

**XXII MEETING OF THE FORUM OF MINISTERS
OF ENVIRONMENT OF LATIN AMERICA AND THE CARIBBEAN
MINISTERIAL PANEL: CIRCULARITY, SUSTAINABLE ECONOMY AND
POLLUTION PREVENTION**

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[INTRODUCTION]

Ministers, Ambassadors, Senior Officials, ladies and gentlemen,

I am pleased to be with you today to discuss why trade matters for a healthy environment.

Covid-19 serves as a stark reminder that the environment and the economy are not mutually exclusive. To the contrary, they are inextricably linked. In fact, the environment, trade and the economy are joined like never before.

Science tells us that biodiversity loss and climate change will make zoonotic outbreaks like Covid-19 more common. This has enormous implications for the future of trade and the global economy. Meanwhile, the disruption and suffering caused by the pandemic foreshadow the costly damages that the triple crises of climate, biodiversity and pollution may inflict on all of our countries.

Our session today is therefore extremely timely. It puts a focus on our joint responsibility as members of the trade and environment communities:

- To work in concert, not in silos;
- To craft trade and environment policies that reinforce each other, not policies that work at cross purposes;
- And to be active players, not just spectators, in global efforts to seize opportunities that are good for trade and good for the planet.

[THE WTO PROVIDES A STRONG FOUNDATION TO BRING TRADE AND ENVIRONMENT CLOSER TOGETHER]

The WTO has sought to react to these urgent needs.

For example, the WTO has a forum dedicated to promoting dialogue and improving mutual understanding on trade and environment, in the shape of the Committee on Trade and Environment.

Over the past year, I have been privileged to serve as the Chair of this Committee and to witness its benefits first-hand. This forum has allowed trade officials to maintain an open channel of communication with the environmental policy community — including with many of the multilateral environmental agreements. I would like to take this opportunity to acknowledge the many valuable contributions the Committee has received from countries from Latin America and the Caribbean.

Recently, we have heard useful experiences from Barbados, Colombia, Peru, Paraguay and Chile, among others, on a wide range of trade-related policies and practices in agriculture, forestry, waste management and the so-called "blue economy".

[OPPORTUNITIES TO BUILD ON THIS PROGRESS]

Mr. Chair, as I always state in other for a, we should never waste a good crisis. The advent of climate change and the attendant issues, and the ongoing pandemic, has therefore presented the global community with the unique opportunity to transform the trade and environment agenda, through the manifestation of the circular economy.

We have a good foundation to deal with trade and environment at the global level and there is no doubt that the links between trade and the environment are going to increase in the years ahead.

We therefore need to build on these foundations and adapt to changing realities on the ground. The circular economy offers many opportunities to do so.

Let me mention three concrete opportunities.

The first opportunity is to use trade policies to allow circular business models to expand and flourish. This means identifying areas where trade policies may be inadvertently working against the very activities needed to turn linear global supply chains into circular one.

For example, the WTO Environmental Database shows that some 370 trade measures affect key circular activities such as reuse and repair, remanufacturing, recycling and eco-design. The measures range from technical regulations and standards to import bans and subsidy schemes. One in ten measures are applied in Latin America and the Caribbean.

It may be necessary to reconsider or reform some of these measures to bring them into closer alignment with the goals of a circular economy. The WTO's tools on transparency and its day-to-day work, for example on standards, can support these efforts. They strongly encourage regulators to follow best practices and to cooperate across borders.

In this way, they support the emergence of larger, more efficient and safer global markets for circular innovation, design and production, and for the recovery and recirculation of end-of-life products and components.

It must be noted that in order for there to be a truly global participation in the circular economy, the finance gap that exists, particularly for developing countries in making both the transition to and effective entry into, has to be closed. This is as a result of the fact that many of the economies that stand to benefit the most, already face many financial inequalities, including high levels of indebtedness, which often times preclude them from

diverting limited resources in this direction. Additionally, the businesses themselves are more often than not, unable to change their business models to more sustainable ones, without significant costs and loss. As such, there has to be a greater dialogue between the international financial institutions, including private banks, international development banks, working in close concert with governments and the their private sectors.

The second opportunity to use trade to support a circular economy is to lower the cost of the technologies needed to go circular. The WTO has sought to do this by reducing trade barriers on environmental goods and services. The most recent effort involved a group of 46 WTO members which had been working towards an Environmental Goods Agreement before negotiations were suspended in 2016. The agreement aims to eliminate import duties on key environmental goods, such as those needed in the transition to a clean and circular economy. It includes, for example:

- Machines to sort waste and break down hard-to-recycle materials, along with the critical inputs to produce biodegradable plastics;
- Water-saving equipment to help farmers adapt to more frequent droughts;
- And sacks and bags made of natural fibres, along with inputs to produce bioplastics.

Average import duties on these goods in Latin America and the Caribbean remain high, at around 6%, with tariffs on specific goods as high as 35%.

Only one country from the region – Costa Rica – participated in this initiative.

Your trade officials in Geneva need to know that you want your countries to engage in these negotiations.

They need to know that trade opening in environmental goods and services would support your efforts to spur productivity, investment and innovation in green activities.

And they need to know that redoubling efforts to conclude these negotiations is even more important now, as we confront the worst economic crisis of our lifetimes.

This brings me to the third and last opportunity: Our ability to make progress on trade and environment calls for greater inclusiveness.

This means redoubling efforts to support the ability of all countries, not just the richest, to benefit from the rapidly expanding green economy.

This is what motivates the WTO's Aid for Trade initiative, which seeks to galvanize investment for more and better trade.

For example, Aid for Trade could support SMEs in your countries to meet the new standards and requirements needed to become part of circular value chains.

Since its creation 15 years ago, Aid for Trade has helped countless developing countries to strengthen skills, supply capacity and trade-related infrastructure to benefit from WTO agreements and expand their trade.

WTO members have shown growing interest in "greening" Aid for Trade:

- Of the US\$ 340 billion disbursed under Aid for Trade between 2006 and 2016, around one-third – US\$ 112 billion has been allocated to projects with an environmental goal.
- And last year, WTO members endorsed a new work programme for the next biennium which identifies the circular economy as a focus area.

[RECENT DEVELOPMENTS]

There is growing momentum in Geneva to turn these opportunities into action.

In November 2020, 50 WTO members announced that they wanted to intensify work on trade and environmental sustainability at the WTO by organizing "structured discussions".

One of the initiative's goals is to identify concrete action to help the WTO address sustainable development challenges more effectively. Several participants want to see work on circular economy under the initiative. Meanwhile, another group of WTO members has launched an informal dialogue on plastics pollution and environmentally sustainable plastics trade.

The dialogue recognizes the need for coordinated action to tackle the rising environmental, health and economic costs of plastics pollution and the need to consider the trade dimension when designing solutions.

Several Latin American and Caribbean countries are already part of these initiatives, and I sincerely hope that many more will join soon.

[CONCLUSION]

So let's keep this critical discussion going.

I believe that there are many untapped opportunities for the trade and environment communities to work for people, planet and prosperity. Certainly, there is a unique opportunity for our region's Environment Ministers, to meet in the shortest period of time with their Foreign Trade counterparts both at Capital and regionally, so as to ensure that at the upcoming ever-important WTO Ministerial slated for December, the trade and environment agenda, can make the gains necessary, as we seek rebuild a global economy that is robust and built on an un-waivered commitment to sustainability.

Your voices, along with those of other stakeholders, are critically important to help trade officials in capitals and in Geneva to grasp those opportunities.

I look forward to working with all of you.

Thank you.

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