

## **BACKGROUND PAPER**

### **Integrated Forum on Climate Change and Trade (IFCCT)**

#### **Inaugural Meeting**

**14 June 2026**

The inaugural meeting of the Integrated Forum on Climate Change and Trade will take place on 14 June 2026 in the margins of the UNFCCC SB64 meetings at the Steigenberger Grand Hotel, Petersberg. Following the conclusion of the consultative phase we have undertaken together since COP30, the inaugural meeting will provide an opportunity for participating officials to discuss the IFCCT's proposed work and inform the selection of two initial priority topics. These topics will be taken up in subsequent IFCCT Technical Sessions, with details to be announced at the inaugural meeting.

During the IFCCT's consultative phase, a range of ideas and suggestions arose on possible areas for cooperation on trade and climate. An illustrative overview of such topics was shared in our mid-February update. While the IFCCT's discussion on 14 June could consider any of these or other topics, the Co-Presidents suggest a focus on four topics on which we perceived particular interest and prospects for cooperation during consultations:

- Topic A – **Promoting cooperation on low-carbon products**
- Topic B – **Trade and climate adaptation**
- Topic C – **Trade- and climate-related approaches for hard-to-abate emissions**
- Topic D – **Bridging climate and trade tools**

This background paper provides a high-level overview of these topics to support discussion among officials. Following the meeting, the Expert Panel will develop further materials to provide additional technical detail for consideration between meetings.

## PROMOTING COOPERATION ON LOW-CARBON PRODUCTS

### Objective

A focused discussion on practical ways to: ensure that trade rewards climate ambition; enhance systemic coherence so that producers can compete on demonstrable climate performance; and reduce the cost of participating in low-carbon trade to keep it within reach of vulnerable and small producers.

### Why this matters

As economies decarbonise through different instruments, the range of low-carbon products arising from these efforts risk going unrecognised, their climate advantages rendered invisible in markets. At the same time, climate measures introduced to provide incentives and rewards for such low-carbon products can fragment the trading system and impose disproportionate costs on developing countries and micro, small and medium-sized enterprises (MSMEs). Trade can support the development and scale up of low-carbon products, driving investment in low-emissions production, supporting the diffusion of low-carbon technologies across jurisdictions, and financing firms, especially MSMEs and in developing countries, in reducing their emissions.

### Key issues and questions for the Forum to explore

Across jurisdictions, there are different understandings and limited agreement on what constitutes a low-carbon product, causing challenges for policy-makers, regulators and consumers. Trade and customs rules can add additional complexity when seeking to provide preferential trade treatment to low-carbon products; even if there is policy intent, it can be difficult to enact effective policies and frameworks to incentivise uptake of low-carbon products.

The absence of clear, shared approaches to identifying low-carbon products makes it challenging to account for climate performance and limits the extent to which trade policy settings can transparently and effectively integrate climate and development objectives.

***Discussion question: How can trade policy frameworks support the development and uptake of low-carbon products?***

For developing economies and MSMEs, the cost of participating in low-carbon trade can be prohibitive. Producers may be excluded not because they lack ambition, but because they are priced out by costs of meeting market, supply chain or administrative requirements and demonstrating compliance with them. Support measures could reduce entry costs and support a level playing field for MSMEs, while maintaining compliance with domestic regulatory frameworks.

***Discussion question: What types of accompanying measures can help strengthen decarbonisation capacity and investment that supports the participation of developing economies in the trade of low-carbon products?***

### Opportunities for collaboration

This topic offers several pathways for trade and climate policy collaboration to lead to meaningful outcomes. This could, for example, include approaches that support and recognise the climate performance of a product or commodity, such as a voluntary climate attribute passport, or approaches to reduce costs of measurement, reporting and verification for trade, for example, a shared technology that could support accounting, verification and quality assurance by MSMEs. A further example of an outcome could be approaches that support the interoperability of different reporting requirements, for example, a government-government shared conversion table or digital toolkit that translates product-level data into different reporting formats.

## TRADE AND CLIMATE ADAPTATION

### Objective

A focused discussion on how trade and climate policy can work together to: make adaptation faster, cheaper and more reliable; keep trade flowing during climate disruptions; and ensure that the goods and services vital for resilience can reach the countries and communities that need them.

### Why this matters

The impacts of climate change are already affecting trade. Sea-level rise, floods, droughts, storms, heatwaves and landslides can close ports, disrupt customs operations, damage infrastructure, interrupt supply chains, and delay the delivery of relief and emergency supplies when they are most needed. Trade can help countries access the technologies, goods and services they need to become more resilient in the face of both the slow onset impacts of climate change and recurring natural disasters arising from climate shocks. Trade and trade cooperation has a role in supporting access to appropriate adaptation technologies to support agricultural production in the face of changing climatic conditions; addressing climate-related risks to domestic food security; and developing trade opportunities that can support economic diversification key to climate resilience. It can also help keep economies functioning during and after shocks by ensuring that relief goods, repair services, and essential inputs can move quickly when disruption occurs.

### Key issues and questions for the Forum to explore

Adaptation depends on access to a wide range of technologies, goods and services, from drought-resilient seeds and water management systems to early-warning equipment and resilient infrastructure inputs. Many adaptation-related goods and technologies are not always visible as a coherent category in trade systems. This can make it harder for governments and businesses to identify priority technologies, reduce trade barriers, mobilise finance, or design cooperation packages that match local adaptation needs.

**Discussion question: How could governments and businesses harness trade to promote development, diffusion and uptake of adaptation-related technologies?**

Climate shocks can disrupt trade abruptly. In the absence of agreed approaches and coordination between exporting and importing authorities, these disruptions can be prolonged and their humanitarian and economic costs amplified. Practical, voluntary tools could help authorities anticipate and manage such disruptions while keeping essential trade moving.

**Discussion question: How could governments minimise disruptions to trade from climate shocks and avoid bottlenecks for relief and emergency goods and services?**

Early warning systems are essential for adaptation and resilience, but warning information is often not delivered in formats that trade operators can use. A storm warning may exist, but ports, customs systems, freight corridors and logistics operators may not receive it in formats that allow them to adjust operations, reroute shipments, prioritise perishables or plan emergency clearance. Ensuring that climate-risk information reaches trade infrastructure in usable formats could help actors plan ahead and maintain trade flows during disruptions.

**Discussion question: How can storm and flood warnings reach ports, freight corridors, and customs systems across borders in practical formats?**

### Opportunities for collaboration

This topic offers several avenues for trade and climate policy collaboration that could lead to meaningful, practical outcomes. These could include trade and technology cooperation to support adaptation, for example, through the identification of priority adaptation technologies for different contexts and mapping of associated HS codes. A further example could be cooperation on border measures countries could adopt to support responses to climate shocks, such as a voluntary protocol for border agencies that identifies a menu of temporary trade-facilitation measures or a template for coordination between exporting and importing authorities to facilitate trade in relief and emergency goods and services. Outcomes could also include practical work on the information flows themselves, for example, a shared package of standards and open licences for machine-readable weather and hazard alerts, so that ports, freight corridors and border agencies can read the same warnings, plan ahead, and keep trade moving when a storm hits.

## TRADE- AND CLIMATE-RELATED APPROACHES FOR HARD-TO-ABATE EMISSIONS

### Objective

A focused discussion on how trade and climate policy can work together to make decarbonisation in hard-to-abate sectors faster and more inclusive, predictable, investable and transparent. This could reduce fragmentation, improve cross-border understanding of feedstock definitions and classifications, and help build solutions at the intersection of trade and the carbon-pricing and crediting systems on which these sectors increasingly depend.

### Why this matters

High-emitting and hard-to-abate, trade-exposed sectors, including shipping, aviation, industrial metals, chemicals and energy, account for a large share of global emissions, yet face high decarbonisation costs, competitiveness pressures, and a fragmented landscape of climate-related standards and requirements. Trade can play a constructive role in their transition. It can help create larger markets for low-emissions materials and fuels, support investment in cleaner production, increase uptake of low-emissions production, and allow countries with complementary advantages - in renewable energy, industrial capacity, storage resources, feedstocks, technology or finance - to cooperate across value chains.

### Key issues and questions for the Forum to explore

Different hard-to-abate sectors face different decarbonisation pathways, cost structures and trade dynamics. Trade- and climate-related cooperation opportunities and policy approaches that are well-suited to one sector may be less effective or appropriate for another. From cooperation on infrastructure and technology to policy that drives incentives or reduces costs (such as procurement and shared definitions and classifications), the range of potential approaches is broad. A sector-sensitive approach can help identify where trade and climate policy cooperation, using which approaches, could deliver the most meaningful results.

**Discussion question: Which high-emitting and hard-to-abate sectors offer early opportunities for impactful trade-related cooperation on decarbonisation, and what approaches are best suited to assist?**

Emerging low-emissions feedstocks (such as green hydrogen and green methane) and energy carriers (such as batteries and electricity) are central to decarbonising several hard-to-abate sectors. However, trade in these products is complicated by fragmented approaches to definitions, classifications and methodologies used in standards and regulation, which creates uncertainty and raises compliance costs for producers and traders. Managing the interplay of different approaches, including through greater alignment, could reduce friction, support investment, and increase deployment and uptake of these products.

**Discussion question: Which approaches could enable the trade of low-emissions feedstocks (including those embedded in goods) as well as the trade of energy carriers, by bridging the gap between different approaches to their definitions and classifications?**

Trade and climate partnerships present distinct opportunities to collaboratively design approaches that can deliver economic, social, and climate benefits in tandem. The diversity of trade relationships across the global economy means that effective approaches to cooperation could take different forms in different contexts. Partnership approaches tailored to the specific circumstances of trade relationships and to particular sectors could enable decarbonisation of high-emitting and hard-to-abate sectors.

**Discussion question: What models of trade and climate partnerships could support decarbonisation of high-emitting and hard-to-abate sectors, and how could these operate?**

### Opportunities for collaboration

This topic offers avenues for trade and climate collaboration to produce meaningful, practical outcomes. To facilitate greater uptake of low-emissions feedstocks, this could, for example, include approaches such as a voluntary common reference scheme for green hydrogen, green methane and derivatives that improves shared understanding of definitions and classifications. Another example could be sector-specific models of cooperation to enable decarbonisation, such as through arrangements that promote low-emissions fuels along defined shipping lanes. Outcomes could also include collaboration that facilitates common understandings of certain technologies, such as carbon capture, utilisation and storage (CCUS), or of net-negative claims, or guidance on models for trade and climate partnerships that support decarbonisation of particular sectors.

## BRIDGING CLIMATE AND TRADE TOOLS

### Objective

A focused discussion on how to better connect climate-related systems for measuring, documenting, reporting and verifying the climate and sustainability attributes of traded goods along their supply chains. This could include consideration of opportunities to cooperate on compatibility of methodologies, shared data formats, and pathways for recognising equivalent approaches. The emphasis is on how better coordinated interaction of climate and trade tools could improve climate outcomes, effectiveness and efficiency, and reduce unnecessary compliance burdens for producers, traders and regulators without seeking to achieve harmonisation or identify a global standard.

### Why this matters

Countries are building different systems to measure, verify and document the climate performance of traded goods. These systems often pursue similar objectives but rely on distinct methodologies, data formats and verification procedures. Tools are often assessed on their underlying approach rather than the outcomes. When tools do not connect, producers face duplicative compliance requirements across the markets they serve and regulators carry the burden of assessing inputs they cannot readily interpret. This increases costs on both sides without necessarily improving climate outcomes. The burden is especially heavy for developing country exporters and MSMEs, which may not have the resources to comply with multiple systems at once.

### Key issues and questions for the Forum to explore

Carbon pricing schemes, procurement specifications and other border measures are being introduced in many places, often using distinct methodologies, documentation standards, and reporting requirements to produce climate-related data. The result is rising costs for producers and growing complexity for regulators. Tools that make it easier for these systems to talk to each other, so that climate performance becomes visible and comparable across markets could support both trade and climate objectives.

***Discussion question: How can countries enhance interoperability across systems to support the use of credible climate-related data in measures that interact with trade?***

As countries advance their efforts to develop credible domestic climate policies and infrastructure, a broad range of carbon accounting frameworks, verification systems, traceability mechanisms, labelling requirements, and classification approaches are emerging. However, the outputs of these tools may not be recognised by partner jurisdictions for a variety of reasons, even when they pursue common objectives with comparable rigour. Differing national circumstances, including in levels of development, often see countries adopting models specific to their situation. Adopting the same architecture would likely entail significant challenges and may not account for such differing circumstances. Practical pathways that allow for greater alignment and the acceptance of different approaches that achieve comparable outcomes would nonetheless be beneficial. They could reduce duplication for producers, ease the burden on regulators, reduce trade tensions, and allow domestic climate efforts to translate into trade recognition without forcing convergence on any single model.

***Discussion question: What practical tools could help countries move towards greater alignment and acceptance of the outputs of other countries' climate and trade tools?***

### Opportunities for collaboration

This topic offers a focused avenue for trade and climate policy collaboration to lead to a meaningful, practical outcome. This could include approaches that support acceptance or recognition of climate and trade tools used in other jurisdictions so as to give confidence that domestic approaches will be accepted internationally, and that the climate and sustainability attributes of traded goods can be assessed adequately across jurisdictions. A practical outcome, for example, could be a model or template agreement for voluntary acceptance of different tools in relation to accounting, verification, traceability, classification or data formats, with methodologies for assessing equivalence, technical compatibility frameworks and model arrangements.