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GENERAL AGREEMENT ON TARIFFS AND TRADE

Committee on Trade and Development
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PART IV CONSULTATIONS: BACKGROUND INFORMATION

Submission by New Zealand

INTRODUCTION

In GATT/AIR/1907 Contracting Parties were invited to provide relevant information for the programme of consultations in regard to the application of the provisions of Part IV of the GATT as agreed at the 38th session of the Contracting Parties. This document is a response to that invitation - it describes New Zealand policies for trade with developing countries and contains a description of New Zealand measures to implement the provisions of Part IV of the General Agreement.

NEW ZEALAND ECONOMY AND TRADE

New Zealand is a small, developed country of approximately 3.2 million people with a traditional dependence on exports of primary commodities (particularly meat, wool, and dairy products). The growth and diversification of the New Zealand economy are heavily dependent on increasing exports to pay for rising imports of goods and services. Overseas trade is the lifeblood of the economy. Over the past two decades, however, the country's economic performance has been relatively poor. From 1953 to 1978 New Zealand slipped from third in the world in terms of per capita GDP to twenty-second. Real GDP growth averaged 4.1% in the decade to 1974 and only 1.1% in the decade to 1984.

Performance in the 1970s, especially after the 1973/74 oil price shock, was particularly poor. Between 1975 and 1982 there was virtually no growth while inflation averaged about 15% per year. From being effectively a full employment society for most of the post war period, New Zealand moved in 1978 first towards an initial unemployment rate of 1% and then steadily towards a peak of over 5% in 1983.

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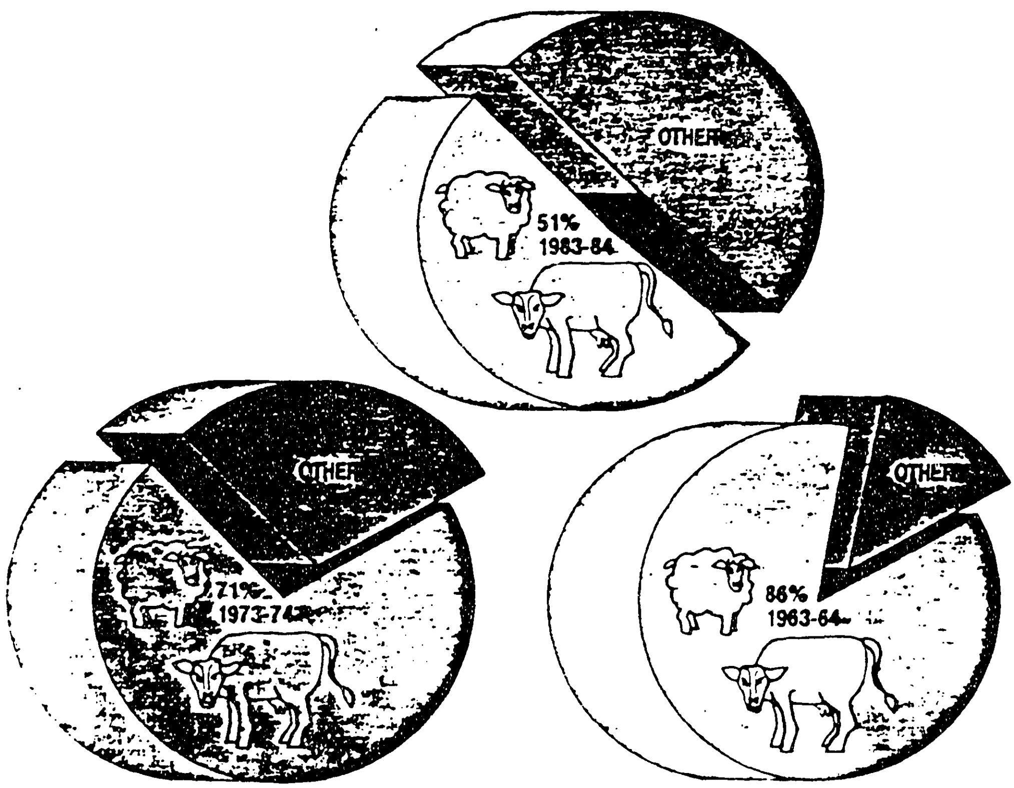
Part of the problem was a deterioration in external conditions. In the late 1960s the terms of trade index was close to its 1957 base of 100. The commodity price boom in the early 1970s initially sent the index up to about 150 before its collapse following the first oil shock, the subsequent weakening of non-oil commodity prices and then the effects of the second oil shock. By the early 1980s the index had stabilised at a level of around 75, representing a substantial deterioration in the terms of trade compared with the earlier period, something which New Zealand shared with many less developed countries. Markets for certain primary products suffered also from Britain's entry into the EEC in the early 1970s and on-going agricultural protectionism in other countries.

Although New Zealand has undertaken reasonably successful efforts to diversify exports and export markets, the farm based industry still plays a key role in earning foreign exchange. It also provides inputs to processing industries in the manufacturing sector and its share of GDP (currently around 10%) understates the importance it assumes in the New Zealand economy. Around 3/4 of meat and dairy output and an even higher share of wool production is sold abroad. New Zealand accounts for around half of lamb and mutton supplies entering the international market, as well as for 20% of wool and around 10% of beef, veal and butter. Although the percentage has dropped in the last decade, over 60% of New Zealand exports remain of agricultural origin and contribute 23% of GNP. As a percentage of total export earnings primary products account for almost double the amount of revenue earned by New Zealand than that received by other leading primary exporters among the smaller OECD countries.

DAIRY, MEAT AND WOOL EXPORTS STILL DOMINATE IN 1983-84



Other primary industries such as forestry and logging, and mining and quarrying, are growing in importance. Governments emphasis upon planting of exotic forests has led since the early 1960s to a steady growth of forestry-based industries and exports of forestry products have expanded. A major part of manufacturing activity is divided between further processing of primary products for exports, and production of more technology-intensive products, particularly for export. More recently, the discovery and exploitation of natural gas has led to substantial investment in energy distribution and conversion which is not yet fully on stream.

Increased trade to Less Developed Countries

The change in the product mix of New Zealand's exports has been matched by a diversification of export markets. Twenty years ago nearly 50 percent of New Zealand's exports went to the United Kingdom. The United States took 15 percent, the then EEC countries together purchased 18 percent and Australia and Japan each purchased 4 percent. About 12 percent went to other markets. In 1984 United States, Japan, Australia and the United Kingdom each purchased 11-16 percent of New Zealand exports. Iran, USSR and China have become increasingly important, each taking between 2 to 5 percent, as have numerous countries in the Pacific, Asia, Middle East and Latin America, each taking 1 to 2 percent. The result of this change in where New Zealand's exports are going has resulted in changes occurring in imports with New Zealand now buying a greater number of goods from less developed countries than in the 1960s (see Annex 2). The oil exporting developing countries have had a greater increase in New Zealand's import trade than other developing countries.

Structural Adjustment

New Zealand's comparative advantage in agriculture continues to be exploited successfully despite the vast distances that separate the country from many of its major markets and the adverse effect agricultural protectionism and the export of subsidised surpluses has on its access to these markets. The industrial sector has been less exposed to international competition. In recent years, however, major reforms have been undertaken to encourage new investment and the reallocation of existing resources into the more efficient industries. These have been advanced considerably since mid-1984 with a number of Government measures, the most important of which are:

(1) A 20 percent devaluation of the New Zealand dollar (July 1984), the effective abolition of exchange controls (December 1984) and the floating, for the first time of the exchange rate (March 1985);

/(2) A programme

(2) A programme to dismantle New Zealand's system of import licensing which had been the main element in industry protection policy since 1938; and

(3) The decision to reduce high tariff levels.

To achieve New Zealand's stated objective of dismantling the import licensing system, the Government is increasing the allocation, by tender, of additional import licences for all goods not covered by existing industry development plans. (The industry plans have their own liberalisation schemes and cover a number of important industries including textiles and rubber goods).

Initially $438 million of licence was put up for tender under the Import Licensing Tendering Scheme in November 1984. This figure was based on the additional access required to increase global import access to a minimum of 10 percent of the domestic market (for goods not covered by industry plans). On 9 September 1985 the Minister of Trade and Industry announced that an extra 5 percent is being tendered in 1985 with imports under this licence entering from 1 January 1986. From 1 July 1986 all items with average successful premiums of 7.5 percent or less in the two rounds of general tendering (in 1985 and 1986) will move to licence on demand. In March 1986 there will be a review of those items which will not go to licence on demand on 1 July 1986, to determine the basis on which they might go to licence on demand in future. As a minimum a further 5 percent in access will become available on 1 January 1987. Licence on demand will operate for one year (rather than two as previously intended) and then the goods will become exempt.

Tariff Reductions

A formula for the reduction of currently high tariff rates will produce the following reductions on 1 July 1986 and 1 July 1987:

Existing Tariff	Rate at 1 July 1986	Rate at 1 July 1987
30	28.5	25.5
35	33.5	30.0
40	38.0	34.0
45	43.0	38.5
50	45.0	40.0
55	50.0	45.0
60	55.0	49.5

/Tariffs above 60

Tariffs above 60 percent and specific tariffs will be adjusted in line with the formula used to derive the above rates. Early in 1988 there will be a further review of tariff policy, conducted in consultations with interested parties. By that time it is envisaged that import licensing outside of industry plans will have substantially disappeared.

The above programme for import licensing changes and the tariff reductions will not apply to those industries covered by industry plans. These are subject to their own separate timetables which, in most cases contain specific dates by which import licensing will be removed, and procedures for the review of tariffs.

NEW ZEALAND, DEVELOPING COUNTRIES AND PART IV OF THE GATT

New Zealand policy towards developing countries derives in particular from its commitment to development, from its trade links with the economies of the Third World, and from Part IV of the GATT.

Official Development Assistance

The New Zealand Government regards its programme of official development assistance as an important strand of foreign policy. Development assistance is a means by which wealthier countries can help developing countries promote economic growth and overcome the underlying causes of human suffering and deprivation. This assistance recognises the interdependence of the world, the responsibility of donor countries to help developing countries unlock natural and human resources, and the right of all people to a proper standard of living. The principal objective of NZ ODA is accordingly to help promote the economic and social development of the recipient countries by expanding their capacity to raise the living standards of their people.

Volume Trends

The overall level of ODA is decided each year by the Government for announcement and debate in the context of the Budget. Funds for the ODA Programme (as for other public expenditure) are appropriated annually. No forward projections are set. New Zealand continues to recognise the 0.7 percent ODA/GNP target which it first endorsed in 1970, but given the urgent demands of economic restructuring the Government has to date had the opportunity to address the situation only in a preliminary way. The ODA disbursement as a percentage of GNP in 1984 was 0.24 percent. (This does not, however, include the assessed costs of private students from developing countries, which have not yet been calculated.) A tabular portrayal of the composition of New Zealand's aid programme is attached in Annex 4.

Broader Instruments of Cooperation

In addition to the UN 0.7 percent target for ODA as a percentage of GNP, the UN has also set a 1.0 percent target for total flows to developing countries, again measured against GNP. Total flows include other official flows, private flows and grants by private voluntary agencies. It is important to note, in this wider context, the special instruments of cooperation New Zealand has developed for the South Pacific : The Pacific Islands Development Scheme (PIIDS), an important stimulus to private investment in the region; SPARTECA, providing for duty free and unrestricted access for most products exported to New Zealand and Australia from Island members of the South Pacific Forum, on a non-reciprocal basis; and other more general forms of assistance from which the South Pacific also benefits - the GSP, market promotion through the Developing Countries Liaison Unit, and government support of voluntary agencies' work in the region.

ODA to Least Developed Countries (CY 1984)

Because New Zealand's bilateral ODA is concentrated on the South Pacific, the support which the Programme extends to the least developed countries depends on the number of countries in the region classified as LLDCS. To date, the only country to be so classified formally by the United Nations is Western Samoa. New Zealand's bilateral ODA to that country in 1984 was NZ$6.359 million, 8.6 percent of bilateral ODA.

In New Zealand's view, many of the small island countries of the South Pacific face the same constraints on economic development as least developed countries, namely small size, geographical remoteness, meagre resource base, and vulnerability to natural hazards. New Zealand accordingly supported the applications for LLDC status made by Vanuatu, Kiribati and Tuvalu to ECOSOC in 1984. While welcoming the recommendation that Vanuatu should receive this status, New Zealand was concerned that the Kiribati and Tuvalu cases were not accepted. It is of the view that further consideration should be given to these countries' applications.

Outside the South Pacific region, New Zealand continued to extend small amounts of assistance to LLDCs in South Asia and Africa. In 1984, training was given to Bangladesh, Bhutan, Nepal, Lesotho, Botswana, Malawi and Tanzania. Thus New Zealand's total ODA to all LLDCs amounted to $6.61 million or 9.0 percent of bilateral ODA.

The New Zealand assistance provided to LLDCs matches recommendations of the Substantive New Programme of Action in that it is provided wholly in grant form and is not formally tied. There are no outstanding bilateral official development loans to LLDCs.

Trade Links

With its market size, the resources at its disposal and its need for improved market access particularly for processed resource products, New Zealand has much in common with developing countries. It shares their concerns that there take place a significant liberalisation in agricultural products, that the mfn principle be fully respected, and that the GATT dispute settlement procedures be improved.

New Zealand values its trade links with developing countries. Its most important trade relations with developing countries concentrate on the Pacific and Pacific rim. The volume of trade between New Zealand and this region is increasing. The traditional focus with developing countries around the Pacific has been on the island nations of the South Pacific. The SPARTECA Agreement is the concrete expression of these links. New Zealand also has important relations with China, the Republic of korea and with Latin America, and has taken a considerable interest in ASEAN since its inception, regularly attending the ASEAN-plus meetings.

The coverage of our developing country trade links is widening to include on a firmer basis the African continent. In October 1985 a New Zealand mission will visit Kenya, Tanzania, Zambia, Zimbabwe and Botswana for aid purposes and to assist those East African nations to expand their exports to New Zealand, and encourage technical cooperation and assistance between New Zealand and East Africa.

New Zealand Policy Towards Part IV of the GATT

Recognising that international trade in particular will further the economic progress of developing countries, New Zealand is fully committed to Part IV of the General Agreement.

NEW ZEALAND IMPLMENTATION OF THE PRINCIPLES AND OBJECTIVES OF GATT ARTICLE XXXVI

Generalised System of Preferences

On 1 January 1972, six months after Contracting Parties approved a waiver under Article 1, New Zealand introduced its generalised system of preferences in favour of developing countries. Under the initial GSP scheme preferential rates of duty for beneficiary countries and territories were based on the British Preferential Tariff. In some cases GSP rates were set at a level between the British Preferential rate and the mfn rate. For a few other items where the British Tariff rates were dutiable, GSP rates were duty free.

On 1 July 1976 the product coverage of New Zealand's GSP scheme was enlarged extensively to cover 3,300 items (70 percent of the tariff). Of the items not covered by the GSP two-thirds are free of duty irrespective of the country of origin. Consequently, developing countries enjoy preferential or duty free treatment on over 90 percent of the items in New Zealand's tariff.

In December 1984 it was announced that, for the first time since the introduction of its GSP scheme, a major review had been carried out and that as a result, with effect form 1 July 1985, New Zealand would no longer apply its GSP scheme to countries whose per capita GNP was over 70 percent of New Zealand's own per capita GNP, but would introduce duty free treatment for least developed countries.

It had become apparent that the position of New Zealand in relation to both developed and less developed countries had changed significantly since 1972. New Zealand's economic prosperity relative to other countries has declined considerably in that time while some beneficiaries of New Zealand's GSP have enjoyed an improvement in their economic properity relative to New Zealand. The review also highlighted the serious situation of least developed countries and the Government therefore agreed to implement special measures on their behalf.

As noted earlier important moves are being made to restructure domestic industries and to liberalise imports through the phasing out of import licensing on most goods and through reductions in tariff rates. These changes will create new opportunities from which all New Zealand's trading partners should be able to benefit.

It is in this context that the following changes became effective from 1 July 1985:

(a) The adoption of a threshold, which was formerly absent, above which countries will no longer qualify for the less developed country preferential tariff. This threshold is set at 70 percent of New Zealand's per capita GNP, as published by the World Bank, in the World Bank Atlas. An annual review of countries' eligibility will be conducted on this basis. Countries may requalify for preferential treatment in the event that they subsequently fall below the threshold. The threshold has been adopted after careful consideration of other objective criteria, and in its application, will be transparent, non-discriminatory and uniform.

In addition, it has been decided that any country affected by the graduation policy can apply for the reinstatement of the Developing Country duty rate for individually nominated tariff items. It must be shown, inter alia, that retaining the DC rate for these items will benefit that country.

(b) The extension of New Zealand's GSP by providing the 36 least developed countries (as defined by the United Nations) duty free access for all products. There is some provision for exceptions to be made to this measure. (Exceptions have been limited to products in Schedule 3 of SPARTECA and bailer twine, tariff item 59.04.011).

Beneficiary countries and territories

As at 1 July 1985 the list of beneficiaries under New Zealand's GSP scheme covered 147 countries and territories, of which 36 countries are beneficiaries of special tariff treatment for least developed countries. The list also includes Forum Island Countries which enjoy duty free treatment under the South Pacific Regional Trade and Economic Cooperation Agreement (SPARTECA). Hungary was added to the list on 1 July 1985 and on that date Kuwait, Saudi Arabia, Singapore and Trinidad and Tobago were amongst the countries excluded as a result of the adoption of the 70 percent per capita GNP threshold. These latter countries may however nominate specific tariff items for consideration of reinstatement of GSP rates. A full list of GSP beneficiaries is attached as Annex 3 .

GSP Rates and Margins

One of the features of New Zealand's GSP scheme is that it is based on according margins of preference, rather than an undertaking to maintain specified GSP rates. In 1983-84, zero GSP rates were applied to nearly one half of GSP-covered imports and the other half were subject to positive GSP rates. About 70 percent of the tariff lines covered by GSP enjoy preferential margins of 10-20 percent ad valorem. Many of the remaining tariff lines enjoy the preferential margin of 5-7.5 percent. A smaller margin of 2.5 percent and larger margins of 22.5 percent and 25 percent apply to a few tariff lines.

Rules of Origin

To qualify for New Zealand's GSP, the imported goods should either comply with the definition of "products wholly obtained" or the value-added criterion of 50 percent based on the factory or works cost of the article in its finished state. Donor country content can be counted as originating in the beneficiary country and global cumulative origin is allowed. This means that the value addition to qualify for GSP could be partly made in New Zealand or in two or more GSP beneficiary countries without regional limitation. The rules of origin of New Zealand are liberal and do not have any discriminatory elements as between products.

A significant feature of New Zealand's origin certification requirements is that certificates of origin may be completed by a responsible person associated commercially with the exportation and, with the exception of Hong Kong where special arrangements exist, do not require official endorsement. New Zealand reserves the right, however, to make such enquiries as may be necessary to verify eligibility for preference where this may be in doubt.

Imports under GSP

Annex 5 shows GSP-covered imports[1] (total and from main GSP beneficiaries) in 1983-84. In the year total GSP-covered imports amounted to NZ$402.7 million, of which imports from the

21 main GSP beneficiaries included in the table accounted for 98 percent. The ten largest GSP beneficiaries between them accounted for 85 percent of the total. Industrial products (CCCN Chapters 25-99) accounted for as much as 93 percent of total GSP-covered imports. Agricultural products (CCCN Chapters 1-24) accounted for the remaining 7 percent.

Annex 6 shows imports from GSP beneficiaries according to tariff treatment in the five year period 1979/80 - 1983/84. In 1983-84 total imports from GSP beneficiaries amounted to NZ$1,553.1 million, of which mfn duty-free imports represented 70 percent, GSP-covered imports 26 percent and GSP-excluded imports only 4 percent. With regard to agricultural products, mfn duty-free imports represented 76 percent and GSP-covered imports and GSP-excluded imports accounted for 15 and 9 percent respectively. With respect to industrial products mfn duty-free imports accounted for 70 percent, GSP-covered imports 27 percent and GSP-excluded imports 3 percent.

GSP Limitation

There are no country or quantitative limitations for GSP imports into New Zealand. The GSP Scheme also has no specific safeguard provision.

GSP: Technical Assistance

An officer of New Zealand Customs attended and addressed UNCTAD seminars on the GSP held in Papua New Guinea and Jakarta.

SOUTH PACIFIC REGIONAL TRADE AND ECONOMIC COOPERATION AGREEMENT (SPARTECA)

The South Pacific Regional Trade and Economic Cooperation Agreement, which was signed on 14 July 1980, entered into force on 1 January 1981. The Agreement provides that Australia and New Zealand will grant, on a non-reciprocal basis, duty-free and unrestricted access for most of the products exported by the Forum Island country signatories of the Agreement. The Agreement also contains provisions covering New Zealand and Australian assistance in the development of the economies of the Island member countries as well as in the expansion and promotion of their exports. The Forum Island countris are the Cook Islands, Fiji, Kiribati, Nauru, Niue, Papua New Guinea, Solomon Islands, Tonga, Tuvalu, Vanuatu and Western Samoa. The latest biennial report submitted by Australia and New Zealand on the operation of the Agreement has been circulated as document L/5794.

DEVELOPING COUNTRIES LIAISON UNIT (DCLU)

The DCLU, which has the specific purpose of helping developing countries assess market opportunities in New Zealand for their products, was established within the Department of Trade and Industry in 1975. The DCLU provides the following types of service : general market information (in recent years the unit has handled around 1 000 trade enquiries annually from a wide range of developing countries); information on New Zealand Government regulations (such as licensing, tariffs, quarantine, health); direct liaison with New Zealand buyers on behalf of developing country exporters; and organising developing country trade missions to New Zealand and developing country participation in New Zealand trade fairs.

Many of the DCLU's activities in the trade promotion area have focussed on the Pacific Island countries for which it provides assistance in conjunction with the New Zealand aid programme. A DCLU officer will, however, accompany the New Zealand trade aid mission to East Africa in October 1985.

NEW ZEALAND TRADE POLICY MEASURES BASED ON COMMITMENTS IN GATT ARTICLE XXXVII

New Zealand has maintained tight import controls through import licensing for many years. This situation is now changing, and import licensing is being progressively liberalised (through licence tendering), to the extent that in two or three years it will be removed completely. This applies also, of course, to products of export interest to developing countries; some of these products are subject to industry plan liberalisation, but the specific industry plans and general liberalisation programmes are being integrated in most areas.

TROPICAL PRODUCTS

The following table provides an update on the status of import licensing and tariff rates for tropical products, which have been the subject of requests for trade liberalisation by exporting developing countries. In all cases where import licensing continues to apply, substantial liberalisation is now taking place through either specific Industry Plans or the general Import Licence Tendering Scheme.

Tariff Item	Product Group	Duty Rate M.F.N.	Duty Rate G.S.P.	LLDC	Import Controls
09.01.009	Roasted coffee	25%	10%	Free	Licensing
09.02.000	Tea in small packs	Free	Free	"	Exempt
09.10.001	Curry powder	20%	10%	"	Licensing
09.10.011	Green ginger	Free	Free	"	Exempt
09.10.021	Dry ginger	5%	Free	"	Exempt
09.10.031	Other	20%	10%	"	Licensing
15.07.021	Coconut oil	22.5%	10%	"	Licensing[1]
18.03.000	Cocoa paste	30%	15%	"	Exempt
18.05.000	Cocoa powder	30%	15%	"	Licensing
20.04.001	Fruit peel	$22/ 100 kg	$22/ 100kg	"	Licensing
20.04.009	Fruit & parts of plants preserved by sugar	45%	30%	"	Licensing
20.05.000	Jams, jellies, etc	30%	22.5%	"	Licensing
20.06.021	Roasted peanuts (or mixes)	10%	Free	"	Licensing
20.06.031	Cashews (or (mixes)	10%	Free	"	Licensing
20.06.041	Other roasted nuts	Free	Free	"	Licensing
20.06.081	Pineapples[2]	30%	15%	"	Exempt
20.07.109	Pineapple juice in bulk, with sugar	25%	10%	"	Licensing[3]
20.07.121	Pineapple juice in bulk, without sugar	20%	10%	"	Licensing[3]
20.07.145	Pineapple juice retail packs, with sugar	35%	15%	"	Licensing
20.07.161	Pineapple juice retail packs without sugar	25%	15%	"	Licensing
20.07.119	Other juices, in bulk, with sugar	25%	15%	"	Licensing[3]
20.07.129	Other juices, in bulk, without sugar	20%	10%	"	Licensing[3]

20.07.149	Other juices, retail packs, with sugar	35%	25%	Free	Licensing
20.07.169	Other juices, retail packs, without sugar	25%	20%	"	Licensing
21.02.001	Instant tea	20%	15%	"	Exempt
21.02.009	Instant coffee	35%	25%	"	Licensing
57.10.000	Jute fabrics	Free	Free	"	Exempt
58.02.061	Coir mats	40%	22.5%	"	Exempt
58.02.089	Jute floor coverings	40%	22.5%	"	Licensing[4]
58.02.089	Sisal & abacca floor coverings	40%	22.5%	"	Licensing[4]
59.05.001	Fishing nets	Free	Free	"	Exempt
59.05.009	Other nets	20%	10%		Exempt
59.06.000	Other articles from yarn and twine	35%	20%	"	Licensing[5]
62.03.019	Jute bags[6]	15%	5%	"	Exempt

1. Policy for granting import licences for crude coconut oil is more relaxed than for refined coconut oil.

2. Fruit preserved in juice or syrup containing more than 23% vol. shall be charged $5/litre on such juice or syrup in addition to the appropriate duty.

3. Reasonable requests for import licences will be granted.

4. Products covered by the Carpet Industry Development Plan, which provides for a phase out of import licensing.

5. Goods covered by Textile Licence Tendering Scheme which provides liberalised access.

6. A request for relaxation of standards requirements was received. There are no standards requirements governing imports of these items into New Zealand.

AGRICULTURAL PRODUCTS

The average m.f.n. duties (simple and weighted) of New Zealand with respect to some agricultural/tropical product groups are shown in Annex 8. This table indicates that while substantial m.f.n. duties remain on processed products, tariff protection by New Zealand on agricultural/tropical products is not as significant as on industrial products. This differs in comparison with most other Developed Countries. In the table simple averages are often much higher than weighted averages. This would appear to indicate that imports of processed products are often relatively limited.

New Zealand does have a zero tariff rating on lamb and horse meat with small rates on other meats. On all classifications of meat and meat products there is a free rate for SPARTECA countries. For dairy products, the tariff is also considered to be low. (10 percent ad valorem tariff for all products excepting cheeses other than cheddar which has a 20 percent tariff.) SPARTECA countries and Canada have lower preferential rates for these products. As New Zealand has such a large proportion of its trade based on disease free agricultural products in place, there are some phytosanitary regulations; however attempts are made to reduce the effect these regulations are likely to have on trade. Unlike many other OECD countries, this is the only non tariff barrier to agricultural trade.

TEXTILES

New Zealand is not a party to the Multifibre Arrangement. Its textile industry has been examined as part of the industry plan programme, with its emphasis on structural adjustment through import competition. As a consequence of the recent review of the initial plan, a further liberalisation programme will now take place, to the benefit of developing country exporters.

The Government's decisions for the textile and apparel industries, announced in July 1985, incorporate three main elements : an increase in import allocations under the Apparel Licence Tendering Scheme from the present level of 10 percent of the domestic market by an additional 2 percent per annum commencing in 1986-87 (this will be further reviewed once the question of access for apparel under ANZCERTA has been resolved); the establishing of a Textile Licence Tendering Scheme for all non apparel products of textiles (including ropes and cordage) still subject to import licensing (this scheme will be put in place later this year and will operate under similar rules to the Global Licence Tendering Scheme - initial import allocations will be 10 percent of the value of production for the domestic market less existing access, increasing each year thereafter by five percent of the domestic market); and the exemption of certain goods including monofilament, certain narrow woven fabrics, embroidered fabrics, sanitary towels and tampons, other articles of wadding, bonded textile fabrics, electrical insulation tape, textile hose piping, knitted polypropylene and polyethylene sacks and bags, garments and articles of knitted or crocheted rubberised fabric, stockings, socks, etc not knitted or crocheted, national flags and textile machinery other than carpet tufting or weaving machinery.

FOOTWEAR

The Footwear Industry Development Plan is about to be reviewed. In the last two years import access has been opened up to the extent of 12 percent of the domestic market. The review will be undertaken in the context of the Government's wish to ensure broad compatability of the liberalisation measures in industry plans with the general programme of protection reform.

HAND-MADE PRODUCTS

New Zealand operates two schemes to facilitate imports of handicrafts from developing countries. The Developing Countries Handicraft Scheme (DCHS) provides for the issue of import licences - where relevant - for handicrafts from all developing countries, within an annual budget allocation (in 1985-86 the budget allocation for DCHS licences was $4 million). To qualify under the DCHS the goods must be hand-made from natural materials.

In late 1976 New Zealand introduced duty-free treatment for certain handicrafts produced in the developing countries which are beneficiaries of its GSP scheme. With effect from 1 April 1979 New Zealand improved this treatment by significantly expanding the product coverage, by removing certain limitations for its application and by simplifying the list and definition of qualifying handicraft goods. The list of "approved handicraft goods" in the improved system includes all articles of a number of specified natural materials as well as certain specified articles of natural wood, leather, silk, wood, cotton, linen, jute and other vegetable fibres. Effective from 1 November 1979 hand-made products qualifying for the duty-free treatment were exempted also from sales tax.

JOINT ACTION UNDER GATT ARTICLE XXXVIII

INTERNATIONAL COMMODITY AGREEMENTS AND THE COMMON FUND FOR COMMODITIES

As a country with a substantial dependence on the export of commodities New Zealand shares the concerns of developing countries at the widespread distortions that exist in this area of international trade. Much is directly attributable to the failure of the international trading system to treat the trade in agricultural and other natural resource products equitably. Until these issues are addressed there will continue to be a need for international commodity agreements and New Zealand has placed particular importance on participating in arrangements which have practical objectives and which are workable.

In practice New Zealand has ratified agreements on the basis of such factors as their importance to regional trading partners and their relevance to the structure of New Zealand's own commodity exports. New Zealand is a member of the International Commodity Agreement on Coffee and will accede to the International Sugar Agreement, 1984. New Zealand has in the past been a member of the International Cocoa Agreement. New Zealand is also a member of the GATT International Arrangements on Dairy Products and Meat, and has signed and ratified the Agreement on the Common Fund for Commodities.

UNIDO

New Zealand signed and ratified the constitution of the new UNIDO and became a full member of the specialised agency on 19 July 1985. The decision to do so was made primarily out of regard for those developing nations which attach great importance to UNIDO as a vehicle for development. Although as an original member of the United Nations New Zealand was a full member of the organisation in its previous form, it was recognised that the transition to specialised agency status would result in an autonomous, independently funded UNIDO, the increased flexibility of which would enhance the functioning of the organisation. In joining the new UNIDO, New Zealand also wished to display its unweakened commitment to the United Nations concept, as evidenced also by its recent membership of the United Nations Development Programme (UNDP).

PIIDS (Pacific Islands Industrial Development Scheme)

The PIIDS pursues similar objectives as those of UNIDO in seeking to foster economic development and the growth of employment opportunities. It provides financial assistance for New Zealand entrepreneurs establishing, or expanding, manufacturing or agriculture-based operations in the 11 South Pacific Forum Member Island countries. Forty-four PIIDS-assisted ventures are currently in operation. The Unit which administers the scheme continues to liaise and co-operate with the variety of international organisations, such as UNIDO, active in the South Pacific region wherever possible.

The Department of Trade and Industry, through PIIDS, worked closely with UNIDO as the designated contact point in New Zealand for the promotion of the Investors forum for the South Pacific Region, which took place 26-30 November, 1984, in Suva, Fiji. The Forum was jointly sponsored by UNIDO, the Industrial Development Unit of the CFTC, the CHOGRM Working Group on Industry and ESCAP. The project proposals to be presented at the Forum were extensively promoted in New Zealand through the media and with over 200 individual companies. A representative from the department's Pacific Islands Industrial Development Scheme (PIIDS) Unit attended the Forum with briefings from 25 New Zealand companies.

ANNEX 1

BALANCE OF PAYMENTS, 1982, 1983, 1984
(In billion of US dollars)

	1982	1983	1984 (Provisional)
Exports, f.o.b.	5.3	5.7	5.7
Imports, f.o.b.	5.4	5.5	5.7
Trade balance	-0.1	0.2	0.0
Net services	-1.5	-1.3	-1.4
Private and official transfers, net	0.1	0.1	0.1
Current account balance	-1.5	-1.0	-1.3
Direct investment, net	0.1	0.1	0.1
Portfolio investment, net	-	-	-
Other long-term capital, net	-1.2	-0.6	-1.3
Other short-term capital, net	-	-	0.05
Net errors and omissions	1.0	0.2	0.9
Other transactions[1]	2.3	1.0	2.6
Total change in reserves[2]	-0.7	0.3	-1.0

[1] Includes monetization/demonetization of gold, allocation of SDRs and valuation changes in reserves.

[2] A negative sign (-) implies an increase in reserves.

Source: IMF, International Financial Statistics, (May 1985)

ANNEX 2

DIRECTION AND GROWTH OF
NEW ZEALAND TRADE : 1960-85
(TRADE YEARS ENDING JUNE)
IN MILLIONS U.S. DOLLARS

1960	Exports FOB	%	Imports CDV	%
Total Trade	843	100	705	100
OECD	774	92	618	87.7
LDC's	47	5.6	81	11.5
Soviet Bloc	19	2.3	2	0.3
Other	3	0.4	5	0.7

1970	Exports FOB	%	Imports CIF	%
Total Trade	1183	100	1124	100
OECD	1033	87.3	938	83.5
LDC's	119	10.1	177	15.7
Soviet Bloc	26	2.2	4	0.4
Other	5	0.4	5	0.4

1985	Exports FOB	%	Imports CIF	%
Total Trade	5080	100	5560	100
OECD	3350	65.9	4490	80.8
LDC's	1410	27.8	1020	18.4
Soviet Bloc	90	1.8	20	0.4
Other	230	4.5	30	0.2

ANNEX 3

DEVELOPING COUNTRIES ENTITLED TO RECEIVE TARIFF PREFERENCES

Afganistan
Albania
Algeria
American Samoa
Angola
Anguilla
Antigua and Barbuda
Argentina
Bahamas
Bangladesh
Barbados
Belize
Benin
Bhutan
Bolivia
Botswana
Brazil
Brit. Indian Ocean Terr.
Brit. Virgin Islands
Bulgaria
Burma
Burundi
Cameroon
Cape Verde
Cayman Islands
Central African Rep.
Chad
Chile
China Peoples Rep.of
Christmas Island
Cocos (Keeling) Islands
Colombia
Comoros
Congo
Costa Rica
Cuba

Cyprus
Djibouti
Dominica, Rep.of
Dominican Republic
Ecuador
Egypt
El Salvador
Eguatorial Guinea
Ethiopia
Falkland Islands
Fiji
Gabon
Gambia
Ghana
Gibraltar
Grenada
Guatemala
Guinea, Rev.Peop.Rep. of
Guinea-Bissau
Guyana
Haiti
Honduras
Hong Kong
Hungary
India
Indonesia
Iran, Islamic Rep.of
Iraq
Israel
Ivory Coast
Jamaica
Jordan
Kampuchea
Kenya
Kiribati
Korea, Rep.of
Laos, Peoples Dem.Rep.

Lebanon
Lesotho
Liberia
Macao
Madagascar
Malawi
Malaysia
Maldives
Mali
Malta
Mauritania
Mauritius
Mexico
Mongolia
Montserrat
Morocco
Mozambique
Nepal
Netherlands Antilles
Nicaragua
Niger
Nigeria
Norfolk Island
Pacific Is.Trust Terr.
Pakistan
Panama Rep.of
Papua New Guinea
Paraguay
Peru
Philippines
Pitcairn Islands
Portugal
Romania
Rwanda
St. Helena
St. Kitts-Nevis
St. Lucia

St. Vincent
Samoa Ind. State West
Sao Tome and Principe
Senegal
Seychelles
Sierra Leone
Solomon Islands
Somalia
Spain
Sri Lanka, Dem.Soc.Rep. of
Sudan
Surinam
Swaziland
Syrian Arab Rep.
Taiwan-Province of China
Tanzania Utd.Rep.
Thailand
Togo
Tonga
Tunisia
Turkey
Turks and Caicos Island
Tuvalu
Uganda
US Misc. Pacific Is.
Upper Volta
Uruguay
Vanuatu Rep.of
Venezuela
Vietnam Soc.Rep.
Wallis and Futuna Is.
Yemen Arab Rep.
Yemen Peoples Dom.Rep.
Yugoslavia
Zaire Republic
Zambia
Zimbabwe

ANNEX 4

NEW ZEALAND OFFICIAL DEVELOPMENT ASSISTANCE COMPOSITION

A tabular portrayal of New Zealand's ODA Programme for CY 1984 (disbursement) and FY 1985/86 (allocations) is set out below:

		CY 1984			FY 1985/86	
	NZ$M		%	NZ$M		%
I Bilateral Category		73.484	79.1		82.208	71.3
1. Project Development	32.265			39.086		
2. Human Resource Development	14.039			11.717		
3. Budgetary Support	15.253			18.094		
4. Regional Shipping	8.702			9.787		
5. Voluntary Agency Support	1.507			1.205		
6. Head of Mission Fund	0.496			.619		
7. Administration and Information	1.222			1.700		
II Multilateral Category		19.409	20.9		33.061	28.7
1. International Development	10.490			20.228		
2. International Relief	2.547			2.298		
3. Asia-Pacific Regional Development	6.372			8.535		
4. African Relief and Rehabilitation	-			2.000		
		92.893			115.269	

The bilateral category includes five major areas of assistance. Project development is mainly technical assistance to partner countries in the form of New Zealand advisers and consultants; and also includes the provision of equipment and cash grants. Human Resource Development includes education and training awards in

New Zealand and in third countries, some support for New Zealand's tertiary institutions, and some salary supplementation for in-line positions in partner governments. Budgetary support is extended to Cook Islands, Niue and Tokelau. Support is given to New Zealand's voluntary agencies working in development, including Volunteer Services Abroad (VSA). New Zealand's Ambassadors and High Commissioners are also given modest funds for direct support of grass roots projects in their countries of accreditation.

The multilateral category includes membership costs of, and voluntary contributions to development and relief agencies, at both the global and regional levels. Contributions to multilateral organisations provide the main means by which New Zealand's development assistance reaches beyond the two priority regions of our bilateral assistance. Multilateral contributions have also become the major channel for New Zealand's response to the needs of the least developed countries (apart from Western Samoa, the only LLDC in the South Pacific, to which New Zealand, in 1984, allocated 8.6 percent of its bilateral ODA).

ANNEX 5

GSP - COVERED IMPORTS (TOTAL AND FROM GSP BENEFICIARIES IN 1983/84)

Unit: NZ$million

	GSP Covered Imports (a)		
CCCN Chapters	1-24	25-99	1-99
Hong Kong	0.5	86.5	87.0
Taiwan	0.8	70.3	71.1
Republic of Korea	0.1	40.8	40.9
Singapore (b)	0.3	34.9	35.2
China	1.4	29.5	30.9
Malaysia	4.6	14.1	18.7
Brazil	2.6	15.9	18.5
Spain	1.6	15.7	17.3
India	0.5	12.8	13.3
Mexico	-	9.2	9.2
Thailand	1.1	7.5	8.6
Phillippines	4.4	3.9	8.3
Israel	0.4	5.3	5.7
Netherland Antilles	-	5.2	5.2
Western Samoa (c)	4.9	0.2	5.1
Pakistan	0.1	4.7	4.8
Fiji (c)	2.3	2.1	4.4
Bahamas	-	4.3	4.3
Portugal	0.6	1.6	2.2
Tonga (c)	1.2	0.9	2.1
Indonesia	-	1.4	1.4
Total of Above	27.4	366.8	394.2
Total of all GSP beneficiaries	29.7	373.7	403.4
	7%	93%	100%

(a) not including m.f.n. duty free imports
(b) graduated from GSP July 1985
(c) Forum Island countries enjoying free-trade arrangements.

ANNEX 6

IMPORTS FROM GSP BENEFICIARIES ACCORDING TO TARIFF TREATMENT

Unit: NZ$million

Trade Year and CCCN Chapters	Total from GSP Beneficiaries		MFN Duty Free		MFN Dutiable			
					GSP Covered		GSP Excluded	
1979/80								
1-24	131.8	(100%)	113.5	(86%)	4.9	(4%)	13.4	(10%)
25-99	1,104.1	(100%)	879.5	(79.5%)	218.7	(20%)	6.0	(0.5%)
1-99	1,236.0	(100%)	993.0	(80%)	223.6	(18%)	18.4	(2%)
1980/81								
1-24	108.2	(100%)	87.6	(81%)	7.2	(7%)	13.3	(12%)
25-99	1,345.7	(100%)	1,126.6	(83%)	210.2	(16%)	9.0	(1%)
1-99	1,453.9	(100%)	1,214.1	(83.5%)	217.4	(15%)	22.3	(1.5%)
1981/82								
1-24	142.4	(100%)	115.1	(81%)	12.2	(8.5%)	15.0	(10.5%)
25-99	1,487.2	(100%)	1,159.9	(78%)	306.1	(20.5%)	21.2	(1.5%)
1-99	1,629.5	(100%)	1,275.0	(78%)	318.3	(20%)	36.3	(2%)
1982/83								
1-24	153.1	(100%)	116.2	(76%)	18.3	(12%)	18.6	(12%)
25-99	1,396.9	(100%)	1,645.3	(75%)	326.6	(23%)	25.0	(2%)
1-99	1,550.0	(100%)	1,161.5	(75%)	344.9	(22%)	43.6	(3%)
1983/84								
1-24	198.2	(100%)	150.6	(76%)	29.7	(15%)	17.9	(9%)
25-99	1,355.6	(100%)	943.1	(70%)	373.7	(27%)	38.8	(3%)
1-99	1,553.8	(100%)	1,093.7	(70%)	403.4	(26%)	56.7	(4%)

ANNEX 7

NEW ZEALAND'S MAIN IMPORTS FROM THE LEAST DEVELOPED COUNTRIES AND THEIR TARIFF TREATEMENT : 1984

CCCN HEADING	PRODUCT DESCRIPTION	TARIFF TREATMENT 1985	TOTAL IMPORT FROM LLDCs NZ$1,000 1984	MAIN LLDC SUPPLIERS
Ex 07.01	Vegetables, fresh or chilled excluding potatoes, tomatoes, capers, olives, onions, mushrooms, and capsicums	MFN 10 % GSP Free	19	WSM
Ex 07.05	Dried beans	MFN Free	6	MWI
Ex 07.05	Dried leguminous vegetables, shelled, other than peas or beans	MFN Free	12	NPL
Ex 07.06	Manioc, arrowroot, salep, other similar roots and tubers, with high starch and inulin content	MFN Free	2,173	WSM
Ex 08.01	Bananas, fresh and dried		47.5	WSM
Ex 08.01	Coconuts, brazil nuts, cashew nuts	MFN Free	110	WSM
Ex 08.01	Avocados, mangoes, guavas, dates, mangosteen, fresh or dried	MFN Free	53	WSM
Ex 08.09	Other fruit, fresh	MFN Free	18	WSM
Ex 08.10	Frozen fruit without added sugar	MFN 20.%	257	WSM
Ex 09.01	Coffee not roasted; coffee husks and skins	MFN Free	1,084	ETH, UGA TZA
Ex 09.02	Tea	MFN Free	250	BGD
Ex 09.07	Cloves, unground	MFN Free	18	TZA
*Ex 09.10	Saffron, tumeric, thyme, bay leaves and other spices excluding ginger unground	MFN 0%, 5% 20% GSP 0%, 10%	2	NPL

CCCN HEADING	PRODUCT DESCRIPTION	TARIFF TREATMENT 1985	TOTAL IMPORT FROM LLDCs NZ$1,000 1984	MAIN LLDC SUPPLIERS
Ex 12.01	Oilseeds, and oleaginous fruit, whole or broken	MFN Free	313	MWI
Ex 13.02	Shellac, seedlac, other lacs, natural gums, resins, etc	MFN Free	14	SDN
*Ex 15.07	Copra oil	MFN 22.5% GSP 10.0%	3,746	WSM
Ex 18.01	Cocoa beans, whole or broken, raw or roasted	MFN Free	26	WSM
Ex 21.07	Food preparations, n.e.s.	MFN 10% 20%, 30%, 35%, GSP 0%, 5%, 20%	842	WSM
*Ex 24.01	Unmanufactured tobacco and refuse for licensed manufacture into tobacco, cigarettes, snuff, etc c.i.f. value over $600/100 kg:	MFN NZ$40/ 100 kg	1,136	MWI
*Ex 24.01	Other	MFN 25%	14	MWI
Ex 29.01	Toluene	MFN Free	285	NER
*Ex 42.02	Travel goods, etc., n.e.s.	MFN 40% GSP 25.0%	4	AFG
Ex 44.05	Ash, hickory, juglans species, oak; tropical hardwood, sawn lengthwise, etc	MFN Free	103	CAF, WSM
*Ex 44.05	Wood of non-coniferous species, n.e.s. sawn lengthwise, peeled and sliced	MFN 5% GSP Free	28	WSM
*Ex 46.03	Basketwork, wicker work and other shaped plaiting materials, etc	MFN 30% GSP 15.0%	25	BGD, BWA WSM, TZA
Ex 55.09	Woven fabrics of cotton, n.e.s.	MFN 5% GSP Free	23	BGD

CCCN HEADING	PRODUCT DESCRIPTION	TARIFF TREATMENT 1985	TOTAL IMPORT FROM LLDCs NZ$1,000 1984	MAIN LLDC SUPPLIERS
Ex 57.03	Jute and other textile bast fibres, raw or processed not spun etc	MFN Free	54	BGD
Ex 57.04	Other vegetable textile fibres, raw or processed, not spun etc.	MFN Free	3,160	TIA
Ex 57.06	Yarn of jute and other textile bast fibres etc	MFN Free	720	BGD TZA
Ex 57.10	Woven fabrics of jute or of other textile bast fibres	MFN Free	2,158	BGD
*Ex 58.01	Knitted carpets, other than machine made of wool or fine animal hair	MFN 40% GSP 22.5%	35	AFG, BGD NPL
*Ex 58.02	Other carpeting rugs etc. of wool or fine animal hair containing 80% or more by weight of wool	MFN 40% GSP 22.5%	55	AFG, BGD
Ex 58.05	Narrow woven fabrics, wholly of cotton linen, jute etc	MFN Free	25	BGD
*Ex 59.05	Nets and netting made of twine cordage or rope other than fishing nets	MFN 20% GSP 10.0%	19	BGD
*Ex 59.06	Other articles made from yarn twine, cordage, rope or cables etc	MFN 35% GSP 20.0%	12	BGD
Ex 61.01	Men's and boy's jackets, blazers and the like other than knitted or crocheted	MFN 40% GSP 35.0%	6	NPL
Ex 61.02	Women's, girls' and infants' outergarments	MFN 65% GSP 45.0% 47.5%	27	AFG, NPL, WSM
Ex 62.03	Wool packs	MFN Free	689	BGD
Ex 62.03	Sacks and bags for packing, of jute hemp, etc as may be approved by Minster	MFN Free	1,388	BGD

CCCN HEADING	PRODUCT DESCRIPTION	TARIFF TREATMENT 1985	TOTAL IMPORT FROM LLDCs NZ$1,000 1984	MAIN LLDC SUPPLIERS
*Ex 62.03	Sacks and bags for packing, of jute, hemp, etc other than as approved by Minister	MFN 15% GSP 5.0%	1,107	BGD
*Ex 62.03	Sacks and bags for packing good n.e.s.	MFN 15% GSP 5.0%	63	BGD
* 97.06	Balls for cricket, hockey, polo softball, baseball, squash and tennis	MFN 45% GSP 30.0%	15	HTI

Source: Customs Tariff of New Zealand, Customs Department, Wellington, January 1985. GATT Tariff Study files.

* LLDC duty free access from 1 July 1985

ANNEX 8

NEW ZEALAND - m.f.n. DUTY AVERAGES AS OF 1982 WITH RESPECT TO SOME AGRICULTURAL/TROPICAL PRODUCT GROUPS

Note: The averages of duties being actually applied to developing countries are lower than those indicated: a number of products covered by this table enjoy GSP duty rates lower than m.f.n. duties.

Product Group	m.f.n. duty average Simple average	Weighted average[1]
Coffee, tea, cocoa (0901,0902, 2102, Ch.18)	13.6	1.9
Spices (0904-0910)	9.7	2.7
Vegetables and fruit	12.3	2.4
Unprocessed (Ch. 07,08)	6.2	0.4
Processed (Ch. 20)	20.9	16.5
Vegetables oilseeds and oils	7.9	0.8
Seeds (1201)	0.0	0.0
Oils (1507, 1510-12)	8.4	1.2
Plants, flowers, wax (Ch. 06, 1207, Chs. 13, 14, 1515, 1516)	4.7	1.0
Fishery products	9.4	3.4
Unprocessed (Ch. 03)	9.1	9.4
Processed (1504, 1604, 1605)	9.6	2.9
Miscellaneous animal products (0106, 0204, Ch. 05)	3.2	0.7

[1] Average of all tariff items (i.e. duty-free as well as dutiable items) weighted by imports of such items from m.f.n. and GSP sources (not including SPARTECA countries, Malaysia, Australia and Canada).

Sources: GATT Tariff Study files