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# Strengthening climate adaptation through trade agreements

**SEI brief**
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Johanna Hedlund[1]

Noémie Laurens[2]

[1] Stockholm Environment Institute

[2] Geneva Graduate Institute




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## Key messages

- Countries linked by trade share climate risk, but adaptation has historically been addressed less often than mitigation in trade agreements.
- Recent agreements show early signs of change. In 21 preferential trade agreements (PTAs) signed in 2025–2026, adaptation is about as common as renewable energy provisions, although it is still less common than greenhouse gas reduction provisions.
- PTAs are well suited to addressing climate adaptation challenges specific to individual trade relationships, for example by attaching material incentives and creating binding obligations. They complement, rather than replace, multilateral climate governance.
- Rewards link jointly agreed benchmarks to financial, technical and market-access support, instead of imposing costs (or penalties) for non-compliance.
- Governments negotiating or revising PTAs should pursue four priorities: use jointly defined indicators, link verified progress to rewards, make reciprocity substantive, and protect vulnerable groups while revising arrangements over time.

## 1. Trade agreements are an underused lever for climate adaptation

Climate change adaptation is a pressing policy objective, growing all the more urgent due to looming climate disasters such as the 2026 European heatwave. Despite the decline of global multilateralism in recent years (Guilbaud et al., 2023), state cooperation still manifests in other forms. Preferential trade agreements (PTAs) generate state cooperation while liberalizing market access, reducing tariffs, and setting the rules under which commodities cross borders (Dür et al., 2014).

Despite an explosion of environmental provisions in trade agreements (Morin et al., 2018), climate adaptation has historically been addressed less often than mitigation (Morin & Jinnah, 2018). Since 2007, adaptation provisions appear in fewer newly signed PTAs than other major mitigation provisions , according to the TRade and ENvironment Database (TREND; Morin et al., 2018) (Figure 1).

In this policy brief, we argue that trade agreements are an underused lever for climate adaptation under shared climate risks. We show why PTAs matter for climate adaptation, and we explore how states can leverage rewarding conditionality within trade agreements to foster reciprocal, cooperative mechanisms instead of the current

penalty-based tools. For policymakers negotiating, revising or implementing PTAs, we set out four priorities for building adaptation into existing or new trade agreements.

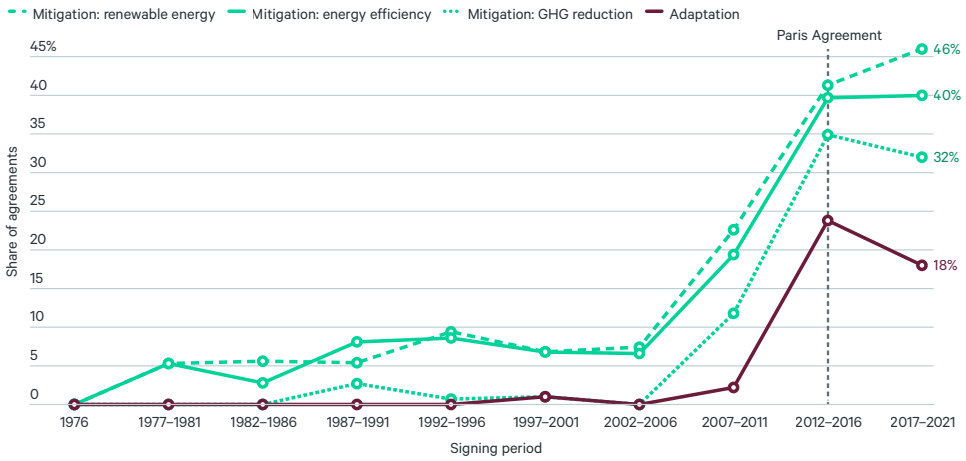
Climate provisions in general became common only after the mid-2000s, and in 2017–2021, about 18% of newly signed PTAs included an adaptation provision, compared to 32–46% for individual mitigation provisions. Recent agreements suggest a changing trend: among a newly coded subsample of 21 PTAs signed in 2025–2026, adaptation is about as common as renewable energy provisions and more common than energy efficiency provisions, though less common than greenhouse gas reduction provisions (Figure 2).

The historically limited attention paid to adaptation in trade agreements is at odds with the fact that many countries share climate risks through international flows of commodities (Adams et al., 2021). For example, the PTA with the largest number of bilateral relationships found in TREND – totalling 91 – is the Agreement on Trade, Economic and Technical Cooperation between the Caribbean Community (CARICOM) and Colombia, signed in 1994, with its latest renegotiation in 2025. Joint communication from the CARICOM–Colombia renegotiation in 2025 touched on climate adaptation (CARICOM, 2025a), but the negotiations reportedly focused on market access and diversification (CARICOM, 2025b). It is thus still uncertain whether the communication on climate adaptation will be translated into actual provisions. This is despite the fact that the Caribbean island nations share geographic exposure to both sea level rise (Nevermann et al., 2023) and climate extremes with Colombia, including the current El Niño record event, which is projected to cause economic loss and increase poverty in the region (ECLAC, 2026).

Caribbean island nations are also highly exposed to climate extremes in the countries that supply their crop imports (Hedlund & Diffenbaugh, 2026). Colombia is one of their trading partners, with total exports to the Caribbean islands of roughly USD 1.13 billion in 2025 (UN COMTRADE, 2025).

Climate risk is therefore shared in two ways: the Caribbean island nations face the same hazards as Colombia, and they depend on imported supply that those hazards can disrupt. Because Colombia also earns export income from this trade, both sides have a stake in managing that risk. Trade agreements are thus not a neutral or unrelated policy space, but one of the mechanisms through which climate exposure is already being shared, whether or not trade agreements acknowledge it.

**Figure 1: Share of newly signed preferential trade agreements (PTAs) that include adaptation and each of the three major mitigation provisions (greenhouse gas emissions, energy efficiency and renewable energy), 1972–2021.***




*Source: TREND; Morin et al. (2018)*

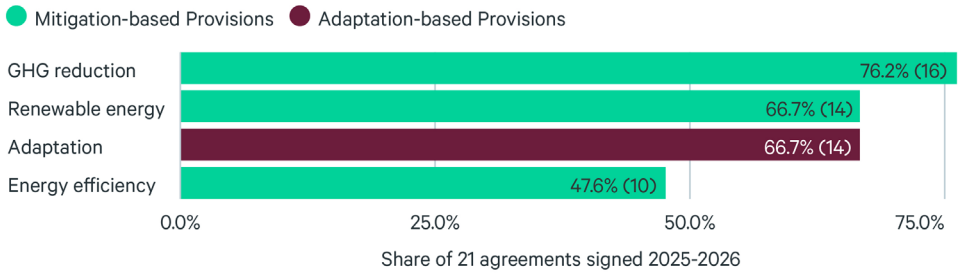
*Note: We draw on two sources that serve different purposes. To trace long-run patterns, we use TREND (Morin et al., 2018), which codes thematic provisions in PTAs signed up to 2021 (Figure 1 shows 1972–2021 in 5-year signing periods; the dashed line marks the period containing the Paris Agreement). Because TREND codes mitigation through three provisions but adaptation through only one, we compare adaptation with each mitigation provision separately, since a combined mitigation measure would be higher by construction. Lines show the share of newly signed agreements in each period that include the provision. TREND's coverage thins after 2020 and recent agreements may not yet be fully coded, so we treat its final years with caution.

Both categories are drawn from section 10.15 ("Climate change") of the TREND codebook, selected by provision name. Adaptation is measured by one provision (10.15.02.02, "climate change adaptation") and mitigation by three (10.15.01.01, "promote renewable production of energy"; 10.15.01.02, "promote energy efficiency"; 10.15.02.01, "reduction of GHG emissions"). Provisions are coded when agreements are signed, so the figures show newly signed agreements.

Each share is the proportion of agreements that include that individual provision among the agreements signed in each period in Figure 1, and among the 21 agreements in Figure 2. Each agreement is counted once, regardless of how many country pairs or other provisions it contains.

For the second source, see the Figure 2 note.

**Figure 2. Share of recent PTAs (2025–2026) that include each climate provision.****




*Source: TREND; Morin et al. (2018); IISD (2026).*

**Note: Because TREND does not cover recent agreements, we supplement it with our own coding of 21 PTAs signed in 2025–2026 and covered by the IISD Trade & Climate Tracker (IISD, 2026). These were coded against the same TREND climate variables through a large language model–assisted review (GPT-5.6; OpenAI, 2026), manually verified against the agreement texts, so differences between the two figures do not reflect different definitions of adaptation or mitigation. The tracker covers all PTAs concluded in the period for which texts are publicly available.

Bars show the share of the 21 agreements containing each TREND climate provision (section 10.15). Climate cooperation and other climate norms are shown for completeness but are not classified as adaptation or mitigation, and they are not included in the adaptation and mitigation measures in Figure 1. Shares as in Figure 1.

# 2. Why PTAs matter for climate adaptation

PTAs offer features that are often missing from global climate governance. Because they focus on specific economic relationships and sectors, they allow parties to address concrete vulnerabilities in food, water, infrastructure or logistics. They can tie cooperation to material incentives, including preferential market access, financial assistance and technical support. They can also translate broad climate objectives into more precise and legally binding obligations, supported by monitoring and dispute settlement mechanisms (Morin & Jinnah, 2018). And they can reduce tariff and non-tariff barriers to goods and services needed for adaptation, such as climate-resilient crops, water-efficient technologies, climate information services, and resilient infrastructure expertise (Dekens et al., 2021). These features make PTAs suitable for translating broad adaptation objectives into reciprocal action between countries connected by trade.

However, the role of PTAs should complement, not replace, multilateral climate governance. Global frameworks remain essential for setting common goals and mobilizing finance, but agreement on universal adaptation indicators and thresholds has proved difficult (Liu et al., 2026). PTAs can work at a narrower scale, where parties can define what resilience means for a particular trade relationship and revise their approach over time. While revising existing agreements to better account for adaptation takes time, it can also sometimes have much wider and more meaningful impacts than creating new ones.

One promising example is the Agreement on Climate Change, Trade and Sustainability (ACCTS), agreed between Costa Rica, Iceland, New Zealand and Switzerland. The agreement explicitly recognizes climate adaptation as an objective of liberalizing trade in environmental goods and services (articles 2.3 and 3.1). Its provisions cover services directly relevant to adaptation, including engineering design for infrastructure resilient

to floods and landslides, ecosystem-based adaptation through landscape restoration, and agricultural consultancy supporting on-farm adaptation practices (Annex IV).

The ACCTS is also an example of where small and middle power countries can build transformative action from bottom-up state coalitions. Voices have argued for the European Union (EU) to join the agreement (Voituriez & Cremers, 2023). To date, however, it has not done so. Given the region's extensive network of external trade agreements, EU participation could give ACCTS greater political weight and help spread its innovations, including those on climate adaptation, across a much wider set of trade relationships. Further, while the ACCTS facilitates trade in adaptation-related solutions, its framework could be expanded to support their implementation through more targeted cooperation between trading partners.

## 3. Space for innovation: reward instead of penalty

The trade regime is both structured and chaotic, and given that, exploratory and exploitative processes are ongoing even as negotiations take place (Morin et al., 2017). However, this duality also suggests that there is space for innovation in the realm of trade agreements.

A real innovation that would benefit the case of climate adaptation would be to move beyond market reciprocity, in which concessions are exchanged for concessions, towards substantive reciprocity, in which climate-related commitments undertaken by exporting countries are matched by finance, technology and implementation support from importing countries. Given that climate risks propagate across country borders, the costs of adaptation should not fall exclusively on the countries in which production takes place. Rather than attaching only penalties to non-compliance, PTAs could make additional benefits conditional on jointly agreed adaptation efforts.

Conditionality attaches material incentives to specified requirements to influence another actor's policies or behaviour (Koch, 2015). "Rewarding conditionality" offers benefits, either before or after compliance, such as trade concessions, preferential market access, financial assistance or technical support. "Punitive conditionality" instead imposes costs through tariff increases, trade restrictions, or the suspension of benefits. In contrast with the US approach, rewarding conditionality has long been central to EU trade policy, but the EU has recently moved towards more punitive conditionality for environmental requirements, notably through its revised approach to Trade and Sustainable Development chapters and unilateral measures such as the Carbon Border Adjustment Mechanism and the EU Deforestation Regulation (Laurens, forthcoming).

For adaptation, however, a predominantly punitive model could be ill-suited: adaptation needs are context-specific, implementation capacities vary considerably, and penalties cannot provide the resources required to improve resilience. A workable rewarding-conditionality mechanism would therefore combine two distinct elements:

jointly agreed benchmarks for assessing progress, together with material support or benefits linked to adoption or achievement of the benchmarks.

Rather than creating a parallel system, adaptation-related rewarding conditionality in PTAs could build on countries' National Adaptation Plans under the UN Framework Convention on Climate Change, while aligning with the Global Goal on Adaptation (12/CMA.7) and its associated targets. The Belém Adaptation Indicators could help identify relevant areas, such as water-use efficiency, climate-resilient agriculture or infrastructure resilience.

In practice, trading partners could then jointly identify climate vulnerabilities affecting their trade relationships, establish context-specific adaptation targets, and agree on measurable milestones, drawing on existing data wherever possible. Implementation could be overseen by existing PTA committees, which would monitor progress and coordinate support. Achieving agreed milestones could unlock additional financial assistance, technology transfer or technical support. For instance, improvements in agricultural water-use efficiency or the implementation of flood-resilient infrastructure could trigger additional support for adaptation technologies. To avoid disadvantaging lower-capacity countries and exporters, initial financial and technical assistance should be provided upfront, while targets, timelines and monitoring requirements should reflect differing capacities.

# 4. Putting adaptation into practice through PTAs

Governments negotiating, revising or implementing PTAs should pursue four priorities:

**1. Identify shared risks and use jointly defined, context-specific indicators.** Parties should identify how climate risks are transmitted through a particular sector or supply chain and select relevant measures, such as water-use preparedness, climate-resilient production, diversification of sourcing, early-warning coverage or recovery capacity. Indicators should measure improvement from an agreed baseline rather than impose a uniform global standard. Where appropriate, they should be incorporated into precise and binding commitments.

**2. Link verified progress to enabling rewards.** Benefits could include additional tariff preferences or quotas, adaptation finance, technology transfer, training, data infrastructure and technical assistance. Rewards should be graduated so that partial but verified progress unlocks support instead of leaving parties with an all-or-nothing choice.

**3. Make reciprocity substantive.** Exporting countries should not carry the entire burden, and importing countries have clear reasons to support adaptation abroad. Helping supplier countries withstand climate extremes can reduce the risk of supply disruption and price volatility that would otherwise reach importers through trade (Kotz et al., 2025). Importing countries can commit finance and expertise, recognize

locally appropriate measures, and adapt their own procurement, customs or risk-assessment practices. Jointly governed monitoring can reduce the perception that one party is unilaterally grading the other.

**4. Protect vulnerable groups and revise arrangements over time.** Reviews should assess distributional effects on small-scale farmers, workers, women and other exposed groups. Indicators and support packages should be revised when monitoring reveals trade diversion, exclusion or other unintended effects.

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**Author contact**

Johanna Hedlund,
johanna.hedlund@sei.org

**Editor**

Naomi Lubick

**Layout**

Richard Clay

**Media contact**

ulrika.lamberth@sei.org

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## Declaration of AI use

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