

# The Invisible Trade Walls: How Climate Standards Shift Decarbonization Costs to Developing Nations

JANUARY 2026

OP-ED



WRITTEN BY  
SHADY HASSAN

CENTRE FOR  
GLOBAL AFFAIRS

## **The Invisible Trade Walls: Standards and Global Power**

For an Egyptian fertilizer exporter or a Moroccan textile firm, the biggest hurdle to reaching European markets is often not a lack of quality but a wall of paperwork they did not help design. These are the invisible trade walls of global standards or [non-tariff barriers](#).

While we often think of trade in terms of ships and tariffs, the reality is governed by rules set out in technical manuals and footnotes. [The World Development Report \(WDR\) 2025](#), which was published last December, highlighted an important fact about development. For developing nations to improve their citizens' quality of life, active involvement in international trade is required. To take part in global trade, exports from developing nations must meet strict requirements for measurement, compatibility, quality, and safety. These rules and standards now affect nearly 90% of trade, serving as the hidden foundation of prosperity for those who meet them and a gatekeeper for those who do not.

Today, these increasing costs of compliance with global North climate standards act as a hidden tax on our exports, limiting market access, and quietly shifting the costs of decarbonization and climate action from the high-emitting Global North ([9.79 t CO<sub>2</sub> per capita](#)) to the low-emitting Global South, such as Egypt ([2.22 t CO<sub>2</sub> per capita](#)). This is creating a climate-justice issue for our nation's export aspirations in general and for average-income citizens in particular.

### **The \$425,000 barrier to entry**

For decades, major Western economies have used their market size and political leverage to set and control these technical rules at a high cost to developing nations' exporting sectors. These costs are functioning as a hidden tariff on foreign firms and a barrier to entry into their markets. In the early 1990s, the [U.S. International Trade Commission estimated](#) that such non-tariff measures were equivalent to tariffs as high as 60% in some sectors. In 2026, these standards are becoming central to global climate action. Now, these measures not only include product requirements but also include emissions reporting, digital compatibility, and environmental regulations.

For countries like Egypt, Morocco, and Jordan, the proliferation of climate-related standards reveals a deeper unfairness. These nations made minimal contributions to the current climate crisis and continue to record low per capita emissions compared to the high-income nations, making the EU's demand that exporting firms pay equal decarbonization costs neither fair nor legally justified. International climate agreements are enshrined and protected by the historical climate rights of developing nations. The [principle of Common but Differentiated Responsibilities](#) (CBDR), as articulated in [UNFCCC Article 3\(1\)](#) and [Paris Agreement Article 2.2](#), recognizes the historical responsibility of the industrialized nations. However, for developing nations to participate in global trade, they must shoulder high costs to comply with strict international environmental standards.

The financial cost of complying with Western standards is significant for small- and medium-sized enterprises (SMEs) in the MENA region. According to WDR 2025, those costs can reach up to \$425,000 per firm in developing nations.



### **A Tax on the Low-Emitter**

In 2026, these costs will rise further under the European Union's new "Carbon Border Tax" (formally known as the [Carbon Border Adjustment Mechanism \(CBAM\)](#)). This mechanism shifts the burden of climate mitigation onto developing countries by imposing the same carbon costs on an Egyptian exporter as on a firm within the EU, despite vast differences in historical responsibility and financial capacity, as well as expensive technical requirements.

Egypt is a prime example of this extra cost and shifting burdens. Half of Egypt's nitrogen-based fertilizer exports go to the EU. Under these new rules, exporters must provide detailed, granular plant leave emission data. That is a very advanced, expensive system to have to adopt and maintain. If the firm can not provide that detailed data, it faces a punitive default value that will make its product far more expensive and less competitive. This is only the cost of compliance with the new reporting system, ignoring the core issue that the CBAM will add a carbon price on firms equal to one in the EU. It is simply pure protectionism under the guise of climate, and passed as a technical document.

This situation points to a fundamental inequity within the global standards regime: countries that contributed little to previous greenhouse gas emissions are now compelled to bear considerable economic and technological burdens to maintain access to international markets. Such requirements overlook the historical responsibility of high-emitting countries and risk entrenching current inequalities. That happens by forcing Global South nations to divert scarce resources from developmental priorities toward the compliance costs imposed by historical polluters.

This is not about technical compatibility, but it is about who pays the bill for climate change. By setting rules that only the wealthy can afford to follow, the Global North effectively outsources the costs of its climate goals into the Global South. Compliance costs are becoming a structural subsidy paid by the Global South to maintain access to the Northern markets.

### **Policy pathway for our region**

To counter this structural change, MENA policymakers should pursue two parallel paths: one is to fight diplomatically and build coalitions to advance their historical climate rights, and the other is to help their SMEs adapt, as they cannot afford to lose access to global trade. For this, they should incorporate five practical pathways:

1. **Regional harmonization:** Aligning standards across the region and coordinating through regional institutions can help avoid duplicating costs, enabling countries to share the substantial costs of testing and certification, improving efficiency, and lowering expenses.
2. **Quality infrastructure for standards:** By investing in national accreditation bodies, countries can reduce their dependence on foreign agencies for certification. Building this



capacity enables local firms to show compliance with international standards at a lower cost.

3. Participation in Global Standard-Setting: Policymakers should encourage researchers, academics, and practitioners to contribute to the international standard-setting process.
4. Empower local experts: The national government should identify national experts and provide the necessary resources to enable enduring engagement in these forums, especially since this type of investment is not capital-intensive and the Global South can afford and collaborate on it.
5. Climate reparations, not Aid: MENA governments should collectively advocate for financing packages in global negotiations that treat the costs of environmental standards compliance as climate reparations, not aid.

## Conclusion

Global standards are not neutral tools, but they are instruments of economic influence. For Egypt and the wider MENA region, we have no choice other than to engage with these standards; however, the real question is how to do so without sidelining our own development needs and fighting for fair rules in the future.

Egypt and its neighbors have to join forces with other Global South nations to build diplomatic coalitions. Protecting the rights established under global agreements, such as the [principle of Common but Differentiated Responsibilities](#) (CBDR), as set out in [UNFCCC Article 3\(1\)](#) and the [Paris Agreement Article 2.2](#), is essential. Only by fighting for a more impartial global standards regime can we guarantee that the transition to a green economy does not cost the Global South's economic future.

