

**COP30 Presidency Invitation to Submit Contributions to  
the COP30 Presidency Roadmap on the Transition Away from Fossil Fuels  
in a Just, Orderly and Equitable Manner**

**UNCTAD Contribution**

10 April 2026

This submission<sup>1</sup> has been prepared in response to the COP30 Presidency invitation to submit contributions in their letter of 26 February 2026, especially regarding the Roadmap on the Transition Away from Fossil Fuels in a Just, Orderly and Equitable Manner.

UNCTAD is the focal point within the United Nations for the integrated treatment of trade and development and interrelated issues in the areas of finance, technology, investment and sustainable development.<sup>2</sup>

**What are the most critical barriers — whether physical, economic, financial, institutional, technological or social— preventing a transition away from fossil fuels?**

As the transition away from fossil fuels reduces their role as an energy source, the speed of transition will be determined by the possibilities of providing renewable energy.<sup>3</sup> The speeding up of the transition towards clean energy will not come automatically. Fossil fuels still enjoy a 9 to 1 advantage in consumption subsidies over renewable energy, even without including the unaccounted costs of climate damage.<sup>4</sup> Relatedly, Africa is home to 60 percent of the world’s best solar resources, but it received only 2 percent of global clean energy investment in 2024.<sup>5</sup> A decisive shift in policies at both national and international levels is needed to speed up the transition away from fossil fuels.

The economic case for the transition is clear. A comparison of newly commissioned utility-scale capacity on a levelized cost-of-electricity basis (LCOE) showed that,

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<sup>1</sup> This submission builds on UNCTAD’s and other relevant publications by the United Nations Secretariat and other entities.

<sup>2</sup> See <http://www.unctad.org>

<sup>3</sup> [What is the sustainable energy transition and why is it key to tackling climate change? | UNDP Climate Promise](#)

<sup>4</sup> United Nations (2025). [Seizing the moment of opportunity: Supercharging the new energy era of renewables, efficiency, and electrification.](#)

<sup>5</sup> Ibid.

already in 2024, renewables were cheaper in 91 percent of the cases than the cheapest newly installed fossil fuel-based alternative.

However, there are several interrelated barriers that continue to constrain the pace and scale of the transition away from fossil fuels. These include policy and institutional barriers, financial barriers and debt, limited enabling infrastructure, and trade barriers<sup>6</sup>:

- Policy and institutional barriers: the transition is hindered by misaligned and, at times, inconsistent policy frameworks. Continued fossil fuel subsidies distort market incentives and undermine policy coherence, slowing the shift toward cleaner energy systems (and alternatives to plastics).
- Access to finance: Limited access to affordable finance and investment, particularly in developing countries, remains the most significant constraint to increase the deployment of renewables. Developing countries are also facing high cost of capital since they are perceived as riskier than developed ones.<sup>7</sup> The limited access and high cost make it harder for developing countries to respond to climate shocks and embark on a green transition. Clean energy investment in developing countries (excluding China) needs to increase by about 5 to 7 times by 2030, reaching approximately USD 1.4–1.9 trillion per year. This investment would need to rise further to over USD 2 trillion annually by 2035 to stay on track with climate goals and the 1.5°C pathway.
- The high cost of capital that developing countries face is in large part a consequence of the structural problems in the International Financial Architecture (IFA). Three interconnected structural problems define the current IFA from the point of view of developing countries: financial instability, insufficient development and climate finance, and imbalanced governance. Together, they act to constrain the volume, terms, and direction of finance, making it harder for developing countries to respond to climate shocks and embark on a green transition.<sup>8</sup>
- Most developing countries lack fairer and equitable access to the global financial safety net (GFSN). Developing countries thus remain exposed to financial volatility, sudden stops or reversals in capital flows, which results in persistently high borrowing costs, without the stabilizing tools available to developed countries.
- Available international finance, particularly for public investments, is often misaligned with national needs and climate priorities. International public

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<sup>6</sup> United Nations (2025). [Seizing the moment of opportunity: Supercharging the new energy era of renewables, efficiency, and electrification](#).

<sup>7</sup> See UNCTAD (2024). [Trade and Development Report. Rethinking development in the age of discontent](#); UNCTAD (2023). [Trade and Development Report. Growth, Debt, and Climate: Realigning the Global Financial Architecture](#); UNCTAD (2023). [Considerations for a New Collective Quantified Goal: Bringing accountability, trust and developing country needs to climate finance](#).

<sup>8</sup> Ibid.

finance, where available, tends to be limited in volume, concessionality, and flexibility. Funding is frequently tied to structural reforms or fiscal consolidation, undermining policy autonomy. At the same time, prevailing models of development finance increasingly prioritize the mobilization of private capital, often requiring governments to orient public policies and institutional frameworks around investor needs. Third, governance in IFIs remains heavily skewed toward developed economies. Developing countries have little voice in decision-making at the IMF, World Bank, and other standard-setting forums, limiting their influence over the rules that shape access to finance, the terms of debt treatment, and macroeconomic frameworks. Despite efforts over several decades, developing countries' voting rights in the IMF are 37 per cent, and 43 per cent at the World Bank; a proportion that fails to recognize their population or economic weight and needs.<sup>9</sup>

- High external debt: Developing countries are facing a high and growing cost of external public debt. 67 per cent of developing countries experienced deteriorating external financial sustainability between 2017 and 2023 because the costs of servicing their external debt were rising faster than their exports of goods and services plus remittances.<sup>10</sup> Debt service on external public debt in developing countries reached \$921 billion in 2024. Half of developing countries were paying at least 6.5% of export revenues to service external public debt,<sup>11</sup> which constrains spending in other key areas essential for sustainable development.
- Investor-State Dispute Settlement (ISDS): About one-third of all ISDS cases involve energy supply and extractive industries. According to UNCTAD data, investors have filed at least 235 fossil-fuel-related claims<sup>12</sup>, out of the total of more than 1300.<sup>13</sup> These claims produce a “regulatory chill” where fear of ISDS cases shape domestic environmental laws and regulations and restrict policy space for transitioning away from fossil fuels. This is especially detrimental to developing countries as they face around two-thirds of all investor-State disputes.
- Enabling infrastructure: Inadequate infrastructure—especially smart grid capacity, storage, and connection bottlenecks—along with concentrated supply chains and uneven global deployment of clean energy technologies, restrict the scale and speed of the transition.
- Trade barriers. Currently, average tariffs on goods related to renewable energy productions are roughly twice as high as those for fossil fuels.<sup>14</sup> Moreover, developing countries' average tariffs on products that are part of the solar and

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<sup>9</sup> UNCTAD (2024). [Trade and Development Report. Rethinking development in the age of discontent.](#)

<sup>10</sup> UNCTAD (2025). [Sovereign debt vulnerabilities in developing countries.](#)

<sup>11</sup> UNCTAD (2025). [A World of Debt 2025.](#)

<sup>12</sup> Some arbitrations can be kept confidential, so the actual number of arbitrations is likely to be higher.

<sup>13</sup> UNCTAD (2024). [Facts and Figures on Investor-State Dispute Settlement Cases. International Investment Agreements Issues Note.](#)

<sup>14</sup> UNCTAD (2023). [Mapping trade-related measures in Nationally Determined Contributions](#), p.11.

wind energy technology value chains are often higher than those in developed countries.<sup>15</sup> Average tariffs on these goods range from approximately 2.5 per cent in Asia and Oceania to 7.1 per cent in Africa, while non-tariff border measures further increase costs by an estimated 0.4 to 0.7 per cent.<sup>16</sup>

- Furthermore, regulatory trade-related barriers may limit market access for residue-based alternatives and substitutes for fossil-based products, such as plastics in products and clothing, including alternative fibers.<sup>17</sup> This is because this type of fiber may be classified as waste by regulations in importing countries, resulting in bans or restrictions on entry.

At the same time, trade and trade policy can support the transition away from fossil fuels by facilitating the diffusion and uptake of low-carbon technologies and by aligning policy instruments with climate objectives. Trade can lower the cost and accelerate the deployment of renewable energy technologies and energy-efficient goods through global value chains, while measures such as tariffs, technical regulations, subsidies and public procurement can be used to support climate-relevant sectors and green value chains, including those identified in countries' Nationally Determined Contributions.<sup>18</sup>

In contrast, trade barriers could be a critical barrier to affordable access to renewable energy equipment and technologies. Currently, average tariffs on goods related to renewable energy productions are roughly twice as high as those for fossil fuels.<sup>19</sup> Moreover, developing countries' average tariffs on products that are part of the solar and wind energy technology value chains are often higher than those in developed countries.<sup>20</sup> Average tariffs on these goods range from approximately 2.5 per cent in Asia and Oceania to 7.1 per cent in Africa, while non-tariff border measures further increase costs by an estimated 0.4 to 0.7 per cent.<sup>21</sup>

Furthermore, regulatory trade-related barriers may limit market access for residue-based alternatives and substitutes for fossil-based products, such as plastics in products and clothing, such as those for including alternative fibers.<sup>22</sup> This is because this type of fiber may be classified as waste by regulations in importing countries, resulting in bans or restrictions on entry.

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<sup>15</sup> UNCTAD (2024). [Powering trade: Fine-tuning trade policy for solar and wind energy value chains](#), pp.19-20.

<sup>16</sup> UNCTAD (2024). [Powering trade: Fine-tuning trade policy for solar and wind energy value chains](#)

<sup>17</sup> SMEP Programme (2025). [From waste to value: Upcycling agricultural residues for sustainable textiles](#).

<sup>18</sup> UNCTAD (2025). [Trade Policies to Advance National Climate Plans](#)

## What potential levers, whether economic, financial, institutional, social or technological, exist for accelerating the implementation of the transitioning away commitment?

A. Harnessing trade policies at the national level is an untapped potential to strengthen countries' Nationally Determined Contributions (NDCs) in the transition away from fossil fuels. The inclusion of trade measures in NDCs and their mainstreaming in national fossil fuel phase-out strategies can strengthen policy coherence and help secure enhanced means of implementation in support of national climate goals.<sup>23</sup>

- International trade enables access to environmentally preferable goods, services, technologies, and knowledge, especially those essential for implementation of National Determined Contributions (NDCs), mitigation and adaptation plans. By lowering costs of renewable energy technologies and pairing them with policy actions on fossil fuel substitutes, trade policies can accelerate the adoption of green energy technologies.<sup>24</sup>
- Examples of national trade policies include tariff reductions for renewable energy equipment and their components, fossil fuel subsidy reform, procurement policies and other market-based mechanisms, and technical regulations such as energy efficiency requirements, applied in accordance with national circumstances and national development goals.<sup>25</sup>
- More favorable trade policy for accessing international services markets could enable developing countries to source quality, reliable, and specialized services that are crucial for building science, technology, and innovation capacity in the energy sector. The provision of services through trade will be essential across multiple sectors to support the transition from fossil fuels to renewable energy, especially for accelerating deployment in developing countries.<sup>26</sup>

B: Reform of the International Financial Architecture (IFA) is an important lever for bringing down the cost of capital and thus incentivizing the transition away from fossil fuels.<sup>27</sup> A framework for reform of the IFA can be summarized under two headings:

- First, **Enhance Access to Liquidity and Stability Tools**, reducing vulnerability to boom-bust cycles and climate shocks and establishing a fairer global

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<sup>23</sup> UNCTAD (2023) [Mapping trade-related measures in the Nationally Determined Contributions](#), identified 680 trade-related measures in existing NDCs, the majority of which target renewable energy deployment and energy efficiency improvements.

<sup>24</sup> UNCTAD (2024). [Powering trade: Fine-tuning trade policy for solar and wind energy value chains](#), p.27.

<sup>25</sup> UNCTAD has produced [Trade Policies to Advance National Climate Plans](#) as a guide for policymakers. The [TRAINS database](#), founded by UNCTAD, could offer a valuable evidence base to support countries in formulating trade policies conducive to the energy transition.

<sup>26</sup> UNCTAD (2025). [Trade Policies to Advance National Climate Plans](#), p.9.

<sup>27</sup> UNCTAD (2025). [All roads lead to reform: A financial system fit to mobilize \\$1.3 trillion for climate finance | UN Trade and Development \(UNCTAD\)](#)

financial safety net (GFSN) that offers timely, unconditional support to all countries in need. Second, **Scale up Adequate and Predictable Climate Finance** to support climate-resilient structural transformation in developing countries, including addressing unsustainable sovereign debt and enhancing domestic resource mobilization. Third, **Rebalance Global Economic Governance** with a more representative and accountable system that reflects all countries' interests and needs in the face of climate and development challenges.<sup>28</sup>

- Second, the existing international debt architecture has proven counterproductive to debt sustainability initiatives that could bolster productive climate investments. Different market players, such as credit rating agencies and asset managers, for example, often contribute to macroeconomic instability by amplifying and spreading crises, as seen during the pandemic when countries availing themselves of the G20's Debt Service Suspension Initiative were faced with downgrades, and thus higher borrowing costs, despite attempting to achieve a more sustainable fiscal position.<sup>29</sup> Furthermore, IMF guidance on conducting Debt Sustainability Assessments (DSAs) still does not comprehensively integrate climate adaptation, mitigation and disaster considerations into every country's assessment, leaving these as optional despite the global and systemic nature of climate change.<sup>30</sup> The 2025 Expert Review on Debt, Nature and Climate offers recommendations for different actors that would allow countries to shift from a vicious climate-debt to a virtuous circle for greener, more resilient growth.<sup>31</sup> UNCTAD has long advocated efforts to create an effective debt workout mechanism that addresses current deficiencies and to provide more and better concessional finance and technical assistance to support countries in tackling the high cost of debt.

C: Reform of International Investment Agreements, and particularly the Investment-State Dispute Settlement provisions. Overall, fossil fuel and renewable energy cases show that IIAs with ISDS provisions may raise the costs of adopting energy-related regulatory frameworks in host States, including the transition away from fossil fuels. Whereas investors seek stability and guarantee of returns, States need regulatory flexibility to foster the transition to a low-carbon economy. But the landscape is still dominated by old-generation IIAs, which are characterized by inconsistencies with the global sustainability imperative and hinder governments' policy space to implement measures needed for the energy transition. This makes reforming the IIA regime urgent. UNCTAD has proposed the following: a)

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<sup>28</sup> UNCTAD (2025). All roads lead to reform: A financial system fit to mobilize \$1.3 trillion for climate finance.

<sup>29</sup> See <https://www.project-syndicate.org/commentary/credit-rating-agencies-could-derail-economic-recovery-by-jayati-ghosh-2021-03?barrier=accesspaylog>

<sup>30</sup> IMF (2022). [Staff Guidance Note on the Sovereign Risk and Debt Sustainability Framework for Market Access Countries](#).

<sup>31</sup> Expert Review on Debt, Nature and Climate (2025). [Healthy Debt on a Healthy Planet: Towards a Virtuous Circle of Sovereign Debt, Nature and Climate Resilience. Final Report](#).

Mainstream sustainable development as a core objective of IIAs; b) Prohibit the lowering of environmental standards as a means to compete for investment; c) Strengthen the promotion and facilitation dimension of IIAs; and d) Reform IIAs and investor–State dispute settlement to lower the risk of cases on sustainable energy policymaking.<sup>32</sup>

D. Technological transformation. Reduce production, consumption and trade of plastics. Approximately 98% of plastics are derived from fossil fuel.<sup>33</sup> In 2023, global plastic production reached 436 million metric tons, while trade in plastics surpassed \$1.1 trillion.<sup>34</sup> Reducing reliance on fossil fuels necessitates the development and adoption of viable alternatives to conventional plastics. One promising approach lies in the use of alternative fibres, which can be applied across a wide range of products and textile applications.<sup>35</sup> To enable the transition to alternative fibres, three key areas require action:

- a) Policy integration, through the development of coordinated frameworks that support the entire sustainable fibre value chain from feedstock cultivation to market access, aligning agricultural, industrial, trade, and environmental policies;
- b) Regulatory clarity, by establishing fit-for-purpose standards and testing protocols for novel fibres that are distinct from food regulations. Also, regulations should provide clear sustainability definitions and avoid the unnecessary application of food safety standards to textile fibres unless risks are substantiated;
- c) International harmonization, by aligning standards and regulations across regions through multilateral processes, including ongoing global initiatives such as the INC negotiations for a Global Plastics Treaty.

### **How can a just, orderly and equitable transition best reflect the diverse realities of countries at different stages of development and with different degrees of dependence on fossil fuels?**

Just transitions are often viewed through a narrow lens focused on the social aspects of decarbonization, but for developing countries, they are inherently linked to the need for productive transformation, capacity building, and economic diversification. The structural barriers constraining a transition away from fossil fuels are most often not a consequence of any one country’s action, therefore

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<sup>32</sup> UNCTAD (2023). [World Investment Report 2023: Investing in sustainable energy for all](#).

<sup>33</sup> [Global Trade Update \(August 2025\): Mobilising trade to curb plastic pollution | UN Trade and Development \(UNCTAD\)](#)

<sup>34</sup> [Global Trade Update \(August 2025\): Mobilising trade to curb plastic pollution | UN Trade and Development \(UNCTAD\)](#)

<sup>35</sup> SMEP Programme (2025). [From waste to value: Upcycling agricultural residues for sustainable textiles](#).

require multilateral dialogue to overcome. Without systemic reform that addresses these elements, the world risks perpetuating a cycle where the poorest nations remain excluded from sustainable progress.

- Trade-related climate measures implemented by advanced economies could generate negative spillovers to developing countries. Measures designed to reduce carbon leakage and address competitiveness concerns in countries implementing domestic carbon pricing, such as border carbon adjustments, can impose significant compliance and reporting costs on trade partners. These impacts are particularly pronounced for developing countries, which often have higher carbon intensity and more limited financial and institutional capacity. As a result, such measures risk adversely affecting their position in global trade through potentially prohibitive compliance and reporting requirements, especially when they are not grounded in international standards or coordinated at the global level.<sup>36</sup>
- A country's mix of climate and development policies tailored to their needs and capacities can offer opportunities to diversify the economic structure towards more sophisticated sectors with more growth potential. For example, for some countries carbon pricing can be an effective economic instrument that incentivizes reductions of fossil fuels and generates government revenue that can be used to support a just transition. By pairing carbon pricing with fiscal policies that reduce taxes on labor and capital through the increased revenues of carbon pricing, low-carbon structural changes and diversification away from fossil fuels can contribute to economic development.<sup>37</sup> This is especially important for developing countries.
- Economic diversification with low-carbon structural transformation has the potential to enhance economic resilience, generate more well-paid and good-quality formal jobs and foster the adoption of technological capabilities in commodity-dependent countries. Out of 103 commodity-dependent countries, 33 rely mostly on energy exports.<sup>38</sup> Within this group, 25 countries demonstrate high commodity dependence, with energy exports constituting over 80 per cent of their merchandise exports.<sup>39</sup> Their export earnings as well as fiscal revenue critically depend on fossil fuels, so transitioning away will be extremely difficult for these countries. It can only be done with simultaneous economic diversification to make up for lost jobs, incomes, exports and fiscal revenue.
- International coordination and collaboration based on international standards adapted to national and local context and capacity is essential to maximize positive cross-border spillovers and minimize negative spillovers of trade-

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<sup>36</sup> IMF, OECD, UN, The World Bank, and WTO (2024). [Working together for better climate action](#), p.5.

<sup>37</sup> IMF, OECD, UN, The World Bank, and WTO (2024). [Working together for better climate action](#), pp.13, 31.

<sup>38</sup> Energy exports include exports of coal, petroleum oil, natural gas, and others. See UNCTAD (2025). [The State of Commodities Dependence 2025](#).

<sup>39</sup> UNCTAD (2025). [The State of Commodities Dependence 2025](#).

related climate measures. Further collaboration could be arranged on aligning methods of measuring carbon intensity and product-specific emission metrics, ensuring a transparent application of measures, avoiding duplicative compliance costs, and principles and common rules to avoid creating unnecessary barriers to trade and arbitrary or unjustifiable discrimination.<sup>40</sup>

- UNCTAD encourages the alignment of energy transition policies with other development goals, to maximize synergies with other SDGs and minimize impacts on developing countries and people. International organizations could help developing countries to implement a variety of trade-related energy transition and climate policies by providing support through technical assistance, capacity building, analytical work, and climate finance.<sup>41</sup>

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<sup>40</sup> IMF, OECD, UN, The World Bank, and WTO (2024). [Working together for better climate action](#), p.5.

<sup>41</sup> IMF, OECD, UN, The World Bank, and WTO (2024). [Working together for better climate action](#), p.5.