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International environmental governance in 2026: challenges and responsibilities for business

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The Davos Summit, an annual gathering of global decision-makers and a key barometer of the state of multilateralism and major societal transformations, once again highlighted the acceleration of geopolitical fragmentation observed over recent months. Environmental issues, traditionally high on the agenda, have become collateral victims of this shift and were pushed well behind artificial intelligence and geopolitical priorities. Published a few days before the summit opened, the [World Economic Forum's Global Risks Report 2026](#) points to a striking paradox: perceptions of long-term risks related to biodiversity loss, climate change and pollution remain high, while their short-term salience has declined, both relatively and in absolute terms. For economic actors, many of whom have made climate issues a strategic priority in recent years ([EpE, 2025a](#)), it is becoming increasingly critical to reconcile environmental objectives with geopolitical dynamics. What are the implications for their strategies? How can they stay on course in a context where ever-increasing, uncertain and interconnected risks are disrupting their ability to analyse and

act? Are there aspects of the role of businesses in international environmental governance that need to be reassessed? In this blog post, IDDRI gives the floor to Cécile Denormandie, Executive Director, and to David Laurent, Director of Ecological Transformation at Entreprises pour l'Environnement (EPE).



Businesses and international rules: the basics

Achieving the ecological transition requires the transformation of production activities and consumption patterns, which in turn demands significant human and financial investment. Businesses therefore need a market to ensure the sustainability of their activities and secure investor support. Numerous business cases have emerged as a result of the sharp decline in the cost of decarbonization technologies, the growing physical impacts of environmental disruptions, and the range of instruments mobilized by public authorities, including incentives, regulations and bans. Predictability and clarity in policy direction are essential to provide security for private-sector investment. Announcements of a delay in the ban on the sale of internal combustion engine vehicles ([IDDRI, 2025a](#)) have thus triggered [opposition from some actors in the automotive industry](#), many of whom have already invested heavily in human, financial and technological resources. At the international level, demands for fair competition conditions—often referred to as the ‘level playing field’—combined with environmental concerns, are generating a need for stronger international regulation ([EpE, 2025b](#)).

The impact of geopolitical fragmentation on businesses

The fragmentation of international governance is therefore bad news for the integration of environmental issues into the economic equation: it generates counterproductive uncertainty, slowing the momentum of the transition already underway. The [mobilization of major international shipping companies](#) had prompted the International Maritime Organization to propose an ambitious climate roadmap for 2025, but its [adoption was ultimately postponed](#) due to geopolitical tensions.

Discussions in Davos also highlighted the regionalization of trends, which is forcing companies to adapt their global strategies to sometimes divergent regional orientations. Upon returning from Davos, some participants reported adjusting their activities, particularly in the United States, by reducing, for example, their initially planned investments in the [renewable energy sector](#). Conversely, the Chinese Deputy Prime Minister explicitly linked decarbonization and innovation, placing them at the heart of the country's long-term economic strategy.

Faced with these growing and lasting uncertainties, some companies are investing more in robustness. Supply chains are being reconfigured to make them shorter, more local and more diversified, and therefore less vulnerable to disruptions in international trade and closer to markets. The electrification of processes, the development of renewable production capacities and self-consumption are also becoming tools to address the volatility of fossil fuels.

The transition is thus becoming a competitiveness asset, as it requires greater ingenuity, efficiency and restraint.

New balances to be established

Beyond simply adapting to a constantly changing environment, the emergence of what appears to be a new geo-economic balance could lead to a re-evaluation of certain assumptions and force companies to make unprecedented trade-offs.

At the last Climate COP, the interactions between decarbonization and international trade rules were once again on the agenda, notably at the instigation of China. For their part, large companies have traditionally been in favour of free trade, which opens up new markets. More recently, differences in environmental ambition between regions of the world, or competition for access to strategic resources to secure their activities, have led certain sectors to advocate stronger protectionist measures, such as carbon border adjustment mechanisms or [mirror clauses](#).

The 'Brussels effect'—Europe's soft power based on its standard-setting influence—encourages the emergence of ambitious regulations beyond its borders, including on taxonomy, reporting and carbon markets. It can also make the European market a lever for global decarbonization and encourage climate ambition ([EpE, 2025a](#)). What would be the impact of reducing this ambition on the competitiveness of European companies in the medium term? Omnibus legislative packages are sometimes criticized for going beyond what is required for simplification ([IDDRI, 2025b](#)), with the risk of weakening environmental protection and creating a comparative advantage for European companies. On these issues, company positions vary and may diverge depending on their respective value chains and activities.

At the same time, and in the spirit of the Mutirão at the Belém COP ([IDDRI, 2025c](#)), new balances may also be found in the scaling up of sectoral and multi-stakeholder coalitions, mobilizing entire value chains, including financial actors. This more direct form of multilateralism helps build confidence among regulators in the feasibility of the transformations, enabling them to develop an [appropriate and ambitious regulatory framework](#).

Increased presence in international governance bodies

The private sector's participation in international governance is particularly visible within the Climate COPs. Originally based on a strictly intergovernmental and diplomatic model, they have, since COP21, opened up to non-state actors. Their presence, including that of businesses, has helped push negotiations towards greater ambition. There are also increasing calls for economic actors to express [their positions more openly](#). Despite criticism regarding possible conflicts of interest, this dynamic has been considered sufficiently effective to be extended to the two other conventions on biodiversity (CBD) and desertification (UNCCD). More recently, a special event dedicated to blue finance helped mobilize financial actors on a large scale ahead of the third United Nations Ocean Conference in June 2025 ([IDDRI, 2025d](#)). The participation of non-state actors in international events is likely to become increasingly relevant as global agreements enter the implementation phase ([IDDRI, 2025e](#)).

The record level of corporate involvement in international forums and summits in 2025 also reflects a need to compensate for the lack of clarity in the geopolitical landscape: the more uncertain this landscape becomes, the more companies feel the need to mobilize to understand, analyse and influence this geopolitical context. It is also a form of advocacy, aimed at defending and promoting strategic orientations and bringing as many other actors on board as possible, thereby fostering greater collective coherence.

What roles lie ahead for businesses?

Ultimately, despite the shock caused by the speed, accumulation and unpredictability of political announcements, economic rationality and market logic remain factors of stability. For example, the success of solar technologies is primarily driven by steady and substantial cost reductions, rather than by views on their merits. As participants at the Davos Forum pointed out, sustainability issues, although less visible on stage and even overlooked by American actors, remain at the heart of discussions among companies, as they are intrinsically linked to competitiveness, innovation and resilience.

In this context, it seems appropriate to seek to capitalize on the increasingly tangible synergies between effective and ambitious international environmental governance and the strategic interests of a growing number of companies. The potential benefits are numerous:

- Confirming the contribution of environmental transition issues to the objectives of prosperity, sovereignty and resilience for both states and the private sector;
- Promoting consensus among states on international environmental governance by highlighting its economic and social benefits.

At the same time, clear frameworks for engagement and robust monitoring mechanisms are essential to ensure the environmental integrity of commitments and prevent conflicts of interest related to the participation of economic actors.

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