

BUSINESSEUROPE EXPECTATIONS FOR COP31

In November 2026, Parties and observers meet in Antalya for this year's UN Climate Change Conference COP31. Taking place at a pivotal moment for global climate action, 2026 has once again underlined the urgency of addressing climate change, with Europe experiencing another exceptionally hot summer and climate-related impacts continuing to intensify across regions and sectors. At the same time, as a strong El Niño amplifies global temperatures, the focus of international climate policy is gradually shifting from setting targets to delivering implementation and investment at scale.

Building on the outcomes of COP30 in Belém, **COP31 will coincide with the launch of the second Global Stocktake (GST2)**, the process to assess collective progress towards its goals, which will conclude in 2028. This provides an important opportunity to move from assessing progress to accelerating the implementation of the Paris Agreement and identifying practical pathways to close remaining gaps. The second Global Stocktake should build on the findings of the first cycle, strengthen accountability for delivery, and facilitate international cooperation to achieve climate objectives while ensuring economic competitiveness, energy security and innovation. COP30 marked an important transition from agenda-setting to implementation under the NDC 3.0 cycle. It delivered outcomes including the Belém Adaptation Indicators and the establishment of a Just Transition Mechanism.

Against this backdrop, the First Conference on Transitioning Away from Fossil Fuels (TAFF), held in Santa Marta, Colombia, in April 2026, sought to advance international dialogue on the energy transition. Co-hosted by Colombia and the Netherlands, the conference brought together 57 countries and launched a voluntary coordination process aimed at developing a global roadmap for transitioning away from fossil fuels. While not creating binding commitments, the process is expected to feed into discussions at COP31 and contribute to greater policy coordination and investment certainty.

European Businesses are fully committed to the goals of the Paris Agreement and the EU climate targets. Europe's innovative companies bring solutions of pivotal importance to reach climate neutrality and enable higher ambitions globally. They should therefore be recognised as core partners in delivering the transition. **COP31 should prioritise practical implementation, investment mobilisation and international cooperation.** A successful COP31 outcome should translate climate ambition into stable, coherent and investable frameworks that enable businesses to plan and invest for the long term, accelerate emissions reductions and ensure competitiveness, industrial transformation and a just transition globally.

As an official observer to the UNFCCC, **BusinessEurope urges Parties to advance on the key topics outlined below.**



OUR PRIORITIES AND EXPECTATIONS FOR COP31

MAINTAINING AMBITION, ACCELERATING IMPLEMENTATION

Since its adoption, the Paris Agreement has driven a profound shift in climate policy globally. However, meeting its goals requires strong ambition and faster delivery worldwide. According to the UNEP Emissions Gap Report 2026, it is no longer possible to limit global warming to 1.5°C without overshooting it. In the best-case scenario, global warming will peak at around 1.7–1.8°C before being brought back to 1.5°C by 2100. This requires global greenhouse gas emissions to fall by 18% by 2030, 45% by 2035 and 69% by 2040 compared with 2025 levels. This makes accelerated action and strong implementation a precondition for limiting the magnitude and duration of the overshoot aiming to keep the 1.5°C goal alive.

European businesses stand firmly behind the EU's commitment to reduce net emissions by at least 55% by 2030 and to reach climate neutrality by 2050. With the adoption of the 2040 target in March 2026, a 90% net reduction compared to 1990, the EU now has a clear, legally binding pathway for the coming decades. Now, the EU's energy and climate framework is under revision to align with the 2040 target bridging competitiveness with climate ambition. At the same time, other major economies must also step up. All G20 countries should commit to similarly ambitious targets and take immediate action, for instance through carbon pricing.

The latest NDCs show the global emissions curve is beginning to bend: if fully implemented, they would cut global emissions by 5-8% by 2030 and 11-15% by 2035, relative to 2025 levels, leaving the word on track to only limit global warming to 2.6°C.[1] This is still far from what a 1.5°C pathway requires. **COP31 must therefore focus on closing the global ambition gap and, above all, on accelerating implementation.** The Global Implementation Accelerator and the Belém Mission to 1.5, both launched under the Global Mutirão decision at COP30 should help Parties turn their NDCs into concrete policies and investment plans. The private sector is a key partner in this effort, as it brings innovative solutions in industrial decarbonisation, circular economy, clean energy, carbon capture and storage, and adaptation solutions.

COP31 marks the start of the second Global Stocktake, which is expected to conclude at COP33 in 2028. Antalya therefore offers an important opportunity to lay the groundwork for a robust assessment of collective progress, and to identify how NDCs can be implemented more effectively. Through the UAE dialogue, the outcomes of the first GST should remain the reference point for global climate action. Rather than reopening these outcomes, Parties should work towards a streamlined, implementation-focused mitigation framework that builds on them and feeds directly into GST2.

Clean electrification is at the heart of this transition. A viable business model should be created to incentivise electrification in sectors where this is a technologically feasible and competitive transition pathway. At the same time, renewable and low-carbon molecules will continue to play a complementary role to electricity-based solutions in a decarbonised energy system. While we recognise the COP31 Presidency's focus on electrification, turning this priority into action will require further policy measures to ensure energy affordability, remove bottlenecks, accelerate permitting

[1] UNEP, Emissions Gap Report 2026.

and investment in grids, storage and other enabling infrastructure. It will also need to unlock and speed up the deployment of all decarbonisation solutions needed for this transition, including electrification.

SCALE HIGH INTEGRITY CARBON MARKETS UNDER ARTICLE 6

Global carbon markets can play a critical role in mobilising investment in emissions mitigation and carbon removals, supporting the achievement of global climate objectives, and channelling additional finance in developing countries, including the Global South. This contributes to deliver the New Collective Quantified Goal on Climate Finance aiming mobilise 1.3 trillion USD annually by 2035. As Parties prepare for COP31, **efforts should focus on advancing cooperative approaches under Article 6.2** and accelerating the operationalization of international carbon markets under Article 6 of the Paris Agreement.

Important progress has already been made. The rules governing the Paris Agreement Crediting Mechanism (PACM) under Article 6.4 have been adopted following several years of negotiations, and the first PACM credits were issued earlier this year. **COP31 should build on this momentum by advancing the practical implementation** of the mechanism covering all carbon removal technologies, increasing market participation, and strengthening confidence among governments and private sector actors.

To ensure the trading of PACM credits kickstarts, efforts should already be made to **boost the project pipeline and demand of PACM credits.** The EU should contribute to these efforts by integrating high-quality and high-integrity international credits into its climate policy architecture as a complement to domestic decarbonisation efforts. BusinessEurope welcomes the inclusion of 260 million high-quality and high-integrity international credits in the Commissions' proposal on the EU ETS review and **urges co-legislators to recognise their contribution within the EU ETS framework** and towards the EU climate targets. Given the substantial efforts undertaken by Parties, including the EU, to establish robust rules, standards and methodologies under Article 6 that ensure environmental integrity and alignment with the objectives of the Paris Agreement, the EU should refrain from introducing additional unilateral eligibility criteria for PACM credits. Further work is needed on methodologies, registries and governance arrangements, and the Article 6.4 Supervisory Body must be adequately funded to perform its tasks efficiently.

DELIVERING ON CLIMATE FINANCE

Two years after Baku, the international community has a clear benchmark for climate finance. The New Collective Quantified Goal on Climate Finance (NCQG) scales up flows from all actors to developing countries to at least 1.3 trillion USD annually by 2035, with developed countries taking the lead through at least 300 billion USD per year. The Global Mutirão at COP30 paved the way with the official recognition of the Baku-to-Belém Roadmap to 1.3T, while Parties established a two-year Work Programme on Climate Finance to keep implementation of the goal on the negotiating agenda.

COP31 in Antalya must now move from pledges to delivery, by showing concrete progress towards the NCQG, improving the tracking of finance flows and access to finance, and turning climate needs into investable projects. **Reaching 1.3 trillion USD will not be possible without the private sector.** Businesses, financial institutions and project developers are core implementation partners, providing not only capital but also technology, project development and delivery capacity. At the same time, the enabling conditions needed to unlock private investment, must therefore be fully reflected in the implementation of the Roadmap and in the Work Programme. These conditions include clear targets, stable, transparent and predictable regulatory frameworks, effective derisking instruments and blended finance, reliable climate-risk data, as well as effective management of local regulatory and currency risks.

INVESTING IN CLIMATE RESILIENCE

Climate impacts are intensifying, from droughts to heavy rainfall and extreme heat. In 2026, a very strong El Niño, expected to peak towards the end of the year, is amplifying these risks worldwide, with effects on global temperatures lasting well into 2027.[2] In the EU alone, weather- and climate-related extremes caused an estimated EUR 822 billion in losses between 1980 and 2024, a quarter of it since 2021, and less than 20% was insured.[3] **Anticipatory investment in resilience is far more cost-effective than responding to damage.** Adaptation must be addressed as a priority for the economy and business continuity. National and regional plans must be transformed into investment strategies that include identified risks, estimated costs, funding sources, and feasible projects.

For companies, these impacts translate into supply chain disruptions, halted river shipping, heat-related productivity losses and devalued assets. Industries located near water face particular risks from flooding and rising sea levels. Strong adaptation frameworks, complementary to ambitious mitigation, are essential for business continuity. Business solutions in energy storage, cooling, water management, flood protection and early-warning systems will be key to building resilience and support effective decision making. Where appropriate, nature-based solutions should be combined with infrastructure and operational measures.

COP30 adopted 59 Belém Adaptation Indicators, a decision on National Adaptation Plans (NAPs), and a call to triple adaptation finance by 2035. **COP31 must turn these into delivery.** Parties should make tangible progress at COP31 on the Global Goal on Adaptation (GGA), in particular on operationalising these Indicators, and NAPs and NDC 3.0 adaptation components need to be translated into concrete, investable projects that give clear signals to business.

Adaptation finance remains the central challenge. According to the 2025 UN Adaptation Gap Report, it is estimated that the costs of adaptation finance needed in developing countries are calculated between 310 billion USD and 365 billion USD per year in 2035. This makes adaptation financing needs in developing countries 12-14 times as much as current flows. Since COP31 focuses on implementation, it is important to clarify what actions are needed to step up and implement adaptations action, while also closing the financing gap, alongside delivering the NCQG. This requires derisking private investment, securing an investment-conducive environment and creating a clear business case in resilience investments. Private finance can support adaptation through resilient infrastructure, climate-risk data and insurance, if frameworks make adaptation projects bankable.

As the EU is working on a European framework for climate resilience, it is a great opportunity to enhance coherence and predictability to adaptation across Member States. Promoting the dialogue by bringing together all the relevant actors, including national governments, local and regional authorities, insurers, and businesses is essential for gathering data, clarifying responsibilities and designing effective solutions for climate resilience. **Companies are not only exposed to climate risks but also provide many of the solutions to address them.**

OPERATIONALISING THE JUST TRANSITION MECHANISM

At COP30, Parties agreed to establish the Just Transition Mechanism (JTM). Its operationalisation is expected to be one of the key outcomes of COP31 in Antalya. There is no single universal definition of just transition. As a result, the mechanism's purpose and practical functioning need to be clearly set out. In these discussions, **the views of the private sector need proper attention.** COP30

[2] El Niño set to become very strong, raising risks of extreme weather into 2027, World Meteorological Organisation (WMO)

[3] Economic losses from weather- and climate-related extremes in Europe | European Environment Agency (EEA)

confirmed a whole-of-economy approach, so just transition should not be confined to the energy sector but should extend to the economy. Growth and a strong industrial base are what sustain jobs and welfare. A transition can only be just if companies stay competitive and are able to invest in new technologies and in their workforce. Upskilling and reskilling are central to this. Enabling job creation and investment in skills should enable workers and young people alike to benefit from new green opportunities. Improving the responsiveness of education and trainings systems for all the available workforce to equip them with new skills is essential to ensure they find their place on the changed labour market.

Climate change and the energy transition will not affect all sectors equally. Certain regions, businesses and groups of workers are particularly exposed, both to the physical effects of a changing climate and to the structural changes the transition brings. SMEs are a case in point. With fewer resources, they often struggle to insure themselves against extreme weather events and are left more vulnerable to climate risks. Outdoor workers, meanwhile, face growing health risks as heatwaves or floods become more frequent and intense. **These challenges call for a holistic view of the transition**, one that weighs its risks against the opportunities it creates, while treats the green transition as an opportunity agenda for jobs, skills, innovation, and economic development. Cutting emissions must go hand in hand with strengthening prosperity and economic development, since showing that the two can be achieved together is key to maintaining public support for the transition.



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Avenue de Cortenbergh 168
B - 1000 Brussels, Belgium
Tel: +32(0)22376511 / Fax: +32(0)22311445
E-mail: main@businesseurope.eu

WWW.BUSINESSEUROPE.EU

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