



19 October 2021

Rt Hon Jacinda Ardern, Prime Minister
Hon Grant Robertson, Minister of Finance
Hon David Parker, Minister for the Environment
Hon Nanaia Mahuta, Minister of Foreign Affairs
Hon Damien O'Connor, Minister of Agriculture
Hon James Shaw, Minister for Climate Change

Subject: He Waka Eke Noa, Agricultural Emissions and COP26

Dear Ministers

As you are aware, the Agriculture sector is committed to playing our part in transitioning to a low emissions economy alongside the rest of New Zealand and supporting the delivery of the Paris Agreement. This is actively being done through our world-leading initiative of He Waka Eke Noa the Primary Sector Climate Action Partnership – and supported through the Government's *Fit for a Better World* strategy.

New Zealand's food & fibre sector is committed to being the most efficient producer of low emissions, high quality, and safe food & fibre in the world. Our focus as a sector is sustaining our success, as consumers and communities increasingly seek sustainably produced food. New Zealand farmers' hard work and investment over decades has contributed to this world-leading status. Our unsubsidised grass-based, outdoor grazing system is unique globally and is critical to our success.

As we begin to develop and implement an appropriate pricing mechanism for biological emissions from 2025 for agriculture in New Zealand, it is important that other nations know New Zealand is making serious efforts to reduce our greenhouse gas emissions. We expect the Government to showcase our leadership on biogenic methane. It is with this in mind, that we write this letter before our Minister for Climate Change heads to COP26 in Glasgow.

Methane pledge

We understand that methane is going to be a strong theme at COP26. The recent joint United States – European Union pledge on methane has encouraged other countries to join and aims at a collective 30 percent reduction in methane by 2030.

As also stated in a joint letter sent by primary sector organisations to Minister Shaw on 27 September, we understand that the methane pledge largely refers to methane from fossil fuel production, which was a point overlooked by most reporting on the pledge. We also understand that the 30 percent figure is a collective target and does not require each country to reduce methane emissions by 30 percent. This key detail has likewise been missing in much of the commentary regarding the pledge.

It is for these reasons that we believe that, if communicated properly, the methane pledge does not represent a challenge to current New Zealand targets, nor mean they must be changed. We would be very disappointed if that wasn't communicated clearly by the Government. The methane pledge represents an opportunity to encourage the reduction of biogenic methane emissions in a bottom-up



manner that acknowledges the varying nature of methane profiles and the diverse ability of countries and sectors to reduce these profiles.

We support the pledge's focus on reducing methane emissions through partnership and R&D. New Zealand's commitment to the methane pledge would provide an opportunity to share our progress and knowledge on reducing biogenic methane emissions, while the rest of the world's focus is on tackling methane emissions from fossil fuels.

Our work towards methane targets

The Climate Change Commission's advice has been clear in what is able to be delivered by the agriculture sector (in the absence of new technologies) up until 2030. Our task remains challenging. We concur with the Commission's recommendation to Government for a long-term, well-funded, research and development programme. We would be concerned if the Government were to increase the ambition of our NDC simply to channel resources offshore - when this investment could be made domestically.

Through He Waka Eke Noa we have been able to develop a programme for action on agricultural emissions that includes research, extension with farmers, consistent metrics, understanding of on-farm sequestration, as well as the potential for an appropriate mechanism for pricing emissions. This programme of work is unique in the world.

We can and should be holding our head up very high when we go to COP26, and we would expect our Government to be doing that on behalf of our food & fibre sector. We must also strongly hold other countries to account in terms of their tangible action on agricultural emissions.

Despite criticism, New Zealand is lonely in having a clear and explicit target for emissions reductions from biogenic methane. We are also alone in having specific policy to manage and reduce agricultural emissions without introducing subsidies.

Positioning for methane emissions and warming contribution at COP26

Our split gas target makes it clear how our agricultural sector and its emissions fit into the 1.5°C-2°C temperature goal of the Paris Agreement – something that does not happen when countries mix their long-lived and short-lived emissions in a single target that doesn't identify the actual effect on temperature. This is recognised by the most recent IPCC report, which states:

"Using either these new approaches (GWP or CGTP), or treating short and long-lived GHG emission pathways separately, can improve the quantification of the contribution of emissions to global warming within a cumulative emission framework, compared to approaches that aggregate emissions of GHGs using standard CO2 equivalent emission metrics."*

As Dr Adrian Macey and Dr David Frame, both of New Zealand Climate Change Research Institute at Te Herenga Waka–Victoria University of Wellington wrote on 14 October, *"We have a target that allows us to work out how much warming we will cause, if we achieve the mid-range of our current target we will stop our warming in the 2030s, earlier than the United Kingdom, the EU and US."*

Our organisations have all previously submitted with concern about the practicality and equity of the current 2050 biogenic methane reduction target range. While we disagree with the current 2050 target range, we back the Government in taking a split gas approach. Any criticism of the split-gas approach taken in New Zealand should be strongly defended with the sound science that was used to underpin the Government's decision in 2019.

The following issues should be advocated by the New Zealand delegation at COP26. We also wish to see New Zealand's negotiating mandate strengthened to include these issues as a matter of priority:

- 1) Showcase New Zealand agriculture's currently impressive emissions efficiency and ongoing domestic policy partnership for GHG's
- 2) Advocate for clear and distinct emission reduction targets from biogenic methane (like New Zealand)
- 3) Advocate for the development of an international framework to manage and reduce agricultural emissions, according to national circumstances
- 4) Strengthen New Zealand's negotiating mandate to pursue better international understanding and recognition of alternative GHG metrics (such as GWP*)
- 5) Advocate for a split gas approach to targets (as taken by New Zealand in the CCRA). A split gas approach should also be taken if New Zealand decides to alter the current Nationally Determined contribution
- 6) Showcase New Zealand Agriculture's continued Research and Development efforts
- 7) Promote the emissions efficiency co-benefits of pursuing agricultural trade reform and reducing trade distorting agricultural policies.

It is critical that other nations understand New Zealand's approach and are held accountable for their own actions. We are aware that some nations are paying their farmers to reduce their greenhouse gas emissions by repurposing existing subsidies, however this approach has not proved successful in the past, with the European Court of Auditors recently finding that the €100 billion euros spent by the EU on green subsidies between 2014 and 2020 had little impact on agricultural emissions.

We expect the Ministry of Foreign Affairs and Trade to bring the issues of trade and the environment together – as new forms of trade-distortions emerge for our sector that threaten the international competitiveness of our farmers.

We trust that our Government will support and advocate for our food & fibre sector at COP26. If we are to develop and support an appropriate pricing mechanism on our emissions, then the New Zealand Government needs to be fully cognisant of what other countries are delivering in terms of their own words and actions - this will be critical for the ongoing international competitiveness of New Zealand farmers.

Yours sincerely



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CC

Chris Seed, Secretary of Foreign Affairs and Trade
Ray Smith, Director-General, Ministry for Primary Industries
Vicky Robertson, Secretary for the Environment