Regulatory Cooperation under the Climate Club: Opportunities, Challenges and Stakes for South Korea

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Abstract

This article argues that regulatory cooperation is emerging as a new frontier in climate governance, becoming a useful tool for aligning approaches to the implementation of carbon-related measures. It examines the newly established Climate Club as a novel form of minilateral cooperative arrangement, focusing on its potential to serve as a central platform for regulatory cooperation on sectoral emissions accounting methodologies and monitoring, reporting, and verification (MRV) systems used in implementing trade-related carbon restrictions. However, unlike a typical club from Buchanan's club theory, the Climate Club extends an invitation to all countries committed to ambitious climate action, encouraging them to help shape its evolving concept and structure. How this will function in practice remains unclear, as preventing free-riding in the provision of public goods (such as a safe climate) typically requires a degree of exclusivity. In this context, the article addresses the following questions: Can an open climate club with low entry barriers and minimal member commitments still be effective for regulatory cooperation? How might such cooperation within the Climate Club evolve, and what challenges could it face? What could countries such as South Korea gain from participating in the club, and how might they contribute to its success?

Keywords: climate club, decarbonization, regulatory cooperation, EU, South Korea.

1. Introduction

Unilateralism dominates all spheres of public policy today, be it security, trade, or environmental protection. However, the history of international relations demonstrates the necessity of concerted action when it comes to common concerns of humankind, such as climate change.[1] Incoherence between climate policies and measures is a major challenge stemming from unilateral climate action, as the absence of common approaches to climate change mitigation leads to significant differences in carbon prices across countries, creating the risk of carbon leakage[2] and unnecessary barriers to trade.[3] Convergence of climate policy measures (and eventually carbon prices) is thus essential to effectively address climate change.

This is particularly true in the realm of product-related regulations and standards. Carbon footprint regulations and standards, including certification and labeling schemes, are becoming increasingly significant, particularly in the context of implementing carbon-related restrictions on trade.[4] The proliferation of carbon accounting methodologies under various national regulations and private certification schemes has exacerbated deficiencies in the regulatory governance framework, undermining their effectiveness as climate policy tools and adversely affecting trade.[5]

Convergence of carbon-related regulations across countries can be achieved through regulatory cooperation, defined as "an organisational arrangement, formal or informal, between countries to promote some form of cooperation in the design, monitoring, enforcement, or ex post management of regulation."[6] Previous studies show that existing international trade and climate fora can provide avenues for regulatory cooperation on measures related to climate policy[7]. Amid growing geopolitical divisions, however, achieving consensus on climate policy alignment appears unlikely in multilateral settings. This article examines the potential of minilateral climate governance arrangements to foster regulatory cooperation in the implementation of related measures related to climate policy, using the recently established Climate Club as a case study.[8] It tests the hypothesis that minilateral cooperative arrangements offer better prospect to achieve consensus on regulatory alignment,[9] especially when supported by trade measures.[10] In this context, the implementation of a carbon border adjustment mechanism (CBAM) by the European Union (EU), which wields global regulatory power,[11] could drive regulatory cooperation among members of the Climate Club.

The literature presents various models of climate clubs that differ in their rationale and design.[12] Scholarly contributions have also examined whether climate clubs are compatible with the nondiscrimination principles of the international trade regime[13] and the common but differentiated responsibilities (CBDR) principle of the international climate change regime.[14] However, there is a lack of contributions that explore the potential for regulatory cooperation within climate clubs. This article seeks to fill that gap, drawing on the literature on trade-related international regulatory cooperation,[15] the theory of the Brussels effect,[16] and the role of middle powers (such as South Korea) in acting as bridge-builders between opposing camps.[17]

Unlike a typical club in the economic theory of clubs, the Climate Club extends an invitation to all countries committed to ambitious climate action, encouraging them to help shape its evolving concept and structure. How this will function

1
Thomas Cottier, "The Principle of Common Concern of Humankind," in *The Prospects of Common Concern of Humankind in International Law*, ed. Thomas Cottier and Ahmad Z. (Cambridge University Press, 2021), 3–92.

2
A situation where higher carbon restrictions in one country entail an increase in emissions in countries with lower carbon restrictions. See Maria Wang and Tero Kuusi, "Trade Flows, Carbon Leakage, and the EU Emissions Trading System," *Energy Economics* 134 (2024), https://doi.org/10.1016/j.eneco.2024.107556.

3
World Trade Report 2022: Climate Change and International Trade (WTO, 2022).

4
Michael Mehling and Robert Ritz, "From Theory to Practice: Determining Emissions in Traded Goods Under a Border Carbon Adjustment," *Oxford Review of Economic Policy* 39, no. 1 (2023): 123–133, https://doi.org/10.1093/oxrep/grac043.

5
Panagiotis Delimatsis, "Sustainable Standard-Setting, Climate Change and the TBT Agreement," in *Research Handbook on Climate Change and Trade Law*, ed. Panagiotis Delimatsis (Edward Elgar, 2016).

6
International Regulatory Co-operation: Addressing Global Challenges (OECD Publishing, 2013).

7
Aik Hoe Lim and Kateryna Holzer, "Trading in the Era of Carbon Standards: How Can Trade, Standard Setting and Climate Regimes Cooperate?," *Oxford Review of Economic Policy* 39, no. 1 (2023): 110–122, https://doi.org/10.1093/oxrep/grac039.

8
Climate Club, https://climate-club.org/.

9
Türkan Gülce Budak, "Exploring Alternative Governance Structures for Climate Cooperation," in *Beyond Treaties: Rethinking Legal Mechanisms for International Climate Governance* (Springer, 2025), https://doi.org/10.1007/978-3-031-86022-5_3.

10
Lim and Holzer, "Trading in the Era of Carbon Standards."

in practice remains unclear, as preventing free-riding in the provision of public goods, such as a safe climate, typically requires a degree of exclusivity. Exclusivity, however, conflicts with the bottom-up approach of the climate change regime and the most-favored-nation (MFN) principle of the international trade regime—tensions the Climate Club seeks to avoid. In this context, the article addresses the following questions: Can an open climate club with low entry barriers and minimal member commitments still be effective for regulatory cooperation? How might such cooperation within the Climate Club evolve, and what challenges could it face? What could countries such as South Korea gain from participating in the club, and how might they contribute to its success?

The article is structured as follows. Section 2 establishes the conceptual foundation for examining trade-driven regulatory cooperation in climate clubs from the perspective of a middle power. Section 3 presents a case study on regulatory cooperation within the Climate Club, outlining its rationale and distinctive features as an open and inclusive initiative. It highlights opportunities for collaboration on decarbonization measures, particularly in the area of emissions accounting methodologies. This section also examines South Korea's interest in joining the Climate Club and its potential role—as a middle power with ambitious climate policies and substantial financial resources—in advancing the club's objectives. Section 5 analyzes the key challenges of regulatory cooperation within the Climate Club and suggests possible solutions, and Section 6 summarizes the main findings.

2. Regulatory Cooperation Under Minilateral Arrangements as a New Frontier in Climate Governance

2.1 Trade-Driven Regulatory Cooperation on Climate Policy Implementation Measures

This article argues that regulatory cooperation is emerging as a new frontier in studies of climate governance, becoming a useful tool for aligning approaches to the implementation of carbon-related measures. Regulatory cooperation fosters regulatory alignment across jurisdictions through a process that includes reviewing and influencing international best practices, sharing knowledge, adopting or updating international standards and conformity assessment procedures, and pursuing compatible regulatory approaches worldwide.[18] Regulatory cooperation on measures related to climate policy can be beneficial not only by reducing compliance costs for companies—especially through mutual recognition and harmonization—but also by enabling the continuous improvement of regulations through monitoring, evaluation, and learning.[19] Regulatory cooperation also helps promote good regulatory practices, such as transparency, nondiscrimination, reliance on international standards, public consultation processes, and the provision of financial and technical assistance to developing countries.[20]

Existing research highlights the role of trade measures in promoting regulatory cooperation and, ultimately, alignment across jurisdictions.[21] In particular, the EU's use of unilateral trade measures—enabled by its global regulatory power—can result in two complementary types of regulatory alignment.[22] The first is autonomous alignment (also called de facto alignment), which is market-driven, while the second is induced through regulatory cooperation. In other words, although market forces and the EU's large market play a central role in driving the alignment of regulations

11 Anna Bradford, *The Brussels Effect: How the European Union Rules the World* (Oxford University Press, 2020).

12 Robert Falkner, Naghmeh Nasiritousi, and Gunilla Reischl, "Climate Clubs: Politically Feasible and Desirable?," *Climate Policy* 22 (2022): 480–487, https://doi.org/10.1080/14693062.2021.1967717.

13 Geraldo Vidigal and Ingo Venzke, "Of False Conflicts and Real Challenges: Trade Agreements, Climate Clubs, and Border Adjustments," *AJIL Unbound* 116 (2022): 202–207, https://doi.org/10.1017/aju.2022.34.

14 Catherine Hall, "Towards Minilateral Climate Governance? Analysing Climate Club Design Options through the Lens of Common but Differentiated Responsibilities and Respective Capabilities," *Review of European, Comparative & International Environmental Law (RECIEL)* 33, no. 3 (2024), https://doi.org/10.1111/reel.12582.

15 David Vogel and Robert Kagan, *Dynamics of Regulatory Change: How Globalisation Affects National Regulatory Policies* (University of California Press, 2002). Martin von Lampe, Koen Deconinck, and Véronique Bastien, "Trade-Related International Regulatory Co-operation: A Theoretical Framework," *OECD Trade Policy Papers* 195 (2016), https://doi.org/10.1787/3fbf60b1-en.

16 Anna Bradford, *The Brussels Effect.*

17 Eduard Jordaan, "The Concept of a Middle Power in International Relations: Distinguishing Between Emerging and Traditional Middle Powers," *Politikon* 30, no. 1 (2003): 165–181.

18 *International Regulatory Co-operation.*

19 Bernard Hoekman and Petros Mavroidis, "Regulatory Spillovers and the Trading System: From Coherence to Cooperation," E15 Initiative (ICTSD & WEF, 2015).

20 OECD, OECD *Best Practice Principles on International Regulatory Co-operation: Draft for Public Consultation* (OECD, 2020).

21 Lim and Holzer, "Trading in the Era of Carbon Standards."

22 Bradford, *The Brussels Effect.*

and standards, market-driven alignment must still be steered through regulatory cooperation.

Regulatory cooperation on trade-related measures to implement climate policy can be pursued through various international climate and economic fora. One potential platform is the Forum on the Impact of the Implementation of Response Measures under the United Nations Framework Convention on Climate Change (UNFCCC), which is intended to monitor the implementation of domestic mitigation measures and their adverse impacts.[23] However, the forum has consistently avoided discussing these issues, largely due to opposition from developed countries concerned that scrutinizing measures such as border carbon adjustments (BCAs) could overpoliticize the forum.[24] The World Trade Organization (WTO) presents an alternative forum. WTO rules, including transparency requirements, along with committee practices such as discussions of specific trade concerns, provide an important foundation for regulatory cooperation on measures related to climate policy and carbon standards tied to their implementation.[25] Nonetheless, the WTO's efforts are hampered by deep divisions between developed and developing countries, as well as persistent institutional challenges, which continue to hinder the integration of climate policy concerns into its agenda.[26]

2.2 The Rise of Minilateral Cooperative Climate Policy Arrangements

In response to the complexities of multilateral negotiations, climate-ambitious countries have begun promoting cooperation on climate policy implementation measures through bilateral initiatives or minilateral cooperative arrangements, which offer greater flexibility and can lead to more pragmatic decision-making compared to multilateral forums. These minilateral arrangements include climate-related provisions in regional trade agreements,[27] stand-alone trade and sustainability agreements,[28] and, more recently, climate clubs.[29] As such, they can serve as a useful complement to multilateral climate governance.

A climate club can be broadly defined as any minilateral forum established by a group of countries outside the UNFCCC framework to cooperate on climate policy issues.[30] By negotiating agreements in smaller settings, climate clubs arguably enable higher ambition, more effective implementation, and quicker decision-making. As such, they can function as a useful supplement to multilateral climate governance.[31]

The literature outlines several models of climate clubs that differ significantly in their rationale, structure, and degree of exclusivity.[32] Some are based on the classical economic theory of clubs, which focuses on the provision of "club goods" as neither public nor private.[33] In the case of pure public goods, consumption is nonrivalrous and nonexclusive. When no one is excluded from consumption, free-riding becomes a problem, as participants can enjoy the benefits without bearing the costs. Consequently, no one has an incentive to provide such goods, necessitating government intervention to supply them. To address this issue, clubs introduce a degree of excludability, which helps reduce free-riding and promotes collective action. Typical clubs, therefore, offer benefits to members while imposing disadvantages—such as economic sanctions—on nonmembers.

The most prominent example of an exclusive climate club is the one proposed by economist William Nordhaus, which requires members to commit to a binding carbon price and imposes penalties on noncompliant members and nonparticipants through external carbon tariffs.[34] This type of climate club aligns with the economic

23 "Decision 7/CMA.1, Modalities, Work Programme and Functions of the Forum on the Impact of the Implementation of Response Measures Under the Paris Agreement," FCCC/PA/CMA/2018/3/Add.1, https://unfccc.int/sites/default/files/resource/Decision7CMAA1.pdf.

24 Developing countries call for addressing negative impacts of unilateral measures, *TWN Bonn Climate News Update* no. 17, June 27, 2024, https://twn.my/title2/climate/bonn.news.25.htm

25 Kateryna Holzer, "Addressing Tensions and Avoiding Disputes: Specific Trade Concerns in the TBT Committee," *Global Trade and Customs Journal* 14, no. 3 (2019): 102–116, https://doi-org.ezproxy.uef.fi:2443/10.54648/gtcj2019011.

26 Patrick Low, "The WTO in Crisis: Closing the Gap Between Conversation and Action or Shutting Down the Conversation?," *World Trade Review* 21, no. 3 (2022): 274–290, https://doi.org/10.1017/S1474745622000064.

27 Clara Brandi, Kateryna Holzer, Jean-Frédéric Morin, and Harro van Asselt, "Taking Climate Change Seriously in the Design of Trade Agreements," in *The Concept Design of a Twenty-First Century Preferential Trade Agreement*, ed. Katrin Claussen, Manfred Elsig, and Ricardo Polanco (Cambridge University Press, 2025), 316–339, https://doi.org/10.1017/9781009484640.015.

28 See, for instance, the Agreement on Climate Change, Trade and Sustainability (ACCTS) between New Zealand, Costa Rica, Fiji, Iceland, Norway & Switzerland, signed on November 15, 2024, which aims to use international trade disciplines to address climate change and other environmental challenges.

29 Nicholas Stern and Hans Peter Lankes, *Collaborating and Delivering on Climate Action Through a Climate Club: An Independent Report to the G7* (London School of Economics, 2022).

30 Hall, "Towards Minilateral Climate Governance?"

theory of clubs, aiming to address the problem of free-riding. However, other models do not conform to the classical framework. Some minilateral climate policy arrangements are primarily intended to facilitate knowledge-sharing and foster dialogue among countries. These function more as discussion forums than initiatives aimed at fostering action.[35] Nevertheless, as the next section will show, such discussion clubs can play a valuable role in promoting regulatory cooperation on measures to implement climate policy.

2.3 The Role of Middle Powers in Bridging Divides in Cooperative Arrangements

Although regulatory cooperation may be easier to cultivate in minilateral settings than on multilateral platforms, growing geopolitical divisions make achieving consensus a formidable challenge, even among smaller groups of countries. In this context, cooperative frameworks such as climate clubs can harness the strategic influence of middle powers, whose authority often exceeds their material capabilities (economic or military), positioning them as effective mediators and coalition-builders.[36] From a constructivist perspective, middle powers are characterized as "nations that strive for a stable and rule-based international order, engage in soft power diplomacy, and embody an identity of moral authority, responsible international citizenship, and norm innovation."[37] Unlike major powers, whose climate policy positions frequently conflict with their economic or geopolitical priorities, middle powers generally support consensus-based approaches rooted in normative collaboration and a commitment to multilateralism.[38]

The involvement of middle powers (e.g., Germany, Switzerland, Norway, New Zealand, South Korea, etc.) has been crucial in supporting the UNFCCC process.[39] Middle powers were central to the High Ambition Coalition, which played a key role in raising the ambition of the Paris Agreement.[40] Moreover, middle-powers—known for their leadership in norm innovation and specialized diplomacy—have driven progressive climate policies, financing mechanisms, and capacity-building initiatives.[41] In doing so, they help bridge the divide between developed and developing countries, thereby enhancing the legitimacy and inclusiveness of the global climate framework.[42]

As such, middle powers can play an active role in cooperative climate policy arrangements. They can contribute to shaping common approaches to implementing climate policy by providing climate finance, capacity-building, and green technology support to less developed nations. The following section will explore regulatory cooperation within the Climate Club and examine South Korea's facilitative role in this process.

3. Opportunities for Regulatory Cooperation Under the Climate Club

During its 2022 presidency of the Group of Seven (G7), Germany launched an initiative to establish a Climate Club aimed at strengthening international climate action.[43] The Climate Club was officially established on December 1, 2023, on the sidelines of the 28th Conference of the Parties (COP28) to the UNFCCC. The Organisation for Economic Co-operation and Development (OECD), together with the International Energy Agency (IEA), was appointed to serve as the club's interim secretariat and to "liaise with relevant international organisations, fora and

31 David Victor, *Global Warming Gridlock: Creating More Effective Strategies for Protecting the Planet* (Cambridge University Press, 2011).

32 Falkner, Nasiritousi, and Reischl, "Climate Clubs: Politically Feasible and Desirable?"

33 Todd Sandler, "Buchanan Clubs," *Constitutional Political Economy* 24 (2013): 265–284.

34 William D. Nordhaus, "Climate Clubs: Overcoming Free-Riding in International Climate Policy," *American Economic Review* 105 (2015): 1339–1170.

35 Hall, "Towards Minilateral Climate Governance?"

36 Miras Zhiyenbayev, "Middle Powers and Resilient Multilateralism," *Global Asia* 18, no. 4 (2023): 30–37.

37 Eduard Jordaan, "The Concept of a Middle Power in International Relations."

38 Zhiyenbayev, "Middle Powers."

39 Park Siwon, "Middle Power Cooperation for Climate Change and Green Growth," in *MIKTA, Middle Powers, and New Dynamics of Global Governance: The G20's Evolving Agenda*, ed. Jongryn Mun (Asan–Palgrave Macmillan Series, Palgrave Pivot, New York, 2015), https://doi.org/10.1057/9781137506467_4.

40 Farhana Yamin, "The High Ambition Coalition," in *Negotiating the Paris Agreement: The Insider Stories*, ed. H. Jepsen, M. Lundgren, K. Monheim, and H. Walker (Cambridge University Press, 2021), 216–244.

41 Examples include Norway's leadership in REDD+ (Reducing Emissions from Deforestation and Forest Degradation), South Korea's promotion of the Global Green Growth Institute, Switzerland's leadership in the promotion of high integrity standards for international offsetting under Article 6, to name just a few.

42 Chukwumerije Okereke and Philip Coventry, "Climate Justice and the International Regime: Before, During and After Paris," *Wiley Interdisciplinary Reviews: Climate Change* 7, no. 6 (2016): 834–851.

43 "Terms of Reference for the Climate Club," December 12, 2022, para. 22, https://climate-club.org/wp-content/uploads/2023/11/TOR-CC-logo.pdf.

initiatives to ensure synergies and avoid duplication of efforts."[44]

3.1 Benefits and Drawbacks of an Open and Inclusive Climate Club

Despite its name, the Climate Club is not a typical club in the sense of economic theory of clubs designed to provide nonrival but excludable goods as a way to address the problem of free-riding in the provision of public goods.[45] The Climate Club established by the G7 is intended to be open, cooperative, and inclusive, with no sanctions envisioned for nonmembers.[46] Although initially announced as an initiative for G7 members (the United States (US), Germany, France, the United Kingdom (UK), Japan, Canada, and Italy), it invites all states pursuing ambitious climate policies to join and take part in further shaping its concept and structure. The entry requirements are relatively modest: a country must commit to 1) implementing the Paris Agreement with the goal of limiting global temperature rise to 1.5°C, 2) achieving net-zero emissions by mid-century, 3) pursuing sectoral decarbonization, and 4) advancing and promoting the club's objectives in other fora.[47] In addition, the club actively engages international organizations and private stakeholders—including academics, researchers, civil society, and industry—to provide input for its work.

Nearly forty non-G7 countries have already joined, including not only developed nations but also many developing and least developed countries.[48] While reaffirming their commitment to the Paris Agreement, many of these members still fall short of emissions reduction pledges and broader climate action expectations. It remains unclear whether the club's inclusivity will succeed in raising global climate ambition. The relatively low climate ambition of some new members suggests that broader participation may come at the cost of weaker commitments.[49] Yet this inclusiveness can also be viewed as a strength, given that climate change requires a global solution, meaning that participation must therefore also extend beyond the G7 to include countries from the G20, which represents the world's largest greenhouse gas (GHG) emitters.[50] Regretfully, neither China—the world's largest GHG emitter—nor India, the third largest, has joined the club to date.

3.2 The Scope for Regulatory Cooperation Under the Climate Club

So far, the Climate Club has primarily positioned itself as an international forum for discussing issues related implementing carbon-related measures, particularly through the exchange of best practices in climate policy and emissions calculation methodologies. Its work is organized around three pillars.[51] The first, focused on advancing ambitious and transparent climate mitigation policies, allows for discussions on how to address carbon leakage and apply comparable methodologies for measuring, estimating, and collecting emissions data. The second, focused on the green transformation of industries, supports efforts to align sectoral methodologies, standards, and decarbonization strategies, while expanding markets for green industrial products. The third, dedicated to cooperation and financing mechanisms, holds potential to mobilize private capital and promote technology transfer, capacity-building, and voluntary financial support for developing countries.

Unlike the EU's Carbon Border Adjustment Mechanism (CBAM), which aims to impose a carbon price on imports to level the playing field among producers facing different carbon costs, [52] the Climate Club was not designed for this purpose.

44 Climate Club, https://climate-club.org/

45 James M. Buchanan, "An Economic Theory of Clubs", *Economica*, vol. 32, no. 125 (1965), pp. 1–14.

46 Statement by the Climate Club, adopted November 22 and published for the Full Launch of the Climate Club December 1, 2023, https://climate-club.org/wp-content/uploads/2023/11/231122_Statement-by-the-Climate-Club_FINAL_Layout.pdf.

47 "Terms of Reference for the Climate Club," para. 22.

48 "Current membership includes Egypt, Kenya, Morocco, Mozambique, Ukraine, Kazakhstan, Thailand, Indonesia, Vanuatu, Colombia, Argentina, Peru, etc.," *Climate Club*, accessed 20 June 2025, https://climate-club.org/.

49 Nicholas Perez, "The G7 Climate Club Must Reconcile Coverage and Commitment," *C2ES Blog*, August 9, 2022, https://www.c2es.org/2022/08/the-g7-climate-club-must-reconcile-coverage-and-commitment/.

50 Charlotte Unger and Sonja Thielges, "Benefits and Challenges of Expanding the G7 Climate Club to a G20 Climate Club," *T20 Policy Brief*, June 2023, https://t20ind.org/research/benefits-and-challenges-of-expanding-the-g7-climate-club/.

51 "Terms of Reference for the Climate Club," para. 6–19.

52 The CBAM, which applies to imports in six sectors (electricity, cement, iron and steel, aluminum, fertilizers, and hydrogen) will require purchases of emissions certificates from 2026 onwards. See Regulation (EU) 2023/956 of the European Parliament and of the Council of 10 May 2023, establishing a carbon border adjustment mechanism.

Instead, it seeks to encourage policy dialogue—and potentially raise ambition—through cooperation, while offering tangible benefits to its members. These benefits extend beyond political gains, such as international recognition and enhanced reputational standing. Participation in joint initiatives on green technologies and in the development of common monitoring, reporting, and verification (MRV) systems for sectoral emissions can also serve as strong incentives. Importantly, the club's flexible participation model allows for selective engagement in specific activities, increasing its attractiveness.[53] This means that convergence on certain aspects of climate policy implementation can begin with a small group of committed members and gradually expand as other members choose to join these efforts.

That said, the Climate Club may well become yet another ineffective discussion forum, falling short of delivering the meaningful climate action it aims to promote. However, even if it fails to raise climate ambition, the club can still be useful. By complementing cooperation in other international fora, it can provide a platform for inducing alignment on emissions calculation methodologies and disseminating knowledge about green technologies and emissions reduction strategies. In this regard, the club's second pillar—focused on industrial decarbonization—is particularly promising. Common approaches to sector-based carbon footprint calculations are essential for implementing trade-related carbon restrictions, such as the EU CBAM and potential BCAs proposed by other club members. Calculating emissions embedded in imported products and crediting already-paid carbon prices against BCA charges requires robust arrangements for measuring, reporting, verifying, and certifying emissions. Yet this process is complicated by the absence of unified accounting methodologies and internationally recognized product-level emissions certification schemes. The diversity of emissions calculation methods and the lack of emissions data from foreign production facilities significantly raise the administrative burden of implementing BCAs. This, in turn, increases compliance costs for exporters and heightens the risk of trade tensions and disputes arising from BCA enforcement.[54]

This is where the Climate Club can be particularly effective, useful a platform for cooperation supported by databases and methodologies developed by relevant international organizations and industries. The Climate Club could, for example, receive support from the OECD Inclusive Forum on Carbon Mitigation Approaches (IFCMA), which develops new methodological approaches for calculating the carbon intensity of goods and sectors; the Committee on Technical Barriers to Trade (TBT) of the World Trade Organization (WTO), which regularly facilitates exchanges on best practices for technical regulations and standards; and the WTO's Committee on Trade and Environment, which hosts plurilateral informal discussions on trade measures related to climate policy. The Climate Club could also draw on the Industrial Deep Decarbonisation Initiative (IDDI) of the United Nations Industrial Development Organization (UNIDO), which aims to standardize carbon accounting, set green public procurement targets, and incentivize investment in the development of low-carbon products, among other aims.[55] By focusing on more technical work, such as emissions calculation methods, the Climate Club may be more likely to succeed, as this could help avoid the kinds of disagreements that typically arise in more policy-oriented discussions.

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"Some activities as set out in the three pillars of the Climate Club may only involve a subset of members, wanting to move ahead and cooperate more closely." See "Terms of Reference for the Climate Club," para. 21.

54
Kateryna Holzer and Ievgeniia Kopytsia, "Legal Challenges of Tracing Carbon Emissions in Steel Trade," *Korea Europe Review* 4 (2023): 12–14.

55
Holzer and Kopytsia, "Legal Challenges," 14–15.

3.3 Mutual Benefits of South Korea's Engagement

After announcing its decision to join the Climate Club in May 2023, South Korea participated as a full member in the club's official launch in Dubai on December 1, 2024. Its decision to join was motivated by a desire "to play a bigger role in tackling the climate crisis" and by the alignment between the club's agenda and its national climate strategy.[56] Notably, South Korea has committed to achieving carbon neutrality by 2050.[57]

All three pillars of the club's work are of strategic interest to South Korea. In particular, the country stands to benefit from cooperation on sectoral decarbonization and the exchange of best practices for implementing climate mitigation measures, such as green public procurement and emissions trading. South Korea has adopted green public procurement policies, including the Low Carbon Product Certification Program for public institutions, which aim to minimize the environmental impact across product lifecycles.[58] Public procurement thus represents a key area for collaboration, where South Korea, together with other Climate Club members, could engage in joint commitments to advance green purchasing practices.

In addition to green public procurement, South Korea has been operating an emissions trading scheme (K-ETS), which regulates emissions in six sectors (waste, domestic aviation, road transport, buildings, industry, and power) in line with the national target of reducing emissions by 35 percent below 2018 levels by 2030.[59] However, South Korean manufacturers, particularly in the relatively carbon-intensive steel sector, face additional compliance costs under the EU CBAM, as a significant portion of Korea's steel production is exported to the EU. In 2024, South Korea exported 3.8 million metric tons of steel to the EU, valued at USD 3.5 billion.[60] Given that 70 percent of its steel is produced using coal-based blast furnaces and basic oxygen furnaces, the sector becomes a primary target for EU CBAM charges on imports.

At the same time, it can be argued that South Korea is one of the strongest potential supporters of the EU CBAM, given the compatibility of its economy with the mechanism when assessed by export structure, national carbon policy, innovation capacity, trade agreements with the EU, and overall carbon intensity.[61] This compatibility positions South Korea to benefit from cooperation with the EU on the implementation of the CBAM and to use the club's forum to negotiate with the EU and other members considering BCAs on issues such as the terms of BCA imposition, methods of emissions accounting in products, and rules for exemptions or fee discounts. South Korea's interest in cooperating on BCAs is further reinforced by the fact that the EU CBAM provides for a discount corresponding to carbon prices already paid in the country of origin.[62] Since Korean producers of CBAM-covered products (e.g., steel) are required to surrender emissions allowances under the K-ETS, they are eligible for CBAM discounts equivalent to the cost of those allowances paid in South Korea.

Beyond industrial decarbonization, South Korea's climate policy places strong emphasis on renewable energy investments, electric vehicles expansion, the circular economy, and sustainable finance.[63] In the area of sustainable finance, South Korea has announced an end to all public financing for new overseas coal-fired power plants. As such, the country is also likely to play a significant role in advancing the agenda under the club's third pillar on cooperation and partnerships. Even before joining the club, South Korea supported green growth projects in developing countries, including through its Official Development Aid (ODA) in the

56 Wonju Yi, "S. Korea, G7 and Others Launch 'Climate Club' on Carbon Neutrality," *Yonhap News*, December 1, 2023, https://en.yna.co.kr/view/AEN20231201009100315.

57 "2050 Carbon Neutral Strategy of the Republic of Korea Towards a Sustainable and Free Society" (2020), https://unfccc.int/sites/default/files/resource/LTS1_RKorea.pdf.

58 Rachel Eun Ko and Geunha Kim, "Revisiting Korean Green Public Procurement Policies to Promote Green Steel Demand," *Solutions for Our Climate*, August 8, 2022, https://forourclimate.org/hubfs/%5BNEXT-SFOC%5D%20Revisiting%20Korean%20Green%20Public%20Procurement%20Policies%20to%20Promote%20Green%20Steel%20Demand.pdf.

59 Korea Emissions Trading Scheme, https://icapcarbonaction.com/en/ets/korea-emissions-trading-scheme.

60 Global Steel Trade Monitor, https://www.trade.gov/data-visualization/global-steel-trade-monitor.

61 Rahat Sabyrbekov and Indra Overland, "Small and Large Friends of the EU's Carbon Border Adjustment Mechanism: Which Non-EU Countries Are Likely to Support It?" *Energy Strategy Reviews* 51, no. 4 (2024), https://doi.org/10.1016/j.esr.2024.101303.

62 Regulation (EU) 2023/956, Art. 9.

63 Zeynep Çağla Erin, "South Korea's Climate Change Collaborations," *ANKASAM*, December 19, 2023, https://www.ankasam.org/guney-korenin-iklim-degisikligi-isbirlikleri/?lang=en.

form of grants and loans.[64] In particular, it has pledged to assist energy transitions in coal-dependent developing countries.[65] Sustainability has become a core focus of South Korea's ODA portfolio, with systemic screening of environmental and social risks. Notably, South Korea hosts the headquarters of the Green Climate Fund (GCF) and holds a seat on its board. Under its 2021 Green Deal New Grants Strategy, it increased its contribution to the GCF to USD 300 million.[66]

Moreover, South Korea has entered into bilateral and plurilateral agreements on climate policy cooperation with some developed and high-income developing countries. These include a trilateral agreement with the US and Japan, a bilateral agreement with Canada, and renewable energy partnerships with Saudi Arabia and Qatar, among others. These collaborations focus on areas such as renewable energy, electric vehicles, green hydrogen, clean methanol, and green buildings.[67] Such partnerships could be further strengthened within the framework of the Climate Club, positioning South Korea as one of the leading members in driving the global diffusion of green technologies. As a middle power with strong climate policy commitments and substantial financial resources dedicated to the green transition, South Korea is thus well placed to play a key role in advancing the objectives of the Climate Club.

4. Challenges of Regulatory Cooperation Within the Climate Club

While the Climate Club adds a potentially valuable dimension to the institutional landscape of climate cooperation, its success will depend on its ability to address a number of challenges.

4.1 Political Pushback Against Climate Policy

International cooperation within the Climate Club faces unfavorable external conditions that could undermine its success. Its effectiveness largely depends on the leadership of its most influential members, particularly the G7 presidencies. However, this leadership has been weakened by recent domestic election cycles—especially in the US and some EU member states—and by shifting policy priorities in response to growing threats to global security and peace. Countries on the other side of the current geopolitical divide may choose not to join the club or to reject the outcomes of its cooperative efforts.[68] A G7-led club could also be perceived as being in opposition to similar climate initiatives spearheaded by China and other BRICS states.[69]

4.2 Lack of Institutional Power and Commitments

The club's main internal weaknesses lie in its lack of institutional power and the superficial, nonbinding nature of its members' commitments, both of which are factors that could undermine its objectives. As an enabling framework,[70] the club can help generate political consensus around sectoral emissions accounting methodologies, but the actual development of such agreements would likely need to be delegated to an international organization, most likely the OECD and its IFCMA. As a result, the club could end up being little more than "a flexible arrangement that supports the search for responses and solutions through the most effective fora," with a role in climate cooperation comparable to that of the G20 in shaping

64 *Integrating Environmental and Climate Action into Development Co-operation: Korea* (OECD, 2021), https://www.oecd-ilibrary.org/sites/21bbcc5f-en/index.html?itemId=/content/component/21bbcc5f-en.

65 *Integrating Environmental and Climate Action.*

66 *Integrating Environmental and Climate Action.*

67 Dong-hwan Ko, "Korea to Work with US, Japan to Fight Climate Change," *The Korea Times*, December 3, 2023, https://www.koreatimes.co.kr/foreignaffairs/20231203/interview-korea-to-work-with-us-japan-to-fight-climate-change.

68 Andrew Gawthorpe, "The Geopolitics of International Climate Diplomacy: A Read-Out from COP28," *Foreign Policy Centre*, December 19, 2023, https://fpc.org.uk/the-geopolitics-of-international-climate-diplomacy-a-read-out-from-cop28/.

69 Dhesigen Naidoo, "Towards a BRICS Climate Club," *Institute for Security Studies*, August 24, 2023, https://issafrica.org/iss-today/towards-a-brics-climate-club.

70 *Climate Club Work Programme 2024*, adopted by the Task Force of the Climate Club on October 27, 2023.

the global economic and financial architecture.[71] The absence of legally binding commitments to cooperation is another internal deficiency that could limit the club's effectiveness in fostering cooperation.[72]

4.3 Coexistence with BCAs

The Climate Club must also find a way to coexist with the EU CBAM and the prospective BCAs of its members. The club clearly does not eliminate the need for BCAs, as long as the risk of carbon leakage persists. This risk will remain until member countries align on a uniform carbon price—an outcome that appears unlikely in the near future. Moreover, given the wide disparity in carbon pricing, the club cannot implement a common CBAM as a unified external carbon charge on nonmembers. This raises the question of whether the club could at least coordinate the unilateral application of BCAs by its members.

Although the club does not commit to joint measures, it does promote cooperation—or what it refers to as a "strategic dialogue"—on carbon leakage safeguards.[73] Notably, the German initiative to establish the Climate Club was launched during the drafting of the EU CBAM legislation. This timing suggests that Germany's invitation to collaborate through the Climate Club may have been aimed at initiating dialogue with other countries and, in doing so, easing potential backlash against the trade-restrictive implications of the EU CBAM. In fact, the EU explicitly called for cooperation on BCAs within a climate club, which it defined as a "forum of countries with carbon pricing instruments or other comparable instruments."[74] The vision was that such a club would "pave the way for a global carbon pricing framework facilitating the comparison and, where appropriate, coordination of relevant measures with an impact on emission reduction … , support the comparability of relevant climate measures by ensuring the quality of climate monitoring, reporting and verification among its members and providing means for engagement and transparency between the Union and its trade partners."[75] While initial expectations for the club have since been substantially lowered, it is still reasonable to assume that the EU will use the Climate Club as a platform to address CBAM-related issues, such as carbon footprint calculation, and to negotiate CBAM discounts as a mechanism for crediting carbon prices paid in exporting countries.[76]

Cooperation and coordination, however, are not the same; they serve different functions. Cooperation on BCAs, for example, involves reaching mutual understanding on emissions calculation methods used by BCA-imposing countries and assessing the comparability of national emissions reduction measures in the context of BCA discounts. Coordination, by contrast, would require agreement on common rules for applying BCAs, which is unlikely to gain the political support of all members.[77] This distinction implies that while cooperation on BCAs is feasible, coordination is unrealistic. Therefore, the Climate Club and the EU CBAM will have to coexist, each serving its own purpose. The Climate Club will act as a forum for cooperation on the technical aspects of BCAs and broader climate action, with a strong emphasis on the zero-carbon transformation of industries. Meanwhile, the EU CBAM and other unilateral BCAs will continue to serve as instruments to mitigate carbon leakage risks given uneven national carbon restrictions.

71 Stern and Lankes, *Collaborating and Delivering on Climate Action.*

72 Michael Mehling, Harro van Asselt, Susanne Droege, Kasturi Das, and Catherine Hall, "Bridging the Divide: Assessing the Viability of International Cooperation on Border Carbon Adjustments," *Climate Strategies,* 2023.

73 "Terms of Reference for the Climate Club," para. 9.

74 It should be noted that the initial idea of a climate club foresaw the imposition of a joint CBAM by members with carbon price mechanisms against third countries. See German Federal Ministry of Finance, *Key Issues Paper: Steps Towards an Alliance for Climate, Competitiveness and Industry—Building Blocks of a Cooperative and Open Climate Club*, August 2021, https://www.bundesfinanzministerium.de/Content/EN/Presse-mitteilungen/2021/20210825-german-government-wants-to-establish-an-international-climate-club.html.

75 Recital to the Regulation (EU) 2023/956, para. 72, establishing a carbon border adjustment mechanism.

76 Club members can reach a common understanding on how different national mitigation measures can be taken into account when calculating CBAM fees. The possibility of crediting under Art. 9 of the EU CBAM Regulation incentivizes the introduction of carbon pricing mechanisms in countries that export to the EU, as foreign governments would be interested in the revenues flowing into their budgets and not into the EU budget. Ilaria Espa and Kateryna Holzer, "From Unilateral Border Carbon Adjustments to Cooperation in Climate Clubs: Rethinking Exclusion in Light of Trade and Climate Law Constraints," in *European Yearbook of International Economic Law 2022*, vol. 13, ed. J. Bäumler et al. (Springer, 2023), 404–407.

77 Michael Mehling, Harro van Asselt, Kasturi Das, and Susanne Droege, "Cooperation on Climate and Trade Is Accelerating, But There's an Elephant in the Room," *Global Policy Opinion*, July 3, 2023, https://www.globalpolicyjournal.com/blog/03/07/2023/cooperation-climate-and-trade-accelerating-theres-elephant-room.

4.4 Tensions with the International Climate Change Regime

The Climate Club also faces the challenge of maintaining coherence with international climate treaties. Given the Paris Agreement's objective to strengthen the global response to climate change, it is difficult to interpret the agreement as imposing a clear prohibition on cooperative initiatives such as the Climate Club. In fact, countries that signed the Paris Agreement acknowledged that some parties may "choose to pursue voluntary cooperation in the implementation of their nationally determined contributions (NDCs) to allow for higher ambition in their mitigation and adaptation actions and to promote sustainable development and environmental integrity."[78] In addition to market-based voluntary cooperation, the agreement also encourages collaboration through nonmarket approaches—such as finance, technology transfer, and capacity-building—to help achieve climate goals and contribute to sustainable development and poverty eradication.[79] Thus, as long as the Climate Club remains open and inclusive—meaning it could, in principle, accommodate all countries that are parties to the Paris Agreement—and does not impose sanctions like BCAs or carbon tariffs on nonmembers, the risk of contravening the international climate change regime remains minimal.

However, the requirement to pursue sectoral decarbonization—a condition for membership in the Climate Club—raises questions about its compatibility with the Paris Agreement framework. The Paris Agreement obliges participating countries to combat climate change and calls on developed countries to take the lead (for instance, by providing financial and technical support to developing countries). But it does not prescribe specific targets or actions, leaving the choice of concrete measures to individual countries. This flexibility is reflected in the system of self-defined Nationally Determined Contributions (NDCs), which each country is required to submit and periodically update as it sees fit. In principle, each successive NDC is expected to demonstrate increased ambition[80]—through steeper emissions cuts, more expansive adaptation measures, and, in the case of developed countries, greater financial support for climate action in developing countries. However, parties are allowed to act on the basis of equity, taking into account their national circumstances and capabilities,[81] which permits lower levels of ambition for developing countries. There are no penalties for low ambition or for failing to meet NDC targets, and no party is permitted to unilaterally judge the adequacy of another's climate actions.[82]

The bottom-up approach of the Paris Agreement reflects countries' different levels of economic development and historical responsibilities for GHG emissions, in accordance with the principle of common but differentiated responsibilities (CBDR). This principle is a cornerstone of the international climate change regime. The UNFCCC refers to CBDR in several parts of its text (e.g., Article 3.1). The Paris Agreement reaffirms this principle, recognizing not only common but differentiated responsibilities and respective capabilities, but also equity and varying national circumstances.[83] According to the CBDR principle as applied in the climate change regime, developed countries—being historically responsible for the concentration of emissions in the atmosphere that led to climate change—are expected to take the lead in reducing emissions and to provide financial support to enable other countries to do the same.[84] This includes the commitment of developed countries to provide financial resources to developing countries[85] with the goal of mobilizing at least USD 300 billion by 2035 to meet their mitigation and adaptation needs.[86]

The Climate Club's commitment to sectoral decarbonization may be viewed

78 Paris Agreement, Art. 6(1).

79 Paris Agreement, Art. 6(8).

80 Paris Agreement, Art. 3.

81 Paris Agreement, Art. 4.

82 To facilitate implementation of and promote compliance with the provisions of the Paris Agreement, a compliance committee has been established under Paris Art. 15. The committee may initiate consideration of issues in cases where a Party has *not*: (a) communicated or maintained an NDC under Paris Art. 4, based on the most up-to-date status of communication in the public registry; (b) submitted a mandatory report or communication of information under Paris Art. 13 (GHG inventory reports, NDC progress reports etc.); (c) participated in the facilitative, multilateral consideration of progress; (d) submitted a mandatory biennial financial assistance report (in case of a developed country) under Paris Art. 9(5). See Paris Agreement Implementation and Compliance Committee (PAICC), https://unfccc.int/PAICC.

83 Paris Agreement, Art. 2.2.

84 Christopher D. Stone, "Common but Differentiated Responsibilities in International Law," *American Journal of International Law* 98 (2004): 276–301.

85 Paris Agreement, Art. 2(1)(c) and 9.

86 This commitment, called the New Collective Quantified Goal, was made at COP29 in 2024. It represents a significant increase from the previous COP15 USD 100 billion target by 2020/2025. While public climate finance nearly doubled over the years of 2013–2021, total climate finance (public and private) reached only USD 89.6 billion in 2021, falling short of the Copenhagen (COP15) target. See *Climate Finance and the USD 100 Billion Goal* (OECD, 2023), https://www.oecd.org/climate-change/finance-usd-100-billion-goal/.

as contradicting the bottom-up approach of the Paris Agreement and the CBDR principle, insofar as it obliges its members—including developing countries—to undertake specific measures.[87] Sectoral decarbonization and other club activities could also lead to the exclusion of some Paris Agreement parties (those outside the club) from beneficial outcomes, such as participation in the development of global carbon accounting methodologies. This may raise concerns regarding alignment with the Paris Agreement. By engaging only some countries in cooperative arrangements, the Climate Club risks coming into tension with the flexibility embedded in the Paris framework, which allows for universal membership and for each party to determine its own pace of climate action.

4.5 A Way Forward

Compensation could help ease these tensions. Developed countries could offer compensation to developing countries (members and nonmembers alike) in the form of financial support for capacity-building and technology transfer, enabling them to eventually join the group of countries implementing emissions reduction policies. Such support would be fully consistent with the provisions of the UNFCCC and the Paris Agreement, which require developed countries to support developing ones with financing and technology.[88] Since a safe climate is a global public good and climate change a common concern of humankind, addressing climate change requires collective global action. If poorer developing countries lack the financial means to shift from a carbon-intensive to a low-carbon economy, developed countries may need to help facilitate this transition through financial assistance.

Financial support, technology transfer, and technical assistance are indispensable for meaningful climate cooperation within the framework of the Climate Club. This implies that economically advanced countries such as the EU and South Korea should take the lead in realizing the cooperation and partnerships envisioned under the club's third pillar. Various funding sources can be mobilized, and ODA is only one of them. Increasing private finance is also important. Additional resources could also be generated through unilateral BCAs, provided that revenues are earmarked for supporting industrial decarbonization in less developed countries. For example, funding could target specific decarbonization efforts, similar to the financial pledges made by France, Germany, the UK, the US, and the EU (alongside several multilateral development banks) to support coal phase-out in South Africa and other countries under the Just Energy Transition Partnership.[89]

Earmarking BCA revenues for the decarbonization needs of developing countries would also enhance the compatibility of such measures with WTO rules. Directing these revenues to climate change funds—such as the Green Climate Fund or the Adaptation Fund—or using them to support the deployment of clean technologies and renewable energy investments in developing countries would serve as evidence that BCAs are not designed for protectionist purposes, but rather to prevent carbon leakage and support global emissions reduction efforts to mitigate the effects of climate change.[90]

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However, this can be rebutted with the argument that both the UNFCCC and the Paris Agreement, in their preambles, acknowledge climate change as a common concern of humankind. Perceiving climate change as a common concern means viewing it as a shared problem, which can only be resolved through joint action, and in practical terms means that every country has to decarbonize its economy to contain the rise of global temperature. See Cottier, "The Principle of Common Concern of Humankind."

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See, e.g., Art. 11 of the UNFCCC, which establishes the Global Fund (Financial Mechanism). Moreover, Art. 4.5 of the UNFCCC mandates to fund, as appropriate, the transfer of, and access to, environmentally sound technologies; Art. 9 of the Paris Agreement obliges developed countries to provide financial resources to assist developing countries with respect to mitigation and adaptation; Art. 11 of the Paris Agreement obliges developed countries to enhance support for capacity building actions in developing countries.

89
This partnership was established at COP26 in Glasgow. Negotiations are currently under way between the funders and the South African government on various aspects of funding, including the scale of funding, the speed of fossil fuel phase-out, and the degrees of privatization of the energy sector, etc. See Katherine Kramer, "Just Energy Transition Partnerships: An Opportunity to Leapfrog from Coal to Clean," *IISD Insight*, December 7, 2022, https://www.iisd.org/articles/insight/just-energy-transition-partnerships.

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Kateryna Holzer, "The Pending EU CBAM: Quo Vadis Switzerland?" *Global Trade and Customs Journal* 16, no. 11/12 (2021): 633–643, https://doi-org.ezproxy.uef.fi:2443/10.54648/gtcj2021080.

5. Conclusion

The newly established Climate Club presents an opportunity to advance regulatory cooperation on decarbonization, particularly by promoting common approaches to the design of MRV systems and the development of sector-based emissions accounting standards relevant to trade-related carbon restrictions. As long as the club's primary focus remains on technical work—especially carbon-related methodologies—it is likely to encounter minimal opposition. However, should it expand into more politically sensitive areas, such as setting emissions reduction targets or designing BCAs, the willingness of countries to participate may decline, and the club could find itself at odds to the framework of the Paris Agreement.

While the Climate Club has the potential to make a meaningful contribution to global climate efforts through regulatory alignment, its current impact is limited by political resistance to climate action, a lack of institutional authority, and the absence of binding commitments. A further key challenge is how the club will coexist with the EU CBAM and similar unilateral measures that may be introduced by other countries in the future. In a world of uneven carbon pricing, BCAs may need to be applied unilaterally to address the risk of carbon leakage. Under this scenario, the Climate Club could serve as a technical cooperation platform that supports the development of shared standards and methodologies, thereby indirectly facilitating the implementation of BCAs and other carbon-related trade measures.

By remaining focused on technical issues, the club may avoid the political tensions that often accompany policy-oriented negotiations. However, its current approach—linking membership to sectoral decarbonization commitments and the development of international standards and methodologies, while many countries remain outside the club—may come into tension with the legal foundations of the international climate change regime. To address this challenge, compensatory measures for less advanced developing countries will be necessary. These could include financial support, capacity-building, and technology transfer, helping to ensure broader participation and encouraging regulatory cooperation under the Climate Club framework.

South Korea stands to benefit from its membership in the Climate Club, particularly by using the platform to engage with the EU on CBAM implementation. It could seek recognition of specific emissions calculation methodologies and advocate for CBAM fee discounts that reflect the cost of emissions allowances already paid under Korea's ETS. As a country operating an ETS, South Korea would gain from the development of common MRV approaches and participation in comparative assessments of pricing and non-pricing emissions reduction measures.

At the same time, the Climate Club can benefit from South Korea's active engagement. With strong climate policy commitments and significant financial resources dedicated to the green transition, South Korea is well positioned to contribute to the club's third pillar on partnerships and climate finance by supporting green growth and energy transition projects in developing countries. As a middle power, South Korea can also leverage its economic and diplomatic influence to serve as a consensus-builder between developed and developing members, fostering trust and promoting effective regulatory cooperation.

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