



NEW ZEALAND COUNCIL OF TRADE UNIONS
Te Kauae Kaimahi

**Submission of the
New Zealand Council of Trade Unions
Te Kauae Kaimahi**

to the

Ministry of Foreign Affairs and Trade

on the proposed

**Agreement on Climate Change, Trade and
Sustainability (ACCTS)**

P O Box 6645

Wellington

6 November 2019

1. Introduction

- 1.1. This submission is made on behalf of the 27 unions affiliated to the New Zealand Council of Trade Unions Te Kauae Kaimahi (CTU). With over 310,000 members, the CTU is one of the largest democratic organisations in New Zealand.
- 1.2. The CTU acknowledges Te Tiriti o Waitangi as the founding document of Aotearoa New Zealand and formally acknowledges this through Te Rūnanga o Ngā Kaimahi Māori o Aotearoa (Te Rūnanga) the Māori arm of Te Kauae Kaimahi (CTU) which represents approximately 60,000 Māori workers.
- 1.3. Thank you for the opportunity to comment the proposed Agreement on Climate Change, Trade and Sustainability (ACCTS).
- 1.4. We are surprised that public submissions have been opened only after the commitment to the agreement has been made and it has been officially launched. Part of the discontent over international trade and investment agreements has been poor process. The public has been given no opportunity to comment on the best ways (if any) to use trade and investment to influence environmental practice. Instead we have been presented with a fait accompli as to the scope of any agreement. There is no assessment as to the impacts of such an agreement.
- 1.5. While we are of course very supportive of moves to strengthen environmental protections, combat climate change and improve environmental sustainability we are doubtful that this proposal will make a significant contribution.
- 1.6. Unions are committed to strong and effective action on climate change and can see a role for trade policy to support this. Our concluding paragraph 3.2 sets out what we think this agreement could include to more effectively achieve our climate goals.

2. The proposed content of the agreement

- 2.1. The main ingredients of the proposed agreement according to the information on the MFAT web site¹ are:
 - 2.1.1. Elimination of tariffs on environmental goods and new commitments on environmental services

¹ <https://www.mfat.govt.nz/en/trade/free-trade-agreements/climate/agreement-on-climate-change-trade-and-sustainability-accts-negotiations/>

- 2.1.2. Disciplines to eliminate fossil fuel subsidies
- 2.1.3. The development of guidelines for voluntary eco-labelling programmes and associated mechanisms to encourage their promotion and application
- 2.2. The first two at least have been proposed for many years now in the WTO and other venues with little success. In part this is because of scepticism as to their effectiveness and their real purpose.
- 2.3. We also observe that by taking these negotiations out of the WTO the parties to the proposed ACCTS (like the proposed Trade in Services Agreement, TISA) are contributing to the weakening of the WTO as the primary venue for trade negotiations, and normalising the practice of a small group negotiating agreements which they then hope to foist upon other WTO members. This leads to further cynicism about the WTO process and who drives it.
- 2.4. **Elimination of tariffs on environmental goods and new commitments on environmental services** has many difficulties.
- 2.5. The logic of it as a spur to better environmental practices, combating climate change, and sustainability is difficult to follow. Presumably the hope is that by lowering tariffs and other barriers to trade and investment in these services and goods, countries' environmental performance will somehow improve. That is putting the cart before the horse. A country needs to have the determination to make these environmental improvements to make good use of appropriate goods and services. If it has this determination then it has a self-interest in reducing these barriers – or alternatively creating its own services and industries for the same purpose. In many cases the latter may be more effective because many of these problems are inherently local and require local solutions and the local knowledge that requires. At any rate, forcing a reduction in barriers is pushing on a string, not addressing the causes.
- 2.6. There is no definition of “environmental goods and services” provided. Among them are services which are highly sensitive and there is widespread opposition to their inclusion in trade, services and investment agreements. These include water services (including provision of water), waste treatment (such as waste water and sewerage), management of waste and management of parks.
- 2.7. It is difficult to know where the definition of “environmental goods and services” ends. If it includes park management, does it includes sport and recreation? There

are concerns about the effects of plastics from washing clothes causing hazards to wildlife and ultimately humans. Does this mean that laundry services are regarded as “environmental”? Does it include energy provision and distribution which can have high environmental impacts? Does it include forestry, and thus wood processing? The list could go on to include a large proportion of a modern economy.

- 2.8. ‘Barriers’ to trade in environmental goods and services may themselves be regulations to protect the environment or other aspects of wellbeing. Pressure to reduce such regulatory ‘barriers’ may itself have a cost to the environment and people’s wellbeing.
- 2.9. We are very concerned this could be another round of opening sensitive services to commercial and overseas control, threatening public services, where rounds of GATS and TISA, and services chapters in bilateral and plurilateral agreements have failed when trying to do so in the face of widespread opposition.
- 2.10. There are many who believe that the proposal to include environmental goods and services as a special category in the WTO Doha Round and other trade negotiations was primarily a means to open up further markets to the large corporations, often from Europe, that dominate many of these services. It is unconvincing as an effective environmental measure.
- 2.11. **Disciplines to eliminate fossil fuel subsidies** have a theoretical attraction but these can be intensively sensitive issues for low income families in many developing countries. In October, opposition to cuts in fuel subsidies contributed to days of massive and furious protests led by indigenous groups and met by military force in Ecuador. This is not an isolated case. There have been recent protests in Zimbabwe, Sudan and Jordan over the removal of fuel subsidies.
- 2.12. This is therefore not a simple matter when considering all aspects of the wellbeing of the people of the countries affected. If it is carried out without sensitivity then it will add to the widespread concerns about the unequal impact of trade rules and their contribution to inequality. Given that cuts in fuel subsidies are a frequent demand of the IMF in times of financial problems (as in the case of Ecuador) it may change its demands to joining the ACCTS to cement in the ending of such subsidies. Many people would then experience ACCTS as an instrument of impoverishment rather than environmental advance. It would reinforce negative views of such agreements.

2.13. To be clear, unions in New Zealand are resolute that there is no future in fossil fuels. As the global union rallying cry on climate change notes, ‘there are no jobs on a dead planet.’ Our contribution to the climate debate is through the articulation of a “just transition” - which is that the costs of the necessary changes that deliver all of us a more stable climate must be spread evenly and not fall heavily and disproportionately on workers, particularly those in carbon exposed industries, and low income workers and communities more generally. We discuss these issues further in our recent Just Transition document², in particular in relation to the impact of fossil fuels policies on low income people, under the section: “Ensure that the costs of climate mitigation policies do not hurt the poor”.

2.14. **The development of guidelines for voluntary eco-labelling programmes and associated mechanisms to encourage their promotion and application** is again in theory a useful step. To be effective, the rules should put environmental outcomes at the fore, rather than (for example) allowing such labelling only if it cannot be seen as a barrier to trade. The latter could make eco-labelling more rather than less difficult.

3. Conclusion

3.1. As we suggested at the outset, we do not believe that these proposals can lead at best to anything but a very small and marginal improvement in the environment. If that is at the expense of other aspects of wellbeing as we have warned then the agreement will be regarded as a step backwards rather than forwards.

3.2. We would regard an effective environmental agreement as one that addressed the vital issues of the day directly. For example it could

- Allow countries to take trade and investment action against other countries that do not commit to the Paris agreement and carry out their commitments
- Allow for border adjustments to neutralise the lower cost of imports from countries with poor environmental standards or which are not taking effective action against climate change, and similarly compensate exporters competing against producers from such countries.
- Provide for enforcement of multilateral agreements on conservation and the environment.

² See <https://www.union.org.nz/wp-content/uploads/2019/10/Next-Steps-on-Just-Transition-Oct-2019.pdf>