

# Global sustainable finance 2025: mixed results highlight regional differences

Regional sustainable finance markets outlooks show contrasts this year. Strong momentum is observed in Asia Pacific (APAC) and Eastern Europe, while policy swings and uncertainty have led to challenges in the Americas and the rest of Europe, Middle East, and Africa (EMEA)



This year in sustainable finance, we have seen strong momentum in Asia Pacific and Eastern Europe, whereas there are challenges in the United States and rest of Europe

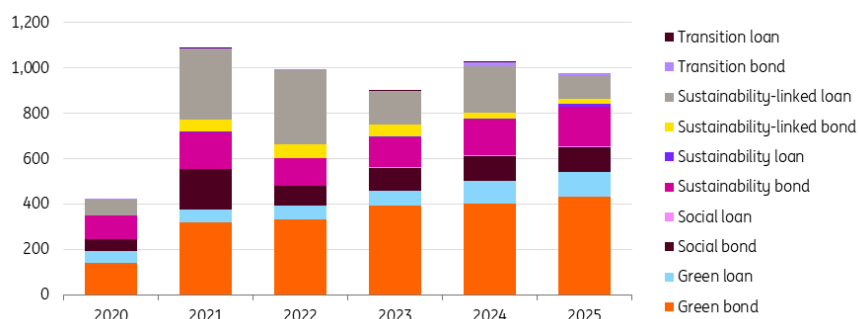
## Global sustainable debt issuance: a mixed picture

Global sustainable finance issuance increased in the second quarter of 2025, totalling US\$432bn. This comes in just higher than the previous two years' second quarters.

Global sustainable finance issuance amounted to US\$975bn in the first seven months of 2025. While this does trail slightly the US\$1,027bn seen in the same period last year, given the lower first quarter this year, it does come in higher than the levels seen in 2023.

## Global sustainable finance issuance by theme from January to July, excluding asset-backed securities

US\$bn



Source: Bloomberg New Energy Finance, ING Research

This year, we are seeing stronger issuance in green bonds, sustainability bonds, and sustainability loans. While green bonds continue to be the most popular product, sustainability bond issuance is higher year-on-year in APAC and sustainability loans have gained momentum in EMEA. On the other hand, transition bonds and loans, as well as sustainability-linked loans (SLL), are experiencing relative weakness. It is also worth mentioning that sustainability-linked loan issuance registered a visible decline year-on-year, but we think that the BNEF data so far could be highly under reported due to many deals being private and not being added to the data yet. Based on our own assessments, we still maintain a positive view on SLLs at a global level, despite weaknesses in the US. Below is an updated outlook for full-year issuances by product:

## Forecast breakdown of global sustainable finance issuance

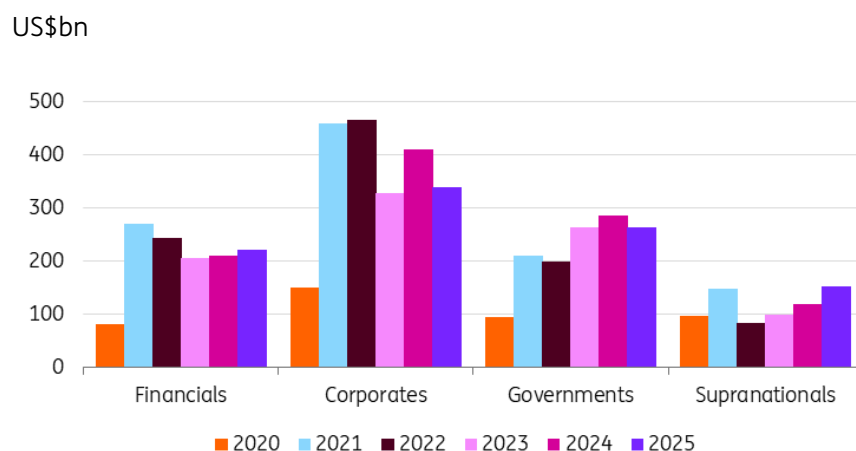
US\$bn

	Bonds					Loans					Total
	Green	Sustainability	Social	Sust-linked	Transition	Green	Sustainability	Social	Sust-linked	Transition	
2020	292.1	178.4	155.6	10.8	2.3	92.7	0.0	0.2	141.0	0.3	873.5
2021	601.6	248.9	237.4	108.7	4.6	117.3	4.4	0.1	528.7	0.1	1851.8
2022	553.5	192.5	154.8	87.6	3.7	138.2	6.2	7.3	472.7	0.5	1617.0
2023	611.0	199.3	155.9	69.9	3.1	157.2	8.8	4.4	243.7	0.6	1454.0
2024	647.3	253.0	168.5	39.0	23.6	210.3	8.1	9.3	294.4	2.0	1655.5
2025F	715.0	270.0	170.0	40.0	15.0	190.0	15.0	7.0	270.0	0.3	1692.3

Source: ING Research, Bloomberg New Energy Finance

In terms of issuer types, the steepest year-on-year drop came from corporates, followed by a milder dip from governments. This is in contrast with financials and supranationals, both of which have seen year-on-year growth in sustainable debt volumes.

## Global sustainable finance issuance from January to July, excluding asset-backed securities



Source: Bloomberg New Energy Finance, ING Research

We feel global-level supply levels are healthy, particularly given the turbulent and uncertain year for sustainable finance. But it is important to note that issuance and market sentiment are highly divided across different regions. APAC is on track to see a record-breaking year. EMEA remains committed to sustainable finance but is expected to see stagnated growth as the EU shifts its focus toward competitiveness. The US' retreat from sustainability policy support is leading to subdued sentiment, with the rest of the Americas experiencing challenges too.

Later in this article, we delve deeper into the regional divisions, but first we lay out some bright spots for the future of sustainable finance.

### What about the future for sustainable finance?

Looking at the rest of 2025, here are some bright spots.

**First**, many corporations worldwide remain committed to decarbonisation and managing climate risks. As interim climate targets for 2030 draw nearer, companies may need to allocate capital toward new sustainability initiatives to stay on track.

**Second**, emerging megatrends are poised to play a pivotal role. The rapid expansion of the AI and data centre industries demands sustainable solutions to meet their substantial energy requirements – driving the need for significant sustainable financing.

**Third**, in many parts of the world, governments are leveraging sustainable finance as a tool to fund decarbonisation efforts. Admittedly, this year some governments have rolled back, paused, or postponed Environmental, Social, and Governance (ESG) policies – such in as Canada, Switzerland, South Korea, the US, and the EU. However, other jurisdictions, including China and the UK, have recently advanced the implementation of the International Sustainability Standards Board's (ISSB's) climate disclosure standards. Australia, Poland, and China have also updated their sustainable debt frameworks or taxonomies to facilitate further sovereign issuance.

Lastly, while transition debt is not expected to be a short-term growth driver, it has the potential to

increase over time as policies evolve. Admittedly, transition debt volumes declined year-on-year, primarily due to reduced sovereign issuance in Japan – following a remarkable surge in 2024 after the country introduced its transition debt frameworks. However, other countries are beginning to emulate Japan’s approach. Australia, Thailand, and India have now formally defined transition activities, paving the way for sustainable financing tailored to each country’s energy landscape.

The global journey toward sustainability is not linear but continues to advance. The ongoing demand for decarbonisation and future resilience will drive market development and policy improvement over time, with financing being an essential tool to facilitate that process.

## Euro and EMEA: growth stagnation amid diverging asset class trajectories

### *EUR ESG issuance stagnates*

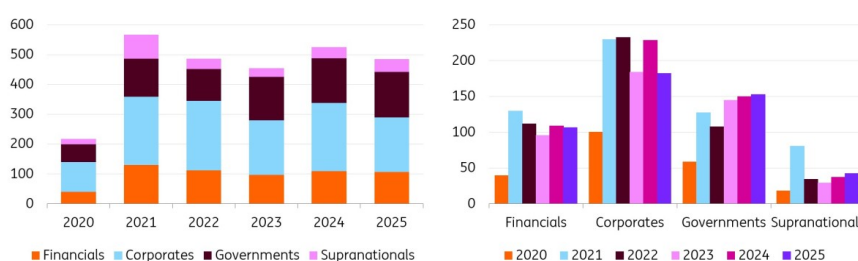
In the first seven months of 2025, [ESG Euro credit](#) and loan markets recorded issuance of US\$421bn, matching the volume seen during the same period in 2024. However, the stagnation hides diverging trends across asset classes. Government and SSA issuers continued their momentum in sustainable financing, reaching US\$183bn, up US\$27bn year-over-year. The financial sector, including insurers, saw a modest uptick from US\$81bn to US\$85bn. In contrast, corporate issuance declined sharply: ESG bonds and loans fell from US\$182bn in early 2024 to US\$153bn in 2025. The end of green incentives in the United States and other parts of the world also has an impact on corporates’ ESG Euro issuance, especially on international companies. Green bonds and loans remain by far the preferred format for ESG instruments. Sustainability-linked formats appear to have lost appeal, but the data is likely to have underestimated the market size, as discussed above. Last but not least, corporates with established ESG frameworks maintained their presence in the market, but the absence of pricing incentives may be discouraging new entrants.

### *Weaker momentum in EMEA*

Entities domiciled in the EMEA region represented c.90% of the ESG issuance denominated in the EUR currency. Including all currencies, the EMEA region printed the equivalent of US\$487bn of sustainability debt. The total is substantially weaker than the US\$525bn seen in the first seven months of 2024.

## Sustainable finance issuance in EMEA from January to July, excluding asset-backed securities

US\$bn



Source: Bloomberg New Energy Finance, ING Research

Amid the weaker momentum, sub-regions show a mixed picture. The sustainable finance market in the Central and Eastern European (CEE) region – comprising Austria, Bulgaria, Czech Republic, Hungary, Poland, Romania, and Slovakia – is booming. Issuance has continued to rise in the region, with total issuance in 1Q and 2Q up from US\$19.5bn in 2024 to US\$31.5bn in 2025. Green bonds still dominate in the CEE, more so than in EMEA, but there has also been a surge in green loans this year. This primarily comes from several series of issuances in Poland from the Mfw Baltyk II Sp Zoo (US\$3.67bn), Mfw Baltyk III Sp Zoo (US\$3.55bn), and the PGE Baltica 6 Sp zoo (parent issuer is the Republic of Poland, US\$3.26bn). With continuously evolving green debt frameworks, we expect the CEE region to set yet another record for sustainable issuance in 2025. In the longer term, we also believe the region is well-positioned for transition debt aimed at decarbonising its heavier industries – although there are no frameworks in place now to support its development.

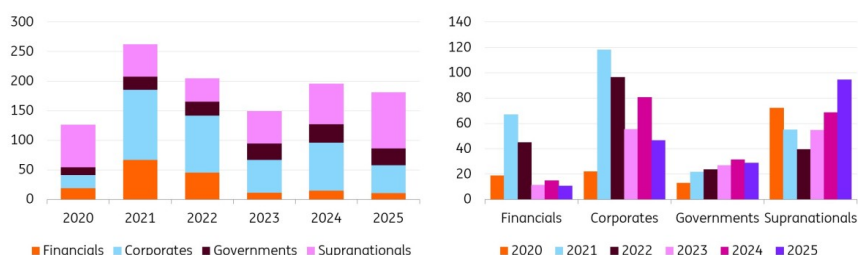
## US market constrained by policy swings

Issuers in the US face heightened challenges as the policy support for sustainability rapidly diminishes. The [One Big Beautiful Bill Act](#) significantly cut the tax incentives and funding for many clean energy technologies. Climate regulations are being rolled back. The Securities and Exchange Commission (SEC) has abandoned efforts to mandate climate reporting, and federal action regarding diversity, equity and inclusion (DEI) have complicated ESG communications. Collectively, these developments have led to unprecedented caution among issuers.

As a result, the sustainable finance volume from corporates and financials retreated to US\$58bn in the first seven months of 2025, the lowest since 2020. Moreover, refinancings take up a good part of the issued volume. For instance, Deere & Co’s sustainability-linked loan transactions of US\$11.5bn, the largest among all issuers in the US in 2025, were to refinance two revolving credit facilities. This means that capital is not being deployed toward new sustainability commitments. There is also anecdotal evidence that some issuers have lowered or abandoned ESG targets in previously issued ESG-linked debt. Issuance from the rest of the Americas has also substantially dropped year-on-year, likely due to the repercussion effects from the US. In contrast, there has been a year-on-year jump in issuance from supranationals domiciled in the US to fund their ESG commitments globally.

## US sustainable finance issuance from January to July, excluding asset-backed securities

US\$bn



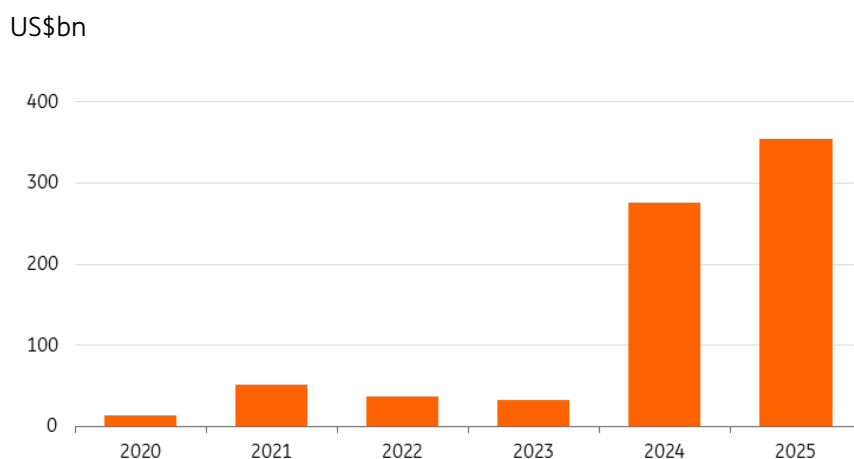
Source: Bloomberg New Energy Finance, ING Research

It is also worth mentioning that the volumes shown above exclude sustainable asset-backed

securities (ABS), which has seen a record US\$354bn of issuance during the first seven months this year. If we count this volume, then the total US' issuance would have almost tripled to US\$535bn. The bulk of the sustainable ABS in the US was securitised social bonds from the mortgage-backed securities pools from Fannie Mae, Freddie Mac, and Ginnie Mae.

Positively, these social ABS pools allow investors to make distinguishable investments in positive social outcomes. However, sustainable ABS is such a unique segment almost exclusively transacted in the US in significant volumes that we have separated it from the rest of the sustainable finance market for a more global comparison.

## US sustainable ABS in the first seven months



Source: Bloomberg New Energy Finance, ING Research

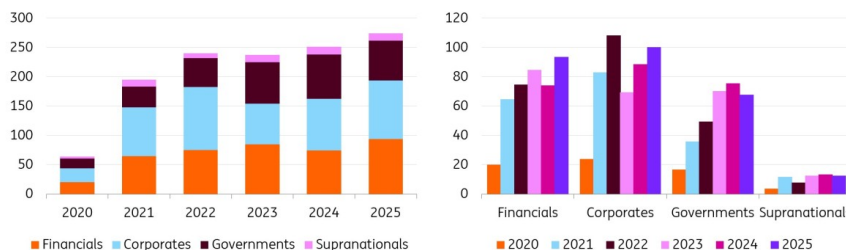
Looking ahead, the weakness we have seen in the US sustainable finance market (excluding sustainable ABS and supranationals) can continue this year and (and likely through the rest of the Trump administration). Nevertheless, a few silver linings do exist to give sustainable finance in the US a lifeline. First, rapidly expanding AI-driven data centres will be incentivised to pursue green and energy efficiency projects to improve their operations. Second, the renewable energy sector will continue to tap into sustainable debt markets. Although the One Big Beautiful Bill Act has shortened the eligibility window for solar and wind projects to qualify for tax credits, we see the industry's rush to meet the start of construction and supply chain deadlines as a positive catalyst for the US sustainable finance market over the next 1-2 years.

## APAC on track to see a record year

Sustainable debt issuance in **APAC**, excluding sustainable ABS, reached US\$274bn in the first seven months of 2025. In contrast to EMEA and the US, this represents year-on-year issuance growth in the APAC region. Issuance from corporates and financials both experienced year-on-year growth, while governments and supranationals saw slight declines. Sustainable ABS issuance remains limited and is in decline, contributing minimally to the region's total sustainable debt volume.

## APAC’s sustainable finance issuance from January to July, excluding asset-backed securities

US\$bn



Source: Bloomberg New Energy Finance, ING Research

**Mainland China** and **Hong Kong** represent the largest share of issuance in the region, accounting for 40% of the total in 2025. The green transition is a building block of China’s broader shift toward a more advanced economy, with green finance continuing to serve as a stimulus for both mass manufacturing and technology innovation. Although the country’s sustainable debt issuance level dropped in recent years, China’s strategic commitment to decarbonisation points to solid long-term growth potential.

In **Japan** issuance slightly rebounded year-on-year in 2025. Transition bonds and loans continue to see steady issuance, albeit at lower levels than in 2024, when more than US\$20bn was issued following the release of the country’s Climate Transition Bond Framework.

Overall, we think the APAC region possesses great growth potential in their sustainable finance markets. Many governments continue to play a pivotal role, using sustainable debt as a tool to accelerate national energy transitions, despite a lower year-on-year issuance from governments in the region. Japan’s transition debt is a prime example, with 87% of its issuance coming from sovereigns in 2024 and 70% in the first half of 2025. Governments in Singapore, Hong Kong, and other jurisdictions are also ramping up sustainable debt issuance, which helps maintain an upward trajectory for sustainable finance solutions.

Increasingly fragile geopolitical dynamics and material policy shifts will continue to pose challenges to the global sustainable finance market. This has resulted in visible contrasts across different regions of the world, with APAC and Eastern Europe leading and the US and the rest of EMEA lagging. The overall numbers for 2025 to date are not great. But it’s not all doom and gloom, as there are areas of resilience, and growth.

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