Climate-Smart Trade Facilitation
Climate-Smart Trade Facilitation: Why?

- By 2040, the world is set to reach average temperatures of 1.5°C above pre-industrial levels;
- Trade in goods and transport are carbon intensive;
- All modes of transport produce around 23% of global energy-related CO2 emissions.
Climate-Smart Trade Facilitation: What?

“Reduce the time and costs of the trade procedures while reducing the carbon emissions generated by the same procedures”

A double-edged sword

Global and regional trade volumes increase, hence GHG emissions increase due to transport and any carbon-related activities (paper, fuel, etc.);

Facilitating, streamlining procedures and encouraging introduction of new technologies, reduces use of resources such as paper and fuel associated to trade procedures.
Climate-Smart Trade Facilitation is about…

TRADE

• Interconnected and globalized global value chains;
• Impact of the multilateral and regional Trade Agreements on Trade Facilitation: TFA, PACER…
• Full implementation of WTO TFA:
  • 20% increase of export volumes for developed nations
  • 35% for developing nations.
• Increase in digital economy.
Climate-Smart Trade Facilitation is about… being SMART!

- Streamlining regulatory procedures reduces the negative impact of trade transactions on the environment and on climate change.
- New technologies are key enablers towards cleaner supply chains. Why?
  - Efficiency;
  - Optimization of processes;
  - Creation of new business opportunities.
- Reducing CO2 emissions.
Climate-Smart Trade Facilitation: Impact

• Each digital single end-to-end trade transaction reduces the same amount of CO2 emissions as the carbon absorbed by 1.5 trees.

• For the Asia-Pacific region, savings of approx. 13 million tonnes of CO2e annually equals to the carbon absorbed by 400 million trees.
Climate-Smart TF and Green Customs

- Elimination/reduction of paper use through AW
- Elimination/reduction of physical trips between agencies through SW
- Monitoring of trade of ozone-depleting substances through SW
- Combat environmental crime through eCITES
- Reduction of fuel wastage and unnecessary CO2 emissions with
  - improved maritime logistics and end-to-end supply chain visibility through eg ASYHUB
  - reduction of number of trucks idling at the border through AW

**Timor-Leste SW**
- 1178 permit requests delivered for the trade of endangered species in 2022
- 180000 kg CO2 emission reduction equivalent to annual capture of 9000 trees

**Vanuatu SW**
- 95% decrease in physical trips and printed paper

**Sri Lanka**
- CITES permit processing time reduced from 5 days to 27 hours
Climate-Smart Trade Facilitation: Transparency and Simplification

- 46 of 52 Procedures undergoing simplification
- 49 Steps eliminated: 1.1 on average
- 23 Steps now possible online: 57% of all steps are now online: baseline: 46%
- 66 Documents eliminated: 1.4 on average
- 114 hours saved: 23 on average
- 51,000 KES saved: Fees: 1,109 KES average reduction
- 224,473 KES saved: ABC: 4,880 KES average reduction

Trade Portals
Simplification and digitization impact on the CO2 emissions

New findings from UNCTAD study show that digitalizing international trade procedures can reduce CO2 emissions.

Before digitization, KEPHIS (Kenya Plant Health Inspectorate Service) estimated 133.3kgCO2e of emissions.

Following digitization, the estimate drops to 24.4kgCO2e = an 81% reduction.
Climate-Smart Trade Facilitation is about… being CIRCULAR!

Circular economy

• All forms of waste being returned to the economy or used more efficiently.

• Products usually not under any HS classification and regulatory requirements for their customs clearance and not adapted to their circular nature.

• TF measures, e.g., pre-arrival processing, advance rulings, e-certificates, can give more incentives to the circular economy
Climate-Smart Trade Facilitation: policy recommendations

**National level**
- Encourage Governments to introduce and increase **digitalization**.

**Regional level**
- Promote **coherence and efficiency** of trade facilitation instruments while contributing to climate-smart trade ecosystem e.g. Agreement on Facilitation of Cross-border Paperless Trade in Asia-Pacific

**Global level**
- Collaborate towards inclusion of environmental clauses and considerations in trade facilitation instruments and guidelines, e.g. WCO Green Customs and EU CBAM
Conclusion

- Facilitating cross-border trade and greening supply chains can have a direct positive impact on reducing CO2 emissions.

- UNCTAD is committed to accompany countries in setting up climate-smart trade facilitation solutions:
  - Calculate and measure the impact of trade procedures to climate change;
  - Simplify and streamline the trade facilitation ecosystem, processes and procedures;
  - Help strengthen the coordination and cooperation between public and private stakeholders through the NTFCs;
  - Help establish digital solutions: TIP, Reform Tracker, eSW, e-certificates
THANK YOU

QUESTIONS & ANSWERS

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