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**DIALOGUE ON PLASTIC POLLUTION AND ENVIRONMENTALLY
SUSTAINABLE PLASTICS TRADE (DPP)**

QUAKER UNITED NATIONS OFFICE (QUNO) PRESENTATION ON SUBSIDIES TO PRIMARY
PLASTIC PRODUCTION: THE NEED FOR GREATER TRANSPARENCY

Pre-Plenary Meeting – 12 April 2024

DOCUMENT DE SÉANCE NON OFFICIEL¹

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* In Original language only/En langue originale seulement/En el idioma original solamente.

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Subsidies to primary plastic production: The need for greater transparency

DPP, 12 April 2024

Ronald Steenblik
Senior Technical Advisor,
Quaker United Nations Office (QUNO) in Geneva

The problem

- Evidence is mounting that the production of primary plastic polymers, including their feedstocks and precursors, is significantly subsidized in some Member economies.
- Subsidies to inputs reduce the cost of producing plastic products, or increase the amount of plastics produced at a given price, or both.
- Subsidized financing helps lock in production for decades.



WTO - Internal

Subsidies are being discussed in the INC

- Initial evidence, first presented in a report prepared by TESS for the Pew Foundation in 2021, suggested there were likely significant subsidies supporting investments in new primary plastic making capacity, and to inputs such as petrochemical feedstocks and process energy used in the cracking and polymerization processes.
- The need to address subsidies had also been raised by delegates to the 2nd Intergovernmental Negotiating Committee meeting (INC-2) to develop an international legally binding instrument to end plastic pollution.
- Several subsequent written submissions in advance of INC-3, from both stakeholders and governments, called for the elimination of **subsidies** benefiting the production of primary plastics.



WTO - Internal



Rockefeller Foundation's Bellagio Center

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Governments represented

- Africa (1)
- S. America (1)
- Oceania (1) 
- SIDS (2)
- Europe (4)



CSOs and IGOs

- CIEL*
- IISD
- IUCN*
- Lund Univ.
- Mindaroo Found.
- NAIL 
- Pew Charitable Trust
- QUNO Geneva*
- UNCTAD
- World Bank
- WTO

Attendees (26-30 March 2024)


* = partner

 = virtual

WTO - Internal

Bellagio outcomes

- *Short-term:*
 - Discussions on the revised zero draft of the Plastics Treaty.
 - Short information sheet on subsidies to primary plastic production.
- *Longer-term:*
 - Commitment among several organizations to fill in data gaps on subsidies to PPP and — if funding can be procured — to model the effects of subsidies or their reform on production, trade, and the environment.



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How can the DPP help?

- The Ministerial Statement on Plastic Pollution and Environmentally Sustainable Plastics Trade (WT/MIN(24)/14 of 23 February 2024) already foresees (p. 5, para. "e") improving:
- "... the understanding and transparency of TrPMs [trade-related plastics measures] and enhance cooperation and peer-learning, including by:
- "... Enhancing efforts to identify and share TrPMs which are not currently well captured in the Survey, including **subsidies, support measures**, internal taxes, and extended producer responsibility (EPR) schemes."



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Practically speaking, this could include:

- DPP members could individually or collectively engage in an exercise to identify the levels of public finance, tax breaks, and any under-pricing or subsidies that favour their plastics producers.
- Following the lead of the Fossil Fuel Subsidies Reform (FFSR) working group, advocate to include questions relating to plastics subsidies in the Trade Policy Reviews and in the Committee on Subsidies and Countervailing Measures.
- More generally, work with colleagues involved with estimating fossil fuel subsidies to determine which ones support PPP.
- Participate — or sponsor — workshops, quiet diplomacy and similar events on subsidies to PPP.



Thank you — Merci — Gracias

Ronald Steenblik

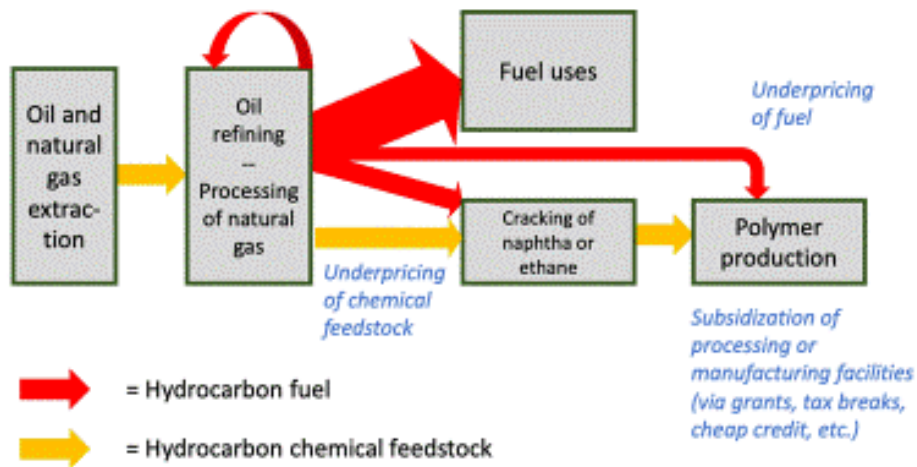
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**Extra slides, in case needed to answer
questions**



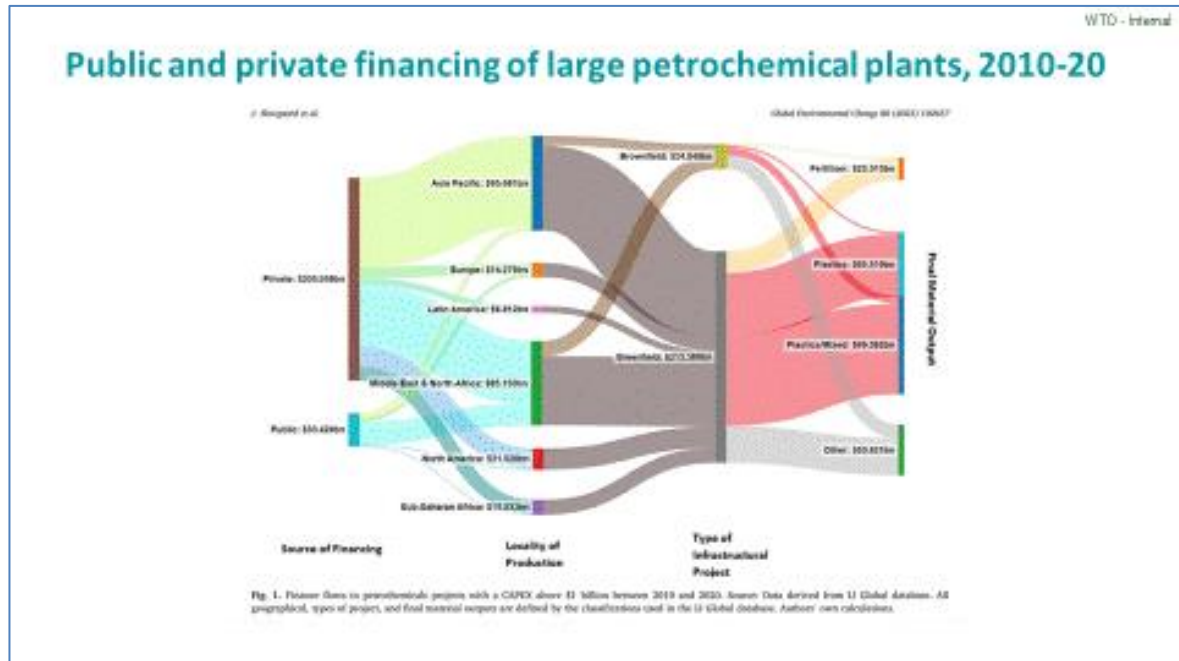
How do fossil-fuel subsidies relate to plastics subsidies?



Feedstock pricing: nominal prices of ethane in the United States and Saudi Arabia, 2015-18^a



^a • United States: Mont Belvieu spot price; • Saudi Arabia: export price, FOB, encompassing all commercial grades.
Source: Intratec (<https://www.intratec.us/chemical-markets/ethane-price>)



WTO - Internal


The WTO definition of a subsidy would be the obvious starting point

(a)(1) There is a financial contribution by a government ... whereby:

- a government practice involves a direct transfer of funds (e.g. **grants, loans, and equity infusion**), or a potential direct transfers of funds or liabilities (e.g. **loan guarantees**);
- (ii) government revenue that is otherwise due is foregone or not collected (e.g. **fiscal incentives** such as tax credits);
- (iii) a government provides **goods or services** other than general infrastructure [i.e., "in-kind subsidies"], or purchases goods; ... or

(a)(2) there is any form of income or **price support** in the sense of Article XVI of GATT 1994;

and (b) a benefit is thereby conferred.



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