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Insights

# Reading the tea leaves: Why INC-5.3 matters for multinationals (even if the U.S. doesn't implement it)

At first glance, the Intergovernmental Negotiating Committee (INC) 5.3 looked procedural: a chair election, a contested vote, no next session scheduled. For companies watching from the sidelines, it might be tempting to read this as delay, dysfunction, or yet another multilateral process losing momentum.

That would be a mistake.

**This moment marks a shift from ambition-setting to consequence management — and that's when businesses start to feel the effects.**

### 1. A contested chair election signals a hardening of positions, not a loss of relevance

The fact that the INC could not elect a chair by acclamation is not background noise. It reflects deep disagreement on *how* the treaty should land, not *whether* it should exist. When the process becomes contentious, it usually means Member States are preparing to defend red lines that carry real economic implications.

For companies, that is the point at which treaties stop being abstract and start shaping markets.

### 2. Cordano's election points to pragmatism — but not deregulation

Chilean Ambassador Cordano is widely seen as a disciplined, consensus-oriented diplomat who prioritizes clarity and closure. This suggests the INC is moving toward **a treaty that can be concluded and implemented**, rather than one that simply signals ambition.

For business, this is a double-edged sword:

- Less likelihood of sweeping, ideologically driven provisions
- Greater likelihood of **workable obligations that countries are actually willing to transpose into domestic law**

In other words: fewer surprises, but more follow-through.

### 3. The real risk is not U.S. non-implementation — it's global fragmentation

It is reasonable to assume the United States will not convert a plastics treaty into comprehensive federal law in the near term. But that is not the operative risk for multinational companies.

The real exposure lies elsewhere:

- Other jurisdictions *will* implement
- Regional blocs and national governments will move at different speeds
- Sub-national regulation (already underway in U.S. states) will continue to fill gaps

The outcome is not “no regulation.” It is **more uneven, less coordinated regulation** — often the most costly scenario for global companies.

#### 4. The intersessional period is where commercial realities can still shape outcomes

With no next INC session scheduled, influence shifts to informal consultations, technical discussions, and Chair-led bridging efforts. These phases are quieter, but they are where feasibility, timelines, and flexibility are often decided.

This is the window where:

- operational constraints can be surfaced credibly
- unintended consequences can be flagged early
- and alignment across value chains can reduce future compliance shocks

Once text hardens, those opportunities largely disappear.

#### 5. The direction of travel is clear — even if the destination isn't

The plastics treaty may move slowly, but it is not reversing. Combined with accelerating national and sub-national action, the signal to business is consistent: Expectations around materials, product design, reporting, and waste responsibility are tightening globally, not loosening.

The question for companies is no longer *if* this landscape will affect them — but whether they engage early enough to help shape something workable or wait and adapt later at higher cost.

#### What companies should be doing now

Companies do not need to “pick sides” in the INC debate, but they *do* need to prepare for regulatory divergence and accelerating implementation outside the U.S. That means pressure-testing product portfolios and packaging strategies against multiple plausible treaty outcomes; mapping exposure across jurisdictions that are most likely to move first; and engaging constructively during the intersessional period to flag feasibility, timing, and unintended consequences before positions harden. This is also the moment to align internally — legal, sustainability, government affairs, and commercial teams — around a shared view of risk and opportunity. Waiting for a final treaty text may feel prudent, but it almost guarantees higher compliance costs and fewer strategic options.

#### Bottom line:

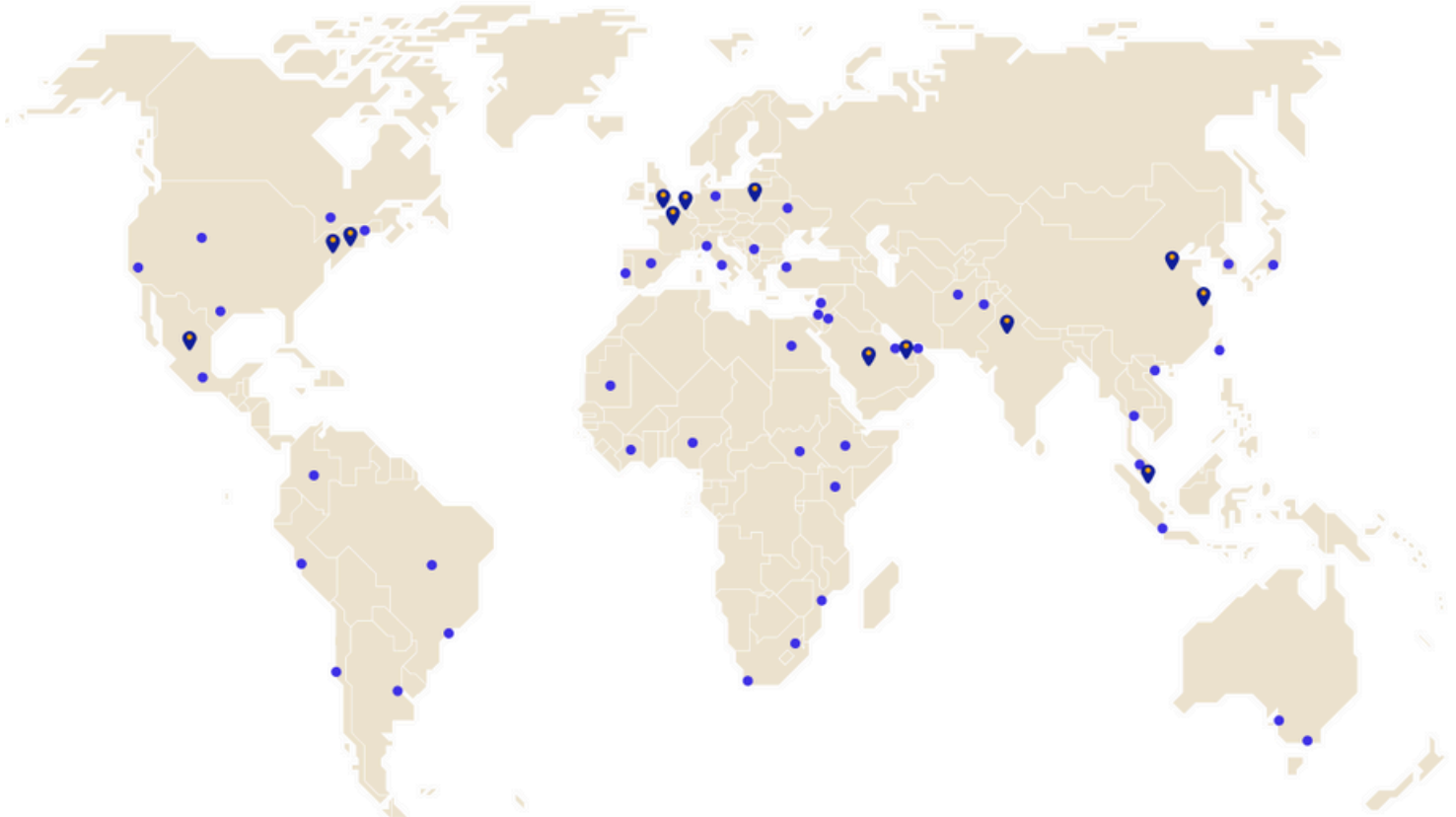
INC-5.3 was not a breakthrough, but it was a pivot point. For multinationals, this is a moment to engage with clear eyes: Be skeptical about multilateral timelines, realistic about political constraints, and pragmatic about the growing regulatory consequences of inaction.

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