

## BRICS Climate Leadership Agenda

### BRICS Laboratory for Trade, Climate Change and Sustainable Development Terms of Reference

#### 1. Vision

BRICS countries have demonstrated their commitment to the multilateral trading system, recognizing it as a necessary instrument for achieving economic development and advancing on Agenda 2030 and its Sustainable Development Goals. BRICS countries are also affirming their commitment to the United Nations Framework Convention on Climate Change (UNFCCC) and its Paris Agreement.

Supporting these multilateral frameworks reflects our understanding that, in a context of full conformity with the rules of the World Trade Organization (WTO), trade and climate objectives can be mutually supportive: a balanced and positive approach to trade can reinforce climate efforts, whereas robust climate action can provide economic and trade opportunities. Policy frameworks combining trade and climate can be a powerful tool to mobilize and channel the resources needed for climate action, economic prosperity and poverty and hunger eradication. Conversely, unilateral measures adopted outside of agreed multilateral frameworks risk hindering these positive dynamics and undermining both climate and development objectives.

Delivering on this potential requires deliberate choices on policy design and implementation. If a given policy has trade and environmental dimensions, such as measures promoting or restricting trade for environmental purposes, it must be understood as a legal hybrid<sup>1</sup>—signifying that such policy is governed by both trade rules and the relevant environmental regimes and

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<sup>1</sup> This terminology is not meant to create a new classification for policy measures, but rather emphasize the need for such measures to show simultaneous legal compliance with both the rules of multilateral trading system and with relevant multilateral environmental agreements.

must prove simultaneous consistency with all of the above. To offer one specific illustration, hybrid measures with climate dimensions must fully abide by the rules of the WTO, while also concurrently ensuring substantive alignment with the UNFCCC and its Paris Agreement, reflecting equity and the principle of common but differentiated responsibilities and respective capabilities, in the light of different national circumstances, as with any relevant Multilateral Environmental Agreement.

To evaluate whether hybrid measures linking trade and environmental dimensions (hereinafter referred to as “hybrid measures”) can withstand this compounding legal test, their impacts on other countries must be examined – in particular whether these measures assist or hinder other countries in pursuing sustainable development and taking climate action and their impact on the costs of the global transition towards a climate-resilient, low-emissions economy, as well as their consistency with any relevant trade obligations. This assessment will shed light on the underlying motivation for a given measure: whether that measure is genuinely aimed at climate or environmental objectives, or if it primarily seeks economic gain. Knowledge sharing and dialogue between BRICS countries are key for an enhanced collective understanding of the motivations and systemic impacts of hybrid measures.

International trade has long been recognized as a key engine of economic growth that drives prosperity and well-being. However, unilateral measures in the name of and related to climate action and environmental protection may become a means of protection of domestic industry from fair foreign competition or unnecessary trade restrictions, hindering economic growth and the transition to a low-emissions economy in accordance with the UNFCCC and its Paris Agreement. Trade measures introduced in the context of environmental objectives, including carbon border adjustment mechanisms and due diligence requirements, exemplify these risks and may raise concerns regarding their alignment with multilateral trade rules established by the WTO, particularly the principle of non-discrimination, and with the fundamental principle of common but differentiated responsibilities and respective capabilities (CBDR-RC).

UNFCCC Article 3.5 states that measures taken to combat climate change, including unilateral ones, should not constitute arbitrary or unjustifiable discrimination or a disguised restriction on international trade. Against this backdrop, more comprehensive and cooperative efforts are needed to address climate change while ensuring a fair, open, transparent and sustainable multilateral trading system.

Based on such understandings, BRICS High-Level Officials for Climate Change and Sustainable Development met in Brasília on May 28, 2025 and decided to establish the BRICS Laboratory for Trade, Climate Change and Sustainable Development (“BRICS Lab”). The Laboratory will foster a collaborative, evidence-based approach to hybrid measures, ensuring that BRICS members can better harness the benefits of trade and contribute to global efforts against climate change. These Terms of Reference are presented and will be implemented in accordance with the principles and provisions of the UNFCCC and its Paris Agreement, with a view to promoting international cooperation, on a non-binding, non-prejudicial, non-prescriptive and non-exhaustive basis, without creating obligations to BRICS members.

## **2. Mandate**

BRICS Lab will support BRICS countries in promoting positive approaches to hybrid measures by facilitating:

- (a)** Exchange of information, practices and capacity-building among BRICS members related to the impact assessment of such measures;
- (b)** Strategic, evidence-based collaboration to maximize the benefits and minimize drawbacks of such measures;
- (c)** Development of modelling tools and methodologies and their use to support national activities and investment projects;
- (d)** Long-term learning through shared cataloguing, analyzing and developing insights on the landscape of such measures;
- (e)** Assessments of the cross-border impacts, implications and costs of unilateral trade measures introduced in the context of environmental

objectives and exchanges of approaches for addressing such measures and ensuring fair, transparent and inclusive outcomes; and

(f) Provision of policy inputs to support just transitions, based on nationally defined development priorities, among BRICS members through developing briefs and case studies in key sectors to be identified by members according to their priorities and circumstances.

### 3. Objectives

All activities within BRICS Lab will be conducted on a voluntary basis. The Lab will operate in accordance with the principle of sovereignty, taking into account different national circumstances and needs. BRICS member countries may also take into account, as appropriate, relevant activities carried out under the UNFCCC Response Measures track.

BRICS Lab will conduct activities with the following objectives:

- I. Supporting the use of modelling tools for identifying, quantifying, analyzing and projecting the economic, social and environmental impacts of hybrid measures:
  - a. BRICS Lab will facilitate the exchange of information, practices and capacity-building among BRICS members on assessing and projecting the impact of such measures, including through data platforms and modeling frameworks (GTAP, E3ME, CGEM and others), noting, inter alia, projects related to impact assessment undertaken under the UNFCCC Forum on the Impact of the Implementation of Response Measures and its KCI;
  - b. BRICS Lab, following a country-driven approach, will encourage the use of comparable models, datasets and assessment tools, aiming to enable a combined view of how a given measure affects one or more BRICS economies; and
  - c. Upon the consent of involved members, BRICS Lab will catalogue, analyze and report on individual and collective findings.

## **II. Using scenario-based modelling to promote positive approaches to hybrid measures:**

- a.** BRICS Lab will facilitate the exchange of information, practices and capacity-building among BRICS members on running modelling scenarios; projecting the results of different pathways to address a given measure or objective; and identifying optimal alternatives to capitalize on its benefits while mitigating adverse spillovers;
- b.** Upon request, BRICS Lab will facilitate evidence-based dialogue and collaboration between members, including through the coordinated use of modelling scenarios to inform optimal collective approaches to given measures or objectives; and
- c.** Upon the consent of involved members, BRICS Lab will catalogue, analyze and report on individual and collective findings.

## **III. Promoting the establishment and use of tailored data and modelling platforms, aiming to support national economic activities and investment projects:**

- a.** BRICS Lab will facilitate the safe exchange of specific national information on a voluntary basis, in accordance with the principle of sovereignty and taking into account different national circumstances and needs;
- b.** BRICS Lab will establish tailored modelling platforms and methodologies, incorporating customizable toolkits and adaptable indicators, as appropriate, and will promote, following a country-driven approach, their implementation;
- c.** Upon request, BRICS Lab will facilitate the exchange of experience and development of approaches for climate stress testing of BRICS economies, assessing opportunities, costs, needs and risks associated with the transition to resilient, low-emissions development

pathways in accordance with the UNFCCC and its Paris Agreement and with the occurrence of severe and extreme weather events; and

**d.** BRICS Lab will facilitate measurement and projection of the environmental, economic and social effects of practices, policies and activities specific to BRICS countries, including, but not restricted to, life-cycle assessment of low-GHG emissions pathways, aiming to support national economic activities and investment projects.

**IV.** Drawing on individual and collective experiences to provide policy insights and modelling recommendations based on long-term learning.

**a.** BRICS Lab will present, under its own responsibility, briefings to the High-level Meeting on Climate Change and Sustainable Development, to the BRICS Environment Ministers Meeting, to the BRICS Trade Ministers Meeting and to the BRICS Sherpa Mechanism, on its activities and findings;

**b.** BRICS Lab will make available, under its own responsibility, briefs and reports, as appropriate, with policy insights, sector or regional analyses and case studies related to its activities and findings, which will be made available to support BRICS delegates in international negotiations and regular engagement in international organizations;

**c.** BRICS Lab will facilitate voluntary exchanges of technical assistance, as well as other cooperative endeavors, among members, leveraging insights from its modelling projections to identify beneficial practices and policy experiences suitable for sharing; and

**d.** Upon a decision by consensus of its Steering Committee, BRICS Lab will promote engagement with like-minded partner countries and organizations, particularly from the Global South, with a view to exchanging experiences, explore synergies and assess opportunities for joint initiatives.

## 4. Governance

**Steering Committee:** Governance of BRICS Lab shall rest with a Steering Committee comprising one focal point from each BRICS country to be communicated by their Sub-Sherpa to the Sub-Sherpa of the BRICS member currently holding the Chairship. At least once per year, the Chairship shall compile the list of current Steering Committee focal points and circulate that list within the BRICS Contact Group on Climate Change and Sustainable Development. Appointed focal points shall serve until their designation is rescinded or a successor is communicated by the same procedure. Only government officials from BRICS members may be designated as national focal points. The Steering Committee will provide overall strategic guidance, review and approve administrative measures as required, coordinate Laboratory activities to fulfill its workplans, approve activities involving engagement with like-minded partner countries and organizations and review outputs. The Steering Committee will take decisions on the basis of consensus by appointed national focal points. The Steering Committee will report on activities undertaken by the Laboratory, for review and approval, to the Contact Group on Climate Change and Sustainable Development.

**Chairmanship:** The chair of the Steering Committee will rotate annually in line with the BRICS Chairship. In case the current BRICS Chairship has not appointed a focal point for the Steering Committee by the transition date, the previous chair will retain its functions until such appointment is made. The chair will be responsible for coordinating activities and ensuring timely reporting to the BRICS Contact Group on Climate Change and Sustainable Development.

**Expert Network:** Each BRICS member may designate technical experts from relevant ministries, academic institutions, research centers or the private sector to participate in BRICS Lab's initiatives. Guidelines for the designation of technical experts, including criteria for eligibility and the scope and duration of their mandates, will be drafted by the chair of the Steering Committee, in consultation with national focal points, and presented to the first in-person meeting of that Committee, for review and adoption. The Expert Network will convene as needed to discuss ongoing activities or

share progress on collaborative research. Members may coordinate with the BRICS Think Tank Council (BTTC) to enhance expert collaboration and knowledge exchange.

**Meetings:** The Steering Committee will meet at least twice annually in hybrid format, with additional meetings scheduled as needed. Meetings will be convened by the chair of the Steering Committee or upon unopposed request by a national focal point. All meetings will be conducted in accordance with relevant national laws and regulations.

**Coordination with Other Forums:** BRICS Lab may collaborate with existing BRICS working groups, as needed to fulfill its objectives, including, but not limited to, the Contact Group on Climate Change and Sustainable Development, the Contact Group on Economic and Trade Issues and the voluntary meetings of BRICS members' Permanent Representatives in Geneva to WTO and UNCTAD, as well as those that may be established hereafter, such as the BRICS Climate Research Platform (BCRP) and the BRICS Carbon Markets Partnership. It may also collaborate, as needed, with external partners, including international organizations, think-tanks, research centers and private companies. In undertaking these activities, members will seek to ensure complementarity and supportiveness for their engagement in the WTO, the UNFCCC and other relevant fora.

**Workplan:** BRICS Lab's workplan, aiming to fulfill its mandate and objectives, will be drafted by the chair in consultation with the Steering Committee and presented to the first in-person meeting of BRICS Lab, for review and adoption. The Steering Committee will agree on the procedure and modalities for a periodical review of the workplan.

**Information Management:** Participation in information sharing activities within BRICS Lab is entirely voluntary and nothing in these Terms of Reference shall compel any member to disclose any specific national information. Members retain full sovereignty and control over their national data. Each member is solely responsible for the decision on the scope, nature and extent of data and information shared within the Lab's activities. The Steering Committee shall agree on protocols for information handling, storage and access to ensure confidentiality, security and compliance with

the applicable national laws and regulations of the members regarding information protection.

## 5. Funding

Participation on BRICS Lab's activities will be carried out by the BRICS participating States on a voluntary basis collectively and individually in accordance with the relevant national laws and regulations. Each BRICS member will cover its own costs for participation. BRICS members may make voluntary contributions to fund activities undertaken by BRICS Lab. Additional contributions may be made by multilateral institutions, on the basis of a decision by consensus of the Steering Committee, provided such contributions align with the Lab's mandates without overriding their purpose.

## 6. Review and amendment

**Review Cycle:** BRICS Lab's structure, workplan and progress will be periodically reviewed by the Steering Committee. The review will assess the effectiveness of BRICS Lab's activities, the adequacy of financial, technical and institutional frameworks and the relevance of its outputs to the needs of BRICS members.

**Amendments:** BRICS members may submit written proposals to amend these Terms of Reference. Any such proposal will be adopted on the basis of a decision by consensus of the Contact Group on Climate Change and Sustainable Development.



COOPERATING FOR AN INCLUSIVE AND SUSTAINABLE WORLD

