



APEC Business Advisory Council

SWG II 2024

A framework for greener trade

Presentation by Stephen Jacobi, ABAC New Zealand

on behalf of Brett O'Riley

Thursday 25 April 2024

www.abaonline.org

Leveraging trade for climate: 2024 work plan

ABAC Climate Leadership Principles:



Reduction



Adaptation



Just Transition

Goals:

1. Creating an enabling environment for trade tools needed in the climate fight
2. Avoiding green protectionism

➔ **Deliverable: FTAAP “Early Harvest”**

A principled framework for green trade, developed from the business perspective

A new “Greener Trade Policy Framework” is needed

Aotearoa Plan of Action for the Putrajaya Vision 2040

Economies will cooperate in APEC fora to develop, encourage and exchange best practice policies and promote capacity building to address all environmental challenges, including climate change...

this should be done, inter alia...

- *for trade, including APEC work on facilitation of trade in environmental goods and services*
- *phasing out inefficient fossil fuel subsidies*
- *sustainable management of agriculture, forestry and fisheries*

- A coherent, principles-based framework for trade policy will help to shape and accelerate the shift to an inclusive “green economy”: a win for people, planet and prosperity.
- A range of different objectives and policy tools are needed:
 - Some are needed for reduction, some for adaptation;
 - Just Transitions is a cross-cutting need.
- Without this, we risk:
 - Slow or no shift to greener policies – with planetary and societal costs;
 - The creation of trade barriers, distortions or inefficiencies, less-credible reduction efforts, complexity and unpredictability for business;
 - Leaving behind some in our communities.

Indicative Greener Trade Policy Principles

- Policies and measures should be:
 - Necessary;
 - Transparent;
 - Non-discriminatory;
 - Science-based, risk-based, evidence-based;
 - Least-trade-restrictive, minimally production/trade-distorting;
 - Minimally burdensome in terms of compliance costs;
 - WTO-consistent, based on international standards where possible;
 - Designed with cooperation and interoperability in mind;
 - Open to equivalent approaches by others;
 - Nature-positive and people-positive, not just carbon-positive;
 - Designed to minimize environmental harms, as appropriate;
 - Accessible for MSMEs, women, Indigenous and other groups;
 - Developed in consultation with business and other stakeholders.

Greener Trade Policy: Illustrative Elements



- Liberalising trade in environmental goods and services aimed at reducing emissions
- Elimination of environmentally-harmful subsidies (fossil fuels, fish, food, industry)
- Decarbonising supply chains – deforestation, biodiversity
- Coherent, science-based approaches to border measures
- Coherent and verifiable climate credentials (e.g. carbon accounting standards)
- Measures to tackle plastic pollution
- Liberalising trade in environmental goods and services aimed at adaptation
- Trade and investment in renewable energy (ABAC framework)



- Green shipping lanes
- Eco-labelling
- Policies for sustainable food and agriculture trade
- Green workforce including skills, labour mobility
- Sustainable financing
- Circular economy measures



- Assessment tool for green trade policy measures to ensure they are accessible to all
- Specific measures to support vulnerable groups e.g. ESG Framework for MSMEs
- Disciplines on “green” subsidies (non-discriminatory, at most minimally distorting)
- Mechanism to review non-tariff barriers e.g. overly-burdensome “green” standards

Recommendations

- Members to call on APEC to develop a “Greener Trade Framework”, based on a principled approach, to more effectively use trade to address the climate challenge.