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Trade and Climate Change mitigation and  
Adapattion: Regional Perspectives  
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# Key Messages

1

## Greenhouse emissions embodied in Latin American Trade

The emissions associated with the exports are not limited to those generated within the country's territory but include the emissions contained in the foreign inputs used in the production of exported goods and services. ECLAC concluded that:

- (i) The carbon footprint of exports that are intensive in natural resources is similar to that of other countries with a similar export profile;
  - (i) Countries with exports concentrated in technology-intensive manufactures and services e.g. Germany, France, the UK and the US show lower emission intensity than those specialized in exporting raw materials; and
  - (iii) Except for Argentina, all the Latin American countries analysed register CO<sub>2</sub> emissions associated with consumption larger than production
- Latin America is a net carbon importer of CO<sub>2</sub>

# Key Messages

2

## Circular Economy as response to mitigation in climate change and linkages with trade

- Several countries in the region have developed national circular economy roadmaps and strategies, such as Chile, Colombia, Ecuador, Peru and Uruguay, while others are in the process of development.
- Many countries have included circular economy elements in their national development plans and/or their environment and climate programmes, including targets for the recycling and reuse of waste materials, as well as linking the circular economy and climate action, plans to stimulate innovation and job creation through the shift to a circular economy and processes to bring together important national stakeholders.
- The NDCs of Chile and Ecuador have explicit circular economy goals that seek to reduce GHG emissions
- Extended producer responsibility schemes have expanded in the southern cone (REP Law in Chile and Colombia). Brazil, Colombia, Chile, Costa Rica, Honduras, Mexico, Peru, and Uruguay have established EPR schemes for a set of product categories, including electronic waste, batteries, packing, paper and magazines, and tires.

# Examples of Policies on Circular Economy and predicted impact on Trade

Policy	Predicted Impact on Trade
<b>Development of circular strategies in importers countries of raw materials, such as steel.</b>	<ul style="list-style-type: none"> <li>- Latin American producers of primary raw materials (e.g., iron) could decrease their exports.</li> <li>- Reduced demand for primary raw materials could incentivise to move away from commodity-dependent industrial model towards value-added industries.</li> </ul>
<b>Development of extended producer responsibility schemes</b>	<ul style="list-style-type: none"> <li>- Decreased trade in primary raw materials</li> <li>- Increased trade in secondary materials</li> </ul>
<b>Import ban on certain types of scrap plastics and unsorted waste paper.</b>	Waste exporters improved the quality of their waste export to keep the market share, while their low-quality waste exports were sent to alternative markets.
<b>Minimum requirements/ standards for product durability, reparability, and the reuse of components through Eco-design and labelling.</b>	Increased trade in products that meet circular economy standards requirements.

# Key Messages

## 3 Adaptation Measures linked to Trade

- They are found in the NDCs, Long-Term Strategies, National and Sectoral Adaptation Plans.
- The priority sectors mentioned in the adaptation component of the NDC are smart agriculture, biodiversity and ecosystems, disaster risk management, energy, forestry, and water and irrigation.

### Examples:

“10 agricultural subsectors (rice, corn, potatoes, beef cattle, dairy cattle, panela cane, cocoa, banana, coffee, and sugar cane) will have improved capacities to adapt to climate variability or climate change”.  
(Colombia NDC, December 2020).

“Reduction of Climate Risk in the value chains of the oil and mining industry and the electrical generation, transmission, distribution, and commercialization infrastructure, through the development of vulnerability and climate risk studies specific to the sector, which allows identifying, proposing and implementing adaptation measures to the effects of climate variability and climate change.”  
(Ecuador NDC, 2019).

# Implications for international cooperation in trade

1

**Increased visibility for emissions embodied in trade:** There is an opportunity for academia and multilateral organizations to join efforts to design mechanisms to quantify the emissions in a less burdensome for exporters. Not only at the country level, but also with greater granularity by sectors and product categories. This will help design better solutions to minimize the carbon footprint of our exports and improve their competitiveness.

2

**Enhance collaboration to address negative spillovers associated with climate trade-related measures in Latin American countries in order not to affect their transition toward low-carbon economies.** Fostering greater collaboration at bilateral, regional, and multilateral levels would help deal with a wide range of topics related to mitigation and adaptation, such as access to low-carbon technology transfer vis-a-vis intellectual property rights. The cooperation can be materialised through technical assistance and building capacity. But also we can use the channels foreseen in FTAs or integration schemes. Or using mechanism between UNFCCC process and WTO.

3

**Space for improving standards on sustainability:** the development of standards and local regulation on sustainability aligned with global trends and best practices is very relevant so that producers in relevant sectors can adapt and improve their products. Taking the agricultural sector as an example, the development and application of sustainable standards are also crucial so that consumers of products of agricultural origin in the rest of the regions can recognize the contribution, for example, of agroforestry crops in the region. Therefore, there is an opportunity for strengthening the regional and local bodies as well as technical professionals in charge of developing these standards.

# Implications for international cooperation in trade

4

**The circular economy as a response to climate change mitigation** is an approach that Latin America has adopted and should increase collaboration between countries and integration schemes to incorporate it into more sectors and products.

5

**Leveraging on current formal and informal mechanisms and platforms to address trade-related frictions or tensions on climate change.** Mechanisms such as the Committee of Trade and Environment and the Trade and Environment Structure Dialogues are more suitable for technical dialogue, sharing best practices and learning from other experiences. These mechanisms can help to diffuse knowledge, and expertise, enhance transparency and build confidence. To take advantage of these platforms, governments need to engage at different levels, not only trade experts but also technical staff in other relevant line ministries, academia and private sector .

6

Support Projects that seek the alignment and coherence between climate goals in the NDC and trade.



THANKS

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