



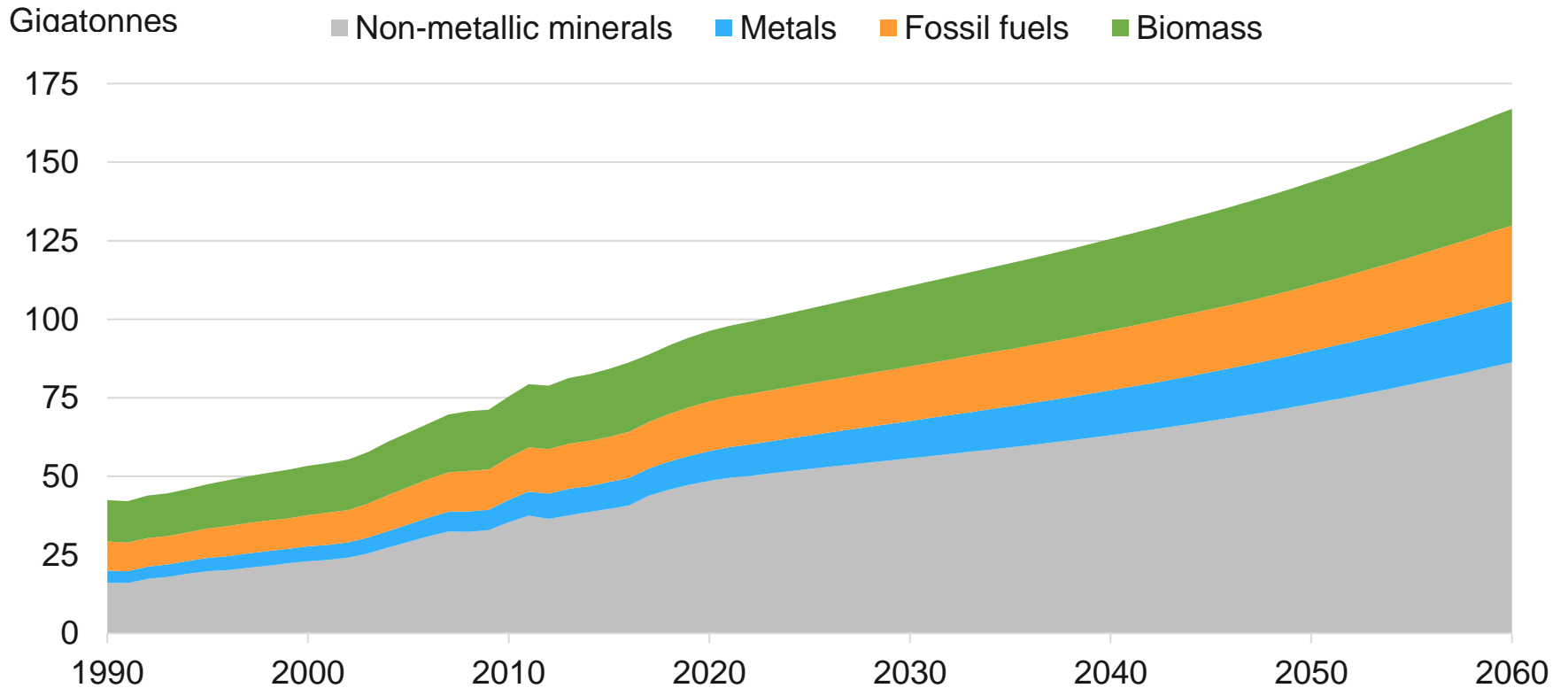
INTERNATIONAL TRADE AND CIRCULAR ECONOMY

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ITC Webinar
Transitioning to the Circular Economy:
The Role of Trade and Investment Policies
13 July 2022



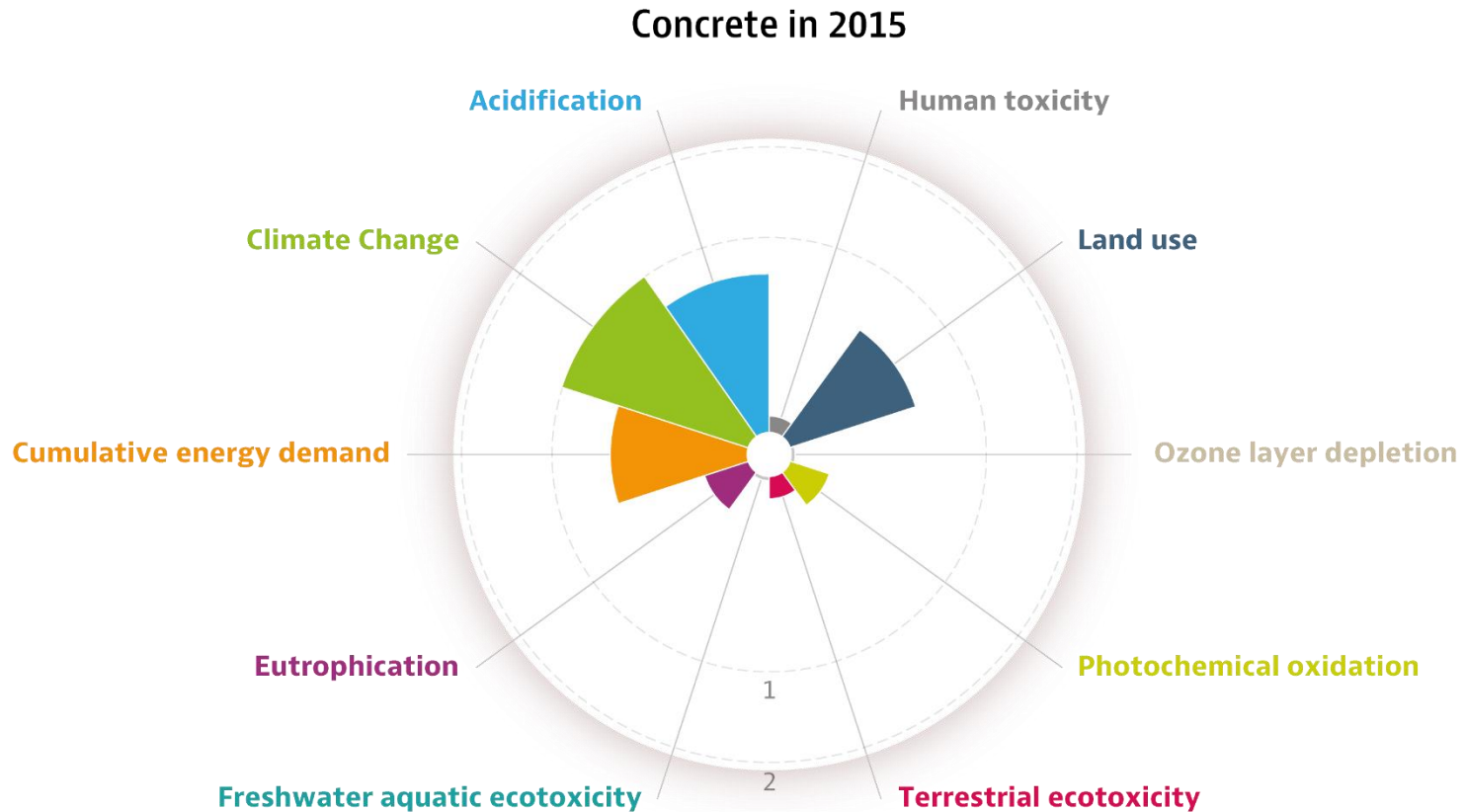
Materials use will increase in the coming decades





Environmental impacts associated to material use

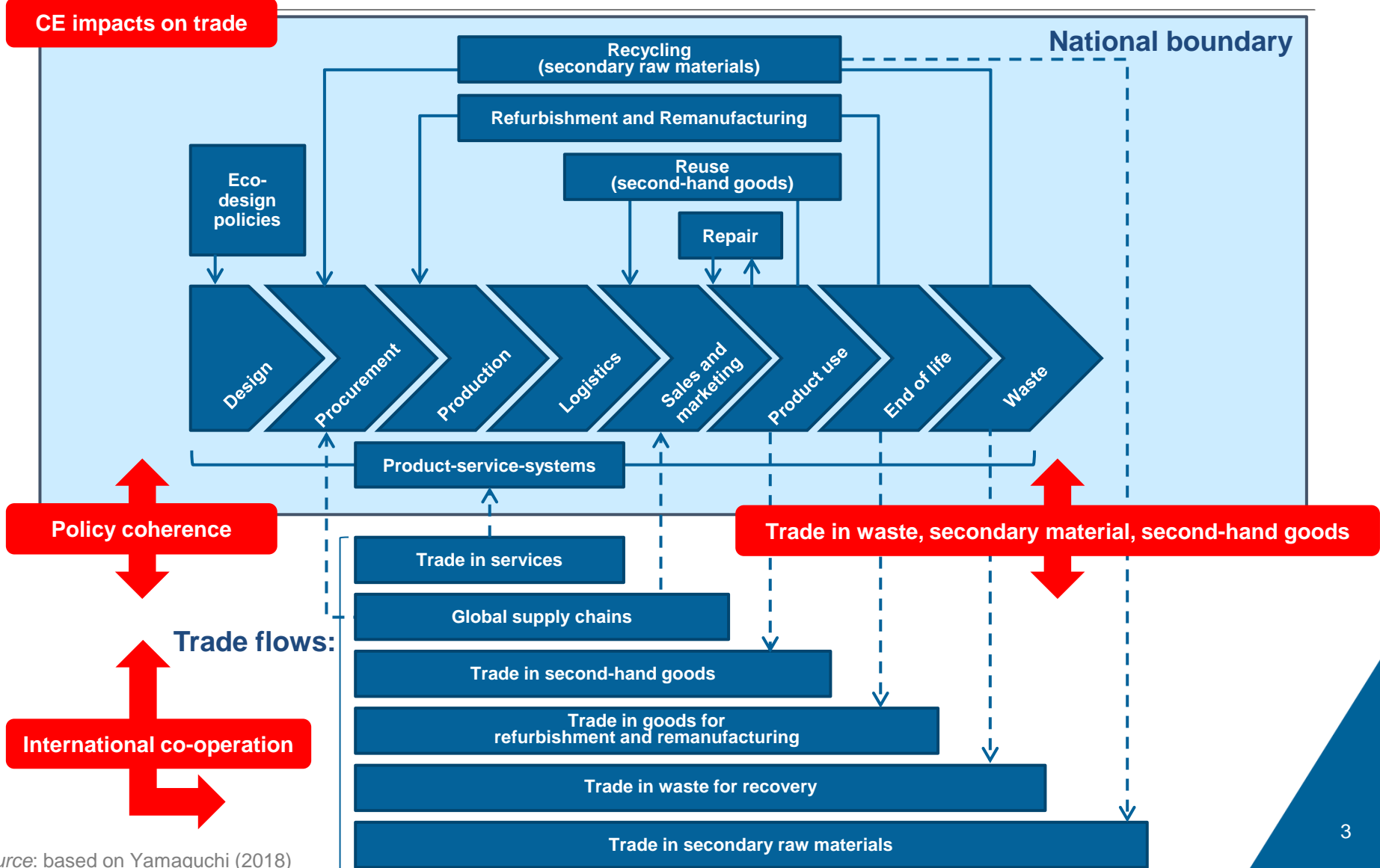
→ Need to adopt RE-CE policies



Impacts in 2015 relative to most polluting material

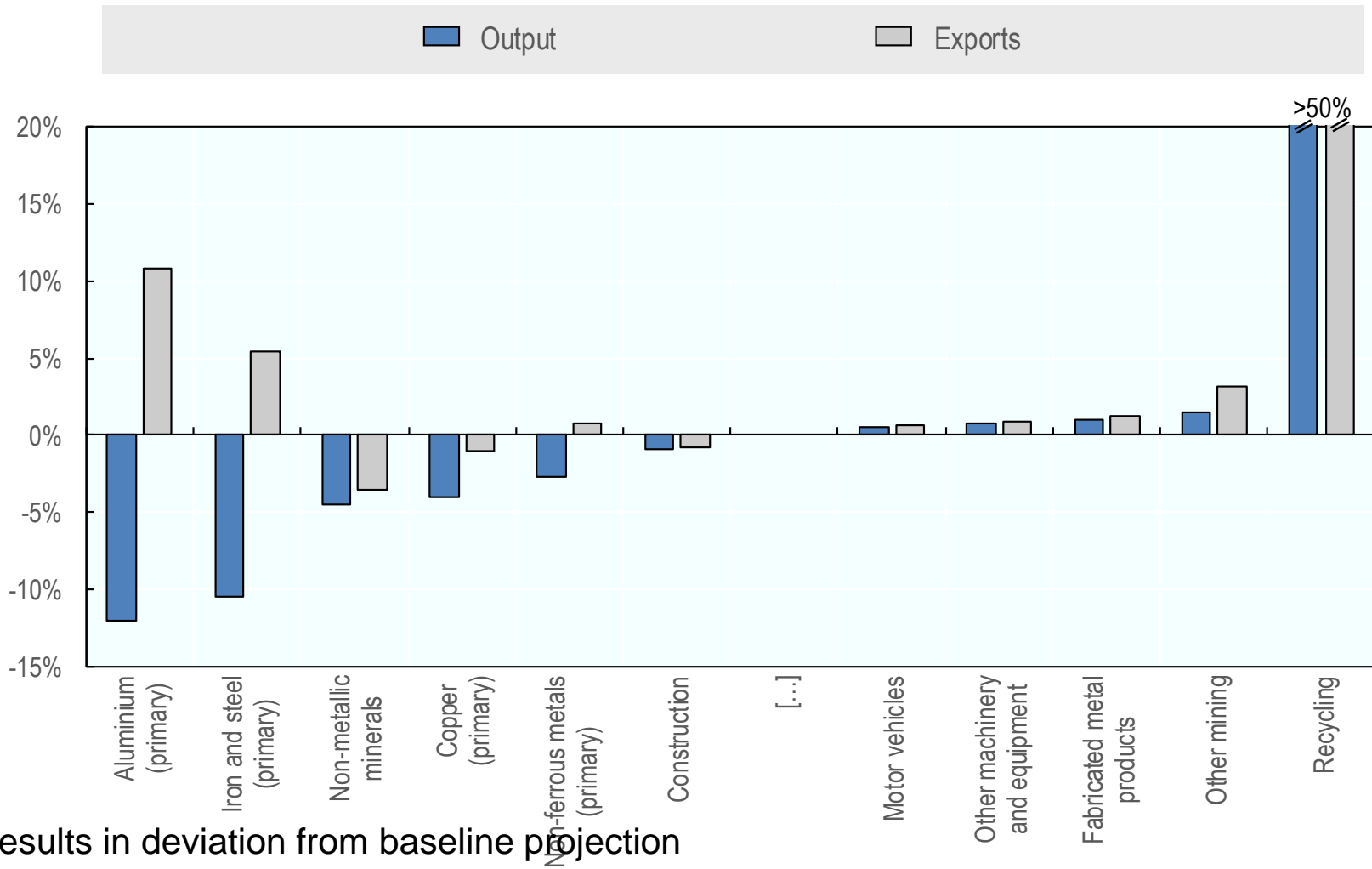


Interlinkages between trade and circular economy





A material tax reform affects global sectoral output and exports in 2040

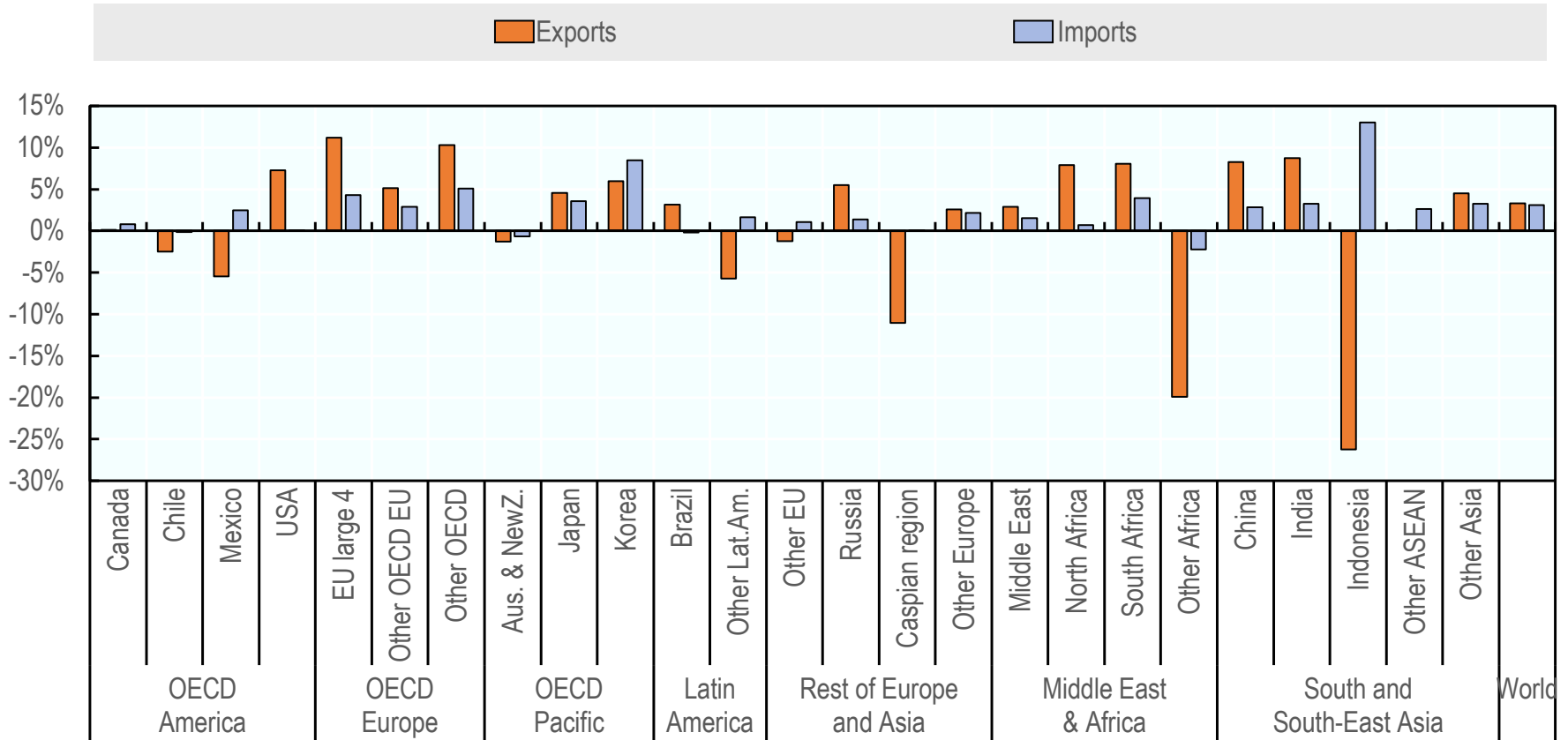


Results in deviation from baseline projection

Policy package: tax on raw materials, subsidy to recycled materials, labour tax reduction



Effects of material tax reform on trade in materials commodities in 2040

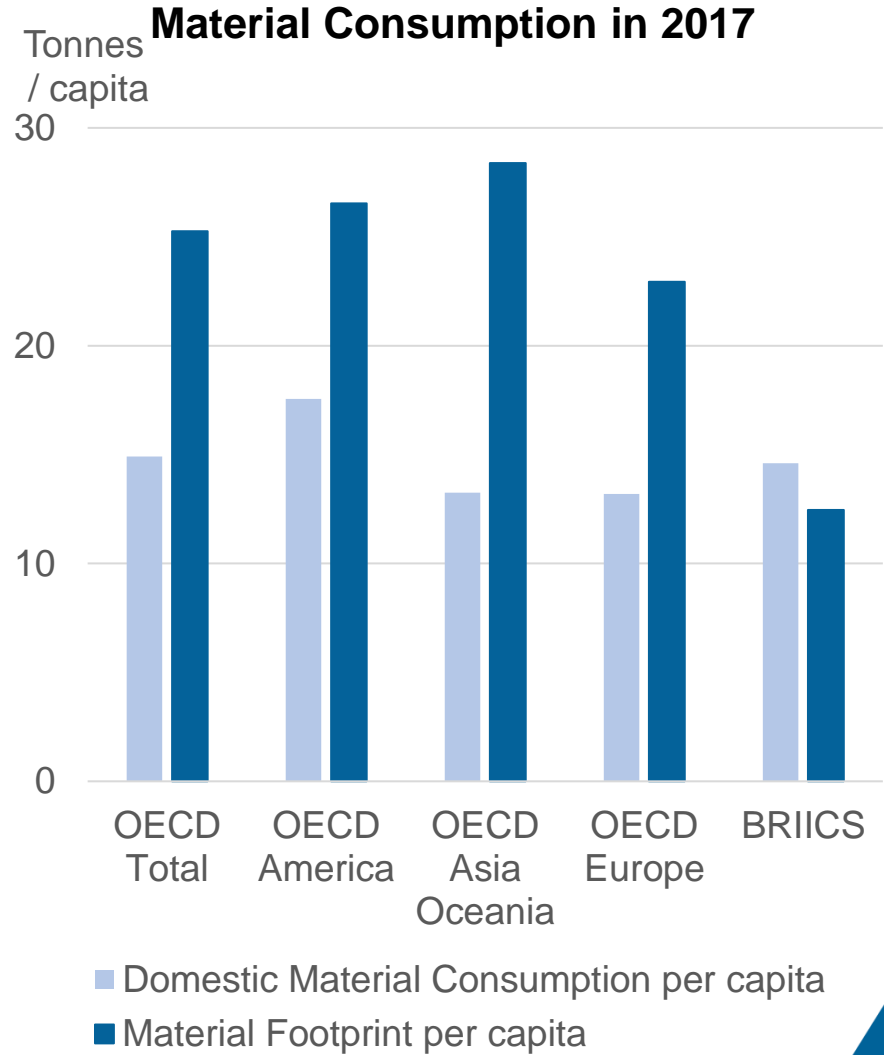
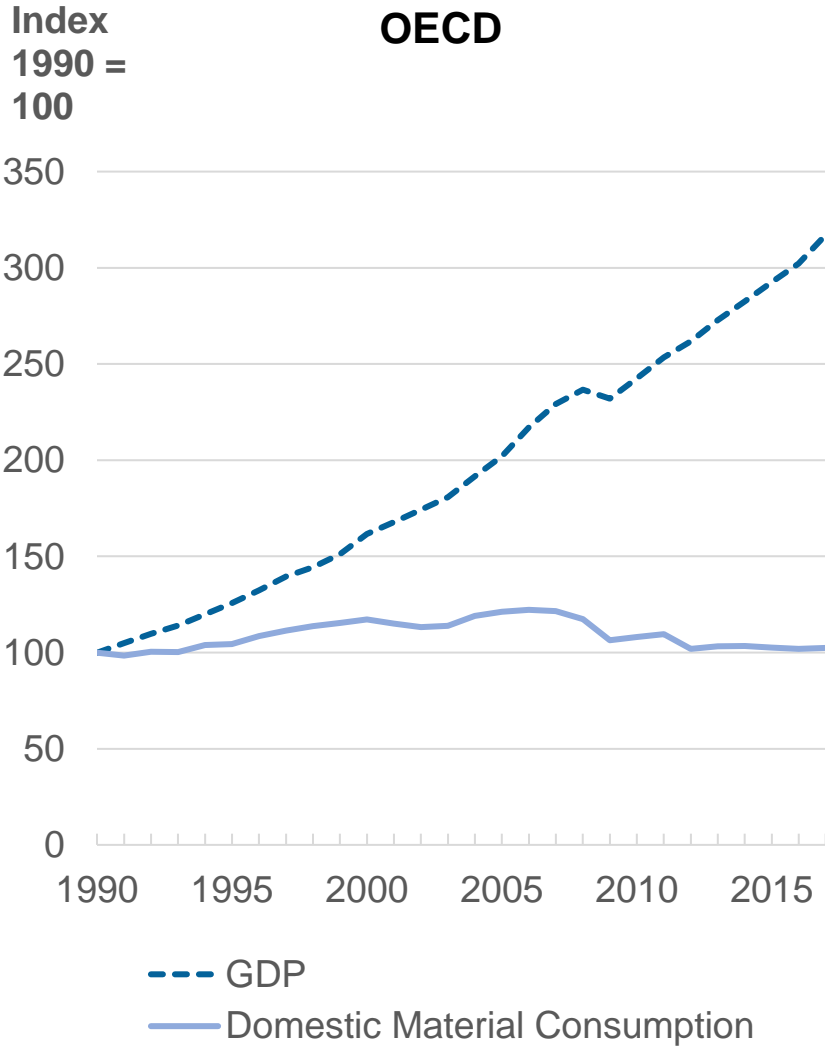


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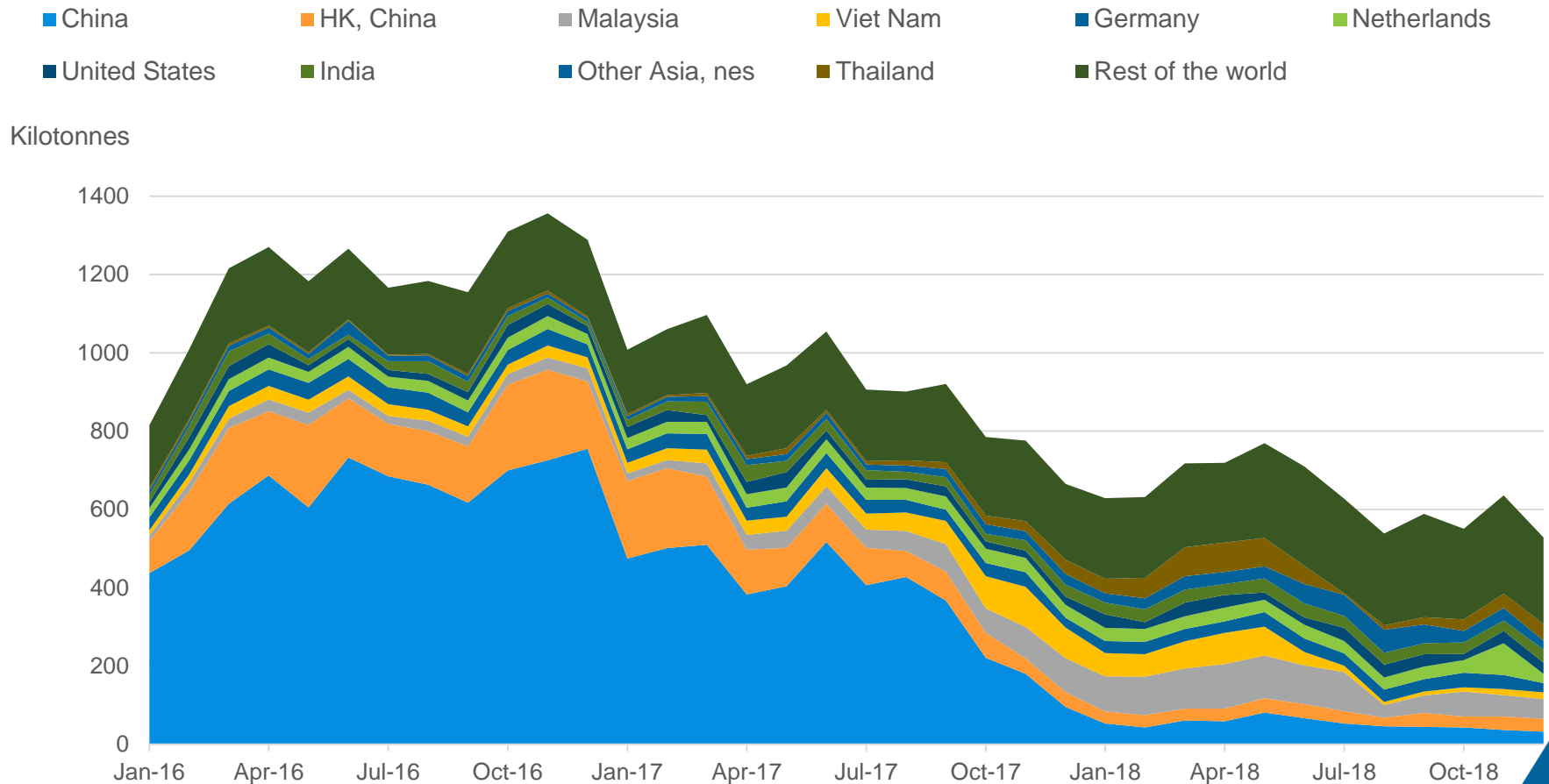
Supply chains – material footprint





Import restrictions are re-shaping the plastic waste system

Monthly global exports of plastics waste by destination: 2016 to 2018



Source: UN COMTRADE (2020), HS3915



Trade policies - multilateral trade regime

Multilateral trade rules

- **Non-discrimination** (National Treatment and Most Favored Nation Treatment)
- **General exceptions** (GATT article XX(b) & (g))
- **Technical Barriers to Trade** (TBT) Agreement
 - facilitate trade and harmonise technical regulations as widely as possible.
 - encourages members to adopt international standards for policy making.
- **Transparency, consultation, capacity building** (GATT, TBT Agreement)

On-going discussions at the multilateral level

- **Trade and Environmental Sustainability Structured Discussions (TESSD)**
 - Informal working group on circular economy



Trade policies - regional trade agreements

Specific provisions on circular economy so far found in 1 agreement + 5 drafts

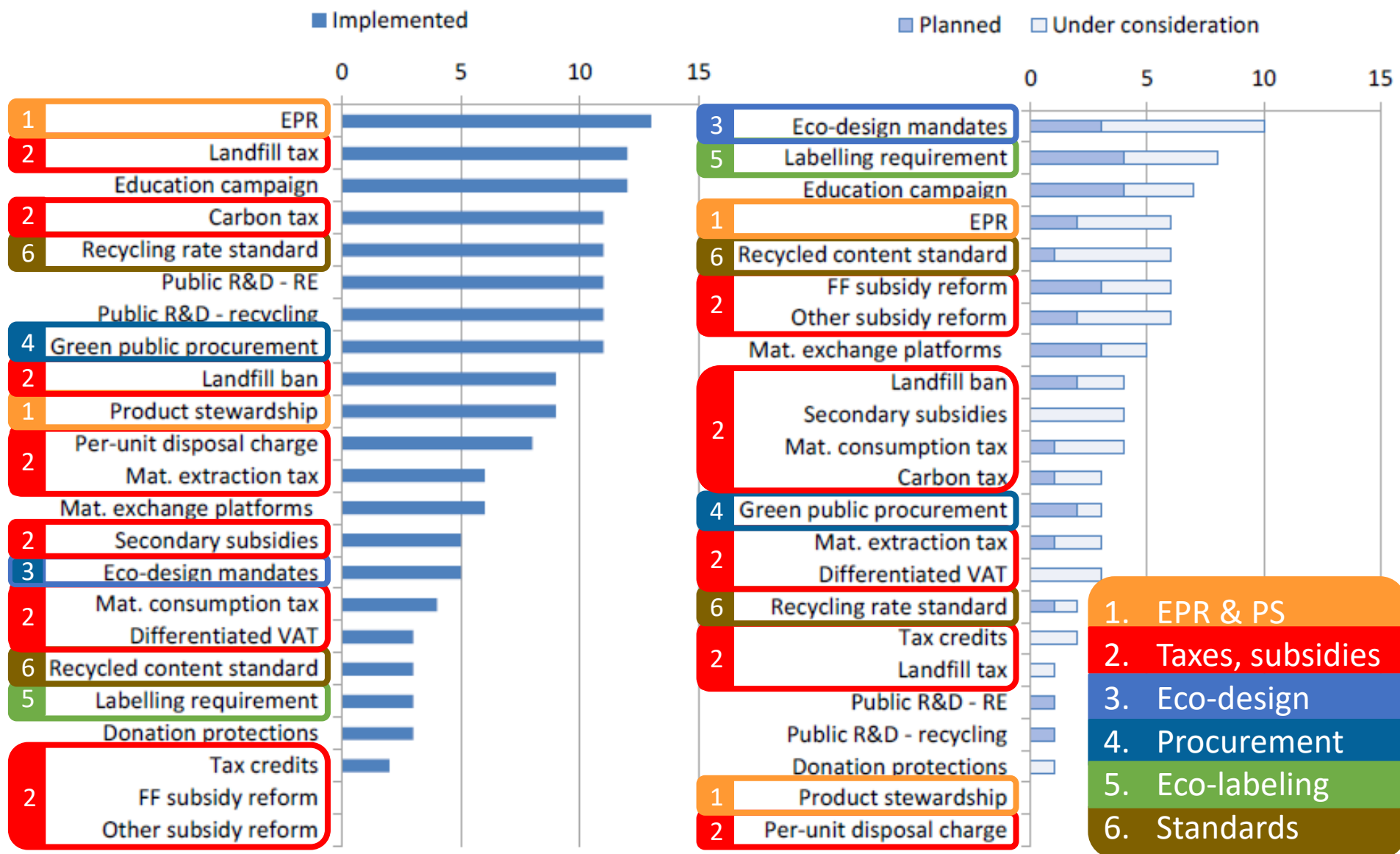
- **EU-United Kingdom** Trade and Co-operation Agreement (MEA, Article 400)
- (Draft) **EU-Mexico** Global Agreement, Modernisation (TSD Chapter, Article 13)
- (Draft) **EU-New Zealand** FTA (TSD Chapter, Article 5)
- (Draft) **EU-Australia** FTA (TSD Chapter, Article 5)
- (Draft) **EU-Mercosur** FTA (TSD Chapter, Article 13)
- (Draft) **EU-Chile** FTA, Modernisation (TSD Chapter, Article 12)

Circular economy related provisions found more broadly:

- natural resources and waste management
- references to the Basel Convention
- specific provisions on food waste (i.e. USMCA)
- clarifying status of remanufactured goods (e.g. EU-Japan, EU-Vietnam FTAs)
- limit use of import restrictions for remanufactured goods (e.g. CP-TPP, USMCA)
- recycling services commitments (e.g. EU-Korea, EU-Singapore, EU-Vietnam FTAs)
- bilateral dialogues on raw materials (i.e. CETA)

Policies for resource efficiency & circular economy

OECD survey 2017



- 1. EPR & PS
- 2. Taxes, subsidies
- 3. Eco-design
- 4. Procurement
- 5. Eco-labeling
- 6. Standards

Source: OECD (2020) "Improving resource efficiency and the circularity of economies for a greener world", <https://doi.org/10.1787/1b38a38f-en>.



Issues for consideration

Trade can contribute to a circular economy via economies of scale

- Trade impediments for circular business models need to be addressed
- Trade leading to negative environmental consequences needs to be avoided

Circular economy concept should extend to supply chains

- Environmentally sustainable just transition for the extractive sector is vital

Circular economy opportunities for end-of-life value chains are mixed

- Promising areas (e.g. secondary raw materials, refurbishing & remanufacturing)
- Challenging areas with potential trade-offs between environmental protection and economic efficiency (e.g. trade in waste and scrap, second-hand-goods)

Trade in services appear critical for circular business models

- Typically require the movement of people, information and data

Better transparency & traceability of value chains needed

- Definitions & classifications, standards, regulations, trade facilitation, innovation



Towards a mutually supportive agenda

Promoting trade in environmental goods and services

- Goods for recycling and waste management
- Secondary-raw materials, goods for refurbishment and remanufacturing

Definitions & classifications

- Clarify different definitions and classifications of waste, secondary materials, second-hand goods, goods for refurbishment and remanufacturing
- Co-operation towards establishing HS codes and alignment of industry codes

Standards

- Harmonisation and mutual acceptance of circular economy related standards and mutual recognition of conformity assessment procedures
- Co-operation towards common standards (e.g. quality of secondary raw materials)

Regulations

- Account for end-of-life value chains and tackle free-riding from online sales (EPR)
- Swift implementation of prior informed consent procedures, tackle illegal waste trade
- Removing trade restrictions where possible

Further areas for co-operation

- Sharing best practices, Aid for Trade, trade facilitation, digital technology, innovation

Thank you for joining
the discussion!



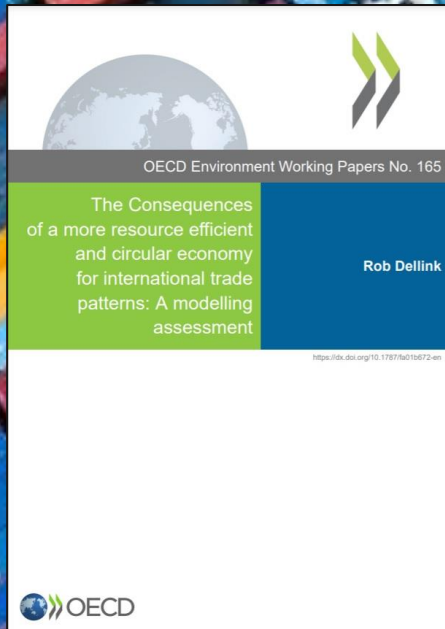
OECD Trade and Environment Working Papers 2021/02

International trade and circular Economy - Policy alignment

Shunta Yamaguchi

<https://dx.doi.org/10.1787/aa642175-en>

OECD



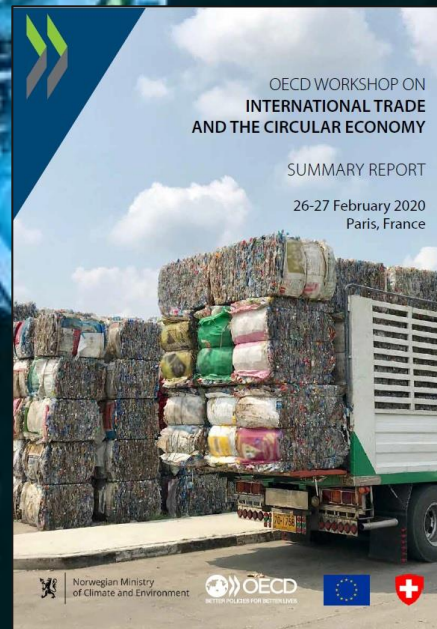
OECD Environment Working Papers No. 165

The Consequences of a more resource efficient and circular economy for international trade patterns: A modelling assessment

Rob Dellink

<https://dx.doi.org/10.1787/aa6119d7-en>


OECD



OECD WORKSHOP ON
INTERNATIONAL TRADE
AND THE CIRCULAR ECONOMY

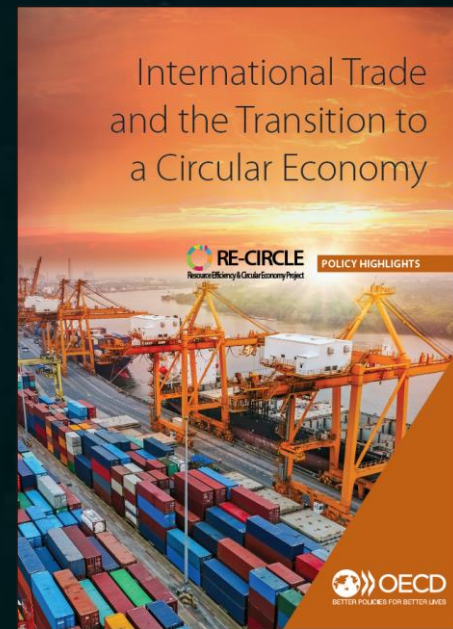


SUMMARY REPORT

26-27 February 2020
Paris, France



Norwegian Ministry of Climate and Environment


OECD
BETTER POLICIES FOR BETTER LIVES



International Trade and the Transition to a Circular Economy

RE-CIRCLE
Resource Efficiency & Circular Economy Project

POLICY HIGHLIGHTS



OECD
BETTER POLICIES FOR BETTER LIVES

Access reports: <http://oe.cd/trade-ce>

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