



# Role of Trade in SDGs and Climate Change Agenda

Trade as **means of implementation** of Sustainable Development Goals (SDGs): economic growth, social inclusion, and **environmental protection**.

Trade can make resource use more efficient, reducing the strain on our ecosystems. New trade rules can help our economies become **greener, cleaner**, more prosperous, and more inclusive.

—*WTO Director-General Ngozi Okonjo-Iweala*

Trade must become an integral part of **climate solutions**. Green and sustainable trade financing is critical for businesses to implement sustainable practices across their supply chains.

—*ADB President Masatsugu Asakawa*



# CAREC Integrated Trade Agenda 2030

## CAREC Climate Change Vision

*CAREC countries are more integrated in the global economy*

- Trade expansion from increased market access
- Greater diversification
- Stronger institutions for trade

*CAREC will promote the greening of regional trade and explore how trade can be part of climate solutions*

- Digitizing trade processes and paperless trade
- Smart and resilient border infrastructures
- Economic diversification
- Response to decarbonization measures (*CBAM*)
- Trade-related agreements



**Decarbonize**



**Decongest**



**Diversify**



**Digitalize**



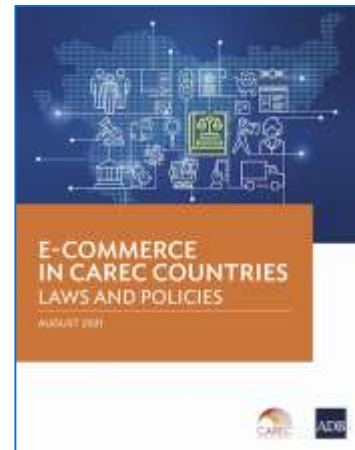
**Dialogue**

# Select Initiatives to Accelerate Digital Trade

**Piloting CAREC Advance Transit System and Information Common Exchange**  
(AZE, GEO and UZB as signatories, TKM as observer)



**Accession to or Implementation of International Agreements or Alignment with UN Model Laws**  
(WTO Trade Facilitation Agreement, UN Cross-border Paperless Trade Framework Agreement (7 CAREC members); and UN Model Law on Electronic Transferable Records (pilot for PRC and GEO).



**Participation in Global Digital Trade Platforms or Use of Emerging Technologies** (IPPC's ePhyto Hub for UZB and PAK; testing Artificial Intelligence in GEO customs processes; and e-certificate of Origin using blockchain for MON)



# Select ADB Operations

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- **Mongolia: Border Efficiency for Sustainable Trade (BEST) Project** (\$100 million sector loan, approved in December 2023)
  - Improve resilience to external shocks, including climate-related hazards and pandemics
  - Incorporate climate adaptation and resilience measures, as well as energy efficiency, for sustainable border operations
  - Develop working-level disaster and emergency response plan for Mongolia's BCPs
  - Fit-for-purpose health, sanitary, and phytosanitary measures (One-Health at the borders)
- **ADB's Trade and Supply Chain Finance Program (TSCFP)**
  - TSCFP works with 34 Issuing Banks in CAREC. In 2023, supported \$1.7 billion worth of trade activities in CAREC
  - Supporting green, resilient trade through:
    - Identification of climate-positive trade finance transactions
    - Driving digitalization of global trade and finance in physical goods,
    - Creating digital carbon tracking and reporting system
    - Environment Social and Governance (ESG) Services Directory



# Policy Dialogues on Climate and Trade Nexus

- CAREC has one of the highest global shares of CO<sub>2</sub> emissions in value-added manufacturing
- EU's Carbon Border Adjustment Mechanism (CBAM) can significantly impact CAREC countries with high share of carbon-intensive exports to Europe
- With vast reserves of critical minerals, CAREC can diversify and contribute to clean energy transition
- Regional cooperation from policy to concerted actions required
- Need to strengthen cross-sectoral linkages (e.g., CAREC Integrated Trade Agenda, CAREC Transport Strategy, Agriculture and Food Security Framework, CAREC Digital Strategy)

