



UNCTAD's climate and trade initiatives

Driving sustainable development

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UNCTAD's Division on International Trade and Commodities (DITC) is at the forefront of addressing the critical intersection of trade and climate change, as well as interrelated environmental crises such as biodiversity loss and pollution. Our research, capacity building and partnerships aim to support developing countries in leveraging national, regional and international trade policies and measures for climate, biodiversity, non-plastic substitutes, and circular economy. The outcomes are more diversified and resilient economies, jobs, and integration of marginalized populations into sustainable value chains, thus maximizing synergies with the Sustainable Development Goals.



Key achievements

NDC analysis reviewed 60 developing countries' Nationally Determined Contributions (NDCs) and identified 680 trade-related measures, 281 of which were associated with renewable energy for electricity generation, and 231 with the development of sustainable value chains. Only 15 measures involved governmental trade institutions in the formulation or implementation processes. This analysis highlighted the untapped potential of trade in climate action.

Carbon Pricing Research: A Carbon Pricing report published by the Joint Task Force on Climate Action, Carbon Pricing, and Policy Spillovers, with participation by the IMF, OECD, World Bank, UNCTAD, UNFCCC, and WTO. In this report, UNCTAD emphasized that carbon pricing is part of the policy mix to increase climate ambition; border carbon adjustments (BCAs) are increasingly joining that mix.

The design of BCAs should seek to maximize mitigation and adaptation impacts and minimize negative spillovers on sustainable development. This is especially important for less advanced economies with less productive capacity and infrastructure to monitor, verify and report, and fiscal space. Therefore, each country must assess its options to advance mitigation in carbon emissions according to its own situation, while recognizing the global context. Hence international cooperation is needed to support the decarbonization efforts of developing country trading partners and to reduce the compliance costs of BCAs.

CBAM Impact Assessment: UNCTAD assessed the EU's Carbon Border Adjustment Mechanism (CBAM) to estimate potential impact on developing countries' exports, GDP, as well as global carbon reduction, and confirm EU concerns over carbon leakage and developing country concerns over trade impacts. More cooperation is needed to achieve just transitions.



Ongoing Initiatives

Integrating trade into national climate plans: a Guide for Policy Makers. Create easy-to-use guidelines to help countries effectively integrate national and regional trade and investment policy measures into their NDCs (NDC 3.0) as a tool and means of implementation for their climate strategies.

Carbon Pricing Frameworks continues to document the spillover effects of climate-related measures on developing countries and provide a safe space to improve coordination and coherence in order to maximize synergies, and minimize negative impacts and trade-offs with the SDGs.

Sustainable Value Chains assist developing countries in identifying sustainable value chains of comparative advantage to diversify exports and decarbonize production.

CBAM Adaptation Strategies aim to minimize monitoring, verifying and reporting compliance costs associated with the increasing number of uncoordinated climate measures being put in place by developed countries that intersect with trade.



Impact with additional resources

With increased funding, UNCTAD can expand its impact by:

1. Providing tailored technical assistance to more developing countries in effectively using the Guide towards fully leveraging trade and investment policies and measures in the design and implementation of their NDCs.
2. Conducting in-depth research on innovative trade policies for climate mitigation and adaptation.
3. Organizing capacity-building workshops and knowledge-sharing platforms for policymakers on NDCs.
4. Developing tools and methodologies for assessing trade-related climate measures' effectiveness and contribution to just transitions.
5. Expanding analysis of emerging issues such as environmental goods and services liberalization.
6. Strengthening our role in the Baku Initiative for Climate Finance, Investment, and Trade (BICFIT) dialogue.
7. Integrating sector-specific decarbonization strategies for fisheries and agriculture into NDCs.

Why support UNCTAD?

UNCTAD's unique position as a United Nations body focused on trade and development with over 30 years of work on the trade and environment nexus allows us to:

- Provide impartial, evidence-based policy advice.
- Integrate related issues of finance, investment and technology: UNCTAD is the focal point within the United Nations system on trade and development.
- Bridge the trust gap between developed and developing countries.
- Provide a safe space to discuss complex issues before they are brought to the negotiating table, and leverage our extensive network for knowledge sharing.
- Have coherent and integrated responses on climate, biodiversity, and pollution, including non-plastic substitutes, with 30 years of experience on the trade and environment nexus.
- Ensure that trade-related climate policies consider the synergies and trade-off with other SDGs, and leave no one behind.

By supporting UNCTAD's climate, environment and trade initiatives, donors can contribute to a more sustainable and inclusive global economy, helping countries achieve their climate goals while fostering sustainable economic development.

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