

INTERNATIONAL

Considerations For the First Climate and Trade Dialogue

Discussion paper

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At the UN Framework Convention on Climate Change's (*UNFCCC* or *the Convention*) 30th Conference of the Parties (*COP30*), Parties agreed to discuss "opportunities, challenges and barriers in relation to enhancing international cooperation related to the role of trade" through three dialogues to be held from June 2026–2028. These dialogues could provide a constructive space for discussions among Parties and non-Party stakeholders, supported by relevant international trade organizations. These discussions will lay the groundwork for a mandated high-level event in 2028, where ministers could demonstrate how trade can support enhanced international cooperation for achieving the goals of the Paris Agreement.

In the context of enhancing international cooperation, the first global stocktake (*GST*) decision reaffirms that Parties should avoid arbitrary, unjustifiable, or disguised restrictions on international trade.¹ However, ongoing tensions make discussion on climate and trade under the UNFCCC difficult.

At COP30, Parties agreed to a dialogue series aimed at enhancing international cooperation on climate and trade, without a mandated outcome.² These dialogues represent the first dedicated space under the Convention or Paris Agreement for Parties to discuss the role of trade .

The COP30 Mutirão decision sets out that three dialogues will take place over the next two years: the first one at the 64th session of the Subsidiary Bodies (*SB64*) in June 2026; the second in June 2027; and the third in June 2028. To create a safe space for discussion and to build trust, these dialogues should be broad, open, inclusive, and transparent, engaging Parties, relevant international trade organizations, and relevant non-Party stakeholders (*NPS*).

If the dialogues are managed well and Parties engage constructively, a clearer picture will emerge as to whether and how the UNFCCC process could enhance international cooperation in the nexus between climate action and trade. Ministers could speak to this at the mandated high-level event in 2028.

This discussion paper provides:

- context on the COP30 decision
- lessons learned from relevant dialogues under the UNFCCC
- considerations for the preparation of the climate and trade dialogues.

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Questions for consideration

- What lessons can be drawn from other recent dialogues to ensure that the climate and trade dialogues provide a safe space for productive discussion?
- How can the dialogues help Parties and NPS learn from one another to better seize opportunities and address trade-related challenges and barriers to addressing climate change?
- Can enhanced international cooperation (*EIC*) reduce potential negative impacts of climate and trade measures? How can those most impacted by these be better protected?
- How could the Global Climate Action Agenda (*GCAA*), the annual GST dialogue on nationally determined contributions (*GST NDC Dialogue*), and the United Arab Emirates (*UAE*) Dialogue on implementing the outcomes of the GST provide examples of cases where climate and trade measures have advanced the outcomes of the first GST and furthered the achievement of the goals of the Paris Agreement?

A. Context: A Space to Discuss Climate and Trade

1. Article 3.5 of the Convention sets out that 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,” making sure climate measures “do not constitute [...] a disguised restriction on international trade.”³ Yet trade has not been formally addressed as a stand-alone issue under the Convention or the Paris Agreement.
2. At COP29 (2024), the Katowice Committee Forum on Implementation of Response Measures’s (*KCI*) four-year workplan included an activity referring to “cross-border impacts” for the first time.⁴
3. Trade has been raised in the negotiations on the GST NDC Dialogue and UAE Dialogue on implementing the outcomes of the GST.⁵ Climate and trade was also raised in the following workstreams: the KCI, the Just Transition Work Programme (*JTWP*), Non-Market Approaches (*NMA*) under Article 6.8, the Sharm el-Sheikh Mitigation Ambition and Implementation Work Programme (*MWP*), and the Technology Implementation Programme (*TIP*).
4. The newly structured *GCAA*—launched at COP30—now aligns with targets and signals from the first GST.⁶ The COP28 GST outcome recognizes that, in enhancing international cooperation, Parties should avoid arbitrary, unjustifiable, or disguised restrictions on international trade.⁷ The *GCAA* sets out a dedicated climate and trade “activation group,” with the United Nations Conference on Trade and Development (*UNCTAD*) coordinating relevant work. In this context, Brazil and Australia have launched an Integrated Forum on Climate Change and Trade, which will meet for the first time at SB64 and host a “solutions-focused” dialogue at COP31.⁸



5. Some Parties have advocated for the inclusion of trade as a formal agenda item under the Conference of Parties serving as the Meeting of the Parties to the Paris Agreement (**CMA**) since at least 2023. There has not been consensus on the matter, as many Parties consider trade to be the purview of the international trade regime rather than the UNFCCC. At COP30, some Parties again raised the prospect of including trade as a formal agenda item. In response, the COP30 President carried out informal consultations on climate and trade with Parties. The outcome of those consultations is captured by the COP30 Mutirão decision, which establishes a dialogue for Parties to discuss “opportunities, challenges and barriers in relation to enhancing international cooperation related to the role of trade,⁹ in addressing climate-related issues.”¹⁰
6. The SB Chairs will host three dialogues at intersessional meetings starting in June 2026. A high-level event will be held in 2028 and the SB Chairs will present a synthesis report on those discussions.¹¹ The decision does not set out details on the process to implement the dialogues or potential discussion topics. The decision does, however, identify the International Trade Centre (**ITC**), UNCTAD, and the World Trade Organization (**WTO**) as key stakeholders.
7. These dialogues represent a historic first in addressing trade as a stand-alone issue under the climate negotiations.

B. Lessons Learned from Other Relevant Dialogues

8. Past dialogues under the UNFCCC can provide lessons learned for managing the upcoming climate and trade dialogues. Two examples to consider are the Glasgow Dialogue¹² and the Sharm el-Sheikh Dialogue,¹³ given that they were launched in response to divergent Party views on how to proceed with politically sensitive issues.

Glasgow Dialogue

9. Starting in 2021, some developing-country Parties requested a standing agenda item with the aim of establishing a dedicated finance facility for activities to avert, minimize, and address loss and damage (**L&D**) associated with the adverse impacts of climate change. Some countries pushed back, preferring to use existing financing frameworks—rather than creating new ones—and seeking to avoid the perceived or potential risks of legal demands for compensation.
10. At COP26, Parties agreed to the Glasgow Dialogue to discuss funding arrangements for L&D, including the possible establishment of a fund. The first dialogue in 2022 used guiding questions and breakout discussions to engage a broad range of NPS,¹⁴ but it resulted in no formal output. Heads of delegations (**HODs**) participated in the technical discussions (held in conjunction with and in addition to sessions of the SBs) over the next two years, reflecting the growing political significance of these talks. Parties ultimately agreed to launch the Fund for Responding to Loss and Damage (**FRLD**). The FRLD was operationalized with a dedicated Board and entrusted to the World Bank.
11. The Glasgow Dialogue demonstrates that where a dialogue sustains strategic and political focus on a defined objective, it can result in a formal outcome of high political significance. The early engagement of trusted organizations (e.g., ones that Parties already work with) and NPS is also important to plan for and lay the basis for the implementation of the new work.

Sharm el-Sheikh Dialogue and Veredas Dialogue

12. In the run-up to negotiations on the New Collective Quantified Climate Goal (**NCQG**) on climate finance, Parties held differing views on what is meant by “align[ing] finance flows with the goals of the Paris Agreement” under Article 2.1(c) of the Paris Agreement. At COP27 (2022), Parties agreed to launch the Sharm el-Sheikh Dialogue for Parties, relevant organizations, and stakeholders to exchange views on and enhance understanding of the scope of Article 2.1(c) and its complementarity with Article 9.¹⁵



13. The first dialogue in 2023 provided an overview on previous, existing work that had been undertaken in relation to Article 2.1(c) both inside and outside the UNFCCC. It included keynote presentations, expert panels and thematic breakout discussions with guiding questions.¹⁶ Each COP Presidency appointed co-chairs to facilitate and annually report on the dialogues.¹⁷
14. While the dialogues did not result in a definition of the scope of Article 2.1(c), they still provided useful space to engage finance ministers and for Parties to share examples of nationally determined Article 2.1(c) implementation. As a result, Parties decided to extend the dialogues until 2025. At COP30, agreed to launch the Veredas Dialogue and Xingu Finance Talks, which further extend these discussions.¹⁸
15. The Sharm el-Sheikh Dialogue and Veredas Dialogue demonstrate that having safe spaces, potentially at different levels, to discuss difficult or sensitive issues can be valuable, productive, and useful.

C. Key Considerations for the Climate and Trade Dialogue Series

Political Considerations

16. Both climate and trade are linked to sustainable development (including the sustainable development goals) and international equity considerations. In a fragmented multilateral system,¹⁹ trade is politically sensitive due to: its impacts on global supply chains; trade balances; consumption and production costs; the behavior of economic actors; and market structures, including labor. Climate is also politicized, for many of the same reasons.
17. The broad framing for the climate and trade dialogues accommodates different Party views on the barriers to, challenges of, and opportunities for climate and trade measures to enhance international cooperation in addressing climate-related issues (see Annexes). Given sensitivities and lessons learned from other dialogues, it is important to ensure that the first climate and trade dialogue is conducted thoughtfully and that Parties and NPS come sufficiently prepared. If Parties are able to speak in a setting that encourages sharing of views and avoids finger-pointing, they may feel comfortable enough to dive deeper over time to better understand the relationship between climate, trade, and EIC.

Approach to the First Climate and Trade Dialogue

18. The first dialogue could help establish the basis for deeper understanding on the role of trade in addressing climate related issues. It could do so by:
 - being open, transparent, and inclusive to both Parties and NPS, including international cooperative initiatives (*ICIs*) working on climate and trade issues in the GCAA
 - using an open and flexible plenary format, allowing Parties and NPS to raise issues of importance
 - inviting international governmental organizations (*IGOs*), particularly the WTO, UNCTAD, and ITC, to open discussions with short, factual presentations on their current work. Participants could further ask these IGOs to share quantitative information, as available, on how climate and trade measures can positively or negatively impact pathways to achieving the goals of the Paris Agreement. The IGOs could also feed back on discussions on climate and trade taking place in the context of the GCAA as well as international fora outside the UNFCCC.

Considerations for Future Climate and Trade Dialogues

19. The outcomes of COP31 and COP32, as well as the geopolitical context for each, will set the context for the preparation of the 2027 and 2028 climate and trade dialogues, respectively. As such, the framing for these should remain flexible.
20. The upcoming COP Presidencies could foster preparatory thinking with HODs around what EIC on trade could look like, through broad guiding questions. For example:
 - How can the dialogue help Parties and NPS learn from one another to better seize the opportunities of, and address the challenges and barriers of trade in addressing climate change issues?

- Can EIC reduce potential negative impacts of climate and trade measures? How can those most impacted by these be better protected?
 - How could the GCAA, the GST NDC Dialogue, and the UAE Dialogue provide examples of cases where climate and trade measures have advanced the outcomes of the first GST and furthered the achievement of the goals of the Paris Agreement?
21. The dialogues can help lay the ground for the 2028 high-level event on climate and trade in a way that bridges entrenched positions. The high-level event could be an opportunity for ministers to show whether and how trade can support EIC toward achieving the goals of the Paris Agreement, particularly relevant to the second GST, which will conclude at COP33 in 2028.

D. Annex I: Climate and Trade Opportunities, Challenges, and Barriers

1. Parties have expressed a range of views on trade when discussing different items under the UNFCCC and the Paris Agreement. These views comprise perspectives on opportunities, challenges, and barriers related to enhancing international cooperation on trade to help address climate change issues.
2. **Opportunities** include:
 - Climate-aligned trade drives ambition:
 - leveling the playing field upward on ambition
 - preventing carbon leakage
 - fostering domestic decarbonization
 - Trade provides access to technology for mitigation and adaptation, including through licensing
 - Trade fosters economic diversification, reducing dependence on sectors vulnerable to climate change impacts.
3. **Challenges** include:
 - balancing ambition with competitiveness, as climate and trade measures may raise the price of both imported and domestic goods and services
 - ensuring climate and trade measures do not constrain development pathways for exporters, e.g., via the loss of export revenue or increased compliance costs. These measures could imply financial burdens that may impact national capacities to finance the transition of energy-intensive sectors
 - making climate and trade equitable, including through cooperative agreements that may contain special clauses for least-developed countries, or loosen requirements linked to climate policies that take significant time and resources to implement.
4. **Barriers** include:
 - carbon leakage and unsustainable production risks. Without multilateral measures, climate and trade measures could displace emissions and poor production standards elsewhere, with negative effects on sustainable development
 - climate and trade measures as disguised “green protectionism,” when the measures are primarily meant to shield domestic industries from foreign competition rather than to reduce emissions
 - equity concerns about perceived unilateral climate and trade measures. These can shift the burden of addressing climate change to developing countries, violating the UNFCCC principle of common but differentiated responsibilities and respective capabilities (*CBDRRC*)
 - equity concerns about impacts on managing a just transition away from fossil fuels, as climate and trade measures can accelerate the decline of global fossil fuel demand.

E. Annex II: Party Views on Climate and Trade

5. Parties have expressed a range of views on the role of trade in addressing climate issues. Trends include:
 - **Trade measures are necessary tools to prevent carbon leakage; protect domestic decarbonization efforts; and drive global ambition.** These views have been primarily voiced under the MWP. In GST follow-up processes, Parties have argued that well-designed climate and trade measures can enable ambition and implementation of agreed outcomes under the first GST.



- **Linking climate and trade risks coercion.** Parties with this view maintain that climate and trade measures have been unilaterally established, violating the UNFCCC's equity principle of CBDRRC. These views have been repeatedly expressed under the KCI and the JTWP.
- **Trade measures must not become protectionism.** Parties with this view consider that climate and trade measures entail high compliance costs, threatening exporting nations' capacity to direct enough resources to transform energy-intensive sectors and reskill labor. These concerns have been expressed under the NMA, KCI, and JTWP workstreams.
- **Trade must support survival and fairness.** Trade becomes relevant for Parties with this view whenever it enhances access and development to technology for mitigation and adaptation and supports economic diversification. These views were primarily discussed under the TIP.

F. C2ES Resources

- Considerations for a Transitioning Away from Fossil Fuels Roadmap (April 2026), <https://www.c2es.org/wp-content/uploads/2026/04/20260407-C2ES-TAFF-Roadmap-Submission.pdf>
- Issues and Options for the Just Transition Mechanism (March 2026), https://www.c2es.org/wp-content/uploads/2026/03/Just-Transition-Mechanism_Issues-and-Options_v2.pdf
- After COP30, What's Next for the UNFCCC? (March 2026), <https://www.c2es.org/wp-content/uploads/2026/03/after-cop30-whats-next-for-the-UNFCCC-1.pdf>
- Key Negotiations & Related Outcomes of the UN Climate Conference in Belém (February, 2026), <https://www.c2es.org/wp-content/uploads/2026/02/COP30-Summary-FINAL5.pdf>
- A Vision for the 2025-2030 Action Agenda (September 2025), <https://www.c2es.org/wp-content/uploads/2025/09/C2ES-Vision-for-the-Action-Agenda.pdf>
- Delivering on the Targets and Signals from the First Global Stocktake (August 2025), <https://www.c2es.org/wp-content/uploads/2024/10/20250729-C2ES-GST-Factsheet.pdf>



G. References

- ¹ United Nations Framework Convention on Climate Change [hereinafter UNFCCC], *Outcome of the first global stocktake*, Decision 1/CMA.5, ¶ 154 (December 13, 2023), <https://unfccc.int/documents/637073>.
- ² UNFCCC, *Global Mutirão: Uniting humanity in a global mobilization against climate change*, Decision 1/CMA.7, ¶¶ 56-57 (March 30, 2026), https://unfccc.int/sites/default/files/resource/cma2025_19_a01.pdf.
- ³ United Nations Framework Convention on Climate Change [hereinafter UNFCCC], Art. 3.5, May 9, 1992, S. Treaty Doc No. 102-38, 1771 U.N.T.S. 107, https://unfccc.int/files/essential_background/background_publications_htmlpdf/application/pdf/conveng.pdf. Article 3.5 reads: “[t]he 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 3.5 of the Convention borrows the “arbitrary or unjustifiable discrimination or a disguised restriction on international trade” language from the General Agreement on Tariffs and Trade: “General Agreement on Tariffs and Trade (GATT 1947),” WTO, Article XX, accessed April 6, 2026, https://www.wto.org/english/docs_e/legal_e/gatt47_e.htm. After the UNFCCC, the Marrakesh Agreement Establishing the WTO in 1994 recognizes the objective of sustainable development within the field of trade: “Marrakesh Agreement Establishing the World Trade Organization,” preamble, accessed April 6, 2026, https://www.wto.org/english/docs_e/legal_e/marag_e.htm.
- ⁴ UNFCCC, *Matters relating to the impacts of the implementation of response measures*, Decision 22/CMA.6, Annex “Workplan of the forum on the impact of the implementation of response measures and its Katowice Committee of Experts on the Impacts of the Implementation of Response Measures for 2026–2030,” Annex, Activity 6 (March 27, 2025), https://unfccc.int/sites/default/files/resource/cma2024_17a03_adv.pdf#page=20.
- ⁵ *Negotiations on the Global Stocktake: State of Play and Key Considerations* (Washington, DC: C2ES, September 11, 2025), <https://www.c2es.org/wp-content/uploads/2025/09/20250912-C2ES-Negotiations-on-the-Global-Stocktake-v.2.pdf>.
- ⁶ Climate High Level Champions [hereinafter CHLC], *Global Climate Action Agenda 2026–2030: A five-year vision for accelerating implementation* (Bonn, Germany: UNFCCC, November 9, 2025), https://unfccc.int/sites/default/files/resource/GCAA_2026-30.pdf. The Global Climate Action Agenda included trade in its new structure of activation groups (AGs) aligned with the outcomes of the first global stocktake, launched at COP30 (and enshrined in a vision to 2030). AG number 23 on harmonization of carbon markets and accounting frameworks, as well as AG number 24 on climate and trade, chaired by United Nations Conference on Trade and Development, have been working on climate and trade linkages with participant international cooperative initiatives.
- ⁷ The outcome of the first global stocktake references language from Article 3.5 of the Convention in section “international cooperation.” It “[r]ecognizes that Parties should cooperate on promoting a supportive and open international economic system aimed at achieving sustainable economic growth and development in all countries and thus enabling them to better to address the problems of climate change, noting that 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.” UNFCCC, *Outcome of the first global stocktake*, Decision 1/CMA.5, ¶ 154 (December 13, 2023), <https://unfccc.int/documents/637073>.
- ⁸ “Integrated Forum on Climate Change and Trade,” IFCCT, accessed March 27, 2026, <https://ifcct.org/>. Brazil and Australia had agreed on an outline for the Forum at a meeting of the World Trade Organization [hereinafter WTO]’s Committee on Trade and Environment in 2025. The Forum will carry out a workplan until June 2029. The Forum, which will be meeting in the margins of SB sessions including at COPs, could inform the multilaterally agreed climate and trade dialogues series.
- ⁹ UNFCCC, *Global Mutirão: Uniting humanity in a global mobilization against climate change*, Decision 1/CMA.7, ¶ 57.
- ¹⁰ UNFCCC, *Global Mutirão: Uniting humanity in a global mobilization against climate change*, Decision 1/CMA.7, ¶ 56.
- ¹¹ UNFCCC, *Global Mutirão: Uniting humanity in a global mobilization against climate change*, Decision 1/CMA.7, ¶ 57.

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- ¹² UNFCCC, *Report of the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement on its third session, held in Glasgow from 31 October to 13 November 2021*, Decision 1/CMA.3 (March 8, 2022) https://unfccc.int/sites/default/files/resource/cma2021_10a01E.pdf#page=7.
- ¹³ UNFCCC, "Sharm el-Sheikh Dialogue," accessed March 27, 2026, <https://unfccc.int/topics/climate-finance/previous-workstreams/sharm-el-sheikh-dialogue>.
- ¹⁴ UNFCCC, "First Glasgow Dialogue," accessed March 26, 2026, <https://unfccc.int/event/first-glasgow-dialogue-gd1>.
- ¹⁵ *Climate Finance Decision Booklet*, Decision 1/CMA.4, ¶ 68 (Bonn, Germany: UNFCCC: 2022), https://unfccc.int/sites/default/files/resource/UNFCCC_Climate%20Finance_Decisions%20Booklet_2022.pdf?download#page=105 (Edited June 1, 2023 by Climate Finance).
- ¹⁶ "First workshop under the Sharm el-Sheikh Dialogue on Article 2, paragraph 1(c) of the Paris Agreement and its complementarity with Article 9," UNFCCC, July 19–20, 2023, <https://unfccc.int/event/first-workshop-under-the-sharm-el-sheikh-dialogue-on-article-2-paragraph-1c-of-the-paris-agreement>.
- ¹⁷ UNFCCC, *Sharm el-Sheikh dialogue on the scope of Article 2, paragraph 1(c), of the Paris Agreement and its complementarity with Article 9 of the Paris Agreement, Report by the Co-chairs*, October 31, 2025, https://unfccc.int/sites/default/files/resource/cma2025_10.pdf.
- ¹⁸ UNFCCC, *Sharm el-Sheikh dialogue on the scope of Article 2, paragraph 1(c), of the Paris Agreement and its complementarity with Article 9 of the Paris Agreement*, Draft Decision -/CMA.7, ¶¶ 10–17 (November 23, 2025), https://unfccc.int/sites/default/files/resource/CMA7_10g_SeS%20Dialogue_AUV.pdf (Advance unedited version); *Ensuring an Effective Veredas Dialogue on Aligning Finance Flows with the Goals of the Paris Agreement*, (Washington, DC: C2ES, February 28, 2026), <https://www.c2es.org/wp-content/uploads/2026/03/20260223-C2ES-Veredas-Dialogue-Submission.pdf>.
- ¹⁹ Kaveh Guilanpour and Richard Kinley, *After COP30, What's Next for the UNFCCC?* (Washington, DC: C2ES, March 2026), <https://www.c2es.org/wp-content/uploads/2026/03/after-cop30-whats-next-for-the-UNFCCC-1.pdf>.