

TESS Forum on Trade,
Environment,
& the SDGs

Trade, circular economy and sustainable development:

Guidance on approaches and good practices for the design of trade- related circular economy policies and measures

TESSD INFORMAL WORKING GROUP MEETINGS

Working Group on Circular Economy – Circularity

21 November 2023



The policy context

- Transitioning from a linear ‘take-make-waste’ economic model to a more circular ‘reduce-reuse-recycle’ approach is increasingly seen as a critical response to the triple crises of climate change, biodiversity loss and pollution.
- Rapid development of trade–related circular economy measures (TRCEMs) at all stages of life cycle to reduce and manage trade that undermines circular economy approaches, and to promote trade that supports circular economy goals.
- Design and implementation of TRCEMs largely takes place at the national level with important differences across jurisdictions (e.g. in definitions, product classifications, standards and regulations).
- If not managed properly, these differences may affect the scaling up of CE solutions and investments in marginalized vulnerable economies that are unable to comply with requirements.
- Rather than a patchwork of uncoordinated national approaches, there is an urgent need for collective and coordinated approaches, and to ensure CE measures reflect SD priorities, are effective at achieving environmental goals & responding to human health concerns.

Purpose of the Expert Group on Trade, Circular Economy and Sustainable Development

- **Who:** a mixed and geographically diverse group of leading thinkers on trade, circular economy and sustainable development from IGOs, think tank or civil society.
- **What:** provide guidance on good practices and approaches on the trade dimension of circular economy policies for sustainable development.
 - Identify a set of good practices in different sectors and at different points along the value chain.
 - Provide examples and precedents of how these practices can be developed and implemented.
- **Scope:** border measures, regulatory measures or economic incentives that aim to promote a more circular economy.
- **Objective:**
 - Contribution to TESSD discussions - *“Identify and compile best practices, to ensure that trade and trade policies are supportive of and contribute to: (i) achieving a more resource-efficient circular economy”*.
 - Dialogue and shared understandings around such good practices and approaches could in turn serve as inspiration for WTO members to consider the development of soft law guidance.

Expert Group on Trade, Circular Economy and Sustainable Development

List of participants (in their personal capacity)

- ❖ Latifahaida ABDUL LATIF, Association of Southeast Asian Nations (ASEAN) (invited, TBC)
- ❖ Adina Renee Adler, Silverado Policy Accelerator
- ❖ Hélionor DE ANZIZU, Centre for International Environmental Law (CIEL)
- ❖ Apporva Arya, Circular Innovation Lab
- ❖ Jack Barrie, Chatham House
- ❖ Arpit Bhutani, Circular Innovation Lab
- ❖ Florence Binta Diao-Gueye, International Chamber of Commerce (ICC)
- ❖ Jocelyn Blériot, Ellen MacArthur Foundation (EMF)
- ❖ Kimberly Botwright, World Economic Forum (WEF)
- ❖ Vito Buonsante, International Pollutants Elimination Network (IPEN)
- ❖ Catherine Chevauché, ISO/TC 323 Circular Economy Technical Committee
- ❖ Dominic COPPENS, Maastricht University
- ❖ Tim Forslund, SITRA
- ❖ Bonmwa Fwangkwai, African Circular Economy Alliance (ACEA) Secretariat
- ❖ Dr. Badri Narayanan Gopalakrishnan, Niti Aayog,
- ❖ Gael Grooby, World Customs Organization (WCO)
- ❖ Moustapha Kamal Gueye, International Labour Organization (ILO)
- ❖ Margaret Kamau, African Circular Economy Alliance (ACEA) Secretariat
- ❖ Rainer LANZ, World Trade Organization (WTO)
- ❖ Aik Hoe LIM, World Trade Organization (WTO)
- ❖ Elisa Luotonen, African Development Bank Group
- ❖ Soumyajit Kar, World Economic Forum (WEF)
- ❖ Michikazu Kojima, Economic Research Institute for ASEAN and East Asia
- ❖ Davinah Milenge Uwella, African Circular Economy Alliance (ACEA) Secretariat
- ❖ Johan Mulder, Economic Commission for Latin America & the Caribbean (ECLAC)
- ❖ Henrique Pacini, UNCTAD
- ❖ Rolph PAYET, Basel, Rotterdam and Stockholm Conventions
- ❖ Patrick Schroeder, Chatham House
- ❖ Branson SKINNER, Or Foundation (invited, TBC)
- ❖ Elisa Tonda, UN Environment Programme (UNEP)
- ❖ Elizabeth TUERK, United Nations, Economic Commission for Europe (UNECE) (invited, TBC)
- ❖ Colette van der Ven, Tulip Consulting
- ❖ Shunta Yamaguchi, Organization for Economic Cooperation and Development (OECD)

Possible considerations and good practices to guide TRCEM (1)

1. Develop consistency and alignment in terminology, definitions and classification (e.g. based on international definitions/terminology)
2. Follow good regulatory practices in the design and monitoring of TRCEM, such as:
 - Specify product requirements in terms of circularity performance rather than descriptive characteristics
 - Based on science, using international standards, origin neutral, no unnecessary barriers to trade or *de facto* discrimination, etc.
 - Transparency and consultation prior to, during and after the regulatory development
 - Ex ante and ex post assessments based on performance indicators
3. Pursue options for harmonization, equivalences and mutual recognition to reduce regulatory heterogeneity
4. Cooperate on the design and implementation of restrictions/elimination of trade flows of materials, products and wastes that are illegal, or harmful to the environment or public health

Possible considerations and good practices to guide TRCEM (2)

5. Promote EPR fees that reflect products' end of life management costs throughout global reverse supply chains and align with the reality of how product flows around the world across the life cycle
6. Traceability, clarity and transparency of circular economy criteria and requirements (e.g. guiding criteria, implementation tools)
7. Coherence with domestic policies and promote responsible practices
 - ❑ Export bans on products (E.g. pesticides or plastics containing harmful additives) that are also banned from domestic consumption or import
 - ❑ Exported secondary raw materials, remanufactured goods or secondhand goods, to comply with quality standards comparable to those required domestically
 - ❑ Exports of waste and scrap only to destinations which have the capacity to manage them in an environmentally sound manner and in accordance with the principle of proximity and sufficiency
8. Facilitate and promote trade in goods, services and technologies that support circular economy goals (e.g. plastic substitutes)

Possible considerations and good practices to guide TRCEM (3)

9. Promote safe and environmentally sound reverse supply chains in end-of-life products that support a circular economy transition (e.g. Standards for end-of-life products, trusted trader schemes for trade needing certification)
10. Respond to specific challenges faced by developing countries
 - ❑ Allowing more time for developing-country-based exporters to adjust to the new TRCEMs
 - ❑ Recognize equivalences of regulations, standards or conformity assessment procedures, when they reasonably fulfill the objectives of domestic regulations
 - ❑ Technical and financial assistance to trading partners who face challenges to meet proposed regulatory requirements
 - ❑ Incentives for technology transfer public-private partnerships, or flexible, nonexclusive, and affordable licensing arrangements

Next steps

- Publication and launch of report by end of 2023.
- Follow up briefings & roundtables on the report.
- Follow up discussion of in informal settings at WTO, with aim of supporting discussions in the TESSD Working Group on Circular Economy – Circularity and in other relevant WTO Committees.