

# Our View: The Energy/Environmental Carney Rupture

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Mark Carney has likely seen more of the global economic and energy changes than any other person on Earth—first as the Governor of the Bank of Canada, then as Governor of the Bank of England, followed by a period as the United Nations’ Special Envoy on Climate Action and Finance, and today as the Prime Minister of Canada. During this time, he has advocated for financing renewable energy and reducing fossil fuel use. More recently, as Canada’s leader, he has dealt with the impacts of US President Donald Trump’s trade aggression against his country.

In his January 20 speech at the World Economic Forum at Davos, he summed up the changing global economic situation with a single statement:

**Let me be direct. We are in the midst of a rupture [in the world order], not a transition.<sup>1</sup>**

Carney focused on economic relations. However, his comment applies equally to energy. Today the world is in the midst of an “energy rupture,” not an “energy transition.”

Carney explained, regarding the economic rupture, that the world had previously operated under a “rules-based international order.” “Canada,” he continued, had “joined its institutions” to that order, “praised its principles,” and “benefited from its predictability.” “And because of that,” he declared, “we could pursue values-based foreign policies under its protection.”

Carney added that the order was flawed because the “strongest nations” could “exempt themselves when convenient.” These nations controlled the financial system and could violate trade rules with impunity if they desired. Smaller nations could not. Given that, he observed that recently “great powers have begun using economic integration as weapons, tariffs as leverage, financial infrastructure as coercion, supply chains as vulnerabilities to be exploited.”

In his talk, Carney focused on global economic relations. He could just as easily have spoken on energy. For at least two decades, economists, scientists, policymakers, and corporate executives have touted the “energy transition.” In 2015, the Global Conference on Climate Change in Paris adopted a legally binding agreement to reduce net emissions of global warming gases to zero by 2050. One hundred ninety-five nations signed it. In the following years, the signatories prepared plans and adopted measures to meet their commitments. Many large financial, manufacturing, and energy companies published and began to implement strategies to meet the transition goals.

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<sup>1</sup> “Davos 2026: Special address by Mark Carney, Prime Minister of Canada,” World Economic Forum, January 20, 2026 [<https://tinyurl.com/4ukr5uhj>].

Today, however, these efforts have been **ruptured**. The transition has died. To paraphrase Prime Minister Carney,

We knew the story of the international rules-based order was partially false, that the strongest would exempt themselves when convenient from their commitments to reduce emissions, that environmental rules were enforced asymmetrically. And we knew that international climate laws were applied with varying rigor depending on the identity of the accused or the victim.

Today, the world's leading energy-producing nations—the United States, Saudi Arabia, the United Arab Emirates, and Qatar—demand that efforts to meet the Paris Accord emissions goal be halted.

The end of the transition was demonstrated vividly in October when these four nations blocked the International Maritime Organization's move to impose taxes on the global shipping industry that would have imposed a fee on heavily polluting vessels. This agreement has been negotiated for years. But over the course of a week, Saudi Arabia and 56 other countries, including the United States, blocked a vote to adopt, as Argus Media reported:

Member states of the International Maritime Organization (IMO) today failed to adopt a global greenhouse gas (GHG) emissions pricing mechanism for international shipping.

Delegates voted to adjourn this week's extraordinary Marine Environment Protection Committee (MEPC) session by one year, delaying an adoption vote for the net-zero framework (NZF) that includes the GHG mechanism.<sup>2</sup>

Three weeks later, the *New York Times*' Lisa Friedman, Max Bearak, and Jeanna Smialek explained that, during the IMO meeting, the United States had launched "a pressure campaign that officials around the world have called extraordinary."<sup>3</sup> Among other tactics, they reported these occurrences:

An ambassador from Asia was told that, if he voted in favor of the plan, his country's sailors would no longer be allowed to disembark at American ports.

Caribbean diplomats were told that they could be blacklisted from entering the United States.

Marco Rubio, the secretary of state, personally called officials in several countries to threaten financial penalties and other punishments if they continued to support the agreement to cut ship pollution.

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<sup>2</sup> Hussein Al-Khalisy and Gabriel Tassi Lara, "IMO meeting fails to adopt GHG pricing," Argus Media, October 17, 2025 [<https://tinyurl.com/js6e8tm>]. Note that the IMO's Net-Zero Framework (NZF) includes the GHG mechanism, a measure to financially penalize owners of vessels that pollute above a certain level. See "The IMO Net-Zero Framework – FAQs," IMO [<https://tinyurl.com/ye8t5887>].

<sup>3</sup> Lisa Friedman, Max Bearak, and Jeanna Smialek, "," *The New York Times*, November 12, 2025 [<https://tinyurl.com/ysyjh3t4>].

These and other threats, the reporters observed, had “killed the deal.” They also noted the following:

Foreign diplomats said they were stunned by what they described as “nasty” and “very personal” threats made by State Department officials, which were mostly aimed at leaders from poorer or small countries that are economically dependent on the United States. Some of the delegations were summoned to the U.S. Embassy in London for these discussions, these people said.

Secretary of State Rubio later bragged about his success in a *Wall Street Journal* op-ed:

When President Trump promised to put the American people first, the global elites decried his principled stance as isolationist and dangerous. As it turns out, what they feared was that he would rally nations around the world to reject self-destructive global governance schemes.

That’s what happened last week at the International Maritime Organization in London. The U.S. achieved a diplomatic victory and successfully rallied a coalition to stop the body’s proposed “net-zero framework,” a carbon tax on shipping whose revenue would be paid directly into a U.N.-controlled fund. This misguided initiative was a classic case of taxation without representation, a European-driven overreach that threatened U.S. consumers, businesses and global trade. Thanks to the president’s leadership and the unified efforts of his cabinet, we stopped it cold.<sup>4</sup>

Rubio’s words bolster Carney’s argument that the multinational institutions that many nations rely on have been compromised, if not destroyed. Consequently, the prime minister asserted, smaller nations will seek other options to rebuild their sovereignty. He also noted that these nations, which share common goals such as reducing greenhouse gas emissions, will form new coalitions and that Canada will “actively take on the world as it is, not wait around for a world we wish to be.”

Carney’s assessment can also shape the approach to global warming going forward. The “rupture” of the international effort to reduce emissions must be addressed by a coalition of willing “middle powers” bent on achieving the Paris Accord goals. They can make progress by working with nations that are already aggressively providing renewable energy methods to replace fossil fuels. Today, this means turning to China, the world’s leading producer of “green” substitutes for traditional fossil fuel-burning equipment. Canada’s agreement to import 25,000 electric vehicles from China is a small first step in this direction.<sup>5</sup>

The EU’s adoption of the Carbon Border Adjustment Mechanism is another example of a group of nations seeking to jointly reduce global emissions.<sup>6</sup> While the existing measure is weak, it can be strengthened over time.

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<sup>4</sup> “Marco Rubio: How We Thwarted the UN’s Tax,” *The Wall Street Journal*, October 19, 2025 [<https://tinyurl.com/34vb4b67>].

<sup>5</sup> Matina Stevis-Gridneff, “Canada Breaks With US to Slash Tariffs on Some Chinese Electric Vehicles,” *The New York Times*, January 16, 2026 [<https://tinyurl.com/bdf58x2k>].

<sup>6</sup> “Carbon Border Adjustment Mechanism,” European Commission [<https://tinyurl.com/3jjx9vu5>].

Inevitably, such actions will bifurcate the world into nations that prioritize reducing global emissions and those that seek to maintain fossil fuels' dominance. Today, the latter includes many countries that are politically, economically, and militarily predominant. However, their devotion to fossil fuels and outmoded technologies will likely lead to a rapid loss of standing and power as the environmentally focused nations shun their industries. These losses may accelerate as they foolishly exhaust critical resources, such as water.

Mark Carney ended his Davos speech by talking of economic cooperation. His conclusion, though, is equally applicable to the effort to address global warming. After acknowledging that “the powerful have their power,” he offered these words:

We have something too—the capacity to stop pretending, to name reality, to build our strength at home and to act together.

That is Canada's path. We choose it openly and confidently, and it is a path wide open to any country willing to take it with us.