

INTEGRATION OF COMPLIANCE CARBON MARKETS:

The Strategic Role for the Business Sector

THE COP OF IMPLEMENTATION AND THE INTEGRATION OF CARBON MARKETS

COP30 marks a global milestone with the acceleration of implementation actions under the Paris Agreement, having the business sector playing a decisive role through strategic engagement, investments, and the scaling of impactful and innovative technological solutions.

The Baku–Belém Roadmap published by the COP30 Finance Ministers' Circle states that carbon pricing stands among the most scalable instruments to spur transition of the economies. Carbon pricing has proven effective in internalizing emission costs and stimulating investment in low-carbon technologies, representing a strategic opportunity to channel investment flows that enable companies to advance in innovation, governance, and international competitiveness.

REGULATED CARBON MARKET IN BRAZIL

Brazil consolidated its leadership in the carbon pricing agenda with the approval of the Brazilian Emissions Trading System (SBCE), an important instrument designed to support the country's Nationally Determined Contribution (NDC) and the Ecological Transformation Plan (PTE). Such milestones reinforce the importance of integrated and high-integrity markets capable of generating trust, transparency, and scale for global climate transactions.

The establishment of a regulated carbon market in Brazil has been a longstanding priority for the business sector. For almost one decade, the Brazilian Business Council for Sustainable Development (CEBDS) has been mobilizing and strengthening the engagement among the Brazilian business sector, the Federal Government and the National Congress.

At the request of COP30 Presidency, CEBDS is coordinating a large-scale initiative on Sectoral Coalitions for Decarbonization, aimed at mobilizing key stakeholders and building convergence to promote concrete and credible plans that support the implementation of Brazil's NDC.

Over 270 organizations among private and public sectors, as well as civil society and academia, have been engaged across four key sectors: Transport, Energy, Agriculture, and Critical Minerals. In all cases, regulated carbon markets stand out as a key enabler to drive and foster decarbonization goals in a competitive way.

THE BRAZILIAN PROPOSAL FOR GLOBAL INTEGRATION OF COMPLIANCE CARBON MARKETS

Currently, at the global level, around 80 countries or jurisdictions have already adopted domestic carbon pricing instruments, either through carbon tax or compliance markets. With the approval of SBCE at the end of 2024, Brazil joined the group of countries and jurisdictions that have a regulated carbon market, reinforcing its leadership at the national and global stages.

The Federal Government is now launching the Open Coalition for Carbon Market Integration, an initiative aimed at harmonizing standards and integrating different regulated markets to foster greater transparency, predictability, and liquidity. Integration can bring benefits across several dimensions: supporting increased national ambition levels; promoting innovation and new technological solutions for decarbonization; minimizing trade tensions linked to unilateral policies; and contributing to the protection and recognition of domestic economic specificities.

STRATEGIC ROLE OF THE INTEGRATION OF COMPLIANCE CARBON MARKET FOR THE BUSINESS SECTOR

The Open Coalition represents an important bridge among the business sectors of emerging, developed, and least developed economies. By establishing new production standards, it enhances the value of low-carbon products, with the potential to foster greater competitiveness in investment and international trade.

Such advances create a unique window of opportunity to leverage private investment and strengthen international climate cooperation based on high-integrity carbon markets, which still face significant fragmentation and the need for harmonization and a more integrated perspective. A cooperative framework helps build convergence, unlock cross-border financing, and strengthen trust in mitigation outcomes.

By offering more predictability and attractiveness, companies have the potential to get competitive advantages in trade and investment, enhancing their ambitions, reducing trade tensions due to unilateral policies while protecting their domestic economies.

A strategic vision for business engagement becomes essential to foster coordination across systems, reinforcing the role of the business community in climate governance and in co-creating technical solutions to strengthen implementation of the Paris Agreement.

Sincerely,

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