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CLIMATE DIPLOMACY AND TRADE: THREE PRIORITIES FOR DELIVERING GREEN TRADE AND WTO REFORM

JONNY PETERS, IGNACIO ARRONIZ VELASCO

Nearly a quarter of global carbon emissions relate to trade.

Many so-called climate leading countries have significantly higher carbon footprints when the emissions related to their imports are taken into account.

Climate and trade practitioners need to come together to rise to this challenge. We propose three priorities for this agenda:

1. Addressing the carbon emissions embodied in trade
2. Cooperating with trade partners to deliver net zero
3. Reforming global trade and investment rules

Summary

International trade and climate discussions are increasingly interacting with one another. However, trade and climate practitioners still largely work in silos. Because of this, policy makers and diplomats lack a coherent framework for understanding the trade and climate policy space.

We propose three, interdependent priorities that must be balanced to achieve a coherent climate diplomacy and trade agenda:

- 1. Addressing the carbon emissions embodied in trade** – carbon emissions from domestic production are only part of the story for achieving net zero. Better accounting for consumption emissions is needed to understand the emissions embodied in trade. Consumption-based emissions targets may be needed in the future and new measures – such as due diligence requirements, carbon border adjustments, and product standards – will be



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required to address trade-related emissions. It is essential that these measures correspond with increases in domestic policy ambition and are accompanied by a considered diplomatic strategy to address the international implications, prioritising support for developing countries.

- 2. Cooperating with trade partners to deliver net zero** – supporting other economies to transition to net zero, particularly emerging and developing economies, must be a fundamental component of a green trade agenda, achieved by aligning trade, development, and climate policies. While Free Trade Agreements (FTAs) can sometimes enable sustainable development, effective cooperation can also be advanced through a range of other measures including green export support, clean technology access, development and transfer, and alignment with international climate finance.
- 3. Reforming global trade and investment rules** – the multilateral trade and investment system needs reform to meet the goals of the Paris Agreement. Climate policies are increasingly being challenged under outdated trade and investment rules. Climate-aligned trade policy cooperation should be promoted through an agenda-setting Trade Ministers Coalition for Climate. Elsewhere, climate change concerns must be prioritised in the overhaul of investment agreements like the Energy Charter Treaty.

Introduction

Trade and climate practitioners have much to learn from each other. While the multilateral process of the UN Framework Convention on Climate Change (UNFCCC) is currently functioning better than the multilateral trade discussions at the World Trade Organisation (WTO), climate diplomats can be guilty of not looking far enough beyond their own process to the wider multilateral system, and often stop short of discussing trade and trade-related climate policies.

In contrast, while the trade community may be grappling with significant political challenges, this might arguably make them more alive to contemporary geopolitical risks and issues. However, while trade officials may be adept at representing the economic issues of the day, they arguably lack the longer-term perspective of climate diplomats and their understanding of how the economy will need to transition in future. Moreover, while global trade can sometimes be an enabler of the climate transition, in many instances, trade and investment rules either need careful navigating or outright reform to enable some of the policymaking required to meet the goals of the Paris Agreement.



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Context

Despite current multilateral trade and climate discussions being worlds apart, both discussions share the prospect of rapidly changing geopolitics. The ongoing fallout following Russia's invasion of Ukraine has equal potential to disrupt both processes.

While the Paris Agreement successfully restored the multilateral climate process in 2015, multilateral trade discussions have progressively lost traction since the collapse of the Doha Round in the mid-2000s. Since then, the WTO has struggled to respond to a series of crises, from the Financial Crisis in 2008 to the pandemic in the early 2020s. These struggles have led many countries to sideline the WTO to preserve their interests. In 2020, the Trump Administration rendered the WTO's Appellate Body powerless by refusing to appoint new members. President Biden has not moved to restore the WTO's political and legal relevance.

Despite such headwinds, the rules-based multilateral trading system is still needed. The Paris Agreement is premised on developing and diffusing green technologies through global finance, supply chains and markets. An uncooperative trading system would put these drivers at risk. The WTO retains legitimacy given its strong convening power, equally representing its members, and as a source of hard international law at the heart of an extensive institutional network.

However, international trade and climate discussions are increasingly clashing with one another because of the significant economic decisions that are being taken domestically in the name of climate action.

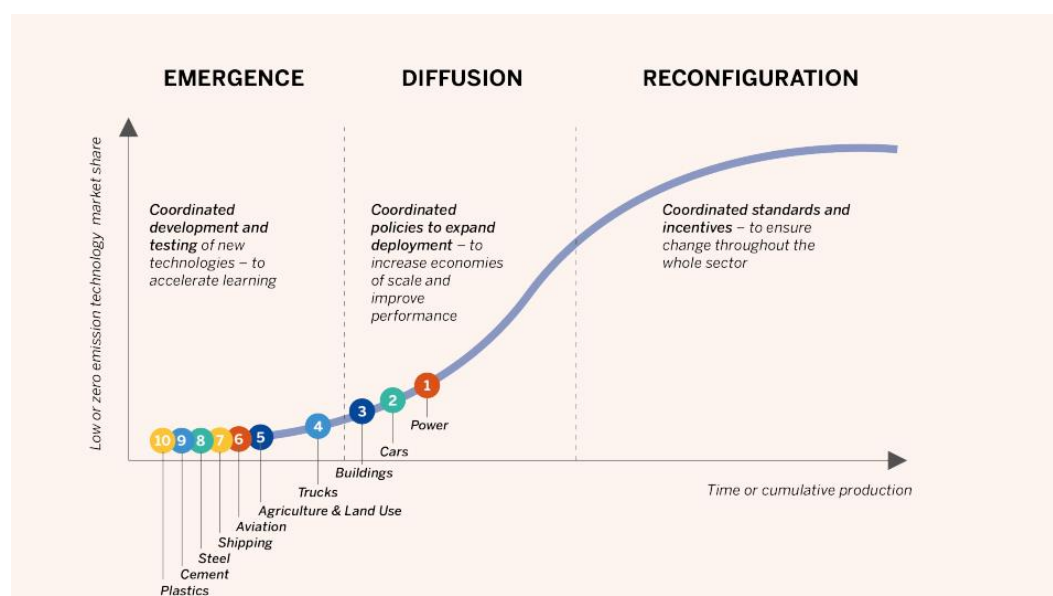
To date, the highest-profile climate-related WTO disputes have been around domestic clean energy support schemes, including past measures in Canada, India, and the United States, which were found inconsistent with WTO law due to the use of local content requirements. The recent WTO dispute between the EU and the UK is the latest addition to this series.

As the clean economy transition starts to extend from policy interventions in the power sector – where decarbonisation policies have mainly been advanced in most countries to date – to other significant sectors, such as transport, industry, and agriculture, an increasing range of decarbonisation policies will likely face challenges under current multilateral trade and investment rules for similar reasons, since they too are traded or have trade implications.



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Figure 1: Progress of sectors' low carbon transitions ¹



Significant aspects of the policy options available to decarbonise these sectors have the potential to clash with multilateral trade and investment rules. WTO rules on subsidies, public procurement or non-tariff barriers could be used to challenge green industrial policies that favour cleaner goods or commodities over others. Likewise, technology transfer schemes may sometimes clash with intellectual property rules.

As a longer-term goal, climate-related issues therefore need to be brought into multilateral trade and investment reform discussions, including discussions around WTO reform. As this briefing will go on to discuss, there is an immediate role here for climate diplomats to become more active around these discussions to offer insights into the direction of travel regarding future climate policies.

In the nearer-term, trade-related climate measures are already starting to be developed, which will require careful diplomatic handling. As this briefing will discuss next, there is an emerging tendency for these measures to be developed unilaterally or among like-minded economies. This presents an immediate challenge for the trade and climate diplomacy communities regarding how to ensure the consistency of these approaches with the multilateral system, both WTO rules and UNFCCC principles, for which a clear strategy will be vital.

¹ Energy Transitions Commission (2019) [Accelerating the Low Carbon Transition](#)



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Emerging trade-related approaches to climate policy

Recent shifts in global politics have given rise to more self-reliant and assertive trade strategies, as evidenced by the Biden Administration's 'worker centric' trade policy or the EU's 'open, sustainable and assertive' trade strategy. Prior to this, the last formal climate-related multilateral talks at the WTO, the Environmental Goods and Services negotiations, collapsed in 2016. Since then, trade-related approaches to climate policy have started to be developed either unilaterally, bilaterally, or in increasingly diffuse groups.

Unilateral initiatives

Under the European Green Deal, the European Union in particular has begun to develop some notable measures that have come to dominate discussions of trade and climate policy today.

Carbon Border Adjustment Mechanisms (CBAMs) – the most prominent of these is the EU CBAM proposal, which seeks to address concerns about carbon leakage – the potential for economic activities to be displaced due to costs related to climate policies, thereby directly or indirectly displacing emissions to countries with less stringent climate policies – by levying a carbon price equivalent at the border on certain imports, including steel, cement, aluminium, iron, fertilisers, and electricity.

Due diligence requirements – a second noteworthy EU proposal is the due diligence regulation of deforestation-risk commodities. The proposal mandates companies that sell forest-risk commodities – such as soy, beef, and palm oil – to ensure they are deforestation-free before entering the EU market. The US and UK are developing similar, but less extensive, proposals.

Bilateral discussions and arrangements

Climate provisions have also started to feature more prominently in bilateral trade arrangements.

Free Trade Agreements (FTAs) and discussions – climate provisions now feature regularly in FTAs. In the UK-EU Trade and Cooperation Agreement (TCA), both sides went as far as to make the Paris Agreement an 'essential element' of the agreement, meaning that the entire TCA could fall if either



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side breaches their Paris commitments. While the Paris commitments in other FTAs have been less stringent, the EU and UK have still tended to prioritise climate and sustainable development in their recent agreements.

However, recently the EU and particularly the US have moved away from undertaking new FTAs and instead launched more informal discussions, such as the EU-US Trade and Technology Council (TTC), the EU-India TTC, or the UK-US Dialogues. The EU has prioritised climate change in these formats. The UK has begun including climate in its Joint Economic Trade Committee (JETCO) discussions with a range of trade partners.

EU-US Global Arrangement on Steel and Aluminium – in this context, the EU and US have agreed to negotiate, by 2024, a world first carbon-based sectoral arrangement on steel and aluminium, which could agree joint standards for limiting market access for high carbon steel and aluminium. The arrangement could be open to other countries.

Climate clubs

Climate clubs are still a largely theoretical concept. The original notion of a climate club, as conceived by Nordhaus, is an exclusive group of climate ambitious countries that would use a common border tariff to influence others.²

German G7 proposal – the 2022 German G7 Presidency, however, favours establishing an ‘open, collaborative’ climate club, which could take a more inclusive framing, if designed in the right way. The German proposal is built around three principles.³ Seeking to be:

- > **Ambitious** – with members committing to the Paris Agreement, its temperature goals, and achieving climate neutrality by mid-century.
- > **Bold** – aspiring to draw in as many countries as possible with shared climate initiatives. Options proposed here include coordinated carbon pricing, carbon leakage, and industrial decarbonisation policies.
- > **Cooperative** – among club members, cooperation is envisaged to remedy competitive disadvantages. When engaging with non-members,

² Nordhaus, William (2015) **Climate Clubs: Overcoming Free-Riding in International Climate Policy**

³ German Government (2021) **Steps towards an alliance for climate, competitiveness and industry**



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the club is proposed to support UNFCCC goals and principles, with trade playing a supporting role, prioritising consistency with WTO rules.

The German proposal has the potential to build on the UK G7's Industrial Decarbonisation Agenda, which in turn relates to the **Clean Energy Ministerial (CEM) Industrial Deep Decarbonisation Initiative (IDDI)** which is working towards standardised carbon assessments of key industrial products and joint targets for clean public procurement.

Plurilateral trade discussions and negotiations

Lastly, in the vacuum left by the lack of climate-related trade negotiations at the multilateral level, talks between smaller groups have started to emerge.

WTO plurilaterals

Plurilateral discussions at the WTO involve willing participants rather than the full, multilateral WTO Membership. Three notable climate-related discussions have emerged in recent years:

1. **Trade and Environmental Sustainability Structured Discussions (TESSD)** – intended to complement the work of the WTO Committee on Trade and Environment, these discussions are organised around three working groups on trade-related climate measures, on environmental goods and services, and on sustainable supply chains.
2. **Informal Dialogue on Plastics (IDP)** – these talks aim to address plastic pollution and craft a more sustainable plastic trade while also addressing development concerns. The UN Environment Assembly has also launched negotiations on a binding treaty on plastic pollution.
3. **Friends of Fossil Fuel Subsidy Reform (FFSR)** – lastly, this smaller group of WTO Members have formed a coalition seeking to use measures such as Trade Policy Reviews and enhanced transparency and reporting to rationalise and phase-out fossil fuel subsidies.

Agreement on Climate Change, Trade and Sustainability (ACCTS)

ACCTS is a trade agreement under negotiation between New Zealand, Costa Rica, Fiji, Iceland, Norway, and Switzerland, launched in 2019. Its agenda includes the removal of tariffs on environmental goods, binding commitments for green services, disciplines to eliminate harmful fossil fuel subsidies, and guidelines to develop and implement voluntary eco-labelling.



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Why climate diplomacy and trade?

This patchwork of measures and discussions is giving rise to a new landscape of international trade and climate initiatives that will require careful navigation. Fundamentally, these new unilateral and plurilateral initiatives will need to be developed consistently with the multilateral system in the near term to avoid the fragmentation of international standards and mitigate potential trade conflicts.

Designing trade-related climate policies, such as CBAMs or due diligence requirements, in a WTO consistent way is only the start of getting these policies right. Trade partners will inevitably challenge these new measures unless they are implemented in a cooperative way, therefore requiring diplomatic outreach. This matters ultimately because trade-related climate measures will not be effective without trade partners' collaboration. Obstruction or countermeasures from trade partners have the potential to undermine trade-related climate measures to the point of rendering them ineffective.

Special consideration must be afforded to developing countries when it comes to trade-related climate measures, as well as broader approaches to trade and climate, in part to avoid a negative spillover of trade tensions onto climate diplomacy. The principle of 'common but differentiated responsibilities and respective capabilities' under the UNFCCC is essential to trust in the multilateral climate process.⁴ Without trust, cooperation and the 'nationally determined' Paris Agreement process falls apart.

However, this short-term concern conceals a higher, longer-term rationale for prioritising emerging and developing economies as part of the green trade agenda. Emerging and developing economies being able to transition quicker will have a greater positive impact, both economically as well as in terms of reducing global emissions, than addressing developed countries' overseas emissions alone.⁵ There is also the danger that developed countries could obstruct emerging and developing economies' transitions by safeguarding competitiveness at the expense of enabling technology access and transfer.

⁴ CBDR-RC is a legal principle under the UNFCCC that acknowledges the different capabilities (for instance of developing countries) and differing responsibilities (for instance of developed countries) in addressing climate change

⁵ See, for instance, UNEP (2021) **Emissions Gap Report**: economic divergence between advanced economies and emerging markets and developing economies will exacerbate gaps in development and restrict progress against climate change. Additionally, without significantly increased climate finance, emerging markets and developing economies are likely to become the world's top GHG emitters, all while disproportionately suffering the burden of climate change



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Climate diplomacy, in better alignment with trade diplomacy, is best placed to address these issues in practical terms. Climate diplomats have the necessary experience and contacts to better steer the green trade agenda, but only by working in tandem with trade diplomats and their complementary skills. To advance a shared climate diplomacy and trade agenda, this briefing will next propose three key priorities that will be essential to delivering the true potential of green trade.

1. Addressing the carbon emissions embodied in trade

The carbon emissions from domestic production are only part of the story for achieving net zero. Better accounting for consumption emissions is needed to understand the emissions embodied in trade. Consumption-based emissions targets may be needed in the future and new measures – such as due diligence requirements, carbon border adjustments, and product standards – will be required to address trade-related emissions. It is essential that these measures correspond with increases in domestic policy ambition and are accompanied by a considered diplomatic strategy to address the international implications, prioritising support for developing countries.

Consumption-based emissions – greenhouse gas emissions are generally accounted for on a territorial basis. However, there is a growing recognition that this fails to account for the emissions embedded in imported products. Some estimates suggest that around 22% of global CO₂ emissions are derived from goods that are produced in one country and consumed in another.⁶

While accounting for emissions on a consumption basis is methodologically complex, it will be a necessary undertaking for comprehensive climate action in future. Sweden is making early moves towards becoming the first country to include consumption-based emissions within its climate targets. Since some have suggested that around 60% of Sweden's total emissions originate from abroad, trade-related emissions represent a significant policy gap for an otherwise climate ambitious country.⁷

Other potential first-mover countries include the UK, which recently included international aviation and shipping in its domestic climate targets, but also has a significant, wider, trade-related climate footprint. Then, there are others, like

⁶ Peters, G. P., Davis, S. J., and Andrew, R. (2012) **A synthesis of carbon in international trade**

⁷ Climate Home (2022) **Sweden set to be world's first country to target consumption-based emission cuts**



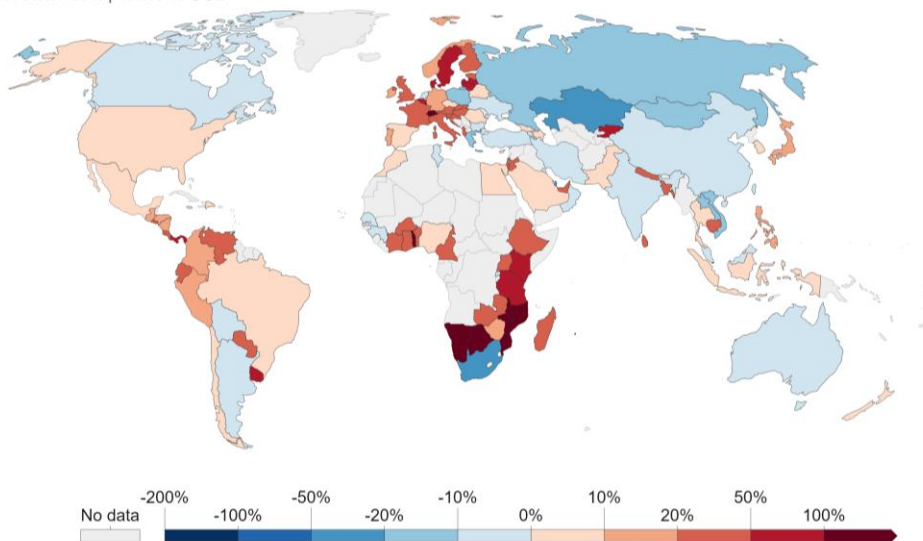
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Switzerland, with particularly high trade-related emissions. Switzerland's emissions are 209% higher – or more than three times as large – once imports are accounted for.⁸

Figure 2: CO₂ emissions embedded in trade, 2019⁹

Share of carbon dioxide (CO₂) emissions embedded in trade, measured as emissions exported or imported as the percentage of domestic production emissions. Positive values (red) represent net importers of CO₂ (i.e. "20%" would mean a country imported emissions equivalent to 20% of its domestic emissions). Negative values (blue) represent net exporters of CO₂.

Our World
in Data



Source: Our World in Data based on the Global Carbon Project

OurWorldInData.org/co2-and-other-greenhouse-gas-emissions/ • CC BY

Policy options for addressing trade-related emissions – once a country's international trade-related climate footprint is better understood, it will become more possible to make informed policy decisions to address these impacts.

Proposals like the EU's CBAM or deforestation due diligence regulation present an early insight into the kind of trade-related policy options that are available to tackle carbon-intensive elements of overseas supply chains. The specific choice of policy option for addressing these will depend on the economic sector in question, the corresponding domestic policy – such as the EU Emissions Trading Scheme (ETS) in the case of the EU CBAM – and any international commitments that must be considered, such as WTO rules or the principle of common but differentiated responsibilities under the UNFCCC.

⁸ Carbon Brief (2017) **Mapped: The world's largest CO₂ importers and exporters**

⁹ Our World in Data (2019) **How do CO₂ emissions compare when we adjust for trade?**

Box 1: IPCC summary of CBAM legitimacy criteria ¹⁰

Studies show that CBAMs can be designed in conformity with international rules, but the details matter. To increase the likelihood of WTO compatibility, studies suggest that CBAMs would need to: have a clear environmental rationale (e.g. reduce carbon leakage); apply to imports and exclude exports; consider the actual carbon intensity of foreign producers; account for the mitigation efforts by other countries; and provide for fairness and due process in the design and implementation.

CBAMs may also raise concerns regarding consistency with international climate change agreements. To mitigate these concerns, CBAMs could include special provisions (e.g. exemptions) for LDCs, or recycle CBAM revenues to developing countries to support their low-carbon and climate-resilient development. Moreover, international dialogue on principles and best practices could help to ensure that such measures do not hinder international cooperation on trade and climate change.

Lastly, standards-based approaches will also likely form a significant category of options available in future to address consumption-based emissions. Initiatives like the EU-US Global Arrangement on Steel and Aluminium or the G7 Climate Club may be able to begin charting a course towards these ends, however progress in this area is likely to be fraught with geopolitical tensions.

Major emitters, including Brazil, Russia, India, China, and South Africa, have repeatedly criticised the development of “new green trade barriers”, particularly carbon border adjustments, on the basis that they contradict WTO and UNFCCC principles.¹¹ One way of overcoming emerging geopolitical tensions in the trade and climate agenda is to ensure that economies that are seeking to use new trade-related measures to address their overseas climate footprint simultaneously prioritise diplomatic outreach, alongside using their wider green trade strategy to also support emerging and developing countries’ transition to net zero, as this briefing will discuss next.

¹⁰ IPCC (2022) **Sixth Assessment Report: Mitigation** ‘Box 14.2 Border carbon adjustments and international climate and trade cooperation’, citing Hillman 2013; Trachtman 2017; Ismer and Neuhoff 2007; Tamiotti 2011; Pauwelyn 2013; Holzer 2014; Cosbey et al. 2019; Mehling et al. 2019; Porterfield 2019

¹¹ BRICS (2022) **Joint Statement issued at the BRICS High-level Meeting on Climate Change**



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2. Cooperating with trade partners to deliver net zero

Supporting other economies to transition to net zero, particularly emerging and developing economies, must be a fundamental component of a green trade agenda, achieved by aligning trade, development, and climate policies. While Free Trade Agreements (FTAs) can sometimes enable sustainable development, effective cooperation can also be advanced through a range of other measures including green export support, clean technology access, development and transfer, and alignment with international climate finance.

Free Trade Agreements (FTAs), discussions or arrangements – whether through unilateral, bilateral or plurilateral arrangements, liberalising environmental goods and services, alongside enforceable sustainable development provisions, may play a significant role in diffusing certain clean technologies and strengthening climate commitments. However, trade liberalisation is only part of the picture. Other mechanisms are needed to support the role of trade in accelerating clean technology transfer and sustainable development.

Green export support and investment facilitation – since COP26, export support has undergone a recent transformation. The starkest change came from the UK's ending of its overseas finance for fossil fuels and a notable shift in the approach of UK Export Finance.¹² Around the same time, France spearheaded the Export Finance for Future coalition, bringing together other national export credit agencies to agree on common principles for greening export support. These dynamics were then accelerated by the COP26 Presidency in the form of a statement on ending overseas support for fossil fuels, agreed by nearly 40 countries.¹³ Export support now represents a significant tool to enable sustainable development in partner countries. When combined with other forms of investment facilitation – including potentially through FTAs – export support can be used to enable technology access in partner countries, if supported by diplomatic outreach and capacity building.

Aligning trade and investment policy with international climate finance – international climate finance, the financial support given from developed to developing countries for climate mitigation and adaptation, is another tool that can advance sustainable development. Aligning trade policies with international climate finance has the potential to unlock further sustainable development

¹² UK Export Finance (2021) [Climate Change Strategy 2021 to 2024](#)

¹³ COP26 (2021) [Statement on international public support for the clean energy transition](#)



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benefits, particularly when combined with green export support, investment facilitation, and clean technology access and transfer. Other forms of development assistance, such as Aid for Trade – assistance to build trade capacity and infrastructure, with \$400 billion disbursed since 2006 – should also be explored as an avenue for advancing shared climate goals.¹⁴

3. Reforming global trade and investment rules

The multilateral trade and investment system needs reform to meet the goals of the Paris Agreement. Climate policies are increasingly being challenged under outdated trade and investment rules. Climate-aligned trade policy cooperation should be promoted through an agenda-setting Trade Ministers Coalition for Climate. Elsewhere, climate change concerns must be prioritised in the overhaul of investment agreements like the Energy Charter Treaty.

Climate-aligned WTO reform – the current WTO regime was designed for trade liberalisation, not to address the climate crisis, and climate policies have been disproportionately challenged under WTO rules. The current process of WTO reform is a unique opportunity to make the trade regime fit to deal with the climate transition.

Box 2: IPCC summary of WTO reform proposals¹⁵

There are now numerous proposals around how to reform WTO rules to meet the goals of the Paris Agreement. These include:

1. Amending the core WTO agreements to accommodate climate action
2. Adopting a ‘climate waiver’ that temporarily relieves WTO members from traditional obligations when pursuing climate action
3. Introducing a ‘peace clause’, whereby members establish grounds for a commitment to refrain from challenging others’ climate measures
4. An ‘authoritative interpretation’ by WTO members of ambiguous WTO provisions
5. Improved transparency of the climate impacts of trade measures
6. Inclusion of climate expertise in WTO dispute settlement
7. Greater institutional coordination between the WTO and UNFCCC

¹⁴ ODI (2021) **Aligning climate finance and Aid for Trade**

¹⁵ IPCC (2022) **Sixth Assessment Report: Mitigation** citing Hufbauer et al. 2009; Epps and Green 2010; Bacchus 2016; Droeger et al. 2017; Das et al. 2019; Horlick and Clarke 2017



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Most ideas around wholesale WTO reform will require time to become politically feasible. Smaller, more immediately accessible steps will therefore need to be taken towards reform in the near term:

1. **Launch a Coalition of Trade Ministers for Climate** – there is currently no appropriate venue to discuss trade and climate interlinkages at Ministerial level. The upcoming WTO Ministerial meeting (MC12) is an ideal setting to create such a space. The Coalition can take its first steps as an informal convening vehicle to initially enable high-level political cooperation on climate and trade challenges and opportunities.¹⁶ In the future it could also act as an incubator for larger climate and WTO reform discussions.
2. **Better coordinate and integrate WTO plurilateral initiatives** – the WTO is the natural space to address the trade frictions that can arise from uneven climate transitions. The current WTO structured dialogues are acting as pathfinders for this.¹⁷ However, coordination among them is needed to enable a more holistic trade and environment agenda at the WTO. The Trade Ministers’ Coalition could also help address fragmentation and enable the development of a more comprehensive trade and climate agenda.
3. **Cross-pollinate WTO initiatives with sectoral climate initiatives** – inclusiveness is a key requirement to ensure the emerging climate agenda gathers strength at the WTO. However, current dialogues only marginally address developing country concerns, and emerging unilateral approaches are creating concerns about green protectionism. Ignoring such concerns may drag the trade and climate agenda into an unhelpful competitive space. Instead, focusing on sectoral dialogues and initiatives, like those launched at COP26, may help unlock agreements and find the right balance between higher climate ambition and support measures for developing nations.
4. **Build consensus around a WTO reform plan** – the end goal of the trade and climate agenda at the WTO must be to usher in a new consensus around sustainable global trade rules. Reform will take time, but WTO Members must start by identifying a series of shared principles and core reforms that reflect such goals, such as new rules to accommodate green subsidies and production standards, non-discriminatory border measures, and green technology transfers.

Investment protection reform – lastly, and similarly, international investment agreements can discourage climate action as they are being used

¹⁶ Carolyn Deere Birkbeck (2021) [Trade ministers must pull their weight on climate action](#)

¹⁷ E3G (2021) [WTO MC12 postponed: A missed opportunity for greening trade policy?](#)



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disproportionately to protect fossil fuel investors. Climate change concerns will need to be reflected through ongoing reform processes, such as the reform of investor-state dispute settlement under the UN Commission on International Trade Law, an overhaul of the Energy Charter Treaty, and the eventual adoption of a specific treaty to promote investment in climate action.¹⁸

Conclusion

Green trade is a long-term agenda. Governments are only just beginning to understand and address their overseas emissions. Most traded products are only at the early stage of decarbonisation, and international rules will likely need reform to enable decarbonisation policies.

Balancing the leadership, cooperation, and reform that is needed to deliver green trade will require careful diplomatic handling, in a rapidly changing geopolitical context.

Trade and climate policies can only work in alignment when they come as part of a considered policy package, balancing domestic and international commitments, accompanied by a clear diplomatic strategy. The trade and climate diplomatic communities need to come together to inform this approach. Green trade may be a long-term agenda, but the hard work must start now.

About E3G

E3G is an independent European climate change think tank with a global outlook. We work on the frontier of the climate landscape, tackling the barriers and advancing the solutions to a safe climate. Our goal is to translate climate politics, economics and policies into action.

E3G builds broad-based coalitions to deliver a safe climate, working closely with like-minded partners in government, politics, civil society, science, the media, public interest foundations and elsewhere to leverage change.

More information is available at www.e3g.org

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¹⁸ IPCC (2022) **Sixth Assessment Report: Mitigation** citing Brauch et al. 2019; Tienhaara and Cotula 2020; Yamaguchi 2020; Cima 2021