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Ministry of Foreign Affairs and Trade  
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## **New Zealand's priorities in the international climate change negotiations**

The BusinessNZ Energy Council (the 'BEC') is pleased to have the opportunity to provide a submission to the Ministry of Foreign Affairs and Trade on New Zealand's priorities in the international climate change negotiations.<sup>1</sup>

### **Introduction**

COP-24 in Katowice, Poland later this year has a serious task ahead: to refine the details of the Paris Agreement, concluded in 2015, when all parties agreed to present national contributions to climate protection. The agreement built on commitments based upon national circumstances (or Nationally Determined Contributions [NDCs]) does not include mechanisms for verifying actions for states. The next stage, which is scheduled to be discussed during the COP-24 is to refine the details, or the rules.

We look for Parties at COP-24 to make substantial progress in developing and where possible finalising implementation guidelines— the essential methodologies and procedures needed to monitor progress and guide future actions. It is these rules that will give practical meaning to the Paris Agreement.

### **Comment**

The BEC suggests that the following areas be afforded priority for the COP-24 negotiations:

- *Carbon markets* – markets allow consumers and business to identify and pursue the most economically efficient means to meet their needs and achieve policy goals at lowest cost. Efficient international markets

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<sup>1</sup> Background information on the BusinessNZ Energy Council is attached in Appendix One.

are important for forestry and other offsets as well as for carbon units to facilitate the exchange of climate finance in return for least cost abatement available in other jurisdictions. We ask that the negotiators work to ensure that the flexibility negotiated at Paris in terms of the range of market mechanisms able to be used is not constrained. As an obvious condition, it is important that exchanges in such markets must maintain environmental integrity and also assure that transfers from one nation to another are properly recorded as offsetting debits and credits in their respective accounts

- *Transparency and monitoring* – this is required to ensure accountability and comparability. We strongly support the NDC approach but it needs sound processes to ensure that commitments are understood and delivered. Monitoring, reporting and verification guidelines need to help Parties assess progress in achieving national commitments in the context of national circumstances. Developing these tools, especially those for transparency and taking stock of progress, will be essential to demonstrate real progress, maintain momentum for the Paris Agreement, and build the trust necessary to take on even more ambitious future efforts. At the same time, it is important that such tools do not facilitate the re-emergence of a bifurcated approach between jurisdictions, as comparability of effort will become a key marker for the pace of domestic progress
- *Business engagement*- the Paris Agreement cannot succeed without the meaningful participation of business at every step. Business and industry has distinct valuable experience and capabilities to share and ultimately will be largely responsible for delivering on a lower-carbon economy. There are two aspects to business engagement:
  - we continue to encourage Parties to create ways to improve business input to the process through enhanced, recognised, distinct channels, rather than as one component of vastly inclusive multi-stakeholder consultations. Business does not wish to participate directly in negotiations - that is the obligation and prerogative of governments, but we are concerned about calls for banning business groups from the UN Framework Convention on Climate Change (UNFCCC) because of supposed “conflicts of interest.” We recommend instead building on the progress within the UNFCCC and its institutions for engagement with business and other stakeholder
  - it is important that the trade benefits of the climate change negotiations are not overlooked. While being taken advantage of by other countries, New Zealand is also in a position to capture the trade benefits flowing from our unique position with respect to agriculture and forestry, as well as our growing high-tech, low emissions industries. A recent BusinessNZ report

entitled 'Unlocking commercial opportunities from intelligent transport systems'  
(<https://www.businessnz.org.nz/resources/reports-and-publications/2018/businessnz-its-report/Deloitte-Access-Economics-ITS-Final-Report-24-January-2018.pdf>) highlighted the positive economic and regulatory base we have and the potential commercial benefits from trade of around \$760 million a year for exports that could be captured under the right conditions

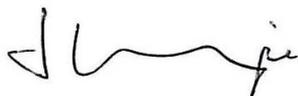
- *Forestry* – it is important that negotiators work to ensure that the protracted effort that went into establishing the LULUCF rules under the Kyoto Protocol is not diluted or abandoned
- *Climate resilience* – we believe greater negotiating attention should be dedicated to adaptation and resilience. Good governance, infrastructure investment, energy diversity, multi-stakeholder partnerships, and planning are essential ingredients to improve resilience to climate change risks now and in the future, and that this must permeate the final decisions made by the Parties. This will allow Parties to deliver more practical and meaningful outcomes, especially before the facilitative dialogue has been designed, let alone delivered

## **Summary**

We are grateful to the Ministry for providing the opportunity to have input into the consideration of New Zealand's negotiating priorities. There is much to be done in an extremely short period of time. It is important that all Parties pick up the pace and stay focused if they are to complete new processes at COP-24.

We would be happy to discuss these and any other issues the Ministry considers relevant and look forward to working closely with it as it proceeds.

Yours sincerely



John A Carnegie  
Executive Director  
BusinessNZ Energy Council

## APPENDIX ONE: ABOUT THE BUSINESSNZ ENERGY COUNCIL

The BusinessNZ Energy Council (BEC) is a group of New Zealand's peak energy sector organisations taking a leading role in creating a sustainable energy future. BEC is a division of BusinessNZ, New Zealand's largest business advocacy group. BEC is a member of the World Energy Council (WEC). BEC members are a cross-section of leading energy sector businesses, government and research organisations. Together with its members BEC is shaping the energy agenda for New Zealand.

Our vision is to support New Zealand's economic wellbeing through the active promotion of the sustainable development and use of energy, domestically and globally. With that goal in mind, BEC is shaping the debate through leadership, influence and advocacy.

[BusinessNZ](#) is New Zealand's largest business advocacy body, representing:

- Regional business groups [EMA](#), [Business Central](#), [Canterbury Employers' Chamber of Commerce](#), and [Employers Otago Southland](#)
- [Major Companies Group](#) of New Zealand's largest businesses
- [Gold Group](#) of medium sized businesses
- [Affiliated Industries Group](#) of national industry associations
- [ExportNZ](#) representing New Zealand exporting enterprises
- [ManufacturingNZ](#) representing New Zealand manufacturing enterprises
- [Sustainable Business Council](#) of enterprises leading sustainable business practice
- [Buy NZ Made](#) representing producers, retailers and consumers of New Zealand-made goods

BusinessNZ is able to tap into the views of over 76,000 employers and businesses, ranging from the smallest to the largest and reflecting the make-up of the New Zealand economy.

In addition to advocacy and services for enterprise, BusinessNZ contributes to Government, tripartite working parties and international bodies including the International Labour Organisation ([ILO](#)), the International Organisation of Employers ([IOE](#)) and the Business and Industry Advisory Council ([BIAC](#)) to the Organisation for Economic Cooperation and Development ([OECD](#)).



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