



**Sustainable
Business
Network**

9 December 2020

To: Hon Damien O'Connor, Minister for Trade
Hon Nanaia Mahuta, Minister for Foreign Affairs

Re: APEC 2021 and sustainability

Dear Ministers O'Connor and Mahuta

I am writing on behalf of the Sustainable Business Network and our investors to suggest how sustainability could be practically prioritised during APEC 2021.

Our network comprises more than 600 businesses and social enterprises, representing every size and sector of the economy. We have asked for their views on trade, focused on climate, waste and water, and incorporated a representative selection of them in this letter.

Through the online hosting of APEC 2021, New Zealand has the opportunity to influence and inspire a sizeable proportion of the global economy. The world is entering what may be the largest ever recession. We believe it's essential that sustainability, partnership and investment are placed firmly at the top of the agenda.

Addressing sustainability issues is essential for trade negotiations. Pollution, fires, floods, waste and climate inaction are causing global costs to rise. Covid-19 has highlighted the importance of global supply chain security and resilience as we prepare for future disruption related to climate change. There is a global imperative to think longer term and intergenerationally, and New Zealand has the potential to lead on delivering this through what we do.

Our aim is to support principles and clauses that enable a shift to low carbon, circular and fair economies. Like you, we want to ensure we protect nature as well as local communities, particularly indigenous people.

We are calling for action in the following key areas and ways:

1. CLIMATE

There are a number of opportunities for boosting climate-friendly trade flows. These include:

- Supporting the removal of tariff barriers and non-tariff barriers on environmental goods and services
- International cooperation on climate change goals – particularly as New Zealand has declared a climate emergency
- Approval of non-discriminatory renewable energy subsidies

- Green procurement through all works
- Remove all fossil fuels subsidies
- Border adjustment carbon taxes

For further information see the 2019 report from The Economist on [Climate Change and Trade Agreements: Friends or Foes?](#). We are also aware that a number of these issues, and others relating to the integration of sustainability into New Zealand's trade policy, were included in the recommendations from the Ministerial Trade for All Advisory Board.

Selection of comments from our investors:

“Border adjustment of carbon taxes/Emission Trading Scheme would definitely ensure that trade is equitable from not only an economic perspective, but more importantly, from a sustainability and future strategic framework perspective.”

“Removal of all subsidies favouring greenhouse gas emitters. Support for alternative energy and organic regenerative farming. Global agreement to introduce binding measures to reduce emissions.”

“Recognition of those companies who are transparent about the social and environmental cost of transactions through tax and carbon credits.”

“APEC emission trading scheme, replacing individual nation ETS.”

“Remove fuel and energy subsidies”

“Do not allow purchasing of offshore carbon credits.”

“Science-based aims for climate change (ie. limiting global temperature rise to 1.5 degrees) should be a part of all NZ trade agreements and should be supported and not undermined by other provisions (such as on procurement or subsidies).”

“Develop an initiative on border tax adjustment together with like-minded nations.”

“All NZ trade agreements should include a definition of subsidies to include unpriced environmental pollution and greenhouse gas emissions.”

“NZ's carbon offsets need to be more competitive to incentivise carbon offset projects being done here locally.”

“Low incentives for switching to lower intense processes (cheap fossil fuels) and the lack of infrastructure and investment into newer technology.”

2. WASTE

The main reason why so much waste enters the natural environment is because of importation or production of materials that have no local recovery, recycling or reuse as well as the lack of product stewardship schemes. The aim in a global

market should be to have supporting systems and infrastructure that allow for circular solutions at a global level.

The growth in commitments to move to a circular economy is now a critical strategy for business in Aotearoa. The focus now is on redesign through education, innovation funding and support to scale solutions. Demand for circular solutions can grow through consistent and widespread procurement supporting circular economy outcomes and innovation.

Opportunities to boost circular trade include:

- Standardised infrastructure – globally consistent systems for collection/reprocessing
- Cooperation on technology – developing centres of excellence and cross border collaborations to scale up new technological solutions globally.
- Consistency over policy – consistent and complementary policies across member states to allow for product stewardship schemes consistently applied across countries. The ‘Right to repair’ movement is gaining traction globally.
- Consistency of materials labelling across boundaries (for example the Australasian Recycling Label system, which is adaptable to local collection and recycling systems).
- The Basel Convention must be supported to ensure reduction and restrictions of transboundary movements of hazardous waste.

Selection of comments from our investors

“Tax implications for polluters and breaks for circular businesses.”

“A universal, international, method of valuation of environmental benefits and damage which can be imbedded into product costs. Possibly a new ISO standard which has international backing.”

“I believe there should be a focus on food waste minimisation - in particular SDG 12.3. A cross sector approach needs to be taken toward this.”

“Progressively increasing tariffs/penalties on moving waste/rubbish/stuff that has been ‘thrown away’ between different countries (similar to carbon pricing).”

“Product stewardship is key.”

“I’d like to see a consumption treaty, which looks to reduce consumption, break the link between GDP growth and resource extraction.”

“Better regulation on the import of material / components that has clearly not been designed / manufactured from a life cycle or circular perspective. Or stimulate procurement of overseas materials / components that have been designed /manufactured with a lifecycle / circular perspective.”

“Implementing a law around packaging that enters Aotearoa is a crucial and cost free, effective action to reduce waste. Also importers must be responsible for end of life products.”

“Enforce rules where businesses must take responsibility for their own waste.”

“More urgent action and more work around circular business and social enterprise. True costs for materials, labour and carbon.”

3. WATER

Global supply chains should take account of water impacts, for example ensuring products are manufactured using fair, sustainable use and management of water resources. All processes must take account of the rights of indigenous peoples – including our own.

Selection of comments from our investors

“Stop businesses from bottling water into plastic bottles and imported directly to other countries. Each country needs to protect their water resources and utilise them in the most effective way to reduce water waste.”

GENERAL

We support New Zealand ensuring that APEC focuses on making it easier for small and medium sized enterprises to enter into trade opportunities, as long as they are responsible stewards for the products they make and sell. We believe APEC should ensure there is a good representation of SMEs that are particularly focused on climate action, the circular economy and food. The SME sector will be particularly important as we determine issues that block or expedite trade for more sustainable products and services from Aotearoa.

Selection of general comments from our investors

“Replacing the investor state dispute settlement (ISDS) model in international trade agreements with provisions which are more transparent... and enable partner countries to fairly and reasonably make regulatory changes in their countries which they can currently be blocked from doing by ISDS provisions.”

“Mandatory triple bottom line reporting and consistent guidelines for reporting.”

“Much more ambitious requirements in NZ public procurement tenders that bidders' international supply chains should be transparent and can be audited on the UN SDGs. Focus on collaborative and longer term relations where possible, while at the same time challenging suppliers to improve.”

“Measurement of success in business is primarily an economic measure. Wellbeing, climate, waste and water use also need to be measured and factor in better decision making for future business operations.”

“APEC needs to consider how it deals with and addresses inequity with respect to resources and how it incentivises the restoration of our natural capital and places limits on growth.”

“The starting point needs to be a commitment to SDGs and 'Doughnut' Economy model so that the real costs to people and planet are included in the equation.”

Thank you for considering these concerns.

Ngā mihi

A handwritten signature in black ink, appearing to be 'RB' with a flourish extending to the right.

Rachel Brown ONZM
Founder and CEO
Sustainable Business Network