Harnessing the GSTP to forge development-led, sustainable, and just energy and agriculture transitions among member countries

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Mandate and leverage under Art 4 GSTP Agreement

Art 4 a & b:
Arrangements related to Tariffs and para-tariffs

Art 4 c:
Arrangements relating to non-tariff measures

Art 4d:
Arrangements relating to direct trade measures including medium and long-term contracts

Article 4e:
Arrangements relating to sectoral agreements
Low Carbon Technologies (LCTs)

A wide range of technologies including:

- renewable energy technologies (solar, wind, hydro and sustainable biofuel power generation systems)
- energy storage and transformation sub-systems that they use to deliver electricity for end use.

LCTs are playing a major role in the energy transition.
Unprecedented growth in LCT trade (2017-2021)

World LCT Trade (Global Exports)

10% average annual growth rate from 2017 to 2021.
Occupying a growing share of world trade (2017-2021)
Opportunities in renewable energy products

Article 4a - Arrangements on tariffs:

- Preferential reduction or elimination of tariffs on the LCT products can help the GSTP members enhance trade complementarity among them.

Article 4c – Arrangements on NTMs:

- Mutual recognition or agreeing on the equivalence of relevant non-tariff measures (NTMs) applicable to the LCT product imports can reduce trade costs.

Article 4e – Sectoral agreements:

- Facilitating public-private partnerships for production, trade, government procurement of LCT products, capacity building (e.g., research, training), and after-sales services, among others.

- Exploring options for South-South transfer of technology mechanisms such as patent pools, joint research and training centers, and regional centers of excellence.
Agricultural tariffs under the GSTP (2021)

There are gains and space for improvements
Agricultural exports are diversified among GSTP members

São Paulo Round signatories, values in US$ thousands, 2021

<table>
<thead>
<tr>
<th>Mercosur</th>
<th>Indonesia</th>
<th>India</th>
<th>Malaysia</th>
</tr>
</thead>
<tbody>
<tr>
<td>Oil seeds &amp; oleaginous fruits, 46,163,186</td>
<td>Meat &amp; meat preparations, 27,627,148</td>
<td>Vegetable oils and fats, 29,563,818</td>
<td>Vegetable oils and fats, 15,639,230</td>
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<tr>
<td>Cereals &amp; cereal preparations, 19,487,706</td>
<td></td>
<td>Natural rubber &amp; similar gums, 4,016,964</td>
<td>Coffee, tea, cocoa, spices &amp; preparations, 4,627,050</td>
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<td></td>
<td></td>
<td>Fish, crustaceans, molluscs &amp; preparations, 5,264,789</td>
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</tbody>
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Opportunities in sustainable agricultural product

Article 4a and 4b: Arrangements on tariffs:
- Expanded markets and increased flows of complementary sustainable agricultural products
- Higher levels of food security by improving access & affordability
- And to agricultural inputs, including machinery, seeds, fertilizer, biodegradable mulch, bags
- Reduced cash crops and other food commodities export dependency and price volatility

Article 4c - Arrangements on NTMs:
- Mutual recognition and clarity of food sustainability criterion
- Greater market opportunities for small-scale farmers and fishers

Article 4d – Direct trade measures
- Supply contracts among GSTP Members in times of food crisis

Article 4e- Sectoral Arrangements
- Exchanges of best sustainable practices, mitigation, and adaptation measures for crops, cattle, fisheries
Trade in plastic substitutes: What's the added value?

One third of the $388 billion of plastics substitutes exported in 2020 were products with added value. The rest were raw materials.

Source: Prepared by UNCTAD secretariat based on UN COMTRADE
Note: In addition, approximately $4 billion of potential substitutes for abandoned, lost or otherwise discarded plastic products were produced in 2020.
The potential for health supplies and services

- Many members suffered a reduced access to essential medical supplies during COVID19
- Supply shock due high dependency on imports of essential products from a handful of suppliers
  - 7 of 42 GSTP members were net-exporters of essential medical supplies in 2019.
  - 18 GSTP members imported between 10 to 70 times more than they export essential medical supplies
- Intra-GSTP trade could help improve access, especially in times of crisis
- Cooperation may include drugs, vaccines, medical devices, and health services
Way Forward

Complete the SPR ratifications

Deepen and expand SPR benefits
  • Tariff cuts
  • Coverage
  • Membership
  • NTMs

Launch a new negotiation round
  • Agriculture
  • Renewable energy
  • Natural based plastic substitutes
  • Trade in health supplies

Expand the scope of cooperation to new areas
  • Services
  • Trade facilitation
  • E-commerce
  • Technology transfer

• GSTP participants to consider
• The support of G77 & China is essential
• UNCTAD 16 could provide a renewed impetus and guidance
Thank you!
Questions for discussion:

1) How can GSTP members use existing GSTP mechanisms/arrangements relating to tariffs, para-tariffs, NTMs, direct trade measures and sectoral arrangements, to enable further South-South integration?

2) Can the GSTP be used to complement/implement commitments under multilateral environmental agreements:
   a. the Paris Agreement and net zero pledges
   b. the UN International Negotiating Committee (INC) on a treaty to end plastic pollution/ WTO plastics related negotiations?

3) Which are the priority sectors for further cooperation under the GSTP (i.e., LCT products, agriculture, fisheries, plastic substitutes, health products, etc.)?

4) How can UNCTAD support GSTP members to enhance their cooperation in the abovementioned areas?
Concession extended to all (negotiating) GSTP participants, not to non-members (conditional MFN)

Preferential Tariff Reduction Scheme
- Includes other tools for cooperation among developing countries

Scope of cooperation also includes
- Non-tariff measures
- Medium and long-term contracts
- Sectoral agreements long-term

Rules of origin
- Based on value added (50%)

Three "rounds" of GSTP negotiations

Legally covered by the Enabling Clause
- Exempted from GATT MFN principle

Unique framework for South-South partnership