



WORLD TRADE
ORGANIZATION



SUMMARY REPORT - AID-FOR-TRADE WEBINAR

CIRCULAR ECONOMY, ECONOMIC DIVERSIFICATION AND AID FOR TRADE

*Chaired by H.E. Mujtaba Piracha,
Chairperson, Committee on Trade and Development and Ambassador of Pakistan to the WTO*

10 June 2021 - 10:00-12:30

1. In his opening remarks, His Excellency **Mujtaba Piracha**, Chairperson of the Committee on Trade and Development and Ambassador of Pakistan to the WTO, welcomed the webinar as a timely event given the launch of the structured discussions on trade and environment, and the ongoing considerations of these issues in the Committee on Trade and Environment. He recalled that the workshop was held within the framework of the 2020-2022 Aid for Trade Work Programme, entitled "Empowering Connected, Sustainable Trade".
2. The Chair furthermore felt that the webinar was pertinent as it would help in understanding the issues of sustainability and circularity and how these should be addressed in the context of the upcoming M&E exercise. The Chair then invited the WTO Secretariat's Aid for Trade Unit to provide a background ahead of the Panellist's intervention.
3. This background was presented by **Visvanathan Subramaniam**, Research Assistant within the Aid for Trade Unit with reference to a paper titled "Sustainable Trade, Circular Economy and Aid for Trade: An Issues Paper for the 2020-2022 Monitoring and Evaluation Exercise" (JOB/DEV/64). He explained the lack of agreed terminology for concepts such as sustainable trade and circular economy. He went on to provide comparisons between the linear economy and the circular economy. He outlined that moving to a circular economy would bring changes to global trade dynamics and existing value chains, but in unpredictable ways. He concluded his statement by noting that the Aid for Trade monitoring and evaluation exercise can help promote better understanding of how these concepts find expression in national policies, how Members view the trade implications, existing green programme and the adaptation needs of developing countries.
4. The first session was kickstarted by **Patrick Schroeder**, Senior Research Fellow, Energy and Environment Resources Programme, Chatham House. He elaborated upon what a just transition meant for the circular economy. Furthermore, he noted that the trade in secondary materials can lead to new tensions if not properly managed. A proactive approach to developing integrated and transparent supply chains is important. International cooperation is critical as it was necessary to leverage private sector investment throughout the transition process. An

international approach is also key to prevent unilateral actions, which could potentially disrupt existing trade of secondary materials.

5. Mr. Schroeder highlighted that the international community should facilitate the transfer of technologies necessary for processing of secondary materials. This had to be done while ensuring health and safety of workers. He also noted that the circular economy was closely aligned to the achievement of the Sustainable Development Goals, most specifically SDG 12 (Responsible Consumption) and also SDG 9 (Innovation and Infrastructure). He concluded his presentation by observing that research is still underway to prescribe best practices and approaches towards a global acceptance of circularity.
6. **Frank van Rompaey**, Representative to the UN and other International Organizations in Geneva for UNIDO, emphasized that inclusive and sustainable industrialization was a valid objective for Aid for Trade to achieve not just trade and economic diversification, but to also support a circular economy transition. He explained that industrialization allowed countries to progress towards socio-economic as well as environmental goals by improving resource efficiency. The Circular Economy model would be a catalyst in ongoing efforts to decouple natural resource use and environmental impacts from economic growth. It was also a driver of Inclusive and Sustainable Industrialization.
7. Towards this end, Mr. Van Rompaey noted that UNIDO worked towards 4 objectives: i) Promoting the circular Economy as a model towards achieving prosperity, ii) Building capacity and fostering the creation of green expertise; iii) Advising policy makers to innovate the regulatory environment, attract green investment and enable circular expansions; and iv) Assisting technology transfer to upgrade supply-chains.
8. **Jakob Tange**, Senior Policy Analyst, Trade and Agriculture Directorate at the OECD outlined the OECD's perspectives on Circular Economy. He highlighted that projections indicate that global material use is expected to double over the next 4 decades. Increasing resource demand will lead to environmental consequences that arise from extraction, consumption and end of life management of natural resources. In this context, the Circular Economy provides an avenue for more efficient management of such processes.
9. Mr. Tange pointed that while circular economy policies are mostly defined within national or domestic objectives, they do have an important linkage with trade. This is through global interconnectivity and international value chains. In this light, the OECD's emphasis was to support developing countries in their ability to adopt and implement national strategies, as well as to also support their participation in global value chains within the context of circularity and material reuse. This is done through a range of activities including technical assistance, capacity building, and transfer of best practices.
10. Her Excellency **Le Thi Tuyet Mai**, Ambassador, Permanent Representative of Viet Nam to the WTO provided insights into Viet Nam's approach to the circular economy. She touched on the

country's previous "Vườn-Ao-Chuồng" (Garden- to Pond - to Poultry Cage) concept from the 1980s as a successful example of waste from one industry becoming valuable resources to another. While there is no national framework for Circular Economy in place in Viet Nam currently, the provisions for the circular economy have been reflected in many national development strategies, policies and legal documents. She noted that their implementation have already shown positive results in helping to achieve the country's sustainable development objectives.

11. Despite these gains, Ambassador Le also considered the challenges being faced including: Working within an economy that is currently in transition; The need for closer collaboration and information sharing with the business community; The importance of technology transfer and capacity building within the workforce; and difficulties in changing mindsets and habits
12. Notwithstanding these challenges, Viet Nam, remains focused on its development efforts in the application of the Circular Economy model in priority sectors including agriculture, plastics, textile, paper, food & beverage processing for sustainable development. Ambassador Le concluded by emphasizing the need for international cooperation on circular economy. This is important for transfer of technology and technical know-how, promotion of value chain integration, open trade and efficient, quality-driven investment.
13. The 2nd session was commenced by Her Excellency **Marie Chantal Rwakazina**, Ambassador, Permanent Representative of Rwanda to the WTO. The Ambassador emphasized that Environmental Sustainability and Green Economic growth are central development priorities for Rwanda. This is reflected in the integration of environmental considerations in domestic poverty reduction and development strategies. It is further evidenced by Rwanda's Green Growth and climate resilience strategy 2011. This cross sectoral strategy served as the foundation for the development of a sustainable financing mechanism - Rwanda Green Fund. To date, the fund has mobilized USD 180 million expended over 44 projects.
14. The Ambassador also noted that Rwanda has allied itself with other African nations and international partners in creating a continental platform to facilitate a regional transformation towards a circular economy. The result of this is the African Circular Economy Alliance (ACEA), for which Rwanda serves as co-chair. The ACEA works to scale Circular Economic initiatives and to integrate these within existing Global value chains.
15. The Ambassador furthermore identified some of the key challenges faced by Rwanda. These include: The need to incorporate greater private sector involvement in the transition process; Addressing short term increases in cost ; Creating greater synergies across the domestic supply chain to allow for reuse of material and finally, a paradigm shift to mobilize private sector finance.
16. **Stefan Rau**, Senior Urban Development Specialist, Asian Development Bank explained the need for greater consideration of the circular economy to address increasing waste generation,

environmental and ocean pollution; resource scarcity and resource wastage. The current linear economic model results in the wastage of 80% of USD 3.2 trillion of global consumer goods each year. Mr. Rau noted that circular economy required a profound transformation of economic valuation to internalize external environmental and social costs. It also required transformation of how we think about needs, products, product design and resource inputs. The responsibility for change was not only that of producers but also that of consumers as well.

17. **Rachel Jones**, Vice President of Policy, Energy and Resources, National Association of Manufacturers of America (NAM) gave a private sector perspective. She affirmed US manufacturers' commitment to the implementation of technologically and economically viable strategies protecting human health, ecosystems and long-term economic growth. She also emphasized the need for close regulatory cooperation across countries, robust domestic regulations and policies that promote the circular economy while meeting WTO obligations.
 18. Ms. Jones stressed that the choice between environmental protection and a strong economy is not an either/or proposition. Both were possible. To this end, the multilateral trading system played an important role. Therefore key elements of a WTO revitalization and modernization agenda must: Deliver broad trade liberalization, including through plurilateral and sectoral agreements; modernize and enforce the WTO rulebook, including by adopting new rules in areas that are critical for a fair and fully functioning global trading system; and improve WTO enforcement tools, including most notably the Appellate Body system. She highlighted that WTO Members could advance climate mitigation through an Environmental Goods Agreement.
 19. **Carlos Sebastian Guevara**, First Secretary, Permanent Mission of Ecuador to the WTO provided an overview of Ecuador's efforts towards creating a circular economy. In 2019, Ecuador began work to define a National Circular Economy Strategy with the objective of generating public policies that guarantee quality and environmental, economic and social sustainability. A multi-stakeholder approach involving public and private sector stakeholders along with Civil society and academia resulted in the creation of a white paper. This document encompasses intended impacts as captured under four main headings namely: Sustainable production; Responsible consumption; Waste management; and Policies and Financing mechanisms
 20. Mr. Guevara highlighting some of the impact of Ecuador's work through a case study involving the generation of employment for indigenous women under the AMWAE project - Association of Waorani women of the Ecuadorian Amazon. Here, a vulnerable population had been able to create sustainable livelihoods through a combination of agricultural and craft related activity featuring the use and reuse of natural resources in a sustainable manner.
 21. In his closing remarks, **Ambassador Piracha** thanked the panelists for an informative session which had also resulted in numerous talking points as evidenced by the interaction and questions with the online audience.
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