INC 2 Side Event (with UNCTAD, WTO, WEF, CIEL and ICC): The role of trade measures in the future instrument: challenges and opportunities

The side event was moderated by the World Economic Forum, included two opening remarks from Ecuador and the European Commission, four specialist presentations by UNCTAD, WTO, CIEL and ICC and closing remarks from TESS.

**Ecuador (Ambassador Luis Vayas)** mentioned that differences between developed and developing countries are essential to consider in the development of a global instrument. Coordination is key to ensure an effective agreement. **Mr. Christoffer Vestli from the European Commission** mentioned that there has been a decrease in plastic waste being exported to non-OECD countries since 2021. He mentioned it is important to reinforce legally binding measures on the treaty, and have specific measures, including the phasing out of unnecessary plastics. The representative from the European Commission mentioned that the Instrument adopted should enable environmentally sound substitutes and alternatives, but for that there is still a need to define which options are sustainable and safe by using life-cycle analysis tools. These substitutes must also contribute to the circular economy. Trade related provisions should go hand in hand with measures agreed at the INC. Restrictions on imports of specific types of plastics should also be explored.

**WTO** provided an overview of discussions at the WTO Dialogue on Plastic Pollution, presented by its secretary, Mr. Daniel Ramos from the WTO Trade and Environment Division. The presentation included an analysis of notifications submitted by countries to the WTO secretariat on plastic-related measures. The Dialogue on Plastic Pollution was launched in November 2020 and is coordinated by Australia, Barbados, China, Ecuador, Fiji, and Morocco, with the Philippines, UK, Peru and Cabo Verde as facilitators. The objectives of the dialogue are to explore how improved trade cooperation could contribute to reducing plastic pollution and transitioning to a more circular and environmentally sustainable global plastics economy, as well as to complement existing international processes in other fora. Throughout 2022 and 2023, the dialogue held plenary and pre-plenary meetings, side-events, and workshops to discuss the issues. The dialogue has 76 co-sponsors representing over 85% of trade in plastics and stakeholders involved. Three informal working groups were formed to address cross-cutting issues, promote trade (including trade in material substitutes and alternatives), and focus on circularity and reduction to tackle plastic pollution. Two surveys were conducted as part of the dialogue. Trade-related Plastic Measures (TrPMs) were discussed, including sustainability requirements, taxes and other market tools, and support measures. TrPMs included bans, import licensing, minimum recycled content, design requirements, labelling requirements, taxes, deposit schemes, preferential tariffs, packaging fees, and support for alternatives and substitutes. WTO reported that the dialogue on plastics also examined the products to which TrPMs were being applied. These included packaging, single-use plastics, construction materials, agricultural materials, electronic products, care products, tires, fishing nets, and tobacco. The 2021 Ministerial Statement from the WTO dialogue on plastic pollution called for concrete, pragmatic, and effective outcomes to be achieved at the WTO 13th Ministerial Conference in Abu Dhabi, United Arab Emirates, during the week of 26 February 2024.

**UNCTAD** presented its plastic trade database, its work on plastic substitutes mapping, as well as investment trends which prolong fossil-fuel based plastics into the economy. UNCTAD’s presentation focused on global trends in plastics trade, control measures, and material substitutes. The need for a
global plastic treaty was emphasized, highlighting that trade in plastics is a significant and expanding industry, with virtually no countries untouched. Moreover, the growing issue of plastic waste was emphasized, with 75% of plastics ending up as waste.

The trade flows across the life cycle of plastics were discussed, indicating that financial investments continue to support the petrochemical industry despite green initiatives. The presentation highlighted that substantial investments are still being made in plastics, despite efforts to promote sustainability and combat plastic pollution.

UNCTAD also suggested some control and mitigation measures throughout the plastics value chain. Various options were presented, including trade and border measures, as well as internal market measures, which countries can adopt to steer economies away from single-use plastics and promote more sustainable material substitutes.

The distinction between plastic substitutes and plastic alternatives was explained. Plastic substitutes are natural materials with similar properties to plastics, while plastic alternatives encompass bioplastics or biodegradable plastics. Both substitutes and alternatives should have lower environmental impacts, be recyclable, reusable, biodegradable or erodible, and safe for human, animal, and plant life.

A question by the OECD (Organisation for Economic Co-operation and Development) Environment Directorate mentioned policy alignment as a key area for focus. OECD mentioned the importance of integrated and coherent policies because the transitional costs will be significant.

In the fight against plastic pollution using trade as a tool, Centre for International Environmental Law (CIEL) mentioned the need to close legal gaps and ensure some form of harmonisation at the international level, on laws on reduction of plastics in international trade, for example. There are also several precedents of international environmental agreements that make use of trade bans and trade restrictions, which could be useful reference for the global plastics treaty. On alternatives and substitutes, while trade can help promote environmentally friendly alternatives and substitutes to plastic, an internationally agreed definition of these terms needs to be reached. Importantly, so far, trade measures as part of multilateral environmental agreements (MEAs) have never been challenged by a member state at the WTO. In fact trade provisions in MEAs can help harmonise rules and avoid regulatory fragmentation.

The International Chamber of Commerce’s (ICC) presentation focused on trade measures for improved downstream plastic management. While trade in plastics at the downstream level is about 1% of total plastic trade, regulations on trade in plastics and recycled content disproportionately target this phase of the plastic life cycle. The panellist offered recommendations to improve circularity of plastics such as inducing minimum recycled content requirements in packaging, increasing the cost competitiveness, demand and use of recycled plastics and supporting the economic viability of local recycling centres through reliable feedstock availability. In particular, more investment is needed in municipal recycling infrastructure.

A representative from the Forum on Trade, Environment and on the SDGs (TESS), Ms. Carolyn Deere Birkbeck, mentioned the importance of work across the whole plastics chain, no steps should be left out. In particular, she mentioned the need for rules to push all value chain stakeholders to make changes. Such rules are currently lacking. She mentioned that those include binding obligations to reduce production and trade of primary plastics and those that have harmful effects on the environment. They should also include transparency on production statistics, and more detailed information on plastic materials composition.