



## Sustainable Trade in Supporting Global Green Value Chains

A World Circular Economy Forum (WCEF) side event and virtual discussion hosted by the International Institute for Sustainable Development (IISD)'s Trade and Sustainability Hub

**Date:** 1 December 2021

**Event organizer:** China Council for International Cooperation on Environment and Development (CCICED)

On 1 December 2021, CCICED organized a virtual discussion via IISD's Trade and Sustainability Hub and as a side event of the World Circular Economy Forum (WCEF) 2021. The overall objectives were to take advantage of the presence of international experts attending the WCEF and Trade and Sustainability Hub to organize an exchange between international and Chinese experts to discuss topics including recent developments on green value chains, circular economy innovation to realize net-zero and nature-positive outcomes, post-Kunming and post-Glasgow policies and standards needed to advance sustainable trade, and opportunities and challenges for global value chains brought by the future of trade.

### Welcoming Remarks

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This virtual event was moderated by **Mr. Scott Vaughan**, CCICED International Chief Advisor. To provide introductory context, Mr. Vaughan shared a recent [report on green value chains](#) produced by CCICED Special Policy Study (SPS) team and the [Working Guidance](#) from the Chinese State Council announcing climate risk assessments will be undertaken throughout the value chains.

### Plenary Discussion

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**Ms. Kathleen McLaughlin**, CCICED Council Member, Executive Vice President and Chief Sustainability Officer for Walmart Inc., and President, Walmart Foundation, kicked off the plenary discussion by sharing examples of how private businesses can play a role in achieving ambitious climate and nature and circular economy goals. Ms. McLaughlin shared four observations. First, she noted that companies can pursue and achieve economic growth while also achieving the world's ambitious climate and nature goals. She further emphasized that companies need to shift their mindset and ambition from "limiting footprint" to "regeneration". In addition, Ms. McLaughlin stressed the special role that companies can play in translating bold societal ambitions like "protect nature" or "reduce emissions" into concrete, near-term operational targets. Lastly,



recalling lessons learned from Walmart's Project Gigaton initiative, Ms. McLaughlin noted the importance of undertaking a shared value approach and continuing to collaborate with stakeholders across sectors and markets to transform supply chains.

**Mr. ZHANG Jianping**, Director, Regional Economic Cooperation Research Center, Chinese Academy of International Trade and Economic Cooperation, is a long-time expert of the SPS on Green Value Chain. Mr. ZHANG commented on the importance of laws and regulations in driving and supporting changes. He used examples of China's recently published Cleaner Production Promotion Law and Circular Economy Promotion Law in supporting its green transition strategy. Through the success of the circular economy demonstration zones and the updated resource taxation system, Mr. ZHANG noted that Chinese enterprises have been better at meeting the increasingly stringent environmental protection standards. He further noted the importance of aligning China's practice with international practices.

**Mr. Kevin Moss**, Global Director, Center for Sustainable Business, World Resources Institute (WRI), another core expert of the SPS on Green Value Chain, noted that value chains are comprised of three components: upstream, operations, and downstream. He stressed that holistic solutions are required to limit the growing pressures on environmental resources. He also stressed that policy makers and corporate leaders alike need to recognize the societal cost, trade and policy implications, as well as consumer implications of the current consumption habits. Referencing WRI's P4G and PACE platforms, Mr. Moss called on concerted efforts from all stakeholders to establish new norms for consumers.

**Ms. TIAN Huifang**, Senior Research Fellow, Institute of World Economics and Politics, Chinese Academy of Social Sciences, shared insights from a macroeconomic perspective on regional cooperation in support of low carbon green growth in China, focusing on trade opportunities to support the green and low carbon activities. Noting opportunities and challenges related to the integration of regional markets, Ms. Tian shared views on some policy arrangements to enhance regional corporation to foster green value chain. For example, she called on governments to further liberalize trade and reduce tariffs to accelerate innovation and technology transfers, and to increase knowledge sharing and capacity building between developing and developed economies. She also noted the important role of industries and research institutes in developing countries in regional collaboration and partnership.

**Ms. Shannon Castellarin**, Manager in Plastic Regulatory Affairs, Environment and Climate Change Canada, highlighted the opportunities and challenges of a circular economy from a Canadian perspective and the role government agencies can play in a circular economy by providing a snapshot of the plastics economy in Canada. Based on a study that Environment and Climate Change Canada commissioned a few years ago, Ms. Castellarin share the evidence-based approach Canada took in developing concrete actions to move forward an ambitious agenda. She noted the important role of governments in supporting industries and researchers by providing clear guidance and expectations. In addition, she noted the equally important role of governments in shifting paradigms by influencing and shaping consumer preferences.



## Reflective Commentaries

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**Mr. Guillermo Castilleja**, CCICED Special Advisor and Senior Advisor, Global Alliance for the Future of Food, shared insights from a high-level perspective on the importance of taking a holistic approach when greening supply chains. He noted that supply chain reform would require all stakeholders to come together and find solutions that will make sense not only for their specific part of the of the supply chain, but for the overall system that the supply chain is feeding into. He argued that only by taking a holistic approach, supply chain reform could help us get closer to the overall goal that the world is trying to achieve. In this regard, he noted the importance of involving the right stakeholders, bringing data and evidence, and analysing those from a systemic perspective.

**Ms. Cristina Larrea**, Lead, Sustainability Standards, International Institute for Sustainable Development, with experience in sustainability standards and global value chains, noted the importance of risk identification and management and the role of traceability technologies. Echoing Mr. Moss' point, Ms. Larrea reiterated more work is needed on explicitly mentioning the value of consumer purchases and providing incentives to shift consumption patterns.

## Discussions

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During the discussions, panelists further shared views on the role of the private sector in making commitments on net zero. It was suggested that accountability mechanisms such as those adopted in the financial sector were also needed in the climate sector. It was also suggested that there should be balances between voluntary commitments from private sectors and mandatory regulations imposed by governments. It was further cautioned that balances need to be struck to ensure companies adhere to the commitments they have made, while also not forgetting the majority of those who have yet to make their commitments.

*This summary has not been reviewed by the speakers and does not reflect CCICED official opinions.*

