



Think globally, act cooperatively: Progressing offshore mitigation for Aotearoa New Zealand

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Disclaimer

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Executive summary

Cooperation between countries is key to avoiding the most severe impacts of climate change. Under current policies, the world will face temperatures of 3°C above pre-industrial levels by 2100. Developing countries hold three-quarters of the cost-effective mitigation needed in 2030 under 1.5°C pathways, but currently lack the capability to make it happen and historically have contributed least to the problem. If higher- and lower-income countries fail to work together to unlock that mitigation, the world will lock in dangerous climate change. Providing conventional climate finance to lower-income countries is crucial but is not the only option – nor has it been sufficient so far.

The Paris Agreement encourages countries to cooperate

Under the 2015 Paris Agreement, countries can cooperate to accelerate emissions reductions through further technical support and targeted investment. Aotearoa New Zealand deliberately pledged to deliver a more ambitious 2030 Nationally Determined Contribution than what was feasible domestically, with the difference to be met by supporting other countries to reduce their emissions beyond their Paris targets (referred to in this paper as “offshore mitigation”). But by mid-2024, New Zealand had yet not advanced mitigation agreements with other countries. This begs the question: why has New Zealand not progressed further?

New Zealand lacks broad public support for offshore mitigation

We identified four competing mindsets in New Zealand that are paralysing progress on offshore mitigation. At the extremes, *Dismissive Detractors* oppose offshore mitigation on the grounds it disadvantages New Zealand, whereas proponents of *Least-Cost Compliance* support unlimited use of offshore mitigation to avoid domestic disruption. Under the *Carbon Colonialism* mindset, offshore mitigation risks exploiting vulnerable countries and communities. The *Domestically Driven* mindset presumes offshore mitigation would displace domestic progress and should only be an option of last resort.

The solution lies in a *Climate Cooperation* mindset

A fifth mindset, *Climate Cooperation*, could overcome the divide. Here, funding offshore mitigation would boost New Zealand’s global climate contribution beyond what is possible at home, while maintaining ambitious domestic mitigation, benefiting lower-income countries, and serving both national and global interests. For this mindset to succeed, the Government would need to:

- explain the benefits to New Zealanders of funding offshore mitigation to help meet NDCs
- recognise the co-benefits alongside the costs of both domestic and offshore mitigation
- adopt strong standards and safeguards for offshore mitigation
- use offshore mitigation to complement, not displace, ambitious domestic mitigation.

The gains from adopting a *Climate Cooperation* mindset are summarised in the figure below.

Government actions are needed now

Next steps for the New Zealand Government could include making clear policy and funding commitments to offshore mitigation, taking a portfolio approach supported by partnerships and pilot initiatives, and clarifying the roles of the private sector and carbon markets in supporting mitigation transfers.

Climate cooperation is a global imperative for the long term

No country, including New Zealand, can prevent dangerous levels of climate change alone. Instead, countries must work together over the long term under strong multilateral frameworks. If done well, funding offshore mitigation through 2030 and beyond could accelerate global mitigation and sustainable development, build international relationships, create new market opportunities, and enable shared learning. To achieve these outcomes, decision-makers and the public will have to understand, value, and support the national and global benefits of climate cooperation.

Summary haiku

Cooperation
 boosts emissions reductions
 benefiting all



How *Climate Cooperation* overcomes the divide on offshore mitigation

	C L I M A T E C O O P E R A T I O N M I N D S E T			
Dimension	National interest	Cost-effectiveness	Equity	Mitigation ambition
Solution	Delivers the benefits to New Zealanders of funding offshore mitigation to help meet NDCs	Recognises the co-benefits alongside the costs of both domestic and offshore mitigation	Applies strong standards and safeguards for offshore mitigation	Uses offshore mitigation to complement, not displace, ambitious domestic mitigation
Gains	<ul style="list-style-type: none"> • Boosts New Zealand's credibility in multilateral and trade agreements • Creates new market opportunities • Contributes to global security, equity, and prosperity 	<ul style="list-style-type: none"> • Boosts value for money from both domestic and offshore mitigation • Keeps New Zealand's economy on track with decarbonisation • Positions New Zealand for future climate targets 	<ul style="list-style-type: none"> • Boosts global equity outcomes • Accelerates global mitigation and sustainable development • Incentivises host-country mitigation with greater co-benefits 	<ul style="list-style-type: none"> • Boosts global mitigation outcomes • Supports a just transition domestically and internationally • Delivers mutual gains from cooperating with other countries
Outcome	Strategic balance between domestic and offshore mitigation			