

TOWARDS LOW CARBON TRADE – IS CENTRAL ASIA READY?

Wednesday, 6 September 2023 / 08.00–10.00 CET Via Zoom

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CONTEXT

The European Parliament and Council reached an agreement on the **Carbon Border Adjustment Mechanism (CBAM)** and reform of the **European Union (EU) Emissions Trading Scheme (ETS)** in December 2022. The CBAM entered into law in May 2023, and the implementing legislation detailing reporting obligations during the transition period was adopted on 17 August 2023. This initiative is being implemented as a tool to deal with carbon leakage – i.e., to prevent shifting emissions to other countries as a means of to overcome the high domestic prices set within the EU. The CBAM will initially apply to selected emissions-intensive sectors deemed at greater risk of carbon leakage: steel, cement, aluminium, fertilizers, electricity, and hydrogen. **Further, other jurisdictions such as Canada, UK, Australia, and USA are also exploring similar initiatives to reduce carbon leakage.** The CBAM is one of the various carbon regulatory measures being pursued by jurisdictions to reduce carbon emissions and achieve environmental goals.

These carbon regulatory measures may pose additional green requirements for exports from developing countries, **but compliance with these requirements can actually present opportunities for businesses to become more competitive players in the market.** Meeting these requirements, and leveraging business opportunities, however, require significant actions by businesses to be able to assess and reduce their carbon footprints – and effectively move towards a low-carbon growth.

The Central Asian region, which includes countries such as Kazakhstan, Kyrgyz Republic, Tajikistan, Turkmenistan, and Uzbekistan, **is highly dependent on fossil fuels, both in terms of production and consumption.** Countries within this region have been listed among the top 100 countries in the world for CO₂ emissions from heavy industries. The EU is one of the main trade partners for the region (accounting for about a third of its overall external trade). With efforts

ramping up to integrate climate considerations in trade and industrial policy frameworks around the world, it is important for this region to keep up as well. On that note, efforts are indeed already underway in these countries to integrate climate considerations into policy frameworks. All five countries have ratified the Paris Agreement and are pursuing national programs to address the impacts of climate change. This includes specific measures to facilitate the transition to low carbon supply chains.

This transition to low-carbon growth would require concerted efforts on the part of Central Asian economies to structure and align their climate, trade, and industrial policy frameworks. Appropriate assistance as well as collaboration between various actors within the country, and across the countries in the region, can be instrumental to ensure a smooth and equitable implementation of such requirements.

The International Trade Centre (ITC) is organizing a webinar to bring together experts to explore developments taking place in the EU and other jurisdictions in terms of operationalising these carbon border adjustment measures, discuss the relevance of integrating these considerations in trade, investment and industrial policy frameworks in Central Asia, and explore tools that can be leveraged by countries at the national and potentially at the regional level - to prepare for this transition to carbon competitive supply chains.

This webinar will:

- Present the recently concluded EU CBAM Regulation and relevance for Central Asia's trade,
- Discuss national and regional level efforts that can be explored to facilitate compliance with the CBAM and move towards low carbon supply chains, and
- Explore trade and investment policy tools that can be leveraged to facilitate the transition to low carbon trade in the long term.

AGENDA

Time (CET)	Agenda	Speaker(s)
08h00 –	Opening Remarks and Introduction to the Speakers	Rajesh Aggarwal Director (OIC), Division for Market Development, ITC
08h10 –	Session 1: The EU CBAM Regulation – and its relevance for trade from Central Asia This session will: <ul style="list-style-type: none"> Present the EU CBAM Regulation – the scope, coverage, and current status, Discuss the potential impacts on countries from Central Asia - based on their existing trade with the EU, Identify policy measures that can be explored at the national level to prepare to meet CBAM requirements 	Xavier Vanden Bosch DG TAXUD, European Commission Aaron Cosby Trade and Sustainability Expert, ITC/President, Small World Sustainability Consulting
08h35 –	Session 2: Emissions Trading Systems (ETS) in Central Asia This session will: <ul style="list-style-type: none"> Dive into the operation of ETS – and its relevance for responding to CBAM requirements and transition to low-carbon supply chain, Present developments in formulation and implementation of ETS in Central Asia, and Discuss lessons learned in developing effective ETS from other jurisdictions in this regard. 	Iryna Holovko and Theresa Wildgrube Senior Advisors, International Carbon Action Partnership (ICAP)
08h50 –	Session 3: Transitioning to low carbon industrial development in Central Asia This session will: <ul style="list-style-type: none"> Discuss the importance for the Central Asian region to transition to low carbon supply chains; and Explore relevant trade and investment policy instruments that can and should be leveraged to strengthen businesses in the region to engage in low carbon trade. 	Ieva Baršauskaitė Senior Policy Advisor, International Institute for Sustainable Development (IISD)
09h05 –	Q&A and Open Discussion Moderated by ITC'	
09h50	Closing Remarks	

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