

Sustainable Trade and Export: Workshop Report

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Acronyms

AERU	Agribusiness and Economics Research Unit
CRIs	Crown Research Institutes
EDAs	Economic Development Agencies
EECA	Energy Efficiency and Conservation Authority
FA	Forests Act
FTAs	Free Trade Agreements
MAF	Ministry of Agriculture and Forestry
MED	Ministry of Economic Development
MFAT	Ministry of Foreign Affairs and Trade
MfE	Ministry for Environment
MRIs	Major Regional Initiatives
NGOs	Non-Governmental Organisations
NZBCSD	New Zealand Business Council for Sustainable Development
NZFOA	New Zealand Forest Owners Association
NZFSA	New Zealand Food and Safety Authority
NZTE	New Zealand Trade and Enterprises
SeaFIC	Sea Food Industry Council
SBN	Sustainable Business Network
SWAp	Sector Wide Approach
STATSNZ	Statistics New Zealand
RMA	Resource Management Act
WTO	World Trade Organisation

Summary

Project and Client

This is a brief summary of a workshop organised by Landcare Research (Sustainable Business and Government Group) to discuss with key New Zealand players issues related to the increasing environmental and social requirements faced by businesses when exporting to overseas markets. The workshop explored the feasibility of creating a resource tool that will assist New Zealand business in anticipating opportunities and mitigating restrictions that (sustainable) development requirements and standards might pose when accessing markets. The workshop was held at The Treasury, Wellington, on 22 June 2005.

Objectives

- Identify the research needed to alert New Zealand businesses about emerging environmental and social trade requirements.
- Frame the broad specifications for timely practical support (i.e. type of service/tool/resources, how it would work, what sort of information it would provide).
- Exchange information about existing best practice, expertise and experience relevant to this project.

Methods

This workshop was the first preparatory step in the consultation process to develop a viable initiative. Participants included an invited group from government institutions (6 attendees) and businesses (3 attendees) or business-support organisations (7 attendees) with an interest in trade policies and sustainable development issues. The workshop was participatory.

Results

The consultation during the workshop confirmed the need for a resource tool to assist New Zealand producers and traders, and outlined the areas that the tool should cover and the potential functions that it could play.

Conclusions

A first draft of the resource tool (web-portal) is planned for January 2006. Further consultations with participants in the workshop as well as other organisations will take place in the period leading up to this. The focus after January 2006 will be on networking and capacity building to help bring together exporters, traders, government organisations and other support bodies to discuss emerging issues in trade and export and the ways New Zealand businesses can best respond.

Recommendations

The initiative needs to bring in and build upon the experience and knowledge of other New Zealand organisations and agencies working in areas related to sustainable trade. In addition, it should try and integrate existing resources in an effective manner, and then identify and fill existing gaps.

1. Introduction

This is a brief summary of a workshop organised by Landcare Research (Sustainable Business and Government Group) to discuss with key New Zealand players issues related to the increasing environmental and social requirements faced by businesses when exporting to overseas markets. The workshop explored the feasibility of creating a resource tool that will assist New Zealand business in anticipating opportunities and mitigating restrictions that (sustainable) development requirements and standards might pose when accessing markets.

The participants included an invited group from government institutions and businesses or business-support organisations with an interest in trade policies and sustainable development issues. Sixteen people attended the event (6 from government institutions, 3 from businesses, and 7 from support organisations). A list of participants is provided in Appendix 1. This group is by no means complete but it represents a starting point in the consultation process to develop a viable initiative. Future consultations will involve other businesses and government agencies as well as non-governmental organisations interested in sustainable trade.

The workshop was held at The Treasury, Wellington, on 22 June 2005.

2. Background

General concerns for sustainable development have been reflected by purchasing preferences, particularly in OECD countries where government, corporate and individual consumers request that the products on the market demonstrate that they have been produced according to sound environmental and social standards. Therefore, compliance with these standards (of which the most common are in environmental management, energy efficiency, health and safety, fisheries, forestry, labour) represents both a requirement for market access and a brand reputation issue for companies.

With growing understanding about the links between trade and the environment and/or sustainable development issues, new environmental- and social-related trade requirements are emerging (driven by both international and national decisions, including retailers and traders). In this complex situation, it is becoming increasingly evident that for New Zealand businesses to maintain and consolidate their export performance they need to be at the forefront of the sustainable trade debate. They not only need to keep informed about current market requirements, but most importantly, to anticipate future trends and employ timely and cost-effective production and trade practices that demonstrate environmental and social responsibility.

Many of New Zealand's business leaders are already moving to more sustainable patterns of production thereby capturing a greater share of value-added international trade. Yet, in an intensive globalised world what is today a market trend can shortly become a condition for accessing the market, thus leaving limited time for businesses to adapt in technical and

institutional terms. Mainstream business support for New Zealand exporters is available but further support is needed to assist them in meeting this permanently evolving challenge.

3. Objectives

The workshop was designed as an opportunity to discuss and exchange information about environmental and social trade requirements, and the means to support New Zealand businesses in answering these requirements. The workshop specifically aimed to:

- Identify the research needed to alert New Zealand businesses about emerging environmental and social trade requirements.
- Frame the broad specifications for timely practical support (i.e. type of service/tool/resources, how it would work, what sort of information it would provide).
- Exchange information about existing best practice, expertise and experience relevant to this project.

The full agenda can be found in Appendix 2.

4. Workshop Notes

After a short introduction by Landcare Research about the sustainable trade and export agenda (worldwide and in New Zealand) the core objective of the workshop was discussed – the need for an early-warning service for New Zealand businesses about existing and emerging issues in sustainable businesses and trade, which will also include a mechanism for experienced exporters to share their expertise in sustainable trade issues.

An additional dimension to Landcare Research's presentation was the upcoming financial reporting requirements that all New Zealand businesses have to use from mid-2005 (to report in 2006), following the International Financial Reporting Standards. These standards are important as they have three reporting aspects related to sustainability practices (decommissioning, carbon emissions, and management commentary).

Regarding the aim of this initiative, the New Zealand Business Council for Sustainable Development (NZBCSD) raised the question of clarifying the trade issues relevant for New Zealand and who would use such tool target (policy makers, 400 registered New Zealand exporters, etc.). Participants maintained that New Zealand's position on sustainable trade issues should be both defensive (protecting the country's interests/current exporting markets) and also offensive (looking for new markets and promoting the strong labelling and traceability practices of New Zealand exporters).

Further to this introductory discussion, Vangelis Vitalis from the Ministry of Foreign Affairs and Trade (MFAT) and Gill Wratt from the Ministry for the Environment (MfE) respectively gave a brief overview about New Zealand's position and state of play in negotiations related to the World Trade Organisation (WTO) and Multilateral Environmental Agreements (MEAs), and about environmental provisions in bilateral trade agreements that New Zealand

has been negotiating. The latter is an approach that New Zealand increasingly applies in bilateral trade negotiations, though some of the countries believe that environmental conditions should be negotiated in the WTO framework. In relation to bilateral agreements, the challenge for MfE is how to get some tangible value out of the negotiated environmental agreements (including taking stock of opportunities for New Zealand environmental services in respective markets).

4.1 Sustainable trade issues for New Zealand

The discussion evolved around sustainability practices and competitive market advantages. The question is whether there really are market advantages for producing/trading in a sustainable manner. If there are, then which are the markets that reward this and what labels or practices provide added-value. Participants explored two lists of cross-cutting issues (defensive and offensive approaches) (Table 1).

Table 1 Two responses to trade issues

Defensive (reactive)	Offensive (proactive)
Drivers and branding	Added value
Commodity export country (low price)	Differentiation (i.e. sustainable practice)
International regulating drivers – leveraging commodity value	– Expectations? Reality vs perception – Market? → what is the gap? – Reward? – Access? – Cost? (compliance and reduction strategy)
Retailers/supermarkets – Sainsbury's	
Labels (what works and what does not?)	
Emissions and food-miles	

With respect to drivers for sustainable trade, major retailers and supermarkets (in EU, US) do set trends by requesting environmentally and socially responsible products even when national requirements are not in place. These are not necessarily (or not always) reflections of consumer demands but rather pre-emptive measures by retailers that want to protect or further build the reputation of their brand.

Participants appreciated that New Zealand exporters (or suppliers to exporting companies) seem to be well informed about environmental and social export requirements and take compliance actions. Yet they do not always capture the added-value of good practice and risk losing market to competitors. The wine industry was given as an example – wine exports are declining in favour of countries such as Chile and Argentina. Another example was New Zealand fisheries, where the quotas have been long decided by government in consultations with fish associations and communities (therefore applying multi-stakeholder, transparent approaches). Many other fish-exporting countries are only now starting to involve their communities, and yet New Zealand has not been actively capturing the added-value resulting from its more sustainable management practices.

4.2 Questions to be discussed

The workshop was intended as a starting point in assessing the feasibility of developing a resource tool for New Zealand businesses involved in or planning to get involved in export activities. The discussions during the workshop revealed strong support for such a resource tool, pointing to the lack of a single source that brings together expertise in sustainability issues, experience with export promotion and branding, and the linkages to domestic efforts made by businesses to take on more sustainable practices.

To channel the exchange among group participants on defining the framework for the tool, the following questions were raised:

1. Where should we focus? What area can Landcare Research most usefully operate in?
2. Who is in this space?
3. Where are the gaps?
4. Which gap(s) should Landcare Research look to fill? How and with what tool?

While participants expressed their individual points of view on what the resource tool should focus on, there was common agreement that the value of the tool will rest with the potential for transforming mainstream information into useful knowledge for exporters (i.e. information on a website supplemented by short analysis papers explaining the issues and their implications for New Zealand exporters), and the efforts made to strategically promote the tool among intermediaries and end-users.

A wide range of possible functions for the tool were identified during a scoping :

- Getting information on the market:
 - Multiple system (consumer trends, regulatory changes, scattered industry sectors...)
 - Early warning
- Giving information to our markets:
 - Education (i.e. wholesalers)
 - Domestic regulations
 - By sector – RMA, FA, etc. (including comparative analysis)
- Domestic:
 - export focus
 - production chain – education/awareness → Bottom-up approach
- Establish linkages between new entrants and service providers:
 - reducing transaction costs
 - not reinventing the wheel
- Understanding New Zealand’s ‘sustainability’ market:
 - educate intermediaries → embed practices
 - integrate + complement + mainstream
 - show-case product
- Build on Landcare Research’s strengths – natural resources
 - regulators: what they are doing now
 - manage risks: knowledge and what is happening ‘out there’ → Links
- Fill information gaps
- Cross sectoral
- Margins and opportunities: where to spend the \$\$\$
- Markets → how to differentiate, where does it pay to be sustainable?

In operating the tool, the group suggested three principles:

1. Proactively identify issues and opportunities
2. Cover domestic and international issues
3. Stay within the business context.

It was further suggested that the entry point for using the tool is ‘Do businesses know what they don’t know?’ In this sense the tool could work as a basic information provider on the one hand (passive function), and have an educational/capacity-building role on the other (active function, i.e. organise workshops and seminars to build the capacity of New Zealand exporters by promoting innovative sustainable practices in supply chain, production).

In a schematic way, the tool will comprise a wealth of information (the ABC of sustainable trade including linkages to all relevant national and international sources) that will then be processed into valuable knowledge by filtering, integrating, and interpreting it (Fig.1).

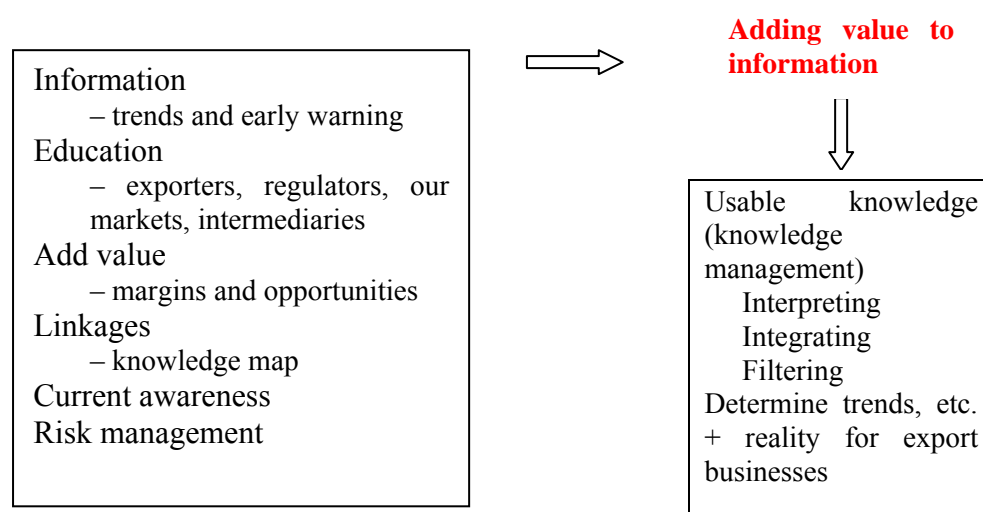


Fig. 1 Proposed ‘sustainable trade’ resource tool for New Zealand exporters.

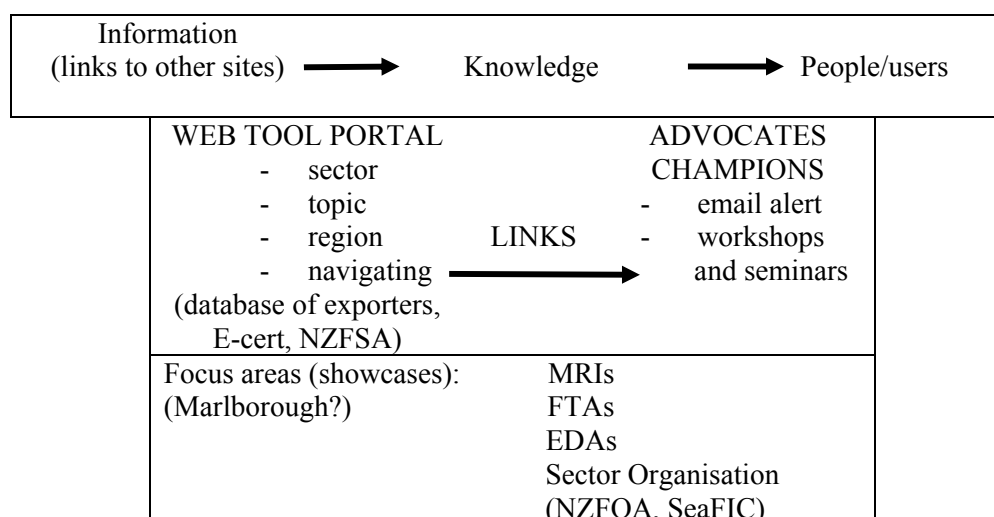
4.3 Framing the tool

The group considered that the tool should be set up as an information system (Web-based) that will also have a human interface to it (i.e. the tool should be structured in such a way that it facilitates direct contact and interaction between sector groups, intermediaries, champions, etc.) (Table 2). The resource tool needs to be designed having in mind first-hand users – those most likely to become champions and advocates for sustainable trade and enterprises. In this respect, the resource tool should cover current issues (‘compliance now’ type thing) but should also look into the future and analyse trends and issues of interest for those forward-thinking New Zealand businesses. This way quick gains could be secured by targeting those businesses that are new to the export area, but also those who are experienced, and look for new and innovative ways of furthering their performance and sharing their knowledge.

Table 2 A Web-based tool for fostering interaction between players in export trade.

Users:	End-users:	Web-based tool:
Sector groups Intermediaries <ul style="list-style-type: none"> • Marketing boards • Gurus • Etc. 	Businesses → marketing managers and advisors Business clusters	Human interactive ‘tool’? (networking, email alert service) Champions
How to access?	By sector By region By topic	

Given the challenge of developing such a complex tool, the group recommended that the first development stage of the tool should be based around one or two concrete examples (showcases), such as regional development initiatives (MRIs, EDAs) or sector initiatives (SeaFIC, NZFOA) (Fig. 2). Concrete regional initiatives mentioned were Marlborough and Waikato, where interest in the topic and willingness to get involved could be more easily gained.

**Fig. 2** Possible content for a Web-based tool to link players in export trade.

4.4 Who is in this space?

There are a large number of organisations that deal with export issues and enterprise development, from governmental, non-governmental and private sectors. Those listed below (especially in the government agencies) also include specific departments that have either direct or indirect responsibilities related to sustainability issues. Further to this, think tanks and research organisations are listed as well. All of them should be informed about this initiative and their expertise and knowledge should be considered to the extent possible during the development of the tool.

Central government organisations:

- MfE (Sustainable Industry Group; Group Management)
- MFAT (trade negotiations, economic and regional divisions)
- NZTE (electronicsouth.org.nz; www.marketnz.com; Brand NZ)
- MED (energy, natural resources, standards, regional policy)
- MoTourism (sustainable Tourism, Tourism NZ)
- Consumer affairs
- Industry groups
- NGOs
- Private consultants
- MAF and MFISH
- NZFSA
- Department of Labour

Others:

- EECA
- STATSNZ
- NZBCSD
- Business NZ
- SBN
- EDAs
- CRIs, universities, AERU
- Trade Liberalisation Network

4.5 Systems/models of early warning systems

Early warning was considered an important function the resource tool should play. Participants explored the various organisations that already have in place some kind of early warning. Examples include:

- NZFSA
- E-cert
- SWAp (sector-wide approach, i.e. health and education)
- Tourism NZ
- Bio-security NZ
- Civil aviation (air notification...)
- Standards NZ – WTO Technical Barriers to Trade (TBT) notification process
- International models/forms
- Health – travel warning
- MFAT – travel advice

Participants specifically looked at E-cert, the electronic certification tool used by NZFSA to assist with providing government to government assurance that the products received by importing country comply with their standards.

5. The Way Forward

The consultation during the workshop confirmed that there is indeed a need for a resource tool to assist New Zealand producers and traders, and alert them about new emerging issues in the business case for sustainable trade. This initiative should, however, draw upon the experience and knowledge of other New Zealand organisations and agencies, and try and integrate their resources in an effective manner.

While all of the participants expressed interest in being further involved in the project, closer cooperation (partnership) should be explored with particular organisations.

A first draft of the website is planned for January 2006. Further consultations with participants in the workshop as well as other organisations will take place in the period leading up to this.

On the Landcare Research side, two stages of development are foreseen for the tool (Fig. 3). During Stage 1, a steering group will be convened and the web portal will be designed. The role of the steering group is to advise with the strategy and monitor the progress of the initiative.

The main focus for stage 2 will be on networking and capacity building, through organising workshops, seminars and other events that will help bring together exporters, traders, government organisations and other support bodies to discuss emerging issues in trade and export and the ways New Zealand businesses can best respond.

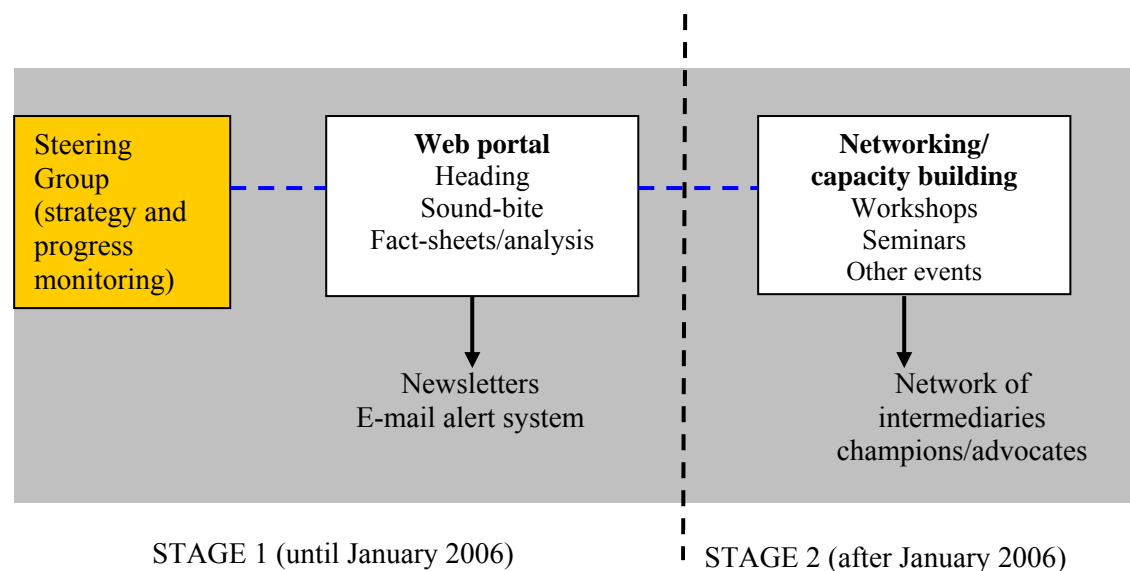


Fig. 3 Next stages in the development of tools to help exporters meet the sustainability challenge.

6. Acknowledgements

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