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Page: 1/3

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**DIALOGUE ON PLASTICS POLLUTION AND ENVIRONMENTALLY SUSTAINABLE
PLASTICS TRADE**

STATEMENT OF THE ORGANISATION FOR ECONOMIC CO-OPERATION AND DEVELOPMENT

Pre-Plenary Meeting – 23 November 2023

DOCUMENT DE SÉANCE NON OFFICIEL¹

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* In Original language only/En langue originale seulement/En el idioma original solamente.

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The OECD has very much appreciated in the course of the last months, DPP's efforts to provide a forum of discussions, as well as the efforts for putting together information and compiling it into a draft statement for MC13. I would like to take the opportunity to mention that the OECD has recently produced a report on "**Trade Policies to Promote the Circular Economy: A Case Study of the Plastics Value Chain**" with inputs from TESS colleagues. It is in the process of publication, and we would be happy to present it in more detail on another occasion. I would like however to offer a few comments and insights drawing on that work, which could be helpful to provide more evidence-based facts for the statement:

- One of the policy tools frequently mentioned in the MC13 statement are **outright bans**. Our analysis finds that outright bans are indeed a necessary tool to some plastic products for several reasons such as:
 - o Some countries might not have the scope to raise their applied MFN tariff rates.
 - o Consumer's limited capacity to appreciate the negative externalities, including health, safety, and environmental impacts of plastic products, means that price-based instruments, such as increased tariffs, are less likely to encourage the uptake of less harmful substitutes.
 - o The cost of collecting tariffs — administrative costs, and direct and indirect costs generated by delays and risks of fraudulent claims may be disproportionately high in relation to the potential environmental benefits from enhanced circularity.
- **Government incentives** are also important, for instance, incentives for the use of recycled plastic content in public procurement and in private economic activities. They would complement trade policies at the border.
- In terms of relevant services, I would like to point out **distribution services**: which could serve as the main return point for waste for recycling from households.
- **Regulations**: For many developing countries, regulations and potential market opening of the services sector will need to be tailored to reflect local priorities in terms of sustaining livelihood opportunities for **informal sector workers** involved in waste picking, who risk displacement, for instance, by large, mechanized sorting facilities.
- We should also be mindful of measures that do not specifically target trade, such as **tax incentives and disincentives**. They can have trade consequences and impact companies involved in international supply chains exporting to the country imposing the levy.
- **Administrative procedures at the border**: The important delays in obtaining consent for individual or multiple shipments may create significant disincentives for reuse, recovery or recycling operations across borders. A number of trade facilitation-related measures could support circular economy goals in the plastics sector.
- **Innovation** is truly important when it comes to tackling plastic pollution and it is currently highly concentrated in certain countries, as shown by the environmentally related patents for plastics. Trade plays an important role in the diffusion of plastics technologies. Identifying tech hubs in terms of plastics management and best practices, along different supply chains is also of high relevance.
- Finally, we would like to highlight the **role of cooperation** in this whole process. While it would be important to synchronize domestic regulatory measures and requirements applied at the border, at present, most efforts to tackle plastic pollution are designed domestically in an ad hoc and uncoordinated manner, without sufficient consideration of effects on third countries.
 - o For instance, extended producer responsibility schemes, which could involve fees, the existence of different EPR schemes, with different requirements, especially concerning fees, could constrain investment and the scaling up of circular models.

- Coordination is very much needed also to avoid exports of plastic waste to be redirected to countries without adequate domestic waste processing capacity.

The **OECD** once again **congratulates** the **Dialogue on Plastic Pollution** and all its contributors for addressing this pressing issue collectively through evidence-based analysis. We also highly support and encourage further work in the domain and are eager to be part of its future developments.
