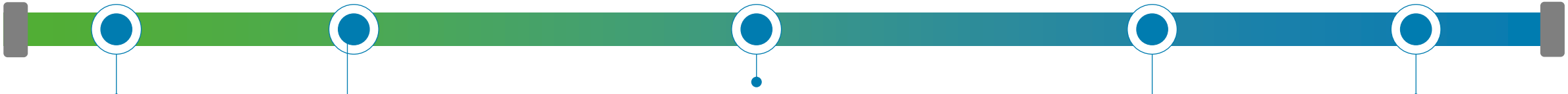
IPR 2026 TRANSITION FORECAST: PHASE-OUT OF LIGHT DUTY VEHICLES WITH CO_2 EMISSIONS

INEVITABLE POLICY RESPONSE

Click here for the full list of tracked policies

Current status quo: EVs' share of new car sales (2023 or 2024) and change in EVs' share of new car sales (2022-2023 or 2023-2024)



2035 – 2039

- China: 48% (+10%)
- UK: 28% (+4%)

2040 – 2044

- Canada: 17% (+4%)
- France: 24% (-1%)
- Germany: 19% (-5%)

2045 – 2049

- India: 2% (+0%)
- Japan: 2.8% (+0.7%)
- Saudi Arabia: 0.2%
- South Korea: 9% (+0.5%)
- Vietnam: 17% (+7%)
- Mexico: 2.2% (+0.7%)
- Indonesia: 7% (+5%)
- Australia: 13% (+1%)
- Brazil: 6% (3%)

2050 – 2054

- Nigeria: *No data*
- Italy: 8% (-1%)
- US: 10% (+0.5%)

2055 – 2059

- South Africa: 0.6% (+0,3%)

Experts surveyed forecast that China, and the UK will phase out fuel-powered light-duty vehicles (LDVs) the earliest, with China leading in EV sales growth with 48% in 2024. In contrast, other emerging markets are unlikely to decarbonise LDVs until 2050 due to insufficient policy support and inadequate charging infrastructure, which keep the EV sales share below 10%.

*For Argentina, Russia, and Türkiye insufficient responses were received to deem results robust. Therefore, the policy target is missing.
Survey Question: By what year will >90% of light-duty vehicle sales consist of zero-emission vehicles (ZEVs)? Note: i.e., 90% of new sales are ZEVs; ZEV = BEV, PHEV, FCEV
Sources: Forecast methodology including approach for validating robustness can be found in the Methodology section.

Sources: IEA

8 IPR COUNTRIES HAVE ANNOUNCED TARGETS TO FULLY DECARBONISE NEW SALES OF LIGHT DUTY VEHICLES

INEVITABLE POLICY RESPONSE

5 countries target **fully decarbonising** new LDV **sales by 2035**

Canada

Canada has set a target for all new light-duty vehicles to be zero-emission by 2035.

UK

The UK has announced a ban on sales of cars and vans with CO_2 emissions from 2030.

Germany

Italy

France

The EU has mandated that all new cars and vans registered in the EU are to have zero-CO_2 emissions by 2035. Combustion vehicles may be registered after 2035 if running solely on climate-neutral e-fuels.

3 countries target **fully decarbonising** new LDV sales **beyond 2035**

Vietnam

Vietnam has approved a target for net zero emissions in the transport sector by 2050, aiming to increase the sales of EVs to 10% by 2030.

Indonesia

Indonesia has set a goal for all sales of new cars to be electrically-powered by 2050.

South Korea

In 2022, Korea announced a policy agenda which planned to set a goal for a transition to ZEVs by 2035 but did not explicitly commit to a date for phasing out ICE vehicles.

5 countries have **announced strategies to partially decarbonise** their transport system

Australia

Australia aims to increase EV sales under the National Electric Vehicle Strategy, with South Australia and Queensland setting phase-out targets by 2035/36.

Mexico

At COP27, Mexico announced a target for 50% of vehicle sales to be zero-emission vehicles by 2030.

Saudi Arabia

Saudi Arabia has set a target of ensuring that 30% of cars on its capital city's roads are electric by the end of 2030, reaching 50% by 2050.

China*

LDVs now make up over 50% of new car sales in China, 10 years ahead of schedule.

Japan*

Japan has set a target for 100% of car sales to be 'clean energy vehicles' by 2035.

8 countries **have not set targets** to decarbonise their transport system

Russia

South Africa

Brazil

Türkiye

India

Nigeria

Argentina

USA

President Trump reversed federal policies boosting EV adoption, however, California is fighting in court and in the US Congress against Trump's efforts to repeal landmark federal vehicle emission standards.

* Clean energy vehicles and new energy vehicles include conventional hybrids which does not meet our definition of ZEV. Note: ZEV = BEV, PHEV and FCEV

Sources: Full forecast evidence can be found in the separate Policy Evidence Annex.

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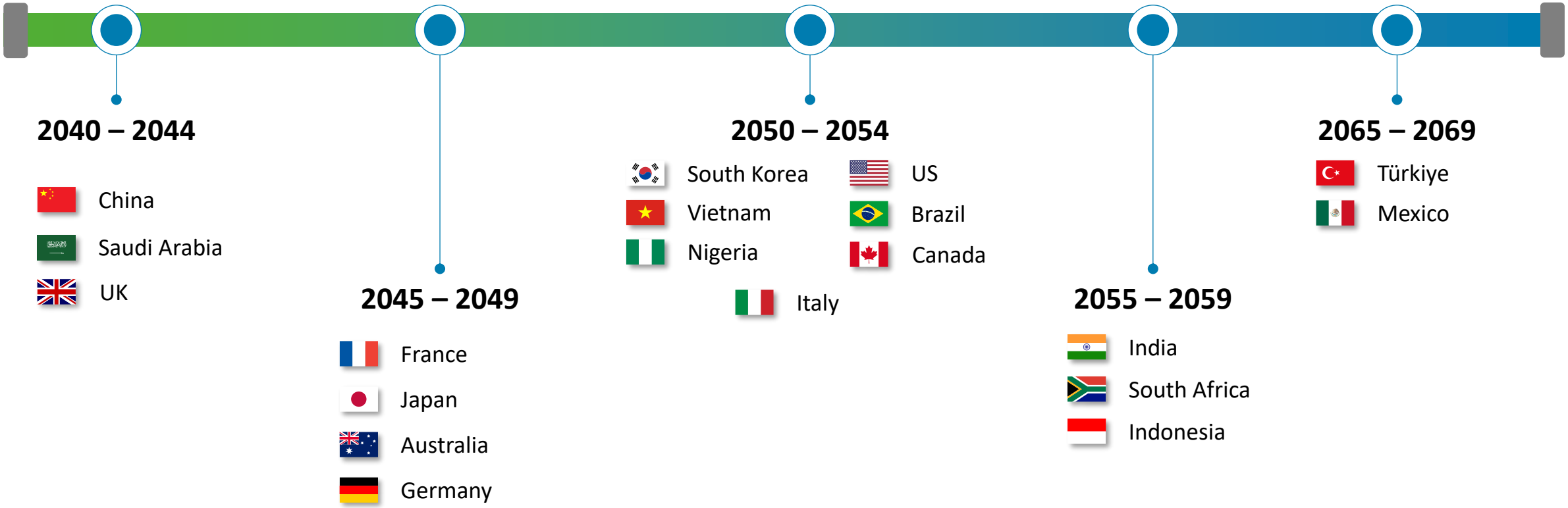
IPR 2026 TRANSITION FORECAST: PHASE-OUT OF HEAVY-DUTY VEHICLES WITH CO_2 EMISSIONS

INEVITABLE POLICY RESPONSE

Click here for the full list of tracked policies



Overall, the adoption of heavy-duty vehicles is projected to lag behind light-duty vehicles by approximately five to ten years. Driven by rapid electrification, China is expected to lead the global transition once again, while Türkiye and Mexico are likely to trail behind.

*For Argentina and Russia insufficient responses were received to deem results robust. Therefore, the policy target is missing.
Survey Question: By what year will >90% of heavy-duty vehicle sales consist of zero-emission vehicles (ZEVs)? (Note: i.e., 90% of new sales are ZEVs; ZEV = BEV, PHEV, FCEV)
Sources: Forecast methodology including approach for validating robustness can be found in the Methodology section.

5 IPR COUNTRIES HAVE COMMITTED TO DEEP DECARBONIZATION OF HEAVY-DUTY VEHICLES

INEVITABLE POLICY RESPONSE

5 countries have **announced strategies or ambitions** to deliver deep decarbonization in HDVs

UK

The UK has announced that it will phase out sales of new petrol, diesel, and hybrid HDVs by 2040.

Germany

Italy

France

The European Commission will enforce stricter CO2 emission standards for heavy-duty vehicles starting in 2030, targeting a 90% reduction by 2040 compared to 2029 levels. City buses must be 100% emissions-free by 2035. Heavy trucks face 45% cuts by 2030 and 90% by 2040.

Vietnam

Action program on Green Energy Transition and Reducing Emissions in the Transport Sector has set the target for all road vehicles to be electric by 2050.

2 countries have **signed non-binding memorandums** to achieve deep decarbonization in HDVs

Canada

Canada has signed a non-binding memorandum of understanding for 35% of new sales of medium-and heavy-duty vehicles to be zero-emission by 2030 and 100% by 2040.

USA

The Trump administration's EPA moved to revoke all Obama-Biden GHG vehicle standards, including the key Phase 3 zero-emission truck rule. They have formally signaled, that they will weaken the GHG standards for model year 2027+ vehicles, which under the Biden administration would have nudged manufacturers toward electric trucks.

14 countries **have not announced** policies to achieve deep decarbonization in HDVs

- **Russia**
- **South Africa**
- **Brazil**
- **Türkiye**
- **India**
- **Nigeria**
- **Saudi Arabia**
- **Indonesia**
- **Australia**
- **Mexico**
- **Argentina**
- **South Korea**
- **Japan**
- **China**

Sources: Full forecast evidence can be found in the separate Policy Evidence Annex.

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IPR 2026 TRANSITION FORECAST: PHASE-OUT OF NEW FOSSIL FUEL HEATING SYSTEMS

INEVITABLE POLICY RESPONSE

Click here for the full list of tracked policies

2035 – 2039

- Australia

2040 – 2044

- South Africa
- Germany
- Italy
- Japan
- UK
- Canada
- China
- France

2045 – 2049

- South Korea
- US

2050 – 2054

- Türkiye

Adjusted survey question

In IPR's Climate Transition Expert Survey, experts believed that only Australia will have emission-free buildings by 2035-2039. South Korea, the US, and Türkiye are expected to reach the target only after 2045.

*For Argentina and Russia insufficient responses were received to deem results robust. Therefore, the policy target is missing. The forecast target not applicable for Brazil, Indonesia, India, Mexico, Nigeria, Saudi Arabia, and Vietnam (N/A).
Survey Question: By what year do you expect new buildings to be emission-free in the following country / countries? (Note: Zero-Emission Buildings are defined as highly energy-efficient buildings with zero net operational GHG emissions)
Sources: Forecast methodology including approach for validating robustness can be found in the Methodology section.

10 IPR COUNTRIES HAVE POLICIES IN PLACE TO DECARBONISE BUILDINGS

INEVITABLE POLICY RESPONSE

5 countries have policies in place to **fully decarbonise buildings**

France

France's RE2020 building code entered a stricter phase in January 2025, lowering CO2 limits and effectively making wood construction and heat pumps the standard for new builds.

Germany

The German Buildings Energy Act (GEG) amendment, effective from January 2024, mandates that newly installed heating systems must use at least 65% renewable energy sources. From 2025/26, cities must present plans deciding between heat pumps or district heating.

UK

The UK announced that it will prioritize measures to encourage greener heating options, instead of enforcing the gas boiler ban by 2035. Nevertheless, the UK still plans to achieve a net zero buildings by 2050.

Canada

Canada's Green Buildings Strategy sets a goal of net zero emissions for buildings by 2050, along with a minimum 40% emissions reduction from 2005 levels by 2030.

Italy

A 2025 BPIE assessment finds Italy off-track on emissions, energy use, renewables, and renovation investments for 2030.

5 countries have **policies or strategies in place** to partially decarbonise buildings

Australia

Australia is committed to achieve net zero emissions in the built environment by 2050, with a specific emissions reduction plan still being under development.

Japan

In April 2025, Japan revised the Building Standards Act to fast-track 2050 carbon neutrality and 2030 GHG goals

South Africa

The C40 Cities South Africa Buildings Programme supports cities in developing zero carbon building policies and codes.

South Korea

South Korea's 1st National Basic Plan for Carbon Neutrality and Green Growth targets to achieve a 37.6% reduction in emissions by 2030, including plans for Zero-Energy Building requirements for public and private buildings.

China

In 2022, China updated building codes to require all new urban buildings to be constructed in line with green building standards by 2025 and raises the requirement for buildings' utilization of renewable energy from 6% in 2020 to 8% by 2025.

4 countries have **no targets or policies**

Russia

Argentina

Türkiye

USA

The Zero-Emissions Buildings standard introduced under Biden in 2024 was removed under Trump in 2025.

1. Space heating is not needed in 7 IPR countries, and therefore not included here: Mexico, Saudi Arabia, India, Brazil, Vietnam, Indonesia and Nigeria

Sources: Full forecast evidence can be found in the separate Policy Evidence Annex.

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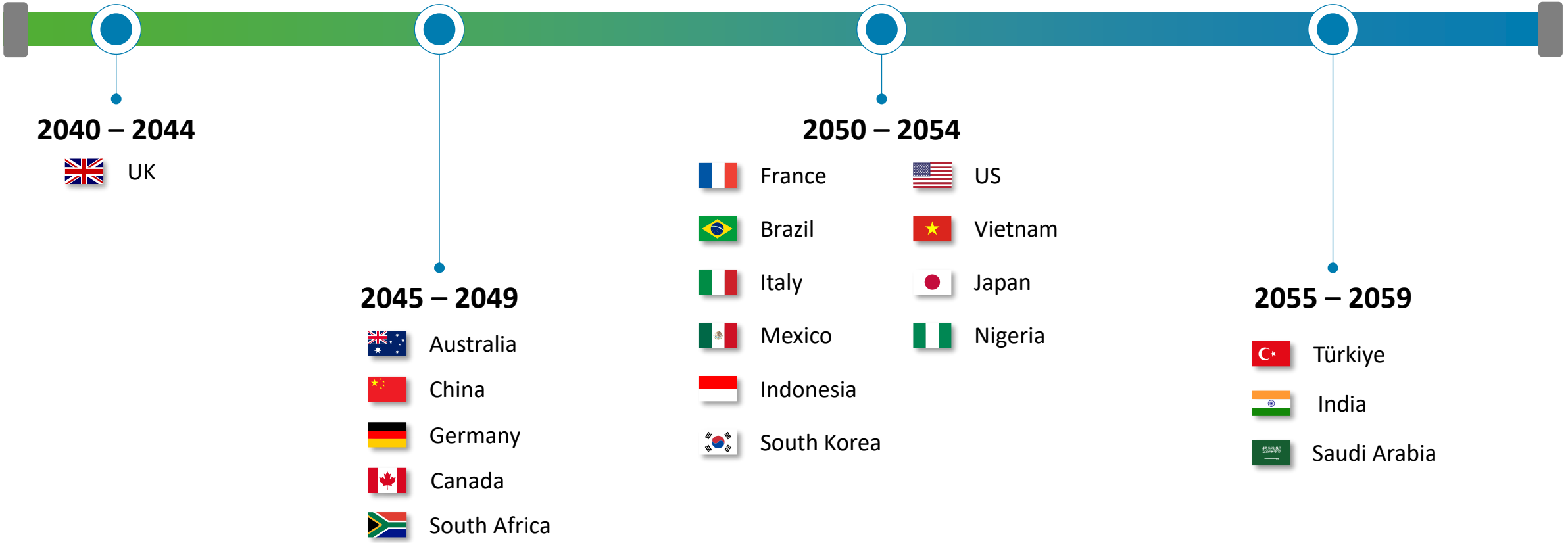
IPR 2026 TRANSITION FORECAST: INDUSTRY PROCESS EMISSIONS

INEVITABLE POLICY RESPONSE

Click here for the full list of tracked policies



Experts in IPR's Climate Transition Expert Survey anticipate industry decarbonization will most likely occur either alongside the achievement of net-zero emissions. Within the heavy industry sectors, iron & steel and cement are expected to decarbonise on similar timelines.

*For Argentina and Russia insufficient responses were received to deem results robust. Therefore, the policy target is missing.
Survey Question: By what year will an >80% reduction in iron & steel, cement, and chemical production emissions be achieved? (Production emissions include Scope 1 emissions, i.e. emissions from fuel combustion and process emissions)
Sources: Forecast methodology including approach for validating robustness can be found in the Methodology section.

7 IPR COUNTRIES HAVE INDUSTRIAL CARBON PRICING AND CCUS INCENTIVES IN PLACE

INEVITABLE POLICY RESPONSE

7 countries have **carbon pricing** covering **industry** and **CCUS incentives** in place

Germany

Industry is covered by the EU ETS. Germany has announced US$54 bn to support industrial decarbonisation and supports carbon capture & storage for selected industries.

Canada

Industrial emissions are covered by an ETS. Canada has proposed CCfDs and tax credits to support CCUS.

South Korea

Industrial emissions are covered by an ETS. South Korea provides 20-40% tax credits for CCUS.

UK

The UK ETS funds industrial emissions and CCUS, but support ends after 2025, focusing on CCUS clusters.

France

Industry is covered by the EU ETS. France has introduced tax credits to support CCUS.

Australia

Australia Safeguard Mechanism sets limits on GHG emissions from large industrial facilitators.

Japan

Japan has launched the first phase of a carbon market. Japan has a target for 6-12MtCO_2 annual CCUS capacity by 2030, which is supported by subsidies.

6 countries have **carbon pricing** covering **industry** or **CCUS incentives** in place

CCUS incentives

USA

The U.S., an outlier in the G20, lacks a carbon tax, relying on tax credits, subsidies, and regulations.

Saudi Arabia

Saudi Arabia has launched a US$10.4 bn investment fund for CCUS.

Carbon pricing

Italy

Industrial emissions in Italy are covered by the EU ETS.

Mexico

Industrial emissions in Mexico are covered by its ETS.

Brazil

With the Brazilian Emissions Trading System (SBCE), companies emitting less than their allocated quotas can trade surplus allowances with other companies.

South Africa

Industrial emissions in South Africa are covered by its carbon tax.

5 countries have **announced** other industry decarbonisation targets

Vietnam

Vietnam has announced targets to reduce industrial emissions 38.3% by 2030 and 84.8% by 2050.

Argentina

Argentina will receive a $216 million hydrogen-focused fund as announced by the EU.

Türkiye

The Turkish Emission Trading System (TR ETS) will launch in early 2025 and is expected to cover sectors with emissions >500,000 tCO_2 per year.

India

CCTS launches in April 2025, replacing PAT with a carbon market for nine industries.

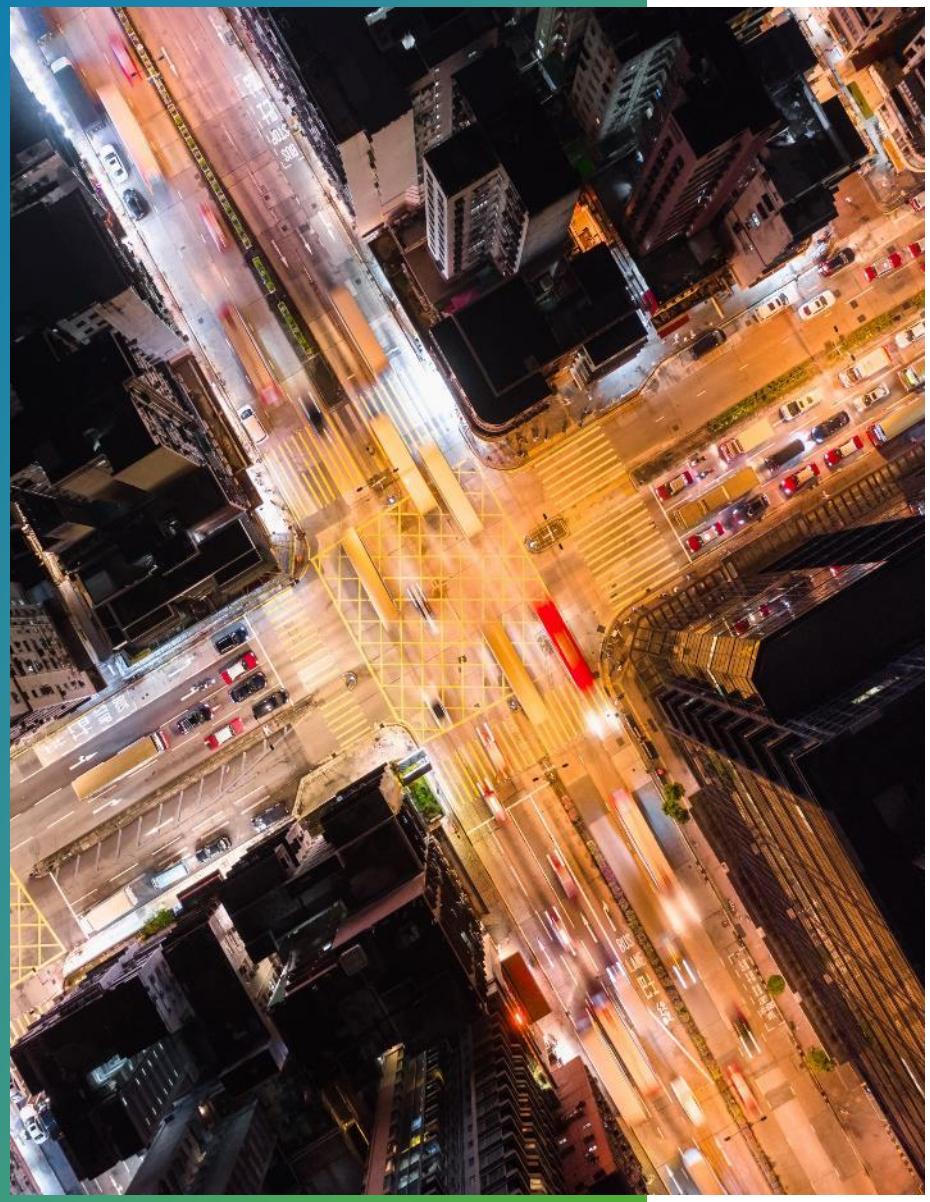
China

China's ETS will expand to cement, steel, and aluminum in 2025, adding 1,500 firms and becoming the world's largest carbon market.

3 countries have **no policy or strategy** to decarbonise industrial processes

- **Indonesia**
- **Nigeria**
- **Russia**

Sources: Full forecast evidence can be found in the separate Policy Evidence Annex.



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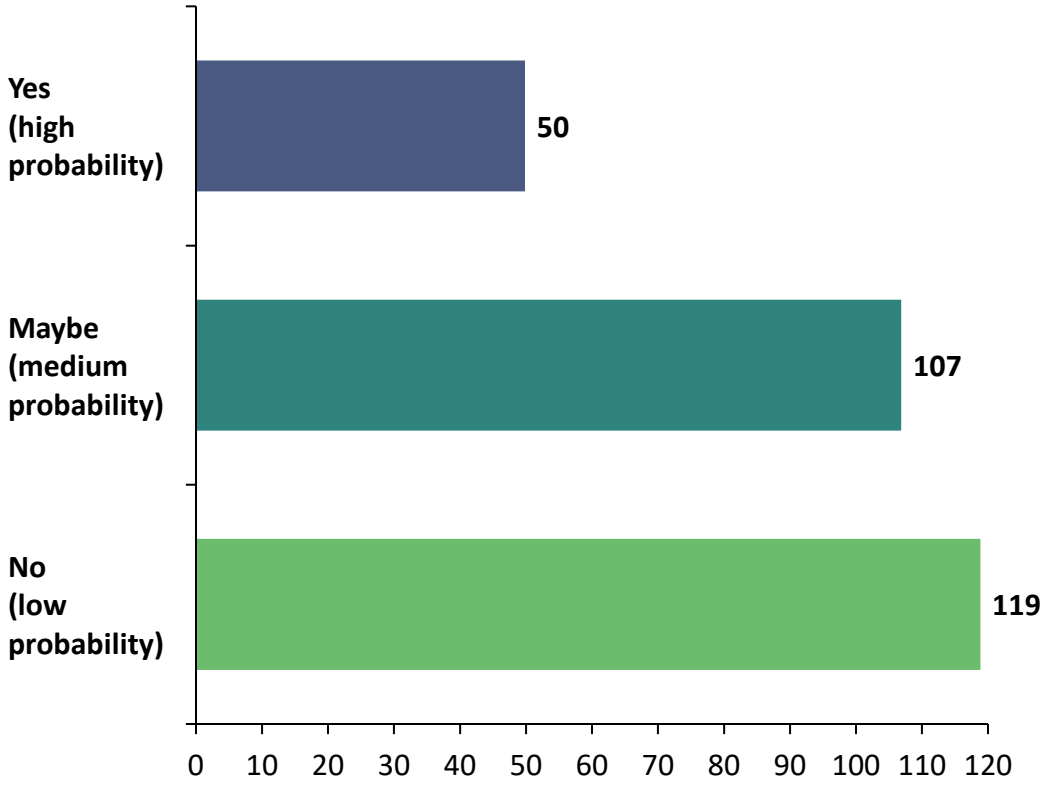
IPR 2026 TRANSITION FORECAST: SHIPPING AND AVIATION

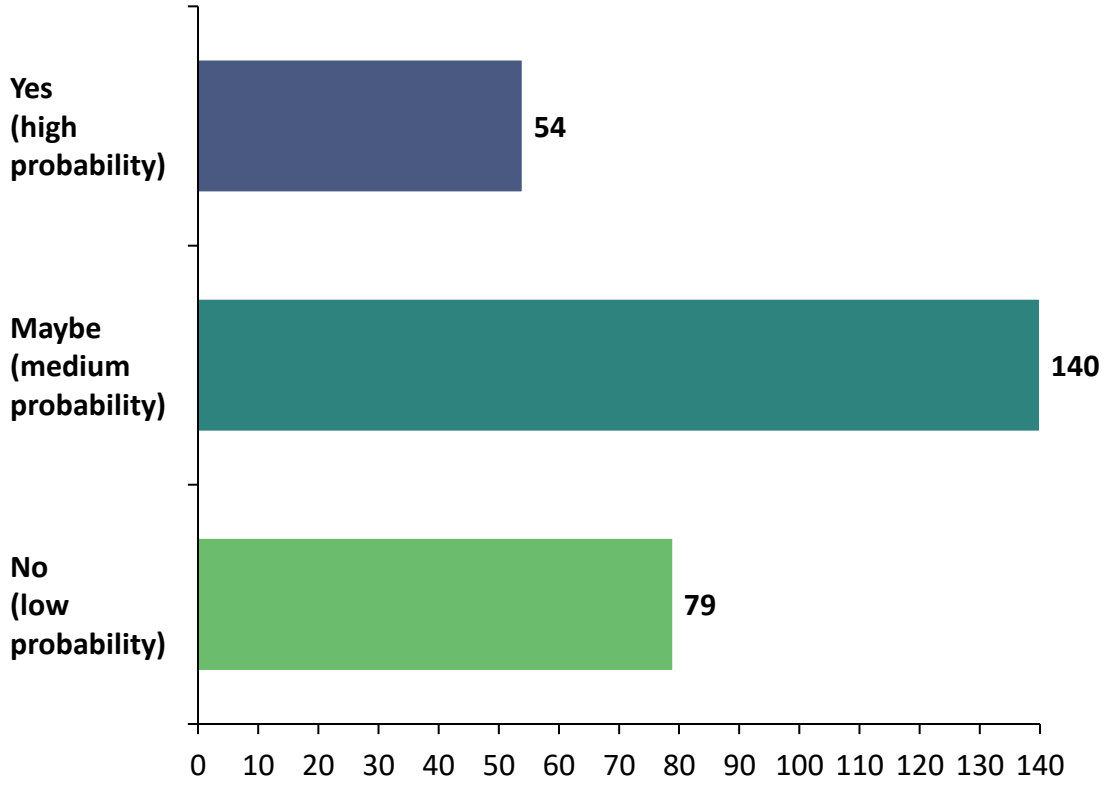
New survey questions

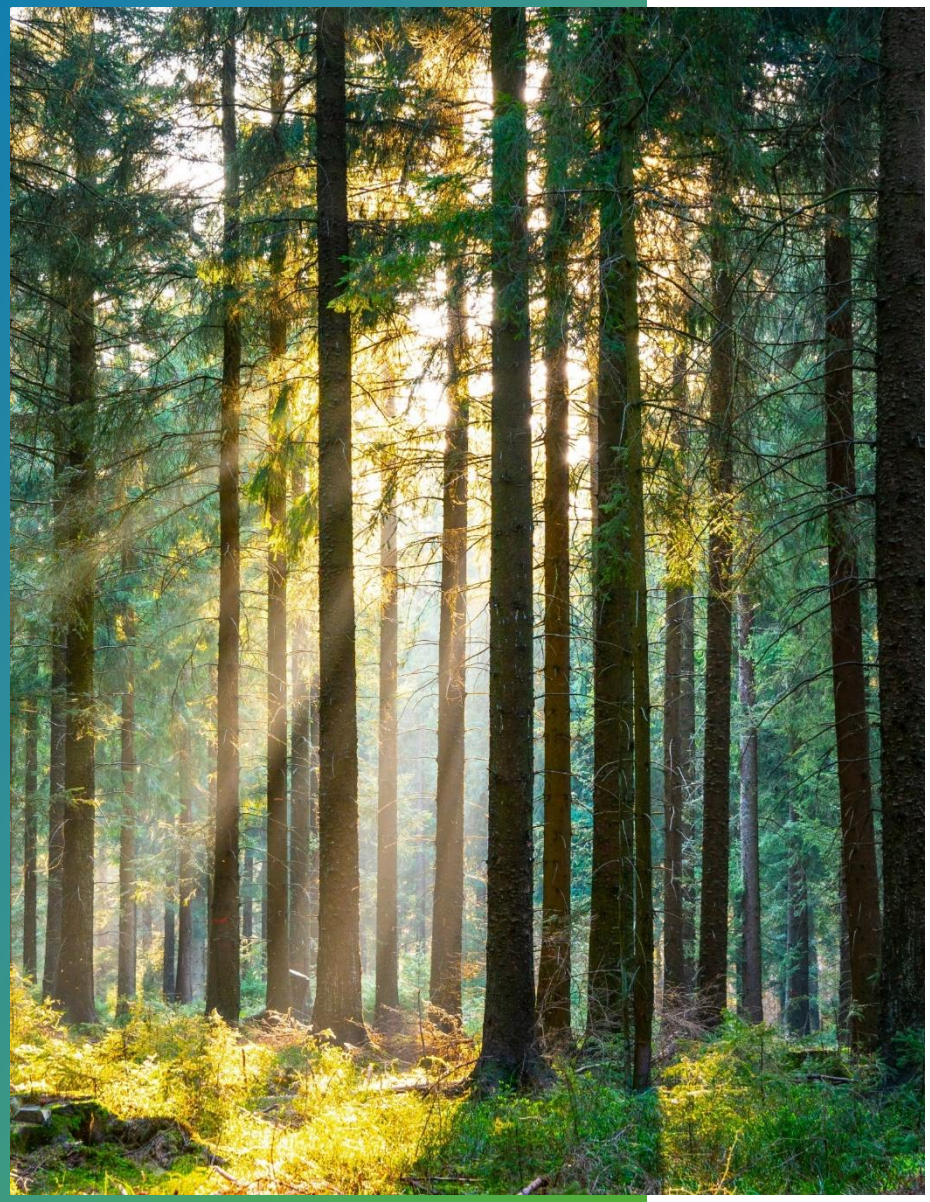
Survey Question:
Do you believe that there will be a commercially viable option for decarbonized short-haul air travel and decarbonized shipping beginning to be rolled out by 2035?

Aviation



Shipping





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IPR 2026 TRANSITION FORECAST: ENDING NET DEFORESTATION

INEVITABLE POLICY RESPONSE

Click here for the full list of tracked policies

Current status quo: Change in forest cover (2000-2020) and forest cover as a share of total land area (2022)

Achieved

- China
- France
- Germany
- India
- Italy
- Russia
- Türkiye
- UK
- Saudi Arabia

2035-39

- Indonesia -3% (48%)
- Brazil -6% (59%)
- Australia -1% (17%)
- Canada -3% (39%)
- South Africa -2% (14%)

> 2040

- Vietnam -4% (47%)
- US -1% (34%)
- Japan -1% (68%)
- Mexico -1% (34%)
- Nigeria -6% (23%)
- South Korea -1% (64%)

While nine countries have already met their net-zero deforestation targets, experts anticipate that the remaining nations will not achieve this milestone until 2040 or beyond. This delay underscores the urgent need for more robust policies and strategic interventions to effectively halt forest loss.

*For Argentina insufficient responses were received to deem results robust. Therefore, the policy target is missing.
Survey Question: By what year will net deforestation end (by which year will forest losses no longer be greater than forest gains)?
Sources: Global Forest Watch, World Bank. Forecast methodology including approach for validating robustness can be found in the Methodology section.

Note: Different methodologies exist for defining deforestation. IPR adopts a carbon sequestration-focused approach, considering deforestation and afforestation in tandem

9 IPR COUNTRIES HAVE ENDED NET DEFORESTATION WHILE A FURTHER 11 COUNTRIES HAVE ANNOUNCED PLANS TO END OR REDUCE NET DEFORESTATION

INEVITABLE POLICY RESPONSE

9 countries have **ended net deforestation**

- China
- France
- Germany
- India
- Italy
- Russia
- Saudi Arabia
- Türkiye
- UK

2 countries have **announced** an end to (net) deforestation

Mexico

In 2022, Mexico set a target to reach net zero deforestation by 2030.

Brazil

In 2022, Brazil pledged to achieve zero deforestation by 2030.

9 countries have **announced** plans to **reduce** (net) deforestation

The following countries have signed the 'Glasgow Leaders' Declaration on Forests and Land Use by 2030', which aims to halt deforestation by 2030.

- South Korea
- Australia
- Argentina
- Japan
- Vietnam
- Canada
- USA
- Nigeria

Indonesia

In 2021, Indonesia set a target to halve the deforestation rate over the next three decades.

1 country has **no policy or strategy** in place to end (net) deforestation

- South Africa

Sources: Full forecast evidence can be found in the separate Policy Evidence Annex.

18 IPR COUNTRIES HAVE AFFORESTATION OR REFORESTATION POLICIES OR STRATEGIES IN PLACE

18 countries have **policy or strategy** in place for delivering afforestation or reforestation

Australia
In September 2025, the reforestation method under the Emissions Reduction Fund was replaced by an Integrated Farm and Land Management model.

Canada
Canada announced CAD$200M for 30+ tree-planting projects, adding 160M trees. The "2 Billion Trees" program will stop new applications after 2025 to complete ongoing projects by 2031.

Germany France Italy
A €200 million fund for European afforestation was launched by France Valley in June 2024.

India
In its NDC, India aims to reach 33% forest cover and create a carbon sink of 2.5-3bn tonnes of CO_2 through forest cover by 2030.

Argentina
Argentina's Green Insurance Initiative aims to increase forest plantation to 2 million ha by 2030.

Mexico
Sembrando Vida restored or maintained 1.14 million hectares of agroforestry, surpassing its 1-million-hectare goal.

Brazil
The BRB Finance Coalition allocates $10 billion to accelerate forest conservation & restoration, restoring 12 million hectares by 2030.

UK
A Tree Planting Taskforce has been launched to oversee the planting of millions of trees across the UK's four nations.

USA
The 2022 REPLANT Act mandates 1 billion trees. A 2025 proposal may move the Forest Service to the Interior Department.

China
The country plans to plant 500 million mu (about 33.33 million hectares) of forests and grasslands between 2021 and 2025.

Japan
Japan's National Biodiversity Strategy includes plans to conserve and restore degraded ecosystems including forests.

Indonesia
In October 2025, Indonesia committed to "FOLU Net Sink 2030" in its Second NDC.

Nigeria
Nigeria aims to reduce emissions from forestry by 20% by 2050.

Saudi Arabia
As part of the Saudi Green Initiative, KSA has pledged to plant 100 million trees, including 7 million trees in national parks and forests, to offset 45 million tonnes of CO_2 emissions by 2030.

Vietnam
Vietnam planted over 1.43 billion trees from 2021–2025, exceeding its 1-billion target by 43%.

Türkiye
Türkiye plans to expand its forest cover by 5% by 2030, taking total forest cover to 30%.

3 countries have **no clear policy or strategy** in place for afforestation or reforestation

- South Africa
- South Korea
- Russia

Sources: Full forecast evidence can be found in the separate Policy Evidence Annex.

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IPR 2026 TRANSITION FORECAST: 30% LAND PROTECTION

INEVITABLE POLICY RESPONSE

Click here for the full list of tracked policies

Current status quo: Terrestrial and inland waters protected area coverage (2024)

Achieved

- Brazil
- Germany
- Japan

2030 – 2034

- China 16%
- Saudi Arabia 19%

2035 – 2039

- Australia 22%
- South Korea 17%
- France 28%
- India 8%

2040 – 2044

- Canada 13%
- Nigeria 14%
- South Africa 10%
- UK 28%
- Italy 21%

2045 – 2049

- US 13%

2050 – 2054

- Indonesia 12%
- Mexico 15%
- Türkiye 7%

2060-2064

- Vietnam 8%

Experts survey agree that the 2022 Kunming Biodiversity Framework (GBF) goal of protecting 30% of land and marine area will not be achieved by 2030, with completion more likely occurring between 2035 and 2054. For Russia and Vietnam, this target may remain out of reach until after 2060.

*For Argentina and Russia insufficient responses were received to deem results robust. Therefore, the policy target is missing.

Survey Question: By what year will the targets of the 2022 Kunming Biodiversity Framework (GBF) of protecting 30% of land and marine area be achieved?

Sources: UNEP-WCMC (2025). Forecast methodology including approach for validating robustness can be found in the Methodology section.

Note: This projection aligns with GBF's Target 3, which seeks to protect 30% of the planet's land and oceans by establishing protected areas and implementing effective area-based conservation measures

18 IPR COUNTRIES HAVE NATIONAL BIODIVERSITY TARGETS FOR PROTECTING 30% OF LAND BY 2030 IN PLACE, WITH 3 COUNTRIES HAVING ALREADY ACHIEVED THEIR TARGET

INEVITABLE POLICY RESPONSE

3 countries have **achieved** a 30% land protection target

- **Brazil**
- **Germany**
- **Japan**

15 have **announced** a 30% land protection by 2030 target

The following countries have submitted their KMGBF aligned national targets to the Convention on Biological Diversity:

- **Australia**
- **Canada**
- **China**
- **France**
- **Indonesia**
- **India**
- **Mexico**
- **Nigeria**
- **Russia**
- **Saudi Arabia**
- **South Africa**
- **South Korea**
- **Türkiye**
- **UK**

Italy

As part of their revised National Biodiversity Strategy, Italy plans to protect 30% of land and waters by 2030.

In addition, 10 IPR countries, namely Australia, Argentina, Canada, China, France, Indonesia, India, Mexico, South Korea, and Vietnam have submitted their National Biodiversity Strategy Action Plans (NBSAPs).*

3 countries have **no clear strategy** in place

- **Argentina**
- **Vietnam**
- **USA**

On February 26, 2025, the U.S. ended its commitment to the 30×30 conservation goal set in 2021.

* Germany and Japan did also submit their NBSAPs but have already achieved the target

Sources: Full forecast evidence can be found in the separate Policy Evidence Annex.

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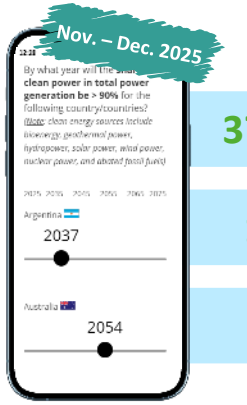
THE IPR 2026 TRANSITION FORECAST REPRESENTS THE MEDIAN OUTLOOK OF 375 CLIMATE TRANSITION EXPERTS ACROSS 19 COUNTRIES AND 6 TRANSITION SECTORS, CONTEXTUALIZED BY A BOTTOM-UP QUARTERLY TRACKING OF POLICY MOMENTUM

Climate Transition Expert Survey



375 Total **climate expert** participants

19 Number of **countries** covered (G20 + Vietnam + Nigeria)

8 **Sectors** covered

Survey Result Analysis

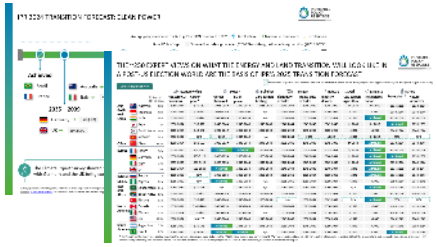
1 Review of Survey Response Robustness

2 Calculation of Median Transition Forecast Targets

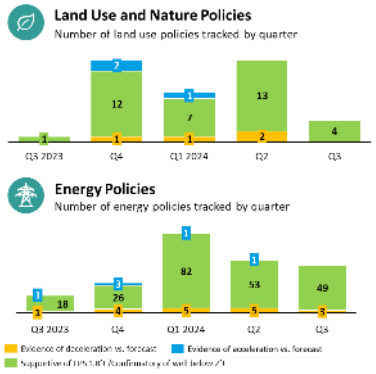
3 Definition of Target Ranges based on the median to acknowledge variability in transition pathways

Transition Forecast

The median results of the 2025 Climate Transition Expert Survey are used to update forecast targets.



Quarterly Forecast Trackers (QFTs)



IPR monitors **energy and land use policies** on a quarterly basis, to contextualize market and expert sentiment around the transition and **identify key policy gaps & investment opportunities**.

Policy Analysis

Assessment of the significance of shifts in policy announcements relative to the previous year.

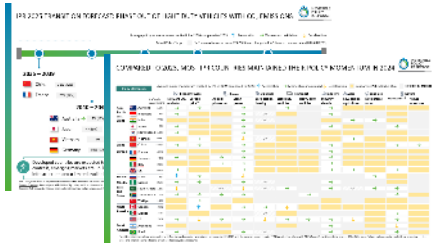
↑ **Acceleration**

→ **Momentum maintained**

↓ **Deceleration**

Policy Momentum

The Quarterly Forecast Trackers (QFTs) are used to indicate directional shifts in policy momentum.



CLIMATE TRANSITION EXPERTS WERE SELECTED BASED ON THEIR DIVERSE EXPERIENCE, RECOGNITION, AND CONTRIBUTION ACROSS ONE OR MULTIPLE PROFESSIONAL AREAS

INEVITABLE POLICY RESPONSE

Academic and Research Institutions

- Universities
- Research centers
- Think tanks
- Environmental research institutes
- Climate policy analysis organizations

(Inter-) Government organizations

- National government agencies
- Subnational government agencies
- International organization
- Regulatory agencies

NGOs and Advocacy Groups

- Environmental advocacy organizations
- Climate-focused NGOs
- Sustainability-oriented NGOs
- Legal advocacy groups

Private Sector and Consulting

- Sustainability consulting firms
- Corporate sustainability departments in power, transport, industry, and real estate companies
- Sustainable business practices divisions

Legal and Judicial Institutions

- Environmental law firms
- Courts and tribunals

Professional Associations and Societies

- Environmental professional associations
- Climate change and sustainability-focused professional societies
- Interdisciplinary professional networks

Wide **geographic coverage** with experts from 21 countries

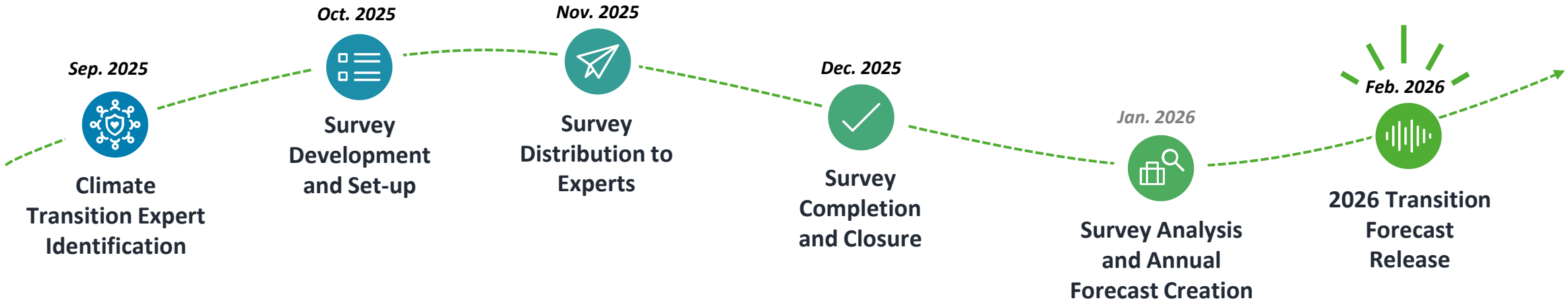
Experts with **diverse sector and industry experience**

Insights in markets' actual sentiment on the achievability of climate targets

THE 2026 CLIMATE TRANSITION EXPERT SURVEY FOLLOWED A 4-STEP PROCESS, STARTING WITH IDENTIFYING EXPERTS TO DEVELOPING THE SURVEY AND ANALYSING THE RESULTS

EXPERT IDENTIFICATION	SURVEY DEVELOPMENT	SURVEY DISTRIBUTION	SURVEY ANALYSIS
Identification of individuals with meaningful amount of experience and recognized contributions across one or multiple IPR sectors.	Development of the 2025 Climate Transition Expert Survey, capturing experts' sentiment on the energy and land use transition.	Distribution of the Climate Transition Expert Survey, leveraging existing networks and multiple communication channels.	Review of the Climate Transition Expert Survey results to derive valuable insights on experts' view on the energy and land use transition.

SURVEY TIMELINE



POLICY MOMENTUM AS INDICATOR OF DIRECTIONAL SHIFTS IN THE POLICY LANDSCAPE

Average Policy Momentum Tracked by IPR

Acceleration

The average policy momentum shows signs of moderate to significant acceleration.

Momentum maintained

The average policy momentum shows no signs of significant policy movement.

Deceleration

The average policy momentum shows signs of moderate to significant deceleration.

The **Policy Momentum Indicator** synthesizes policy changes over time, assigning ratings based on the significance of shifts in policy announcements in 2025 compared to 2024. It is calculated using the average impact score of relevant and credible policy developments:

- A ↓ (downward arrow) is assigned if substantial policy changes indicate **deceleration**, with an average impact score **of 1 (significant** deceleration) or 2 (moderate deceleration).
- A ↑ (upward arrow) is assigned if policy changes signal **acceleration**, with an average impact score of 4 (moderate acceleration) or 5 (significant acceleration).
- A → (rightward arrow) is assigned if **no significant policy movement** is detected, indicating a stable trajectory.

GHG EMISSIONS BY COUNTRY AND SECTOR

		Agriculture	Buildings	Fuel Exploitation	Industrial Combustion	Power Industry	Processes	Transport	Waste
Asia Pacific excl. China	Australia	20%	4%	17%	7%	27%	5%	17%	2%
	Indonesia	16%	3%	24%	12%	23%	6%	13%	4%
	India	19%	7%	6%	15%	34%	8%	8%	3%
	Japan	5%	11%	4%	15%	39%	9%	17%	1%
	South Korea	4%	8%	8%	10%	38%	12%	17%	3%
	Vietnam	18%	4%	5%	21%	30%	12%	8%	3%
China	China	6%	4%	9%	18%	41%	12%	7%	2%
Europe	France	18%	16%	5%	10%	6%	8%	32%	5%
	Germany	8%	19%	5%	12%	26%	8%	21%	2%
	Italy	8%	15%	4%	9%	23%	10%	28%	3%
	UK	13%	20%	7%	8%	14%	6%	29%	3%
Eurasia	Russia	4%	10%	19%	12%	33%	7%	10%	5%
Middle East and Africa	Nigeria	22%	12%	26%	3%	4%	9%	15%	8%
	Saudi Arabia	2%	1%	13%	11%	33%	18%	18%	4%
	South Africa	8%	5%	20%	9%	37%	7%	10%	4%
	Türkiye	12%	12%	4%	12%	22%	11%	16%	11%
North America	Canada	8%	12%	28%	9%	10%	7%	23%	3%
	Mexico	17%	4%	10%	6%	23%	11%	19%	9%
	US	7%	10%	12%	8%	25%	7%	29%	2%
South America	Argentina	39%	11%	10%	6%	11%	8%	13%	3%
	Brazil	49%	4%	5%	7%	4%	5%	17%	10%

Power industry: Emissions from public and self-produced power and heat generation. Industrial combustion and processes: Emissions from fuel used in industrial manufacturing and from industrial processes (e.g., chemicals, metals, minerals, solvents). Transport: Emissions from road, rail, domestic aviation, domestic shipping, and inland waterways. International aviation and shipping are also part of this sector but reported separately in country factsheets. Buildings: Emissions from small-scale, non-industrial stationary combustion. Agriculture: Emissions from livestock (enteric fermentation, manure), soils (fertilizers, lime, rice cultivation), and burning of agricultural residues. Waste: Emissions from solid waste disposal, composting, hazardous waste processing, wastewater handling, and waste incineration. Fuel exploitation: Emissions from fuel extraction, processing, and refining activities, including venting and flaring.

* Source: EDGAR - The Emissions Database for Global Atmospheric Research

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