

# Just Transitions and International Trade Considerations

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29 September 2023



# COP27: Pathways to Just Transition

## Sharm el-Sheikh Implementation Plan

- Notes that the global transition to low carbon emissions present opportunities and challenges for sustainable economic development and poverty eradication.
- Hence the need for a just and equitable transition which encompasses pathways that include energy, socioeconomic, workforce and other dimensions – based on nationally defined development priorities and include social protection.
- Decides to establish a work programme on Just Transitions and convene an annual high-level ministerial round table on Just Transitions beginning at COP28

## VIII. Implementation – pathways to just transition

50. *Affirms* that sustainable and just solutions to the climate crisis must be founded on meaningful and effective social dialogue and participation of all stakeholders and *notes* that the global transition to low emissions provides opportunities and challenges for sustainable economic development and poverty eradication;

51. *Emphasizes* that just and equitable transition encompasses pathways that include energy, socioeconomic, workforce and other dimensions, all of which must be based on nationally defined development priorities and include social protection so as to mitigate potential impacts associated with the transition, and *highlights* the important role of the instruments related to social solidarity and protection in mitigating the impacts of applied measures;

52. *Decides* to establish a work programme on just transition for discussion of pathways to achieving the goals of the Paris Agreement outlined in Article 2, paragraph 1, in the context of Article 2, paragraph 2, and *requests* the Subsidiary Body for Implementation and the Subsidiary Body for Scientific and Technological Advice to recommend a draft decision on this matter for consideration and adoption by the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement at its fifth session, with the work programme to be implemented in a manner that builds on and complements the relevant workstreams under the Convention and the Paris Agreement, including the work programme for urgently scaling up mitigation ambition and implementation;

53. *Decides* to convene, as part of the work programme on just transition, an annual high-level ministerial round table on just transition, beginning at its fifth session;

# Some key principles of just transitions

There is a wide spectrum of approaches for defining the term just transition. From a climate justice perspective, there are some common principles to apply when undertaking Just Transitions.

A Just Transition must equitably redistribute resources and power.

Some climate justice groups talk about system change as part of the just transition.

It transforms energy and food systems to work for people, nature and the climate

It ensures inclusiveness and participation; retains culture and tradition

It builds on what we need now, addresses and does not exacerbate inequalities and inequities. It provides for the social protection of those impacted by the transition

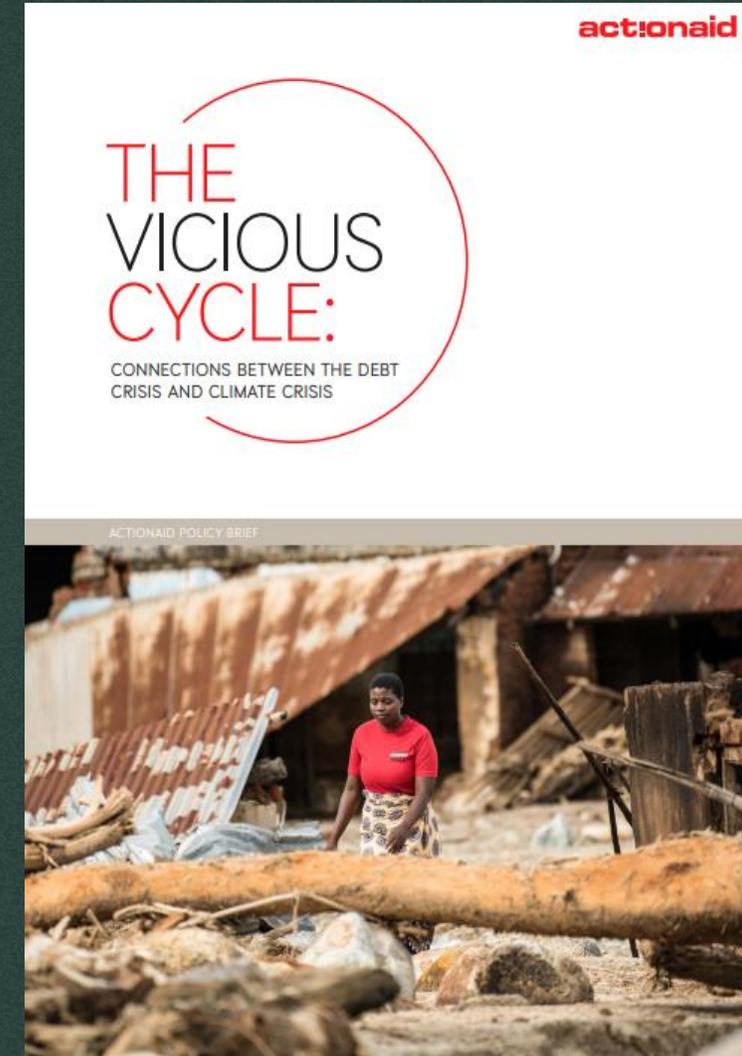
Social protection systems help poor and vulnerable people cope with crises and shocks, find jobs, invest in the health and education of their children, and protect the aging population

Just Transition is NOT: False solutions

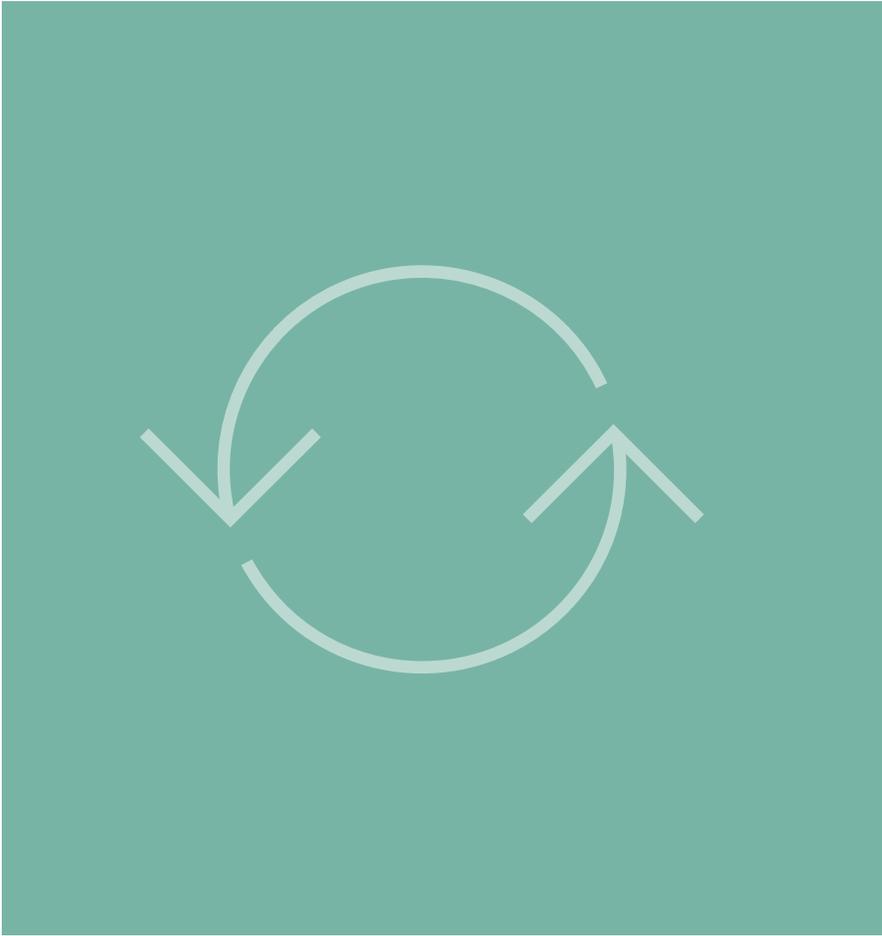
# A Just Transition equitably redistributes resources and power



- The countries that are most vulnerable to the climate crisis are also facing a debt crisis – and the need to service external debt in foreign currency has become a major accelerator of the climate crisis.
- There is a vicious cycle between the debt and climate crises, each reinforcing the other. It is thus profoundly contradictory that more than two thirds of climate finance arrives in the form of loans that serve to exacerbate this debt crisis, forcing countries into actions that entrench the climate crisis.
- It is time to recognize the vicious cycle between the debt and climate crises. Countries in debt are forced to pursue extractive economic policies that will accelerate the climate crisis and the consequences of debt make it harder to finance adaptation and a just transition. In turn climate induced disasters increase indebtedness and loan-based climate finance can deepen debt crises. And so the cycle continues.
- Therefore, while each country needs to define its pathway/s to just transition, a global just transition also means that the rules of the game at the international level needs to be fair.



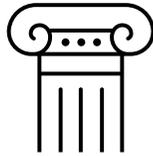
Source: <https://actionaid.org/publications/2023/vicious-cycle#downloads>



**Just transition of affected workers and social sectors**



**National energy system and sectoral transitions**



**Broader structural transitions and economic diversification  
at the national level**



**Global structural and systemic transitions**

# **Key areas for Just Transitions discussions**

# Developing Countries' Policy Context for Just Transitions Framing

- Multiplicity of developmental priorities – economic and social development, poverty eradication, reducing inequalities, achievement of food security and energy security, in a nationally determined manner and in light of different national circumstances and capacities.
- Multiplicity of development challenges and crises -- widening of inequality and development gaps between developed and developing countries, multi-dimensional (economic, social, environmental, health, food, water, natural resource access, debt, security) crisis and uneven impacts and recovery from the COVID-19 pandemic
- Each country has the right to identify and follow its own development and transition pathways, based on national circumstances, equity and CBDR&RC

# How do developing countries view just transitions?

- Key part of fully implementing the Convention and its Paris Agreement in all aspects
- One that necessarily contributes to reducing inequalities, within and among countries. Any global transition in which the endpoint, in a few decades, is a world with the same structural inequalities will not be just
- The most fundamental aspect to this discussion is how to ensure that the transition to a low-emission and climate resilient economy will not widen the existing gaps between countries or, even worse, hamper the developmental pathways of the Global South

# How do developing countries view just transitions?

Broad understanding of just transitions, covering all three pillars of sustainable development (social, economic and environmental), in a balanced and integrated manner, in both its international and national dimensions

- Social and economic development and poverty eradication are the first and overriding priorities of developing countries
- Locate within integrated and holistic approach to sustainable development (all three pillars, economic, social and environmental), poverty eradication, right to development, ending hunger and ensuring food security
- Respect diversity of national development pathways, own timelines and priorities for development for developing countries
- Respect challenges of national development pathways of developing countries influenced by cultural, intellectual barriers and geographical vulnerability
- Positive framing of empowering all to achieve greater ambition and climate action through all of society, all of stakeholder social inclusion towards a more just and sustainable society

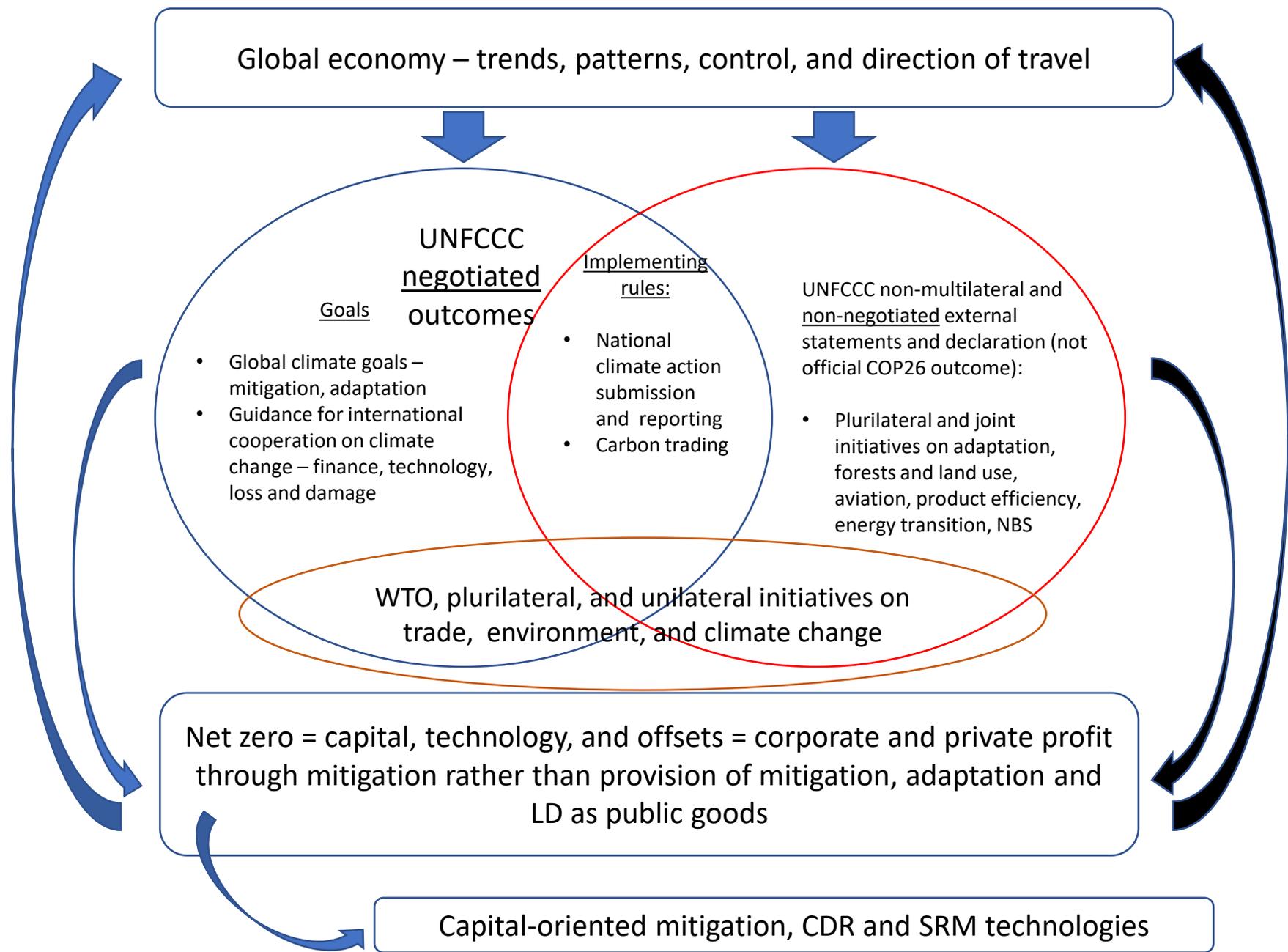
# How do developing countries view just transitions?

Focus on people-centred development, the realisation of human rights, the creation of quality jobs and decent work, and the full implementation of the United Nations Framework Convention on Climate Change (UNFCCC) and its Paris Agreement. As such, all the topics addressed by the UNFCCC, including mitigation, adaptation, agriculture, response measures, and means of implementation in terms of finance, technology development and transfer and capacity-building

- One of the key dimensions of a just and equitable transition is in the workforce, with the creation of decent work and quality jobs, including addressing livelihoods affected by the direct impacts of climate change so that no one is left behind
- Assist to mitigate against risks, economic loss, unemployment, widening inequalities, deepening poverty and exclusion (re-skilling of workforce, retooling and retaining, social safety nets, alternate sources of employment)
- Importance of enabling training, skills development and practical education to empower workers and create opportunities, especially for young people and people from, most vulnerable communities

# How do developing countries view just transitions?

- International dimension of **equity** and international enabling environment
  - Recognition that **Just Transitions has a global dimension** wherein developed countries must take the lead in demonstrating such transitions within their jurisdictions and assisting to mobilise financing for transition in developing countries
  - Opportunities associated with transition pathways, support developing countries to follow more low emissions and climate resilient development pathways through access to finance, new technology and capacity building → **Support in the form of climate finance, technology development and transfer and capacity building to developing countries needs to be ensured both for climate action and just transitions**, in accordance with the UNFCCC and its Paris Agreement
  - Just transition pathways should strive to **minimize adverse economic, social, and environmental impacts on other Parties, especially developing country Parties**
- “A transition to a climate-resilient and low-emissions economy that results in the same structural inequalities, including where developing countries remain subject to long-standing trade protectionism and distortions, unilateral taxation in particular in agriculture, and as suppliers of raw materials with low-value added and strategic minerals to drive development elsewhere, cannot be considered just.”



## Global trade dynamics and trade-environment linkages

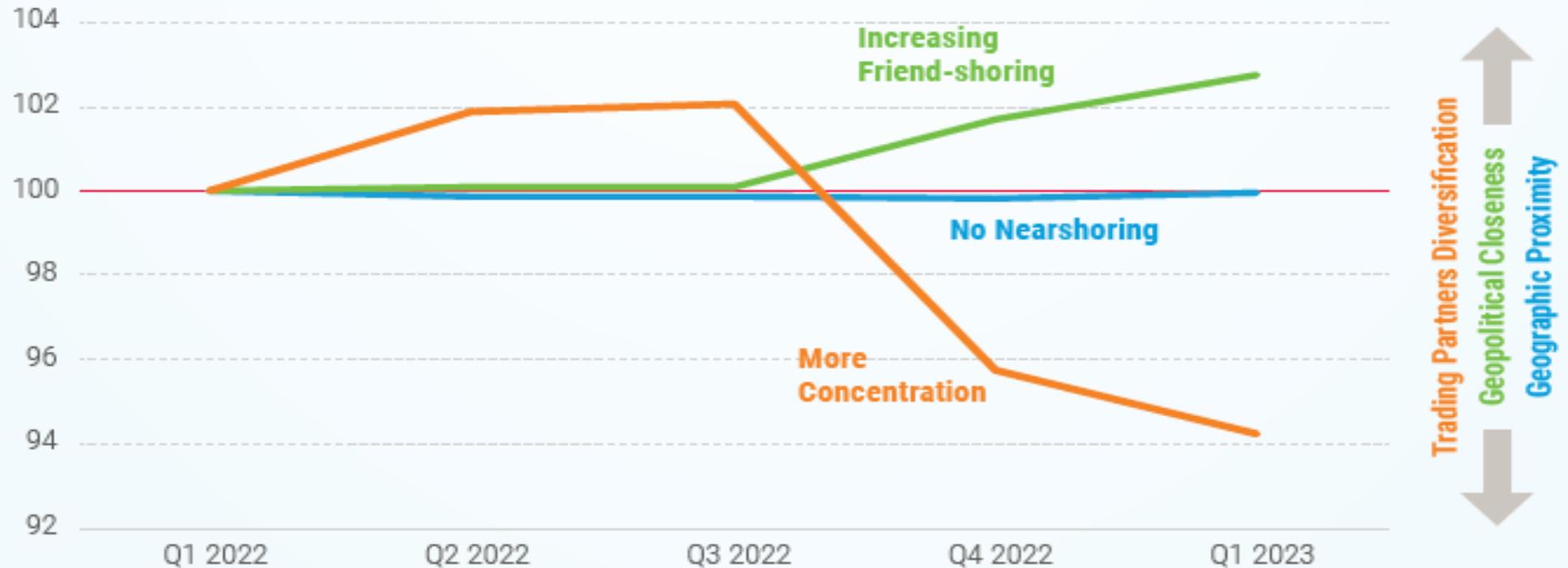
- Trade supporting the green transition - The patterns of international trade are anticipated to become more closely tied to the transition towards a greener global economy. **Trade and industrial policies reflecting climate commitments would necessarily affect trade flows, especially in goods and services related energy efficient products and renewable energy production.**
- Geopolitical factors - The war in Ukraine and geopolitical tensions remain the biggest factors impacting international trade thorough 2023.
- Weakening global economy - Global economic forecasts are being revised downwards and economic growth in many countries is expected to remain below historical trends.
- Potential rise in trade restrictive measures - Persistent inward-looking policies in large economies could result in an increase in trade restrictive measures, which would hold back international trade growth.
- During 2022 and Q1 2023, the geographical proximity of international trade remained relatively stable, suggesting a lack of significant nearshoring or far-shoring trends, at least on average. However, there has been a **notable increase in the political proximity of trade since the latter part of 2022**. This indicates a reorientation of bilateral trade flows to prioritize countries that share similar political values (friend-shoring). Concurrently, there has been a **decline in diversification of trade partners, implying that global trade has become more concentrated among major trade relationships.**

UNCTAD, Global Trade Update June 2023, at [https://unctad.org/system/files/official-document/ditcinf2023d2\\_en.pdf](https://unctad.org/system/files/official-document/ditcinf2023d2_en.pdf)

## Global trade dynamics and trade-environment linkages

### Friend-shoring and increasing concentration for global trade

Index Q1 2022 = 100



Source: UNCTAD secretariat calculations based on national data, UN voting data, and CEPII geographical data.

Note: Geographic proximity is based on the average geodesic distance of global trade. Geopolitical closeness is measured by the similarity of foreign policy position based on voting patterns at the United Nations General Assembly. Trading partners' diversification is based on the Herfindahl concentration index. All variables are normalized to 100 in Q1 2022.

## Global trade dynamics and trade-environment linkages

Trade in climate-relevant technologies goods reached USD1.9 trillion in 2022, with electric and hybrid vehicles, non-plastic packaging and wind turbines performing especially well; UNCTAD projects that the global market for electric cars, solar and wind energy, green hydrogen and a dozen other green technologies will reach USD2.1 trillion by 2030 (UNCTAD, Global Trade Update (March 2023), at [https://unctad.org/system/files/official-document/ditcinf2023d1\\_en.pdf](https://unctad.org/system/files/official-document/ditcinf2023d1_en.pdf))



# Climate technology divide and trade implications

“Developed economies are seizing most of the opportunities, leaving developing economies further behind.”

Developed countries are largely remaining ahead of and dominating the curve (particularly with respect to so-called “frontier technologies”, including climate-relevant technologies) while developing countries in Latin America, the Caribbean and sub-Saharan Africa are the least ready to harness such technologies and hence more at risk of missing technological opportunities (several Asian countries such as India and some in Southeast Asia are in a better position).

UNCTAD, Green technologies: Coherent policy action needed for developing countries to reap the benefits (16 March 2023), at <https://unctad.org/news/green-technologies-coherent-policy-action-needed-developing-countries-reap-benefits>

	Developed countries	Developing countries
Percentage of low-carbon technological inventions between 1990-2015	80% (mostly Japan, US, Germany)	20% (mostly China, Korea)
Percentage of total global exports of climate-relevant technologies in 2020	69.82%	30.16% (MICs, mostly China, India, Malaysia, Thailand, Philippines)  0.02% LICs
Value of total climate-relevant technology exports between 2018 to 2021	From USD 60 billion to USD156 billion	From USD 57 billion to USD75 billion

## Controlling climate-relevant technologies: Some recent figures

- ❑ Trade in climate-relevant low carbon technologies has increased more than global trade over the past three decades, **developed countries continue to account for most of both exports and imports of such technologies** (UNCTAD, *Trade and Development Report 2021* (2021), pp. 113-115 and 138-140, at [https://unctad.org/system/files/official-document/tdr2021\\_en.pdf](https://unctad.org/system/files/official-document/tdr2021_en.pdf))
- ❑ In 1990-2015, **80% of all low-carbon technological inventions were concentrated in developed countries, with Japan, the United States and Germany** leading the way. (UNEP, *Technology Transfer for Climate Mitigation and Adaptation: Analysing needs and development assistance support in technology transfer processes* (2022), p. 5, at <https://unepccc.org/wp-content/uploads/2022/11/finalproof-tech-transfer-policy-brief-oecd.pdf>)
- ❑ Between 2018 and 2021, **total exports of green technologies from developed countries jumped from around USD60 billion to over USD156 billion, while in the same period, exports from developing countries rose from USD57 billion to only about USD75 billion** (resulting in developing countries' share of global exports of such technologies falling from over 48% to under 33%). (UNCTAD, *Green technologies: Coherent policy action needed for developing countries to reap the benefits* (16 March 2023), at <https://unctad.org/news/green-technologies-coherent-policy-action-needed-developing-countries-reap-benefits>)
- ❑ **“Developed economies are seizing most of the opportunities, leaving developing economies further behind.”** Developed countries are largely remaining ahead of and dominating the curve (particularly with respect to so-called “frontier technologies”, including climate-relevant technologies) while developing countries in Latin America, the Caribbean and sub-Saharan Africa are the least ready to harness such technologies and hence more at risk of missing technological opportunities. (UNCTAD, *Green technologies: Coherent policy action needed for developing countries to reap the benefits* (16 March 2023), at <https://unctad.org/news/green-technologies-coherent-policy-action-needed-developing-countries-reap-benefits>)

## Controlling climate-relevant technologies: Some recent figures

- ❑ The **patenting of climate-related technologies** exhibit similar patterns as other technologies, particularly in terms of **geographical concentration in developed countries and low levels of diffusion in developing countries** (UNEP, *Technology Transfer for Climate Mitigation and Adaptation: Analysing needs and development assistance support in technology transfer processes* (2022), p. 5, at <https://unepccc.org/wp-content/uploads/2022/11/finalproof-tech-transfer-policy-brief-oecd.pdf>)
- ❑ A study of over **800,000 patents filed between 1990 and 2015 for climate-relevant mitigation technologies** show that the largest number of patented technologies is in the energy, manufacturing, and transportation sectors (which also accounted for the largest share of innovations or inventions over the same period), while carbon capture and storage (CCS), a recent and more limited field, accounts for the fewest patented technologies. These innovations or inventions are **concentrated predominantly in developed countries, producing at least 80 percent of climate-relevant innovations, while lower-middle-income and low-income developing countries produced almost none during the same period.** (Miria Pigato et al., *Technology Transfer and Innovation for Low-Carbon Development* (World Bank, 2020), pp. 63-66, at <https://documents1.worldbank.org/curated/en/138681585111567659/pdf/Technology-Transfer-and-Innovation-for-Low-Carbon-Development.pdf>)
- ❑ **Patented adaptation technologies are concentrated predominantly in developed countries, with around two-thirds of such technologies in 2010-2015 being in Germany, Japan, the Republic of Korea or the United States** (UNEP, *Technology Transfer for Climate Mitigation and Adaptation: Analysing needs and development assistance support in technology transfer processes* (2022), p. 5, at <https://unepccc.org/wp-content/uploads/2022/11/finalproof-tech-transfer-policy-brief-oecd.pdf> )

## Controlling climate-relevant technologies: Some recent figures

- ❑ Most of the **climate-related science and research** that contribute to the development of climate-related technologies in one way or another **are carried out in developed countries**: an analysis found that “**between 2000 and 2014, for the 93,584 publications on climate change, more than 85 per cent of author affiliations were from OECD countries, less than 10 per cent were from any country in the South, and only 1.1 per cent were from low-income economies**. This has the effect of **narrowing research paradigms to the cultural settings and perspectives of the global North and of countries mainly in the West**, while depriving the scientific community of considerable intellectual capital.” ( *UNCTAD, Technology and Innovation Report 2023: Opening green windows – Technological opportunities for a low-carbon world (2023)*, p. 111, at [https://unctad.org/system/files/official-document/tir2023\\_en.pdf](https://unctad.org/system/files/official-document/tir2023_en.pdf))
- ❑ International patent data show “**negligible levels**” of patent transfers of such technologies to low-income developing countries as **almost three-quarters of all such transfers occurred between developed countries between 2010 and 2015**, around a quarter between developed to middle-income developing countries, 4 percent from middle-income developing countries to developed countries, 1 percent between middle-income developing countries, and almost no patent transfers too place to or from low-income developing countries. Likewise, around **85 percent of cross-border transfers of adaptation-related patents took place in and among developed countries** ( *Miria Pigato et al., Technology Transfer and Innovation for Low-Carbon Development (World Bank, 2020)*, pp. 67 and 83, at <https://documents1.worldbank.org/curated/en/138681585111567659/pdf/Technology-Transfer-and-Innovation-for-Low-Carbon-Development.pdf> . Patent statistics can be found on the OECD website – OECD, *Patents on environmental technologies*, at <https://data.oecd.org/envpolicy/patents-on-environment-technologies.htm> and OECD, *Patent statistics by technology*, at [https://stats.oecd.org/Index.aspx?DataSetCode=PATS\\_IPC#](https://stats.oecd.org/Index.aspx?DataSetCode=PATS_IPC#); and UNEP, *Technology Transfer for Climate Mitigation and Adaptation: Analysing needs and development assistance support in technology transfer processes (2022)*, p. 5, at <https://unepccc.org/wp-content/uploads/2022/11/finalproof-tech-transfer-policy-brief-oecd.pdf> )

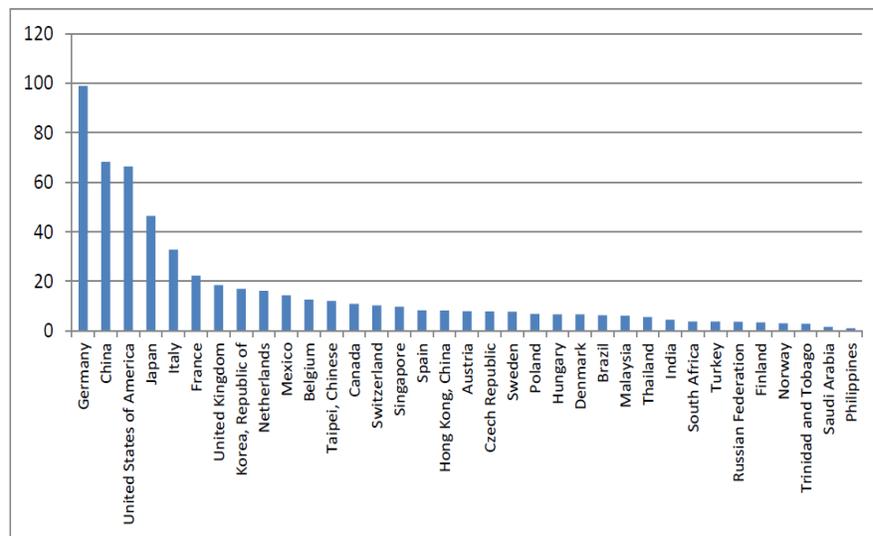
## Winners and losers from technology-focused mitigation

OECD countries account for:

- at least 88% of inventions patented globally;
- more than 90% of “high-value” inventions patented;
- 85% of all patents issued globally between 2000 to 2011 for environmental management, water quality, and climate mitigation inventions;
- around 86% of patent applications in environment-related technologies filed between 2012 to 2017 (OECD, 2021)

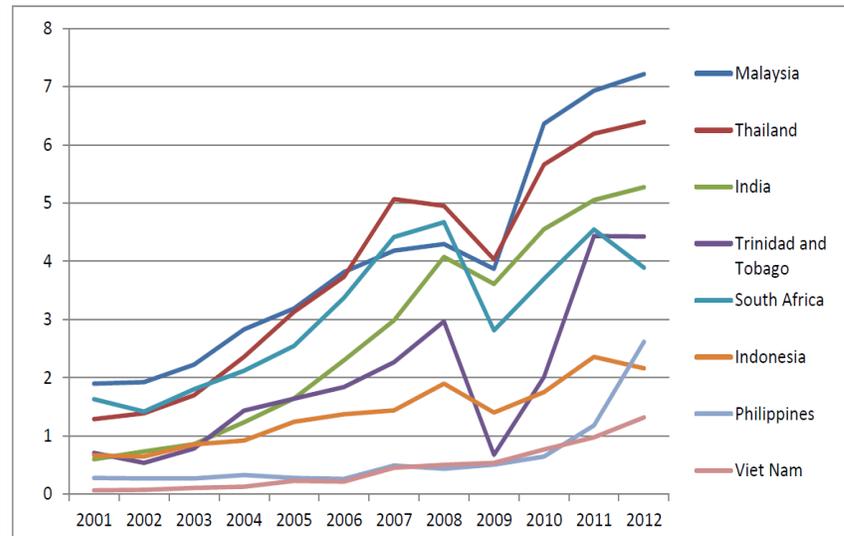
Global trade in environmental goods occurs predominantly between developed countries. European countries, the United States of America and Japan are the main exporters of environmental goods globally. (ITC, 2014)

Figure 3: Leading exporters of environmental goods: average of yearly export value 2008-2013 (US\$ billion)



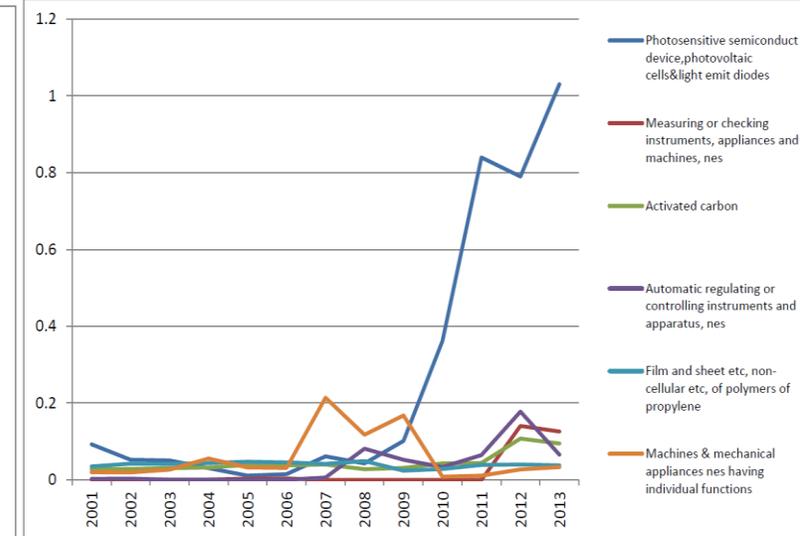
Source: ITC Trade Map, Using OECD Classification of Environmental Goods.

Figure 5: Selected developing countries' exports of environmental goods 2001-2012 (US\$ billion)



Source: ITC Trade Map, Using OECD Classification of Environmental Goods.

Figure 7: Selected environmental goods exports from the Philippines 2006-2013 (US\$ billion)



Source: ITC Trade Map, Using OECD Classification of Environmental Goods.

## Trade, new product standards, domestic regulation, border measures, and offsets: key features of a mitigation-focused technology-oriented approach to climate change action



- [Trade and environmental sustainability structured discussions](#)
- [Informal dialogue on plastics pollution and environmentally sustainable plastics trade](#)
- Japan's [proposal on carbon neutrality](#)
- [Environmental Goods Agreement](#) (plurilateral; suspended)
- Doha Round environmental goods and services liberalization (multilateral; suspended)



Unilateral climate-related trade initiatives such as:

- The [EU Green Deal carbon border adjustment mechanism \(CBAM\)](#)
- The [United States, Canada, US-Canada, and UK G-7 Presidency](#) have been discussing the potential use of CBAMs as part of “climate change action”



[Agreement on Climate Change, Trade, and Sustainability \(ACCTS\)](#)



WTO	UNFCCC
<p>WTO Agreement preamble</p> <p>GATT 1994 Art. XX(b) and (g)</p> <p>SPS Agreement</p> <p>TBT Agreement</p> <p>Fisheries Subsidies Agreement</p> <p>Agreement on Agriculture (green box)</p> <p>DMD, para. 31(i), (ii), (iii)</p> <p>Committee on Trade and Environment</p> <ul style="list-style-type: none"> <li>• EG liberalization</li> <li>• MEA-WTO relationship</li> <li>• MEA information exchange</li> </ul> <p>Council for Trade in Services</p> <ul style="list-style-type: none"> <li>• ES liberalization</li> </ul> <p>Plurilateral initiatives</p> <ul style="list-style-type: none"> <li>• TESSD</li> <li>• Fossil Fuel Subsidy Reform</li> <li>• IDP</li> <li>• EGA</li> </ul>	<p>UNFCCC Art. 3.5, 4.8, 4.9, 4.10</p> <p>Paris Agreement Art. 4.15</p> <p>Phase-down of coal (COP26 and COP27)</p> <p>Elimination of inefficient fossil fuel subsidies (COP26 and 27)</p> <p>Forum on Response Measures</p> <ul style="list-style-type: none"> <li>• Trade-related response measures, including unilateral measures</li> </ul> <p>Katowice Committee of Experts on the Impact of RM</p> <ul style="list-style-type: none"> <li>• Trade-related response measures, including unilateral measures</li> </ul> <p>Just Transition Work Programme</p> <ul style="list-style-type: none"> <li>• Addressing adverse social and economic consequences of response measures</li> </ul>

**Article 3.5 UNFCCC**: The Parties should cooperate to promote a supportive and open international economic system that would lead to sustainable economic growth and development in all Parties, particularly developing country Parties, thus enabling them better to address the problems of climate change. Measures taken to combat climate change, including unilateral ones, should not constitute a means of arbitrary or unjustifiable discrimination or a disguised restriction on international trade.

**Article 4.8(h) UNFCCC**: In the implementation of the commitments in this Article, the Parties shall give full consideration to what actions are necessary under the Convention, including actions related to funding, insurance and the transfer of technology, to meet the specific needs and concerns of developing country Parties arising from the adverse effects of climate change and/or the impact of the implementation of response measures, especially on: ... (h) Countries whose economies are highly dependent on income generated from the production, processing and export, and/or on consumption of fossil fuels and associated energy-intensive products

**Article 4.10 UNFCCC**: The Parties shall, in accordance with Article 10, take into consideration in the implementation of the commitments of the Convention the situation of Parties, particularly developing country Parties, with economies that are vulnerable to the adverse effects of the implementation of measures to respond to climate change. This applies notably to Parties with economies that are highly dependent on income generated from the production, processing and export, and/or consumption of fossil fuels and associated energy-intensive products and/or the use of fossil fuels for which such Parties have serious difficulties in switching to alternatives.

**Article 4.15 PA**: Parties shall take into consideration in the implementation of this Agreement the concerns of Parties with economies most affected by the impacts of response measures, particularly developing country Parties.

**Preamble 1 WTO Agreement:** Recognizing that their relations in the field of trade and economic endeavour should be conducted with a view to raising standards of living, ensuring full employment and a large and steadily growing volume of real income and effective demand, and expanding the production of and trade in goods and services, while allowing for the optimal use of the world's resources in accordance with the objective of sustainable development, seeking both to protect and preserve the environment and to enhance the means for doing so in a manner consistent with their respective needs and concerns at different levels of economic development

**Article XX(b) and (g) GATT 1994:** Subject to the requirement that such measures are not applied in a manner which would constitute a means of arbitrary or unjustifiable discrimination between countries where the same conditions prevail, or a disguised restriction on international trade, nothing in this Agreement shall be construed to prevent the adoption or enforcement by any contracting party of measures:

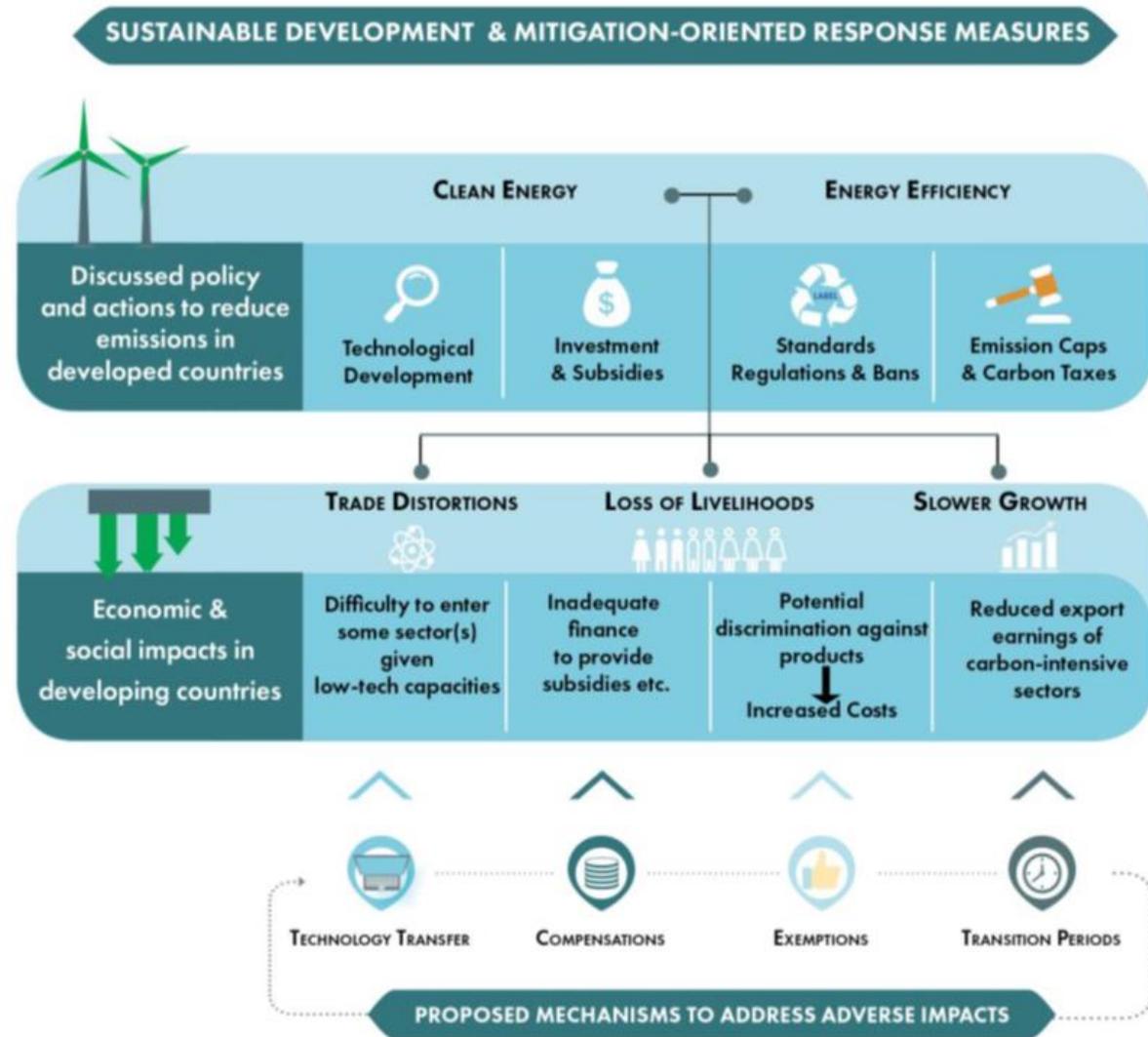
(b) necessary to protect human, animal or plant life or health;

(g) relating to the conservation of exhaustible natural resources if such measures are made effective in conjunction with restrictions on domestic production or consumption;

**What are the trade-related response measures that have been proposed or used and their potential adverse effects on developing countries?**

A variety of response measures have been implemented or have been proposed by developed countries, and could be used for unilateral climate-related trade protectionist purposes :

- Technological development, innovation, and protection (including intellectual property rights enforcement)
- Investment and subsidies in cleaner technologies;
- Standards, regulations, and bans (including other trade measures such as tariff cuts for “environmental” goods);
- Emission caps and taxes on carbon.



## Unilateral carbon border adjustment measures (CBAMs) – adverse implications for developing countries

CBAM-like policies that introduce cost disparities for exporters may worsen trade imbalances for LDCs and could lead to a “race to the bottom” scenario. This is confirmed by the MRIO analysis that shows that LDCs are import-dependent even in sectors that are classified as carbon-intensive, but that they export the raw materials to these sectors. **The net effect of a CBAM-type policy on LDCs would be negative even if they were to be exempted from application of the policy.** The fledgling industries in cement, fertilizers, and metals targeted may also not attract the much-needed investment in the sector, as investors worldwide are already anticipating the effects that the policy might entail.

The evidence in this chapter also suggests that any policy targeting embodied emissions of exports in sectors in which LDCs have a growing presence would have a devastating impact on these countries because of the trade linkages with countries that may fall foul of CBAM-like policies, since the targeted goods are mainly goods that are imported as intermediate goods.

*UNCTAD, The Least Developed Countries Report 2022, p. 96, at [https://unctad.org/system/files/official-document/lcd2022\\_en.pdf](https://unctad.org/system/files/official-document/lcd2022_en.pdf)*

UNCTAD estimated the European Union CBAM will reduce global carbon emissions by not more than 0.1 per cent [27 million mtCO<sub>2</sub>e] while decreasing global real income by \$3.4 billion, with developed countries’ incomes rising by \$2.5 billion and developing countries’ incomes falling by \$5.9 billion (TDR, 2021). Put simply, **the tariffs imposed will have adverse implications for the foreign exchange earnings of developing countries while having little impact on global emissions.**

*UNCTAD, Trade and Development Report 2022, p. 135, at [https://unctad.org/system/files/official-document/tdr2022\\_ch5\\_en.pdf](https://unctad.org/system/files/official-document/tdr2022_ch5_en.pdf); see also UNCTAD, A EU CBAM: Implications for Developing Countries (2021), p. 17, at [https://unctad.org/system/files/official-document/osginf2021d2\\_en.pdf](https://unctad.org/system/files/official-document/osginf2021d2_en.pdf); UNCTAD, Trade and Development Report 2021, pp. 136-138, at [https://unctad.org/system/files/official-document/tdr2021\\_en.pdf](https://unctad.org/system/files/official-document/tdr2021_en.pdf)*

**Ad Hoc Working Group on Long-term Cooperative Action  
under the Convention**

Fourteenth session

Bangkok, 5–8 April 2011, and Bonn, 7–17 June 2011\*

Agenda item 3.1

A shared vision for long-term cooperative action

**Submission from India on behalf of the African Group,  
Argentina, Brazil, China, India, Iran (Islamic Republic of),  
Lebanon, Malaysia, Philippines, Thailand and Uruguay**

<https://unfccc.int/resource/docs/2011/awglca14/eng/crp05.pdf>



WORLD TRADE  
ORGANIZATION

(23-3704)

Committee on Trade and Environment

**RESTRICTED**

**JOB/TE/78/Rev.1**

31 May 2023

Page: 1/4

Original: English

**CONCERNS ON EMERGING TREND OF USING ENVIRONMENTAL MEASURES AS  
PROTECTIONIST NON-TARIFF MEASURES**

*This document is circulated at the request of India and South Africa*

5. Recalling the principles and provisions of the Convention, in particular Article 3, paragraphs 1, 4 and 5, Article 4, paragraphs 3, 5 and 7, and taking into account the principles of equity, common but differentiated responsibilities and the obligation of the developed country Parties to provide financial resources, transfer technology and provide capacity building support to the developing country Parties, the developed country Parties shall not resort to any form of unilateral trade and other trade-related measures against goods and services from developing country Parties on any grounds related to climate change, including protection and stabilization of climate, emissions leakage and/or cost of environment compliance.

6. Consistent with the principles of the Convention and to enable meaningful mitigation and adaptation actions in developing countries, the flexibilities of the international regime of intellectual property as articulated by the TRIPS Agreement may be used to the fullest by the developing countries to address adaptation or mitigation of climate change, in order to enable them to create a sound and viable technological base. Accordingly, consistent with the TRIPS agreement, each Party retains its right to grant compulsory licenses and the freedom to determine the grounds upon which such licenses are granted. Specific and urgent measures shall be taken by developed country parties to enhance the development and transfer of technologies at different stages of the technology cycle covered by intellectual property rights to developing country parties.

1. Sustainable development includes environmental protection and, achieving this in a manner consistent with the respective needs and concerns of countries at different levels of economic development, is critical. There are however serious concerns regarding the increasing use of unilateral measures impacting trade, which are sought to be justified as environmental measures. Such measures may not only violate the rules of the World Trade Organization (WTO), but also have systemic implications for international law as a whole, since any unilateral action undermines multilaterally negotiated rights and obligations of countries.

7. In this context, carbon border measures that are being considered for imposition on imported products, effectively amount to prioritizing a singular policy of the importing country over those of exporting countries and will amount to imposing a unilateral vision of how to combat climate change. A country which may be fully compliant with its NDCs under the UNFCCC, has to either match the importing country's emission reduction obligations, or pay a cost/price for trade. This upends the value of any multilaterally negotiated outcomes under Multilateral Environment Agreements (MEAs) such as the UNFCCC. Not only will such measures undermine the multilaterally agreed mandate of NDCs of the country of export, but also create distinct preferential treatment for domestic over imported goods.

8. It is a fact that carbon border measures are being selectively applied to "trade-exposed industries" such as steel, aluminium, chemicals, plastics, polymers, chemicals and fertilizers, and this reflects the underlying competitiveness concerns driving such measures. However, the more fundamental issue is that these measures are effectively nullifying the tightly negotiated balance of rights and obligations under the MEAs, or the principle of special and differential treatment to developing countries under the WTO agreement have not been addressed.

# G77 on trade/climate in UNFCCC

“9. We would like to highlight the **various linkages that response measures should address and respond to** and to be included in the Midterm Review, such as the mitigation work program, Article 6, furthermore, **understanding assessing and addressing the cross-border impacts, in particular, carbon border adjustment mechanisms**, so the entrenched principles of CBDR+RC and just transition is fairly upheld” – G77 and China Statement on Response Measures, COP27, Sharm El Sheikh November 2022

“Just transition pathways should strive to **minimize adverse economic, social, and environmental impacts on other Parties, especially developing country Parties**” - G77 and China Proposal on the Framing of Draft Decision of Just Transition Pathways Work Programme, UNFCCC, Bonn, 9 June 2023

6	Enhance capacity and understanding of Parties, on the assessment and analysis of the impacts of implementation of climate change related unilateral cross-border carbon pricing measures, explore ways to reduce the negative impacts to parties especially developing countries.	SB 59
7	Enhance capacity and understanding of Parties, on the assessment and analysis of the impacts of implementation of climate change related unilateral cross-border carbon pricing measures, explore ways to reduce the negative impacts to parties especially developing countries.	SB 59-SB 62 (can be jointed implemented with other activities)

G77 and China Proposal on activities for the KCI workplan  
Bonn, June 2023

## Policy Implications

- Ensuring technology transfer for environmentally-sound technologies to developing countries in order to encourage and support the development of endogenous technologies in developing countries
- IPR flexibilities for environmental goods (compulsory licensing, royalty waivers)
- Reflecting Special and Differential Treatment in trade rules (policy space)
- Explicit prohibition of trade protectionism on environmental grounds
- Ensuring fairer treatment for developing country subsidies
- Peace Clause in relation to trade-related environmental measures of developing countries

# International cooperation on technology transfer as enabler for climate action

UNFCCC Articles 4.1(c) and 4.5

Art. 4.1(c)	1. All Parties, taking into account their common but differentiated responsibilities and their specific national and regional development priorities, objectives and circumstances, shall: ... (c) Promote and cooperate in the development, application and diffusion, including transfer, of technologies, practices and processes that control, reduce or prevent anthropogenic emissions of greenhouse gases not controlled by the Montreal Protocol in all relevant sectors, including the energy, transport, industry, agriculture, forestry and waste management sectors
Art. 4.5	5. The <b>developed country Parties and other developed Parties included in Annex II shall take all practicable steps to promote, facilitate and finance, as appropriate, the transfer of, or access to, environmentally sound technologies and knowhow to other Parties, particularly developing country Parties, to enable them to implement the provisions of the Convention.</b> In this process, the developed country Parties shall support the development and enhancement of endogenous capacities and technologies of <b>developing country Parties.</b> Other Parties and organizations in a position to do so may also assist in facilitating the transfer of such technologies.

Paris Agreement Article 10.6

Art. 10.6	6. Support, including financial support, shall be provided to developing country Parties for the implementation of this Article, including for strengthening cooperative action on technology development and transfer at different stages of the technology cycle, with a view to achieving a balance between support for mitigation and adaptation. The global stocktake referred to in Article 14 shall take into account available information on efforts related to support on technology development and transfer for developing country Parties.
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# Climate-related technology transfer priorities of developing countries

- Two objectives:
  - ❑ Support the implementation by developing countries of their climate change actions (mitigation, adaptation, loss and damage), including NDCs under Paris Agreement
  - ❑ Development and enhancement of endogenous capacities and technologies of developing countries (in environmentally sound technologies and know how)
- Context-specific
- Nationally-appropriate
- Country-driven
- Needs-based

# Environment and climate-relevant technology needs and priorities of developing countries

TNA Prioritized Mitigation Technologies	TNA Prioritized Adaptation Technologies
<p>Energy (the most prioritized mitigation sector) - technologies for electricity generation, including solar PV, hydroelectricity, and other renewable energy technologies</p> <p>Transport - technologies relating to modal shift, such as mass rapid transit road or rail systems, energy-saving and -efficient transport technologies</p> <p>Agriculture, forestry and other land use - forest conservation technologies, such as the protection of forest areas, promotion of sustainable forest management and general improvement of forest management, sink enhancement (afforestation or reforestation) and forest rehabilitation and restoration techniques</p> <p>Agriculture - new or alternative agricultural practices, such as organic farming; classic, mini or no tillage; fertilizer dosing; and irrigation techniques.</p>	<p>Adaptation – Hard technologies such as dikes and floodwalls, sprinkler and drip irrigation systems, and drought-resistant crop varieties; soft technologies, such as the establishment of water user associations and the roll-out of knowledge transfer and awareness campaigns; indigenous technologies that could be used to assist national adaptation to changing weather conditions, such as traditional housing designs, bunds, levees, dikes and mangrove plantations</p> <p>Agriculture - sprinkler and drip irrigation, biotechnologies, including technologies related to crop improvement, new varieties and drought-resistant, salient-tolerant and short-maturing varieties, conservation agriculture and land-use planning</p> <p>Water - rainwater harvesting and water storage and catchment</p> <p>Infrastructure and settlements - coastal protection, including both hard and soft measures, wetland restoration and natural disaster prevention, such as early warning systems, seawalls, mapping and surveying, and beach reclamation.</p>

# Environment and climate-relevant technology needs and priorities of developing countries

## NDC Identified Technology Identified Needs

- Energy - e.g. enhancing use of renewable energy and clean hydrogen, and decarbonizing power systems and boosting their storage capacity), zero-carbon fuels (hydrogen and ammonia) produced using low-carbon methods, nuclear energy (including advanced nuclear energy)
- Agriculture - e.g. climate-smart agriculture and smart irrigation technologies)
- Water and waste management - e.g. waste-to-energy technologies and circular economy practices),
- Digital technologies for improving monitoring and data and information systems, including for forecasting and early warning systems, and on ecosystem-based technologies and practices, in particular across the agrifood system
- Carbon management technologies

UNFCCC, Nationally determined contributions under the Paris Agreement: Synthesis report by the secretariat (26 October 2022), para. 205, at [https://unfccc.int/sites/default/files/resource/cma2022\\_04.pdf](https://unfccc.int/sites/default/files/resource/cma2022_04.pdf) ; Clea Schumer and Katie Lebling, How are Countries Counting on Carbon Removal to Meet Climate Goals (16 March 2022), at <https://www.wri.org/insights/carbon-removal-countries-climate-goals> ; Clean Air Task Force, NDC Assessment: How Do Advanced Low-Emission Energy and Climate Technologies Factor into Nationally Determined Contributions (28 April 2022), at <https://www.catf.us/resource/ndc-assessment-how-do-advanced-low-emission-energy-and-climate-technologies-factor-into-nationally-determined-contributions/>

## What should be done to promote just transitions and address its linkages to international trade policy?

- Coherence in framing narratives and proposals in UNFCCC (FRM, KCI, JTWP), WTO (CTE, CTD, WGTT, WGTDF, TRIPS, TRIMS, SCM), WIPO, UNIDO, UNCTAD, UNFFD
  - ❑ Development as right and priority, addressing inequality as common objectives
  - ❑ CBDR = S&D = equity
  - ❑ International cooperation rather than international competition
    - Enhanced nationally determined national actions
    - New, additional, adequate provision of means of implementation to developing countries
    - Reforms in international rules that impose structural constraints on just transitions (trade, IPR, investment policy, subsidy policy, tax, debt)
- Strengthen and solidify developing country communication, coordination, cooperation in these spaces (more frequent meetings, strategic discussions, cross-forum coordination)

**Thank you**