



APEC Business Advisory Council

SWG IV 2024

The Greener Trade Framework

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Lima, November 2024**

www.abaconline.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

The Greener Trade Framework

- A coherent, principles-based trade framework can help to shape and accelerate the shift to an inclusive “green economy
- A range of policy tools are needed for Reduction, Adaptation and Just Transitions
- Without this, we risk:
 - Slow or no shift to greener policies – with planetary and societal costs;
 - The creation of trade barriers, distortions or inefficiencies, complexity and unpredictability for business;
 - Leaving behind some in our communities.
- Our 2024 Letter to Leaders recommends that APEC adopt the Framework



Greener Trade 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;
 - Accept equivalent approaches by others;
 - Nature-positive and people-positive, not just carbon-positive;
 - Designed to minimize environmental harms;
 - Accessible for MSMEs, women, Indigenous and other groups;
 - Developed in consultation with business and other stakeholders.

Greener Trade Elements



- Liberalising trade in environmental goods and services aimed at **reducing emissions**
- Elimination of environmentally-harmful subsidies: fossil fuels, fish, food, industrial
- Decarbonising supply chains – deforestation, biodiversity, green shipping lanes
- Coherent, science-based approaches to border measures
- Coherent and verifiable carbon standards
- **Digital to enable reductions** e.g. *paperless trade, reductions technologies, digital credentials*



- Liberalising trade in environmental goods and services aimed at **adaptation**
- Trade and investment in renewable energy (ABAC Roadmap)
- Electric vehicle policies
- Eco-labelling, climate credentials in supply chains
- Policies for sustainable food and agriculture trade, circular economy
- Green workforce including skills, labour mobility - and women in STEM
- Sustainable financing, disaster relief financing etc.
- **Digital tools for adaptation** e.g. *verifiable credentials, digitalised energy technologies, monitoring etc.*



- An assessment tool for green trade policy measures to ensure that 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
- **Digital tools for Just Transitions** e.g. *MSME digital credentials for supply chains etc.*

ACCTS

- First-of-its-kind agreement linking trade, climate change and sustainable development
- Six founding members: New Zealand, Costa Rica, Fiji, Iceland, Norway and Switzerland
- Signature likely in Lima (but possibly not by all members)
- Key focus areas:
 - Environmental goods and services liberalization
 - Fossil fuel subsidy reform – first legally-binding commitment
 - Eco-labelling standards

EU Deforestation Regulation

- Aims to prevent products linked to deforestation entering EU market
 - Covers key commodities, including those produced in APEC economies: cattle, cocoa, coffee, palm oil, soya, wood, rubber
 - Introduces strict due diligence and traceability requirements
 - Major concerns:
 - Complex and opaque compliance burden for trading partners
 - Particular challenges for MSME producers and developing economies
 - Implementation timeline and readiness
- **Potential "green protectionism" concerns**

Recommendations

- Members to continue to build out the Greener Trade Framework, drawing on the best models involving economies from the region, such as ACCTS, and to continue to urge APEC to adopt it.