Climate-smart trade facilitation

Climate-Smart Trade Facilitation: Why?

- The world is now set to reach average temperatures of 1.5 degrees (Celsius) above pre-industrial levels by 2040, with potentially catastrophic impact on the planet (IPCC)

- Trade in goods and transport are carbon intensive.

- All modes of transport produce around 23% of global energy-related CO_2 emissions

- UN Sustainable Development Goal no.13 "Take urgent action to combat climate change and its impacts" for the 2030 Agenda for Sustainable Development

- The Addis Ababa Action Agenda and the Paris Agreement under the United Nations Framework Convention on Climate Change

- the Barbados Bridgetown Covenant (TD/541/Add.2) adopted in 2021 stating the need for UNCTAD to contribute to the implementation of and follow-up to the outcomes of these global conferences

Climate-Smart Trade Facilitation: Definition

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

Trade – Climate Change Nexus

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

- Facilitating and streamlining procedures and encouraging introduction of new technologies reduce 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 expected to increase export volumes by 20% for developed nations and 35% for developing nations.
- Increase in digital economy

Climate-Smart Trade Facilitation is about being SMART!

- Streamlining regulatory procedures is an important way through which the impact of trade transactions on the environment and climate change can be reduced.

- New technologies to digitalize and automate trade and transport procedures are becoming key enablers of a transition towards cleaner supply chains by improving efficiency and optimizing existing processes, while also creating new business opportunities.

- Strong evidence that digital trade facilitation procedures can contribute to reducing carbon dioxide (CO_2) emissions

Climate-Smart Trade Facilitation: Impact

- Each single end-to-end trade transaction fully undertaken digitally could save emissions equivalent to planting **1.5 trees**.

- For the Asia-Pacific region, savings of approx. 13 million tonnes of CO2e annually, eq. 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 CO_2 emissions with

  - improved maritime logistics and end-to-end supply chain visibility through eg ASYHUB

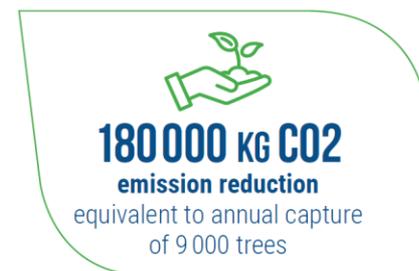 - reduction of number of trucks idling at the border through AW

Timor-Leste S   Vanuatu SW

95% DECREASE

in physical trips and printed paper

180 000 KG CO2
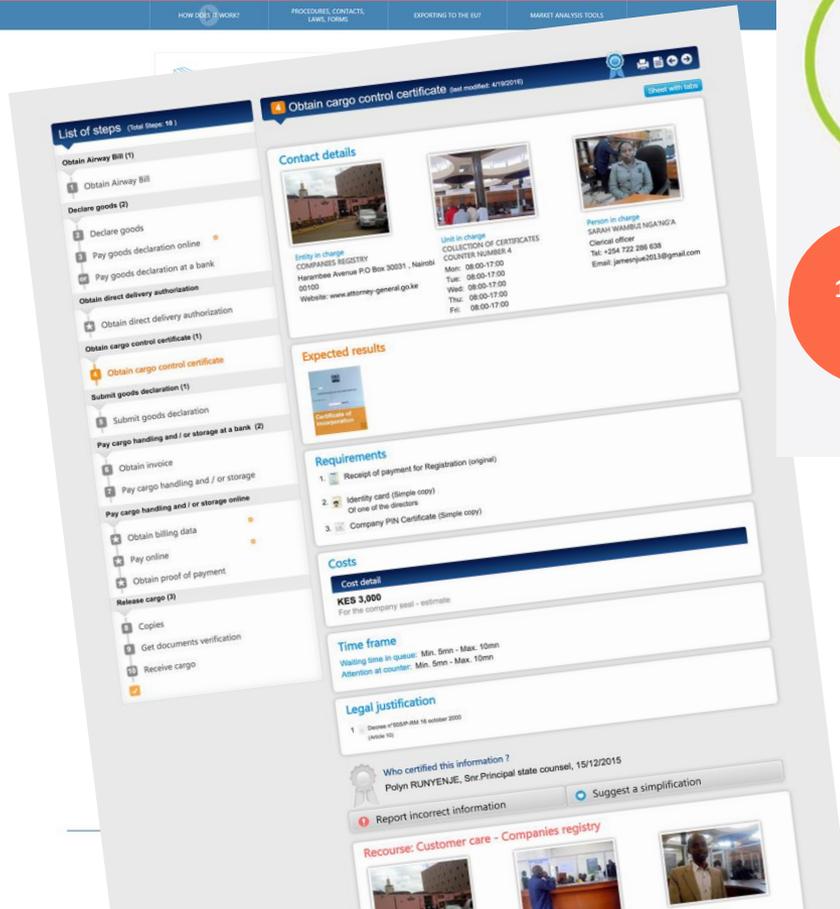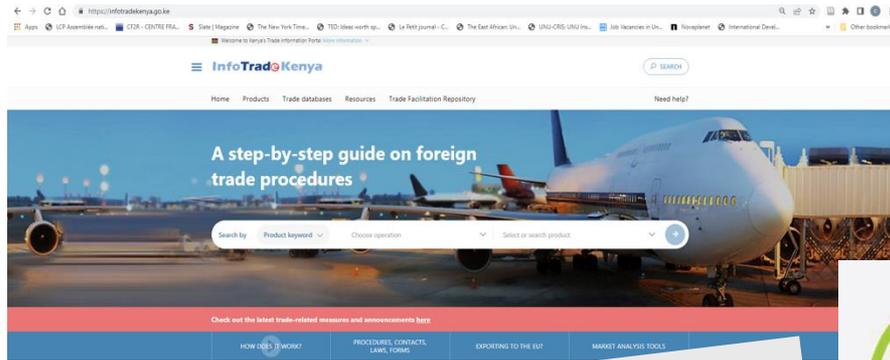emission reduction
equivalent to annual capture
of 9 000 trees

Sri Lanka

- 1 178 permit requests delivered for the trade of endangered species in 2022

- CITES permit processing time reduced from 5 days to 27 hours

UNCTAD Trade Information Portals

Climate-Smart Trade Facilitation is about being CIRCULAR !

Circular economy

- All forms of waste, such as clothes, scrap metal and obsolete electronics, being returned to the economy or used more efficiently.

- These reused 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, thus further reducing the environmental impact of cross-border trade.

Climate-smart trade facilitation for economic and climate resilience in Africa and Asia-Pacific – UNDA 2528D Project (2025-2028)

Objectives of the Project:

- Joint project implemented by UNCTAD and UNESCAP.

- Aims to strengthen the capacity of 3 pilot countries to measure, calculate, and implement climate-smart trade facilitation reforms.

- Address the challenges posed by the lack of data and impact assessment related to the digitalization of cross-border trade procedures on climate change.

- Aims to mitigate the environmental impact of international trade.

- Enhance the capacity of national stakeholders to implement and benefit from climate-smart trade facilitation reforms.

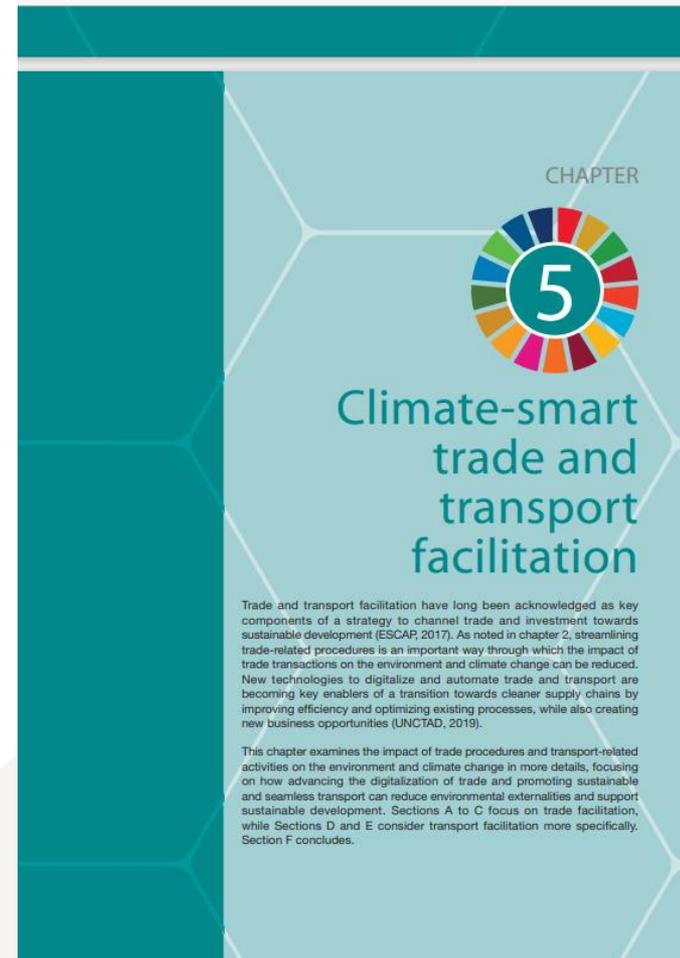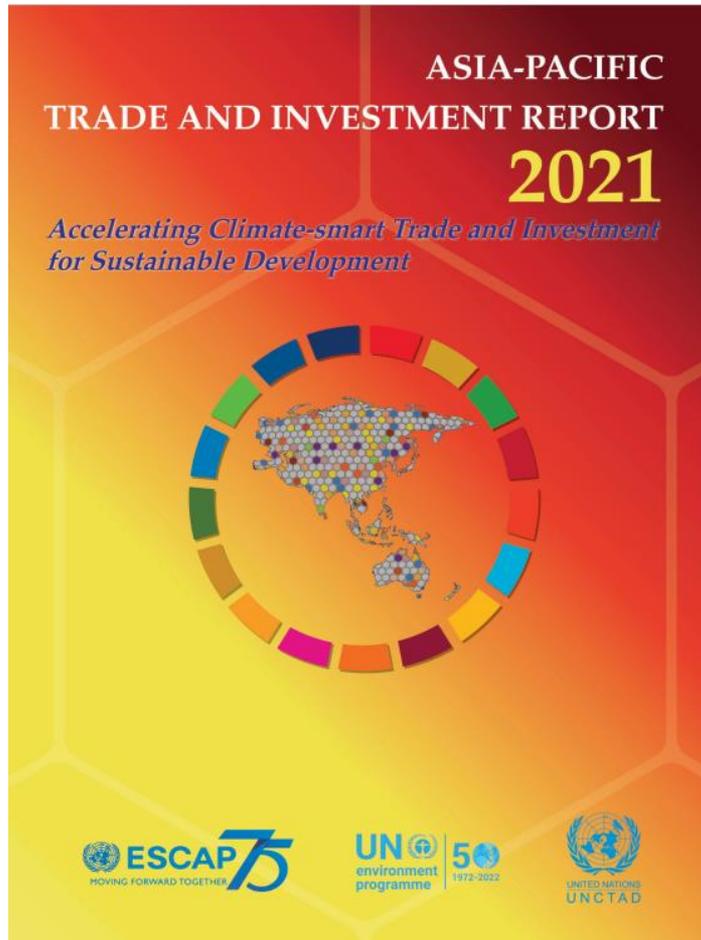**Pilot Countries:** *Cambodia, Rwanda and Vanuatu*

Climate-smart trade facilitation for economic and climate resilience in Africa and Asia-Pacific – UNDA 2528D Project (2025-2028)

- **Activities:**
  - Creating a robust database of trade facilitation and supply chain data,
  - Developing a CO_2 emissions calculator for cross-border trade procedures, and
  - Conducting analytical research, and
  - Supporting the implementation of climate-smart trade facilitation reforms.

- **Intended Outcomes:** Integration of climate-smart trade facilitation strategies into national development plans and the implementation of reforms that reduce CO_2 emissions in international trade procedures, ultimately contributing to more resilient and sustainable trade practices.

Conclusion

- Facilitating cross-border trade while in parallel focusing on greening the supply chain can have a direct positive impact on reducing CO_2 emissions

- Climate-smart Trade Facilitation strategy should be accompanied with a green transition strategy

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

UNITED NATIONS
UNCTAD

Further information

THANK YOU

UNCTAD

PROSPERITY FOR ALL

www.unctad.org

celine.bacrot@un.org