THE U.S. INFLATION REDUCTION ACT AND ITS GLOBAL RIPPLE EFFECT ON CLIMATE LAW, ENERGY POLICY, AND LEGAL REFORM IN DEVELOPING ECONOMIES

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ABSTRACT

The U.S. Inflation Reduction Act (IRA)a landmark $369 billion climate and energy lawhas not only transformed American climate policy but also reverberated across the globe. This three-part essay examines how the IRA has reshaped international climate leadership and law, its ripple effects on energy policy and investment in developing economies, and the emerging legal risks and gaps in the global response. The analysis finds that the IRA put the United States back on track to meet its Paris Agreement targets and reclaim a mantle of climate leadership. By demonstrating an unprecedented commitment to decarbonization home, the Act galvanized other major emitters and blocs to enhance their own climate ambitions, contributing to a new wave of climate legislation and policies worldwide. At the same time, the IRA's domestic focus including provisions favoring U.S. manufacturing has sparked debates on fair competition and equity in international circles. Global South observers note that while the Act marks a positive shift in global climate action, its lack of direct support for developing countries and its protectionist features risk marginalizing poorer economies.

The first part of the essay details how the IRA reshaped global climate governance. After years of inconsistent U.S. engagement, the Act's enactment restored U.S. credibility and shifted global climate law discourse toward concrete action. It also bolstered American leverage in multilateral climate negotiations, enabling the United States to push other nations toward higher commitments. The Act's example also emboldened climate legislation abroad, as nations saw that aggressive emissions cuts and clean technology investments were politically and economically feasible. However, tensions emerged: European and Asian allies raised concerns that the IRA's local content requirements might violate trade norms, prompting transatlantic legal consultations and highlighting gaps in WTO rules on green subsidies.

The second part examines the ripple effects on national legislation and green investment in the Global South, focusing on Kenya, Brazil, India, and

Nigeria. The IRA's signal of a global clean energy "race to the top" spurred these countries to accelerate their own climate law reforms and green investment plans. Kenya, for example, enacted the Climate Change (Amendment) Act 2023 to strengthen its climate governance regulating carbon markets and mandating more robust climate action at national and county levels. Nigeria built on its Climate Change Act 2021 by launching an Energy Transition Plan and a new electricity law to attract clean energy investment and reduce reliance on oil revenues. Brazil's government under President Luiz Inácio Lula da Silva revitalized environmental enforcement and committed to ending Amazon deforestation by 2030, thereby reclaiming Brazil's role as a climate leader in the developing world. India likewise expanded its renewable energy targets and green industrial policies (such as production-linked incentives for solar manufacturing and green hydrogen) to capitalize on the global investment wave, even as Indian officials called for more equitable trade terms in response to the IRA. These case studies illustrate a broader trend: developing economies are responding to the IRA's opportunities and challenges by crafting domestic legal frameworks that integrate climate goals with development needs. Notably, many of these reforms incorporate a climate justice perspective for instance, provisions for community benefits, adaptation funding, and South–South cooperation in effect localizing the global climate agenda.

The final part addresses global legal risks, gaps, and forward-looking recommendations. One major concern is the risk of stranded assets: as the world's shift away from fossil fuels accelerates (in part due to policies like the IRA), countries heavily dependent on coal, oil, and gas could see hydrocarbon assets devalued or abandoned, with destabilizing economic effects. For example, Nigeria's oil infrastructure faces stranding unless legal mechanisms for a just transition, such as economic diversification strategies or compensation schemes are put in place. Another gap lies in international support: the IRA provided no new climate finance for developing nations even as those nations are urged to raise their climate ambitions, underscoring equity issues under the Paris Agreement's principle of common but differentiated responsibilities. Investment patterns are also shifting, as generous clean energy subsidies in wealthier countries may attract industry at the expense of the Global South unless developing economies enact competitive incentives or global rules adjust to prevent disadvantage. The essay concludes by urging measures to bridge these gaps. It calls for strengthening global legal frameworks and cooperation, including reforms to trade and investment rules that accommodate green industrial policy while safeguarding poorer countries' interests, increased climate finance and technology transfer to support Global South transitions, and new legal tools to manage transition risks like asset stranding and workforce displacement. In sum, the IRA's global ripple effect offers both a blueprint and a cautionary

taleit demonstrates that ambitious climate legislation can drive positive change beyond national borders, but also that comprehensive and inclusive legal reforms are required to ensure an equitable and sustainable energy future for all.

PART 1

The Global Climate Legal Context and Importance of Domestic Action

Climate change is a quintessential global challenge, but the legal frameworks to tackle it operate at multiple levels. International agreements, most notably the Paris Agreement of 2015 set collective goals and principles, yet they rely on implementation by individual nations. Under the Paris Framework, countries submit nationally determined contributions (NDCs) outlining emission reduction targets and are obliged to "pursue domestic mitigation measures" to achieve those pledges (Paris Agreement, 2015, Art. 4.2). In other words, without robust national legislation and policies, international climate commitments remain aspirational. Indeed, the UNFCCC Secretariat has emphasized that "domestic legislation is the key" to achieving climate objectives agreed upon globally. This is because domestic legal systems regulate emissions, incentivize the use of clean energy, and implement adaptation measures.

Domestic climate laws, therefore, serve as the bridge between lofty international aims and tangible action on the ground. Strong national climate legislation in major economies not only drives down emissions within those countries but also sends important signals globally. It can bolster a nation's credibility in climate negotiations and encourage other states to increase their efforts. Conversely, in the absence of domestic action, even the most progressive international agreements falter. The global legal context of climate change thus makes clear that what happens in national legislatures and courts resonates far beyond national borders. From this perspective, ambitious domestic laws especially in large emitters can have outsized international ripple effects, influencing global markets, diplomacy, and the policy choices of other countries.

The Inflation Reduction Act as a Landmark Climate Law

Within this context, the United States' Inflation Reduction Act (IRA) of 2022 stands out as a milestone in climate law and policy. The IRA is widely regarded as the most significant climate legislation in U.S. history, marking the country's first comprehensive statutory effort to address

climate change on a large scale. Passed in August 2022, the Act was a cornerstone of the Biden administration's agenda and followed decades of halting U.S. climate action. Previous attempts at sweeping climate legislation (for example, the 2009 Waxman-Markey cap-and-trade bill) failed to become law, and the U.S. had oscillated in its international climate stance from leading negotiations to withdrawing from the Paris Agreement under past leadership. The enactment of the IRA, therefore, represents a critical course correction, embedding climate action into federal law and signalling that the United States is finally aligning domestic policy with its global commitments. Crucially, the IRA's passage indicated to the world that the U.S. was prepared to invest serious resources in decarbonization, lending weight to its diplomatic promises. As one analysis noted, this law constitutes the largest-ever U.S. investment in climate action and has the potential to "profoundly alter the international landscape" of climate efforts.

From a legal and structural standpoint, the Inflation Reduction Act is an omnibus budget reconciliation law with a broad scope, but climate and clean energy measures form its core. The Act earmarks roughly $370 billion for clean energy and climate-related programs. These include a suite of tax credits, grants, and loans designed to accelerate the clean energy transition across multiple sectors. For example, the IRA provides production and investment tax credits to expand renewable electricity generation (encompassing solar, wind, geothermal, and more), tax incentives for electric vehicle (EV) purchases that favor EVs made with U.S. or free-trade partner materials, support for domestic manufacturing of batteries and other clean technologies, and funding for advanced solutions like green hydrogen, carbon capture, and energy storage. The law also contains provisions aimed at climate-resilient agriculture, forest conservation, and environmental justice initiatives. Notably, while framed partly as an inflation-reduction and industrial policy package (it also addresses prescription drug pricing and IRS tax enforcement), the IRA's climate provisions are its centerpiece and the primary driver of its international significance. The Act's overarching purpose is to put the United States on a path to reduce greenhouse gas emissions by approximately 40% below 2005 levels by 2030, moving the country closer to its Paris Agreement Nationally Determined Contribution (NDC) goal of a 50–52% reduction. In doing so, the IRA aims to transform U.S. energy policy by catalyzing investment in clean energy technologies and reducing the country's dependence on fossil fuels. It effectively merges climate objectives with economic policy, signalling that decarbonization and a competitive industrial strategy can go hand in hand. This innovative coupling of climate law with economic incentives has garnered global attention as other nations consider how to mobilize large-scale investments in the green economy.

Global Ripple Effects on Climate and Energy Governance

Although the IRA is a domestic law, its impacts are reverberating worldwide. The enactment of such a massive U.S. climate investment has global ripple effects that are legal, economic, and diplomatic. First, the IRA has reshaped perceptions of the United States within international climate diplomacy. After years of inconsistent engagement, the U.S. now has a concrete policy tool to support its international pledges, thereby enhancing its credibility on the world stage. U.S. negotiators arrived at recent climate summits (such as COP27 in 2022 and COP28 in 2023) armed with evidence that American emissions are on a downward trajectory due to the IRA's measures. This credibility makes the U.S. a stronger partner in global climate talks and puts pressure on other major emitters to follow suit [9]. As one commentator observed, climate diplomacy hinges on the ability to "showcase a roadmap" for emissions reduction, and the IRA, for the first time, gives the U.S. a persuasive domestic roadmap to point to. Indeed, the law has helped the United States reclaim a mantle of climate leadership that many felt was lost in prior years. Allies such as the EU have cautiously welcomed the U.S. "back in the game," even as they grapple with the competitive implications of America's new policies.

Secondly, the IRA has ignited a policy response and clean energy policy competition among other economies. The European Union, worried that U.S. subsidies could lure green industries away from Europe, quickly formulated its countermeasures. European leaders initially expressed alarm that the IRA's tax credits for electric vehicles and renewable energy hardware contained "buy American" or local content provisions that disadvantage European manufacturers. In response, the EU launched its Green Deal Industrial Plan. In early 2023, the EU institutions approved a Net-Zero Industry Act – a legislative package explicitly designed to bolster EU clean tech manufacturing and keep pace with the U.S. subsidy push. This EU act, by providing its own funding and regulatory incentives for clean energy industries, was a direct reaction to the IRA's challenge. In effect, the IRA has opened the floodgates for a new wave of green industrial policy across advanced economies: governments are now vying to subsidize and attract sectors such as battery gigafactories, solar panel production, and hydrogen projects. While this "race to the top" in clean energy investment is broadly positive for global climate action, it is also reshaping trade relations and raising questions about the potential for protectionism. The IRA's preferential treatment for U.S.-linked supply chains, for instance, has led to tensions with allies. Forums such as the U.S.-EU Trade and Technology Council have

been used to negotiate potential adjustments or flexibilities, aiming to avoid a subsidy war or fragmentation of climate efforts. Nonetheless, a paradigm shift is evident, major emitters are moving from setting carbon targets to enacting concrete industrial laws to achieve them, with the IRA catalyzing this shift.

Beyond the transatlantic sphere, China and other nations are also responding. China, which has long invested heavily in clean energy manufacturing, views the U.S. IRA and the EU's counter-initiatives as intensifying global competition in sectors such as solar panels, electric vehicles (EVs), and critical minerals. Some analysts note that two models are emerging: a U.S.-EU model that incentivizes private sector-led clean energy growth through subsidies versus China's state-directed model, both aimed at achieving dominance in future technologies. In this way, the IRA has globalized the discourse on climate law and energy policy, firmly linking it with questions of economic competitiveness and technological leadership. Countries that once hesitated to pursue green growth strategies are now more likely to consider legislative packages of their own, lest they be left behind in the new energy economy.

Implications for Developing Countries and Emerging Economies

Critically, the ripple effects of the Inflation Reduction Act are not confined to wealthy nations they are also influencing developing economies, particularly those in Africa, Asia, and Latin America. While developing countries played no part in crafting the IRA, its provisions and the market shifts it is precipitating are prompting both opportunities and challenges for them. On the positive side, the IRA is expected to accelerate innovation and drive down the costs of clean energy technologies globally, which can significantly benefit developing nations. By investing tens of billions of dollars in emerging industries such as green hydrogen, advanced batteries, direct air capture, and other climate technologies, the Act will accelerate the early deployment and scale-up production of these solutions in the United States. Over time, increased scale and learning-by-doing can make these technologies more affordable and readily available worldwide. This means that the menu of affordable clean energy options available to developing countries will expand, aiding their energy transitions. For example, the cost of solar panels and batteries already fallen dramatically in the last decade could decline even further due to the IRA stimulating additional manufacturing capacity and R&D. Such cost reductions are essential for lower-income countries, which often cite high technology costs as a barrier to climate action. In this sense, U.S. domestic law is indirectly bolstering the toolkit for climate

mitigation across the Global South.

Moreover, the IRA and similar policies are reshaping global demand for energy resources and goods, which developing economies are noticing. As the U.S. (along with the EU and others) increases demand for renewable energy infrastructure and electric vehicles, there is a surge in demand for the raw materials and components that feed those industries. Developing nations that export critical minerals such as lithium, cobalt, nickel, graphite, and rare earth elements stand to gain from this trend. Analysts project that global demand for critical minerals will double or increase by more than 100% in the next 15 years due to clean energy policies in major economies. This presents a strategic opportunity for countries like the Democratic Republic of Congo (cobalt), Zambia (copper), Mozambique (graphite), Indonesia (nickel), Chile and Argentina (lithium), among others, which are rich in the very minerals needed for batteries, solar panels, and wind turbines. Indeed, some of these countries are already positioning themselves to benefit. For instance, Indonesia has leveraged its nickel reserves by adjusting its mining laws and banning the export of raw ore to incentivize local battery manufacturing, aiming to capture more value domestically. Similarly, the African Union has outlined a vision for an African Green Minerals strategy to manage better and profit from the continent's 30% share of global mineral reserves. The legal and policy reforms in these developing economies, from updates to mining law to new public-private partnerships in clean technology, are partly motivated by the global pivot to clean energy that the IRA has accelerated. In essence, as wealthy nations implement laws like the IRA that promote clean technology, resource-rich developing countries are compelled to reform their laws to capitalize on the demand for a green economy.

However, the effects of the IRA on developing countries are not uniformly positive, highlighting the complex interplay between climate action and equity. A significant concern has been the "local content" requirements and trade provisions within the IRA, which could inadvertently sideline some developing nations. For example, one of the Act's headline incentives is consumer tax credit for electric vehicles. However, it is contingent upon the vehicle's battery minerals being sourced from the U.S. or countries with a U.S.-free trade agreement. This requirement effectively excludes most African, Asian, and Latin American countries from the EV supply chain eligible for U.S. subsidies, as the United States has free trade agreements with only a few African nations (Morocco in Africa) and limited partners in other developing regions. As a result, countries like Congo or Indonesia despite their mineral

riches do not automatically benefit from the IRA-driven increase in mineral demand because their products may not qualify under the Act's rules. Critics argue that this exclusionary aspect of the IRA runs counter to its climate spirit by shutting out developing economies that are crucial for global mineral supply. There have been calls for U.S. policymakers to amend or interpret the law more flexibly to include allied developing nations (for instance, by treating countries in Africa that are part of the African Growth and Opportunity Act framework as eligible suppliers). This debate highlights the potential unintended geopolitical ramifications of domestic climate laws, which may necessitate diplomatic and legal adjustments to ensure a fair distribution of climate transition benefits.

At the same time, the implementation of the IRA is prompting renewed dialogue between the U.S. and developing countries on clean energy collaboration. The U.S. government has been seeking ways to partner with countries in Africa, Asia, and Latin America to establish sustainable supply chains and support clean energy projects abroad, complementing the IRA's domestic focus. For example, at the 2022 U.S.-Africa Leaders' Summit, American officials highlighted investment initiatives for Africa's renewable energy and critical minerals sectors, recognizing that African participation is vital for diversifying supply chains away from China and achieving global climate goals. These efforts suggest that the IRA's ripple effect includes a diplomatic drive to integrate developing economies into a shared climate agenda. In response, many developing countries are articulating their own needs and conditions, emphasizing that, in addition to technology and trade opportunities, they require substantial climate finance and capacity-building to undertake their green transitions. Here, the IRA does not directly help since it is domestically oriented and does not provide international climate finance. Developing nations continue to press the U.S. and other developed countries to fulfil finance pledges (such as the $100 billion per year promise) and to support funds for climate adaptation and loss and damage. The success of the IRA in the eyes of the Global South may thus ultimately be measured not only by U.S. emission cuts but by whether it is accompanied by greater support for developing countries' climate efforts.

Nonetheless, one apparent effect of the IRA is a heightened awareness and impetus for legal reform in developing economies related to climate and energy. As major economies move decisively toward clean energy, developing countries are increasingly updating their laws and policies to avoid being left behind. In the past few years, several African and Asian nations have passed framework climate change laws or updated energy strategiesfor instance, Nigeria's

Climate Change Act (2021) and South Africa's Climate Change Bill (2022) established legal targets and institutions to drive domestic climate action. These efforts, driven by each country's commitments under the Paris Agreement, are reinforced by the global momentum symbolized by the IRA: the sense that a green economic transformation is inevitable and underway. We are seeing a growing interest in mutually beneficial legal arrangements. Some African governments are exploring bilateral agreements and trade pacts that could plug them into U.S. and European clean energy supply chains while also instituting domestic reforms (such as stricter environmental regulations and incentives for local processing of minerals) to make themselves attractive partners. Developing economies that are not traditionally major emitters are nonetheless proactively crafting policies to capitalize on renewable energy (for example, Kenya's updated Climate Change Act in 2023 emphasizes carbon trading and renewable expansion), indicating that the influence of global climate leadership is permeating their domestic law-making.

In summary, the U.S. Inflation Reduction Act, although aimed at reducing America's inflation and emissions, has quickly become a benchmark for climate law and policy around the world. It illustrates how a single nation's legislative choice can send ripples through the international system, spurring analogous policy initiatives in other advanced economies, altering market dynamics in ways that affect developing countries, and injecting new energy into global climate negotiations. Part 1 of this essay has outlined the backdrop of global climate governance and introduced the key features of the IRA, as well as its emerging international impacts. In doing so, it has set the stage for a deeper analysis of how these global ripple effects are unfolding in practice, particularly in the legal and policy reforms of developing economies. The true legacy of the IRA may ultimately lie not only in the United States meeting its own climate goals but also in how it catalyzes broader action or adaptation in the laws of other nations as the world collectively strives to combat climate change.

PART 2

Global Implications of the U.S. Inflation Reduction Act

The Inflation Reduction Act (IRA) passage reverberated globally, prompting various responses from allies, competitors, and developing nations. In Europe, the Act’s generous green subsidies and “Made in America” incentives have been met with apprehension. EU leaders worry that the IRA’s local content requirements could disadvantage European clean-tech manufacturers

and lure investment away from the EU. Officials in Brussels have even described the IRA's provisions as "discriminatory" toward European firms, warning of potential trade disputes. In response, the EU has devised countermeasures, unveiling a Green Deal Industrial Plan to boost its cleantech industries and prevent an outflow of green investment. European governments are expanding state-aid limits and accelerating plans for an EU Critical Raw Materials Act and a Net-Zero Industry Act to rival the U.S. approach. Indeed, some European cleantech firms have signalled shifts in investment to capitalize on the IRA's incentives. For example, Sweden's Northvolt has reportedly paused a planned battery factory in Germany as it is considering expanding into the U.S.. There are also ongoing transatlantic negotiations to mitigate frictions – for instance, talks to treat EU-based companies similarly to U.S. free-trade partners for EV tax credit eligibility. Despite initial tensions, U.S.-EU dialogue has helped avert an outright "subsidy war," with both sides emphasizing cooperation in clean energy deployment.

In the Asia-Pacific, key American allies have voiced similar concerns while seeking accommodations. South Korea, home to primary battery and automobile manufacturers protested that the IRA's exclusion of non-American EVs (until local production is established) hurts its automakers' access to the U.S. market. The South Korean government engaged in diplomacy, urging a delay in the EV credit rules and greater flexibility for its firms. Japan likewise feared negative impacts on its auto and battery industries. However, in 2023, the U.S. and Japan signed a novel Critical Minerals Agreement that allows critical minerals sourced in Japan to count toward IRA requirements, despite Japan not having a formal free trade agreement (FTA) with the U.S. This deal – the first of its kind – effectively grants Japanese companies relief by qualifying their EV batteries for U.S. tax credits. The agreement set a precedent that assuaged Japan's concerns and hinted at solutions for other U.S. partners. While not an intended beneficiary of the IRA, China is an indispensable player in clean energy supply chains and has reacted defensively. The IRA explicitly seeks to reduce dependence on Chinese imports of renewables, batteries, and critical minerals, aiming to "friend-shore" supply chains to allied nations. Chinese officials have criticized the Act as a protectionist measure and hinted at retaliatory policies to safeguard China's dominance in batteries and solar technology. Beijing perceives the IRA's supply-chain provisions as a strategic challenge and has invested in its clean-energy subsidies to maintain competitiveness.

Beyond the significant economies of North America, Europe and Asia, the IRA's ripple effects extend to the developing world. In Latin America, reactions mix optimism about new

opportunities with caution about potential downsides. The region holds an abundance of critical minerals (such as lithium and copper) and renewable resources vital for the global energy transition. The IRA's incentives for supply-chain relocation could catalyze greater U.S. engagement in Latin America's mining and green energy sectors. Many Latin American countries are well-positioned to benefit from "friend-shoring" because many of them have FTAs with the United States, making their clean-tech exports eligible for IRA tax credits by extension. For instance, Chile and Peru major mineral exporters with U.S. trade agreements could see increased lithium and copper production investment to meet rising American demand for electric vehicle batteries. Similarly, as part of the USMCA trade bloc, Mexico stands to gain from EV assembly and solar manufacturing projects diverted from Asia to North America. However, countries without such trade deals (including Brazil and Argentina) worry about being disadvantaged. There is concern that the IRA might divert global clean-tech investment towards the U.S. market at the expense of Latin America's green industries, if regional initiatives cannot compete. Therefore, these nations urge a collaborative approach, ensuring that the U.S. green subsidy push supports Latin American decarbonization rather than undermining regional development.

The response centers on inclusion in emerging clean energy supply chains in Africa. African countries hold significant reserves of cobalt, manganese, platinum, and other minerals that are critical for batteries and renewable technologies. The IRA's EV tax credit (Section 30D) requires an increasing share of battery minerals to be sourced from the U.S. or its FTA partners, reaching 80% by 2027, so nations without FTAs are effectively excluded from these incentives. For example, the Democratic Republic of Congo (a top cobalt producer) and South Africa (a leading platinum supplier) do not qualify under the IRA's present rules, which limit their ability to attract investment from the booming U.S. clean-tech sector. This exclusion has prompted calls for new mechanisms to incorporate African resources into U.S. supply chains. Some analysts propose negotiating special critical minerals accord or adding a provision to the African Growth and Opportunity Act allowing African minerals to count toward IRA content requirements. Advocates argue that such measures would diversify U.S. supply chains and support sustainable growth in Africa.

These diverse international reactions underscore the need for multilateral coordination in climate policy and green investment. WTO officials warn that a turn to ad hoc "friend-shoring" deals where countries favor only their close allies – could undermine the rules-based trading

system, creating a "might makes right" scenario. Major economies seek cooperative solutions to prevent a subsidy race and include all regions in the clean energy transition. The United States and the European Union have convened high-level talks to harmonize approaches to resolve disputes over the IRA while upholding shared climate goals. At the Group of Seven (G7), leaders have launched a "Climate Club" to coordinate decarbonization efforts among major economies and set common standards. Developing nations insist that global climate action must also address equity: they continue to press wealthy countries to finally fulfil the long-promised $100 billion per year in climate finance a commitment outside the scope of the IRA to help poorer nations cut emissions and adapt. While the IRA has bolstered U.S. credibility on climate, its focus is domestic; thus, robust international climate finance and technology transfer remain essential. In sum, effective multilateral coordination is needed to ensure that the IRA's ambitious climate drive serves as a catalyst for worldwide emissions reductions rather than a source of discord, aligning disparate efforts toward the common goal of a sustainable global economy.

Global Ripple Effect on Developing Economies

The U.S. Inflation Reduction Act (IRA) has proven to be not only a domestic milestone but also a catalyst influencing climate action worldwide. As the largest climate investment in U.S. history, the IRA has sent reverberations across the globe, reshaping conversations on clean energy and climate policy far beyond American borders. In reasserting U.S. leadership on climate change, the Act has bolstered American credibility in international climate negotiations and prompted a sense of competition among major economies to scale up their own green ambitions. This dynamic has ushered in a "race to the top" in which governments are considering expansive incentives and regulations to accelerate the transition to renewable energy, mirroring the IRA's strategic approach to climate and industrial policy.

Developing countries find themselves uniquely impacted by this new global climate policy landscape. On one hand, the IRA's success in driving clean technology deployment and investment is encouraging news for all nations committed to the Paris Agreement goals. Cheaper and more abundant renewable technologies stemming from scaled-up production can benefit emerging economies by lowering the barriers to adoption of clean energy. Moreover, the U.S. example of tying climate action to economic growth and industrial strategy provides a model that developing nations can adapt within their own contexts as they formulate climate

legislation and green growth strategies. The Act's influence thus reverberates in policy discussions from Asia to Africa, where lawmakers cite it while crafting climate laws and energy policies that aim to attract investment and build sustainable industries at home.

On the other hand, the IRA's primarily domestic focus has also raised concerns and debates in the Global South. At international climate forums, developing nations have underscored that while developed countries ramp up internal investments, they must not lose sight of their commitments to support poorer nations' climate efforts. These countries continue to insist that wealthier nations fulfill long-standing pledges such as delivering the promised $100 billion per year in climate finance and are pushing for new funding arrangements to address climate-related loss and damage. Some leaders and economists from the developing world worry that generous subsidies in advanced economies could inadvertently divert clean energy investments away from emerging markets, where capital is often scarcer and the cost of finance higher. Indeed, voices at the United Nations General Assembly have called on the U.S. to channel some of the IRA's momentum toward global initiatives, arguing that American clean energy incentives should complement, not detract from, climate action in developing countries.

In response to both the opportunities and challenges presented by the IRA, developing economies are undertaking significant legal and policy reforms of their own. Many are updating or enacting climate change framework laws, renewable energy targets, and green industrial policies to create a more enabling environment for sustainable investment. For instance, several countries in the Global South have introduced legislation to support clean energy industries, from establishing tax incentives for renewable projects to tightening regulations on emissions, in an effort to align with the global shift toward decarbonization. These steps not only signal a commitment to the climate agenda but also serve to attract international finance and technology. By strengthening domestic climate governance through clearer legal mandates and institutional frameworks developing nations aim to leverage the wave of global green investment for their own sustainable development.

However, the true impact of the IRA's ripple effect on developing economies will hinge on issues of equity and access. Experts caution that without intentional international cooperation, the benefits of the IRA and similar initiatives might be unevenly distributed, favoring countries with established industries and greater capacity to absorb capital. There is a risk that poorer nations could be left competing for a smaller share of global clean investment if much of it

flows to lower-risk markets incentivized by laws like the IRA. As one prominent economist from Africa observed, legislation in wealthier states can inadvertently make it harder for developing countries to attract the financing needed for their green transitions, by drawing investors toward the rich-world markets offering hefty subsidies and more secure returns. This warning underscores the importance of supporting mechanismsfrom blended finance to technology transferto ensure that the global clean energy surge catalyzed by the IRA becomes truly inclusive.

In conclusion, the U.S. Inflation Reduction Act has undeniably set in motion a global ripple effect that is transforming climate law and energy policy well beyond American shores. In developing economies, it has inspired new laws and policies and spurred a re-examination of how climate objectives can align with economic growth. At the same time, it has spotlighted the disparities in resources and investment between developed and developing worlds, reinvigorating calls for international solidarity in climate action. The coming years will test how effectively this landmark U.S. legislation can galvanize not just domestic decarbonization, but also cooperative efforts that empower all countries developed and developing alike to advance their climate goals. Achieving that outcome will require bridging the policy innovation of initiatives like the IRA with the financial and technological support that developing economies need, ensuring the global green transition leaves no one behind.