

Greening the economy – what implications for the Pacific Islands.

The case of fossil fuels, plastics and plastic substitutes.
Aligning climate and development finance.

How can Pacific Islands be part of the next wave?

Diana Vivienne Barrowclough

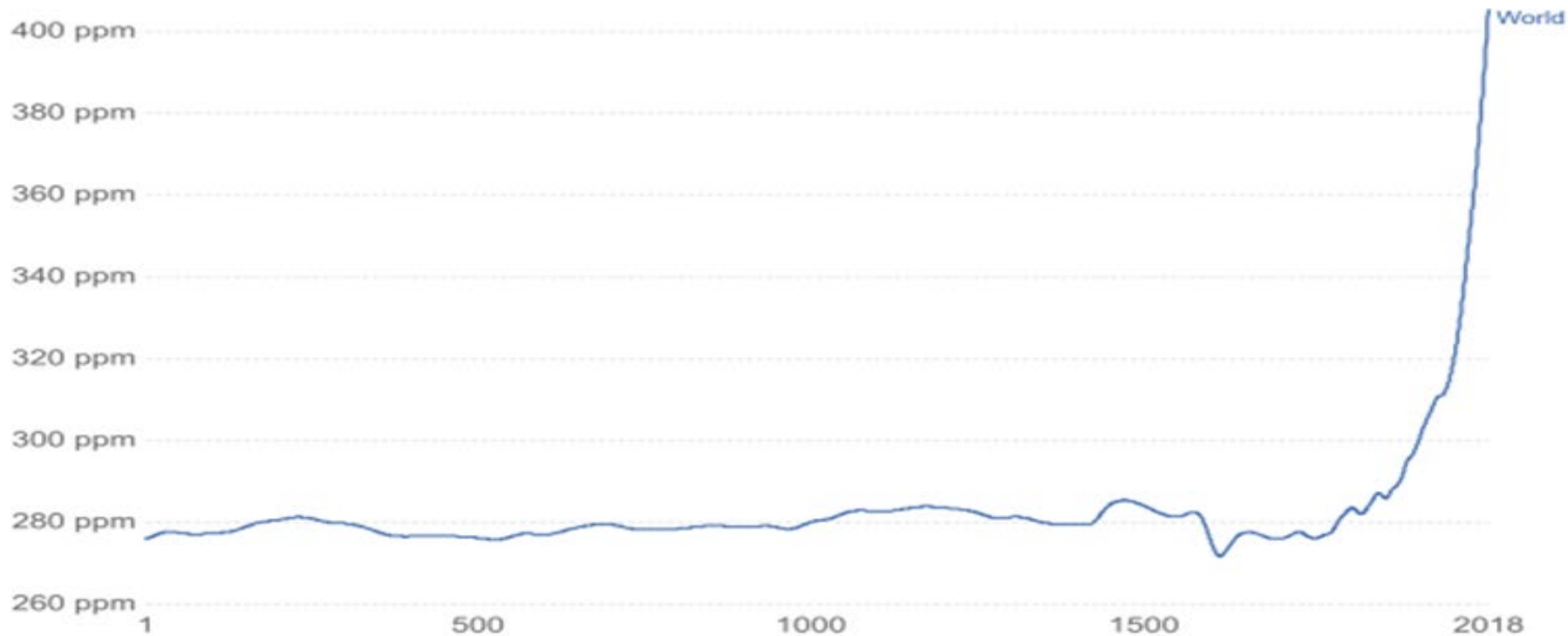
United Nations Conference on Trade and Development

What everyone is worried about

Atmospheric CO₂ concentration

Global average long-term atmospheric concentration of carbon dioxide (CO₂), measured in parts per million (ppm).

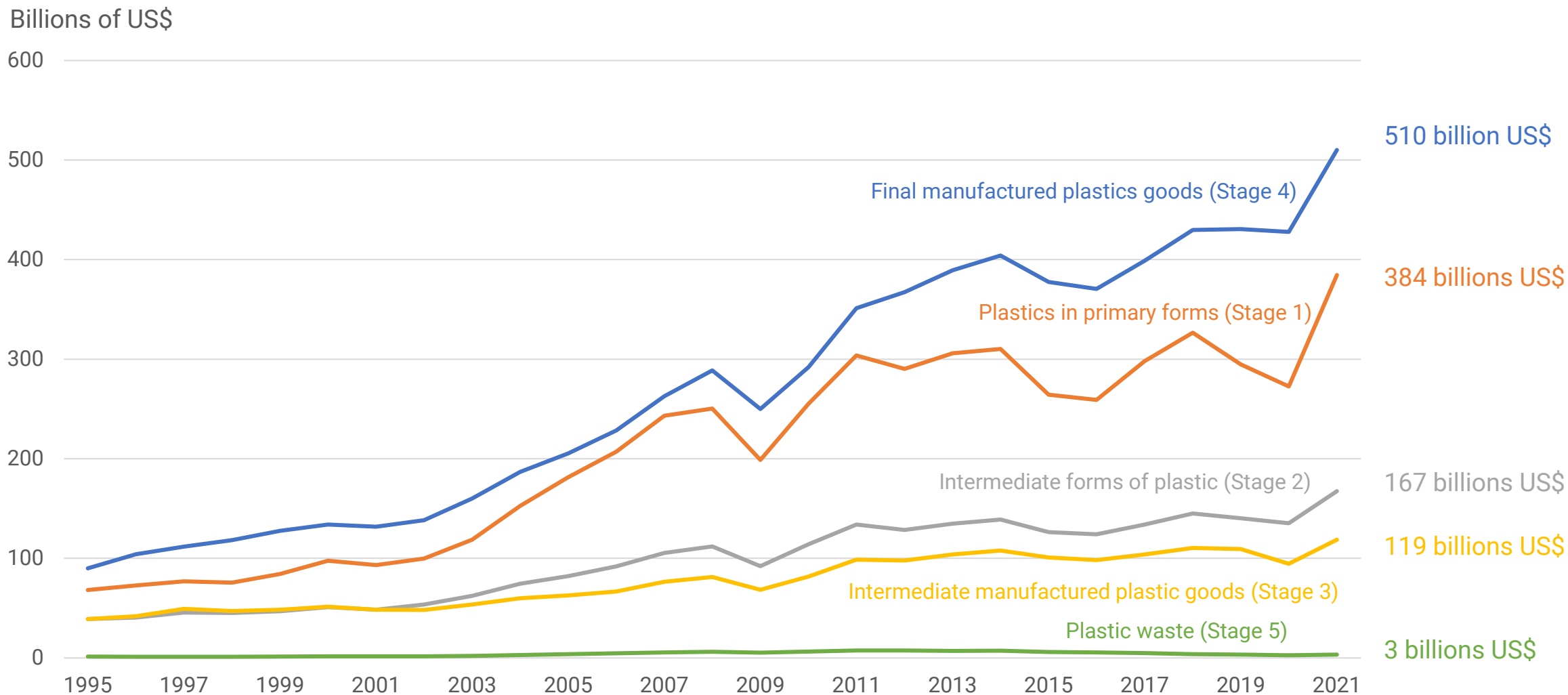
Our World
in Data



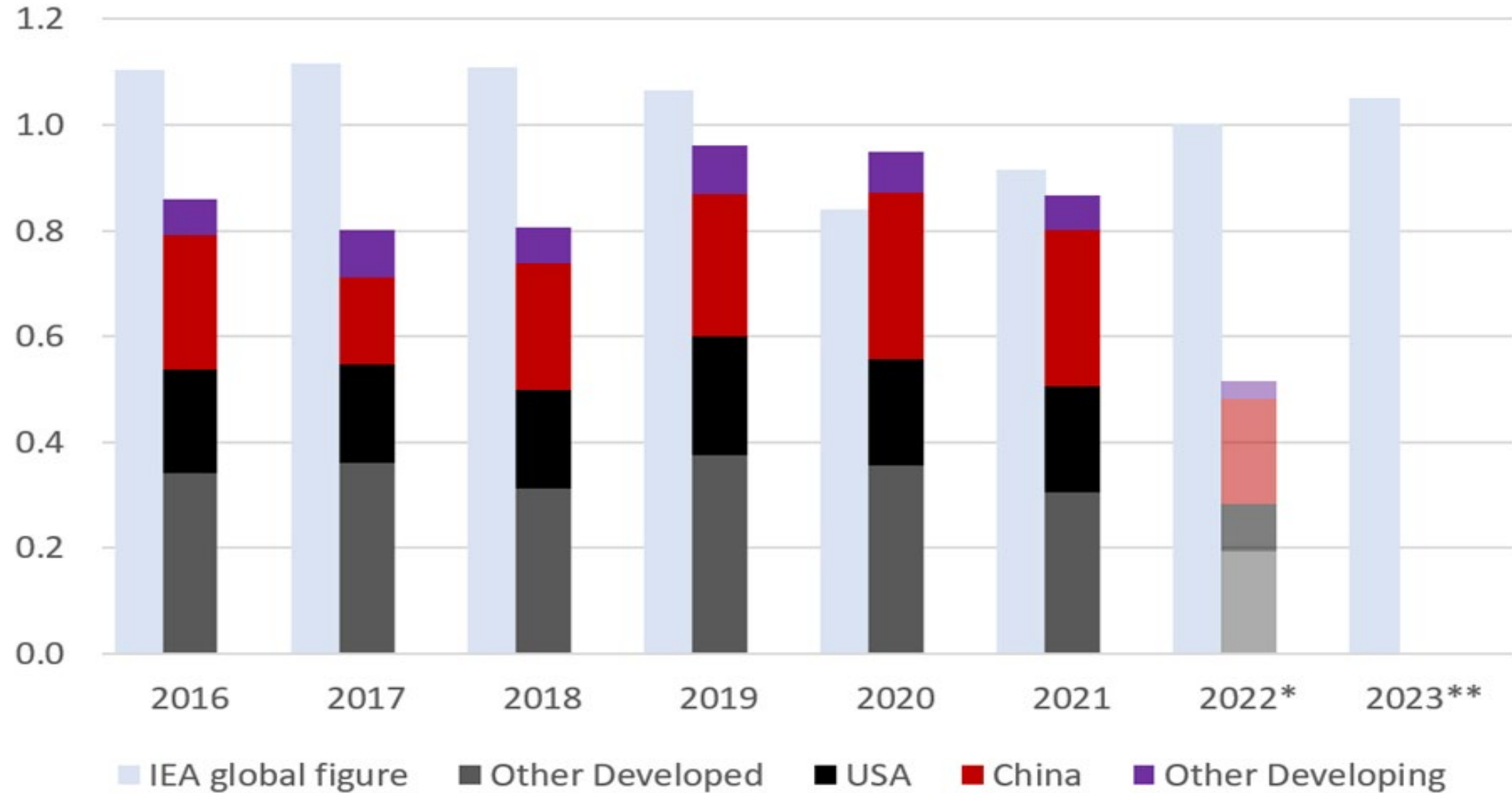
Source: Scripps CO₂ Program

OurWorldInData.org/co2-and-other-greenhouse-gas-emissions • CC BY

Why there will be a plastics treaty. **Trade in plastics** is a big and growing business; no countries are untouched; 75% of plastics becomes waste.



No end in sight for fossil fuel finance – and plastics are the fossil fuel derivative. (TDR2023)



Finance Flows Snapshot

All active flows

Direct Project Finance: 16,147,003,170

Investment Firms & Hedge Funds: 76,084,788,267

Private Pensions: 1,047,774,867

Greenfield: 112,840,147,727

Commercial Banks: 63,065,936,035

Brownfield: 1,318,000,000

Private: 212,679,767,147

Commercial Bonds: 149,304,631,068

Insurance Companies: 54,668,232,306

ETFs: 16,852,568,839

Other: 1,666,032,502

General Corporate Purposes: 108,229,613,987

Direct Funding: 4,906,483,000

ECAs/EXIMs: 4,068,370,000

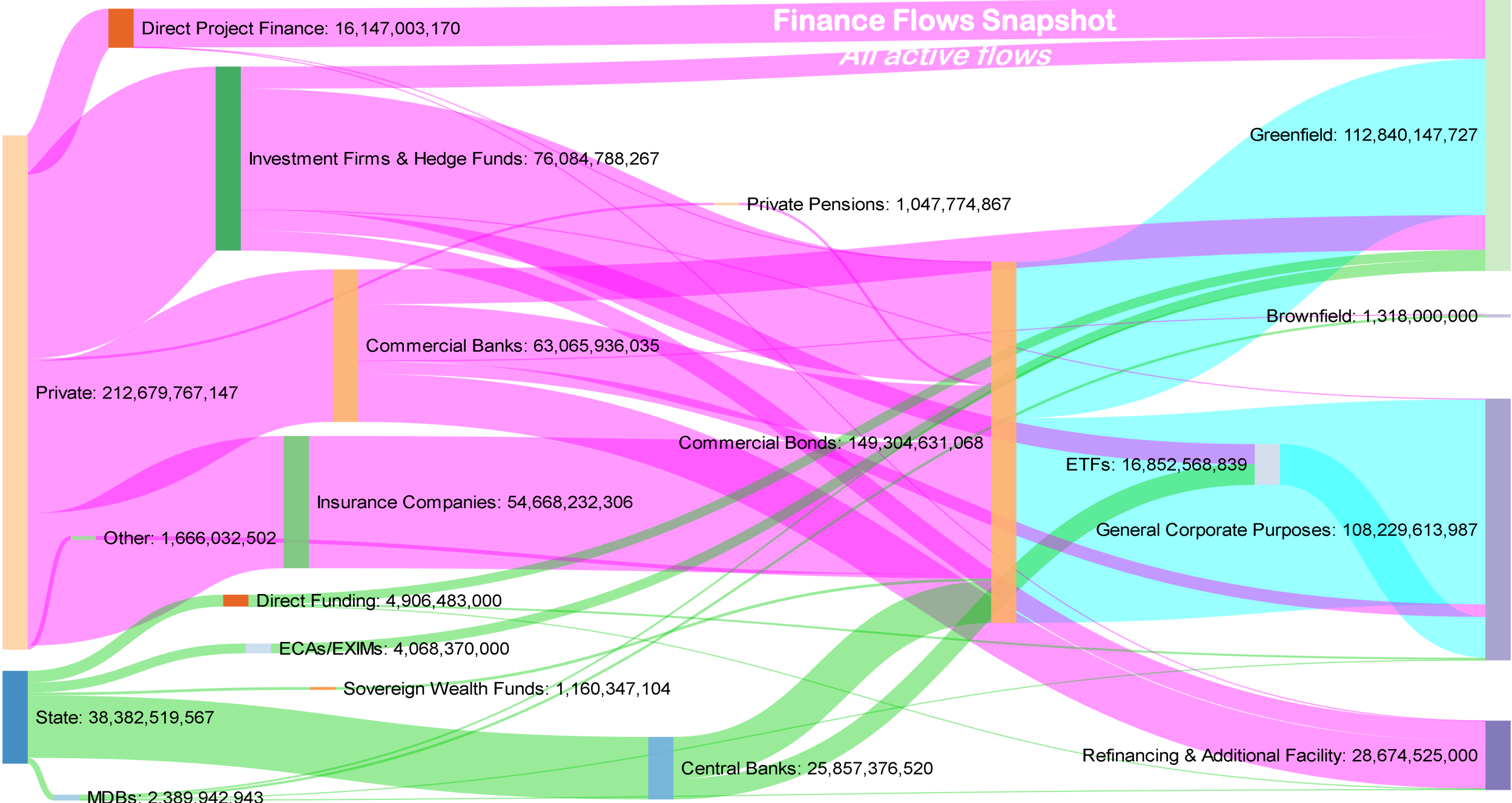
Sovereign Wealth Funds: 1,160,347,104

State: 38,382,519,567

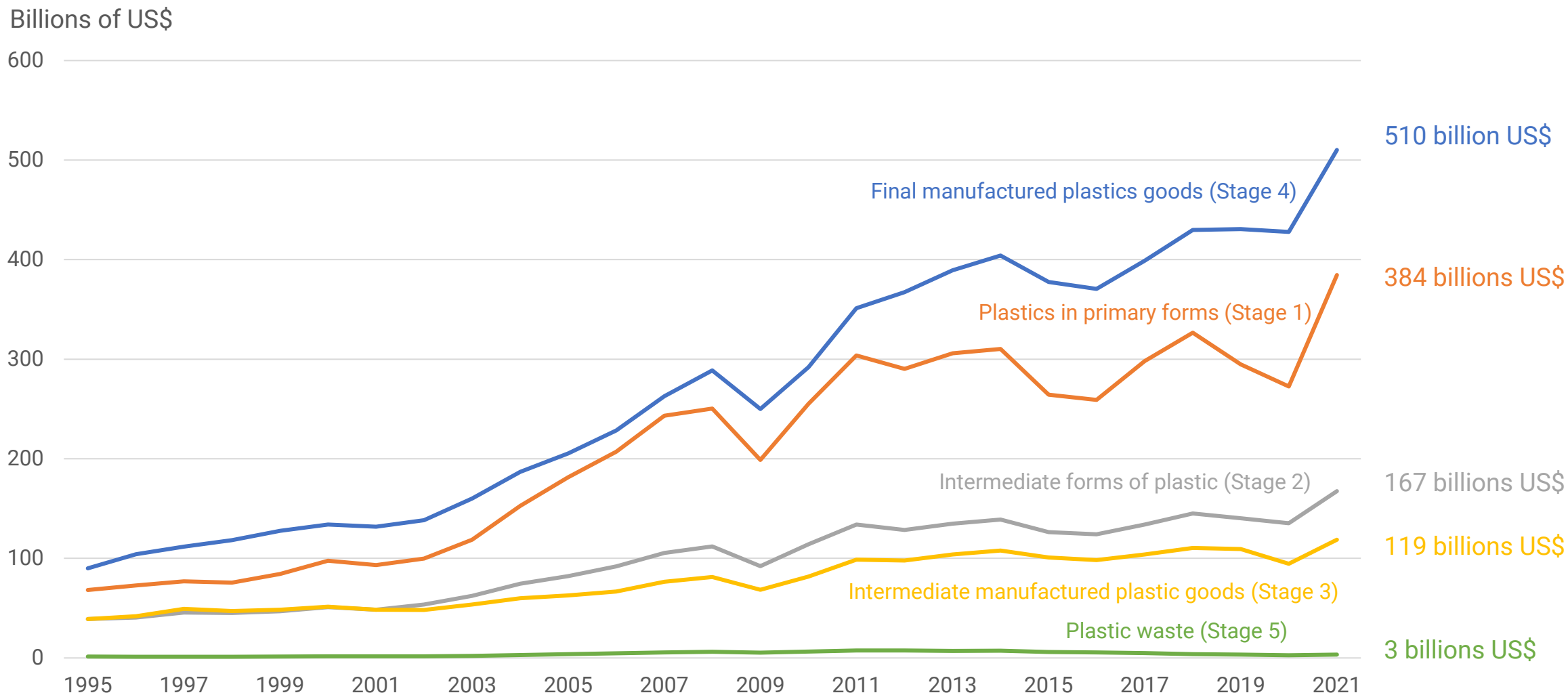
Central Banks: 25,857,376,520

Refinancing & Additional Facility: 28,674,525,000

MDBs: 2,389,942,943



Why there will be a plastics treaty. **Trade in plastics** is a big and growing business; no countries are untouched; 75% of plastics becomes waste.



Significant imports; missing opportunities in exports of Substitutes?

	Imports Value in US dollars at current prices in thousands							Share of total merchandise imports					
ECONOMY	Total plastics	Plastics in	Intermediat	Intermediat	Final manu	Plastic wa	Total merchand	Total plasti	Plastics in	Intermedia	Intermedia	Final manu	Plastic was
Fiji	164'238	47'036	25'889	22'933	68'370	9	2'115'650	7.8%	2.2%	1.2%	1.1%	3.2%	0.0%
Samoa	15'099	228	836	1'628	12'407	..	368'240	4.1%	0.1%	0.2%	0.4%	3.4%	
	Exports Value in US dollars at current prices in thousands							Share of total merchandise exports					
PRODUCT	Total plastics	Plastics in	Intermedia	Intermedia	Final manu	Plastic wa	Total merchand	Total plasti	Plastics in	Intermedia	Intermedia	Final manu	Plastic was
Fiji	7'777	126	435	3'478	3'630	108	815'336	1.0%	0.0%	0.1%	0.4%	0.4%	0.0%
Samoa	235	0	3	3	229	..	28'837	0.8%	0.0%	0.0%	0.0%	0.8%	

But – creative destruction and transition are new games. Where will the finance come from.....

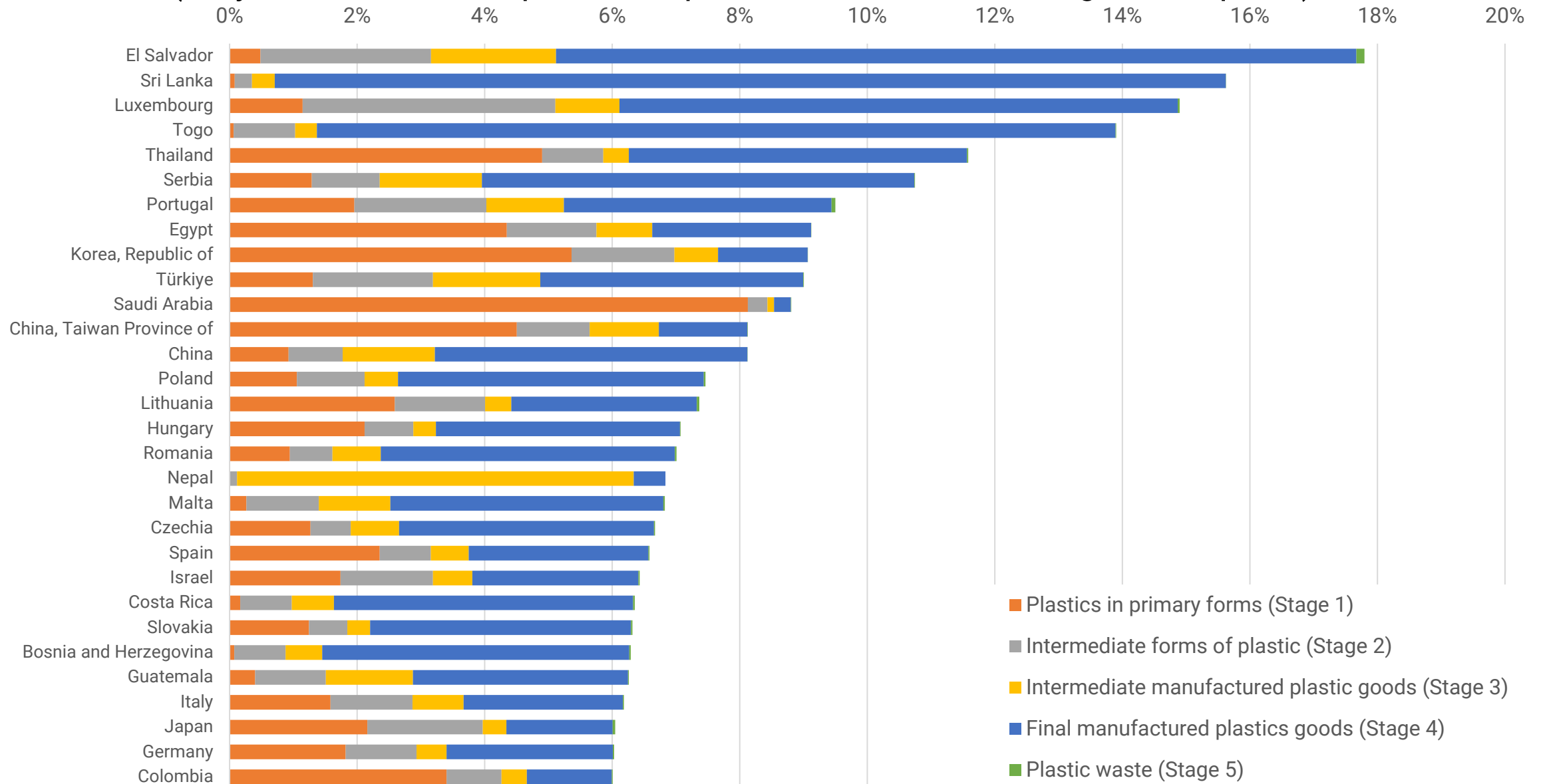
- Green Climate Fund (?), lets as the DBF
- National public or development banks
- Regional development banks – the most likely contender.
- ADB, AIIB, NDB... World Bank
- China policy banks.
- Actually, bilateral funds are much bigger than MDBs...
- And, currently, Pacific Islands does not have a regional bank.
- SWFs – can they invest in the country or region?

Promoting <i>sustainable transformation</i>	Ensuring a <i>just transition</i> to support the process of transformation
Policies, rules and regulations to require and enforce shift toward more sustainable production (including taxes, charges and extended producer responsibility);	Capacity building and support for research, technical assistance and A4T support for developing countries to invested/active in GVCs involving plastics
Trade policies to support national efforts to reduce unsustainable production and consumption and encourage alternatives & substitutes;	Technology transfer and capacity build for developing countries to adapt production for greater sustainability; trade in waste management services and technologies; production of substitutes
Correct pricing to internalise real environmental impacts;	Clear sun-set periods for removal of existing incentives for unsustainable production or single use plastics;
Incentives for producers to adapt existing process and products to a more circular economy;	Incomes policies to support temporarily displaced workers;
Removal of existing subsidies or incentives no longer appropriate;	R&D, education and skills policies for re-training in use of new processes and products;
Support for development banks and financial institutions to finance transformative leaps toward sustainability by governments, firms and investors;	Social services for permanently displaced workers and transitional support for removal of subsidies;
Sustainability standards for products and production methods; certification of environmental standards.	Information exchange, monitoring & assessment (e.g., on trade-related plastic pollution measures)
Procurement policies at national and regional level.	Cooperation with other international processes

Implications for plastics exporters

Share of plastics trade in total merchandise exports, 2021

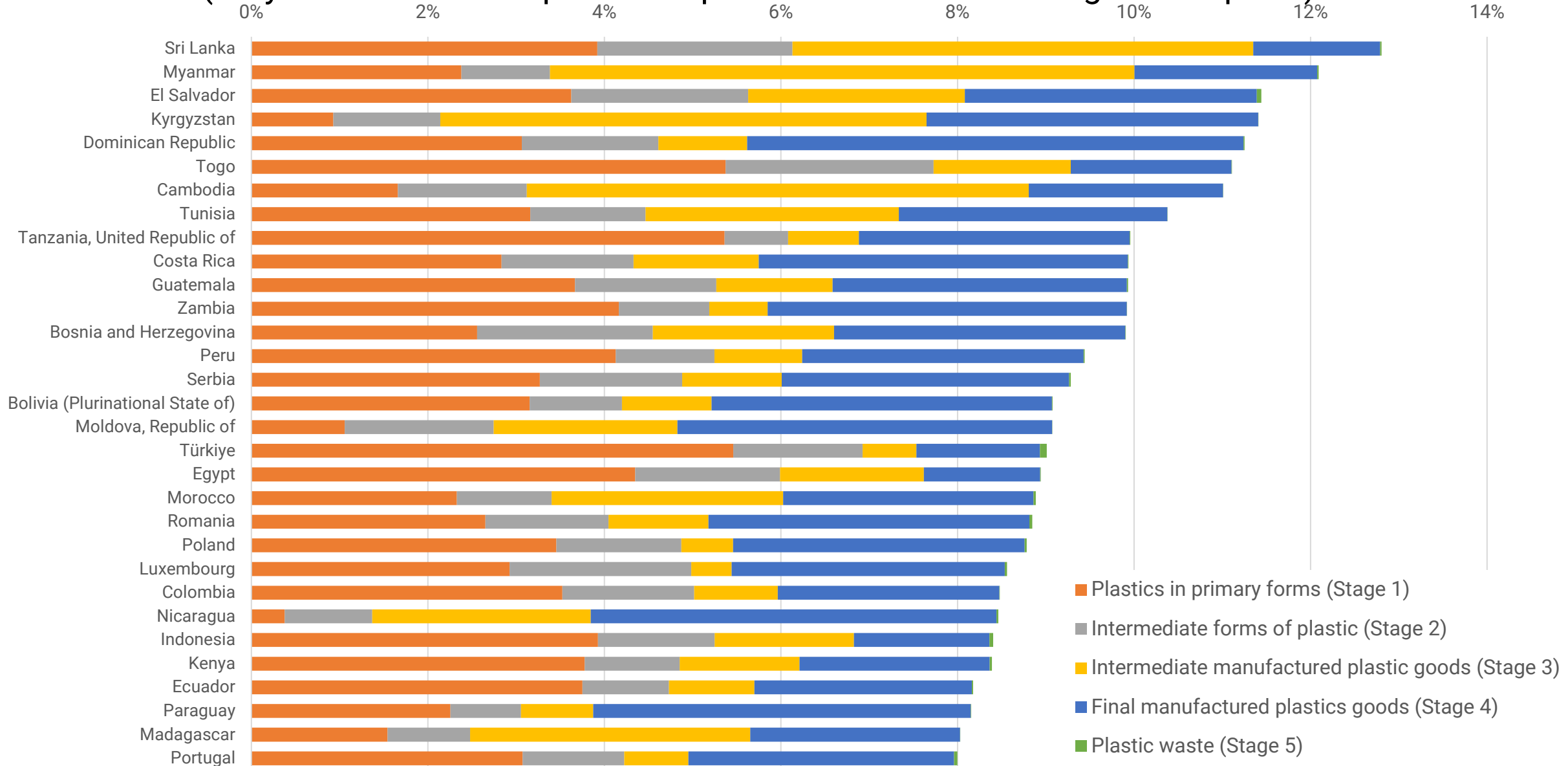
(Only countries where plastics represent more than 6% of global exports)



Implications for plastics importers.

Share of plastics trade in total merchandise imports, 2021

(Only countries where plastics represent more than 8% of global imports)



Plastic trade complexities and the development dimension

- We have made transformative leaps before – learning from historical leap from agriculture
- But, business can probably not do it alone. Climate and development goals best served when seen as complements, guided by a developmental state; supported by finance and complementary industrial policies.
- Just Transition and transformation.
- **A positive trade and environment agenda can support this:**
- Special and differential treatment (SDT) and the UNFCCC principle of ‘common but differentiated responsibilities’ (CBDR) provide the starting point.
- **Green technology transfers;** eg open sourcing of plastics-related waste technologies and substitute technologies. Declare these public goods.
- **Sufficient, long-term development finance** is available at favourable terms - to finance technological, industrial, social and trade aspects of shifting products and processes for transition and transformation.
- A new Trade and Environment Fund? Or better capitalised DFIs, with space to do the job.
- Positive incentives to encourage plastics Substitutes and other plastics-related “sunrise” areas where developing countries are already trying to diversify.
- Support to LDCs and SIDS especially, given the complexities of international climate finance.



Thank you

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