

GLOBAL AND REGIONAL ORDER

# CIRCULAR ECONOMY AND TRADE AGREEMENTS

Towards developing a framework for linkages

**Rashid S Kaukab and Darina Merkulova**  
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Trade agreements are not only about »free« trade. Rather they are contracts among states that can cover a wide range of issues and policies – both at the border and within the country – that have a bearing on their trading relationship.



The circular economy is not easy to encapsulate in one conclusive definition. Rather, it encompasses a multitude of approaches and frameworks towards promoting sustainable economic development. A large and growing number of countries have adopted circular-economy concepts and practices.



This paper identifies concrete linkages between trade agreements and circular economy policies in order to create more coherence between the two.

# CIRCULAR ECONOMY AND TRADE AGREEMENTS

## Towards developing a framework for linkages



Current patterns of production, exchange and consumption are neither equitable nor sustainable. While economic and social development remain critical to the developing parts of the world, environmental protection has become more and more important for the future of humanity as a whole. Pathways must therefore be found that achieve the two objectives of economic development and environmental protection coherently. A circular economy and circularity offer one such pathway.



Trade agreements – bilateral, regional and multilateral – include commitments related to market access, rules and regulations, facilitation, and enabling. As the framework presented in this paper demonstrates, these four pillars can be used to understand and enhance the linkages with circular-economy policies, strategies and action plans being implemented by many developing countries and LDCs at national level.



However, parallel development – of the circular economy in national and trade agreements and of commitments at the regional and international levels – may lead to duplication and a waste of precious technical and policy resources. In the worst case, contradictions and conflicts may arise between the two. Ideally, they should be designed and implemented in harmony with each other.

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# CIRCULAR ECONOMY AND TRADE AGREEMENTS

Towards developing a framework for linkages

## 1 CIRCULAR ECONOMY AND TRADE AGREEMENTS

The world is facing formidable challenges, from poverty and inequity to climate change and environmental degradation. Current patterns of production, exchange and consumption are neither equitable nor sustainable. While economic and social development remain critical to the developing parts of the world, environmental protection has become more and more important for the future of humanity as a whole. Developing countries' pursuit of economic development is legitimate. They are home to the majority of the global population and with a much higher incidence of poverty. Moreover, their share of the responsibility for global environmental degradation and climate change pales into insignificance compared with that of the industrialised and emerging economies. For example, the 46 Least-Developed Countries (LDCs), with a population of 1.1 billion (about 37 per cent of whom live below the absolute poverty line)<sup>1</sup> have contributed only about 4 per cent to global CO<sub>2</sub> emissions.<sup>2</sup> International trade is an important means for these countries to achieve economic development and reduce poverty and hunger.

At the same time, time is running out for effective action against environmental degradation. Actions are needed now and before it is too late. Patterns of production, exchange and consumption need to be examined and reformed to avoid wastage, which causes not only environmental degradation but also economic inefficiencies. Pathways must therefore be found that achieve the two objectives of economic development and environmental protection coherently. A circular economy and circularity offers one such pathway.

As an evolving concept, the circular economy is not easy to encapsulate in one conclusive definition. Rather, it encompasses a multitude of approaches and frameworks that aim not only to minimise waste and make resource use more efficient, but also to guide production and consumption processes towards promoting sustainable economic development. In this way, the circular economy becomes »a process that in the course of operationalization has transformative potential«.<sup>3</sup>

In relation to sustainable development, the aim of transition to a circular economy is to »directly contribute to achieving a number of Sustainable Development Goals (SDGs), most directly Goal 12, which aims to ensure »sustainable consumption and production patterns«.<sup>4</sup> But the circular economy approach is also relevant to several other SDGs, namely Goal 6 (clean water and sanitation), Goal 8 (decent work and economic growth), Goal 9 (industry, innovation and infrastructure), Goal 11 (sustainable cities and communities), Goal 13 (climate action), Goal 14 (life below water), and Goal 15 (life on land).

A large and growing number of countries – including many developing and least-developed countries (LDCs)<sup>5</sup> – have adopted circular-economy concepts and practices. This includes preparation and adoption of policies, strategies or action plans, either specifically under the rubric of the circular economy or as part of their policy and legal framework for dealing with environmental issues. Importantly, in most cases, these national-level actions are not part of any international commitments or agreements, including international trade agreements, even though the elements of a circular-economy transition are now gradually being integrated in regional trade agreements (RTAs). This parallel development – of the circular economy in national and trade agreements and commitments at the regional/international levels – may lead to duplication and waste of precious technical and policy resources and, in the worst case, contradictions and conflicts

<sup>1</sup> UNCTAD (2020): The least developed countries report 2020: productive capacities for the new decade, Facts and Figures; available at: <https://unctad.org/press-material/least-developed-countries-report-2020productive-capacities-new-decade#:~:text=The%20poverty%20rate%20will%20rise,less%20than%20%241.9%20a%20day> (accessed on 25 April 2023).

<sup>2</sup> UNCTAD (2022): UNCTAD sets out actions to support least developed countries in the global low-carbon transition; available at: <https://unctad.org/news/unctad-sets-out-actions-support-least-developed-countries-global-low-carbon-transition#:~:text=The%20world's%2046%20LDCs%2C%20home,related%20disasters%20occurred%20in%20LDCs>. (accessed on 25 April 2023).

<sup>3</sup> QUNO and FES (2021): The circular economy and trade: Some questions and possible answers; available at: [https://quno.org/sites/default/files/resources/The%20Circular%20Economy%20and%20Trade\\_paper\\_A4\\_24\\_09.pdf](https://quno.org/sites/default/files/resources/The%20Circular%20Economy%20and%20Trade_paper_A4_24_09.pdf) (accessed on 25 April 2023).

<sup>4</sup> Ibid.

<sup>5</sup> ICLEI (2021): Circular Economy on the African Continent: Perspectives and Potential; available at: [https://circulars.iclei.org/wp-content/uploads/2021/11/GRID\\_ACEN\\_CE\\_final.pdf](https://circulars.iclei.org/wp-content/uploads/2021/11/GRID_ACEN_CE_final.pdf) (accessed on 25 April 2023).

between the two. Ideally, the two should be designed and implemented in harmony with each other.

Many governments are aware of this need. It is no surprise therefore that the circular economy and circularity comprised one of the four topics to be addressed in the work programme established by participants in the Trade and Environmental Sustainability Structured Discussions (TESSD)<sup>6</sup> in early 2022. TESSD also established a Working Group for in-depth discussions on this issue, starting on the basis of suggestions from participating members.<sup>7</sup> One suggestion, for instance, was that »discussions could explore tools to incentivize greater resource efficiency and measures that could help developing and LDCs-Members integrate into circular supply chains«.<sup>8</sup> Other suggestions considered that »discussions should focus on circular economy issues along the entire value chain rather than just specific segments thereof«,<sup>9</sup> and that »co-sponsors should also consider means to enhance technology and investments into circularity«.<sup>10</sup>

The International Chamber of Commerce (ICC) in its presentation to the TESSD also identified several trade-related points that stand in the way of the circular economy transition. The obstacles to be addressed included: the classification of end-of-life products, tariff protection, export restrictions on waste and scrap, subsidies, quantitative restrictions, and standards and conformity assessment.<sup>11</sup>

Overall, a holistic understanding and integrated approach bound by a framework, in combination with member collaboration across all stages of the value chain are necessary for tackling these challenges and ensuring a successful transition that underpins both economic development through trade and environmental protection through a circular economy.

Accordingly, the Working Group under TESSD has been engaged in substantive discussions for more than a year now.<sup>12</sup> While useful, these discussions can further benefit from some kind of framework that can allow us to observe, identify and address circular economy linkages with trade agreements. Such a framework will contribute to a common understanding of these linkages and can generate positive momentum to take the discussions at the TESSD Working Group forward, particularly in the run up to the thirteenth

Ministerial Conference of the WTO (WTO MC13) scheduled for February 2024.

This short paper aims to contribute to all that, namely to develop a practical framework that can help in the identification of linkages between trade agreements and the circular economy. In the next section, the paper identifies and describes four key pillars of trade agreements (particularly in the multilateral trading system under the WTO). The relationship of each of these with circular economy concepts is also illustrated to explore the linkages between the four pillars in the trade agreements and circular economy policies/strategies at the national level. The following section then provides a pilot application of the framework by highlighting the circular economy policies/strategies/action plans of three countries in accordance with the framework. This will provide examples of concrete linkages and of gaps where they seem to exist. Finally, the paper will offer some policy recommendations.

## 2 PRACTICAL FRAMEWORK FOR EXPLORING THE CIRCULAR ECONOMY AND TRADE LINKAGES: FOUR PILLARS OF TRADE AGREEMENTS

Trade agreements can be defined as any contractual arrangements among states concerning their trade relationships.<sup>13</sup> As this simple definition shows, trade agreements are not only about »free« trade. Rather they are contracts among states that can cover a wide range of issues and policies – both at the border and within the country – that have a bearing on their trading relationship. From bilateral (between two states) to the regional/inter-regional/intra-regional (for example, USMCA, CPTPP, AfCFTA)<sup>14</sup> and the multilateral (the WTO), trade agreements are numerous, increasing in number, and cover a wide range of issues and policies. The scope, structure and institutional arrangements vary and this paper does not attempt to provide details.

This paper rather focusses on identifying the types of measures/commitments that are included in trade agreements with a view to providing a framework for examining the relationship between specific trade measures or commitments and specific elements in circular policies or strategies. For the purposes of analysis, particularly when new issues are proposed for inclusion in trade agreements (for example, at the WTO), a useful tool has been proposed by Kaukab and Darsinouei.<sup>15</sup> They identified four types of measures or

<sup>6</sup> TESSD is a plurilateral initiative at the World Trade Organization (WTO), emphasizing the need for a holistic understanding, multilateral cooperation, and the development of an integrated approach to redesigning current business models. Currently 74 WTO Members are participating in the initiative. More information about TESSD and its work may be found at: [https://www.wto.org/english/tratop\\_e/teffd\\_e/teffd\\_e.htm](https://www.wto.org/english/tratop_e/teffd_e/teffd_e.htm).

<sup>7</sup> Available at: <https://docs.wto.org/dol2fe/Pages/SS/directdoc.aspx?filename=q:/INF/TESSD/R6.pdf&Open=True> (accessed on 25 April 2023)

<sup>8</sup> Ibid.

<sup>9</sup> Ibid.

<sup>10</sup> Ibid.

<sup>11</sup> Ibid.

<sup>12</sup> A summary report of the discussion at the last TESSD meeting held on 16-17 March 2023 is available at: [https://www.wto.org/english/news\\_e/news23\\_e/teffd\\_17mar23\\_e.htm](https://www.wto.org/english/news_e/news23_e/teffd_17mar23_e.htm). (accessed on 27 April 2023),

<sup>13</sup> Available at: <https://www.britannica.com/topic/trade-agreement> (accessed on 24 April 2023).

<sup>14</sup> US-Mexico-Canada (formerly known as the North American Free Trade Agreement or NAFTA), Comprehensive and Progressive Agreement for Trans-Pacific Partnership, and the African Continental Free Trade Agreement.

<sup>15</sup> Kaukab, Rashid S./Darsinouei, Amir Ebrahimi (2017): Understanding E-Commerce Issues in Trade Agreements: A Development Perspective Towards MC11 and Beyond, CUTS International Geneva. Available at: <https://www.cuts-geneva.org/pdf/STUDY%20-%20E-Commerce%20Towards%20MC11.pdf> (accessed on 27 April 2023).

commitments that constitute the main pillars of comprehensive trade agreements like the WTO. These are measures dealing with or related to: market access, such as tariffs and non-tariff measures on traded goods and services; rules and regulations, for example those dealing with investment and competition; facilitation, for example those related to customs procedures; and enabling, such as those aimed at capacity-building for developing countries and LDCs to take advantage of opportunities presented by trade agreements. It is important to note that the distinction is based on the primary objective of a particular trade measure or commitment, while acknowledging that the same measure or commitment may also be related to one or more of the other pillars.

This paper proposes to employ the four pillars – or four types of trade measures/commitments – as the basis of a framework that can serve as a tool for examining countries' circular-economy strategies and their implications for trade. The overarching purpose of this framework is to help illustrate how to identify concrete linkages between trade agreements and circular economy policies in order to create more coherence between the two.

## 2.1 Market access

The first pillar in trade agreements, market access, is concerned primarily with the removal of barriers – tariff and non-tariff measures – to the trade of goods and services. When opening up their markets, members must agree to adhere to certain conditions. Each member has its own schedule of concessions on goods that dictates their bound tariff rate commitments, based on the General Agreement on Tariffs and Trade (GATT). Services, which have become the backbone of international trade today, are also bound by specific schedules of commitments under the General Agreement on Trade in Services (GATS). These commitments cover the four modes of supply of services: cross-border, consumption abroad, commercial presence, and movement of natural persons. The GATS covers twelve core service sectors and, similarly to the GATT, aims to ensure that members can work together, without discrimination, to progressively liberalise trade and stimulate economic activity within a reliable set of rules and bindings.<sup>16</sup> Finally, members must address some non-tariff measures, such as sanitary and phytosanitary measures and technical standards in accordance with the provisions of the Agreements on Sanitary and Phytosanitary Measures (SPS) and Technical Barriers to Trade (TBT). All these market access measures generally follow the principle of most-favoured-nation (MFN) treatment, according to which members must treat all trading partners equally.

In its application in the circular economy, market access can be a useful tool for governments to foster the transition away from the linear production and consumption model

towards one that promotes renewable resource use practices, for instance by imposing import taxes on a polluting good.<sup>17</sup>

## 2.2 Rule and regulations

Beyond narrowly defined market access in terms of tariff and non-tariff barriers directly linked to goods and services, trade agreements have been expanding to include provisions and commitments related to other national rules and regulations that have a bearing on trade relationships between states. Prominent examples of these include rules and regulations dealing with subsidies, intellectual property, investment measures, competition, and government procurement, to name but a few. This can be called the second pillar of trade agreements, which is particularly significant in the WTO. Indeed, the WTO is a rules-based system formed by several fundamental principles that underpin the multilateral trading system.<sup>18</sup> These include: agreeing to trade without discrimination, lowering trade barriers, fostering predictability through binding and transparency, promoting fair competition, and encouraging development and economic reform.<sup>19</sup> Several of the abovementioned issues have been covered in dedicated WTO Agreements, such as the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS), the Agreement on Trade-Related Investment Measures (TRIMs), and the Agreement on Government Procurement (GPA). They specify member obligations, from the broad principles delineated in these Agreements to additional details found in specific provisions and annexes.<sup>20</sup>

These rules and regulations often emphasise the linkages between trade and sustainable development. They can be examined to identify and appropriately enhance the circular economy and circularity principles, particularly taking into account the WTO's role in achieving the SDGs.

## 2.3 Facilitation

A third pillar of trade agreements refers to those measures or commitments that are aimed primarily at facilitating flows of goods across borders. These comprise all measures aimed at simplifying, modernising and harmonising the exchange of goods and services.<sup>21</sup> These are not tariffs or non-tariff measures, but rather measures related to flows of goods across borders that can substantially increase or decrease costs and the time it takes. The Trade Facilitation Agreement (TFA) under the WTO is an excellent example of how trade agreements can deal with such issues.<sup>22</sup> The provisions

<sup>17</sup> Available at: <https://www.sitra.fi/app/uploads/2021/06/options-to-incorporate-circular-economy-provisions-in-regional-trade-Agreements.pdf> (accessed on 27 April 2023).

<sup>18</sup> Available at: [https://www.wto.org/english/thewto\\_e/whatis\\_e/tif\\_e/fact2\\_e.htm](https://www.wto.org/english/thewto_e/whatis_e/tif_e/fact2_e.htm) (accessed on 27 April 2023).

<sup>19</sup> Available at: [https://www.wto.org/english/thewto\\_e/whatis\\_e/tif\\_e/agrm1\\_e.htm](https://www.wto.org/english/thewto_e/whatis_e/tif_e/agrm1_e.htm). (accessed on 27 April).

<sup>20</sup> Ibid.

<sup>21</sup> Available at: [https://www.wto.org/english/tratop\\_e/tradfa\\_e/tradfa\\_e.htm](https://www.wto.org/english/tratop_e/tradfa_e/tradfa_e.htm). (accessed on 27 April 2023).

<sup>22</sup> Available at: [https://www.wto.org/english/tratop\\_e/tradfa\\_e/tradfa\\_introduction\\_e.htm](https://www.wto.org/english/tratop_e/tradfa_e/tradfa_introduction_e.htm). (accessed on 27 April 2023).

<sup>16</sup> Available at: [https://www.wto.org/english/tratop\\_e/serv\\_e/gatsqa\\_e.htm](https://www.wto.org/english/tratop_e/serv_e/gatsqa_e.htm) (accessed on 27 April 2023).

that fall under the facilitation pillar include those related to streamlining customs procedures, covered in Section I of the TFA. For instance, they include the prompt and non-discriminatory publication and availability of information, set out in Article 1, the release and clearance of goods, presented in Article 7, or the border agency cooperation measures provided for in Article 8.<sup>23</sup>

Trade facilitation is an important factor in driving the circular economy transition, because »open trade could facilitate access at the lowest cost to critically important technological solutions for a circular economy«.<sup>24</sup>

## 2.4 Enabling

In addition to the measures/commitments related to market access, rules and regulations, and facilitation in trade agreements, many trade agreements, particularly those under the WTO, also include provisions in favour of developing countries and LDCs. These are in recognition of the lower levels of development and limited capacities of these countries and propose actions and measures that should be taken to help them take advantage of the opportunities offered by trade agreements. Such measures generally include: provision of technical, financial and capacity-building assistance; longer time periods to implement the agreements; and a less onerous set of commitments.

The provisions contained in the second and third sections of the TFA are good examples of enabling measures, the fourth pillar of trade agreements. These sections are devoted to the special needs of and measures dedicated to developing nations and LDCs »to help them build sustainable capacity to implement their commitments«,<sup>25</sup> as declared in Section I, in order to fully capture the benefits from international trade. These sections then determine »the extent and the timing of the implementation of the provisions [...] related to the implementation capacities of developing and least-developed country Members«. <sup>26</sup> Depending on the category of the provision, members are allowed to implement them when the TFA comes into force, after a transitional period, or at a date after this transitional period. A Trade Facilitation Agreement Facility (TFAF) has also been established, aimed at ensuring that less developed members receive the capacity-building support required to successfully implement the Agreement. It can provide assistance and project implementation grants related to TFA provisions and identify potential development partners.

These enabling provisions can nurture developing countries' and LDCs' participation in the »global value chains underpinning the circular economy«.<sup>27</sup>

Table 1 illustrates the abovementioned four pillars of trade agreements in relation to the elements of a circular economy. Trade can clearly boost the circular economy transition, whether through the implementation of tariffs, increased demand for circular goods and services from government procurement, reducing the costs associated with circular goods and services by facilitating trade, or strengthening trade infrastructure so that more countries can participate in the global circular economy markets.

## 3 PILOT APPLICATION OF THE FRAMEWORK TO THREE COUNTRIES

The framework comprising the four pillars of trade agreements discussed above – market access, rules and regulations, facilitation, and enabling – discussed above will now guide the analysis of the circular-economy policies, strategies and action plans of three selected countries. These case studies will help to convey a more concrete understanding of the linkages between the circular economy and trade agreements and establish a coherence between them. It will show how trade measures can subscribe to circular-economy principles and help drive transition. The three selected countries are: Kyrgyzstan (a transition economy), Kenya (a developing country) and Cambodia (an LDC).

For the purposes of this analysis, Table 2 links specific elements of the countries' national circular-economy policies, strategies and action plans to each of the four pillars in trade agreements. In addition to their national policies, Cambodia and Kyrgyzstan are also among the countries for which Programmes for Country Partnership (PCPs) have been implemented in collaboration with the United Nations Industrial Development Organization (UNIDO). Their aim is to tackle Goal 9 with sustainable industrialisation strategies.

Key takeaways from the above brief analysis are outlined below:

First and perhaps most importantly, there seems to be no major difference based on developing country status. All three countries – a transition economy, a developing country, and an LDC – have clear and coherent ideas about moving towards a circular economy. Moreover, this is independent of any commitments they may have under their existing trade agreements. Second, the linkages with trade agreements are most visible under pillars 1 and 2, that is, those related to market access and rules and regulations. In particular, elements related to tariffs (under pillar 1) and subsidies (under pillar 2) are quite clearly mentioned in their respective national policies, strategies and action plans on the circular

<sup>23</sup> Available at: <https://docs.wto.org/dol2fe/Pages/SS/directdoc.aspx?filename=q:/WT/L/940.pdf&Open=True>. (accessed on 27 April 2023).

<sup>24</sup> Available at: [https://www.wto.org/english/res\\_e/reser\\_e/ersd202010\\_e.pdf](https://www.wto.org/english/res_e/reser_e/ersd202010_e.pdf). (accessed on 27 April 2023).

<sup>25</sup> Available at: <https://docs.wto.org/dol2fe/Pages/SS/directdoc.aspx?filename=q:/WT/L/940.pdf&Open=True> (accessed on 27 April 2023).

<sup>26</sup> Ibid.

<sup>27</sup> Available at: [https://www.wto.org/english/res\\_e/reser\\_e/ersd202010\\_e.pdf](https://www.wto.org/english/res_e/reser_e/ersd202010_e.pdf). (accessed on 27 April 2023).

Table 1:  
Circular economy and trade agreements: identifying linkages through the four pillars of a trade agreement

	Market access (for example, tariffs)	Rules and regulations (for example, government procurement)	Facilitation	Enabling (for example, building infrastructure)
Circular economy elements	Reducing or eliminating tariffs in product categories relevant to the circular economy	»Setting the demand for sustainable and CE goods and services, public procurement policies could foster investments in greener technologies and practices« <sup>28</sup>	Facilitating trade in goods and services in key circular economy activities could help ensure »that these activities happen in the best possible locations in terms of cost, quality«, skills and other location-specific advantages <sup>29</sup>	Strengthening trade infrastructure is imperative to expanding the role of trade in the circular economy transition <sup>30</sup>

28 Available at: [https://unece.org/sites/default/files/2022-05/ECE\\_CTCS\\_2022\\_05\\_E.pdf](https://unece.org/sites/default/files/2022-05/ECE_CTCS_2022_05_E.pdf). (accessed on 27 April 2023).

29 Available at: [https://www.wto.org/english/res\\_e/reser\\_e/ersd202010\\_e.pdf](https://www.wto.org/english/res_e/reser_e/ersd202010_e.pdf). (accessed on 27 April 2023).

30 Ibid.

Table 2:  
Linking national circular-economy strategies, policies and action plans with the four pillars of trade agreements: Kyrgyzstan, Kenya and Cambodia

Trade agreements pillar	Relevant elements in circular-economy policy, strategy or action plan		
	Kyrgyzstan	Kenya	Cambodia
Market access: tariffs	<p>»Investment attractive tariffs will stimulate emergence of alternative power and heat suppliers«<sup>31</sup></p> <p>»Further stable operation of energy system will require revision of tariffs upwards. Tariff increases will be carried out in stages depending on consumer category«<sup>32</sup></p>	<p>»Tax and fiscal incentives, disincentives or fees may include [...] customs and excise waiver in respect of imported capital goods which prevent or substantially reduce environmental degradation caused by an undertaking«<sup>33</sup></p>	<p>Identify financial incentives to increase low emission commercial vehicle use: for example, import tax adjustments<sup>34</sup></p>
Rules and regulations: subsidies	<p>»Mechanisms for universal stimulation and targeted subsidies for energy and resource-saving technologies will solve the problem of specific consumption reduction with stable improvement of the quality of life of the average Kyrgyz citizen«<sup>35</sup></p> <p>»In order to expand export of goods and services, a special financial institution will be established to credit export-oriented and high-tech industries«</p>	<p>»No owner or operator of a motor-vehicle, train, ship, aircraft or other similar conveyance shall [...] import any machinery, equipment, device or similar thing that will cause emissions into the ambient air in contravention of prescribed emission standards«<sup>36</sup></p> <p>Where Kenya is a party to an international treaty, convention or agreement, whether bilateral or multilateral, concerning the management of the environment, the [National Environment Management Authority] shall, subject to the direction and control of the Council, in consultation with relevant lead agencies [...] identify other appropriate measures necessary for the national implementation of such treaty, convention or agreement<sup>37</sup></p> <p>»Where a project is likely to have a transboundary impact, the proponent shall, in consultation with the Authority, ensure that appropriate measures are taken to mitigate any adverse impacts taking into account any existing treaties and Agreements between Kenya and the other country.«</p>	<p>Implement economic incentives for composting, recycling and reprocessing, including e-waste: for example, subsidies, VAT exemptions</p>
Facilitation	<p>At present, there do not seem to be elements directly related to the facilitation pillar of trade agreements</p>		<p>At present, there do not seem to be elements directly related to the facilitation pillar of trade agreements</p>
Enabling	<p>»Developing export area, Kyrgyzstan will actively use the status of [Generalized System of Preferences GSP+], which provides enormous opportunities to businessmen of the country to increase export volumes to European countries«<sup>38</sup></p>		<p>Create business and investor matchmaking platforms: for example, identify regional and international funding sources</p>

31 Available at: <https://policy.asiapacificenergy.org/sites/default/files/National%20Development%20Strategy%20of%20the%20Kyrgyz%20Republic%20for%202018-2040%20%28EN%29.pdf>. (accessed on 27 April 2023).

32 Ibid.

33 Available at: [http://kenyalaw.org/kl/fileadmin/pdfdownloads/Acts/EnvironmentalManagementandCo-ordinationAct\\_No8of1999.pdf](http://kenyalaw.org/kl/fileadmin/pdfdownloads/Acts/EnvironmentalManagementandCo-ordinationAct_No8of1999.pdf). (accessed on 27 April 2023).

34 National Circular Economy Strategy and Action Plan (2021); available at: <https://www.undp.org/sites/g/files/zskgke326/files/2022-06/Circular%20Economy%20Strategy%20and%20Action%20Plan%202021%20%282%29.pdf>. (accessed on 27 April 2023).

35 Ibid.

36 Ibid.

37 Ibid.

38 Ibid.



economy. However, and importantly, these do not refer to any particular trade agreements and hence their impact on a country's tariff and subsidy commitments under the trade agreements is not clear. Nor is there any mention of whether these circular-economy considerations will guide the countries' negotiating approach in future trade agreements. Third, there do not seem to be any elements in the circular-economy policies, strategies and action plans that can be directly linked to the third pillar of trade agreements, namely provisions related to trade facilitation. Admittedly, simplifying border and customs procedures may not be an obvious area for circular economy policies but it should not be totally ignored either. In fact, the impact of elements related to market access (tariffs) can be enhanced by including also the elements related to facilitation. Finally, while elements related to the fourth pillar of enabling elements (including infrastructure development and financial aid) have been mentioned, they can be expanded and strengthened to take into account the large number of enabling measures in many trade agreements. These can include, for example, targeted financial and technical assistance, support for institutional development and transition periods.

#### 4 POLICY RECOMMENDATIONS

Trade agreements – bilateral, regional and multilateral – include commitments related to market access, rules and regulations, facilitation, and enabling. As the framework presented in this paper demonstrates, these four pillars can be used to understand and enhance the linkages with circular-economy policies, strategies and action plans that many developing countries and LDCs have at the national level. To take this process forward, the following policy recommendations should be considered:

- (i) At the national level, countries should undertake a thorough mapping of the measures in their respective national circular-economy policies, strategies and action plans against the commitments in their existing trade agreements under the four pillars of market access, rules and regulations, facilitation, and enabling. This will allow them to identify the concrete linkages between the two, as well as any gaps and possible contradictions. For example, it will clearly show what other trade measures from their existing trade agreements they can use to advance circular-economy objectives, on one hand, and on the other, which circular economy measures they can adopt to take advantage of the commitments under their trade agreements, including those related to facilitation and enabling. This should also help them in adjusting their negotiating objectives for future trade agreements that are better aligned with their circular economy policy objectives.
- (ii) This framework should be used at the regional level, particularly in ongoing negotiations, to identify/negotiate specific commitments under each of the four pillars that can be utilised to better implement circular-economy policies, strategies and action plans at the national level in participating countries.
- (iii) Finally, this framework can be used at the multilateral level also to better understand, identify and strengthen the linkages between multilateral trade agreements/negotiations and members' national circular economy policies. As a concrete example, the framework can be adopted to deepen the work in the TESSD working group on the circular economy – circularity. This can include: (a) commissioning a study to examine the circular-economy policies, strategies and action plans of TESSD participants in terms of their existing multilateral commitments under the four pillars of market access, rules and regulations, facilitation, and enabling; (b) inviting individual TESSD participating countries to submit their national submissions based on the framework; and (c) organising dedicated discussions under each of the four pillars (market access, rules and regulations, facilitation, and enabling) to identify potential gaps with regard to circular-economy policies, strategies and action plans.

## ABOUT THE AUTHORS

**Rashid S Kaukab** is adjunct faculty, International Institute in Geneva (IIG), and former Executive Director of CUTS International, Geneva. His areas of work include trade and development, climate change and environment, and global economic governance.

**Darina Merkulova** is a former research assistant at CUTS International, Geneva.

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Division for International Cooperation | Global and European Policy  
Responsible: Hajo Lanz | Director | FES Geneva  
Chemin du Point-du-Jour 6bis | 1202 Geneva | Switzerland  
Phone: +41-22-733-3450 | Fax: +41-22-733-3545  
<https://geneva.fes.de>  
Contact: [info@fes-geneva.org](mailto:info@fes-geneva.org)

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