



Forging knowledge co-production on international trade and circular economy linkages in developing countries

Indonesia

WTO Chairs Programme
Capacity Building Projects
2021

Introduction

Through its Chairs Programme, the World Trade Organization (WTO) is fostering research, training and outreach activities of relevance to governmental policy makers and other stakeholders at universities in developing countries and least developing countries (LDCs).

In 2021, a special call was made to the Chairs of the 1st and 2nd phases inviting them to submit research proposals for projects focused on the following themes:

- COVID -19 and Global Value Chains: Keeping Global Markets Open
- Promoting Economic Recovery through Trade in a post COVID-19 World
- Towards a Sustainable and Greener Trade: Trade Environment, Fisheries and Aquaculture in the context of the Blue Economy, Trade and Climate Change
- E-Commerce and the Digital Economy
- Inclusive Trade: Micro, Small, Medium-Sized Enterprises (MSMEs), Women and Trade

With support from the WCP donors, 12 Chairs from universities in Argentina, Brazil, Barbados, Chile, China, Indonesia, Jordan, Kenya, Mauritius, Mexico, Morocco and Turkey received funding.

Project Background

Indonesia has been a Chair with the WCP since its first phase was launched in 2010. For this special call, the Chair implemented a project focused on expanding and promoting knowledge co-production in developing countries on the linkages of the WTO, international trade policy and the circular economy (CE) from regional and subnational perspectives.

The interest in circular economies is gaining momentum and it is important that trade policies are developed with circular economy principles in mind. Research has shown that circular economies are creating new opportunities by saving resources, improving human health and sustainable environmental outcomes and diversifying trade in developing countries¹.

What is a Circular Economy?

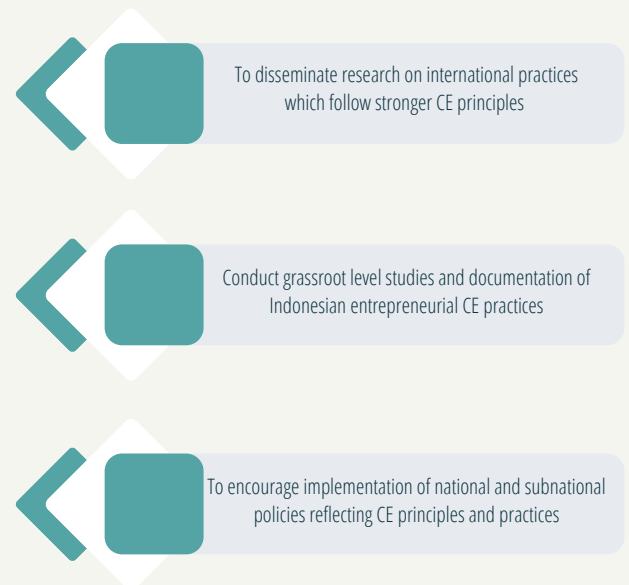
The circular economy is a systems solution framework that tackles global challenges like climate change, biodiversity loss, waste, and pollution.² It moves away from the linear economic model which exploits resources, manufactures them into products and disposes of waste.



“A circular approach requires intervention and consciously thinking through, at every step of the way. From rethinking and redesigning products, to thinking about re-use and repair, all the way through waste collection and processing. This means including all actors involved in the value chain, creating new processes and new products.”

-Deputy Director General Xiangchen Zhang, WTO

Project Goals



¹ Trade policies for a circular economy: What can we learn from WTO experience? *WTO.org*, https://www.wto.org/english/res_e/reser_e/ersd202010_e.htm

² Circular economy introduction. *ellenmacarthurfoundation.org*, <https://ellenmacarthurfoundation.org/topics/circular-economy-introduction/overview>

Project Activities

With the growing importance of circular economies, the Chair focused on research, training and outreach activities which would promote the adoption of sustainable practices in Indonesia's trade and industrial practices moving away from the linear economic model.



Outreach Activities

Three outreach activities (focus group discussions and workshops) were conducted by the Indonesian Chair:

International Policy Workshop on Trade, Circular Economy and Sustainability

This workshop was held to:

- Establish an academic and policy-oriented platform where scholars, students, practitioners, communities, and policy makers including government officials can exchange views, ideas, and experiences on the CE.
- facilitate scholars, students, and practitioners to present their research on CE.

Institutional Model of Creative Industry Development Towards Global Competitiveness

The objectives of this focus group discussion were to:

- examine the dynamic relationships between institutions, MSME actors, and stakeholders in Yogyakarta's creative industry sector to formulate institutional policies
- identify opportunities, challenges, and the needs of MSMEs in increasing global competitiveness

Creative Industry Yogyakarta (KITA-YA) Platform Development as a Circular Economy Innovation

This focus group discussion was hosted to discuss a mobile business app which is being developed by Centre of World Trade Studies (CWTS) Universitas Gadjah Mada (UGM) for MSMEs based on the principles of CE. The application will provide standard e-commerce services along with additional features such as consultation with and training from industry experts along with providing MSMEs with a platform to promote their products.

Through the outreach activities:

701 people were reached through outreach activities

6 research and publications were / are being developed.



Curriculum Development

- ▶ CE content is being integrated into three courses at the UGM: International Trade Regime (ITR), Indonesia Trade Related Sectoral Policy (ITRSP), and Indonesian Industrial Policy and Global Value Chain. These will be offered as part of a new curriculum over three semesters equipping students with the skills to identify recent trends in global trade.
- ▶ A research fellowship programme was conducted with graduate and undergraduate students majoring in International Relations. The research fellows presented their papers at the *International Workshop on Circular Economy held by the CWTS and the Trade, Circular Economy and Sustainability: Forging Knowledge Co-Production on International Trade and Circular Economy*.

The papers presented were:

- Circular Economy in Multinational Corporations for Harmonizing the Management of Electronic Waste by Nurul Qomariyah Arifanni
- Strategies for Managing the Plastic Waste of the Beauty Industry Products: A Circular Economy Perspective by Ameral Rizkovic
- Analyzing Development Cooperation between Indonesia and Denmark in Developing Circular Economy by Lukas Andri Surya Singarimbun
- Circular Economy Approach to Managing Food Waste: Policy Challenges by Rana Qonita Rofila
- Linking fair trade and circular economy: prospects for sustainability by Thifani Tiara

Actual and Expected Impact from Projects



Increased Partnerships and Dialogue

- In the beginning of 2021, CWTS UGM alongside with Pusat Inovasi Agroteknologi Universitas Gadjah Mada (Center for Agrotechnology Innovation Universitas Gadjah Mada/PIAT UGM) and Parongpong Lab initiated a consortium to encourage CE knowledge and practice co-production by providing Green Kampung facilities to citizens in Yogyakarta, Sleman, and Bantul Regency (or Kartamantul for short). To implement this plan, the consortium has conducted an online and offline multi-stakeholder policy forum on waste management with local communities, circular economy practitioners, local government agencies, and the Regent of Bantul.

- Since April 2021, CWTS UGM and the Department of Industry and Commerce of Kebumen Regency have been collaborating on two research and community development projects, in the tobacco industrial area and the culinary industry of Kebumen Regency.
- The FGD on the KITA-YA platform provided CWTS UGM and local MSMEs/CE communities in Yogyakarta with the opportunity to exchange ideas on how to enhance the app. Inputs from the ASEAN Nagoya Club (ANC) also provided insight on the exportability of each MSMEs products.

This event also marked the establishment of the CE consortium, KITA-YA` which is made up of the CWTS UGM and nine MSMEs. In the future the CWTS UGM will collaborate with a private entity to further develop the app.



Enhanced communications

- CWTS UGM has become more active on social media and currently has Instagram, Twitter and Linked pages.
- CWTS UGM has established a podcast called *Starting Point* which is hosting policy dialogues with partners and stakeholders on CE.



Publications

The outcomes of the International Workshop on Trade, Circular Economy and Sustainability are being published as a research paper and book in Indonesian which will be used to inform national, provincial and municipal governments on policy options they can implement to foster the transition to CE at national and local levels.

The WTO 12th Ministerial Conference (MC12)

The WTO 12th Ministerial Conference delivered a historical package - The `Geneva Package` of outcomes on topics which are important to the multilateral trading system.

The “Geneva package” adopted by members includes:

- a Ministerial Declaration on the Emergency Response to Food Insecurity
- a Ministerial Decision on World Food Programme (WFP) Food Purchases Exemptions from Export Prohibitions or Restrictions
- a Ministerial Declaration on the WTO Response to the COVID-19 Pandemic and Preparedness for Future Pandemics
- a Ministerial Decision on the Agreement on Trade-related Aspects of Intellectual Property Rights

- a Decision on the E-commerce Moratorium and Work Programme
- an Agreement on Fisheries Subsidies

In addition, ministers adopted two decisions - on the Work Programme on Small Economies and on the TRIPS non-violation and situation complaints — and a Sanitary and Phytosanitary Declaration for the Twelfth WTO Ministerial Conference: Responding to Modern SPS Challenges.³

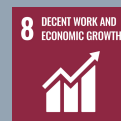
For more information on the MC12 visit [WTO.org](https://www.wto.org).

The Circular Economy

The work of the Joint Informal Dialogue on Circular Economy, Plastics Pollution and Environmentally Sustainable Plastics Trade is ongoing. The Ministerial Conference Outcome Document of MC12 (paragraph 14) recognizes the importance of sustainable development for the multilateral trading system.⁴

The Sustainable Development Goals

This project addressed the following sustainable development goals:



³ Ministerial Conferences. WTO.org, https://www.wto.org/english/thewto_e/minist_e/minist_e.htm

⁴ Ministerial Conferences. WTO.org, https://www.wto.org/english/thewto_e/minist_e/minist_e.htm