



Cabinet

Minute of Decision

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Progressing International Cooperation to Reduce Emissions and Complement Domestic Action

Portfolio **Climate Change**

On 26 October 2021, Cabinet:

Background

- 1 **noted** that New Zealand's first nationally determined contribution (NDC1) under the Paris Agreement is a target of 30 percent below 2005 emission levels by 2030;
- 2 **noted** that the Paris Agreement recognises that countries will cooperate to reduce emissions and deliver greater ambition;
- 3 **noted** that NDC1 was set on the basis that it would be achieved through a mix of domestic emission reductions, forestry removals and international cooperation;
- 4 **noted** that the government's priority is to meet NDC1 through domestic action as much as possible to support New Zealand's transition to a low-emissions climate-resilient future;
- 5 **noted** that in parallel to the paper under CAB-21-SUB-0435, the Minister of Climate Change is seeking agreement to update NDC1 ahead of the 26th Conference of the Parties to the United Nations Framework Convention on Climate Change (COP26), to be held in Glasgow [CAB-21-MIN-0434];
- 6 **noted** that on 28 May 2018, Cabinet agreed to retain options of securing access to international carbon markets if this makes sense in the future [CAB-18-MIN-0248];
- 7 **noted** that Cabinet also noted that the Minister of Climate Change would report back if any potential international cooperation arrangements came to the point at which formal negotiations may be ready to begin [CAB-18-MIN-0248];
- 8 **noted** that on 16 December 2019, Cabinet agreed to the release of the *Framework for International Carbon Markets Cooperation* to provide guidance to officials in discussions with potential international carbon market partners [CAB-19-MIN-0688];

International cooperation

- 9 **noted** that the Climate Change Commission advised that access to offshore mitigation will be needed to deliver NDC1 cost-effectively, in addition to domestic action;

- 10 **agreed** to complement domestic action with international cooperation to access offshore mitigation, taking a portfolio approach that prioritises sustainable development outcomes and resilience in the Asia-Pacific region;
- 11 **noted** that there is a wide range of international cooperation options that are possible, with varying levels of readiness, risks and co-benefits;
- 12 **noted** that by developing a diverse portfolio of international cooperation options, the government can manage and spread delivery, ensure environmental integrity, and manage risks;
- 13 **agreed** that the Minister of Climate Change will oversee the development of a proposed strategic portfolio approach for the international cooperation component of the plan to meet NDC1 in line with the Climate Change Commission’s advice, for Cabinet’s consideration;
- 14 **noted** that officials from the Ministry for the Environment and the Ministry of Foreign Affairs and Trade have begun initial engagement with Pacific Island countries to test their interest in cooperating with New Zealand on options for offshore mitigation;
- 15 **agreed** to develop a portfolio of international cooperation options to complement domestic action, to contribute to the achievement of NDC1;
- 16 **agreed** that these international cooperation options should:
 - 16.1 prioritise sustainable development outcomes and resilience in the Asia-Pacific region;
 - 16.2 include a mix of options New Zealand develops directly with partner countries, and options in partnership with third-parties;

ETS linking

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Further reports

- 27 **invited** the Minister of Climate Change to report to the Climate Response Ministerial Group with a programme plan for the development of the full portfolio of international cooperation arrangements, including key requirements and timeframes for each;
- 28 **invited** the Minister of Climate Change to report back to Cabinet in October 2022 on progress made in developing the portfolio and international cooperation options for Cabinet to consider, which are to form part of the plan to meet NDC1, including:
 - 28.1 progress made to identify viable cooperation opportunities in the Asia-Pacific region;
 - 28.2 developing ETS links;
 - 28.3 engagement with iwi/Māori and public//stakeholder engagement;
 - 28.4 additional analysis on financial implications;
 - 28.5 environmental integrity considerations 9(2)(j)
 - [Redacted]
 - [Redacted]
 - [Redacted]
- 29 **noted** that the Minister of Climate Change will provide an interim update on progress made by the end of May 2022, ahead of the more substantive report back in October 2022;

Communications

- 30 **agreed** to update New Zealand’s position on international market negotiations [CAB-18-MIN-0248] to confirm that:
 - 30.1 New Zealand’s first priority will be domestic climate action to help meet New Zealand’s climate change targets;
 - 30.2 in addition to transitioning the economy and taking domestic action, New Zealand plans to use offshore mitigation with environmental integrity towards NDC1;
 - 30.3 New Zealand will be seeking a range of potential options for sourcing offshore mitigation with environmental integrity and prioritising partnering with countries in the Asia-Pacific region in ways that promote sustainable development outcomes and resilience;

- 30.4 New Zealand will also explore reopening the New Zealand ETS to international markets with environmental integrity through ETS linking;
- 31 **noted** that the Minister of Climate Change proposes to communicate this approach as part of any decisions to update NDC1;
- 32 **authorised** the Minister of Climate Change and the Minister for the Environment to make consequential updates to the Appendices to the submission under CAB-21-SUB-0435 to reflect Cabinet's decisions.

Michael Webster
Secretary of the Cabinet