



Information Sheet

Eliminate Environmentally Harmful Subsidies for Primary Plastic Polymer Production in the Global Plastics Treaty

Acknowledgement

This Information Sheet is the product of a collaborative effort among the Quaker United Nations Office (QUNO), the Center for International Environmental Law (CIEL), the International Union for the Conservation of Nature (IUCN), and Fredric Bauer (affiliated with Lund University), contributing in his personal capacity.

The purpose of this document is to provide negotiators with a better understanding of the critical need and practical steps for eliminating environmentally harmful subsidies that fuel primary plastic polymer production.

Motivation

1. Plastic pollution represents broadly all emissions and risks resulting from plastics production, use, waste management and leakage (2022 OECD Global Plastics Outlook: Economic Drivers, Environmental Impacts and Policy Options). It occurs throughout the full life cycle of plastics, from the production of primary plastic polymers, including their feedstocks and precursors, to the end-of-life-stage, including during waste collection, and recycling, incineration, or burying in landfills. Plastic pollution contributes to the triple planetary crisis through its impacts on climate change, biodiversity loss, and pollution of terrestrial and aquatic environments, as well as air pollution.
2. Evidence indicates that the production of primary plastic polymers, including their feedstocks and precursors, is significantly subsidized in some countries. Subsidies to primary plastic polymer production support excessive production and consumption of plastic products, which contributes to more pollution.
3. The goal of eliminating subsidies to primary plastic polymer production aligns with existing commitments to phase out fossil fuel subsidies made by parties to the United Nations Framework Convention on Climate Change (UNFCCC) as well as commitments to eliminate environmentally harmful subsidies in the Global Biodiversity Framework (GBF) of the Convention on Biological Diversity (CBD).

Background

1. A subsidy is, as per the most widely accepted definition, that agreed upon in the World Trade Organization (WTO), a financial contribution by a government that confers a benefit to someone. There is a long history of initiatives and agreements aiming to eliminate specific environmentally harmful subsidies, such as in the case of subsidies for fossil fuels and fisheries. Subsidies removal, along with other measures, could serve as a tool for fulfilling the environmental objective of ending plastic pollution, as mandated by the United Nations Environmental Assembly, in UNEA resolution 5/14.
2. The main categories of subsidies for the production of primary plastic polymers, including their feedstocks and precursors, comprise: i) subsidised chemical feedstocks, such as naphtha, ethane, and propane, that are used for the production of monomers; ii) subsidised process energy, such as natural gas and electricity; iii) subsidised investment capital via loans, direct project funding, loan underwriting, and export credit guarantees supplied by public financial institutions at concessional rates.
3. An initial review of data suggests that the amount of government money that flows into plastic production is significant. Experts have indicated that subsidies to primary plastic polymer production, including feedstocks and precursors, could be in the range of tens of billions of U.S. dollars a year. Efforts are ongoing to more precisely quantify the value of these subsidies
4. As production of primary plastic polymers is highly concentrated in a limited number of countries, primarily high-income countries in Europe and North America, the Gulf States, and middle-income countries in Asia-Pacific, the majority of subsidies for these activities are also estimated to be highly concentrated.
5. Eliminating subsidies to primary plastic polymer production would contribute to slowing the unsustainable and exponential growth rate of primary plastic polymer production, improving the competitiveness of cleaner plastic substitutes, reducing the harmful environmental, human rights and human health impacts, and improving fiscal balances.
6. Governments can commit to and execute a robust treaty aimed at ending plastic pollution that includes trade measures, including the discontinuation of subsidies for plastic polymer production, without conflicting with WTO subsidy rules. This can be seen in the context of other multilateral environmental agreements (MEAs) and their enforcement, such as the targeting of subsidies inhibiting the implementation of the CBD. Furthermore, the most recent WTO Ministerial Declaration regarding plastic pollution acknowledges the INC — the Intergovernmental Negotiating Committee to develop an international legally binding instrument (ILBI) on plastic pollution, including in the marine environment — processes as the primary platform for addressing and regulating plastic pollution, while supporting the adoption of trade measures within the treaty ([WT/MIN\(24\)/14](#)).

Key asks of governments and stakeholders

1. We ask INC negotiators to retain the provisions on primary plastic polymer production (as well as their feedstocks and precursors), in the draft for the global plastics treaty at INC-4 and beyond into the final text. Concomitantly, work towards modification of the provision on primary plastic polymer production to mandate the elimination of subsidies to plastic production through changing the terminology from “removal” to “neither grant nor maintain” subsidies, which implies both the removal of existing subsidies and prohibits the introduction of new ones. This would also align the text with the language in Article 3 of the WTO Agreement on Subsidies and Countervailing Measures.
2. We also call on INC negotiators to ensure that the transparency, reporting and compliance measures in the ILBI include estimates of current subsidies to primary plastic polymer production in the three main categories presented above and encourage other countries to do the same.
3. We ask stakeholders to support and encourage domestic efforts aimed at estimating and publicizing the extent of subsidies to primary plastic polymer production, so as to create a transparent and informed foundation for discussions and advocacy on the issue of plastic pollution.