



# TRADE AND CIRCULAR ECONOMY

**Shardul Agrawala**, Head of Environment and  
Economy Integration Division  
Environment Directorate, OECD

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# Outline

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- OECD Work on International Trade and Circular Economy
- Possible role of Customs



# TRADE AND CIRCULAR ECONOMY LINKAGES



# OECD work on circular economy

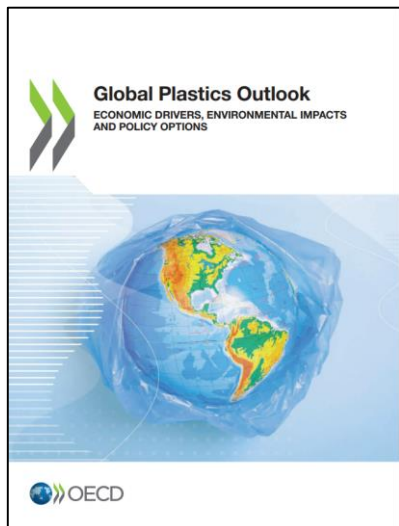
## Macroeconomic Modelling



Impact of Circular Economy on:

- Macroeconomic Consequences
- Labour Market
- Trade flows

## Plastics



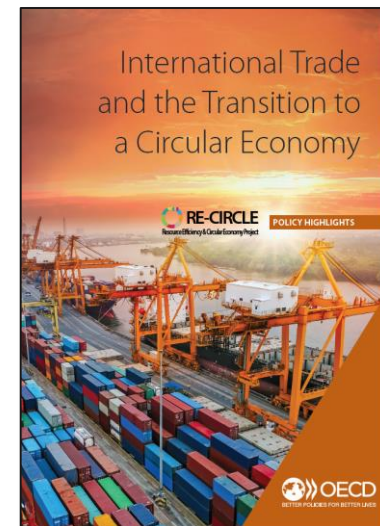
- Criteria for Sustainable Plastics Design
- Plastic Waste Prevention
- Micro-plastics
- Global Plastics Outlook (forthcoming)

## Other related work



- Business models for the circular economy
- Government support
- Digitalization and the Circular Economy
- Labelling and Digital Systems

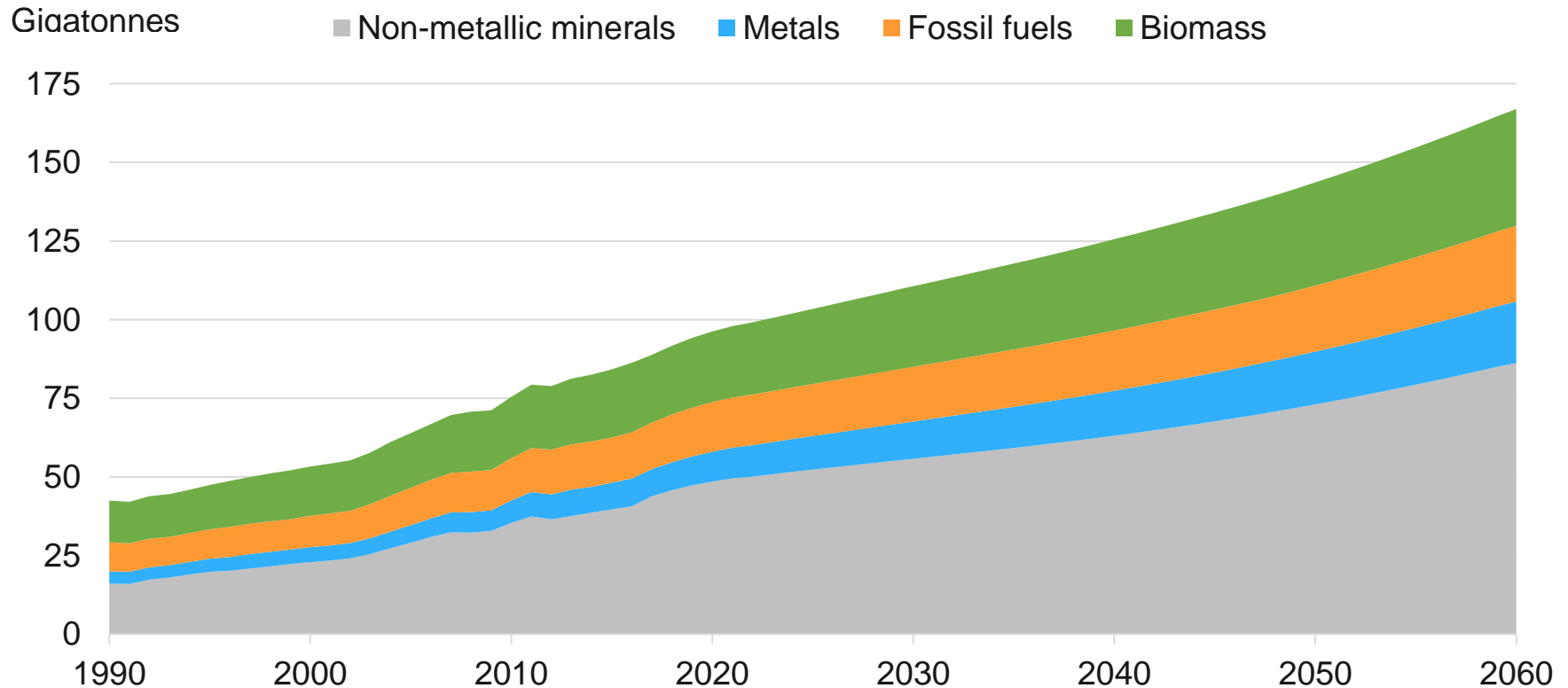
## Trade



- Modelling impacts of a circular economy transition on trade
- Policy alignment between trade and circular economy



## Materials use will increase in the coming decades

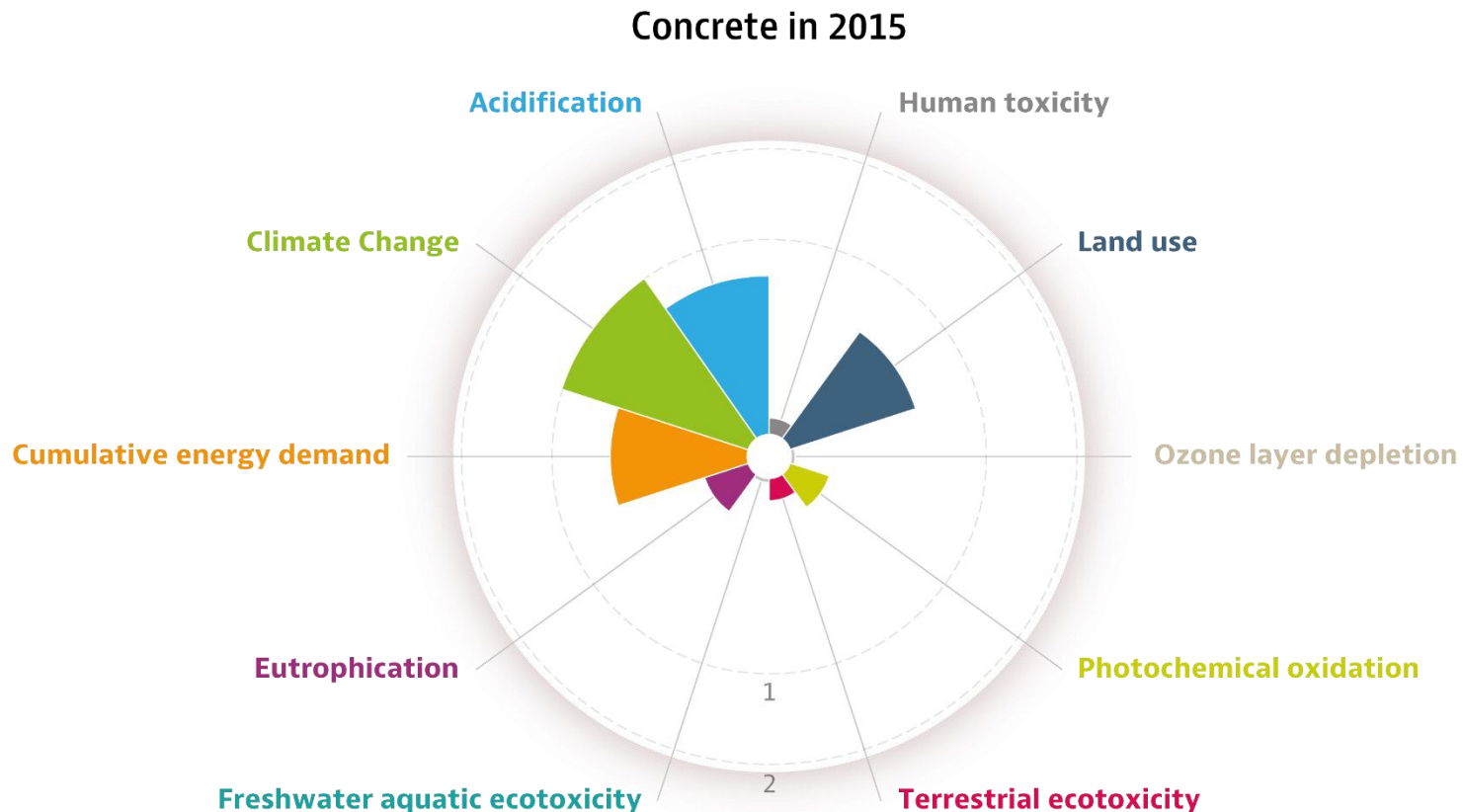






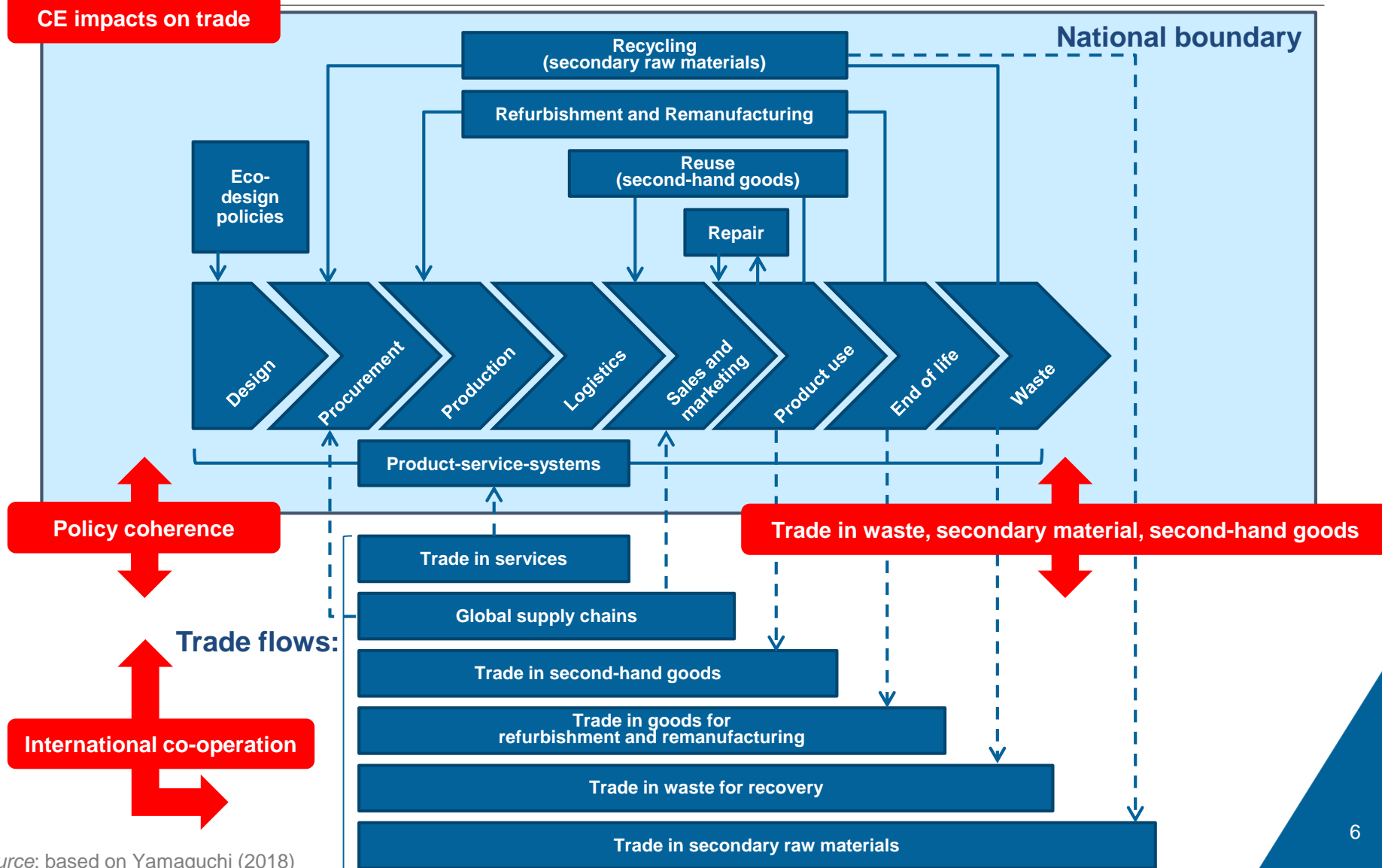
# Environmental impacts associated to material use

## → Need to adopt RE-CE policies



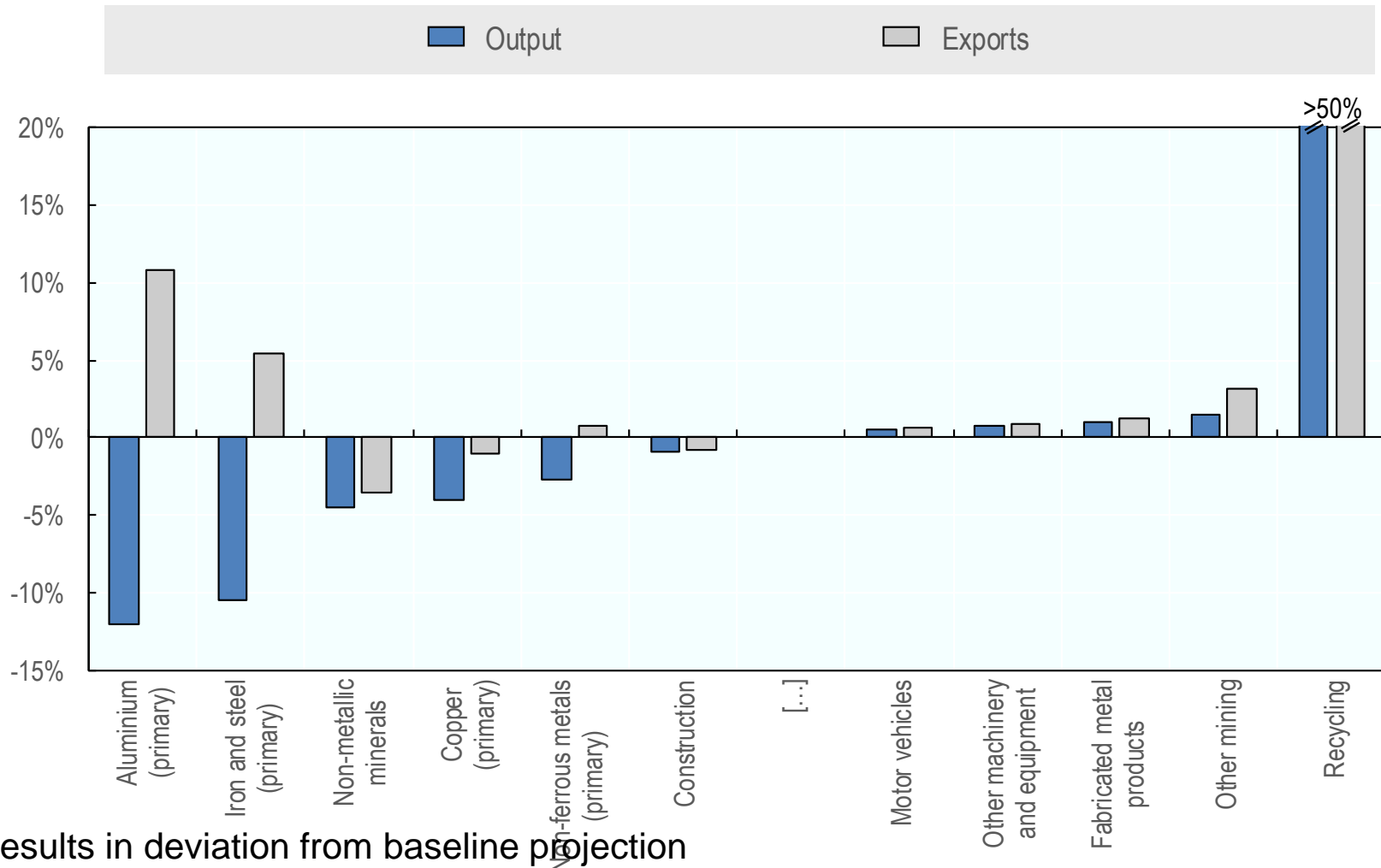


# Interlinkages between trade and circular economy





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



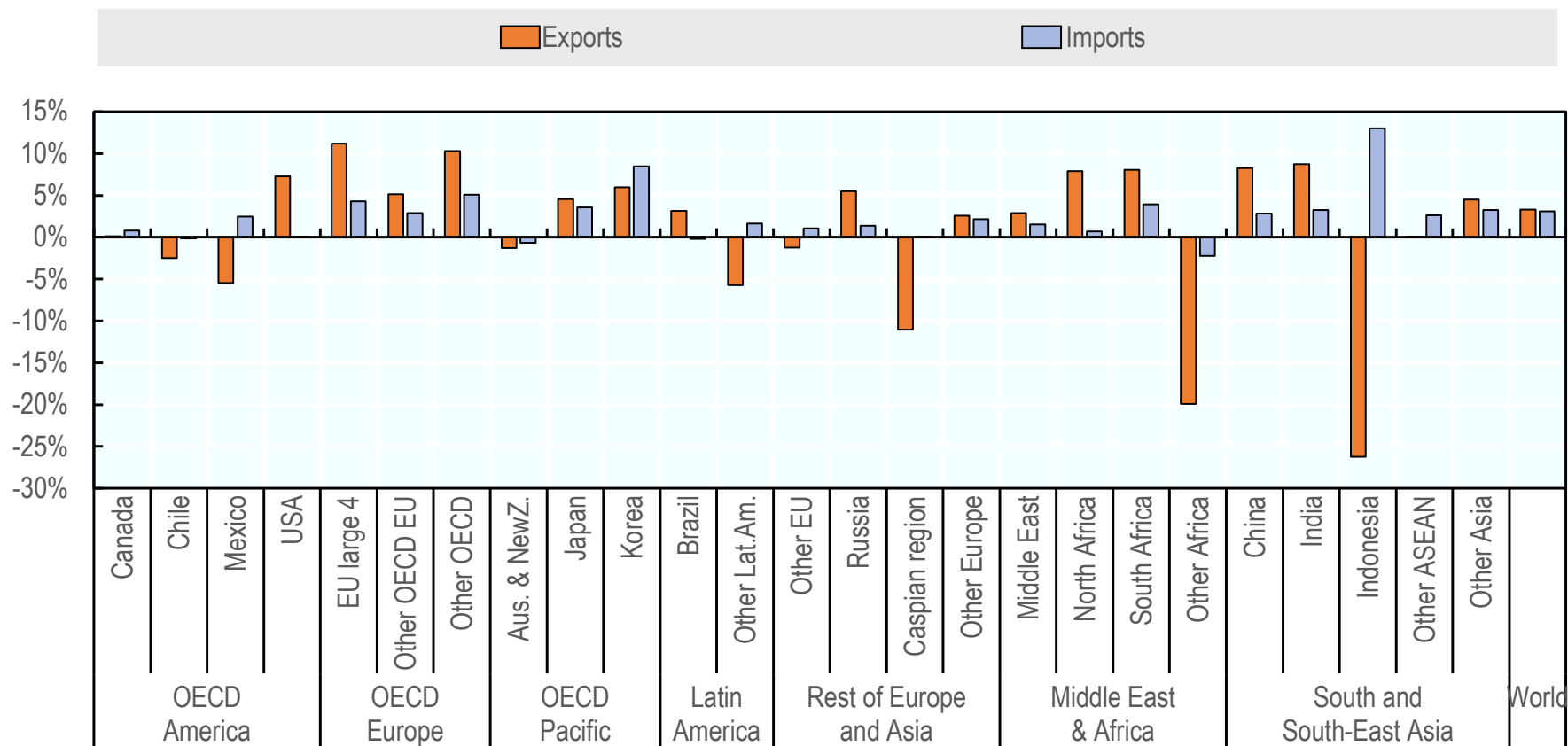
Results in deviation from baseline projection

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

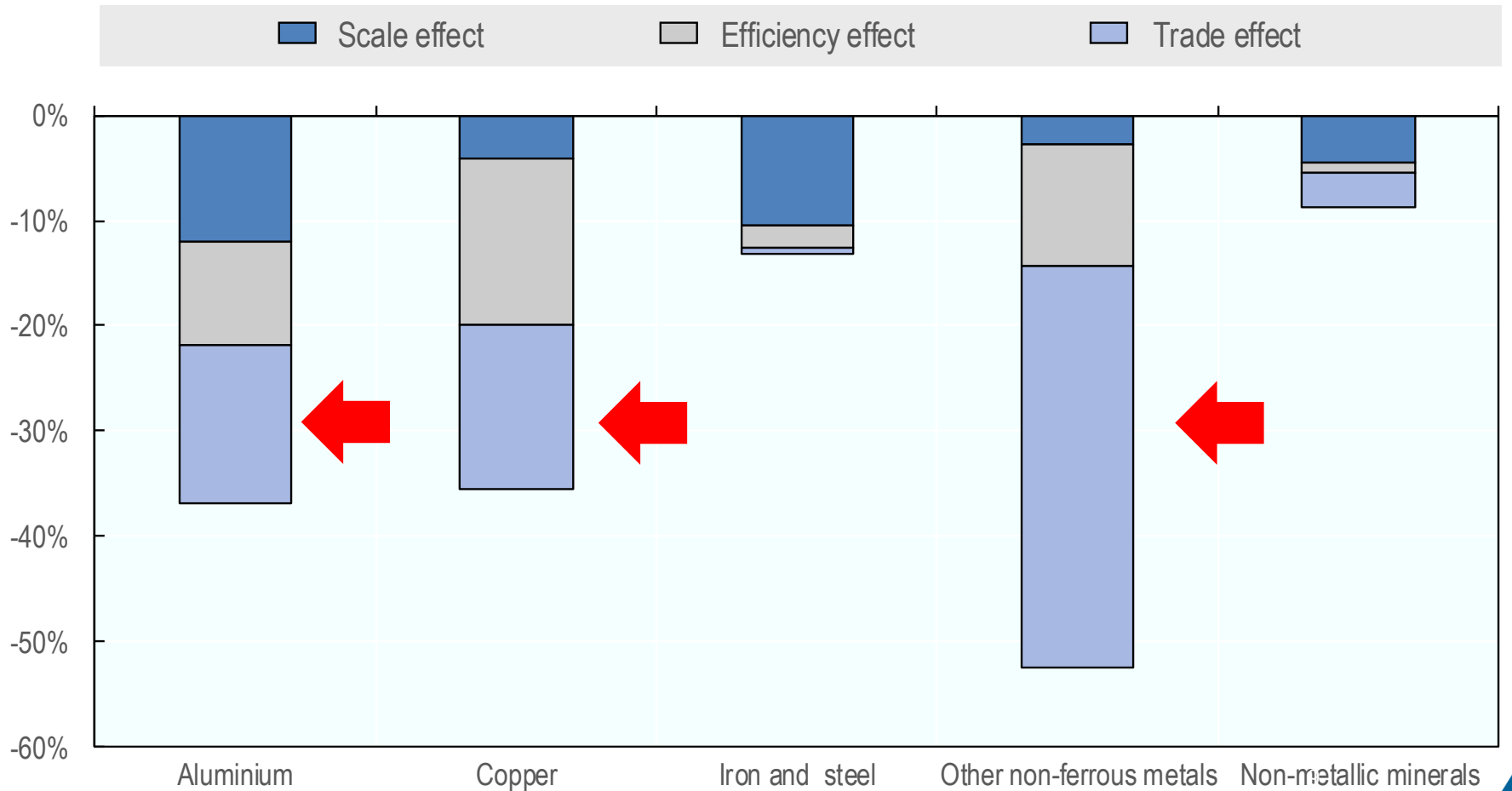


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# International trade can contribute to reduced material use in 2040

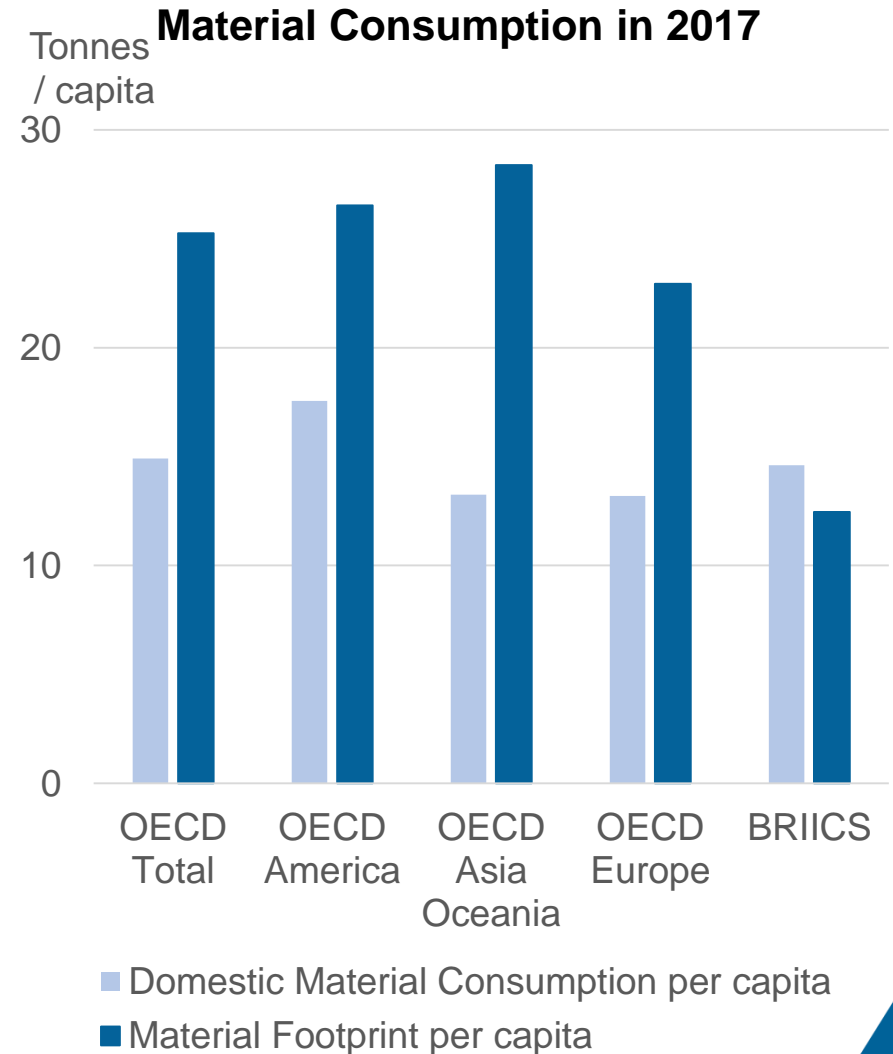
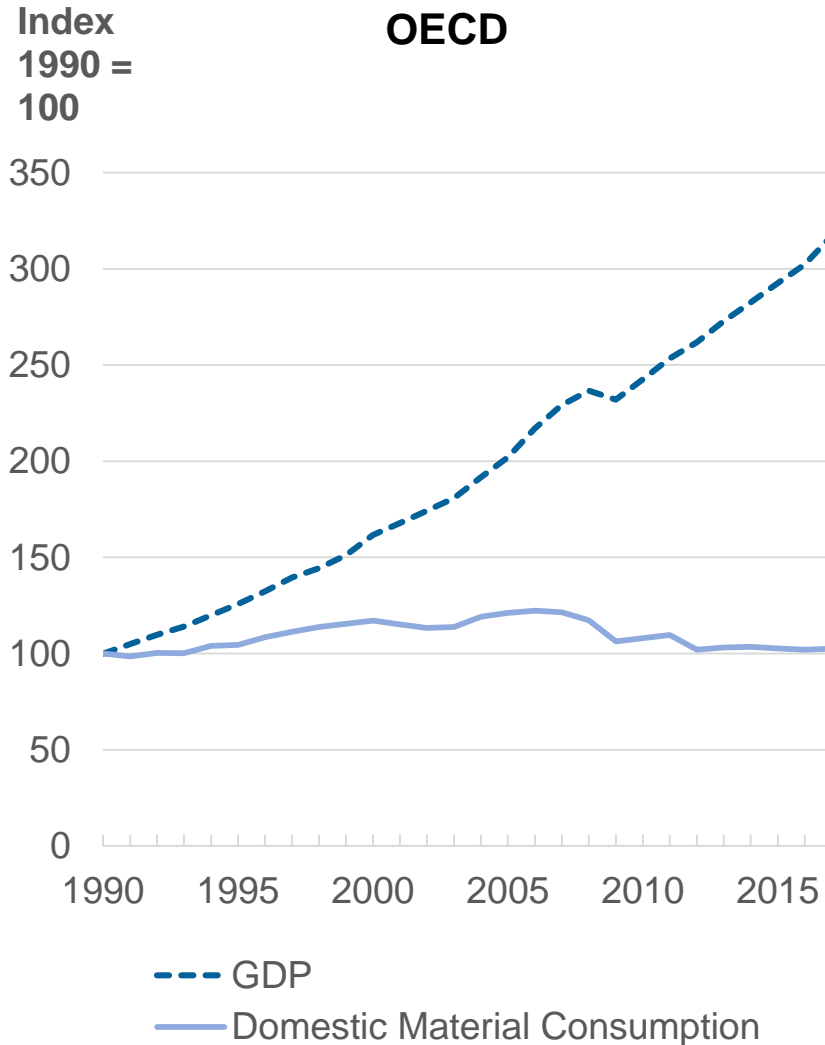


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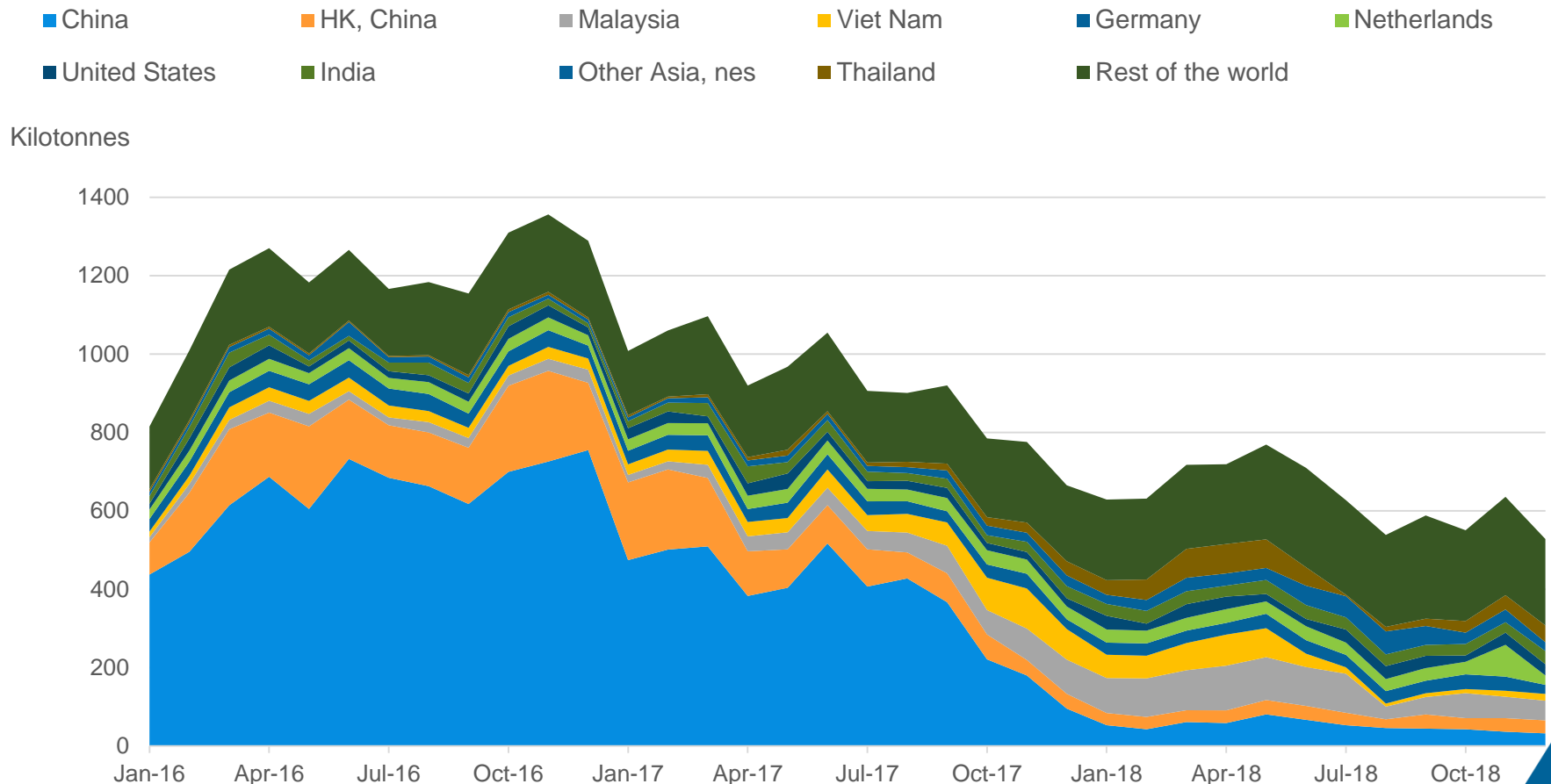
# Supply chains – material footprint





# 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



# 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



## 2. TRADE AND CIRCULAR ECONOMY - POSSIBLE ROLE OF CUSTOMS





# Possible role of customs?

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## **Increase transparency and traceability for circular trade**

- Better distinction of trade flows (e.g. waste and non-waste, hazardous waste and non-hazardous waste, illegal waste trade)
- Reflecting into revision process of HS codes

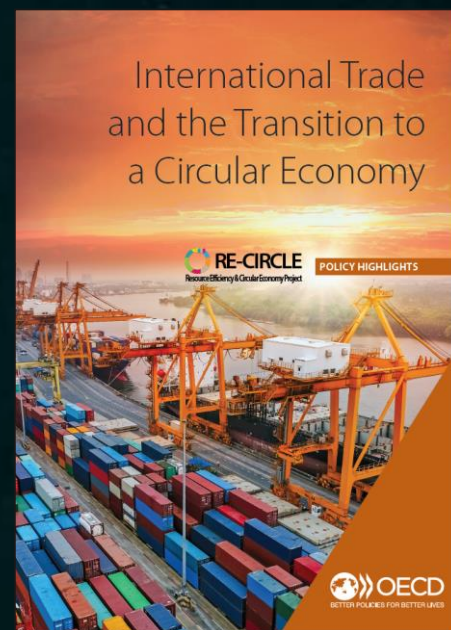
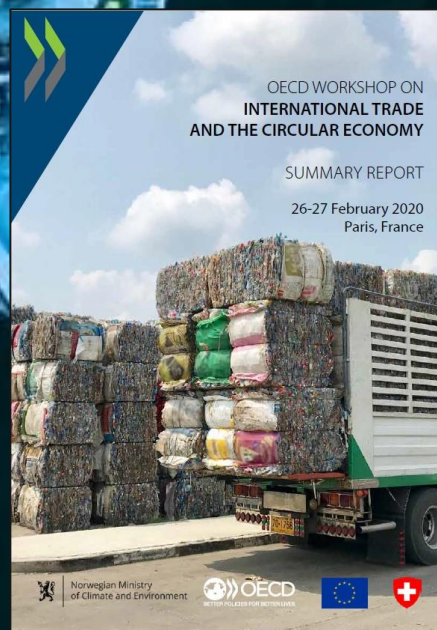
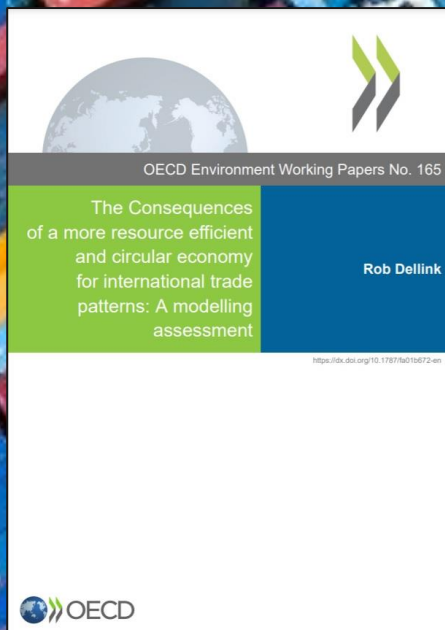
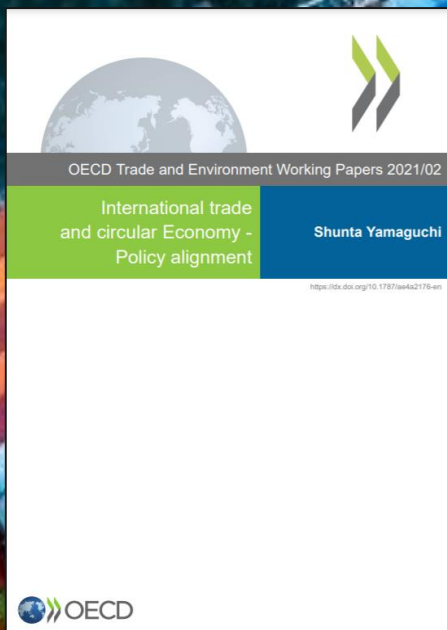
## **Better identification and facilitation of legitimate vs illegal trade**

- Enhanced enforcement against illegal waste trade, in support a circular economy transition
- Swift implementation of Prior Informed Consent (PIC) procedures
- Exploring the role of trade facilitation (e.g. legitimate traders, data and information exchange, regulatory co-operation)

## **Scaling up international co-operation**

- Between environment, trade and custom authorities (e.g. WTO, WCO, Basel Convention)
- Reinforcing capacity of custom administrations for a circular economy

Thank you for joining  
the discussion!



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

For more information, contact:

[Rob.Dellink@OECD.org](mailto:Rob.Dellink@OECD.org)

[Shunta.Yamaguchi@OECD.org](mailto:Shunta.Yamaguchi@OECD.org)