



# Cabinet

## Minute of Decision

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### Report on Overseas Travel: Hon Damien O'Connor

**Portfolios**                      **Agriculture / Trade and Export Growth**

On 25 October 2022, Cabinet:

- 1        **noted** the report from Hon Damien O'Connor under CAB-22-SUB-0453 on his travel, from 6 to 11 September 2022, to:
  - 1.1       attend the launch of negotiations for the Indo-Pacific Economic Framework for Prosperity in Los Angeles, and bilateral meetings in San Francisco, United States; and
  - 1.2       visit the College of Agricultural and Environmental Sciences at the University of California's Davis campus.

Rachel Hayward  
Acting Secretary of the Cabinet

[Restricted]

Office of the Minister for Trade and Export Growth

Chair, Cabinet

## **Report on Overseas Travel: Hon Damien O'Connor**

1 I recommend that Cabinet note this report on my travel to the United States from 6-11 September 2022.

### **Report**

2 The focus of my visit to San Francisco and Sacramento, California was on strengthening the agriculture relationship between New Zealand and the state of California, building on the outcomes of Prime Minister Ardern's visit to California in May 2022.

3 These engagements provided valuable insight into California's intended path forward on sustainable agriculture – notably low emissions agriculture, provided opportunity to explore common agriculture challenges and how to work together to address them, and laid a basis for California Secretary of Agriculture Karen Ross' return visit to New Zealand in October 2022 for the 2035 Oceania Summit.

4 In San Francisco I met with Tim Brown, co-founder, and staff from Allbirds. Allbirds highlighted its partnership with NZ Merino and the work done to advance the transition from volume to value by improving greenhouse gas emissions performance at the farm level and effectively communicating that to consumers. They shared their approach to regenerative agriculture and the various metrics used to attain their regenerative certification<sup>s9(2)(b)(iii)</sup>

5 I also visited the University of California's Davis campus in Sacramento. The campus is home to the College of Agricultural and Environmental Sciences (CA&ES) and focusses on issues across sustainable agriculture, agricultural and resource economics, animal science, biological and agricultural engineering and viticulture and ecology. This was an opportunity to learn about cutting-edge research collaborations on feed additives currently being trialled for methane reduction, and their application in different farm systems under long-term trials. It was also an opportunity to compare New Zealand's intentions for pricing agricultural emissions with California's. A key difference was that while New Zealand has committed to pricing all agricultural emissions by 2025, California will make an assessment of available viable technological solutions by 2024, and only seek to put in place a cost structure for 2030 if such technological solutions are available.

4 The centrepiece of my visit to the United States was the launch in Los Angeles on 10 September of negotiations for the Indo-Pacific Economic Framework for Prosperity (IPEF). Fourteen countries took part, releasing Ministerial statements setting out the agreed scope for the four 'pillars' of the negotiation.

5 <sup>s6(a), s9(2)(g)(i)</sup> 13 of the group signed on to all four pillars, with only India choosing not to take part in the trade pillar process. Indian commerce minister Goyal told Indian media he had concerns about signing onto labour and environment rules in a trade agreement, along with issues around the treatment of data issues in a digital trade chapter. He did however hold open the possibility of reconsidering, depending on what form the environment and labour provisions took during the negotiations.

6 The group represents 40% of global GDP and includes six of the largest greenhouse gas emitters. IPEF has elements of a traditional trade negotiation but lacks a market access track. It remains to be seen just where participants will secure the balance of benefits that normally underpin trade deals. The agreed scope emphasises some elements of a progressive agenda, on sustainability and climate action. The scoping documents envisage eventual agreements with a mix of binding obligations and cooperation provisions. Specific New Zealand interests, including those relating to <sup>s9(2)(j)</sup> are adequately covered in the final versions of the scoping documents.

7 The launch of negotiations occurred less than a year since President Biden launched the IPEF initiative at the 2021 East Asia Summit. <sup>s6(a)</sup>  
<sup>s6(a)</sup>

8 During the IPEF meeting I held formal bilateral meetings with trade ministerial counterparts from Japan, Korea, Indonesia, Australia, and Singapore and met informally with a number of others including US co-Chairs Katherine Tai (US Trade Representative) and Gina Raimondo (Secretary of Commerce).

9 Ministers agreed on an ambitious initial timetable for the negotiation, with an initial round of negotiations in November, and Ministers meeting periodically in late 2022 (virtually) and at least twice in 2023, during the US APEC host year.

10 Looking ahead to the next phase of negotiations, the paper I took to DEV on 24 August said: "Following the launch of negotiations, but before the negotiations begin, I intend to bring a paper to Cabinet seeking an opening negotiating mandate for IPEF". Cabinet subsequently: "**invited** the Minister for Trade and Export Growth to report back to the Cabinet Economic Development Committee seeking approval of New Zealand's opening negotiating mandate once the scope of negotiations has been agreed amongst IPEF economies".

11 A first round of negotiations is currently proposed for November. In light of what we learnt in Los Angeles and in subsequent exchanges with US officials in Washington, I now propose that Cabinet note my intention to defer the DEV report-back on a fuller negotiating mandate until the first quarter of 2023, <sup>s9(2)(j), s6(e)(vi)</sup>  
<sup>s9(2)(j), s6(e)(vi)</sup>

This reflects the time required to consult and develop New Zealand positions on a range of topics in the negotiation, particularly those which are more novel in this negotiation.

12 s9(2)(j), s6(e)(vi)  
s9(2)(j), s6(e)(vi)

13 In areas of particular policy or commercial interest to New Zealand s9(2)(j), s6(e)(vi)  
s9(2)(j), s6(e)(vi) further consultation with stakeholders  
and development of coordinated advice to Cabinet on priorities and negotiating  
approaches will likewise take some time. s9(2)(j), s6(e)(vi)  
s9(2)(j), s6(e)(vi)

14 I believe that in the initial rounds negotiators could operate without undue risk  
on the basis of:

- s9(2)(j), s6(e)(vi)
- s9(2)(j), s6(e)(vi)
- s9(2)(j), s6(e)(vi)

### Proactive release

15 This paper will be proactively released as per Cabinet Office Circular CO (18) 4  
on the Ministry of Foreign Affairs and Trade's website. The paper will be subject to  
redaction as appropriate on the grounds set out under the Official Information Act  
1982.

### Recommendation

16 I recommend that Cabinet note this report, including my intention to defer the  
report-back to DEV on a fuller negotiating mandate for IPEF until the first quarter of  
2023.

Authorised for lodgement

Hon Damien O'Connor

Minister for Trade and Export Growth