

Seminar of Governmental Experts, Bonn, 16-17 May 2005

New Zealand Presentation

- * We want to leave you with three points from our presentation today:
 - New Zealand treats climate change seriously and is taking action, both domestically and in support of Pacific Island Countries.
 - National circumstances are important; New Zealand is different from other developed countries.
 - We urgently need a constructive dialogue on how to take meaningful action on climate change, and at the same time provide for future economic growth and development aspirations.

New Zealand's Actions

- * We are doing our share - New Zealand treats its climate change commitments seriously.
- * We have adopted a range of policies and measures to implement our commitments under the UNFCCC and the Kyoto Protocol.
- * A **carbon tax** will be introduced from 2007. The carbon tax has been designed to allow New Zealand the flexibility to move in the future to full international emissions trading should this be desirable.
- * **Negotiated Greenhouse Agreements** (NGAs) for those firms that can demonstrate serious competitive disadvantage from the carbon tax they will receive relief in return for moving to world's best practice in emissions management.
- * A **Projects to Reduce Emissions** (PRE) programme to support projects that will reduce New Zealand's greenhouse gas emissions in the first commitment period, beyond "business as usual" reductions.
- * Forestry is essential in the fight against climate change and broadens the mitigation arsenal of all Parties. This is particularly true for New Zealand. A **Permanent Forest Sinks Initiative** (PFSI), for afforestation and reforestation under Article 3.3 of the Kyoto Protocol.
- * For some sectors, like agriculture, technology solutions to reduce emissions are not yet available. Our Government has partnered with the agriculture industry to form the **Pastoral Greenhouse Gas Research Consortium** to carry out mitigation research.

- * The Government has a public awareness campaign, **4 Million Careful Owners**, designed to inform and energise public action.
- * We are trying to find out about the impacts of climate change, and working to **integrate adaptation** needs into future planning and long term infrastructure needs.
- * There are other **supporting policies** too, such as in energy and sustainable development, that take climate change into account.

The needs of Developing Countries

- * The most serious impacts of climate change fall on some of the world's most vulnerable citizens, in developing countries.
- * New Zealand is particularly focused on helping to meet the concerns and needs of Pacific Island Countries (PICs). PICs are on the front line of climate change impacts; in some instances climate change is an issue of national survival. Their situation underlines that climate change is an urgent global problem. Often these countries' contribution to the problem of climate change is negligible, creating a serious global equity issue.
- * In 2001 New Zealand pledged a voluntary commitment of \$NZ5M per year, from 2005, towards supporting climate change activities in developing countries. We also provided NZ\$12M in the previous Global Environment Facility (GEF) replenishment round.
- * The South Pacific Regional Environment Programme (SPREP), as tasked by Pacific leaders, is currently developing a Pacific Framework on Climate Change. New Zealand is very supportive of that process. We hope the Framework will provide guidance to donors on the region's own climate change priorities.

New Zealand's national circumstances

- * In considering what more is needed to tackle climate change, like all countries, New Zealand needs to take into account national circumstances. A reminder of New Zealand's profile:
- * New Zealand depends on a stable climate for its economic well-being. We have a longstanding comparative advantage in natural resource-based sectors, for example agriculture and forestry. This brings the complexity of biological systems, not easily changed.
- * Compared to many other Annex 1 countries, we have a relatively small and energy intensive industrial sector. In addition, we are an isolated

island country, with relatively low population density and particular topography.

- * New Zealand's renewable electricity generation is proportionally far greater than many Annex I Parties.
- * New Zealand's emissions profile is more akin to an advanced developing country than it is to other Annex 1 countries.
- * Methane and nitrous oxide emissions from agriculture account for almost 50% of New Zealand's greenhouse gas emissions.
- * We have a significant plantation forestry industry, along with large indigenous forest areas, which serve as important forest sinks and reservoirs.

Future Action

- * New Zealand welcomed the entry into force of the Kyoto Protocol in February this year: an important milestone in efforts to deal with the challenges of climate change.
- * We urgently need a constructive dialogue on what the international community should do next on climate change, to build on the first step of the Kyoto Protocol.
- * New Zealand has no predetermined view on the best future global framework, building on Kyoto's CP1 commitments, to address climate change. We are still working on our position regarding future action. In doing so, we are looking to answer some difficult questions:
- * **How can we get a constructive dialogue started now on what the international community should do next to tackle climate change?** We clearly have some way to go before there is international consensus on meaningful future action. But unless we can start talking frankly with each other about future possibilities, there is little hope we will be able to deal with climate change. And we do not have the luxury of time. There are real costs to all of us in doing nothing.
- * **How can we make climate change measures compatible with future economic growth and development aspirations?** We know that business is essential for driving a solution. A future architecture needs to be structured to ensure that the private sector has ongoing confidence to make long-term climate friendly investments: certainty and competitiveness issues are important elements of this. And we need to make the best use of existing technologies, now. Timing is crucial: locking in climate-unfriendly investments now will limit our future options, making

it harder and more expensive later. Economic choices need to take into account environmental costs: New Zealand's carbon tax sends a signal about integrating climate change into business planning. Market mechanisms too will be important: the Kyoto Protocol's flexibility mechanisms are examples of this, and we imagine future solutions will learn from, and build on, those mechanisms.

- * **How do we recognise that some economic sectors, such as agriculture, currently have limited technology solutions?** Different countries have different economies; clearly, one size will not fit all. For example, while recognising the principle of common and differentiated responsibilities, we shouldn't let Annex I and non-Annex I labels constrain our ability to find answers. We need to look for flexible and differentiated solutions that allow for national circumstances in responding to mitigation challenges. Some sectors currently have no or limited mitigation options; solutions to this will require major scientific/technological advances. Commitments by countries in this area need also to be recognised. For countries with a primary sector backbone, like New Zealand and many developing countries, achieving a substantial reduction in greenhouse gases over the short to medium term, while allowing for continued economic growth, is not easy.
- * **How do we get all of the major emitters involved?** We are all affected by climate change; we all have to contribute to the response. Anything less than broad and balanced participation and action, in particular by all of the world's major emitters, including both developed and developing countries, will be inadequate to deal with a challenge of this magnitude. This will require finding an acceptable balance of mitigation commitments and financial assistance towards developing countries' adaptation to the effects of climate change.
- * New Zealand is open to considering all constructive options proposed to deal with climate change. We will listen with real interest to the other presentations made at this Seminar of Governmental Experts. And will take advantage of other opportunities, formal and informal, to share experiences with others. We hope these exchanges will help build momentum towards a constructive dialogue on the future.