



PERSPECTIVE

From Protectionism to Green Multilateralism: Trade Diplomacy and Environmental Accountability in the Global South

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Abstract

Countries in the Global South are negotiating the shift from traditional protectionist trade policies to green multilateralism, which incorporates climate concerns into trade diplomacy. This study examines how developing economies view and challenge new climate-related trade standards, including the EU's Carbon Border Adjustment Mechanism (CBAM) and the WTO's Environmental Goods Negotiations and Voluntary Sustainability Standards. The Global South often perceives developed countries' efforts to promote decarbonization through trade as a "one-size-fits-all" approach that could limit their development opportunities. Through qualitative case studies like India's objections to CBAM, South Africa's challenge at the WTO, BRICS climate-trade coordination, and ASEAN's efforts for a fair EU Free Trade Agreement (FTA), the paper identifies key tension areas. Findings show that climate-related trade measures have the potential to accelerate low-carbon transitions, but without equity safeguards, they risk reinforcing a 'hierarchical global order' where developing nations bear disproportionate costs. The research argues that multilateral cooperation must include special and differential treatment, technology transfer, and capacity-building support for the Global South. This study connects theory to practice in the evolving trade-environment nexus. It highlights that effective green multilateralism necessitates balancing climate objectives with developmental equity.

Keywords: Green multilateralism, VSS, Global South, Trade diplomacy, Environmental justice, Carbon leakage, CBAM.

Introduction

In the current global landscape, trade has emerged as the second most contested area after military rivalry. This competition is not limited to industrialized nations; it also extends to a rivalry between developed and developing countries. In this unprecedented rivalry, the urgency of proportionate addressing the environment is declining,

often being neglected. One recent and significant example is the brief withdrawal of the United States from the Paris Agreement. The climate crisis is a significant and pressing worldwide issue, primarily caused by human activities that elevate greenhouse gas (GHG) emissions, resulting in global warming, rising sea levels, and an increase in extreme weather occurrences.

The current crisis is not just an environmental issue but a systemic risk that impacts individuals, economies, and global trade. The global average temperature has risen by about 1.5°C since the pre-industrial era, with projections showing it will reach this threshold between 2030 and 2052 (Madhanagopal & Jacob, 2022, p. 173). Immediate economic and policy reforms are essential for sustainable transformation and achieving net-zero emissions.

The 'World Trade Report' by WTO (2023) highlights that a 1°C increase in temperature has been observed to diminish the annual growth of exports from developing countries by 2.0 to 5.7 percentage points (p. 10). The impact of climate change is already evident; according to a 2024 African Trade Report, climate disasters have profoundly affected economies, notably diminishing substantial chunks of Africa's economy and 77% of African trade (Afreximbank, 2024, p. 2). As international trade continues to expand

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as a major component of global economic activity, it is increasingly becoming a key driver of environmental change.

The advent of climate-related trade measures, including Carbon Border Adjustment Mechanisms (CBAMs) and green tariffs, alongside the increasing significance of environmental, social, and governance (ESG) standards, illustrates a multifaceted and dynamic convergence between the global climate crisis and international trade frameworks (Gutsch et al., 2024, p. 2; IISD & UNEP, 2005, p. 2). These initiatives aim to address climate change and promote decarbonization, but often spark controversy over trade protectionism, particularly concerning its effects on developing nations. Developed nations face significant pushback from the Global South and regional organizations like BRICS, which argue that these measures unfairly impact less developed countries that rely on carbon-intensive industries and have historically contributed little to emissions compared to developed economies.

Sud (2021) and Erdogan (2024, p. 44) highlight those concerns by mentioning that “carbon colonialism” has emerged, wherein the burden of pollution is disproportionately transferred to the Global South. The notion of ‘Common but Differentiated Responsibilities and Respective Capabilities’ (CBDR-RC), fundamental to international climate law, is frequently referenced, indicating that developed nations should take the lead and offer assistance rather than impose obligations (Boute, 2024, pp. 170, 187; Dev & Goswami, 2024, p. 29). This study examines how developing economies view and challenge new climate-related trade standards.

Research Objectives

This research arises from the growing tension between the Global North’s climate-centric trade policies and the South’s developmental imperatives. Key questions explored include:

- How are new climate-linked trade regimes (e.g., CBAM) impacting the trade diplomacy of Global South countries?
- What forms of resistance, negotiation, and adaptation strategies are being adopted by key Southern actors?
- How can the emerging paradigm of green multilateralism incorporate principles of equity, justice, and inclusivity?

Methodological Approach

The study uses a qualitative, comparative case study approach, integrating insights from international political economy, global governance, and environmental justice. Data sources include WTO submissions, climate-trade policy documents, BRICS and ASEAN reports, think tank publications, and official statements. The analysis is interpretive, exploring the relationship between normative claims and strategic diplomacy, with key contributions woven throughout the discussion, rather than separated into a formal literature review section.

From Green Protectionism to Green Multilateralism

In the present global scenario, developed nations generally associate commercial access with adherence to environmental standards, frequently incorporating environmental clauses into international trade agreements to foster ecological preservation and shape global markets. This strategy seeks to mitigate the adverse environmental impacts of global trade and promote sustainable development. Since the 1990s, numerous states have integrated environmental requirements into trade agreements as a means of environmental protection. For instance, with the Trade Promotion Act of 2002, the USA has been mandated to incorporate environmental safeguards in its Free Trade Agreements (FTAs). The European Union (EU) incorporates ‘Trade and Sustainable Development’ Chapters into its FTAs, aligning with its objective of embedding sustainable development as a fundamental aspect of EU trade policy (Gutsch et al., 2024, p. 2). Canada and New Zealand have also actively included environmental considerations into their trade deals.

The rise of climate-related trade policies, such as CBAMs, green tariffs, and ESG standards, has sparked a debate between Green Protectionism and Green Multilateralism. This tension arises from the use of trade policies to address climate change, which can be viewed as either legitimate environmental efforts or disguised trade barriers. Green Protectionism refers to environmental policies, especially trade measures, that focus primarily on protecting domestic industries or advancing national interests, while claiming to aim for ecological goals. Berger et al. (2020) mention that developing countries often perceive it as a novel type of trade barrier, even comparing it to ‘green imperialism’ (p. 113). Dev and Goswami (2024) highlight concerns that enforcing environmental standards in trade agreements, without principles like CBDR and SDT, may restrict exports from developing countries due to climate issues (p. 39).

Stringent environmental regulations on processes and production methods may disadvantage some international competitors, forcing exporters to meet irrelevant standards and risking market access. Critics argue it’s hypocritical for wealthy nations, which exploited resources to achieve their status, to prevent developing nations from doing the same without offering technical and financial support (IISD & UNEP, 2005, p. 56). Dev and Goswami (2024) claim that rich nations attained their status by exploiting natural resources, and it is hypocritical to now prohibit developing nations from pursuing analogous options without offering technical and financial support or capacity building (p. 39).

Developed nations are apprehensive that lax environmental regulations in certain countries may result in a ‘pollution haven effect,’ prompting pollution-intensive industries to relocate to evade elevated ecological costs, or

a 'race to the bottom,' wherein competitive pressures induce a global decline in ecological standards (Copeland, 2008, pp. 60–61; Boyce, 2008, p. 100; Elliott, 2004, pp. 192–193). Connecting trade access to environmental compliance seeks to mitigate these issues and establish equitable conditions. Powerful nations, including the US and the EU, can utilise their market access to compel trading partners to implement and uphold elevated environmental requirements. This phenomenon is occasionally termed the "*California effect*" or "*trading up*" (Gallagher, 2008, p. 8; IISD & UNEP, 2005, p. 58).

Despite the stated environmental goals, Ramesh and Jacob (2022) highlight that many developing nations view these connections with scepticism, fearing 'green protectionism' (p. 197). They want to prioritize poverty reduction and basic developmental needs, often seeing environmental concerns as potential obstacles to economic growth. Small and medium-sized enterprises (SMEs) and small-scale producers in these countries often face significantly higher costs to comply with stringent environmental regulations or obtain Voluntary Sustainability Standards (VSS) certifications (IISD & UNEP, 2005, p. 58; UNFSS, 2022, p. 50). As a result, they risk being marginalized from global value chains.

Green protectionism involves countries using environmental regulations to safeguard national interests by limiting imports, which can harm less developed economies. In contrast, green multilateralism promotes collaboration for a healthy global economy, focusing on green trade, technology transfer, and support for developing nations, rooted in equity and collective accountability for sustainable practices. A 2019 UNCTAD report highlights the 'Geneva Principles for a Global Green New Deal,' calling for a new multilateralism that balances environmental sustainability with economic stability and equitable prosperity (Gallagher & Kozul-Wright, 2019, pp. 25–27). These principles promote reforms in financial and trade institutions to facilitate a more sustainable global economy.

The Global South's Dilemma

The Global South has been in a tough situation where it can balance economic development with climate action, a challenge burdened by historical injustices and catalysed by the present global policies and power dynamics. Countries in the Global South, especially in Africa, as per a report by Afreximbank (2024), predominantly comprise Least Developed Countries (LDCs) marked by minimal contributions to global GDP (less than 3%), commerce, and manufacturing output, exacerbated by elevated inflation, substantial debt burdens, and insufficient infrastructure (p. 20). The report also highlights how, despite their negligible contribution to global carbon emissions, African economies, which are strongly dependent on commodities and natural resources, encounter the daunting task of decarbonisation without sacrificing their development (p. 11).

For such nations (like African, Latin American, and Caribbean), Delgado et al. (2024) in a SIPRI report highlight that economic growth is a primary objective and is intricately linked to their natural resources (p. 17). Mehta and Shah (2024) mention that not only the individual nations but also organizations like the BRICS face the complex challenge of balancing rising energy demand, diminishing carbon emissions, and maintaining economic growth, all at the same time (p. 3). The common perspective in the Global South is that environmental challenges are closely linked to economic issues. Conservation efforts are often viewed as a luxury when balancing the urgent needs of poverty alleviation and economic growth. Even WTO recognizes that the shift to a low-carbon economy is identified as essential, however, it poses significant challenges to do so for developing one (WTO, 2023, p. 52).

The Global South's dilemma revolves mostly around the historical emissions gap and the idea of CBDR. Industrialised nations have historically emitted a disproportionate amount of GHGs since the Industrial Revolution, which the developing nations are still catching up to (Beer, 2022, p. 256). All this has resulted in the idea of 'climate debt,' in which industrialised nations are expected to greatly cut down their excessive and unsustainable use of the Earth's atmospheric space by drastically lowering their emissions and offering financial and technological resources to the developing nations. It is important to note that, ironically, individuals who have made the least contribution to GHG emissions are and may suffer the most from the effects of climate change.

Underlying politics of 'eco-imperialism' aggravate these problems even further. Often accused of crafting international legal tools and environmental standards to further its economic goals, the Global North ignores the negative worldwide environmental implications. Boyce (2008) claims that this can result in 'environmental imperialism,' in which globalisation substitutes synthetic materials created in the North for natural resources used in the Global South, therefore compromising sustainable production in that region (p. 102). He further criticizes that rather than encouraging global environmental convergence, globalisation can lead to environmental polarisation whereby "*greening the North is browning the South*" (pp. 97, 111).

Despite these obstacles, there is increasing awareness that the Global South is actively influencing and advancing environmental law rather as a passive actor in the global environmental conversation. Global South policymakers are urged to challenge the inherent prejudices in academic knowledge, which usually emanates from the Global North, and support including their local points of view (Gutsch et al., 2024, p. 17). A fairer global climate response depends on strengthening the agency and perspective of Global South researchers and legislators.

Evolution of Trade–Climate Intersection

From GATT Article XX exceptions to the WTO's Trade and Environment Committee

The intersection of trade and climate has progressed substantially, transitioning from initial legal exemptions in trade agreements to the establishment of specialised international organisations and, more recently, to the widespread adoption of voluntary market-based mechanisms for sustainability. The multilateral trade system, established in 1947–48 via the General Agreement on Tariffs and Trade (GATT), acknowledged the necessity for policy flexibility for environmental and health protections. GATT Article XX (General Exceptions) permits trade measures deemed “*necessary to protect human, animal or plant life or health*” (Article XX(b)) or “*relating to the conservation of exhaustible natural resources*” (Article XX(g)). The initial interpretation of GATT Article XX was strict concerning environmental regulations on resources outside a nation's borders. However, WTO Appellate Body decisions, such as the U.S.–Shrimp–Turtle case, broadened the definition of ‘exhaustible natural resources’ to include living resources like turtles. This allowed for regulations on foreign Process and Production Methods (PPM) under Article XX, as long as there was a ‘sufficient nexus’ to the defendant nation and the measures were applied non-discriminatorily (Charnovitz, 2008, pp. 237, 240).

The foundation of the WTO in 1995 provided a formal stage for environmental issues. The Committee on Trade and Environment (CTE) was established with a twofold purpose: to elucidate the connection between trade and environmental policies to foster sustainable development, and to propose adjustments to the multilateral trading system for enhanced compatibility (Elliott, 2004, p. 195). The CTE, initially a discussion forum, expanded with the 2001 Doha Declaration to include negotiations on WTO rules and environmental agreements, but faced criticism for slow progress. Charnovitz (2008) highlights that the fundamental idea directing the WTO's strategy is that trade and environmental policy have to be “*mutually supportive in favour of sustainable development*” (p. 239).

Failure of past green trade initiatives

Global trade efforts to promote green trade have faced challenges, particularly in reducing tariffs and non-tariff barriers on Environmental Goods and Services (EGS). This could accelerate the transition to a low-carbon economy and improve environmental protection, with simulation analyses suggesting that eliminating tariffs could boost global exports and decrease carbon emissions. Yet, multilateral and plurilateral trade negotiations concerning EGS, including those initiated under the Doha Development Agenda in 2001, have predominantly stagnated (IISD & UNEP, 2014, p. 81). There has been no significant advancement in

these negotiations even as of 2025 (Geneva Trade Platform, n.d.; WTO, 2024). The main obstacle has been the difficulty in delineating what qualifies as an ‘environmental good.’ Numerous products have ‘dual uses’ (e.g., a thermostat serves both energy conservation and general temperature regulation) (IISD & UNEP, 2005, p. 88; WTO, 2023, p. 127), resulting in challenges in delineating precise boundaries for liberalisation without including commodities that certain governments may like to restrict in trade.

Rise of VSS and product-level environmental disclosure

In parallel to the state's negotiations, there has been a significant expansion in VSS over the past two decades (IISD & UNEP, 2014, p. 75). VSS are market-oriented instruments that provide voluntary standards for economic participants to enhance the sustainability of their production and processing methods, addressing concerns such as human rights, occupational safety, environmental impacts, and land utilization (Sarmiento et al., 2025, p. 3; UNFSS, 2022, p. 4). The number of VSS has significantly increased, with 318 VSS in July 2022 and 456 ecolabels according to the Ecolabel Index, compared to 50 in 1990 (UNFSS, 2022, p. 5). These standards are established and advocated by multiple entities, including multi-stakeholder efforts, private corporations, and non-governmental organisations. Certain authorities, such as the EU Renewable Energy Directive (RED), recognize VSS compliance as legitimate proof of fulfilling sustainability criteria for products like biofuels and biomass. Switzerland, under the EFTA–Indonesia CEPA, mandates adherence to specific certification procedures for palm oil to obtain tariff benefits (Sarmiento et al., 2025, pp. 4–5).

VSS promotes sustainable practices, enhances supply chain understanding, improves traceability, and sets achievable standards, motivating producers, especially in developing nations, to adopt cleaner technologies, enhancing market access and trade opportunities. VSS criteria often require initial certification and ongoing compliance costs, which can be particularly challenging for small-scale producers and MSMEs in developing nations, potentially limiting their global trade. The credibility and governance can lead to confusion and distrust of different VSS, causing what IISD & UNEP (2014) mention as ‘greenwashing’ (p. 79). UNFSS (2022) suggests that to address this need, clear standards, similar to those established by EU regulations, are essential for building trustworthiness (p. 25).

The EU's CBAM and Global Ripple Effects

The EU's CBAM seeks to align climate goals with economic competitiveness, but it has sparked significant international controversy. The EU introduced this mechanism as part of the European Green Deal in July 2021, aiming for carbon neutrality by 2050 and a 55% emissions reduction by 2030. The plan, later included in the ‘Fit for 55’ package, aims to reduce carbon content in target sectors through climate

action (Erdogan, 2024, p. 35; Otto, 2025). It levies a tax, or variable fee, on imported commodities contingent upon their GHG emission intensities during manufacture. The CBAM aims to prevent ‘carbon leakage’ and maintain a level playing field for EU manufacturers by implementing a comparable carbon fee on imports. This prevents firms from transferring output to or augmenting imports from countries with less stringent climate regulations, thereby promoting decarbonisation in *third* countries (Otto, 2025; Sud, 202; Dev & Goswami, 2024, p. 6). A transitional phase commenced on October 1, 2023, and will last until the conclusion of 2025 (Erdogan, 2024, p. 35). Importers must report quarterly on the direct and indirect emissions of their imported items, without financial adjustments. The CBAM will be implemented gradually from 2026 to 2036, coinciding with the end of allowance allocations for domestic sectors (Dev & Goswami, 2024, p. 16; Lim et al., 2021, p. 7). The EU anticipates that the CBAM will yield substantial earnings, projected to be approximately €1.5 billion annually by 2028, with 75% allocated to the EU budget (Dev & Goswami, 2024, p. 17).

The CBAM faces strong opposition from BRICS nations and major exporters, who view it as discriminatory and a new trade barrier. This has raised concerns and controversies about its conformity with WTO regulations. Lim et al. (2021) assert that the CBAM might lead to numerous legal challenges that could conflict with certain provisions of the GATT/WTO (p. 7). The same view is expressed by other critics too.

China and Indonesia have initiated WTO discussions over the EU’s biodiesel tariffs, with Indonesia requesting a panel review (Sud, 2021). Many developing countries argue that the strict enforcement of the CBAM violates the principle of CBDRRC from the Paris Agreement. Dev and Goswami (2024) point out that funds from the CBAM on imports from poorer nations largely go to the EU budget rather than being reinvested in decarbonization efforts in those countries (p. 17). Proposals suggest allocating funds to a ‘Loss and Damage Fund’ or supporting decarbonisation in developing

nations. The EU should actively engage with these countries, provide implementation support, and consider using CBAM earnings for international climate funding to address these challenges and avoid strong opposition.

The Global South’s Response: Resistance and Reform

The Global South has vehemently opposed several elements of environmentally conditioned loans, investment, and trade conformity, viewing them as potentially detrimental to its developmental goals and sovereignty.

India’s Climate Sovereignty Strategy

India’s response to changing trade and environmental standards reflects its commitment to climate sovereignty and strategic defiance, particularly through its opposition to initiatives like the CBAM. India, along with other developing nations, views CBAM as a unilateral measure that shifts decarbonisation responsibilities onto them, disregarding historical responsibilities and existing inequalities. This initiative is perceived as a ‘climate-based sanctions regime’ that could harm manufacturing countries and potentially create an ‘economic and environmental ghetto’ for the Global South (Sud, 2021).

India emphasizes the principles of CBDR and SDT in incorporating climate factors into trade agreements. Sainarayan and Nazareth (2024) note India’s opposition to Western preferential trade practices that harm the Global South. Dev and Goswami (2024, p. 37) and Sud (2021) point out that India has challenged the compliance of CBAM with WTO regulations, arguing it contradicts free trade and is unfair. New Delhi is concerned as CBAM is expected to impose an average tax burden of 25% on its exports to the EU (Dev & Goswami, 2024, p. 23).

Despite its resistance to external pressures, India has made considerable progress in its internal climate policy, reflecting a purposeful transition towards a low-carbon economy and fulfilling its international obligations. India has made significant progress in its climate trajectory, with its GHG-emission intensity declining by 21% from 2005 to

Table 1: CBAM Impact on Developing Countries

<i>Indicator</i>	<i>Vietnam</i>	<i>India</i>	<i>Africa (Overall)</i>
<i>GDP Impact</i>	-0.1% (EU CBAM only) to -6.4% (with carbon pricing) in 2030	-0.05% (estimated)	-0.91% (equivalent to ~\$16 billion)
<i>Export Decline to the EU</i>	-3.8% (steel) to -36.0% (cement) in 2030	25% tariff on carbon-intensive exports	-18.8% (iron & steel) to -19.9% (cement) in 2030
<i>Additional Cost per Ton of Emissions</i>	\$3.01 (relative to EU average)	\$4.36 (iron & steel sector)	Varies by country and sector
<i>Sectoral Exposure</i>	High in steel, aluminium, fertilisers, and cement	Significant in iron & steel, aluminium, and cement	High in cement, steel, aluminium, and fertilisers
<i>EU Trade Share</i>	8.4% of total exports	25% of total exports	26% of total exports

Source: (Rumble & Gilder, 2023; Gupta et al., 2024; Hoenig, 2024; Lin & Zhao, 2024; Chu et al., 2024).

Table 2: GATT Compatibility Concerns with the EU's CBAM

<i>GATT Provision / Issue</i>	<i>CBAM Concern</i>	<i>Brief Explanation</i>
<i>Article I – MFN</i>	May violate MFN	Exemptions for EU-linked countries are not given to all WTO members.
<i>Article III – National Treatment</i>	May be discriminatory	May not credit foreign non-monetary carbon measures, causing double costs.
<i>Article XI – Quantitative Restrictions</i>	Possible breach	It could be seen as a border restriction, not a tax.
<i>Article II – Tariff Bindings</i>	Risk of extra tariffs	High carbon costs may exceed the EU's bound tariffs.
<i>Article XX – General Exceptions</i>	Conditional defence	Justifiable only if not applied in a discriminatory or restrictive way.
<i>Crediting Mechanism</i>	Risk of bias	Favors direct carbon pricing, ignores indirect efforts by other countries.

Source: (Boute, 2024, pp. 170, 181-182; IISD & UNEP, 2005, p. 66; Lim et al., 2021, pp. 5-7; IISD & UNEP, 2014, p. 44).

2014. The country is on track to achieve its Paris Agreement targets, including a shift towards the 1.5°C goal (Mitra, 2021).

South Africa and Legal Economic Political Contestation

South Africa confronts considerable economic repercussions from potential unilateral climate initiatives such as the EU's CBAM. In 2023, South Africa, one of Africa's largest economies, had a 10.42% fall in its merchandise exports, severely impacting the continent's overall downturn (Afreximbank, 2024, p. 55). South Africa's iron and steel sector is highly vulnerable to CBAM, with a 0.73% potential fall in African economies if major economies implement CBAM, with a €40 carbon price (Dev & Goswami, 2024, p. 38). African nations, especially South Africa, may face significant economic impacts from CBAM due to heavy reliance on EU trade, carbon-intensive production methods, and limited capacity for monitoring carbon emissions.

South Africa's chemical exports to the EU, governed by REACH, represent over 50% of all chemical exports from Africa, the Caribbean, and the Pacific, highlighting its vulnerability to EU regulations. In 2005, the ACP Council of Ministers raised concerns about REACH's potential negative effects on minerals, metals, MSMEs, and employment (Ackerman, 2008, p. 289). South Africa and India have also pushed for trade equity within the WTO, advocating for a TRIPS waiver in October 2020 to enable poorer countries to produce their vaccines, reflecting the WTO's struggles to address Global South needs (Certo, 2022).

South Africa is a prominent proponent of loss and damage in international climate negotiations. The 2009 Nairobi Declaration and the Conference of African Heads of State and Government on Climate Change (CAHOSCC) explicitly demanded compensation for African countries for climate-induced losses, seeking substantial financial assistance (e.g., \$267 billion annually by 2020, or 1.5% of developed nations' GDP), predominantly in the form of grants (Beer, 2022, p. 258). South Africa, as a BRICS member, promotes South-South collaboration in climate action, emphasizing non-interference and the capacity of

developing nations to resist Global North demands in WTO discussions.

ASEAN's Fragmentation and Strategic Engagement

ASEAN, an international organization characterized by diverse cultures and developmental stages, is influenced by the constitutional frameworks of its Member States. Despite its tagline of 'One Vision, One Identity, One Community,' ASEAN's interactions with external partners, including Africa, can appear disjointed due to the influence of larger economies (Dorigné-Thomson and Lin, 2025, p. 4). The "ASEAN minus X" formula allows for targeted cooperation without unanimous consent, promoting regional cohesion and a pragmatic approach to interregional relations.

The ASEAN-EU "Green FTA" concept focuses on integrating environmental provisions in trade agreements and assessing unilateral climate policies like the EU's CBAM, particularly regarding developing nations. Singapore and Vietnam demonstrate varying levels of engagement with EU environmental standards. Singapore aligns its economic strategy with OECD standards, incorporating environmental considerations through its Economic Development Board, which targets international firms. The Ministry of the Environment enforces compliance with environmental regulations, and Singapore evaluates environmental impacts in trade agreements with the US and EU to promote responsible resource management and corporate social responsibility (Rock, 2008, p. 138; IISD & UNEP, 2014, p. 126).

Malaysia and Indonesia, leading palm oil producers, face criticism for deforestation and biodiversity loss linked to palm oil. In response to the EU's sustainability regulations, they adopted Voluntary Sustainability Standards (VSS) such as the Indonesian Sustainable Palm Oil (ISPO) in 2011 and the Malaysian Sustainable Palm Oil (MSPO) in 2013 (UNFSS, 2022, p. 39). ISPO and MSPO, national standards for sustainable palm oil, lack global recognition due to less rigorous criteria than the RSPO. The EU's Renewable Energy Directive acknowledges only RSPO and aims to eliminate palm oil for ethanol by 2030. Malaysia and Indonesia face diplomatic challenges in gaining recognition for their national standards

(UNFSS, 2022, p. 43). There is a commitment to balance economic growth, social development, and environmental sustainability while strengthening commitments to the SDGs in the ASEAN countries in the recent past.

Power and Justice in a Fragmented Green Order

The Global South uses climate justice as a strategy to combat trade marginalization and promote equitable solutions. They argue that developing nations are disproportionately affected by climate change, despite their minimal historical contributions to GHG emissions. They argue that industrialized nations should lead the reduction of GHG emissions and support developing countries, challenging concerns of what Beer and Mwenda (2022) termed as ‘arrested development’ (p. 91). There is a compelling demand for financial transfers from developed countries to poor nations, frequently characterised as ‘climate debt’ or reparations for historical emissions (Beer & Mwenda, 2022, p. 90; Beer, 2022, pp. 255–256). The Bali Principles of Climate Justice (2002) unequivocally call for comprehensive compensation, restoration, and reparation for those affected by climate change and related injustices (Beer, 2022, p. 257; Schlosberg & Collins, 2014, pp. 366–367). The Paris Agreement (Article 9) requires affluent nations to furnish financial resources to assist developing countries in their mitigation and adaptation endeavours, however, complete fulfilment of commitments remains inadequate (Suri, 2023).

Trade and climate regulations are fragmented among international organizations like the WTO, UNFCCC, and regional FTAs. The connection between MEPs and WTO regulations is unclear, and the proliferation of decarbonization programs can lead to trade frictions. Regional trade agreements are integrating environmental elements, but Park and Kang (2023) contend that their depth, particularly on climate change, is often limited (p. 12).

As the WTO report highlights, the shift to a low-carbon economy fundamentally relies on the advancement, implementation, and extensive dissemination of green technologies (p. 116). This region is characterised by apprehensions regarding technical sovereignty and demands for enhanced fair access to innovation. There are significant demands for open access to green technologies and the promotion of Just Energy Transition Partnerships (JETPs). India has presented a roadmap to the WTO’s Working Group on Trade and Transfer of Technology (WGTTT) to promote the transfer of environmentally sound technology (ESTs) via multilateral mechanisms. This roadmap encompasses tools such as EST databases, optimised licensing, and the application of Trade-Related Aspects of Intellectual Property Rights (TRIPS) flexibilities for developing nations (Sainarayan & Nazareth, 2024).

The Clean Development Mechanism (CDM) of the Kyoto Protocol, as mentioned by Erdogan (2024, p. 37) and WTO

Table 3: Global and Developing Country Climate Financing Needs and Emissions Targets

Indicator	Estimated value	Timeframe	Remarks
Global Climate Financing Needs	USD 5 trillion/year	Until 2030	Required to meet global climate goals
Developing Economies’ Financing Needs	USD 2.4 trillion/year	Until 2030	Highlights South’s disproportionate burden
Emissions Reduction Target	45% reduction in global emissions	By 2030	Required to stay within 1.5°C warming limit
Current Status	Window «vanishingly small»	As of 2024–25	Indicates limited time for course correction

Source: (OECD, n.d.; Black et al., 2023)

(2023, p. 130), serves as a significant tool for knowledge transfer and the advancement of cost-effective mitigation strategies. India is establishing itself as a ‘South-South-North climate hub’ to collaboratively develop green technologies and secure financing (Xavier & Nachiappan, 2024, p. 3). Enhancing South-South collaboration for the dissemination of innovation is deemed essential (Mitra, 2021, p. 43), as these solutions frequently align better with the settings of developing nations.

Conclusion: Toward a Just Green Trade Order

Although substantial apprehensions exist regarding green protectionism and data suggests that environmental regulations may diminish overall trade flows, research also indicates that these policies are not predominantly aimed at obstructing trade from developing nations. The efficacy and influence are largely contingent upon the design, execution, and enforcement of these rules, along with the overarching framework of international collaboration and collective sustainability objectives. Environmental accountability should not replicate colonial or neoliberal asymmetries.

However, a major obstacle in global green governance is the ‘inclusion deficit,’ wherein the Global South frequently responds to, rather than directs, the development of global standards and compliance frameworks. Then the question of ‘who sets the rules?’ comes up. To this scholar, as highlighted by Goyes (2019), Northern nations exert significant influence in shaping international legal frameworks related to environmental interactions, frequently imposing Western scientific and economic paradigms (p. 8). The North needs to consider what UNFSS (2022) also highlights, namely that developing nations frequently regard these unilateral trade actions as unjustified intrusions into their domestic affairs (p. 51). Green Multilateralism must go beyond environmental efficiency to include justice, voice, and dignity.

To restore agency and equity in the green trade framework, reforms should be prioritized. Formalizing

provisions for Least Developed Countries and climate-related SDT is crucial. Inclusive provisions in FTAs should prevent environmental norms from affecting the Global South. At the same time, CBAM should be allocated for climate-resilient economies. Enhancing access to green patents, technology repositories, and global innovation funding is also essential. The main goal should be to improve Southern skills in carbon accounting, prepare industries, and strengthen green diplomacy.

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