

# Proactive Release

Date: 1 September 2023

The following Cabinet paper has been proactively released by the Minister for Trade & Export Growth

Title	Reference
Report of the Cabinet Economic Development Committee: Period Ending 21 July 2023	CAB-23-MIN-0325
Refreshed Trade, Environment and Climate Change Framework and Trade and Labour Framework	DEV-23-Min-0140
Refreshed Trade, Environment and Climate Change Framework and Trade and Labour Framework	

Some parts of this information release would not be appropriate to release and, if requested, would be withheld under the Official Information Act 1982 (the Act). Where this is the case, the relevant sections of the Act that would apply have been identified. Where information has been withheld, no public interest has been identified that would outweigh the reasons for withholding it.

Key to redaction codes:

- 6(a): to avoid prejudicing the security or defence of New Zealand or the international relations of the New Zealand Government;
- 6(e)(vi) to avoid damage to the New Zealand economy by the premature disclosure of decisions relating to entering into of overseas trade agreements;
- 9(2)(g)(i): to protect the free and frank expression of opinions by departments; and
- 9(2)(f)(iv): to protect the confidentiality of advice tendered by Ministers of the Crown and officials.



# Cabinet

## Minute of Decision

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*This document contains information for the New Zealand Cabinet. It must be treated in confidence and handled in accordance with any security classification, or other endorsement. The information can only be released, including under the Official Information Act 1982, by persons with the appropriate authority.*

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### Report of the Cabinet Economic Development Committee: Period Ended 21 July 2023

On 24 July 2023, Cabinet made the following decisions on the work of the Cabinet Economic Development Committee for the period ended 21 July 2023:

DEV-23-MIN-0140

**Refreshed Trade, Environment and Climate Change  
Framework and Trade and Labour Framework**  
Portfolio: Trade and Export Growth

CONFIRMED

Rachel Hayward  
Secretary of the Cabinet

Proactively Released by the Minister for Trade and Export Growth



# Cabinet Economic Development Committee

## Minute of Decision

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### Refreshed Trade, Environment and Climate Change Framework and Trade and Labour Framework

Portfolio                      Trade and Export Growth

On 19 July 2023, the Cabinet Economic Development Committee:

- 1        **noted** that in March 2020, the Cabinet Economic Development Committee (DEV) accepted the Trade for All Advisory Board's (TFAAB) recommendation to review and update the Trade and Labour and the Trade and Environment Frameworks [DEV-20-MIN-0052];
- 2        **noted** that in March 2021, DEV approved a discussion document for the new approach to the Trade, Environment and Climate Change Framework [DEV-21-MIN-0047];
- 3        **noted** that in August 2022 DEV approved a consultation paper on the redevelopment of the 2001 Cabinet Framework for Integrating Labour Standards and Trade Agreements [DEV-22-MIN-0188];
- 4        **noted** that significant consultation was conducted with Te Tiriti o Waitangi/Treaty of Waitangi partners, social partners (including unions and business), civil society and the public in the redrafting of the two Frameworks;
- 5        **noted** that the updated Frameworks:
  - contain high level principles that profile Aotearoa New Zealand's ambition in these areas;
  - include a range of new and emerging issues;
  - highlight the importance of advancing and protecting Māori interests;
  - provide for greater Māori, civil society, business and social partner engagement in the operation and review of trade agreements, and;
  - retain the core tenets of the previous Frameworks, such as non-discrimination and the importance of international rules and the multilateral trading system;
- 6        **agreed** to approve for public release the Aotearoa New Zealand Trade, Environment and Climate Change Framework, attached as Annex 1 to the paper under DEV-23-SUB-0140, subject to any minor or technical amendments to the text consistent with these decisions;



- 7 **agreed** to approve for public release the Aotearoa New Zealand Trade and Labour Framework, attached as Annex 2 to the paper under DEV-23-SUB-0140, subject to any minor or technical amendments to the text consistent with these decisions;
- 8 **agreed** that the Trade, Environment and Climate Change Framework and the Trade and Labour Framework apply to new free trade negotiations, starting after the approval of these Frameworks by Cabinet;
- 9 **noted** that the Trade, Environment and Climate Change Framework and the Trade and Labour Framework will be made public on MFAT's website, be released with social media publicity and be sent to stakeholders and groups that provided feedback;
- 10 **agreed** that officials will review the Trade, Environment and Climate Change Framework and Trade and Labour Framework in ten years' time.

Sam Moffett  
Committee Secretary

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**Present:**

Hon Grant Robertson (Chair)  
Hon Willie Jackson  
Hon Damien O'Connor  
Hon Andrew Little  
Hon David Parker  
Hon Priyanka Radhakrishnan  
Hon Kieran McNulty  
Hon Ginny Anderson  
Hon Barbara Edmonds  
Hon Rino Tirikatene  
Hon Rachel Brooking

**Officials present from:**

Office of the Prime Minister  
Officials Committee for DEV

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Office of the Minister Trade and Economic Growth

Cabinet Economic Development Committee

## **Refreshed Trade, Environment and Climate Change Framework and Trade and Labour Framework**

### **Proposal**

- 1 This paper seeks approval for the refreshed Trade, Environment and Climate Change Framework and the Trade and Labour Framework, as required by Cabinet [DEV-21-MIN-0047]. These Frameworks are intended to guide Aotearoa New Zealand's free trade agreement negotiations.

### **Relation to Government priorities**

- 2 The Aotearoa New Zealand Trade, Environment and Climate Change Framework and the Aotearoa New Zealand Framework for Trade and Labour have been updated in line with the Trade for All Advisory Board's recommendation, and Cabinet's acceptance of this recommendation [CAB-20-MIN-0120].
- 3 This Government's Trade for All Strategy is fundamental to help drive an economy that produces and exports higher value goods and services, protects the environment, promotes decent work for our people, supports our regions to grow, and underpins productive and high-quality investment.

### **Executive Summary**

- 4 The Trade, Environment and Climate Change Framework and Trade and Labour Framework have been updated from their 2001 versions at the request of Cabinet under Aotearoa New Zealand's Trade for All Strategy. Importantly, the refreshed Frameworks highlight Aotearoa New Zealand's high ambition in these areas and reflect the evolving nature of sustainability, climate and labour issues, and the changing demands of many trade partners.
- 5 The Frameworks retain a high-level principles approach rather than a prescriptive approach. This allows Aotearoa New Zealand to set out ambition, but also provides sufficient flexibility and durability to accommodate emerging issues and effectively guide negotiations with a range of partners and a range of legal formats into the future. I recommended the frameworks be reviewed in ten years.
- 6 Central tenets of Aotearoa New Zealand's trade policy have remained in the new frameworks. This includes the importance of international rules and the multilateral trading system, not using protectionist measures to secure a trade advantage, or to lower existing standards for similar reasons as well as to ensure appropriate policy space for Aotearoa New Zealand to determine its own labour and environmental policies. The labour framework continues to promote principles of decent work, cooperation and information sharing and provide a mechanism for resolution of issues



raised by parties, while the environment framework similarly provides for the mutual reinforcement of trade and environment settings.

- 7 An important new element to the two frameworks is the recognition of te Tiriti o Waitangi/ the Treaty of Waitangi and working with Māori to further their rights and aspirations in the areas of trade and labour and trade and the environment. The new frameworks also now include principles on engagement with Māori, business and civil society partners in the implementation and review of any trade agreements.
- 8 Additional new principles in the Frameworks highlight the United Nations Sustainable Development Goals (SDGs) and take into account the urgency of climate change. Other global environmental developments and emerging issues in the world of work, such as efforts to combat modern slavery and forced labour, are also reflected.
- 9 The updated Trade, Environment and Climate Change Framework and Trade and Labour Framework are attached in Annex 1 and Annex 2.

## Background

- 10 Aotearoa New Zealand was early to recognise the importance of integrating environment and labour elements into free trade agreement. For over twenty years we have sought provisions in or alongside our free trade agreements (FTAs) that give effect to the principles set out in the *2001 Framework for Integrating Environment Standards and Trade Agreements* (Trade and Environment Framework) and the *2001 Framework for Integrating Labour Standards and Trade Agreements* (Trade and Labour Framework). We remain one of the few Organisation for Economic Cooperation and Development (OECD) members (along with the US and more recently the EU (in 2022)) to have publicly articulated such frameworks and made clear our expectation that these inform our approach to trade negotiations.
- 11 In 2019, as part of the broader Trade for All Review, the Trade for All Advisory Board Report recommended that after twenty years of guiding trade negotiators the frameworks should be updated to reflect new and emerging issues. The Board suggested in particular that the Trade and Environment Framework reflect the United Nations Sustainable Development Goals (SDGs) and take into account the urgency of climate change and global developments since 2001, and that the Labour Framework reflect the issues that modern labour markets confront, including responding to modern slavery in global supply chains. In response to the recommendations, the Government agreed to progress the refresh of trade environment and labour frameworks [CAB-20-MIN-0120].

## Analysis

- 12 The new Trade, Environment and Climate Change Framework and Trade and Labour Framework are based on four broad assumptions, reconfirmed through consultation that:
  - 12.1 a high level principles-based model is the preferred approach as opposed to a detailed and prescriptive model. This allows for a durable framework (like the 2001 framework), with ambition that is flexible enough to adapt to different



negotiating partners and negotiating environments, such as bilateral, multilateral and plurilateral;

- 12.2 the substantive principles of the 2001 Frameworks remain largely relevant but require some modernisation, modification and expansion;
- 12.3 the two Frameworks though separate, are nevertheless related and designed to be mutually supportive and policy coherent; and
- 12.4 the Frameworks are designed to have a ten year 'life' after which they will be reviewed.

### **Building on Existing Trade Labour and Trade Environment Principles**

#### *Principles on the right to regulate and levels of protection*

- 13 Both frameworks continue to recognise the sovereign right of Aotearoa New Zealand to determine its own domestic environment and labour policy and priorities and to regulate in pursuit of these, including for the protection of plant and animal life or health and the conservation of exhaustible natural resources in certain circumstances. The frameworks are now updated to include the principle that trade agreements will include protection of Aotearoa New Zealand's ability to fulfil its obligations to Māori under te Tiriti o Waitangi/ the Treaty of Waitangi.
- 14 Also retained across the two Frameworks is the drawing together of the classical trade and labour and trade and environment 'clause'. This provides for the non-derogation principle which establishes that countries/economies should not seek to enhance their comparative advantage by deliberately derogating, for example by lowering or otherwise undermining their own environment or labour laws and practice for trade advantage. Conversely, the clause establishes that environment and labour standards should not be used for protectionist purposes or to create unnecessary trade barriers or other distortions.

#### *Reinforcing Aotearoa New Zealand's international commitments*

- 15 A core tenet of Aotearoa New Zealand's foreign and economic policy, that free trade agreements and relevant multilateral agreements and international commitments are mutually supportive, has been retained and reinforced in the new Frameworks.
- 16 The 2001 Trade and Environment Framework was drafted primarily with the World Trade Organisation (WTO) at its centre. In the refreshed Framework this has been broadened to include multilateral environmental agreements, such as the *Convention on Biological Diversity* (CBD), the *Basel Convention*, the *Stockholm Convention*, the *Montreal Protocol*, the *United Nations Framework Convention on Climate Change* (UNFCCC). The new principle in the new Framework specifically references the *Paris Agreement*.
- 17 The 2001 Trade and Labour Framework had the International Labour Organisation (ILO) 1998 *Declaration of Fundamental Principles and Rights at Work* at its centre. This Declaration commonly underpins the approach to trade and labour policy by many countries and its principles continue to form a fundamental component of



Aotearoa New Zealand's approach to trade and labour. Recognition of the principles and rights contained in the 1998 Declaration are therefore retained in the new Framework, but are updated to recognise the 2022 amendment to the Declaration and allow for any future amendments that New Zealand accepts.

- 18 In addition a new principle on promoting the ILO Decent Work Agenda through Parties labour law, policy and practice has been added to the new Framework, referencing the *2008 ILO Declaration on Social Justice for a Fair Globalisation*. This reflects the inclusion of a safe and healthy working environment in the ILO framework of fundamental principles.

### **New Trade, Environment and Climate Change, and Trade and Labour Principles**

#### *Ensuring Māori interests are understood, advanced and protected*

- 19 The refreshed Frameworks each contain the objective of working with Māori as Tiriti o Waitangi/ Treaty of Waitangi partners ensuring that the obligations, rights and interests of Māori are advanced and protected in each free trade negotiation that Aotearoa New Zealand engages in.
- 20 For the first time there are principles in both Frameworks providing for Māori to be engaged in the implementation and periodic review of the labour, environment and climate change provisions of future free trade agreements
- 21 In engaging on the Frameworks, Ngā Toki Whakarururanga<sup>1</sup> emphasised the importance of recognising the role of Indigenous Peoples worldwide in protecting the environment and continuing to preserve and conserve biodiversity. This has been reflected both as part of the context of the Trade, Environment and Climate Change Framework, and as a new principle.

#### *Social partner, civil society and business engagement*

- 22 Recognising the strength of partnership, the new Frameworks contain the objective that Māori, civil society and business will be engaged in the operation and review of trade agreements. In the case of the Trade and Labour Framework, the role of the Government's social partners, Business New Zealand (BusinessNZ) and New Zealand Council of Trade Unions (NZCTU), is highlighted.

#### *New Trade, Environment and Climate Change principles*

- 23 Given the urgency of addressing climate change and meeting the United Nations SDGs over the anticipated ten-year life of the Framework, the Trade, Environment and Climate Change Framework contains principles focused on cooperation on current and emerging environment and climate change issues and on promotion of trade policy and other policy tools to support the transition to environmentally sustainable economies.

<sup>1</sup> Ngā Toki Whakarururanga is one of the Treaty partner representative groups (e.g. Te Taumata, Federation of Māori Authorities (FOMA), Ngā Toki Whakarururanga, and the National Iwi Chairs Forum) engaged through the development of the Frameworks.



- 24 The Framework contains new principles reflecting Aotearoa New Zealand's leadership internationally on trade and environment and climate change, specifically the elimination of environmentally harmful subsidies globally and the removal of trade obstacles in goods and services that support climate change mitigation and adaption. Aotearoa New Zealand's advocacy in these areas extends from bilateral and regional trade negotiations through to the WTO, for example in negotiations on agriculture and fisheries subsidies disciplines. New Zealand led the introduction of fisheries subsidies into the WTO Doha Development Round in 2001 as Chair of the Friends of Fish grouping and twenty years on Aotearoa New Zealand continues to show leadership with the Minister for Trade and Export Growth facilitating the negotiations that resulted in the successful conclusion of the WTO Fisheries Agreement in 2022. Aotearoa New Zealand has also been a long standing advocate on fossil fuel subsidy reform (FFSR) globally, chairing the Friends of FFSR grouping and advocating for FFSR, for example through APEC, UNFCCC, WTO and G20.
- 25 Public consultation highlighted the potential for private environmental standards to act as trade barriers and increase compliance costs. Accordingly, the new Framework introduces a new principle focused on promoting private standards that aim to enhance environmental and climate outcomes and are implemented in a transparent, non-discriminatory and evidence-based manner.

#### *New Trade and Labour Principles*

- 26 Labour market issues such as supply chain management and addressing modern slavery are significant areas of focus in current international dialogue on trade and labour. Modern slavery was an issue that came through in a number of public submissions on the redevelopment of the Trade and Labour Framework, and was reinforced by NZCTU in their submissions and engagement on the draft Framework. Accordingly the new Trade and Labour Framework contains a principle focused on cooperation and best practice sharing on forced labour and modern slavery in supply chains.
- 27 The Framework also includes current and emerging issues relevant to the world of work, such as vulnerable workers, migrant workers and workplace harrassment. These issues have been included in Aotearoa New Zealand's more recent FTAs, such as the New Zealand-United Kingdom FTA.
- 28 Aotearoa New Zealand has been focused on ensuring that trade and trade agreements better deliver for women as part of the Government's Trade for All agenda. The new Trade and Labour Framework will contain a principle specifically focused on combatting discrimination and promoting gender equality and inclusion. This principle is consistent with gender provisions in recent Aotearoa New Zealand FTAs with the UK and EU, and our engagement with international organisations, such as APEC, the WTO and OECD.

#### *Dispute resolution*

- 29 There is no reference to dispute resolution in the 2001 Trade and Environment Framework and the original Trade and Labour Framework privileged consultation and mediation forms of dispute settlement over formal dispute resolution mechanisms:



*in the context of negotiating a bilateral trade or economic agreement, dialogue and consensus will be preferred to penalties or sanctions as a way of making progress on labour standards issues.*

- 30 Aotearoa New Zealand New Zealand's trade policy position has evolved over time. In recent FTA negotiations Aotearoa New Zealand has sought to include application of the full dispute settlement mechanism, including recourse to trade sanctions (fines, withdrawal of trade preferences), to trade and environment and trade and labour provisions. s6(a), s6(e)(vi)

- 31 s6(a), s6(e)(vi)

- 32 At the same time, we are seeing new forms of trade agreements, such as the Indo-Pacific Economic Framework for Prosperity (IPEF) and the proposed Australia-New Zealand 'Partnership for Prosperity' (a sustainability focused extension of the Closer Economic Relations Agreement) which are non-binding instruments designed to promote ongoing collaboration and creative cooperation.
- 33 In balancing these considerations, both Frameworks set out an expectation of effective dispute settlement processes, but do not prescribe how these should function and what remedies they might provide.

### Financial Implications

- 34 s9(2)(g)(i), s9(2)(f)(iv)

## Legislative Implications

- 35 There are no legislative implications arising from this paper.

## Impact Analysis

### Regulatory Impact Statement

- 36 A Regulatory Impact Statement is not required.

### Population Implications

- 37 In line with te Tiriti/ the Treaty and Aotearoa New Zealand's Trade for All Agenda, any benefits arising from any trade agreement should be sustainable and inclusive to allow Māori to benefit from trade and other opportunities.
- 38 For other populations, in accordance with the Trade for All Agenda, Aotearoa New Zealand will seek an inclusive outcome for all New Zealanders.

### Human Rights

- 39 The Trade, Environment and Climate Change Framework and the Trade and Labour Framework will strengthen human rights protections for individuals in Aotearoa New Zealand as well as overseas. There are no inconsistencies with the Human Rights Act 1993 and the New Zealand Bill of Rights Act 1990.

### Consultation

- 40 Public consultation on the Frameworks, with agreement of Cabinet, was undertaken through 2021 and 2022 [CAB-20-MIN-0120; CAB-22-MIN-0315]. Consultation documents were put on the MFAT and MBIE websites. Māori partners Ngā Toki Whakarururanga, Te Taumata, Iwi Chairs Forum and Federation of Māori Authorities (FOMA) have been consulted and engaged as the Frameworks were developed. There was also ongoing consultation and engagement with the Government's social partners; NZCTU and BusinessNZ.
- 41 Eight stakeholders provided responses to the Trade, Environment and Climate Change public consultation document. These organisations included Beef and Lamb New Zealand jointly with the Meat Industry Association, BusinessNZ, Dairy Companies Association of New Zealand, Fonterra, Federated Farmers, the Royal Forest and Bird Protection Society of New Zealand, Onions New Zealand Inc., and Straterra.
- 42 The Trade and Labour consultation document received feedback from 11 organisations and one individual. Submissions were received from BusinessNZ, Export NZ, <sup>s9(2)(a)</sup>, Fonterra, Human Trafficking Research Coalition (HTRC – members include World Vision, Tearfund, Hagar New Zealand, ECPAT Child Alert and Préscha Initiative), Just Kai, New Zealand Airline Pilots Association, New Zealand Apples and Pears Inc., Tearfund, NZCTU, NZ International Business Forum, Seafood New Zealand and Tūhana Business and Human Rights Group.



- 43 On Trade, Environment and Climate Change Framework, the public submissions received suggested the Framework should continue to retain the core principles of the trade and labour and trade and environment 'clauses'. New elements that submitters put forward for consideration were the use of private standards, tariff and non-tariff barriers that restrict trade and hinder environmental objectives and reform of environmentally harmful subsidies.
- 44 On the Trade and Labour Framework, public submitters also wanted to retain the core principles of the trade and labour and trade and environment 'clauses' in this framework along with retaining the updated ILO Declaration of Fundamental Principles and Rights at Work Principle. Submitters supported adding elements addressing modern slavery and increasing consultation with key stakeholders such as social partners and civil society.
- 45 In their feedback, Ngā Toki Whakarururanga sought recognition of the important role of Indigenous Peoples in protecting the environment and continuing to preserve and conserve biodiversity. Ngā Toki Whakarururanga further sought that Māori be actively engaged in the negotiation and implementation of free trade agreements to ensure Tiriti o Waitangi/ Treaty of Waitangi obligations are supported and Māori interests are understood, advanced and protected. Ngā Toki Whakarururanga also expressed their interest in ensuring Māori concepts are used correctly in free trade agreement text.
- 46 The following agencies were consulted during the development of the frameworks: MBIE, MPI, and MFE. MFAT and MBIE co-authored the Trade and Labour Framework, as recommended by the Trade for All report.
- 47 BusinessNZ and NZCTU were engaged throughout the development of the Trade and Labour Framework and on the drafting of both Frameworks. BusinessNZ supported keeping the focus on the ILO and the core principles of the 2001 labour framework through a principles-based approach. While NZCTU's preference is for a more prescriptive approach to be taken, on seeing the proposed new framework NZCTU considered it a significant improvement on the 2001 version.

## **Communications**

- 48 Following Cabinet approval, I will launch the two frameworks by a press release, supplemented by social media.
- 49 MFAT will publish the two frameworks on the MFAT website and will send the frameworks out to identified stakeholders and groups that provided feedback on the documents.
- 50 I propose to proactively release this Cabinet paper within 30 days of decisions being confirmed by Cabinet, with redactions where necessary, in line with Cabinet guidelines.



## Recommendations

The Minister for Trade and Economic Growth recommends that the Committee:

- 1 **note** the Trade for All Advisory Board (TFAAB) recommendation to review and update the Trade and Labour and the Trade and Environment Frameworks, a recommendation that was accepted by Cabinet [CAB-20-MIN-0120];
- 2 **note** that in March 2021, the Cabinet Economic Development Committee approved the discussion document for the new approach to the Trade, Environment and Climate Change Framework [CAB-21-MIN-0084];
- 3 **note** that in August 2022 the Cabinet Economic Development Committee approved the consultation paper on the redevelopment of the 2001 Cabinet Framework for Integrating Labour Standards and Trade Agreements [CAB-22-MIN-0315];
- 4 **note** that significant consultation was conducted with Te Tiriti o Waitangi/ Treaty of Waitangi partners, social partners (including unions and business), civil society and the public in the redrafting of the two Frameworks;
- 5 **note** the updated Frameworks contain high level principles that profile Aotearoa New Zealand's ambition in these areas, include a range of new and emerging issues, highlight the importance of advancing and protecting Māori interests, provide for greater Māori, civil society, business and social partner engagement in the operation and review of trade agreements, and retain the core tenants of the previous Frameworks, such as non-discrimination and the importance of international rules and the multilateral trading system;
- 6 **agree** to approve for public release the Aotearoa New Zealand Trade, Environment and Climate Change Framework (attached as Annex 1);
- 7 **agree** to approve for public release the Aotearoa New Zealand Trade and Labour Framework (attached as Annex 2);
- 8 **agree** that the Trade, Environment and Climate Change Framework and the Trade and Labour Framework apply to new free trade negotiations, starting after the approval of these Frameworks by Cabinet;
- 9 **note** that the Trade, Environment and Climate Change Framework and the Trade and Labour Framework will be made public on MFAT's website, be released with social media publicity and be sent to stakeholders and groups that provided feedback; and
- 10 **agree** that officials will review the Trade, Environment and Climate Change Framework and Trade and Labour Framework in ten years' time.

Authorised for lodgement



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Hon Damien O'Connor

Minister for Trade and Export Growth

Proactively Released by the Minister for Trade and Export Growth

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## **Annex 1 – Trade, Environment and Climate Change Framework**

### **AOTEAROA NEW ZEALAND'S TRADE, ENVIRONMENT AND CLIMATE CHANGE FRAMEWORK**

#### **Context**

Trade agreements are an important driver for sustainable growth in Aotearoa New Zealand and in partner countries. However, trade agreements are not ends in themselves. Aotearoa New Zealand's key aim is for trade agreements to improve standards of living for people while ensuring their environments are protected and climate outcomes achieved in partner countries, as well as across global supply chains. In so doing recognising the sovereign right of Aotearoa New Zealand to determine its own environment and climate change priorities and policies, and to regulate in pursuit of these in line with our international obligations. Also ensuring Trade for All outcomes, including through working with Māori and other Indigenous People and acknowledging the special role they play in preserving and maintaining the environment.

Trade, environment and climate change outcomes are fundamentally linked. The environment provides inputs for economic activity such as land, water and forests. The impacts of climate change and unsustainable environmental practices can reduce the productivity of Aotearoa New Zealand's primary resources, and that of our trading partners. Concurrently international environment and climate change policy and growing consumer demand for low emissions and greener goods and services can influence Aotearoa New Zealand's economic choices and those of the countries we trade with.

Trade, environment and climate change outcomes can be mutually reinforcing. Aotearoa New Zealand therefore places a high value on ensuring that ambitious and effective environment and climate change provisions in free trade agreements are pursued as part of our trade policy with the intent that this will help deliver sustainable development outcomes now and for future generations. Our framework-based approach to integrating environment and climate change issues in our free trade agreements dates from 2001 and reinforces our long-standing commitments and obligations to the World Trade Organisation (WTO).

This framework refreshes and replaces the *2001 Framework for Integrating Environment standards into Free Trade Agreements* and provides a principles-based approach for negotiators in relation to Aotearoa New Zealand's trade and environment and climate change policy and positions. The principles within the Framework are consistent with and support the Sustainable Development Goals (SDGs) 2030.

#### **Aotearoa New Zealand's objectives for trade, environment and climate change policy**

Each free trade negotiation that Aotearoa New Zealand engages in will pursue environment and climate change provisions through;

- Taking a coherent and coordinated approach to ensure that trade agreements are crafted and implemented in ways that reinforce, and do not undermine, international environmental and climate change standards and obligations;
- Working with Māori as Treaty of Waitangi/Te Tiriti o Waitangi partners to ensure that Treaty/Tiriti obligations, rights and aspirations are supported and that Māori interests are understood, advanced and protected;
- Recognising and reflecting Māori concepts of manaakitanga and kaitiakitanga in the negotiation and implementation of free trade agreements;
- Promoting effective engagement with Māori, business and civil society partners on environment and climate change issues throughout the negotiation and implementation of free trade agreements.



## **Aotearoa New Zealand's approach to environment and climate change in trade agreements**

Each free trade negotiation that Aotearoa New Zealand engages on will seek to reinforce multinational environmental agreement member commitments, where appropriate, and address environment and climate change issues, including through the;

- Protection of Aotearoa New Zealand's ability to fulfil its obligations to Māori under the Treaty of Waitangi/ Te Tiriti o Waitangi;
- Recognition of Māori and other Indigenous Peoples as the kaitiaki of the environment, acknowledging the special role they play in preserving and maintaining the environment;
- Recognition and support of the objectives and commitments of the World Trade Organisation (WTO) and where appropriate multilateral environmental agreements (MEAs), including the Paris Agreement;
- Recognition that environment laws, policy and practice that aim to enhance environmental performance and address climate change should be non-discriminatory, science and evidence-based, proportionate to the environmental risk, and not used for protectionist trade purposes;
- Recognition that it is inappropriate to encourage trade or investment through weakening environmental and climate change laws and regulations, or waiving, derogating from, or failing to enforce, environment and climate change laws;
- Promotion of private standards which are transparent, non-discriminatory and evidence-based that aim to enhance environmental performance and accelerate climate change action;
- Promotion of the elimination of environmentally harmful subsidies (including agriculture, industrial, fossil fuel and fisheries subsidies) and other incentives that contribute to adverse effects on the environment and on sustainable development;
- Promotion of the use of trade policy and other policy tools to support the just transition to a low emissions, climate resilient and environmentally sustainable economy;
- Promotion of the removal of trade obstacles including tariffs and non-tariff barriers to encourage trade and investment in goods and services of particular relevance for climate change mitigation and adaptation, including climate technologies;
- Promotion of trade, environment and climate change provisions that reflect current and emerging environmental issues of mutual interest. Examples may include cooperation on carbon markets, combatting illegal, unreported and unregulated fishing and sustainable finance, amongst other emerging environment and climate change issues;
- Effective mechanisms for the resolution of any issues raised by the Parties to trade agreements over the operation of environment and climate change provisions or a failure to meet environment and climate change obligations under the trade agreement, which may include recourse to the Dispute Settlement provisions of the Agreement;
- Provision for a periodic review of environment and climate change outcomes, including engagement with Māori, business, and civil society partners and where appropriate other Indigenous Peoples;
- Provision for engagement with Māori, business and civil society partners in the operation of environment and climate change provisions of the Agreement.



## **Annex 2 – Trade and Labour Framework**

### **AOTEAROA NEW ZEALAND'S FRAMEWORK FOR TRADE AND LABOUR**

#### **Context**

Trade agreements are an important driver for sustainable growth in Aotearoa New Zealand and in partner countries. However, trade agreements are not ends in themselves. Aotearoa New Zealand's key aim is for trade agreements to improve standards of living and promote decent work for people in partner countries, as well as across global supply chains. In so doing recognising the sovereign right of Aotearoa New Zealand to determine its own labour priorities and policies, and to regulate in pursuit of these in line with our international obligations. Also ensuring Trade for All outcomes, including through working with Māori and other Indigenous Peoples.

Trade and labour are fundamentally linked. Tradeable goods and services are a product of labour and Aotearoa New Zealand expects that labour rights and labour standards will be addressed in, and not be undermined by, our trade relationships. Labour provisions in free trade agreements help ensure that labour is not exploited for economic benefit.

Trade and labour outcomes can be mutually reinforcing. Aotearoa New Zealand therefore places a high value on ensuring that ambitious and effective trade and labour provisions in free trade agreements are pursued as part of our trade policy with the intent that this will help enhance the conditions in which people work now and into the future. Our framework-based approach to integrating labour issues in our free trade agreements dates from 2001 and reinforces our long-standing commitments and obligations as a member of the International Labour Organization (ILO).

This Framework refreshes and replaces the *2001 Framework for Integrating Labour Issues into Free Trade Agreements* and provides a principles-based approach for negotiators in relation to Aotearoa New Zealand's trade and labour policy and positions. The principles within the Framework are consistent with and support the Sustainable Development Goals (SDGs) 2030.

#### **Aotearoa New Zealand's objectives for trade and labour policy**

Each free trade negotiation that Aotearoa New Zealand engages in will pursue labour issues and labour rights, including through;

- Taking a coherent and coordinated approach to ensure that trade agreements are crafted and implemented in ways that reinforce, and do not undermine, full and productive employment based on respect for international labour rights and standards and the promotion of decent work for all people;
- Working with Māori as Treaty of Waitangi/ Te Tiriti o Waitangi partners to ensure that Treaty/Tiriti obligations, rights and aspirations are supported and that Māori interests are understood, advanced and protected;
- Recognising and reflecting Māori concepts of manaakitanga and kaitiakitanga in the negotiation and implementation of free trade agreements;
- Promoting effective engagement with Māori, the Government's social partners – New Zealand Council of Trade Unions and Business New Zealand – and civil society partners on labour issues throughout the negotiation and implementation of free trade agreements.



## Aotearoa New Zealand's approach to labour in trade agreements

Each free trade negotiation that Aotearoa New Zealand engages on will seek to reinforce International Labour Organization (ILO) member commitments, and address labour rights and labour issues, including through the;

- Protection of Aotearoa New Zealand's ability to fulfil its obligations to Māori under the Treaty of Waitangi/ Te Tiriti o Waitangi
- Recognition and support of the principles and rights contained in the 1998 ILO Declaration of Fundamental Principles and Rights at Work, as amended in 2022<sup>1</sup>, to be respected, promoted and realised in the laws of each Party, namely:
  - freedom of association and the effective recognition of the right to collective bargaining.
  - the elimination of all forms of forced or compulsory labour.
  - the effective abolition of child labour.
  - the elimination of discrimination in respect of employment and occupation
  - a safe and healthy working environment.
- Recognition that violations of labour rights cannot be claimed or used as a form of comparative advantage, but that labour standards should be non-discriminatory, and not used for protectionist trade purposes;
- Recognition that it is inappropriate to encourage trade or investment through weakening labour provisions, or waiving, derogating from, or failing to enforce labour laws;
- Promotion of the ILO Decent Work Agenda, through laws, policies and practices, as outlined in the 2008 ILO Declaration on Social Justice for a Fair Globalisation;
- Promotion of trade and labour provisions relating to combatting discrimination and promoting gender equality and inclusion;
- Promotion of cooperation, sharing information and best practice, and identifying areas of alignment to prevent Forced Labour and Modern Slavery in supply chains;
- Promotion of trade and labour provisions that reflect current and emerging issues relevant to the world of work. Examples may include encouraging responsible business conduct, the protection of vulnerable workers such as migrant workers, combatting workplace harassment, amongst other emerging labour market issues;
- Effective mechanisms for the resolution of any issues raised by the Parties to trade agreements over the operation of labour provisions or a failure to meet labour obligations under the trade agreement, which may include recourse to the Dispute Settlement provisions of the Agreement;
- Provision for a periodic review of labour outcomes, including the engagement Māori, social partners and civil society partners;
- Provision for the engagement with Māori, social partners and civil society partners in the operation of labour provisions of the Agreement.

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<sup>1</sup> Including any future amendments that may be made to the Declaration that establish new fundamental labour principles and rights.