Special session on illicit trade in waste: environmental challenges and trade solutions

UNCTAD Trade and Development Commission
Side event

Thursday 25th April, 10:00 AM to 12:30 AM

Concept note

Overview:

In the upcoming Trade and Development Commission, a special session is planned to explore the issue of illicit trade and waste. This form of illicit trade has widespread repercussions for the sustainable development agenda, not least for environmental well-being, human health, and sustainable production and consumption practices.

This session aims not only to dissect the challenges posed by illegal trade in waste but, within an overall development framework, to explore how trade, coupled with better border and domestic governance, can provide positive solutions that contribute to the lasting mitigation of this global problem.

Session Objectives

1. Understand the scale, scope, and dynamics of illicit trade flows in solid waste.
2. Explore innovative and positive trade measures to tackle the issue of illicit trade and waste, going beyond conventional control and policing methods, and incorporating the wider development and resource circularity perspective.
3. Foster collaboration among stakeholders for a comprehensive approach to combat illicit trade in waste.

Background

Waste is a near ubiquitous byproduct of contemporary economic activity, present in ever increasing quantities commensurate to growing rates of consumption and production. Globally, around 2 billion metric tonnes of solid waste is produced annually, of which only about 13.5 per cent is recycled. Furthermore, waste production is increasing, and some estimates point to a rise of as much as 70 per cent by 2050.[1] The use of chemicals and additives in manufacturing products has also increased the toxicity of waste.[2]

Due to the costs of treating it in a safe, environmentally considerate manner, waste is most generally assigned a negative value. As such there is an incentive for actors within the supply chain to avoid these costs by illegally dumping or disposing, or exporting waste to countries with less strict environmental standards. The existence of such incentives for mismanagement of waste across international markets was the reason for the creation of the Basel and Rotterdam Conventions, regulating trade in hazardous waste and chemicals. The trade in waste can happen legally in secondary

[1] Silpa Kaza et al., (2018), What a Waste 2.0: A Global Snapshot of Solid Waste Management to 2050. Washington, DC: World Bank.
[2] Pellow, D., (2007), Resisting Global Toxics: Transnational Movements for Environmental Justice

materials markets, but becomes illegal when it violates international regulations, such as the Basel Convention, or the rules and regulations of exporting or importing counties.[3]

Illicit waste trade is considered the most profitable environmental crime and encompasses activities across sorting, transporting, and disposing of waste that do not abide by regulations. The profit generated from illicit waste amounts to US$ 10–12 billion annually, which puts profits on a par with other major crime areas such as human trafficking.[4] Due in part to the significant profits, organised crime groups in some countries have entered and sought to take advantage of this criminal market.

The illicit trade of waste flows from the global North to the global South, particularly towards West and East Africa and Southeast Asia.[5] Following the arrival of waste in the destination country, other unlawful activities may also be carried out, such as illegal recycling and disposal, or similar activities performed in irresponsible ways. This may also bring regular trade flows of waste into illegality. In addition to the financial costs, waste trafficking has enormous impacts for the environment and human health, and inhibits development by fuelling corruption and poverty in some countries.

The complexity of waste related regulations and varying legal definitions, often in combination with few resources for monitoring, inspection, and enforcement, result in low risks for criminals, while the illicit profits they stand to make in this sector are high.[6] Stringent regulation in a country of export does not solve the problem of waste criminality if there is lax regulation in the destination country. International and regional treaties regulating trade can also struggle with the effective implementation of their provisions.[7]

In this context, there is much scope to address the illicit trade of waste with trade policies that address the root of the problem, from a development perspective. Exploring novel material alternatives and substitutes that can replace common sources of waste, particularly single-use plastic packaging. This could help upscale industries based on less-polluting natural fibres, creating jobs, and reducing illicit trade flows in plastic waste.

The linear model of production based on extract/take-make-use-waste leads to a throw away culture that does not provide incentives to producers and consumers to reduce or prevent waste generation. A circular economy approach provides opportunities to rethink waste and see it as an opportunity for recovering valuable resources and performing economically valuable activities. This may be key to addressing widespread problems related to illicit trade in e-waste, and textiles and secondhand clothing, in the West African and East African countries respectively.

By aiming to minimizing the amount of waste generated, these activities also contribute to environmental sustainability objectives, not only by reducing pollution and degradation, but also lowering demand for primary supplies of raw materials. For example, with the increased implementation of net zero policies in line with the 2050 deadline, circularity principles applied to clean energy transition technologies could potentially play a significant role in helping meet long term demand for for Critical Energy Transition Minerals (CETMs). Further, efficient recovery of minerals and

[3] Basel Institute of Governance, (2023), Corruption risks in waste management
[4] FATF (2021), Money Laundering from Environmental Crimes, FATF, Paris, France, https://www.fatf-gafi.org/publications/methodsandtrends/documents/money-laundering-environmental-crime.html
[5] Bisschop, L., (2016), Illegal trade in hazardous waste
[6] FATF (2021), Money Laundering from Environmental Crimes, FATF, Paris, France, https://www.fatf-gafi.org/publications/methodsandtrends/documents/money-laundering-environmental-crime.html
[7] Chin, S., (2023), Measuring the scope and scale of waste management crimes.

materials from such hazardous waste can provide not only economic value, but revenue via services connected to circular economy activities that provide job opportunities in developing countries.

The session will be supported by empirical cases from technical assistance projects under the UNCTAD-FCDO Sustainable Manufacturing and Environmental Pollution (SMEP) programme, on the cases of used lead-acid batteries and second-hand clothes trade.

Suggested discussion questions

- Illegal trade in waste often depends on the definition of what constitutes waste. How can more circular approaches help us differentiate what is useful scrap materials for re-insertion in the economy, and what is waste? Can the adoption of certification systems and behaviour change among market agents be stimulated to transform what is now considered illegal waste into valuable?
- Imports of secondhand textiles have been controversial in East Africa for many years, and numerous countries in the region have announced (short term) bans. Has this legal change given an opportunity to illicit trade flows in textiles and secondhand clothing? What lessons can be learned for other sectors affected by illicit trade in waste? Can better end-of-life management and cross-border circularity arrangements play a role?
- As many countries increase efforts to implement net zero commitments, including through the widespread adoption of clean energy transition technologies and e-mobility, what kind of problems can we face in this area? Can energy technologies be the next illegal trade in waste problem?
- Various types of waste are routinely traded in the world. After concerns were raised on plastic scrap trade almost a decade ago, especially involving flows from north America and European countries towards Asia, those trade dynamics started to receive more attention. If you were to enumerate two actions at the policy level that can be transformative and reduce illegal trade in waste, what would those be?