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on Transport, Trade Logistics and
Trade Facilitation
10th Session

**Coordination and digitalization as a
means to accelerated and climate-smart
trade facilitation**

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Climate Smart Trade Facilitation

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Climate-Smart Trade Facilitation

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19 July 2023



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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 CO2 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

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Climate-Smart Trade Facilitation: Definition

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

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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.

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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

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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 (CO₂) emissions

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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**.

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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 S



in physical trips and printed paper



Vanuatu SW



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

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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.

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Climate-Smart Trade Facilitation: policy recommendations

- **National level:**
 - Encourage Governments to introduce and increase digitalization of their trade and customs related processes, through introduction of new technologies and automation, e.g. eSW, TIPs
- **Regional level:**
 - Promote coherence and efficiency of trade facilitation instruments like interoperability of systems and data exchange 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



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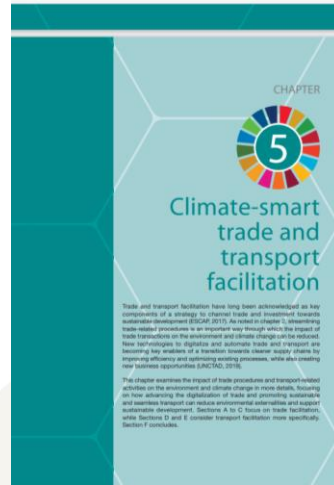
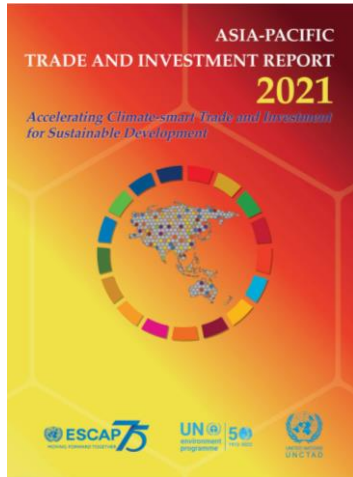
Conclusion

- Facilitating cross-border trade while in parallel focusing on greening the supply chain can have a direct positive impact on reducing CO2 emissions
- UNCTAD is committed to accompany the 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



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Further information



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