# Major US and Japanese banks withdraw from net-zero alliance amid legal concerns



Major financial institutions in the United States and Japan have begun withdrawing from an international framework aimed at promoting decarbonization, signalling potential shifts in global climate finance strategies. This retreat has been attributed to escalating legal concerns following the return of former US President Donald Trump to the White House in January 2025, known for his opposition to climate action.

The Net-Zero Banking Alliance (NZBA), established in 2021 during the Biden administration, previously counted over 140 financial institutions pledging to align their lending and investment practices with decarbonization goals, aiming for net-zero greenhouse gas emissions by 2050. However, since the confirmation of Trump’s return to office in November 2024, several major US banks, including Goldman Sachs and Citigroup, have swiftly withdrawn from the alliance. This action appears to be driven by perceived shifts in the political environment and increased legal risks associated with participation.

Following the US developments, Japanese financial institutions have also begun to retreat from the NZBA. In March 2025, Sumitomo Mitsui Financial Group (SMFG) spearheaded the exits, with Mitsubishi UFJ Financial Group (MUFG), Mizuho Financial Group, and others subsequently following suit. Notably, among Japan's leading banks, only Sumitomo Mitsui Trust Group remains part of the alliance.

A significant underlying concern prompting these withdrawals is the potential violation of antitrust laws. There are fears that coordinated efforts to reduce lending to fossil fuel companies could be legally interpreted as antitrust activity. In the US Congress, predominantly among Republican members, the NZBA has been labelled a “climate cartel.” Given the new administration’s willingness to challenge private enterprise norms, including through reciprocal tariffs, remaining within the NZBA framework is increasingly viewed as a legal liability.

Despite these institutional exits, many banks continue to assert their commitment to decarbonization efforts. However, a source from a major megabank highlighted a discrepancy between public statements and actual actions, saying, “Didn't they join because they believed in it? Now it just looks like they're leaving because everyone else is.”

The financial backing provided by these institutions has been critical in reinforcing the value of decarbonization, often legitimising higher costs associated with environmentally friendly products. The recent wave of departures from the NZBA could signal a sharp change in the climate finance discourse and potentially slow progress in related initiatives.

These developments come amid broader concerns that the Trump administration is disrupting established international cooperation frameworks, particularly in climate and trade sectors. The implications for global decarbonization efforts remain to be fully seen.

Source: [Noah Wire Services](https://www.noahwire.com)

## Bibliography

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