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TO THE

Ministry of Foreign Affairs & Trade

ON THE

Approach by New Zealand to the 2021 international climate change negotiations

BY

Beef + Lamb New Zealand Ltd

SUBMISSION ON NEW ZEALAND'S APPROACH TO THE 2021 INTERNATIONAL CLIMATE CHANGE NEGOTIATIONS

TO: Ministry of Foreign Affairs and Trade

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About Beef + Lamb New Zealand (B+LNZ)

B+LNZ is an industry-good body funded under the Commodity Levies Act through a levy paid by producers on all cattle and sheep slaughtered in New Zealand. Its vision is 'Profitable farmers, thriving farming communities, valued by all New Zealanders'.

The sheep and beef sector is essential to maintaining the vibrancy of rural communities and their cultural, societal, and environmental wellbeing, as well as contributing regionally and nationally to the country's economic wellbeing. The New Zealand sheep and beef sector generates $12 billion in industry value added each year and exported $9.52 billion worth of product in 2020. This makes the sector New Zealand's second largest goods exporter generating approximately 16 percent of New Zealand export revenue. The sector supports over 92,000 jobs, 35,702 directly and an additional 56,719 indirectly employed. The sector exports over 90 percent of its production and is New Zealand's second largest goods exporter and New Zealand's largest manufacturing industry.

B+LNZ is actively engaged in environmental management, with a particular emphasis on building farmers' capability and capacity to support an ethos of environmental stewardship, as part of a vibrant, resilient, and profitable sector based around thriving communities. Protecting and enhancing New Zealand's natural capital and economic opportunities and the ecosystem services they provide is fundamental to the sustainability of the sector and to New Zealand's wellbeing for current and future generations.

The sheep and beef sector understand the importance of keeping temperature rise within prescribed limits as critical to the wellbeing of New Zealand and the world as we currently know it. As stewards of the land and the natural resources it is home to, sheep and beef farmers are at the forefront of the impacts of climate change. Farmers are already seeing those changes on an everyday basis and are already adapting their management. They will continue to do so, as they have adapted to changes in the past.

Sheep and beef farmers are up to the challenge of playing their part in the actions needed to achieve the Paris Agreement. This is why B+LNZ has, through its Environment Strategy, committed to leading the sector to working towards being climate neutral by 2050.

1. SUMMARY OF RECOMMENDATIONS

1.1. Beef and Lamb New Zealand supports the key issues on the negotiation agenda put forward officials. We seek to ensure that there is further nuance and content added to the prioritised negotiations on 'Agriculture' sub-section.

1.2. We commend the New Zealand Government on updating the principles and topics contained in the mandate, and especially support the ambition to seek a leadership role internationally in order to provide an effective global response to climate change.

1.3 We request that the mandate regarding metrics is strengthened and that New Zealand climate negotiators be empowered to take a leadership position on promoting the use of more appropriate metrics for measuring, and reporting on, the contribution of short-lived gases such as methane (such as CGTP and GWP*). The issue of GHG metrics should be reframed towards one part of the broader issue of '**estimating the warming impact of short-lived GHGs'**. Moving away from the widespread use of GWP100 when referring to biogenic methane is an issue larger than transparency, as not doing so risks distorting GHG mitigation pathways by parties to the Paris Agreement.

1.3. **We urge the New Zealand government to advocate for a position that clearly prioritises how emissions should be managed over the long term to eliminate their warming impacts.** Reductions of biogenic methane would reduce warming in the short term but are not a long-term solution when compared to reducing emissions of other gases that also come with co-benefited methane reductions from fossil fuel sources.

1.4. **We recommend that the split gas approach taken domestically in New Zealand be promoted by climate negotiators internationally** as a means of addressing the same issues alternative metrics are designed to resolve. That is, the issue of comparing different greenhouse gases and their impact on warming as the basis for informing action and policy priorities. This approach should be taken while also progressing further work on more fit-for-purpose alternative metrics (such as CGTP and GWP*)

1.5. If New Zealand negotiators wish to remain consistent with the Paris Agreement and the Koronivia Joint Work on Agriculture (KJWA), we encourage them to ensure that peoples' values and uses for land are not overtaken by ones which favour carbon farming above other land uses. Current policy settings have incentivised planting of pines for sequestration over and above other land uses and have led to many rural communities fearing for their future viability with concurrent impacts on food production.

1.6. We support New Zealand's position that "in the Koronivia Joint Work on Agriculture, and in other relevant fora, [it will] encourage other countries to take mitigation action on agriculture." This support should be complemented by recognising the fundamental priority of safeguarding food security and ending hunger, and the particular vulnerabilities of food production systems to the adverse impacts of climate change, as is consistent with the Paris Agreement.

1.7. We request the climate negotiators be given an additional agricultural mandate to "promote the emissions efficiency co-benefits of pursuing agricultural trade reform and reducing trade distorting agricultural policies."

1.8. We further request that climate negotiators be given an additional agricultural mandate to promote the potential emissions mitigation and climate adaptation benefits of the research, development, and uptake of innovative agricultural GHG technologies.

2. GENERAL COMMENTS

2.1. Beef + Lamb New Zealand welcomes the opportunity to submit to the Ministry of Foreign Affairs and Trade (MFAT) on New Zealand's approach to the 2021 international climate change negotiations.

2.2. Beef + Lamb New Zealand has a long history of engaging in climate policy in New Zealand and internationally. This includes engaging in both policies designed to mitigate greenhouse gas (GHG) emissions as well as policies designed to improve New Zealand's ability to adapt to the impacts expected to occur as a result of climate change.

2.3. Beef + Lamb New Zealand is an active supporter of the Global Research Alliance on Agricultural Greenhouse Gases, in particular the workstreams relating to livestock. We strongly support the continuation of this group and others like it as a means to share knowledge, build partnerships and find solutions to emission and mitigation problems.

2.4. Beef + Lamb New Zealand is committed to the New Zealand agricultural sector achieving a 2050 goal of becoming warming neutral, as is consistent with the 2015 Paris Agreement. Such a goal demands that short-lived (flow) GHG emissions (biogenic methane) are reduced, but not to net zero, by 2050. It also requires long-lived GHG emissions, mainly nitrous oxide and carbon dioxide, be reduced to net zero by 2050. The cumulative effect of long-lived (stock) gases on global warming requires emissions of long-lived gasses to reduce to net-zero, whereas short-lived gases need to be reduced slightly and stabilised. This is supported by the New Zealand Climate Change Commission in their recommendations to the New Zealand Government on how the country should meet its Paris Agreement Targets.

2.5. Beef + Lamb New Zealand was closely involved in the development of, and is a signatory to, the He Waka Eke Noa Primary Sector Climate Change Commitment. He Waka Eke Noa is an active partnership between primary industry groups, the Government and iwi / Māori. Through He Waka Eke Noa, partner organisations are working to develop a framework by 2025 that will equip farmers and growers with both skills and tools to reduce their on-farm agricultural greenhouse gas emissions and adapt to climate change. The He Waka Eke Noa partnership aims to enable sustainable food and fibre production for future generations.[1] He Waka Eke Noa is a partnership that was initiated by farmer organisations and is dependent on the continued support of farmers for its future viability.

2.6. It is our hope that He Waka Eke Noa represents a framework for farmer-driven action that can not only succeed in New Zealand, but also serve as a template for similar agricultural climate action internationally.

2.7. As a part of He Waka Eke Noa, farming organisations are committed to developing an appropriate pricing mechanism for agricultural emissions (biogenic methane and nitrous oxide). As noted in the He Waka Eke Noa Primary Sector Climate Change Commitment:

> *"The primary sector will work in good faith with government and iwi/Maori to design a practical and cost-effective system for reducing emissions at farm level by 2025. The sector will work with government to design a pricing mechanism where any price is part of a broader framework to support on-farm practice change, set at the margin and only to the extent necessary to incentivise the uptake of economically viable opportunities that contribute to lower global emissions. The primary sector's proposed 5-year programme of action is aimed at ensuring farmers and growers are equipped with the*

[1] http://www.fedfarm.org.nz/FFPublic/Policy2/National/2019/Our_Future_in_Our_Hands.aspx

> *knowledge and tools they need to deliver emissions reductions while maintaining profitability."*[2]

2.8. While the He Waka Eke Noa partnership is still a developing one, we would encourage MFAT and the New Zealand Government to embrace the principles that underpin this historic partnership and promote cooperation with farmers to develop bottom-up agricultural climate policies. In regard to agricultural emissions, we support New Zealand taking a strong science-based leadership into the 26th United Nations Climate Change Conference (COP 26) negotiations.

2.9. New Zealand is among the most climate-efficient food producers in the world, and a soon-to-be-released life cycle analysis of New Zealand red meat production will underline our position in this regards. As such, B+LNZ supports New Zealand climate negotiators and politicians showing international leadership in relevant areas including:

- Ensuring accurate treatment of short-lived GHGs by governments through adoption of split-gas approaches, and more appropriate metrics, that overcome the unfit-for-purpose nature of the currently widely used GWP100 metric as recommended by the most recent IPCC AR6 report.

- Reducing trade distorting policies, including but not limited to agricultural products, to improve the greenhouse gas efficiency of agricultural production and the standard of living enjoyed by food and fibre producers and consumers world-wide.

- The need to ensure domestic climate policies are consistent with the Paris Agreement, including by *"Recognising the fundamental priority of safeguarding food security and ending hunger, and the particular vulnerabilities of food production systems to the adverse impacts of climate change."*[3]

- Ensuring domestic climate change policies are consistent with the Paris Agreement, by "increasing the ability to adapt to the adverse impacts of climate change and foster climate resilience and low greenhouse gas emissions development, in a manner that does not threaten food production."[4]

- Increasing investment in the research and development of agricultural greenhouse gas mitigation tools and ensuring there are no barriers (including regulatory) that hinder the uptake of such tools.

- Promoting nature-based solutions, as recognised by the United Nations Environment Programme, as a pathway for addressing climate change through the management of multiple environmental objectives (for example, biodiversity as well as climate change) as an integrated part of food production systems.

[2] He Waka Eke Noa – Our Future in Our Hands Primary Sector Climate Change Commitment, Federated Farmers of New Zealand, available at <http://www.fedfarm.org.nz/FFPublic/Policy2/National/2019/Our_Future_in_Our_Hands.aspx> pp.3

[3] Paris Agreement, United Nations Treaty Collection. 8 July 2016. Archived from the original on 21 August 2016, available at <https://unfccc.int/files/meetings/paris_nov_2015/application/pdf/paris_agreement_english_.pdf>

[4] Paris Agreement, United Nations Treaty Collection. 8 July 2016. Archived from the original on 21 August 2016, available at <https://unfccc.int/files/meetings/paris_nov_2015/application/pdf/paris_agreement_english_.pdf>

ANSWERS TO SPECIFIC QUESTIONS IN THE CONSULTATION DOCUMENT REGARDING NEW ZEALAND'S APPROACH TO THE 2021 INTERNATIONAL CLIMATE CHANGE NEGOTIATIONS (COP26)

3. WHAT NEGOTIATION OUTCOMES SHOULD NEW ZEALAND PRIORITISE AT COP26?

3.1. The Paris Agreement has the primary focus of limiting global warming, and **we encourage New Zealand negotiators to focus on emphasising warming impact**, rather than net-zero targets, in climate negotiations.

3.2. New Zealand took a genuinely world leading approach when it legislated for a split gas approach to the emissions reduction targets in the 2019 Climate Change Response (Zero Carbon) Amendment Bill. We have been vindicated in our willingness to adopt the latest science in Chapter 7 of the recent IPCC 6 report, and need to promote the same split-gas approach we have adopted domestically in the international arena.

3.3. New Zealand is almost unique amongst developed nations, in having almost half of its total GHG emission impacts coming from biological methane when the GWP100 metric is used to compare the various GHGs. However, this is an inaccurate representation of the ongoing warming resulting from our agricultural sector.

3.4. GWP100 works well for comparing nitrous oxide and carbon dioxide, which remain in the atmosphere for 121 and 5-200,000 years respectively. It is very difficult to calculate the exact lifetime of a molecule of carbon dioxide, but it is treated as a long-lived stock gas.[5] Methane however has a half-life of 12 years and the GWP100 value does not accurately take into account its shorter lifetime. This is noted in the IPCC's recent AR6 report:

> ***"The choice of emission metric affects the quantification of net zero GHG emissions and therefore the resulting temperature outcome after net zero emissions are achieved.*** *In general, achieving net zero CO_2 emissions and declining non-CO_2 radiative forcing would be sufficient to prevent additional human-caused warming. Reaching net zero GHG emissions as quantified by GWP-100 typically results in global temperatures that peak and then decline after net zero GHGs emissions are achieved, though this outcome depends on the relative sequencing of mitigation of short-lived and long-lived species. In contrast, reaching net zero GHG emissions when quantified using new emission metrics such as CGTP or GWP* would lead to approximate temperature stabilization (high confidence) {7.6.2}"*[6]
>
> *"By comparison* ***expressing methane emissions as CO_2 equivalent emissions using GWP-100 overstates the effect of constant methane emissions on global surface temperature by a factor of 3-4 over a 20-year time horizon (Lynch et al., 2020, their Figure 5), while understating the effect of any new methane emission source by a factor of 4-5 over the 20***

[5] Allen, Myles R., Vicente R. Barros, John Broome, Wolfgang Cramer, Renate Christ, John A. Church, Leon Clarke et al. "IPCC fifth assessment synthesis report-climate change 2014 synthesis report." (2014). Pp.103

[6] IPCC AR6, chapter 7 pp 123.

> ***years following the introduction of the new source (Lynch et al., 2020, their Figure 4).***"[7]

3.5. Acknowledgment in the short comings of the GWP100 metric are not new. The first IPCC Assessment Report, published in 1990, notes:

> *"The Global Warming Potential (GWP) remains a useful concept but its practical utility for many gases depends on adequate quantification of the indirect effects as well as the direct. We now recognize that there is increased uncertainty in the calculation of GWPs"*[8]

3.6. Given that GWP100 is unfit for purpose to compare the cumulative warming impact of short and long-lived emissions, it is appropriate to either adopt a more fit for purpose metric or to split out the reduction targets for short- and long-lived emissions. An example of alternative approaches that are widely accepted as providing better ways to understand the warming effects of different types of emissions are GWP* and Combined Global Temperature Change Potential (CGTP). Encouraging the global adoption of these approaches would result in agricultural emissions being addressed in a way that is commensurate with their effect on global warming.

3.7. The IPCC AR6 report supports both the GWP* and CGTP approaches:

> *"In summary, new emission metric approaches such as GWP* and CGTP are designed to relate emission changes in short-lived greenhouse gases to emissions of CO_2 as they better account for the different physical behaviours of short and long-lived gases. Through scaling the corresponding cumulative CO_2 equivalent emissions by the TCRE, the GSAT response from emissions over time of an aggregated set of gases can be estimated.* ***Using either these new approaches, or treating short and long-lived GHG emission pathways separately, can improve the quantification of the contribution of emissions to global warming within a cumulative emission framework, compared to approaches that aggregate emissions of GHGs using standard CO_2 equivalent emission metrics****."*[9]

3.8. The New Zealand Agricultural sector does not support the current methane reduction targets outlined in the New Zealand Climate Change Response Act. We do however strongly support the use of a split-gas approach for setting GHG reduction targets and request that this same approach be taken to emissions budgets domestically. While there is disagreement on what the biogenic methane reduction targets should be, there is broad scientific consensus that short-lived GHG do not need to reach net zero emissions to reach net zero warming.

3.9. It is encouraging that metrics are noted in the Transparency section of MFAT's COP26 backgrounder document and that New Zealand's position is to "pursue scientific and technical discussion of greenhouse gas metrics by the UNFCCC after completion of the Working Group I component of the IPCC 6th Assessment Report".

3.10. We **request that the mandate regarding metrics is strengthened and that New Zealand climate negotiators be empowered to take a leadership position**. The issue of metrics should be reframed towards metrics being one part of the broader issue of 'estimating the warming impact of short-lived GHGs'. Moving away from the widespread use of GWP100 when referring

[7] IPCC AR6, chapter 7 pp 123.

[8] IPCC, June 1992, Climate Change: The IPCC 1990 and 1992 reports, available at <https://www.ipcc.ch/report/climate-change-the-ipcc-1990-and-1992-assessments/> pp.7

[9] AR6, Chapter 7, pp. 124

to biogenic methane is an issue larger than transparency, as not doing so risks distorting GHG mitigation pathways by parties to the Paris Agreement.

3.11. Rather than addressing the inaccuracy of the GWP100 metric in estimating the warming impact of biogenic methane by adopting a more appropriate metric (such as GWP*), in 2019 New Zealand opted to take a split gas approach to targets.

3.12. The Regulatory Impact Statement (RIS) for the Zero Carbon Bill recognises at page 36 that: "Short-lived gases like biogenic methane (CH4) which is New Zealand's dominant GHG, decay relatively rapidly in the atmosphere. It lasts for decades rather than centuries. This means global temperatures can be stabilised (at a given temperature level) without necessarily reducing emissions of these gases to zero[10]."

3.13. When discussing how the national targets should be set, the RIS considers how science should inform the final decision. At page 48, the paper states that options which consider a split gas approach "Acknowledges different pathways are appropriate for LLGs (net zero as soon as possible) and SLGs (net zero not required)."

3.14. The use of GWP100 for comparing long-lived emissions remains scientific best practice, but problems arise when it is used to estimate the warming of short-lived flow emissions (such as biogenic methane) relative to long-lived stock emissions (such as carbon dioxide).[11] A split gas approach is scientifically robust and is supported by the IPCC's AR6 report.

3.15. **The split gas approach is notable in its absence in New Zealand's climate change negotiations mandate**. New Zealand's unusual emissions inventory has put the country in a position where it has been forced to confront the issues of accounting for methane using GWP100. These issues were tackled by a decision to legislate for a split gas approach, a creative and genuinely world-leading decision that should be promoted as a template for other countries.

3.16. **We recommend that New Zealand's split gas approach be promoted at COP26 as a means of assisting other parties to address issues of understanding and accounting for the warming impacts of different gases.** This approach should be taken while also progressing work on promoting more modern metrics (such as CGTP and GWP*).

4. ARE THERE SPECIFIC CONSIDERATIONS WE SHOULD TAKE ACCOUNT OF IN RESPONDING TO THE ISSUES BEING NEGOTIATED THIS YEAR?

4.1. It is pleasing that in relation to agriculture New Zealand's position is "in the Koronivia Joint Work on Agriculture, and in other relevant fora, [we will] encourage other countries to take mitigation action on agriculture. "

4.2. The Koronivia Joint Work on Agriculture (KJWA) is a newly formed and important forum that has the mandate to address issues relating to climate change and agriculture. Like the Paris Agreement itself, decisions made when the KJWA was established as part of COP23 embedded the need to ensure food security is prioritised as climate policies are designed.[12]

4.3. Many of our levy payers are alarmed at the impact that blanket afforestation of productive sheep and beef farms is having on the wellbeing of their communities. A recent report from BakerAg, commissioned by Beef + Lamb NZ identified that between 2018 and 2020 over 29,500 hectares on average each year was sold or received grants with the intention of being converted into

[10] https://environment.govt.nz/assets/Publications/regulatory-impact-statement-zero-carbon-bill.pdf

[11] https://www.oxfordmartin.ox.ac.uk/publications/demonstrating-gwp-a-means-of-reporting-warming-equivalent-emissions-that-captures-the-contrasting-impacts-of-short-and-long-lived-climate-pollutants/

[12] https://unfccc.int/sites/default/files/resource/docs/2017/cop23/eng/11a01.pdf

exotic forestry, which exceeds the 25,000 hectares per annum of exotic pines identified by the Climate Change Commission. The research found that 64 percent of the planting is on low-erosion or moderate erosion land, which is often highly productive hill country farming land.[13]

4.4. B+LNZ strongly supports limits being introduced within the ETS on the amount of forestry offsets available to fossil fuel emitters. New Zealand is unique in currently allowing 100% offsets for forestry. The EU currently does not allow any and in California only 8% of fossil fuel emissions can be offset through forestry.

4.5. We are not opposed to using forestry to offset emissions, however this must be done in a way that reduces impacts on rural communities and recognises the importance of food production, as outlined in the KWJA. Integrating forestry into farming businesses, rather than blanket forestry conversion is consistent with these principles and is already happening.

4.6. Our priority to ensure climate change policies recognise the importance of food production is particularly pertinent given the world leading emissions efficient production of red meat and dairy in New Zealand.

5. ARE THERE SPECIFIC CONSIDERATIONS WE SHOULD TAKE ACCOUNT OF IN RESPONDING TO THE ISSUES BEING NEGOTIATED THIS YEAR?

Agricultural Trade Reform

5.1. Using the GWP100 metric and the best available peer-reviewed methods for counting greenhouse gas emissions, New Zealand sheep meat has about 17.2 kilograms of carbon dioxide equivalent (CO2 e) per kilogram of carcass weight (CW) compared to a global average of 23 and our beef has 21 kilograms compared to a global average of 46.2.

5.2. A major factor that has led to the world leading emissions efficiency of New Zealand red meat is a focus on efficiency that resulted from New Zealand's agricultural reforms of the mid-1980s. Despite scientific efforts to decouple the relationship, there remains a fixed amount of methane produced for every kilogram of feed consumed by a ruminant animal.[14] This fixed relationship means that as New Zealand farmers became more economically efficient as a result of the removal of trade distorting policies, they also have become more emissions efficient.

5.3. The current impressive emissions efficiency of New Zealand agricultural exports means New Zealand red meat and dairy products consumed overseas in key markets can result in less greenhouse gas emissions than the same food produced locally, even after the transport emissions involved in shipping the product across the world are calculated.[15]

5.4. Led by MFAT, New Zealand has steadfastly called for agricultural trade reform and the removal of trade distorting policies internationally for decades. The potential economic and social benefits of liberalising international agricultural trade tend to be better appreciated relative to the potential environmental benefits. Such benefits are not limited to maximising the comparative advantage and emissions efficiency of agricultural exports but include many other potential benefits.

[13] https://beeflambnz.com/news-views/independent-research-highlights-need-limits-forestry-offsetting

[14] Clark, H., I. Brookes, and A. Walcroft, 2003, "Enteric methane emissions from New Zealand ruminants 1990–2001 calculated using an IPCC Tier 2 approach. Report prepared for the Ministry of Agriculture and Forestry, Ministry of Agriculture and Forestry."

[15] https://researcharchive.lincoln.ac.nz/bitstream/handle/10182/4317/food_miles.pdf

5.5. While previous work to address agricultural subsidies and trade liberalisation has been through the World Trade Organisation, COP26 provides a complementary opportunity to examine the relationship between agricultural subsidies and environmental effects at a global scale. Wealthy countries, such as the United States and those in the European Union spend billions subsidising their farmers each year while exporting at below cost into developing markets, impacting the viability of farming in those countries.

5.6. While these subsidies are sometimes described as green or encouraging environmentally friendly production, in practice they usually fail to meet these goals. An audit of the European Union's Common Agriculture Policy (CAP) found that: "EU agricultural funding destined for climate action has not contributed to reducing greenhouse gas emissions from farming, according to a special report from the European Court of Auditors (ECA). Although over a quarter of all 2014-2020 EU agricultural spending – more than €100 billion – was earmarked for climate change, greenhouse gas emissions from agriculture have not decreased since 2010. This is because most measures supported by the Common Agricultural Policy (CAP) have a low climate-mitigation potential, and the CAP does not incentivise the use of effective climate-friendly practices.[16]"

5.7. The OECD, its annual Agricultural Policy Monitoring and Evaluation report found that "that the support policies implemented by the 54 countries studied – all OECD and EU countries, plus 12 key emerging economies – provided on average USD 536 billion (EUR 469 billion) per year of direct support to farmers from 2017 to 2019. Half of this support came from policies that kept domestic prices above international levels; such policies harm consumers, especially poor ones, increase the income gap between small and large farms, and reduce the competitiveness of the food industry overall." The report went onto say: "Despite productivity gains in the past decades and some recent initiatives to improve the sector's environmental performance, the overall pace of policy reform has stalled. Support levels have changed little over the past decade and there has been little progress in moving towards instruments that impose fewer distortions on production and trade. As a further consequence, the environmental performance has been mixed. In particular, greenhouse gas (GHG) emissions from agriculture have increased in most countries.[17]"

5.8. As outlined above, New Zealand is one of the few developed countries that does not provide direct support to farmers, and so is in a prime position to take a leadership role in promoting efficient, market-based food production. New Zealand negotiators should be empowered to strongly advocate for a reduction in trade distorting practices by developed nations in order to redistribute production to where it is most environmentally efficient, therefore providing income for developing countries, contributing to food security by reducing reliance on imports, upskilling famers, and improving food security.

5.9. The New Zealand government has already demonstrated a willingness to lead in this area, with the Agreement on Climate Change, Trade and Sustainability (ACCTS) aiming to phase out fossil fuel subsidies and the removal of tariffs on environmental goods and new and binding commitments for environmental services.

5.10. We strongly urge the New Zealand government's negotiating mandate at COP be expanded to 'promote the emissions efficiency co-benefits of pursuing agricultural trade reform and reducing current trade distorting agricultural policies.

[16] https://www.eca.europa.eu/Lists/ECADocuments/INSR21_16/INSR_CAP-and-Climate_EN.pdf

[17] https://www.oecd.org/agriculture/news/government-policies-providing-more-than-usd-500-billion-to-farmers-every-year-distort-markets-stifle-innovation-and-harm-the-environment.htm

Research and regulatory reform

5.11. Since 2003 the Pastoral Greenhouse Gas Research Consortium (PGGRC) has directed about $75 million of industry and Crown funding to the challenge of lowering New Zealand agricultural emissions, including by attempting to decouple the relationship between the feed consumed by a ruminant animal and methane produced. Much valuable knowledge has been gained, but the program has yet to be successful in finding a commercially viable breakthrough technology.[18]

5.12. New Zealand is a leader in the field but is not alone in seeking to mitigate agricultural GHGs and enable farming systems to better adapt to climate change through the use of innovative technologies. These technologies have the potential to ensure that mitigating agricultural GHGs does not come at the cost of global food security and can even come with the co-benefit of increasing food security and resilience in many instances. COP26 represents an exciting opportunity to both accelerate funding in agricultural GHG technologies and to better coordinate the research development and uptake of such technologies internationally.

5.13. We therefore request that climate negotiators be given an additional agricultural mandate to promote the potential emissions mitigation and climate adaptation benefits of the research, development, and uptake of innovative agricultural GHG technologies, the promotion of agricultural GHG technologies should include:

- Advocating for an increase in the global amount of funding for agricultural GHG mitigation and climate adaptation technologies.
- Encouraging the coordination of agricultural GHG research and development through organisations such as the Global Research Alliance.
- Promoting the development of an appropriate international regulatory framework, through organisations such as Codex. Such a framework is needed to enable agricultural GHG technologies to be implemented safely and rapidly, once developed.

6. OTHER COMMENTS

6.1. The Transparency section of the COP26 Backgrounder speaks to the importance of maintaining a robust and efficient framework for Parties to report their efforts and intentions to achieve the goals of the Paris Agreement. We support New Zealand including this as a position it intends to take to the negotiations, as transparency in Party reporting will assist in identifying the extent to which domestic climate change policies and efforts impact on the competitiveness of our agricultural sector as an exporter.

6.2. The International Carbon Markets section of the COP26 Backgrounder mentions an intended emphasis on guidelines for the use of carbon markets that have regard for a number of important considerations. Another consideration worthy of inclusion here is that of ensuring there is sufficient flexibility to have greater regard for additional sequestration activities and types currently ineligible under rules inherited from the Kyoto Protocol. The inability for New Zealand farmers to achieve fair recognition of the sequestration that occurs on farm has been a sore point for many years, affecting the extent to which farmers have been able to rationalise 'getting behind' government efforts to reduce biogenic agricultural emissions. Including this aspect as a consideration in the negotiating position for COP26 would go some way towards encouraging support from farming communities across the globe to reduce GHG emissions in line with Paris Agreement objectives.

[18] PGGRC & NZAGRC, 'Reducing New Zealand's greenhouse gas emissions: How We are getting there', 2019.

6.3. The International Carbon Markets section of the COP26 Backgrounder also mentions supporting accounting rule changes that would lead to the effective prohibition of pre-2020 units being able to be surrendered. While we understand the government has its reasons for wanting to support efforts to achieve real emissions reductions, we are concerned that New Zealand's negotiators will be instructed to pursue this as a negotiating position when there appears to be little to no analysis addressing the extent to which this may or may not be an issue for New Zealanders under the ETS.