



## Submission to the Ministry for the Environment *Manatū Mō Te Taiao*

### EIANZ feedback to help shape Aotearoa New Zealand's 2035 international climate change target: Response to online MfE survey 6 December 2024

*Q1. The Climate Change Commission released advice on the level of domestic emissions reductions that could be achieved as part of the second nationally determined contribution (NDC2) on 7 November 2024. Do you have any comments on the CCC's advice?*

EIANZ supports the CCC's advice, which is robust and comprehensive. The advice is not solely focused on carbon reduction but considers both the wider impacts or 'co-benefits' of reduction, such as the health benefits of the electrification of transport, and that impacts of change will be greater for low-income households.

The CCC advice considers what each reduction pathway will mean for Aotearoa New Zealand (NZ) as a whole, for example in terms of trade competitiveness. It is important to recognise the major impact that the NDC2 target will have on NZ's global standing. Much of NZ's reputation as a trading partner and tourist destination relies on an environmental image, which will not endure if we fail to commit to reductions and do not continue to invest in nature-based solutions.

*Q2. What factors should the Government prioritise when setting NDC2? Please select your top 3, with 1 being the most important priority.*

- 1. Align with the Global Stocktake recommendations**
- 2. Represent New Zealand's highest possible ambition in light of national circumstances**
- 3. Ensure there is a clear plan for delivering the target**

Align with the temperature goal of the Paris Agreement (to limit global warming to well below 2°C, and pursue efforts to limit global average temperature rise to 1.5°C)

Minimise costs from meeting the target

Minimise impacts to the economy

Consider New Zealand's relative standing to other comparable countries/economies

*Q3. What factors in New Zealand's economic outlook should be taken into consideration when setting NDC2?*

- The long-term social and economic costs of climate change and failing to transition our economy.
- NZ's position as an emissions-efficient food producer is threatened if no action is taken to reduce emissions in the agricultural sector (Rabobank Whitepaper 2024).
- NZ's ability to meet the NDC2 target with domestic emissions reductions and domestically sourced carbon dioxide removals.
- The potential to incentivise reductions and removals via government-led investment, policy and mechanisms.
- The importance of long-term policy consistency for economic growth and to allow businesses and sectors to plan for the future.
- Regulatory changes within the global market e.g. mandatory climate reporting - over 60% of the world's GDP is subject to mandatory climate related disclosures.

*Q4. What factors do you think are most important for deciding a "fair share" for New Zealand for its NDC2?*

A "fair share" for Aotearoa NZ's NDC2 will be an international metric based on emissions *per capita*, as opposed to NZ's total emissions.

Choosing to be a global leader in setting an ambitious NDC2 in recognition of our influence on the global stage as a recognised 'thought leader' and our responsibility to lead by example. If NZ shirks its responsibilities in this area, implicit permission is given to other nations to do the same.

Loss of economic and diplomatic partnerships and collaboration if NZ lags in its contribution to the global challenges of climate change and emissions reduction.

Ensuring that the emissions reduction burden is proportionally equal across different sectors so as not to create biases, budgeting within sectors is essential to establish fairness.

*Q5. Should NDC2 be set at a level that is achievable with domestic action only or should it be set at a level that is achievable with a mix of domestic action and international cooperation (offshore mitigation)?*

*Other: Please explain*

1. NDC2 should be met with domestic action only unless extreme circumstances require it. In a global market, the risk is that global demand for removals could divert attention and funding away from carbon reductions, which are essential.
2. If NZ relies on offshore mitigation to meet NDC2, we would be essentially exporting our obligations to reduce to another economy.
3. EIANZ suggests that more could be done to reduce emissions in the agricultural sector. Current proposals require significant reductions in the transport sector, which will likely impact a greater number of people than agricultural reductions.
4. The NDC1 budget projects a current deficit of emission reductions (ca. 100 million tonnes) which will need to be sourced offshore which represents a significant economic loss (Data Source: Ministerial paper March 2023). Until NZ provides the support mechanisms to change the economy and levers for reductions there is significant risk of further emissions budget deficits.
5. The NDC2 will impact how we attract finance and support our economy, as international trade will be subject to scrutiny both directly and indirectly through supply chain access rules where a country's NDC targets are built into local emissions reduction and in setting expectations. A taxpayer (or business) in a country with an ambitious NDC2 will not want to subsidise a wealthy nation like NZ if we don't meet our Paris obligations.
6. Despite NZ's relatively small population size, our contribution to global emissions is still significant on a per capita basis. In 2021, the average emissions of OECD countries were 11 tonnes of CO<sub>2</sub>e (carbon dioxide equivalent emissions) per capita. New Zealand's was 15 tonnes of CO<sub>2</sub>e per capita. NZ has the 4th highest emissions per capita in the OECD and is 19th in the world for greenhouse gas emissions per capita, comparable to the US and Russia, and well ahead of China and India (Data sources: OECD Emissions Data; EDGAR (Emissions Database for Global Atmospheric Research), European Commission. GHG total emissions excluding LULUCF).