



## TERMS OF REFERENCE

### New Zealand, Latin America and Clean Energy Transitions

#### About this document

1. This document specifies the Terms of Reference for delivering research services into the ways increased engagement with Latin American economies can support New Zealand and Latin American transitions to greener energy futures.

#### Background

2. In June the New Zealand Ministry of Foreign Affairs and Trade published a Strategic Foreign Policy Assessment to help New Zealanders understand the “global conditions, circumstances and influences” affecting them. The Assessment identified three “Big Shifts” occurring in the international order that could “fundamentally alter” their engagement with the world over the next twelve years. The third of these shifts, it observed, is “from efficiency to resilience”, and in it “countries and corporations are increasingly concerned about the resilience of markets and supply chains and access to strategic resources”. As part of that shift, too, “sustainability-focused market forces are strengthening”, and “environmental, social and sustainability challenges will be an increasing focus of ... business decisions.”<sup>1</sup>
3. With almost 650 million people and a combined GDP of US\$6.3 trillion, Latin America holds enormous potential for New Zealand exporters. It is also relevant to three aspects of this third Big Shift:
  - a) the move of businesses away from “‘just-in-time’ efficiency” to “just-in-case caution” – because the COVID-19 pandemic, Ukraine invasion and “increasing risk of economic coercion” have revealed the “vulnerabilities of both an overreliance on complex ... supply chains and the risks of relying on strategic competitors” for access to resources like “water, energy, rare earth minerals, and lithium batteries”;<sup>2</sup>
  - b) the need to scale up the production and trade of raw materials which are critical for a “green transition” from a global economy “dominated by fossil fuels to one led by renewable energy technologies”;<sup>3</sup> and
  - c) the development of trade strategies that focus on sustainability and the environment.
4. For several years, the resources and energy sector as been a focus for NZTE’s work in Latin America and an area of opportunity for New Zealand businesses.<sup>4</sup> Globally, too, many entities are

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<sup>1</sup> MFAT, [Navigating a shifting world – Te whakatere i tētahi ao hurihuri](#), June 2023, pp. 3, 6, 23.

<sup>2</sup> MFAT, [Navigating a shifting world](#), p.24.

<sup>3</sup> OECD, [Raw Materials Critical for the Green Transition](#), Trade and Policy Paper no.269, April 2023, p.1.

<sup>4</sup> NZTE, <https://my.nzte.govt.nz/article/an-overview-of-latin-americas-resources-and-energy-sector>.

highlighting the significance of the raw materials that are critical for reducing humanity's reliance on fossil fuels – and to the risk of the supply of these materials being vulnerable to economic coercion. Latin America nations are significant producers or reserve holders of several raw materials needed for the green energy transition, including lithium, molybdenum, graphite, zinc, copper, nickel, manganese, selenium, silver and rare-earth elements.<sup>5</sup> In particular, the 'Lithium Triangle' of Argentina, Bolivia and Chile is attracting international attention, given this mineral's centrality to EVs and rechargeable batteries and the expectations of a fortyfold increase in demand for it by 2040.<sup>6</sup> No study has yet been undertaken however of the relevance of these Latin American resources to New Zealand's own energy transition, and how they relate to the production or reserves of Australia, China and other source countries. Nor has sufficient attention been paid beyond NZTE, its mining sector customers and the Latin America CAPE to the ways New Zealand companies can bring cutting edge technology and high ESG standards (such as meaningful engagement with indigenous communities) to the production of these resources in Latin America, thereby assisting its countries with their own (and other nations') energy transitions.<sup>7</sup>

5. The potential for New Zealanders to support wider sustainability strategies of Latin American governments and to solve shared or distinct sustainability problems with Latin American peers is similarly underappreciated. This is not for want of trying: MFAT is drawing attention to Chile's green hydrogen strategy,<sup>8</sup> and has been negotiating an Agreement on Climate Change, Trade and Sustainability with Costa Rica and three non-Latin American nations since 2019.<sup>9</sup> Given Latin America's presence and interest in the CPTPP, too, the Environment Chapter of this Agreement is an example of government-to-government collaboration on sustainability issues. Since 2020, furthermore, the Latin America CAPE and the University of Otago have developed a 'Winds of Change' network that brings together New Zealand and Chilean academics, postgraduate students and professionals to investigate common climate change impacts and how sustainable development strategies can be created for the future. For several decades, also, New Zealand universities and CRIs have supported Latin American plans to develop local geothermal energy capacity.<sup>10</sup> Despite these initiatives, awareness of the work being done in different sectors to be climate leaders with Latin America in setting global rules, enhancing business practices or addressing common problems is mainly confined to insider experts.
6. The Latin America CAPE has assessed that studies of potential New Zealand and Latin American contributions to each other's green transitions could grow New Zealanders' awareness of the importance of Latin America to their future, and uncover new economic opportunities for New

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<sup>5</sup> OECD, [Raw Materials Critical for the Green Transition](#), Trade and Policy Paper no.269, April 2023, p.74; The International Energy Agency, [Latin America's Opportunity in Critical Minerals for the Clean Energy Transition](#), April 2023.

<sup>6</sup> Patricia Vásquez, ed., [Latin America's Lithium: Perspectives on Critical Minerals and the Global Energy Transition](#), Wilson Center Latin America Program, April 2023, pp.2-5, 9-10, 13.

<sup>7</sup> NZTE, <https://my.nzte.govt.nz/article/an-overview-of-latin-americas-resources-and-energy-sector>, [Mining for a better future in Chile](#), (February 2021), and ['Overview and Trends in Latin America'](#) (June 2023); Latin America CAPE Business Resources, <https://cape.org.nz/resources/latin-america/>

<sup>8</sup> MFAT, [Chilean hydrogen strategy implementation: opportunities for Aotearoa](#), Market Intelligence Report, July 2023.

<sup>9</sup> <https://www.mfat.govt.nz/en/trade/free-trade-agreements/trade-and-climate/accts-negotiating-rounds>.

<sup>10</sup> <https://cape.org.nz/winds-of-change-latam/>.

Zealand exporters, officials or organisations to work with Latin American counterparts, third-country companies or other actors on approaches to sustainability challenges.

### Scope of Research

7. The research being commissioned will explore the degree to which trade and engagement with Latin America could advance New Zealand and Latin American transitions towards renewable energy futures.
8. The research would first be presented to the CAPE in draft form, and once approved would be released as a report to the public in full or partial form through a launch event or events.
9. The report will be informed by consultations by the chosen contractor with the CAPE and an Advisory Group of academic, business, official and other stakeholders. Its target audiences include businesses, business organisations, industry groups, politicians, government agencies, economic commentators, international affairs commentators, iwi, and the academic and scientific community. It will not make specific recommendations about policy settings or trade agreement prospects.
10. The report's main focus will be on the second shift noted in point 3(b): the production and trade of critical raw minerals in Latin America, and how this connects or could connect New Zealand to that region. After showing how New Zealand companies, officials and scientists are already assisting Latin America transitions to more sustainable energy futures, it will conclude with suggestions on how to encourage greater business, scientific and community discourse around the opportunity New Zealand companies or organisations have to help Latin American resource extraction become more economically, environmentally and socially sustainable.
11. The report will also:
  - (i) explore how Latin America could be a key source of the raw materials the New Zealand economy will need over the next decade;
  - (ii) highlight the existing trade policy collaboration between New Zealand and Latin American governments around sustainability goals (and how they seek to benefit New Zealand exporters and the planet); and
  - (iii) note the barriers to greater non-governmental collaborations between New Zealand and Latin America around green transitions (and how these obstacles might reduce).

### Outputs

1. A report suitable for publication and public release by December 14<sup>th</sup> 2023 which meets the prior approval of the CAPE and responds to feedback from an Advisory Group.
2. Data underpinning the findings annexed or otherwise supplied to the satisfaction of the CAPE.

3. Contributions to promotional material and events launching the report between January 23<sup>rd</sup> to February 9<sup>th</sup> 2024.

## Timeline

### 1. *Selection and orientation of author*

- a. The Latin America CAPE sends this this document to prospective authors and announces this research opportunity online and in the CAPE's newsletter (August 25<sup>th</sup>-September 14<sup>th</sup>)
- b. Prospective authors submit their bids by September 28<sup>th</sup>.
- c. The CAPE selects the project author and Advisory Group by September 29<sup>th</sup>.
- d. The author meets the CAPE and Advisory Group members between October 2<sup>nd</sup> and 6<sup>th</sup>.

### *Production and consideration of first draft*

- e. The author submits their draft report to the CAPE and Advisory Group members by November 10<sup>th</sup>.
- f. Advisory Group members send their feedback to the CAPE and the author by November 17<sup>th</sup>.
- g. The CAPE meets with the author by November 21<sup>st</sup>.

### 2. *Submission and approval of final report*

- a. The author sends a revised draft to the CAPE by December 5<sup>th</sup>.
- b. The CAPE requests any final changes by December 7<sup>th</sup>.
- c. The author responds to the final requests and submits the final report on December 14<sup>th</sup>.

### 3. *Launch*

- a. The CAPE launches it publicly (with author involvement) between January 23<sup>rd</sup> and February 9<sup>th</sup> 2024.

## Budget

The Latin America CAPE seeks costed proposals which should not exceed **NZ\$35,000** plus GST. Joint submissions from more than one organisation are welcome.

## Deadline for receipt of proposals

The deadline for receipt of proposals is **4pm, Thursday September 28<sup>th</sup>**. Proposals should be sent to [matthew.omeagher@vuw.ac.nz](mailto:matthew.omeagher@vuw.ac.nz)

## For further information

Further information may be obtained from Dr Matthew O'Meagher, the Latin America CAPE Director – cell 022 067 0322 or email [matthew.omeagher@vuw.ac.nz](mailto:matthew.omeagher@vuw.ac.nz)