# Belém Mission to 1.5 – Climate Change Authority

*Note: While this submission focuses on strengthening NDC ambition and implementation, the approaches outlined may also support NAP adaptation objectives through climate-resilient infrastructure and supply chain partnerships.*

CLIMATE CHANGE AUTHORITY

## 1) What action areas and solutions have the highest impact potential to support the submission, ambition and implementation of NDCs and NAPs?

Emissions reduction is now inseparable from trade, investment and industrial policy, creating new opportunities to accelerate decarbonisation beyond national borders (CCA, 2025). A trade-focused approach to Nationally Determined Contributions (NDCs) extends climate action beyond domestic emissions to the international supply chains shaping global emissions outcomes.

***Introducing decarbonisation deals as an innovation in target setting***

Ahead of COP31, Australia's Climate Change Authority (CCA) has proposed "decarbonisation deals" as a new form of international cooperation to coordinate emissions reductions across global supply chains and address key implementation barriers (CCA, 2026). These arrangements could be established between governments to accelerate emissions reductions in specific sectors and value chains by aligning climate, trade, investment, and industrial policy objectives. By linking NDCs with trade and economic cooperation, decarbonisation deals could help translate climate ambition into tangible industrial and commercial outcomes. They could either be explicitly linked to parties' NDCs or operate alongside them.

Decarbonisation deals would:

- involve governments setting the framework and objectives
- engage industry as implementers and investors
- sit alongside trade agreements rather than functioning as project contracts.

***A practical path to higher ambition***

By integrating emissions-reduction targets and sectoral commitments directly into the arrangement, decarbonisation deals could strengthen climate ambition while creating reciprocal incentives for action. This approach differs from Article 6 of the Paris Agreement, which facilitates international emissions trading using "corresponding adjustments" (CCA, 2025). Beyond emissions reductions, decarbonisation deals could also deliver broader benefits, including enhanced energy security, economic development, job creation, and more resilient supply chains.

For example, a Clean Industrial Transformation Deal between Australia and the Republic of Korea could provide a bilateral framework to decarbonise shared industrial supply chains, including steel, aluminium and critical minerals. The deal would align emissions-reduction objectives, investment commitments and future market demand for low-emissions products.

## 2) What is required to further strengthen international cooperation to enhance ambition and enable the effective implementation of NDCs and NAPs?

Strengthening international cooperation to enhance ambition and support the effective implementation of NDCs (and potentially NAPs) will require new forms of climate-economic diplomacy that integrate climate, trade, industry and investment objectives. Decarbonisation deals could provide a practical mechanism to operationalise this approach through a 9-step process:

1. **Define decarbonisation deals as a form of climate-economic diplomacy** –Formally recognise decarbonisation deals as bilateral or plurilateral agreements between governments that align emissions reduction, trade, investment and industrial policy.
2. **Identify priority partner countries** – Focus initially on key trading partners where joint action can deliver material global abatement and where governments share strong incentives to decarbonise supply chains.
3. **Select priority value chains for cooperation** – For each partner, governments should jointly identify specific value chains where cooperation can shift emissions outcomes at scale.
4. **Agree on shared emissions-reduction and transition objectives** – Partner governments should agree on shared emissions-intensity reduction objectives for priority value chains.
5. **Align domestic policy and regulatory settings** – Each government should commit to pursuing interoperability and harmonisation of its policy levers in support of the agreed objectives.
6. **Mobilise and coordinate public finance** – Governments should coordinate their public finance and risk-sharing tools to support delivery, including concessional finance, guarantees, first-of-a-kind support, and shared infrastructure investment.
7. **Engage industry as delivery partners** – Industry participation should be structured through voluntary commitments aligned with deal objectives, investment plans and project pipelines, supported by transparent reporting against agreed metrics.
8. **Establish governance, transparency and review mechanisms** – Each deal should include clear milestones, public reporting on emissions outcomes, review points and adjustment mechanisms.
9. **Pilot flagship deals to demonstrate effectiveness and scalability** – Begin with one or two high-impact bilateral deals to demonstrate credibility, effectiveness and delivery.

These arrangements could support bilateral and plurilateral efforts to decarbonise emissions-intensive sectors such as steel, aluminium, cement and fuels by coordinating technology deployment, investment and trade settings across producer and consumer economies. Successful implementation would also require mechanisms to support participation by emerging and developing economies to foster just and equitable industrial transitions.

## References

Climate Change Authority (CCA). (2025). *2035 Targets Advice*. https://www.climatechangeauthority.gov.au/sites/default/files/documents/2025-09/2035%20Targets%20Advice%20Report.pdf

CCA. (2026). *Decarbonisation deals: A proposed COP Negotiations Presidency initiative*. https://www.climatechangeauthority.gov.au/decarbonisation-deals-proposed-cop-negotiations-presidency-initiative