



**BACKGROUND GUIDE**

CHANGE THE WORLD

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# EMIRATES 2025

MODEL UNITED NATIONS

**UNCTAD**

CHANGE  
— THE —  
WORLD  
ACADEMY

POWERED  
BY



**Diplomatici**

Distinguished Delegates,

Welcome to the 2025 Change the World Model United Nations (CWMUN).

As your committee Dais, we are looking forward to meeting you and to hear your ideas about how to solve international problems.

The United Nations (UN) depends on the cooperation and goodwill of its 193 Member States. Because each State has unique interests and concerns, it is challenging to write, negotiate and pass resolutions. Every stage of the process demands creativity and diplomacy.

You will be discussing this topic:

**Climate-Linked Trade and Green Tariffs: The Future of International Economic Relations**

While we may all lead different lives and face different struggles, we have to bear in mind that we all share the same world and the same resources. Whether it is environmental problems or political unrest, what is happening in the world concerns all of us. Only through mutual understanding, unity, and collaboration can we lay the foundations of a worthier world.

As your committee Dais, we will work to keep the committees running smoothly. We will do our best to help you understand the procedures and to ensure that the perspectives of all delegates are heard and respected.

Sincerely,

The CWMUN



### **What is this activity about?**

The Change the World Model United Nations is a role-playing game. Your task is to impersonate a diplomat of the assigned Country and present the perspective of this Country's current government.

### **What should you do now?**

Before the Simulation, you should write down and bring with you:

- **Handbook**, a collection of relevant UN resolutions, reports, academic studies, and news from reliable media.
- Write the **Position Paper**, describing the position of your country on the topic you have been assigned to.
- Some topics for **Moderated Caucus debates**, i.e. for short formal debates which should cover narrow aspects of each topic. *For example*, within the topic "Violence against women"; delegates can hold a caucus with the subtopic "Ways of preventing genital mutilation".
- **Ideas for the Resolution**, *id est*, at least two or three paragraphs that your State would like to include in the preamble and/or in the main body of the Resolution.
- You should also learn the **Rules of procedure**.

## *What will you do during the Simulation?*

In the Moderated Caucus you will hold short formal debates on details of each topic. Delegates will present the policy and solutions of the represented States in very short (usually one minute) speeches. In the Unmoderated Caucus, you will informally engage with other Delegates to agree on your policies and solutions and to write draft resolutions together as a Coalition. Working Papers will be checked and possibly edited by Chair and Director to conform to all formal requirements and be described as Draft Resolutions. Eventually, Coalitions will present their Draft Resolutions to the whole Committee. Other Delegates will debate and then vote for or against. The scope for the Committee as a whole is to produce one or more Resolutions.

## *What is a Resolution?*

A Resolution is a very specific document, built of Preambulatory and Operative clauses, expressing the will of a particular UN Committee agreed upon by its Member States. Resolutions are central to the UN and thus CWMUN gives all participants the opportunity to understand the process of creating them. Please seize this opportunity and prepare in advance at least one or two paragraphs per each topic! Sample resolution: [Resolution 2349 \(2017\)](#)<sup>1</sup>

## *Tips (!)*

Learn about your Country from the [CIA World Factbook](#)<sup>2</sup>, from the official website of your State's permanent mission to the United Nations, and from other government websites (for example the website and social media profiles of the Royal Family or President, Prime Minister, Ministry of Foreign Affairs...). Make sure to know as much as possible about the foreign relations of your Country! Consider that at the United Nations, Countries generally lean towards their own geopolitical blocks: Western, Former Soviet, African, Middle Eastern, Asian, Latin American... Consider also organisations such as the European Union (EU), African Union, Arab League, Association of Southeast Asian Nations (ASEAN), The Union of South American Nations (USAN)...

<sup>1</sup> UN General Assembly, 2017 ([https://undocs.org/S/RES/2349\(2017\)](https://undocs.org/S/RES/2349(2017)))

<sup>2</sup> CIA, 2022 (<https://www.cia.gov/the-world-factbook/>)

### **REMEMBER!**

Your task is to present the official position of your assigned Country. Misrepresenting this position and/or representing your private views is against the rules, even if you do not agree with your Country's position. In any case, you must not hyperbolize nor satirise the position of your Country. Humour, and especially sarcasm, is generally not typical for formal writing nor formal debates. Although MUN welcomes wit and smart puns, please always be extremely considerate when using humour.

# UNITED NATIONS TRADE AND DEVELOPMENT

## 1. *Establishment of the UNCTAD:*

The United Nations Conference on Trade and Development (UNCTAD) is an intergovernmental organization within the United Nations Secretariat that promotes the interests of developing countries in world trade. It was established in 1964 by the United Nations General Assembly (UNGA). UNCTAD is composed of 195 member states that work with non-governmental organizations worldwide and its permanent secretariat is at the United Nations Office in Geneva, Switzerland (UNOG). In the early 1960s growing concerns about the role of developing countries in the trading field led many of these countries to call for the convening of a full-fledged conference specifically focused on tackling these issues. The first UNCTAD conference was held in Geneva in 1964 and, given the importance of the problems at stake and the need to address them, the conference was instructed to meet up every 4 years with intergovernmental bodies meeting between sessions and a permanent secretariat, providing substantive and logical support.<sup>3</sup> The UNCTAD was established to work on five committees divided on:

- Commodities
- Manufactures
- Finance
- Institutional arrangements
- Regional problems

The first macro agreements were reached on fields of interest regarding: The expansion of South–South trade was endorsed, as were shipping conference reforms, provisions to assist landlocked countries and proposals for regional integration.

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<sup>3</sup>UNCTAD. (n.d.). *History* | UNCTAD. Unctad.org. <https://unctad.org/about/history>

In December 1964 and the former Secretary General of the UN, U Thant, appointed the prominent Argentinian economist Raúl Prebisch who had headed the United Nations Economic Commission for Latin America and the Caribbean as the first Secretary General of UNCTAD.

## **2. Functions and objectives of the UNCTAD:**

UNCTAD supports developing countries in accessing the benefits of a globalized economy more fairly and effectively. It helps the States to deal with the potential drawbacks of greater economic integration<sup>4</sup>. Working at the national regional and global level the efforts of UNCTAD help countries to:

- Comprehend options to address macro-level development challenges
- Achieve beneficial integration into the international trading system
- Diversify economies to make them less dependent on commodities
- Limit their exposure to financial volatility and debt
- Attract investment and make it more development friendly
- Increase access to digital technologies
- Promote entrepreneurship and innovation
- Help local firms move up value chains
- Speed up the flow of goods across borders
- Protect consumers from abuse
- Curb regulations that stifle competition
- Adapt to climate change and use natural resources more effectively

Together with other UN departments and agencies, the organization measures progress by the Sustainable Development Goals, as set out in Agenda 2030. UNCTAD also supports implementation of Financing for Development, as

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<sup>4</sup> General, UN. (2025, July 24). *Establishment of the United Nations Conference on Trade and Development as an organ of the General Assembly*. A/RES\_1995(XIX), United Nations Digital Library System. <https://digitallibrary.un.org/record/203700?ln=en&v=pdf>

mandated by the global community in the 2015 Addis Ababa Agenda<sup>5</sup>, together with four other major institutional stakeholders: the World Bank, the International Monetary Fund, the World Trade Organization, and the United Nations Development Programme.

### 3. Important actions or projects in the past:

Over the decades, UNCTAD has contributed to significant initiatives, such as the Generalized System of Preferences (GSP)<sup>6</sup>, which facilitates exports from developing to developed countries. The GSP instituted in 1971 has contributed to creating an enabling trading environment for developing countries. The following 15 countries grant GSP preferences: Armenia, Australia, Belarus, Canada, the European Union, Iceland, Japan, Kazakhstan, New Zealand, Norway, the Russian Federation, Switzerland, Turkey, United Kingdom and the United States of America. The objective of UNCTAD's support on GSP and other preferential arrangements is to help developing countries to increase utilization of GSP and other trade preferences and in turn promote productive capacity development and increased trade.

Some specific events in history challenged the actions of UNCTAD, specifically in the 1980s it faced a changing economic and political environment as a number of developing countries were plunged into severe debt crises, given these events the UNCTAD aimed at strengthening the analytical content of its intergovernmental debate and broadening the scope of its activity to assist the developing country to integrate in the world trade system supplying the technical assistance which began with the General Agreement on Tariffs and Trade (GATT)<sup>7</sup> in 1986. UNCTAD played a key role in supporting the negotiations for the General Agreement on Trade in Services. Furthermore in 1981 there was the establishment of the Debt Management & Financial Analysis System (DMFAS) programme<sup>8</sup>, Its initial focus was on the development of a computer-based debt management information system.

Originally focusing on central government and government guaranteed external debt, over time the DMFAS software expanded its scope to incorporate domestic debt instruments, following the evolution of borrowing practices of developing

<sup>5</sup> United Nations. (2015). *Addis Ababa Action Agenda*. Un.org. <https://sustainabledevelopment.un.org/index.php?page=view&type=400&nr=2051&menu=35>

<sup>6</sup> United Nations Conference on Trade and Development. (2023). *The Generalized System of Preferences: How much does it matter for developing countries?* <https://unctad.org/publication/generalized-system-preferences-how-much-does-it-matter-developing-countries>

<sup>7</sup> GATT – UNCTAD SDG Pulse 2025. (2025, May 6). Unctad.org. <https://sdgpulse.unctad.org/glossary/gatt/>

<sup>8</sup> DMFAS History | DMFAS. (2021). Unctad.org. [https://unctad.org/dmfas/DMFAS\\_History](https://unctad.org/dmfas/DMFAS_History)

countries. In recent years UNCTAD implemented its activity even more, the Global Trade Update for the first half of 2025 indicates a \$300 billion expansion of global trade<sup>9</sup>, recent UNCTAD actions include a focus on strengthening consumer protection particularly in the digital economy and addressing the risks associated with highly concentrated digital markets

#### 4. Challenges and important future projects:

According to the Technology and Innovation Report 2025<sup>10</sup> of the UNCTAD there is a new roadmap provided for ensuring AI drives inclusive growth rather than deepening divides. Main policy recommendations for the International community include:

- Industry commitment: similar to the environmental, social, and governance framework, an AI equivalent public disclosure mechanism can improve accountability, translating global commitments into impactful outcomes.
- A global shared facility can provide equitable access to AI infrastructure
- Models such as open data and open source, can democratize knowledge and resources, to foster inclusive AI innovation. Coordinating the valuable but fragmented open-source AI resources can enhance accessibility and promote global collaboration.
- Initiatives to share AI knowledge and resources, especially South-South cooperation, can strengthen the capacity of developing countries to seize the benefits of AI and address common challenges

UNCTAD is also actively working to make digitalization work for inclusive and sustainable development, including investing in digital economy infrastructure, furthermore supporting the development of green and blue economies on climate-related trade and investment policies. The 16th Session of the UNCTAD will convene in Geneva from 20-23 October 2025. The event will provide a platform for countries to discuss ways to implement trade as an enabler for sustainable development in particular. But challenges are always on the agenda, in April 2025 growing concerns were arising over the global economic outlook and shifting trade policies, especially triggering major financial turmoil, the recent reports warn that the ongoing geoeconomic fragmentation could deepen the downturn of the so called “financial fear index” (a gauge of US stock market volatility) that reached its highest level behind the peak of the crises of COVID.-19 and 2008.

<sup>9</sup> *Global trade grew \$300 billion in the first half of 2025, led by US imports and EU exports.* (2025, July 8). UN Trade and Development (UNCTAD). <https://unctad.org/news/global-trade-grew-300-billion-first-half-2025-led-us-imports-and-eu-exports>

<sup>10</sup> *Technology and Innovation Report 2025.* (2025, April 7). UN Trade and Development (UNCTAD). <https://unctad.org/publication/technology-and-innovation-report-2025>

# Climate-Linked Trade and Green Tariffs: The Future of International Economic Relations

## 1. Introduction on the topic

In recent years, the nexus of climate policy and international trade has become one of the most contested and consequential sites of global governance. As nations implement increasingly ambitious environmental policies to achieve the objectives stipulated under the Paris Agreement, they must also contend with the imperative to avoid carbon leakage and ensure the competitiveness of national industries. Among the tools rising to prominence in this context are climate-related trade measures, in particular green tariffs and Carbon Border Adjustment Mechanisms (CBAMs). These tools aim to level the playing field by imposing environmental costs on imports from jurisdictions with more relaxed climate policies, thus encouraging global decarbonization. The imposition of such measures, however, raises intricate questions regarding their consistency with international trade rules, their distributive effects, and their capability to reinforce North-South asymmetries within the global economy.

The development of green tariffs is occurring amidst a context of increasing fragmentation in the multilateral trading system. The WTO legal framework<sup>11</sup>, though not expressly prohibiting climate-related tariffs, was not crafted to resolve disputes revolving around environmental externalities incorporated within traded products. For instance, the European Union's CBAM, due to be phased in from 2026, already generated concern among developing economies and major trade partners, which contend that these mechanisms serve as de facto protectionism and pose a risk to their export competitiveness in the steel, cement, and fertilizer sectors<sup>12</sup>. Meanwhile, large economies like the United States, Canada, and the United Kingdom are considering similar initiatives, further indicating a move toward the environmentalization of trade.

This development, although possibly successful in encouraging worldwide emissions reduction, risks eroding multilateralism if not properly governed through inclusive discussion and international collaboration.

UNCTAD, as the United Nations' main organ addressing trade, investment, and development concerns, has a key role to play in mediating these tensions.

<sup>11</sup> World Trade Organization. (n.d.). Environment and trade. WTO. [https://www.wto.org/english/tratop\\_e/envir\\_e/envir\\_e.htm](https://www.wto.org/english/tratop_e/envir_e/envir_e.htm)

<sup>12</sup> European Commission. (2021, July 14). \*Questions and Answers: Carbon Border Adjustment Mechanism (CBAM)\*. European Union. [https://ec.europa.eu/commission/presscorner/detail/en/qanda\\_21\\_3661](https://ec.europa.eu/commission/presscorner/detail/en/qanda_21_3661)

Developing and least developed countries (LDCs) frequently lack institutional, financial, and technological capacity to fulfill rigorous environmental standards, and could be disproportionately harmed by the imposition of green trade measures. Additionally, the absence of widely accepted methodologies for measuring embedded emissions or determining equivalence between foreign and domestic environmental policies frustrates the operationalization of climate-adjusted tariffs.

UNCTAD's work, therefore, is not just to analyze the trade and development implications of such mechanisms, but also to advocate for differentiated responsibilities, transitional support, and capacity-building strategies in accordance with the principles of sustainable development and climate justice<sup>13</sup>. On the line is not only the design of future trade regimes that are compatible with climate, but the wider issue of how the global economic order responds to the dictates of ecological transition without sidelining the Global South. As climate-related trade measures spread, so does the danger of fragmentation, tit-for-tat trade wars, and institutional weakening. At the same time, these mechanisms can also become leverage points for ramping up global environmental standards and green industrialization. Managing these dynamics demands a delicate and inclusive touch that weaves environmental integrity together with the development concerns of all nations, and especially those on the periphery of the global economy.

## 2. Green Industrial Policy and the Risk of Green Protectionism

Although environmental integrity is the principal rationale for climate-related trade measures, the boundary between bona fide decarbonization policies and disguised protectionism is disputed. Green tariffs and CBAMs can have twin functions: first, to internalize the environmental externalities of carbon-heavy imports, promoting cleaner production worldwide; second, to become tools of green industrial policy, a means by which advanced economies protect or promote domestic industries in the name of environmental protection. The difference is not simply semantic. It influences the perception, legitimacy, and functionality of such measures, particularly from the perspective of developing nations.

The rollout of green tariffs as part of wider national climate-industrial strategies implies the return of state-led economic planning last seen in post-war development models, but now filtered through environmental imperatives. The United States' Inflation Reduction Act (IRA), for example, has provided more than \$370 billion in subsidies and tax credits to support domestic clean energy manufacturing, electric vehicle and battery production, all with express climate goals<sup>14</sup>. Yet, the localization

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<sup>13</sup> UNCTAD. (2023). Global Trade Update – October 2023: Green trade risks fragmenting the global economy. United Nations Conference on Trade and Development. <https://unctad.org/news/green-trade-risks-fragmenting-global-economy>

<sup>14</sup> U.S. Department of the Treasury. (2022). *A user guide to the Inflation Reduction Act*. Treasury Department (via BlueGreen Alliance).

conditions included in these policies, especially "Buy American" clauses, have prompted trade alarm from allies and rivals alike. The danger arises when such climate incentives are twinned with trade restrictions punishing foreign producers, de facto acting as a green trade barrier instead of a climate imperative. This dynamic creates complicated governance issues. Developing nations, many of which possess neither similar fiscal nor technological capability to subsidize green industrialization, complain that the application of climate-related trade policy by developed countries risks perpetuating current asymmetries in the global economy. The Organisation for Economic Co-operation and Development (OECD) has pointed out that, even as green industrial policy can be a valuable contribution to climate objectives, its abusive application risks "fragmentation of supply chains, retaliatory actions, and inefficient allocation of world resources"<sup>15</sup>. Moreover, the absence of transparency and harmonized standards in the determination of what qualifies as a "green" subsidy or environmentally justified tariff further fuels the suspicion that environmental issues are being selectively invoked to support domestic industrial priorities.

UNCTAD has already cautioned that environmental trade measures, if not flanked by sufficient transitional support and inclusive multilateral structures, risk replicating the structural asymmetries that have long marginalized developing economies within the global trading system. The worry is not just one of short-run market access but of the longer-run technological path of low- and middle-income countries. If green tariffs become a means of locking in technological leadership in the Global North while sealing others off from value chains, then the outcome could be a new dependency of an ecological sort, with development pathways hemmed in by external conditionalities presented as climate imperatives. The task, accordingly, is to shape green trade instruments that are genuinely decarbonizing and not economically polarizing.

### 3. *Impact of Climate-Linked Trade Measures on Developing Countries*

The proliferation of climate-related trade measures, most notably CBAMs, green tariffs, and sustainability standards, poses key distributional issues for developing economies. Although presented as necessary instruments to internalize environmental externalities and avoid carbon leakage, these measures threaten to compound structural asymmetries in global trade. Developing nations with carbon-heavy export profiles and fewer fiscal or technological means to decarbonize could be disproportionately exposed to trade disruption and market access barriers.

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<https://www.bluegreenalliance.org/wp-content/uploads/2022/10/BGA-IRA-User-GuideFINAL-1.pdf>

<sup>15</sup> OECD. (2024, October). *Green industrial policies for the net-zero transition*. Organisation for Economic Co-operation and Development.

[https://www.oecd.org/content/dam/oecd/en/publications/reports/2024/10/green-industrial-policies-for-the-net-zero-transition\\_1e066699/cc326d3-en.pdf](https://www.oecd.org/content/dam/oecd/en/publications/reports/2024/10/green-industrial-policies-for-the-net-zero-transition_1e066699/cc326d3-en.pdf)

One of the main issues is the asymmetric willingness to adhere to climate-related trade specifications. The EU CBAM, which comes into effect gradually from 2026, will initially cover high-emission industries like steel, cement, aluminum, fertilizers, hydrogen, and electricity. Developing-country exports are overrepresented in some of these categories and therefore disproportionately vulnerable to CBAM-related expenses, according to UNCTAD<sup>16</sup>. Absent finance or technical assistance to green their production, these nations could be priced out of important markets. Furthermore, most do not have the infrastructure to provide accurate carbon accounting, a precondition for exemption or equitable treatment under these kinds of plans.

The wider implications of green trade measures impinge on the concept of a just transition, which demands climate action that also safeguards the rights and livelihoods of workers, vulnerable groups, and countries at various stages of development. Developing nations have consistently contended that climate-related trade policy needs to incorporate compensatory elements, including climate finance, technology transfer, and capacity-building. Existing frameworks, however, seldom provide institutionalized assistance. The World Bank<sup>17</sup> observes that trade-related climate actions have a propensity to mirror the agenda of high-income nations and frequently do not incorporate climate justice or development equity in their design. Moreover, climate-related trade restrictions can lock in new dependencies by promoting the shift of green supply chains to nations with already low emissions or robust environmental institutions. This has the potential to marginalize areas whose economic development continues to depend on energy-intensive industry or export-oriented agriculture with high embedded emissions. The International Trade Centre<sup>18</sup> points out that more than 80% of SMEs in low-income nations indicate that they lack information, training, and investment to comply with new environmental trade specifications. Consequently, such measures can serve as indirect non-tariff barriers, hindering developing nations from being integrated into climate-compatible global value chains.

For climate-related trade policies not to turn into instruments of exclusion, global governance needs to manage the nexus between environmental ambition and development justice. This involves more coordination through multilateral institutions like UNCTAD, the WTO, and the UNFCCC, and binding provisions on equity, differentiated responsibilities, and common obligations of support.

<sup>16</sup> United Nations Conference on Trade and Development (UNCTAD). (2024, November 28). Green export strategies. UNCTAD. <https://unctad.org/topic/trade-and-environment/green-export-strategies>

<sup>17</sup> World Bank. (2023, December 4). Developing countries can benefit from climate policies of world's biggest economies. World Bank Blogs. <https://blogs.worldbank.org/en/trade/developing-countries-benefit-climate-policies-of-china-eu-us>

<sup>18</sup> International Trade Centre. (2022). SME Competitiveness Outlook 2022: Connected services, competitive businesses. Geneva: ITC. <https://www.intracen.org/resources/publications/sme-competitiveness-outlook-2022-connected-services-competitive-businesses>

Otherwise, the new climate trade order could end up reproducing old imbalances in the name of environmental urgency.

#### **4. Initiatives, projects and actions made by the UNCTAD**

Reacting to the expanding intersection of trade policy and environmental imperatives, UNCTAD has taken an active stance in assisting developing and least developed countries in particular in dealing with the challenges and opportunities of climate-related trade. Its actions are not only intended to avoid the risk of exclusion from new green markets but also to facilitate inclusive and sustainable integration into decarbonizing global value chains.

A key tool in this approach has been the formulation of Green Export Strategies, crafted in collaboration with more than thirty countries in Africa, Asia, and Latin America<sup>19</sup>. These strategies select sectors that combine comparative advantage and environmental sustainability potential, promoting the diversification of national economies while lowering carbon intensity. The process involves detailed value-chain mapping, green market access barrier assessments, and proposals for public-private coordination on improving compliance with environmental standards.

UNCTAD has also introduced the Climate-Smart Trade Facilitation programme, a program that seeks to decarbonize trade logistics and border operations<sup>20</sup>. Piloted in African and Pacific nations, the program mainstreams climate into trade reform through digitalized border procedures, eco-efficient infrastructure design, and emissions monitoring mechanisms. The reforms have the potential to lower trade costs and support nationally determined contributions (NDCs) to the Paris Agreement at the same time.

In 2023, UNCTAD initiated the Baku Initiative for Climate Finance, Investment and Trade (BICFIT), a multi-stakeholder platform promoting coherence among trade rules, climate finance flows, and investment promotion in developing economies. BICFIT aims to match climate-compatible investment strategies with fair trade frameworks by mobilizing blended finance mechanisms and common guidelines for measuring carbon content in traded goods. A second priority area is capacity-building in regard to climate-associated trade policies like the EU CBAM. UNCTAD offers technical support for developing nations to measure embedded emissions in exports, adapt regulatory frameworks, and address market access standards in the global North. This entails the supply of policy toolkits, focused

<sup>19</sup> United Nations Conference on Trade and Development (UNCTAD). (2024, November 28). Green export strategies. UNCTAD. <https://unctad.org/topic/trade-and-environment/green-export-strategies>

<sup>20</sup> United Nations Conference on Trade and Development (UNCTAD). (2021, October 11). Climate-smart trade facilitation. <https://unctad.org/topic/transport-and-trade-logistics/trade-facilitation/climate-smart-trade-facilitation>

training, and customized legal analysis, thereby lowering asymmetries in readiness across nations.

On the finance side, UNCTAD's involvement in the Sustainable Stock Exchanges (SSE) Initiative encourages the use of environmental, social, and governance (ESG) standards in capital markets. The goal is to increase transparency and accountability and guide finance into low-carbon industries in developing nations. In this way, it assists in unleashing the investment required for green structural transformation<sup>21</sup>.

Lastly, under the EMPRETEC programme, UNCTAD promotes sustainable entrepreneurship with a focus on micro, small, and medium-sized enterprises (MSMEs). There are training modules on environmental compliance, product certification, and green innovation to enable MSMEs to integrate into climate-compatible value chains and address new regulatory demands in primary export markets.

Together, these programmes constitute a consistent institutional response to green tariffs and climate-related trade measures' intricate distributive dilemmas. The work of UNCTAD highlights the necessity for fair transition approaches that guarantee trade continues to be a means towards sustainable development and not a source of novel exclusions.

## **5. Future challenges and possible solutions**

The development of climate-related trade interventions, such as green tariffs and carbon adjustment mechanisms, present a number of acute challenges to the multilateral trading system. Although they have arisen in the context of legitimate environmental concerns, such trade measures have the potential to create or reinforce global economic asymmetries, and to create unintended impacts on trade relations. Tackling these challenges will require technical and policy innovation, as well as a political willingness for inclusivity, equity and international cooperation.

The foremost challenge relates to the lack of universal methodology for calculating carbon in goods which are traded. Differences in life-cycle assessment (LCA) methodologies, divergent availability of underlying data, and differing capabilities for verification, are examples of technical and political roadblocks faced in achieving harmonization. In the absence of binding international standards, carbon-based trade measures have the potential to become arbitrary, discriminatory, and, consequently, violate WTO rules, thereby injecting legal uncertainty.

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<sup>21</sup> United Nations Conference on Trade and Development (UNCTAD), United Nations Global Compact, United Nations Environment Programme Finance Initiative (UNEP FI), & Principles for Responsible Investment (PRI). (2024). Sustainable Stock Exchanges Initiative. <https://sseinitiative.org/about>

One way forward could involve the establishment of a UN technical body, which would work in conjunction with the WTO, the UNFCCC, and ISO in order to develop interoperable frameworks for accounting for emissions and for carbon labelling, with a view to lowering compliance costs and improving transparency across global value chains.

The other structural barrier applies to developing countries' capability to meet green trade regulations, particularly when it is done unilaterally by advanced economies. The limitation is that climate-related trade measures operate as de facto market access barriers if an exporter does not have the ample institutional capacity, infrastructure, and/or financing to adapt. A just resolution requires that green tariffs must have accompanying climate and trade Aid for Trade (AfT) instruments through multilateral institutions. This can include concessional financing for decarbonization technologies, technical assistance for emissions certification, and targeted green infrastructure investments.

Another issue is carbon leakage and regulatory arbitrage - moving production from one country to a country that has weaker climate policies. In this situation, although some instrument like the EU CBAM might provide a remedy, it might lead to retaliatory trade measures by countries that viewed these measures as protectionist. Future policy design should prioritize transparency, predictability, and developmental coherence to avoid escalation. Internationally coordinated carbon pricing should be an ultimate target, even if politically sensitive, potentially through regional carbon clubs or plurilateral arrangements under the WTO umbrella.

Furthermore, there is also the governance of green tariffs which still does not have an integrated mechanism to assess its equitable effects in particular on low-income countries and sectors that are vulnerable. In the absence of institutionalized ex-ante impact assessments and credible multilateral consultations, the legitimacy of all these instruments will be questioned. One potential option is to create a distributive diagnostics, in trade-related climate policy, potentially through formal social impact assessments coordinated by UNCTAD or UNDP in ways that are aligned with the SDGs and, consideration of the concept of Common but Differentiated Responsibilities (CBDR).

Finally, it must be recognized that situating environmental integrity, with a focus on decarbonization across global supply chain dependencies, will also present challenges. There is a risk of neglecting broader environmental and social sustainability aspects (for example, biodiversity loss, water use, labour standards) with a solely decarbonization agenda. Therefore, to develop the necessary overarching trade and climate policy, we must consider evolving a more holistic approach beyond just carbon and cheap production given the breadth of sustainability topics that can be integrated into formal future regulations.

Such challenges cannot be resolved solely through technocratic solutions. Instead, they need a reimagining of the normative bases that underpin international trade,

recognizing, in explicit terms, the developmental asymmetries and ecological limits of the 21st century. UNCTAD, as a part of its mandate, is well placed to support this transformation. As a supplier of knowledge, a collector of experiences and a policy dialogue facilitator, UNCTAD can contribute to global trade systems that are compatible with our climate goals for people and the planet.

## Annotated Biography

Hereafter you can find some links that we think could be helpful to deepen your knowledge on both the committee and the topic you will be discussing.

- The more inspiring and complete website when talking about the UN is their own: <https://www.un.org/>. Especially useful is their Official Document System (ODS) <https://documents.un.org/prod/ods/nsf/home.xsp>.
- The website of your committee is always a good place where to start, in the case of the ECOSOC, it is the following: <https://ecosoc.un.org/en>
- To stay updated on the upcoming news is really important to look at UN Energy website: <https://www.un.org/en/energy>
- The United Nations Conference on Trade and Development: <https://unctad.org/>
- The United Nations Sustainable Development Goals Knowledge Platform: <https://sdgs.un.org/>
- The African Union Strategy for Gender Equality and Women's Empowerment [https://au.int/sites/default/files/documents/36195-doc-52569\\_au\\_strategy\\_eng\\_high.pdf](https://au.int/sites/default/files/documents/36195-doc-52569_au_strategy_eng_high.pdf)
- Vietnam Trading Up in a Changing World, The World Bank: <https://documents1.worldbank.org/curated/en/099111424204523679/pdf/P1787841e077190d919b24181b4dcb14765.pdf>
- United Nations High-Level Political Forum on Sustainable Development: <https://hlpf.un.org/>
- ECOSOC Partnership Forum, 2024: <https://sdgs.un.org/2024ECOSOCPartnershipForum>



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