
Consultation on: International treaty examination of the Agreement on Climate Change, Trade and Sustainability

From: Wood Processors and Manufacturers Association of NZ

To: Foreign Affairs, Defence and Trade Committee

Contact: Mark Ross, Chief Executive – mark@wpma.org.nz

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1. Submission

- 1.1 The Wood Processors and Manufacturers Association of New Zealand (WPMA) is appreciative of the opportunity to provide feedback on the International Treaty Examination of the Agreement on Climate Change, Trade and Sustainability (ACCTS).
- 1.2 As a general statement, we submit in support of ACCTS. We view the ACCTS as important as it is the first trade agreement of its kind dedicated to trade and climate issues hence demonstrating a fresh approach to global trade negotiations.
- 1.3 Particularly important to WPMA is the fact that having wood classified as an environmental good within ACCTS highlights the important role wood plays globally in meeting our net zero carbon emissions 2050 goal. This has the potential to open up new opportunities for New Zealand wood product exporters, which is supported.
- 1.4 The Wood Processors and Manufacturers Association would appreciate the opportunity to be heard in relation to our submission.

Key points within ACCTS are highlighted as follows:

2. Trade Opportunities

- 2.1 Although our current trade in wood products with ACCTS partners at \$5.2 million is minimal when compared with New Zealand's total wood product exports of circa \$2.4 billion, increased export opportunities through the removal of tariffs for 45 wood products, such as sawn timber, pulp, and panels for construction, included within ACCTS is welcomed by New Zealand's wood processing and manufacturing industry.
- 2.2 Wood provides multiple benefits to New Zealand, and it is positive to see the government backing our industry in removing unnecessary barriers and implementing new trade agreements. It is anticipated that as additional countries join the collective formed by New Zealand,

Switzerland, Costa Rica and Iceland, the potential to grow a commercial benefit to our wood products industry over time is notable.

2.3 WPMA reasons that under brand New Zealand we have a leading story to tell as to the value our wood products and timber used in construction play in addressing climate change and sustainability challenges. Not only does this new trade agreement potentially open commercial benefits for New Zealand, but it will also send a strong environmental message to our trading partners.

2.4 Increased export in wood products will assist in growing the wood processing industry, with value added wood products encouraging greater onshore processing of logs, more employment in our regions, and increasing our global contribution to embodied carbon storage.

3. Wood products recognised as environmental goods

3.1 It is commendable that the list of environmental goods goes beyond identifying environmental industrial goods (as the most accepted environmental goods sector) to recognise natural renewable goods (for example, wood products and wool).

3.2 As per the National Interest Analysis (NIA) ACCTS text, this sets an important commercial precedent for New Zealand exporters in the long term with products such as wool, timber and wood used in construction being tagged as environmental goods. The wood and wool products on the list account for a majority of New Zealand's global environmental goods exports.

3.3 We are supportive of wood products classification as environmental goods based on the evidence that they contribute to climate change adaptation and mitigation, pollution prevention and control; the sustainable use, protection or restoration of natural resources, biodiversity and ecosystems; the transition to a circular economy; the sustainable development objectives of the Parties; and other wider environmental goals (Article 2.3.1).

3.4 Countries are in a race to seize the benefits, and the opportunities wood provides in the transition to a net-zero world. The potential for New Zealand wood products to reduce the carbon footprint of the built environment and drive the growth of a sustainable and prosperous wood industry is immense.

3.5 With an increase in wood processing the byproducts of wood, such as adhesives, paints, polymers, advanced packaging, refined carbon, textiles and plastics will also be able to be developed. All of this will not only benefit our economy but will also support our future climate change goals in a sustainable manner. With this in mind, we are supportive of the list of environmental goods being reviewed regularly and additional environmental goods being added in the future to ACCTS.

4. Renewable Energy

4.1 ACCTS support to our renewable energy sector by establishing rules to prevent harmful fossil fuel subsidies and sets guidelines for ecolabelling is supported. As outlined in the NIA, New Zealand has a small number of existing fossil fuel subsidies, though in the future more may be

needed to meet justifiable policy objectives. Leaving this clause open is sensible as to securing long term energy security.

5. **Conclusion**

5.1 We acknowledge that with the small number of countries currently included within ACCTS that this Agreement will take time to show benefits to New Zealand trade and the wider environment. However, as highlighted within our submission, by being designed as an open plurilateral agreement there is the ability for other core trading nations within the WTO to join ACCTS in the future thus supporting growth in our export markets for environmental and sustainable goods, such as wood products.

5.2 New Zealand, Costa Rica, Switzerland, and Iceland may well have started something that not only could lead to a larger trade and climate agreement but also provides a lesson in decisiveness that all countries should take to heart.

The Wood Processors and Manufacturers Association

About us:

The Wood Processors and Manufacturers Association (WPMA) was established in 2014 through a merger of the Wood Processors Association and the Pine Manufacturer's Association. We are a voluntary funded industry association with a strong focus on promoting wood as the heart of a future zero-carbon economy.

Our members are leaders in the New Zealand wood industry converting harvested logs into a wide range of products including sawn lumber, pulp, paper, panels, laminated products, mouldings, and engineered wood, through to the development of bioenergy solutions.

Total sales of industry products both domestically and globally in 2023 were approximately \$5 billion. The industry employs close to 30,000 staff, mostly in the New Zealand regions.

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