Policy brief

Integrating Climate and Trade Strategies: A Method-Driven Approach to Policy Alignment

Summary

- Policymakers face a crossroads of megatrends, including a revived focus on industrial policy, weaponisation of trade, and climate goals that are perceived to be increasingly challenging.
- Export Credit Agencies (ECAs) and export-import banks (EXIMs) play a bridging role in aligning climate ambition and economic competitiveness, ensuring that export policies support both sustainability and growth.
- Aligning domestic climate policies with export policies potentially allows advancement of climate goals while addressing economic growth goals and punitive trade policies.
- We develop a set of metrics to assess whether domestic climate policy and export climate policy are aligned, and apply this to rank 19 countries with the largest ECAs, complementing our analysis with case studies of best practice.
- Our metrics for 'good' domestic climate policy are: comprehensive target setting, policy alignment with targets (quantity, breadth and ambition), and quantitative climate protection performance.
- For 'good' export climate policy, we measure: comprehensive target setting for ECAs, policy/strategy alignment between export promotion and climate action, ECA financial instruments and incentives, and the share of climate-positive financing in ECA portfolios.
- Our analysis suggests that strong ECA action begins with credible domestic climate policies. The strongest alignments appear in countries which have combined exclusionary fossil fuel finance policies with renewables promotion policies, suggesting that a 'carrot and stick' approach can turn around rankings despite high historical emissions.

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Introduction

Policymakers find themselves at the confluence of some seemingly counteracting megatrends[1] since the mid-2010s. These include: an accelerated downward trend in renewable technology costs driven by policy;[2] a structural reorganisation in global clean energy supply chains that is weighted in favour of specific regions;[3] a revived focus on domestic industrial policy to catalyse growth that presumes economic prosperity for citizens;[4] and, a changing global trading regime in which the rules-based international order is challenged by protectionist measures (e.g. tariffs) as well as bilateral/multilateral agreements based on national climate goals (e.g. carbon border adjustment mechanisms).[5] This is occurring amidst a global push for climate action driven by 195 signatory countries to the Paris Agreement, which requires the scaling up of climate finance to $1.3 trillion a year.[6]

Aligning domestic climate policy with export policy can potentially help governments achieve their climate goals[7] while also resolving so-called trade-offs with economic growth or punitive trade policies. For e.g. in the UK, in more than 80% of energy system investments, the total lifetime cost of a clean energy technology is considerably lower than that of a fossil technology in the same use, when future savings from lower running costs of clean technologies are taken into account.[8] Evidence suggests that climate policy mixes specific to developed and developing country-contexts in the power, transport, industry and building sectors, can help policymakers efficiently close the 2030 emissions gap.[9] A focus on developing domestic industrial capability in sectors such as renewable technology or clean transport, can support the export of goods and services that are products of that industrial capability, strengthening the economic multipliers from these industries.

Export Credit Agencies (ECAs) could play a key role.[10] These are national public financial institutions facilitating international trade and foreign direct investment by supporting domestic companies to enable exports of goods and services and support investment, through reducing risks and financing cross-border transactions.[11] Originally insurers or 'lenders of last resort', many institutions are more actively pursuing opportunities following a 'trade facilitator' or 'trade creator' approach. Through their international trade portfolios, they can facilitate a transition away from a carbon-intensive economy and support the necessary steps to a low-carbon economy — for instance, through the exclusion of 'brown' infrastructure and the support of 'green' infrastructure provision.[12] Trade and climate finance are therefore complementary policy goals, allowing economies to share in the economic benefits of the green transition and avoid the financial risks of climate-induced stranded assets.

This policy brief identifies benchmarks for measuring "good" domestic climate and export climate policies, examines the reinforcing relationship between domestic and export climate policy, and makes recommendations for stronger alignment between the two. We develop a set of metrics to help assess whether domestic climate policy and export climate policy are aligned, applying this to countries which represent the world's largest ECAs and complement our analysis with case studies of best practice. Based on this methodology we provide policy recommendations that can help inform 'good' alignment.

Existing initiatives aiming to align domestic climate and export policies

While the ECA sector has traditionally been cautious about significant transformations, simply adopting a "wait and see" approach to net zero compounds the risks and challenges that export finance will face.[13] Although the original mandate of ECAs is domestic export promotion, this has been evolving, both internally and externally. For instance, in 2023 the Organisation for Economic Co-operation and Development (OECD) published a modernised version of its 'Arrangement on Officially Supported Export Credits' aimed at better fostering a level playing field for official support to encourage competition among exporters based on quality and price of goods and services exported, rather than on the most favourable officially supported financial terms and conditions.[14] The modernised Arrangement permits ECAs to offer more flexible terms to encourage climate friendly investments. It allows for an expansion of the scope of green or climate-friendly projects eligible for longer repayment terms.[15] These include projects related to environmentally sustainable energy production; CO_2 capture, storage, and transportation; transmission, distribution and storage of energy; clean hydrogen and ammonia; low emissions manufacturing; zero and low-emission transport; and clean energy minerals and ores.[16]

Within the sector, the UN-convened Net-Zero Export Credit Agencies Alliance (NZECA) launched at COP28 in 2023 aims to align ECAs with global climate goals, and serves as a critical initiative to phase out fossil fuel support.[17] By committing to ambitious emission reduction targets and promoting accountability among its members, NZECA provides a structured framework for aligning public export finance agencies and banks, and is a Race To Zero approved coalition of public export finance institutions that have committed to aligning their activities with the goals of the Paris Agreement and achieving net zero GHG emissions. NZECA tries to address information asymmetry and collaborative action while drawing lessons from previous initiatives. It "unites leading public finance institutions committed to delivering net-zero economies by 2050 by supporting the decarbonisation of trade and facilitating point action from public and private finance."[18] [19] NZECA's 10

members/affiliates have committed to transition all operational and attributable GHG emissions from their underwriting, guarantee and lending portfolios and other business activities to align with pathways to net zero by mid-century or sooner. This includes achieving net zero CO2 emissions by 2050 at the latest, consistent with limiting global temperature rise to 1.5°C above pre-industrial levels by 2100. They are also required to set and publicly disclose (an) intermediate science-based target(s) for 2030 or sooner, consistent with a pathway to net zero by 2050 at the latest. These targets may initially be aggregate or sector-based in scope, prioritising the most GHG-intensive sectors. By 2030, targets should include all emissions as soon as methods allow, ensuring that they are based on materiality and impact.

Despite these recent efforts, ECAs face inherent tensions between their climate commitments and domestic economic objectives.[20] Unlike development finance institutions (DFIs), which have an explicit mandate to support the Sustainable Development Goals (SDGs), ECAs are primarily tasked with promoting exports and FDI. This narrow focus can limit systemic change, especially when climate-focused goals are seen to conflict with economic priorities. ECAs can potentially play a wider role in the climate transition by aligning export finance priorities with domestic climate policy, creating a reinforcing rather than antagonistic relationship between the two policy agendas. In order to do this, policymakers will need to consider metrics which bridge the two. While metrics exist for specific sectors on "good" domestic climate policy (for example, sectoral transition plans or financial disclosure regulations), it is less clear how this might be assessed through a meaningful metric at a national level beyond the setting of net zero targets or through overall emissions. In the remainder of this Brief we outline a method for assessing "good" domestic climate and export climate policy, respectively, drawing on existing secondary datasets.

Metrics for Defining "Good" Domestic Climate Policy

To determine if a country has "good" domestic climate policy, we assess 19 countries with the largest ECA and EXIM medium- and long-term (MLT) export financing volumes based on three components, which we define: 'Comprehensive Target Setting', 'Policy Alignment with Targets', and 'Quantitative Climate Protection Performance'.

Comprehensive Target Setting is determined through the robustness of a country's net zero targets and their alignment with international climate goals. To create this metric, we drew from established climate target and policy ranking systems of the 'Net Zero Tracker' and the 2025 Climate Change Performance Index (CCPI). The Net Zero Tracker evaluates countries based on four metrics: a detailed plan, a reporting mechanism, use of carbon offsets, and Greenhouse Gas (GHG) coverage. However, as we assess up-to-date national and international political intentions of a country for climate policy, we also utilize the climate policy ranking from the 2025 CCPI where climate experts rank national and international climate policy of a country on a scale of one (weak) to ten (strong).[21] With these two metrics, we then average the percentage each country scored in the Net Zero Tracker (out of 4) and the climate policy ranking (out of 20), to get our "Comprehensive Target Setting Score".

Policy Alignment with Targets. Having robust and internationally aligned climate targets is only useful if these targets are implemented. With our second component, we assess the degree to which a country's political action, through national-level climate change legislation and policies, is aligned with national and internationally agreed climate targets. We drew from 'The Climate Change Laws of the World' database[22], and created three components for our metric: Quantity, Breadth, and Ambition.[23] 'Quantity' assesses the proportional quantity of climate change laws and policies in a country and presents a generalized measure to determine past, present, and possibly future political inclinations of a country towards the implementation of legal frameworks for climate change mitigation and adaptation. 'Breadth' measures the comprehensiveness of a country's climate change laws and policies by measuring the scope of their climate law coverage and existence of a framework law which guides their climate policies. 'Ambition' is assessed by reviewing all the climate targets in a country and their dates, and comparing those dates to the country's Net Zero, or nationally determined contribution (NDC), deadline. We adopt a weighting of 20% for Quantity, 40% for Breadth, and 40% for Ambition to create a country's final score for "Policy Alignment with Targets".

Quantitative Climate Protection Performance. While our first two metrics are mainly concerned with assessing the direction and intention of a country's domestic climate change policy, our last is focused on the current performance of a country in decarbonisation. This utilizes the performance metrics of a country in energy usage, renewable energy, and GHG emissions as determined by the 2025 CCPI. Averaging these scores demonstrates how well a country is quantitively meeting decarbonisation goals as compared to other nations, which is often reflective of the effectiveness of a country's climate policies and laws.[24]

We weight 'Comprehensive Target Setting' and 'Policy Alignment with Targets' at both 40% and 'Quantitative Climate Protection Performance' at 20%, as we more interested in current policy intentions and political trajectories than we are with a country's current climate change mitigation performance.

Table 1: "Good" domestic climate policy assessment

Country	Target Setting Score	Policy Alignment Score	Quantitative Climate Protection Score	Total
UK	8.0	8.8	6.2	8.0
France	7.8	8.8	5.8	7.8
Brazil	6.0	9.7	7.2	7.7
Germany	7.1	8.5	6.0	7.4
Denmark	8.0	6.7	7.3	7.4
Austria	6.8	8.0	5.4	7.0
Sweden	5.3	8.4	7.2	6.9
Netherlands	7.0	6.6	6.4	6.7
Finland	5.7	7.5	5.6	6.4
Spain	6.4	6.4	5.9	6.3
Belgium	5.3	7.7	5.1	6.2
China	5.7	7.2	4.8	6.1
Switzerland	4.5	7.7	5.8	6.0
Canada	5.1	8.0	2.3	5.7
South Korea	4.3	8.4	2.5	5.6
Norway	2.9	6.9	7.2	5.4
Japan	3.6	7.4	4.5	5.3
Italy	4.6	6.1	5.4	5.3
USA	3.6	6.6	3.0	4.7

Source: Own Analysis.

Analysis: Ambition and Quality of Target-setting Determines High Scores

Table 1 shows six countries are leading in "Good" domestic climate policy: the UK, France, Brazil, Germany, and Denmark. The UK and France have ambitious and comprehensive targets for economic decarbonisation as well as varied climate laws and policies to enact these targets, resulting in high scores for target setting and policy alignment. Brazil, while not having very ambitious target setting, has the highest policy alignment score due to its ambitious interim policies to transition and its possession of the highest number of climate change laws in the world. However, Brazil's policies are inconsistent, promoting both fossil fuels and renewables strongly, despite Brazil being a champion for better land use, land-use change, and forestry (LULUCF) policies in recent years.[25] The UK additionally has not only continued to set high standards for its own policy alignment but has also been a significant player in championing international cooperation on climate change, thus scoring high on target setting.[26] While France has historically been a frontrunner in climate change target setting, recent political turmoil has led to a retreat from international climate leadership, not appearing at COP29, and moving away from climate policy in the domestic agenda.[27] [28] The UK, conversely, has continued and strengthened its role on the domestic and international climate stage, resulting in a slightly higher target setting ranking than France. Both rank in the upper half of the quantitative climate protection score for recent emissions reductions, due to France's surge

of wind energy generation along with its consistent nuclear energy generation[29] and the UK's expansion of renewable energy and phaseout of coal.[30]

Germany and Denmark follow with roughly similar scores, and Austria and Sweden trail closely behind. Germany lags behind Denmark in terms of target setting and falls behind both Denmark and Sweden on quantitative climate protection but performs marginally better than Austria in every category. Germany's slightly lagging target setting score is due to its lack of a detailed decarbonisation plan partially because of a divide on the matter in the most recent German parties' coalition government and the recent relinquishing of responsibility of climate targets from individual ministries back to the federal government.[31] [32] On quantitative climate protection, volatile gas prices and gas expansionist policy underpins its high emissions and low renewables, despite its current trajectory of solar expansion targets.[33] Yet, in terms of policy alignment, Germany has an incredible breadth of climate laws and policies covering most sectors; notable is the previous (now relinquished) responsibility of individual ministries for climate action, and a framework law. Comparatively, Denmark scores higher on both target setting and on quantitative climate protection. Denmark's high ranking is due to comprehensive target setting, with the country on track to meet its 2030 NDC, as well as its advancement of renewables, with Denmark relying on and promoting offshore wind. Sweden ranks similarly to Denmark in terms of quantitative climate protection also having a strong reliance on renewables in its energy mixture and similarly to Germany in policy alignment due to its history of progressive domestic policy enactment. Finally, Austria's high ranking in policy alignment can be attributed to its ambitious binding climate targets from its 2011 climate framework law; however, notably, the Austrian government has lacked binding reduction targets after 2020 and has recently had discussions of cutting climate change measures amongst its prominent political parties.[34] [35]

The Netherlands through South Korea are mid-ranked. Finland, Belgium, China, Switzerland, Canada, and South Korea all have high policy alignment with their domestic climate targets but subpar targets. China, Canada, and South Korea lag severely in terms of quantitative climate protection as large emitters leaning towards rising rates of emissions, with China notably being ranked higher in this section due its strong renewables deployment policies. All the other 'middle' countries rank mostly in the middle of all three categories, demonstrating some movement towards Net Zero but not enough to reach their NDCs.

Countries ranked at the bottom of Table 1 include Norway through the USA. All these countries, with the exclusion of Japan, lack crucial climate change policies and laws. The USA and Norway both lack a net zero target, while Italy and the US also lack a climate change framework law. Despite Japan's Net Zero goals and framework law, it has an inadequate roadmap to Net Zero and also often uses loopholes in international agreements to maintain its fossil fuel power generation[36], and it is therefore ranked low.

Box 1. Case Study: UK Domestic Climate Policy – Embedding Targets across Institutions

The UK provides a useful example for how to create and implement a comprehensive domestic climate policy agenda. The UK instituted its climate framework law in 2008, the Climate Change Act (CCA)[37]. This has proven to be a robust foundation for all UK climate action, emulated in framework legislation across the world[38]. Its key features include: a legally binding long-term target, legally binding interim targets, an independent technocratic advisory board, continual adaptation planning, and mandated regular progress updates.[39] Collectively these provide a platform for ambitious climate policy that not only meets but goes beyond the UK's NDC and ensures that the necessary precursory steps are taken to meet long-term targets. It has helped to provide a strong basis for the continuous updating and relative sufficiency of the UK's NDC, with the government's strong unilateral climate actions being easily translated to agreed international commitments.

The CCA was instituted with a strong legal and democratic basis and a hedge against backsliding, due to the independent advisory board and carbon budgets, creating political certainty in the implementation of climate measures.[40] The Act has continued to receive cross-party political consensus, integration across UK governance decisions, and evidence based framing for climate change related decision making.[41] A general lack of political polarization on climate issues, strong climate interest group, and high reliance on fuel imports[42] have helped motivate decarbonisation. Through embedding climate considerations into the core of its political institutions, the debate has been less about whether climate action should be implemented and more about how it should be implemented, helping to foster alignment.

Across its first three carbon budgets (2012, 2017, 2022), the UK overachieved in its emissions reductions, now with less than half the territorial emissions it had in the 1990s.[43] More than 50% of this has occurred in energy supply[44] which is regulated by the independent Office of Gas and Electricity Markets (Ofgem), through consistent reduction in fossil fuel supply to the grid, phase out of coal and decreasing reliance on

gas, as well as increasing renewable energy in the supply mix from 7% of supply in 2010 to 43% in 2020.[45] [46] Most other emissions reductions come from industry, waste, and buildings, due to a reduction energy use as well as landfill reform.[47] [48] In order to meet its future carbon budgets, the UK will need to shift more focus to increasing energy efficiency in households, electrifying the industrial sector, and more LULUCF protections while also increasing renewable energy supply.[49] The heterogeneity in the number of laws per sector and uneven distribution of climate responsibilities across government departments has become a larger focus in UK politics, with the recent progress report from the independent climate advisory board highlighting this and a more recent deluge of land use and biodiversity policies.[50] [51]

Still, the CCA has limited enforcement measures which risk a growing gap between legal targets and implementation and, for instance, does not provide certainty for what carbon policies will be utilized to meet certain targets.[52] Despite these limitations, the UK has had robust policy alignment with its domestic climate targets across all major sectors excluding tourism. This has also had visible impacts on the domestic economy. A 2025 Confederation of British Industry (CBI) report showed that the UK's "green sector" was growing at three times the rate of the wider UK economy, with every £1 of value directly generated from it adding an additional £1.89 of value to the wider economy.[53] Overall, with comprehensive and binding targets, thorough implementation measures, and a consistent track record of emissions reductions, the UK provides a well-rounded template for "good" domestic climate policy.

Defining "Good" Export Climate Policy

To determine if a country has "good" export climate policy, we assess the countries in the sample based on four components: 'Comprehensive Target Setting for ECAs', 'Policy and Strategy Alignment between Export Promotion and Climate Action', 'ECA Financial Instruments and Incentives for Climate Finance', and 'Performance and Impact'.[54]

Comprehensive Target Setting for ECAs examines whether a country's ECA or EXIM has made clear climate-related commitments, particularly on net zero targets and fossil fuel divestment. We analysed government export policies, annual reports and climate agreements such as the Glasgow Statement on Public Finance,[55] the Export Finance for Future (E3F) statement of principles,[56] and the NZECA commitment text and target-setting protocol to develop this metric.[57] The evaluation provides insight into how well a government's export climate policy on officially supported export credits is aligned with the Paris Agreement goals and decarbonisation strategies.

Policy and Strategy Alignment between Export Promotion and Climate Action assesses the extent to which export promotion policies and ECA strategies are aligned with national and international climate goals. We explored alignment by analysing official government export strategies and action plans,[58] ECA and EXIM mission statements, as well as legislative frameworks on trade and climate.[59] The metric was created by categorising policies into three levels: fully aligned (where climate action is explicitly embedded in trade promotion policies), partially aligned (where climate considerations exist but are secondary to other economic priorities), and not aligned (where there is no significant climate integration). The analysis captures the extent to which a country's trade finance system actively supports, rather than merely accommodates, a green transition.

ECA Financial Instruments and Incentives for Climate Finance. We also measure whether a country's ECA or EXIM provides dedicated financial instruments to support green and climate-friendly exports. We compiled data from annual reports, government export credit programme websites and international databases such as OECD export credit data and E3F reports.[60] The scoring was determined by the range, scale, and accessibility of financial products that incentivise green exports, including green bonds, sustainability loans and export credit guarantees for renewable energy exports. This metric helps to measure commitment to facilitating green trade growth through targeted financial support.

Performance and Impact assesses the actual performance of ECAs by measuring the share of climate-positive versus other financing in their portfolios. We used annual reports, transaction disclosures, E3F reports and climate finance tracking databases to calculate the percentage of total export finance that went to renewable energy and electric infrastructure transactions, as well as climate positive transactions beyond the energy sector versus fossil fuel and high-emitting sectors. Scores were assigned based on the percentage of green financing relative to the total activity of the agency or bank. This evaluation is important for distinguishing policy rhetoric from real-world results, as some ECAs set ambitious climate targets but continue to finance fossil-intensive projects. It reflects the effectiveness of a country's export finance system in actively driving the transition to a low-carbon economy.

Table 2: "Good" export climate policy assessment

Country	Target Setting	Alignment	Instruments	Impact	Overall Score
Denmark	10.0	10.0	8.0	10.0	9.5
Sweden	10.0	9.0	9.0	8.0	9.0
UK	10.0	9.0	8.0	9.0	9.0
Spain	9.0	9.0	8.0	8.0	8.5
Canada	9.0	7.0	9.0	6.0	7.8
Germany	8.0	8.0	7.0	7.0	7.5
Finland	8.0	7.0	6.0	8.0	7.3
France	8.0	8.0	7.0	6.0	7.3
Netherlands	8.0	7.0	7.0	6.0	7.0
Belgium	8.0	6.0	5.0	8.0	6.8
Norway	7.0	7.0	6.0	5.0	6.3
Italy	6.0	6.0	7.0	5.0	5.8
Switzerland	7.0	5.0	5.0	5.0	5.5
Austria	5.0	4.0	7.0	5.0	5.3
Japan	5.0	5.0	7.0	4.0	5.3
USA	5.0	5.0	5.0	6.0	5.3
Korea	5.0	4.0	6.0	5.0	5.0
Brazil	5.0	4.0	5.0	5.0	4.8
China	4.0	4.0	5.0	5.0	4.5

Source: Own analysis.

Analysis – Phaseout of Fossil Fuel Export Finance Determines Higher Scores

Our analysis in Table 2 shows that four countries are at the forefront of "good" export climate policies. NZECA members Denmark, Sweden, and the UK demonstrate strong commitment through robust climate-oriented export promotion strategies, dedicated green finance instruments, and an almost complete phase-out of fossil fuel support in their recent ECA portfolios. Spain has also made significant progress, particularly through its affiliate membership of NZECA and the expansion of its green investment guarantees, although it remains a recent entrant to the top tier compared to the established leaders.

France and Germany similarly rank highly due to their commitments to phase out unabated fossil fuel export finance and their membership of the E3F coalition. Both countries have begun to align their ECA policies with the Paris Agreement, but challenges remain. Bpifrance and Euler Hermes (EH) are not members of NZECA, and Germany, in particular, has yet to fully phase out fossil fuel exposure. While Germany's ECA has increased its support for renewables, it has also continued to finance gas projects, raising concerns about its transition strategy. Canada and Finland also fall into this category. Canada's EDC has developed strong climate finance instruments, including green bonds, and is a signatory to NZECA, but still provides significant oil and gas finance. Meanwhile, Finnvera (Finland) has stopped financing fossil fuel energy, but its overall strategic focus and financial incentives for clean exports remain less developed than those of the leading ECAs.

Belgium, Italy, the Netherlands, Norway, and the USA cluster together with moderate scores. The Netherlands was an early E3F member but has continued to provide significant fossil finance in recent years, although recent government commitments indicate a shift. Italy's SACE has a climate policy and fossil divestment plan, but has delayed full implementation of its commitment, raising concerns about the timeline for fossil phase out. US EXIM endorsed the Glasgow Commitment to end international fossil fuel finance and has introduced some climate initiatives. However, it continues to approve large oil and gas projects, contradicting its stated goals. In 2023, the agency approved major fossil fuel financing. Furthermore, its future climate policy remains uncertain, especially given the recent substantial political changes in the US.

At the bottom of the ranking are Brazil, China, Japan, and South Korea. South Korea has blocked OECD efforts to ban export credits for oil and gas and remains a leading provider of official financing for overseas fossil projects with no clear phase-out date. Japan's export finance institutions remain large fossil fuel financiers and have opted out of the COP26 fossil finance pledge, although they have begun to phase out coal finance. China has not set explicit climate targets for Sinosure or China EXIM, nor has it joined the Glasgow Statement or other major ECA climate

alliances such as NZECA. While China has restricted overseas coal financing under the Belt and Road Initiative (BRI), its support for oil and gas remains substantial. Similarly, Brazil has yet to establish an ambitious ECA climate policy and has limited support mechanisms for clean exports compared to other major economies.

Box 2. Case Study: Denmark Export Climate Policy

Denmark provides a compelling case study for its early and decisive action to align public export finance with climate goals, setting an example for other governments. It has set ambitious climate targets through global commitments, making the Export and Investment Fund of Denmark (EIFO) a leader in climate alignment. Denmark signed the COP26 pledge in Glasgow to end new public finance for fossil fuel projects abroad in 2021.[61] The Danish ECA translated this into a policy in 2022 to end support for coal, oil, and gas energy abroad by 2025, with narrow exceptions for gas.[62] In addition, Denmark joined the Export Finance for Future (E3F) coalition in 2021, which coordinated with other ECAs to stop financing coal projects, strengthen financial incentives for green investments, and aims to phase out oil and gas financing.[63] In 2023, EIFO co-founded the UN's Net-Zero Export Credit Agencies Alliance (NZECA) and committed to moving its portfolio towards net-zero emissions by mid-century with science-based interim targets.[64] Overall, these strong commitments go well beyond OECD rules including the Arrangement and the Common Approaches. Previous analysis has also identified Denmark as a top performer in green ECA policy, noting that its policies are firmly aligned with the Paris Agreement.[65]

Denmark's strategy closely integrates export promotion with climate action, ensuring that funding priorities reflect the country's climate goals. EIFO's climate policy explicitly supports national targets, such as Denmark's 70% GHG emissions reduction by 2030.[66] The agency also set its own targets including achieving a net-zero emissions portfolio by 2045 through the mobilisation of at least EUR 20 billion for green projects by 2030.[67] In practice, EIFO has phased out fossil fuel financing from its portfolio by no longer supporting coal, oil, or gas energy projects, reflecting the government's ban apart from limited transitional gas cases in the poorest countries. This withdrawal from fossil fuel projects is accompanied by a strong emphasis on clean industries: EIFO is focusing its support on exports of renewable energy and sustainable technologies, particularly in areas of Danish expertise such as wind power and emerging power-to-x fuels. To encourage more green exports, the Danish ECA has introduced special financial instruments and incentives. For example, it administers a "Green Accelerator" programme which provides seed funding to help Danish companies develop new sustainable export projects.[68] Through E3F, EIFO is also pushing for collective action, such as improved OECD export credit terms to adapt international export finance instruments to the needs of the green transition.

Denmark's export finance portfolio has undergone a remarkable shift towards clean energy, reflecting EIFO's climate-focused policy in tangible results. By steadily phasing out fossil fuel deals and scaling up renewables, Denmark has become a leader among ECAs in green financing. In 2023 alone, EIFO provided approximately EUR 2.6 billion for climate positive transactions abroad - almost 9 times more support than Italy, the largest E3F member regarding medium- and long-term (MLT) export financing.[69] Cumulatively, Denmark now accounts for 33.1% all "climate positive" transactions within the E3F coalition between 2015 and 2023. Correspondingly, its support for fossil fuel projects has dropped to almost zero: Denmark has contributed just 0.4% of the fossil fuel financing recorded by E3F members in the last decade. More than 89.8% of EIFO's supported transactions in the same period qualify as climate positive, far outstripping other major ECAs in the green share of their portfolios.[70] This performance demonstrates that EIFO is not only delivering on its climate change commitments but also setting a benchmark among public export finance institutions through utilising its capacity to drive the green transition and encouraging its international peers to follow suit.

Denmark's leadership in export finance for renewables is underpinned by its broader competitive advantage in clean energy industries, particularly wind power. As a global pioneer in offshore wind, Danish firms benefit from strong government backing and a well-developed ecosystem of research, innovation and supply chains. This synergy between industrial strength and climate-aligned export finance allows Denmark to leverage its expertise in green technology while reinforcing its commitment to climate leadership. By channelling export finance into these high-value renewable sectors, EIFO not only supports Danish businesses but also strengthens Denmark's position as a global leader in the clean energy transition.

Comparative Analysis of Policy Alignment Across Countries

As both the domestic climate policy and export climate policy ranking metrics attempt to capture the effectiveness of climate policy from formulation to impact, they both quantify target setting, policy implementation, and performance of policies. In doing so, these ranking metrics evaluate each country's methods to implement or circumvent implementing their climate goals and translating them into climate action, with countries who have climate intention, implementation, and impact ranking the highest and countries which are found lacking in these categories ranking the lowest.

As shown in Figure 1, in the upper right quadrant countries that rank highly on domestic climate policy also rank highly in export climate policy. This is due to the fact that those with robust climate agendas that do not suffer large implementation gaps are much more likely to also promote their climate policies through trade and export policy, regardless of their volume of export finance. In short, countries which have ambitious domestic climate targets across economic sectors are likely to have already considered export policy as a result, establishing a positive correlation between the two rankings. This can be seen for the UK and Denmark, which both rank within the top of both metrics, and the opposite can be observed for the US and Japan, which both rank within the lowest quartile of the two ranking systems.

However, while having "good" domestic climate policy is often indicative of having "good" export climate policy and vice versa, this is not a perfectly linear relationship. For instance, as seen in Figure 1, there are several countries, such as Spain and Canada, which rank around the lower middle range in terms of domestic climate policy but on the upper middle range in export climate policy, or Austria, which rank in the lower middle range in terms of export climate policy but on the upper middle range in domestic climate policy. In the case of countries like Brazil, Canada, and Austria, this appears due to a high ranking and a deficit in one or more of the categories, with all three countries having numerous mechanisms of advancing renewables and climate mitigation in its domestic and export agendas but lacking in impact due to a consistent promotion of fossil fuel technologies domestically and abroad. On the other hand, we also have countries like the Netherlands which initially appeared to have a very climate positive domestic agenda (which it seems to be scaling back)[71] but consistently allows for the financing of fossil fuel exports internationally, or Spain, which has only recently aligned itself with NZECA, indicating a future positive domestic climate agenda push.

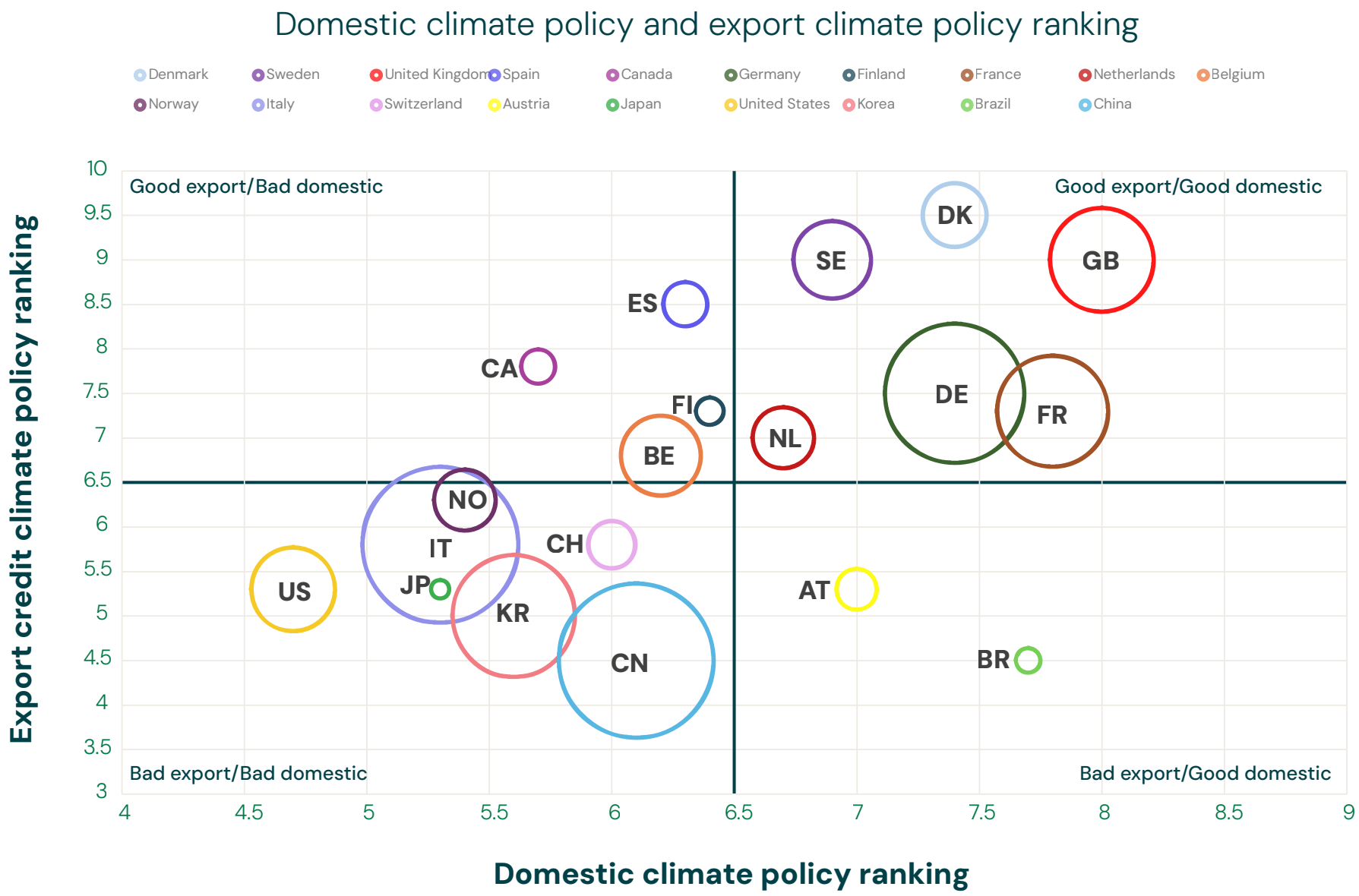
Overall, our analysis suggests four general trends for countries that have a 'less linear' relationship between the two rankings:

- countries that have a variety of tools to promote renewables and mitigation domestically and/or abroad but lack exclusionary policies for fossil fuels (Canada, Austria, Brazil);
- countries that have exclusionary fossil fuel policies domestically and/or abroad but lack renewables acceleration policies (Belgium, Finland, Switzerland);
- countries that have historically low emissions and/or involvement in fossil fuels that also do not have many policies for climate mitigation domestically and/or abroad (Norway); and,
- countries that have historically higher emissions and/or involvement in fossil fuels that are attempting to move towards more climate mitigation domestically and/or abroad through both exclusionary policies for fossil fuels and promotional policies for renewables (France, Spain).

Of these categories, those who generally rank the highest are within group 4, demonstrating that an across-the-board shift to both exclusionary fossil fuel policies and renewables promotion in a country's agenda, domestically and abroad, can help turn around their ranking despite historical emissions.

There are, however, limitations that may come with climate policy implementation alignment, for domestic and export policy. For some countries, such as Denmark and Finland, there is an abundance of renewable energy sources and a lack of fossil fuels, allowing for a lack of conflict between different renewable and non-renewable resource promotion policies, which might be an issue for those countries that are net exporters of fossil fuels. Furthermore, for many countries, climate is a politically polarizing issue. Despite the clear business case for transitioning export policy towards renewables and away from fossil fuels to prevent stranded assets, it might prove difficult to craft robust export climate policy, especially if there is a lack of a domestic climate policy framework and independent enforcement measures such as advisory boards and carbon budget reporting.

Figure 1: Bubble graph representation of the top ECA/EXIM countries' domestic and export climate policy rankings, with size of bubble determined via export amount (USD billion in 2024)



Source: Own analysis.

Recommendations for Strengthening Alignment

Our analysis provides a methodology-driven benchmark for assessing what "good" looks like in domestic climate policy and export climate policy, respectively. Moreover, our analysis demonstrates there is no relationship between amount of export finance and ranking, suggesting that any country can and should create aligned good domestic and export climate policy regardless of their size of export finance. Other limitations of our metrics include how to deal with Common But Differentiated Responsibilities (CBDR) of ECA and EXIM 'client' countries, and how to deal with finance for transition projects, which have high emissions but are essential for net zero development (such as in difficult to decarbonise sectors, or emissive projects which support the net zero supply chain).[72] These require further investigation. Although this analysis is not meant to be deterministic and is subject to the limitations of relying on secondary data indicators, our findings highlight the scope for strengthening alignment and coordination between domestic and export policies.

Strong ECA action has to start with credibility in domestic climate policy. Our analysis suggests that countries that have stronger climate ambitions embedded in their domestic policy frameworks (i.e. through ambitious Target Setting) tend to demonstrate closer alignment with export climate policies – suggesting that *domestic targets drive export targets*. For instance, the UK has clear 5-year Carbon Budgets for every economic sector, and it is plausible to assume that this has shaped its export and trade policy in relation to climate targets. On the other hand, Canada ranks relatively low on domestic climate policy, but performs relatively better on export climate policy (no. 5). The net effect could be illustrated in lower rankings on the outcome-oriented indicators: "Performance and Impact" for export policy and "Quantitative Climate Protection" for domestic policy. There are exceptions, however: Sweden scores high (no. 2) on "good" export climate policy, but ranks far lower on "good" domestic climate policy— potentially because domestic target-setting could be more ambitious relative to other countries in our ranking. Moreover, there is Brazil, which scores high (no. 3) on "good" domestic climate policy, but ranks much lower on "good" export climate policy, due to its (1) lack of consistent and binding climate policy objectives domestically and (2) its continued support of fossil fuels. This implies that countries should have coherent, ambitious, and binding climate objectives in domestic (national) policy frameworks, in order to catalyse "good" climate export policy.

Fossil fuel phaseouts in export finance could improve low rankings. Alignment between domestic and export policy does not necessarily equate to better or more ambitious outcomes, if domestic climate policy targets are unambitious. Yet, there are implications for ECAs that continue to finance fossil fuels, in terms of falling demand, the risk of stranded assets, and carbon lock-in (as illustrated by US-EXIM's financing of the carbon-intensive Sadara plant in Saudi Arabia).[73] A key priority for ECAs should therefore be to phase out support for fossil fuels – which is a drag on "good" domestic climate and "good" export climate policy, as it limits the effectiveness of outcomes (assessed by low "Quantitative Climate Protection" and "Performance and Impact" scores). ECAs should collectively implement explicit fossil fuel divestment policies, including binding commitments to end direct and indirect support for coal, oil and gas projects.[74] This transition would be in line with the OECD phase-out target, which calls for a complete phase-out of coal financing by 2030. Stronger disclosure mechanisms should also be put in place to track remaining fossil fuel-related financing within ECA portfolios and establish clear exit strategies.

Strengthen the remit of ECAs in aligning domestic and export policy. In parallel with the above, providers of officially supported export credits should be given a remit to spearhead export climate policy, as they can act as powerful catalysts of the green transition. ECAs have significant financial capacity, with combined annual commitments of more than $1.3 trillion, but contribute only a small share of global climate finance flows, highlighting untapped potential. There is also scope for ECAs to align their activities with the COP28 agreement to triple global renewable energy capacity by 2030. Focusing on investments with the highest returns, such as blended finance programmes and co-financing mechanisms, would enable ECAs to further contribute to the mobilisation of the additional $1.3 trillion per year needed for climate finance to developing countries by the COP29 target.[75] Countries that have phased out fossil financing have built a comparative advantage in green sectors through their ECAs. Denmark's (EIFO) "Green Accelerator" programme for instance provides an illustration of how support can be focused on exports of renewable energy and sustainable technologies in areas of Danish expertise; this has taken place alongside phase-outs of fossil fuel support apart from transition projects in the lowest-income countries.

Annex: Further details on our metrics and methodology

Metrics for "Good" Domestic Climate Policy. We weight 'Comprehensive Target Setting' and 'Policy Alignment with Targets' at both 40% and 'Quantitative Climate Protection Performance' at 20%, as we are more interested in current policy intentions and political trajectories than we are with a country's current climate change mitigation performance.

Comprehensive Target Setting. All four of the metrics under the Net Zero Tracker are graded on a three-point scale, from Green to Red, with Red indicating the least integrity and Green indicating the most integrity. Following this scale, we gave each country a point if it was considered of the highest integrity in a category, half a point if it was partially meeting the qualification of metric, and no point if it was to not be meeting the qualifications of the metric or was of lowest integrity. Conversely, we utilize the 2025 CCPI ranking system, which is score out of 20. In the 2025 CCPI, for national policy, experts evaluate the strength and level of implementation of different policies as well as the ambition and compatibility of these policies with the respective country's NDCs. For international policy, experts "evaluate countries' performance at UNFCCC conferences and other international conferences and multilateral agreements".

Policy Alignment with Targets. We adopt a weighting of 20% for Quantity, 40% for Breadth, and 40% for Ambition to create a country's final score for "Policy Alignment with Targets". We utilize The Climate Change Laws of the World database due to its broad dataset and its specific focus on identifying legal documents that are (1) directly relevant climate change mitigation and adaptation, (2) demonstrably motivated by climate change and environmental concerns, (3) and legally enforceable and relevant to a country. With this database's broad dataset, we are thus able to identify the amount of policies, laws, and UNFCCC documents a country has for climate action. Utilizing the upper bound of 170 and lower bound of 1, we can thus separate the amount the quantity of climate change laws and policies into quartiles, with the countries with the comparatively least amount of climate change laws and policies existing in the first quartile (¼) and countries with comparatively most amount of climate change laws and policies existing in the fourth quartile (4/4).

Quantity: The quantity of climate change laws and policies is positively correlated with climate change ambition, a strong executive, and existing flagship laws[76] [77] as well as non-linearly negatively correlated with the current stock of domestic climate laws which suggests that the stock of climate change laws levels off for a country.[78]

Breadth: As framework laws are critical to the establishment of institutional infrastructure needed for a country to set "stable and ambitious targets, create mechanisms for realizing these targets, and ensure proper oversight and accountability" in the long-term[79], we believe that the existence of a framework law is as important as the sectoral scope of a countries' climate laws and policies. This measurement first looks to the 20 different sectors that climate change laws and policies may cover and determines how many are of these sectors are included by a country's laws and policies. After this assessment, each country receives a score out of 20 or 19, for the several landlocked countries who are excluded from the coastal zones sector. Following this, countries are also given a score of one or zero depending on if they have a framework law for climate change or not. We then take the average of the percentage of sectoral scope (#/20 or #/19) and the existence of a framework law (0 or 1) to create our final score for the component of Breadth.

Ambition: In attempting to meet interim targets or full decarbonisation before the expected international date, a country demonstrates their interest in taking the domestic political action needed to be held accountable for their contribution towards international climate change mitigation.

The 'Quantity' component is only given a 20% weighting of our final score for "Policy Alignment with Targets" due to differences in impacts that laws may have[80] difficulties in utilizing the quantity of laws to demonstrate legislative productivity[81] [82] despite a lack of evidence that more legislative countries pass more climate change laws.

Quantitative Climate Protection Performance. The energy usage score is an average of a country's score for current level of energy use (Total Primary Energy Supply or TPES/Capita), 5-year trend of energy use, current TPES/Capita compared to a well-below-2°C compatible pathway, and TPES/Capita 2030 target compared to a well-below-2°C compatible pathway. Similarly, the renewable energy score is also an average the score for the current share of renewables per TPES, development of energy supply from renewable energy sources, current share of renewables per TPES compared to a well-below-2°C compatible pathway, and renewable energy 2030 target compared to a well-below-2°C compatible pathway. Finally, a country's GHG emissions ranking is determined by an averaging of the scores from current level of GHG emissions per capita, five-year trend of GHG emissions per capita, current level of GHG emissions per capita compared to a well-below-2°C compatible pathway, and GHG emissions 2030 reduction target compared to a well-below-2°C compatible pathway. Moreover, this metric allows us balance the overall scores for countries that might not have a lot or diverse range of climate change laws due to low historic and current emissions with high emitting countries which are now implementing an abundance of climate laws and policies

Metrics for "Good" Export Climate Policy. Each of the four components is weighted equally and contributes 25% to the overall assessment of a country's export climate policy. This approach ensures a balanced assessment that reflects both policy intent and measurable impact.

Comprehensive Target Setting for ECAs: We assigned scores from 1 to 10 based on the strength of the commitments: Countries with clear, enforceable net-zero targets for their ECAs and strict fossil fuel exclusions such as complete phase-out of coal, oil and gas financing scored highest, while those with weak or no commitments scored lowest. Partial points were awarded for conditional commitments or fossil phase-outs with exceptions including continued gas financing under "transitional" categories. Countries with insufficient data were given a neutral score (5) and flagged for further assessment through expert consultation or additional research.

Policy and Strategy Alignment between Export Promotion and Climate Action. High scores (8-10) were given to countries where climate objectives directly shape export finance strategies, for instance prioritisation of low-carbon industries, renewable energy exports, and clear fossil fuel exclusions in trade finance. Moderate scores (5-7) were given where climate considerations are mentioned but not central to export policy, and low scores (1-4) where export finance can remain predominantly non-climate driven. In cases where sufficient policy documents or legal frameworks were not available, a provisional score of 5 was assigned, with a note indicating the need for further verification.

ECA Financial Instruments and Incentives for Climate Finance. Countries with comprehensive and large-scale climate finance mechanisms received the highest scores (8-10). Medium scores (5-7) were given to countries with limited or emerging green finance instruments, while the lowest scores (1-4) were given to ECAs without dedicated climate finance programmes or that still prioritise fossil fuel-related export finance. Where clear data on financial instruments was not available, we assigned a default score of 5 and identified these cases for further investigation.

Performance and Impact. Countries with comprehensive and large-scale climate finance mechanisms received the highest scores (8-10). Medium scores (5-7) were given to countries with limited or emerging green finance instruments, while the lowest scores (1-4) were given to ECAs without dedicated climate finance programmes or that still prioritise fossil fuel-related export finance. Where clear data on financial instruments was not available, we assigned a default score of 5 and identified these cases for further investigation. ECAs with a significant share of their portfolio dedicated to climate-friendly projects received the highest score (8–10) while those still significantly involved in fossil fuel financing received the lowest score.. Mid-range scores (5-7) were given to ECAs in transition, with increasing green finance but continuing fossil fuel finance. For ECAs where transaction-level data was not available, we assigned a baseline score of 5 and flagged them for additional data collection using proxy indicators.

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