Interoperability of carbon intensity metrics

Trade and Environmental Sustainability Structured Discussions
WTO

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Regulatory vs technical interoperability

Two types of interoperability:

Regulatory interoperability: interoperability of accounting and reporting standards for carbon footprints.

- It ensures that there is clarity and commonality in the reporting standards needed to comply with regulatory requirements.

Technical interoperability: interoperability of the (digital) systems to support the data elements and documents that need to be exchanged and verified at the border

- It enables the reduction of transaction costs and operational inefficiencies of procedures at the border.

Regulatory interoperability

Assessment of Monitoring, Reporting, Verification (MRV) systems

Policy mandated reporting - MRV systems

IFCMA Carbon Intensity Workstream:

- Focus on identifying challenges and opportunities related to the measurement of carbon intensities
- Propose avenues for enhancing interoperability of carbon intensity metrics

Analysis focuses on MRV systems supporting carbon pricing instruments:

- Generally transparent emissions monitoring rules
- Source of emissions data at the installation level

Framework capturing main components of MRV systems, shaping comparability of emissions data across systems:

- Coverage (i.e. what is monitored?), emission calculation methods (i.e., how are emissions monitored?), reporting and verification frameworks

Recommendation: full alignment not necessary; instead leverage existing MRV frameworks:

- Enhance modularity by increasing granularity and coverage
- Mutual recognition of emission estimation methods and verification rules

Additional lessons learnt on output measurement through features of ETSs (free allowances)

- On top of emissions measurement, output measurement also needed for product-level metrics

Different degrees of alignment of MRV components – no harmonisation necessary

	Component	Feature	Alignment
Monitoring	Coverage	Sectors (covered sectors and products)	Disaggregation and transformability
		Gases (GHGs covered)	Disaggregation and transformability
		Reporting boundaries (organisational boundaries and type of emissions covered) & point of regulation	Disaggregation and transformability
	Emissions estimation	Method to estimate amount of emissions	Mutual recognition
Reporting and verification	Reporting and verification requirements	Requirements for reporting and verifying data	Mutual recognition

Alignment on reporting boundaries

Example 1

Reporting entity under MRV system A

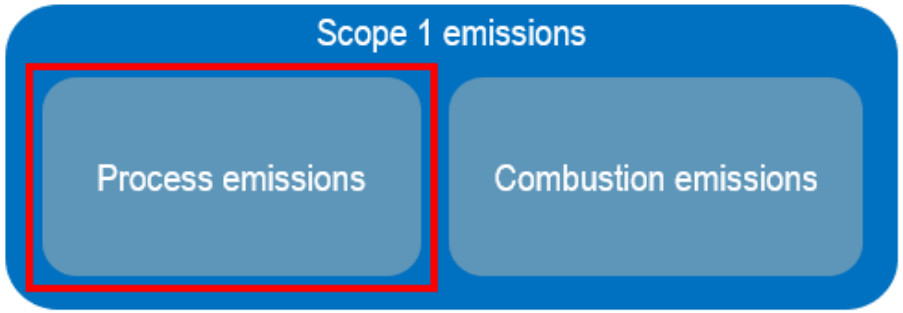
e.g. an industrial installation under the EU ETS

Reporting entity under MRV system B

e.g. an industrial installation under the Korean ETS

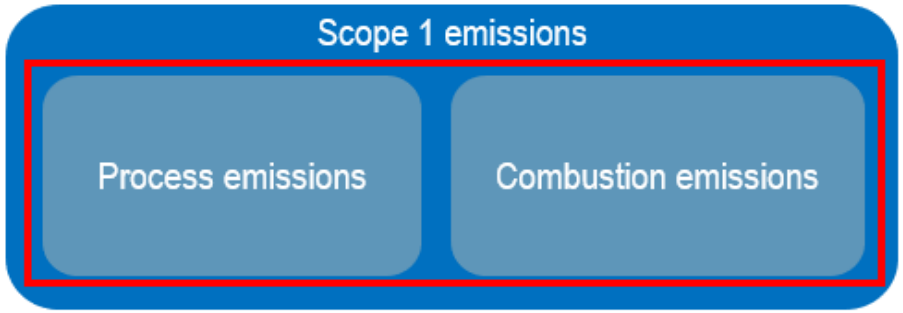
Example 2

Reporting entity under MRV system A



e.g. an industrial installation under the New Zealand ETS

Reporting entity under MRV system B



e.g. an industrial installation under the Australian Safeguard Mechanism

: Reporting boundaries

Technical interoperability

Current and future works

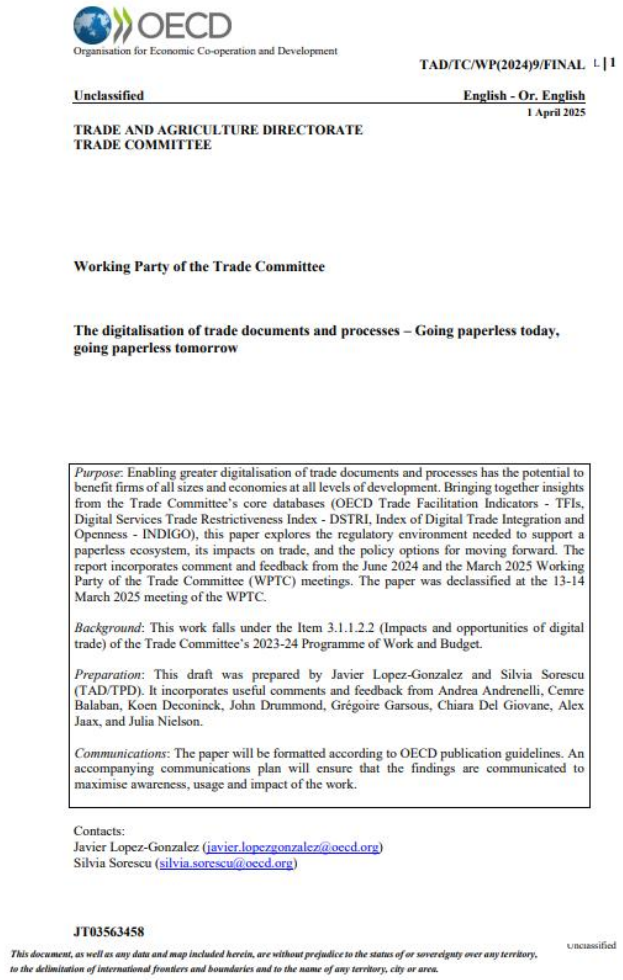
New sustainability-related regulations raise challenges at the border

The implementation of sustainability-related regulations raises new challenges for the mechanisms to exchange information **at the border**:

- **New documents** will be needed to prove compliance:
  - Will existing regulatory frameworks allow for these to be exchanged across borders?
  - Will new elements of information need to be incorporated into existing customs declarations, or will we need entirely new documents?

- How will **trusted exchange of data** take place in the context of cross-border exchanges of information
  - How will governments protect commercially sensitive information?

Going paperless *today*, Going paperless *tomorrow*



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TRADE AND AGRICULTURE DIRECTORATE
TRADE COMMITTEE

Working Party of the Trade Committee

The digitalisation of trade documents and processes – Going paperless today, going paperless tomorrow

Purpose: Enabling greater digitalisation of trade documents and processes has the potential to benefit firms of all sizes and economies at all levels of development. Bringing together insights from the Trade Committee's core databases (OECD Trade Facilitation Indicators - TFIs, Digital Services Trade Restrictiveness Index - DSTRI, Index of Digital Trade Integration and Openness - INDIGO), this paper explores the regulatory environment needed to support a paperless ecosystem, its impacts on trade, and the policy options for moving forward. The report incorporates comment and feedback from the June 2024 and the March 2025 Working Party of the Trade Committee (WPTC) meetings. The paper was declassified at the 13-14 March 2025 meeting of the WPTC.

Background: This work falls under the Item 3.1.1.2.2 (Impacts and opportunities of digital trade) of the Trade Committee's 2023-24 Programme of Work and Budget.

Preparation: This draft was prepared by Javier Lopez-Gonzalez and Silvia Sorescu (TAD/TPD). It incorporates useful comments and feedback from Andrea Andrenelli, Cemre Balaban, Koen Deconinck, John Drummond, Grégoire Garsous, Chiara Del Giovane, Alex Jaax, and Julia Nielson.

Communications: The paper will be formatted according to OECD publication guidelines. An accompanying communications plan will ensure that the findings are communicated to maximise awareness, usage and impact of the work.

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- Countries are struggling to **go paperless**, which is why most of trade remains paper based.
- This report identifies the challenges that are faced to **digitize trade-related processes** at the border.
- It also provides a forward-looking approach to the challenges of the future, in the context of **emerging sustainability standards**.

Ongoing and upcoming work under Trade Committee PWB 2025-26

Trade facilitation and carbon footprint requirements at the border

Trade policy implications of carbon-intensity standards

- Explore how trade facilitation tools can enhance technical interoperability of new trade-related climate policies (incl. carbon footprint requirements) at the border.

First draft: March 2026.

Ongoing and upcoming work under Trade Committee PWB 2025-26

Trade facilitation at the border

Refining TFIs to incorporate new measures that:

- Reflect developments in the digitalisation of trade-related documents and processes and the use of new technologies (**Digital TFIs**)
- Support trade in environmental goods and circular economy more broadly; address administrative costs linked to compliance at the border of trade-related environmental requirements (**Green TFIs**)

Methodology / Technical Papers: December 2025; Pilot indicator development: Q1 2027

Trade facilitation beyond the border

Trading with efficiency: The evolving role of Mutual Recognition Agreements (MRAs)

- Mapping of MRAs in selected sectors to better understand the types of trade measures they relate to and the degree to which they cover essential sectors such as medical goods or sectors relevant for the green and digital transitions

First draft: December 2025

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