

**Joint Report of the 1st UK-New Zealand Environment and Climate Change Sub-Committee**

**13 March 2024**

The United Kingdom and New Zealand held the first meeting of the Environment and Climate Change Sub-Committee under the Free Trade Agreement between the UK and New Zealand (hereafter “the agreement”) in London on 13 March 2024.  The UK chaired the meeting.

1. **Greetings and opening remarks**

The UK and New Zealand exchanged opening remarks acknowledging their strong existing partnership on environment and climate issues and highlighted the ambition of the Environment Chapter which had set a global precedent on trade and environment commitments and laid the foundation for deepening their partnership across a broad scope of environmental issues of mutual interest.

1. **Institutional Mechanisms**

The Parties adopted the agenda without revision. The UK and New Zealand introduced their representatives from relevant ministries, departments, and for the UK, Devolved Governments.

The UK and New Zealand agreed to use the Rules of Procedure for the Joint Committee as a basis for the Environment Sub-Committee, making tweaks where appropriate.

The UK and New Zealand agreed that the next meeting should be held next year to discuss progress implementing the outcomes of the 1st Environment and Climate Change Sub-Committee, as well as any new cooperation priorities arising, and that thereafter meetings could be held every two years unless otherwise agreed.

1. **Overview of Sub-Committee functions**

The Parties reviewed Sub-Committee functions, including Article 22.7.2 of the agreement on reviewing the environmental goods and services list and Article 22.9.9 on fisheries management.

On fisheries, New Zealand highlighted an error in the text under Article 22.9, paragraph 9, in which the reference to “paragraph 5” should be corrected to “paragraph 6”. The UK acknowledged the error and suggested Parties work towards its correction following the Sub-Committee. The Parties discussed the review of the disciplines on fisheries subsidies which could be done at next year’s Sub-Committee, and aligned to the World Trade Organisation (WTO) notification cycles, where possible.

On institutional mechanisms, the UK confirmed the establishment of its Domestic Advisory Group (DAG) in 2022 which serves Free Trade Agreement (FTA) implementation across many of the UK’s FTAs. It oversees consultations between members and facilitates discussion with respective stakeholders participating in Civil Society Forums.

New Zealand explained their framework for stakeholder engagement, including regular touch points for ongoing consultation. New Zealand noted that the New Zealand-EU FTA contained a requirement for a DAG which was being established. Specific processes are also in place in New Zealand for consultation and engagement with Māori Treaty of Waitangi / Tiriti o Waitangi partners on trade policy.

New Zealand provided an overview of their public submission process and a summary of three submissions that had been received to date. The UK noted it had not yet received any public submissions. New Zealand noted that it would respond to the submissions it had received directly.

1. **Policy exchanges on implementation**

Article 22.4: General Commitments

The UK reported an error on numbering of the text relating to Article 22.26 paragraphs 3 and 4 on dispute resolution, where the references to “a matter arising under paragraphs 2 or 4” should instead read “a matter arising under paragraphs 3 or 4” and discussed taking action to correct this error.

Article 22.5: Multilateral Environmental Agreements

New Zealand updated on developments relating to Multilateral Environmental Agreements (“MEAs”), highlighting productive engagement under the Ramsar Convention on Wetlands, the Convention on the Conservation of Migratory Species of Wild Animals, the Kunming-Montreal Biodiversity Framework, and the UN Treaty on Biodiversity in areas Beyond National Jurisdiction (“BBNJ”), under which New Zealand asked if the UK was interested in collaborating on implementation support for Pacific Island nations.

Article 22.6: Climate Change

The UK and New Zealand shared views on the role of trade in climate change diplomacy and the importance of co-ordinating advocacy around the contribution of international trade and economic cooperation in delivering meaningful climate change adaptation and outcomes internationally.

New Zealand also noted its domestic context for climate change policy development and its connection to trade, referring to record floods and cyclones in 2023 with major implications for communities across New Zealand, including exporting industries. New Zealand noted its commitment to its 2050 Net Zero targets and Paris Agreement targets, and its focus on working with private sector on renewable energy and clean technology, including through trade. This included efforts to reduce agricultural emissions. New Zealand also updated on its progress in the Agreement on Climate Change, Trade and Sustainability (ACCTS) and hoped to share further detail in due course.

The UK and New Zealand recognised the importance of working with international partners to scale up climate investment, alongside research and development particular in the renewable sector and to deliver improved energy efficiency.

The UK outlined its efforts to drive global net zero ambitions through leadership in global fora such as the United Nations Framework Convention on Climate Change (UNFCCC) Conference of the Parties (COP) process, G7 and G20 forums, as well as through our international Climate Finance commitments and our diplomatic networks. The UK reinforced the need for effective partnership to keep the 1.5-degree pledge in reach and transition away from fossil fuels as part of global stocktake launched under COP 28. New Zealand noted the establishment of the first trade focused day at COP 28 and supported its development at future COPs boosted by bilateral cooperation.

The UK provided an overview on the status of its Carbon Border Adjustment Mechanism (CBAM). The UK confirmed that the consultation process took place last year and the implementation of the CBAM would subsequently take place by 2027. The UK explained that the CBAM would focus on the most energy intensive goods, with New Zealand indicating interest in the UK’s policy development process and lessons learned. The UK and New Zealand discussed further information sharing on CBAM, and the UK expressed interest in learning about New Zealand’s Emissions Trading Scheme and continuing dialogue on best practices around carbon pricing following the Sub-Committee. The Parties also decided to facilitate dialogue between policy leads on carbon markets more broadly.

New Zealand proposed working more closely with the UK on decarbonisation in the aviation sector, and particularly by co-ordinating engagement between the Jet Zero Council (UK) and Sustainable Aviation Aotearoa (New Zealand) to bring together the public and private sector. The UK and New Zealand noted the critical contribution of sustainable aviation fuel and the importance of trade in deploying it. Additionally, New Zealand was keen to understand more about the UK’s policy approach regarding its government’s undertaking to include international aviation in its Sixth Carbon Budget (the interim emissions target the UK is required to reach by 2037).

Parties noted their commitment to acting through the International Maritime Organisation’s Greenhouse Gas Strategy which works towards reaching Net Zero by 2050.

Article 22.7: Environmental Goods and Services

The UK and New Zealand underlined their shared global leadership in this area, including the extensive environmental goods list in the FTA. It was agreed that the Sub-Committee’s function to review the environmental goods list would be appropriate at longer timescales, such as every 3-5 years.

New Zealand proposed further discussions on environmental goods and services once ACCTS outcomes have been finalised. Parties noted further work could for example look at specific sectoral approaches and driving progress multilaterally, including by exploring whether there may be scope for pathfinding bilateral initiatives.

The UK noted some of the work they are helping drive in the WTO Trade and Environmental Sustainability Structured Discussion (TESSD), including to identify priority goods and services, barriers, and more nascent discussions on possible policy actions and trade facilitation opportunities. UK thinking has been based around a value-chain approach, including on solar, offshore wind and low-carbon hydrogen. New Zealand shared that they have been using Harmonised System codes to analyse environmental goods and services trends and flagged the interplay with UN plastics treaty negotiations and the WTO Dialogue on Plastics Pollution.

Article 22.8: Fossil Fuel Subsidy Reform and Transition to Clean Energy

New Zealand provided an update on its international advocacy on fossil fuel subsidy reform including work through the WTO Fossil Fuel Subsidy Reform (FFSR) initiative. Beyond the WTO, New Zealand emphasised the importance of strengthening the role of fossil fuel subsidy reform in clean energy transition through a variety of other international fora including the Group of Twenty (G20), Asia-Pacific Economic Cooperation (APEC), and UNFCCC. New Zealand noted its work to promote subsidy transparency and reform in the negotiations for a UN treaty to end plastic pollution.  The Parties welcomed their signature of a Ministerial Statement on fossil fuel subsidies as part of the WTO’s FFSR initiative and underlined the importance of working together with other signatories to implement the associated Work Plan.

The UK and New Zealand shared information about their respective energy transitions. New Zealand explained the role of Emissions Reduction Plans and noted that around 87% of electricity generation in New Zealand comes from renewable sources, including wind, geothermal and hydro. It was noted that the development of the second Emissions Reduction Plan was under way. New Zealand noted the Government has committed to doubling renewable energy by 2050.

The UK shared that it was the first major economy to halve its emissions, whilst growing the economy by nearly 80% and protecting family finances. The UK explained that national renewables electricity generation had increased from just 7% in 2010 to nearly 50% at present, and that the UK had over-achieved on the national carbon budget for the third time in a row. Both the UK and New Zealand reflected on the important role of green hydrogen in their respective energy transitions, and shared information about the development of their green hydrogen sectors including to highlight emerging work on certification schemes.

Article 22.9: Marine Capture Fisheries

Both Parties outlined recent policy developments regarding marine fisheries, covering Illegal, Unreported and Unregulated Fishing, the WTO Agreement on Fishing Subsidies, and the 13th WTO Ministerial Conference (MC13). On Illegal Unreported and Unregulated (IUU) fishing, New Zealand confirmed that they have recently joined the IUU Fishing Action Alliance and were laying legislation to strengthen New Zealand’s ability to address IUU fishing through the recently introduced Fisheries (International Fishing and Other Matters) Amendment Bill. New Zealand offered to exchange more details on this work in writing and confirmed interest in the UK’s progress in establishing a certification scheme. New Zealand also provided an update on its recent Stock Status Report.

Article 22.10: Sustainable Agriculture

New Zealand provided an update on progress made in measuring agricultural emissions including noting that almost 85% of farms in New Zealand have calculated their on-farm emissions. Work is continuing in New Zealand to standardise the methodologies used to calculate on-farm emissions and New Zealand has valued the technical level engagements with the UK on this issue.

New Zealand also acknowledged the UK’s engagement in the Global Research Alliance on Agricultural Greenhouse Gases and for supporting New Zealand in raising awareness and understanding of environmental inhibitors in the context of Codex.

The UK and New Zealand discussed fresh water, supporting biodiversity and climate. Parties discussed an exchange of sustainable agriculture contacts to facilitate continued discussion.

Article 22.11: Sustainable Forest Management

The UK delivered an update on its work in international fora and the 2021 Environmental Act. The UK provided an update on its range of measures to address illegal deforestation and trade including the UK Timber Regulations, UK Forest Risk Commodity Due Diligence Regulation and the UK Forest Law Enforcement Governance and Trade Regulations.  The UK offered to share information on the Forest and Agricultural Commodities Trade (FACT) dialogue. New Zealand acknowledged the UK’s efforts to engage with trading partners bilaterally and multilaterally on the UK Forest Risk Commodity Due Diligence Regulation.

New Zealand expressed an interest in any grace period for the legislation, and an interest in discussing work on illegal forest harvesting. The UK expressed interest in the work and asked about timelines for New Zealand’s Harvest Assurance Amendment Act legislation. New Zealand clarified that the Act had now passed, but there was work ongoing to develop regulations under the Act.

Article 22.12:  Conservation of Biological Diversity

The UK provided an update on its work to publish a revised National Biodiversity Strategy and Action Plan (NBSAP) in May 2024 and its contribution to the Global Biodiversity Framework Fund. Both Parties viewed COP16 as an opportunity to review ongoing actions against the Framework. New Zealand noted one of the key challenges was transparency. They welcomed work on digital sequencing and thanked the UK for its leadership in this space. The UK briefly updated on its approach to invasive species and its efforts to meet target 6 of the Kunming-Montreal Global Biodiversity Framework with the G7 nations. Parties agreed to further bilateral discussions on efforts to meet this target and consider future information sharing.

Article 22.13: Resource Efficient and Circular Economy

New Zealand explained its National Waste Strategy based on the target of achieving a circular economy by 2050 and highlighted their Trans-Tasman (i.e. with Australia) industry-led scheme for recyclability labelling, endorsed by the New Zealand government. They requested information on the scope of UK legislative reform on circularity, especially in relation to the right to repair and extended producer responsibility. This was cited as a potential area for future bilateral cooperation. The UK updated on its collection and packaging reforms, and work to build the evidence base on the potential carbon savings of resource efficiency approaches, in which New Zealand expressed interest.

In addition, New Zealand requested information on the UK’s position on plastics negotiations in the WTO and subsidies elements and highlighted shared interest in considering the contribution of the maritime sector to plastic pollution, noting the importance of tackling plastic pollution in the Pacific region in addressing this issue globally.

Article 22.17 Voluntary Mechanisms to Enhance Environmental Performance

New Zealand expressed interest in engaging with the UK on environment labelling, particularly in relation to carbon content marking. New Zealand outlined current initiatives relating to eco-labelling, which had been largely private sector driven to date. New Zealand underlined the increasing value of assessing environmental footprints, and interest in setting up future discussions with agencies involved in regulatory frameworks on eco-labelling. New Zealand offered to update the UK on ACCTS progress on eco-labelling in due course. The UK confirmed its interest in continuing bilateral discussions on food labelling, and noted contacts were already in touch.

Article 22.18 Responsible Business Conduct and Corporate Social Responsibility

New Zealand highlighted the importance of the continued work of respective National Contact Points (NCPs) to improve visibility of the Organisation for Economic Cooperation and Development (OECD) guidelines with stakeholders.

The UK outlined recent measures in support of tackling greenwashing, including the work of the Competition and Markets Authority to investigate misleading claims, provide guidance, and the Digital Markets, Competition, and Consumers Bill currently being considered in Parliament to introduce powers to fine companies. New Zealand welcomed this update and expressed interest in further engagements on this work as it progressed.

Sustainable Finance

New Zealand highlighted the opportunity to demonstrate the link between trade and investment policy through enhancing bilateral cooperation on sustainable finance. They updated on recent domestic developments in relation to green bonds, climate related disclosures and work underway led by the Ministry for the Environment and New Zealand Treasury. New Zealand highlighted this was a fruitful area for future cooperation for both sides.

The UK outlined initiatives led by the HM Treasury and the Department for Business and Trade. They reported that sustainable finance was a key area of growth for UK financial services and an enabler of the transition to net zero. The UK also highlighted progress on green reform including the ‘Mobilising Green Investment: 2023 Green Finance Strategy’, published in March 2023. New Zealand noted it was also exploring whether there was a benefit in a similar strategy of its own and highlighted that there was domestic interest in schemes for biodiversity finance.

1. **Discussion on cooperation**

Both Parties exchanged information on existing cooperation activities with FTA partners and reflected on opportunities for enhancing collaboration, including through the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) following the UK’s accession.

1. **Actions and Next Steps**

The Parties discussed planning the Joint Public Session, including institutional arrangements and options for moderation of the session. The UK confirmed that the meeting would be held virtually and that there would be an online platform for submitting agenda topics, which would be supplemented by the public submission web page established as a requirement under the FTA.

The UK and New Zealand agreed to hold the next meeting in 2025, which would be hosted by New Zealand.

New Zealand highlighted the importance of the participation of Māori in the implementation of this Chapter and proposed that appropriate arrangements for this could be discussed with the Inclusivity Committee for future meetings.

1. **Closing remarks**

The UK and New Zealand exchanged thanks, noted the positive outcomes of the meeting and the several areas identified for further cooperation and information exchange (detailed in Annex A). Both Parties recognised the productive participation from relevant ministries and departments and confirmed their commitment to future engagement on cooperation proposals.

**Annex A – Summary of Outcomes**

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| **Institutional Mechanisms**  |
| * UK to share the Joint Committee Rules of Procedure with any tweaks needed, with New Zealand to propose provisions to enable Māori participation, if needed.
* Parties to take forward correcting referencing errors in the Environment Chapter.
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| **Climate Change** |
| * Parties continuing discussions about carbon leakage and CBAMs, carbon markets, and facilitating engagement between UK Jet Zero Council and New Zealand Sustainable Aviation Aotearoa.
* NZ to convene with the UK after ACCTS agreement outcomes to discuss environmental goods outcomes and advancing meaningful action at the WTO and bilaterally.
* New Zealand to share and discuss ACCTS outcomes on fossil fuel subsidy reform with the UK once concluded.
* Possible exchanges on certification schemes for green hydrogen.
* Possible exchanges on carbon content measurement methodologies.
* Resource efficiency – possible further exchanges on building the evidence base for how resource efficiency can deliver carbon savings and be linked to net zero.
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| **Natural Resources**  |
| * Sustainable Management of Natural Resources – Parties agreed to continue to enhance cooperation on the areas covered by Articles 22.9, 22.10 and 22.11. Parties will hold relevant discussions in these areas between agencies, and/or holding joint workshops or stakeholder events, as appropriate, and to update on these activities at future meetings of the Sub-Committee.
* Discussions on deforestation-free supply chains policies to continue, including New Zealand updates on domestic approach and legislation.
* Discussions to continue on priorities for Biodiversity COP16 and collaboration in intersessional processes.
* Possible further discussion on how to support Pacific Islands on BBNJ implementation.
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| **Other topics** |
| * Eco-labelling – Parties agreed to exchange information on policies for building consumer and business confidence in eco-labels and related sustainability certification schemes for products; facilitate connections between eco-labelling organisations; and exchange information on policies to improve the reporting and quality of environmental data more broadly. New Zealand will update the UK on ACCTS outcomes related to eco-labelling.
* Responsible business conduct – Parties agreed to enhance cooperation on the OECD Guidelines for Multinational Enterprises by connecting National Contact Points for discussions.
* Sustainable finance – Parties agreed to carry out policy exchanges on Green Finance Strategies, Green Taxonomies, Green Gilts and Sovereign Green Bond Frameworks led by relevant agencies on both sides, to share learnings and encourage interoperability in sustainable finance frameworks, and to update on these activities at future meetings of the Sub-Committee.
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