

Statement of the Forum on Trade, Environment & the SDGs (TESS)

OEWG multi-stakeholder dialogue on 1 June 2022

Upscaling and redirecting finance, incentives and trade

The Forum on Trade, Environment and SDGs (TESS) welcomes the launch of negotiations to forge an international legally binding instrument on plastic pollution, including in the marine environment, based on a comprehensive approach that addresses the full life cycle of plastic.

Trade and plastic pollution

International trade is central to the expanding global plastics economy. Trade across the life cycle of plastics is worth over USD 1 trillion or more than 5% of global trade. International trade in avoidable, unnecessary, problematic and hazardous plastics includes an array of single-use plastics and plastic packaging, 71 per cent of which cannot currently be recycled.

By volume, over 250 million metric tonnes (MT) of plastic at different points in the plastic life cycle – from primary plastics and final consumer products to plastic waste – crossed international borders in 2019. Exports of primary plastics alone represented an estimated 56 per cent of the world’s primary plastics production in 2019.

Notably, data on trade flows across the life of plastics also omit vast volumes of ‘hidden’ trade in plastics that are not properly captured by international trade classifications and statistics.

This hidden trade includes cross-border flows of plastic packaging associated with specific products (pre-packaged food and beverages); packaging used in the distribution and transportation of products across a vast array of different supply chains, including business to business (B2B) packaging; as well as plastic embedded in countless products that are widely traded and consumed across the world – from cars to household appliances and construction materials. A preliminary attempt by TESS and UNCTAD to estimate such hidden trade flows suggest that they comprise at least an additional 70 million metric tonnes (MT) per year.

Plastic trade flows are relevant to plastic pollution for three core reasons:

1. Trade flows of plastic waste to countries with inadequate waste management capacity exacerbate leakage of plastics into the environment;
2. Trade in plastic products, as well as products containing plastics and pre-packaged in plastics, adds to the waste management burden of importing countries.
3. Plastics are produced and distributed through international supply chains and the global plastics economy is connected through trade, finance and investment that are transboundary. In this context, no country alone can transform the supply chains that drive the global plastics economy; countries and stakeholders need to work together to transform plastics supply chains and end the pollution they create.

Trade policies and plastic pollution

Also relevant to the work of the INC is the fact that many countries are using trade and trade-related policies to help reduce plastic pollution. From 2009-2020, for instance, governments notified the WTO of over 140 environment-related trade measures taken to bolster national efforts to tackle plastic pollution, most of which have been taken by developing countries. These included import tariffs and restrictions on certain types of plastic waste and plastic products, as well as import bans.

In addition, numerous measures that governments are taking to reduce plastic pollution and promote circularity in the plastics economy have international trade dimensions. These include environmental standards and labelling requirements for plastic products and production processes; government procurement policies; regulations to improve supply chain transparency; environmental taxes and charges on plastic production, consumption and waste; and extended producer responsibility (EPR) schemes.

Importantly, while government action on the intersection of trade and plastic pollution is growing, the approaches taken to trade policy measures are disjointed, ad hoc, uncoordinated, and lack transparency. Alongside, some trade policy frameworks are actively promoting patterns of production and trade that undermine the efforts of governments to tackle plastic pollution.

Together, this incoherence and lack of coordination undermines the plastic pollution goals that governments are setting themselves. It also means that governments are missing opportunities to work together on trade dimensions in ways that could yield far more positive impacts on plastic pollution.

The multiplication of disjointed measures also creates challenges for producers and retailers that have internationally integrated supply chains and are active across multiple countries. Greater predictability, transparency and coordination around ambitious regulations and standards would send clearer signals to companies active in plastics value chains, spurring them to make the kinds of investments needed to do their part to reduce plastic pollution.

Options for fostering cooperation on trade dimensions of plastic pollution

TESS believes that trade and trade policies can and should be better aligned with global efforts to reduce plastic pollution. In particular, governments and stakeholders could harness the treaty to support and strengthen cooperative actions to, for instance:

- Reduce trade in avoidable, unnecessary, problematic and environmentally harmful plastic materials, inputs and products. This can complement national efforts to reduce plastic pollution and make them more effective.
- End trade in hazardous, mixed and contaminated plastic waste.
- Promote production, trade and supply chains that support environmentally sustainable non-plastic substitutes; foster trade in goods and services that promote reuse and refill systems; reward trade in 'plastic free' and non-toxic recycled plastic products; and promote trade in goods and services for environmentally sound and locally appropriate waste management and recycling.
- End plastic pollution associated with international shipping of plastics, such as through stronger regulations to prevent the loss of plastic pellets during transportation.

Additional trade policy related actions that governments and stakeholders could seek to catalyse through the international treaty, including by spurring collaboration with relevant international institutions, could include:

- Addressing data gaps on trade flows and supply chains most relevant to plastic pollution and improving transparency, reporting, and coordination on plastics-related trade measures.
- Boosting international cooperation on policies needed to influence not just domestic markets but also international supply chains, such as cooperation on taxes, extended producer responsibility schemes, and other incentive systems that have a key role to play in transforming the plastics economy.
- Catalysing the development and implementation of international regulations, standards and sustainability criteria for production and trade of plastics, reuse and refill systems, environmental labelling, recycling, and substitute materials.
- Increasing transparency of the material composition of plastics that cross international borders.
- Boosting technical assistance and capacity-building for developing countries on trade policy design and implementation relating to plastic pollution, and supporting their participation in the transition to international supply chains that generate less plastic pollution.
- Increasing transparency of government subsidies and support to expanding virgin plastic production, including by adopting commitments to a standstill on government support that further expands the plastics sector.
- Catalysing commitments by companies engaged in international trade, such as commitments from retailers to reduce the use of unnecessary, harmful and problematic plastics in international supply chains as well as pledges from shipping countries to refuse to ship plastic waste that does not meet the requirements established in the Basel Convention Plastic Waste Amendments.

A key challenge will be foster cooperation around trade policies that recognizes and addresses the varying circumstances and priorities of developing countries, as well as the need for a just transition when tackling global environmental crises such as plastic pollution.

Looking ahead, we recommend that the INC deliberations recognize and seek ways to build synergies and cooperation with relevant existing trade-related efforts and processes that can support efforts to end plastic pollution. This can include strengthening trade-related efforts underway in the context of the Basel, Rotterdam and Stockholm Conventions, and in particular implementation of the Basel Convention plastic waste amendments.

We also recommend that the INC deliberations seek to harness inputs from ongoing efforts by governments to understand and build cooperation on the plastics crisis in trade-related fora, such as in the Informal Dialogue on Plastic Pollution and Environmentally Sustainable Plastics Trade at the WTO where governments are actively working to identify areas and options for cooperation on a number of the topics noted above. Alongside, there are important discussions underway that can inform and bolster your work underway at the World Customs Organization (on trade classifications and customs capacity), at United Nations Conference on Trade and Development (UNCTAD) (on non-plastic substitutes, sustainable manufacturing and circular economy), as well as at Interpol (on illegal plastic waste trade), and at the OECD, which is leading analysis on policies, including trade policy tools, that governments can use to tackle plastic pollution. A growing group of stakeholders is focusing on identifying opportunities and challenges linked to trade and trade policies that warrant attention by the INC.

We thank you again for the opportunity to present our statement today.