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## NEW ZEALAND

Statement Circulated by the Honourable Lockwood Smith,  
Minister for International Trade

As we celebrate the 50th birthday of the GATT/WTO we can look back with a real sense of accomplishment at what has been achieved since the GATT was established in 1948. New Zealand was one of the 23 founding Members, and has been a committed and active Member of the Organization ever since.

Over the eight rounds of trade negotiations that have been held in the half century of the Organization's existence, very significant progress has been made. At first the focus was entirely on lowering tariffs, with large increases in global trade as a result - around 8 per cent a year on average during the 1950s and 1960s. By the end of the 1970s, the average tariff on industrial products was brought down to 4.7 per cent. With the realization that non-tariff barriers were increasingly presenting difficulties in ongoing trade liberalization, the focus in the Tokyo Round was on subsidies, technical barriers and trade remedies.

The Uruguay Round, however, represents a clear milestone in that it produced truly significant, wide-ranging results across a whole range of trade-inhibiting and trade-distorting issues. Clearer rules, stronger processes, broader coverage and further substantial liberalization were achieved. And that time, 125 countries were participating in the negotiations. For New Zealand, not only did we see a more significant integration of agriculture into the multilateral trading system - with new disciplines on domestic support, export subsidies, market access and sanitary and phytosanitary measures - but we also achieved valuable agreements on services and industrial tariff liberalization and the establishment of an effective dispute settlement system. In sum, we have much to celebrate on this most significant anniversary.

This year's WTO Ministerial Conference takes place against the background of the recent financial crisis in a number of Asian economies, and the shock to the international financial system that this entailed. The difficult but critical structural reform process necessary to lessen the chances of a recurrence of such a shock has already begun in some of the economies affected. But these countries also need the ability to trade their way out of their difficulties. For this open markets are required, not just in Asia, but in Europe and the Americas.

As exports from Asia expand, the United States and Europe will face mounting domestic pressure to restrict imports in the face of increasing trade deficits and declining surpluses. Governments will need to be resolute in their determination to sustain the momentum of trade liberalization. In Japan, a more open economy is needed both to ensure sustainable growth, and in response to the concerns of many of its trading partners over Japanese export surpluses. And in the rest of Asia, a continued commitment to trade liberalization is needed to ensure that resources go

towards the pursuit of areas of real comparative advantage rather than into protected, inefficient industries. A broad-based set of global trade negotiations would provide the context for continuing the liberalization momentum, in which all can link their efforts.

The problems experienced by certain Asian economies highlight the growing linkages that exist between international trade and domestic structural policies as liberalization and globalization have progressed. These linkages have now become so strong that the distinction that traditionally has been maintained between domestic and trade policies must now be seen as largely artificial. This entails significant challenges for the WTO. The WTO must concern itself with a range of issues that traditionally it has not dealt with, and not all of which are conducive to a rules-based approach. As well as looking at border trade the WTO must continue to expand its focus on behind-the-border issues. It is only by taking this approach that our efforts will have the coherence needed to improve the functioning of international markets and to maintain the momentum for liberalization in future.

This Ministerial Conference comes, therefore, at a crucial point. Not only do recent events make very apparent the need to continue to work for more open markets for the benefit of all WTO Members, but it is critical that appropriate Ministerial decisions are made at this juncture to ensure not only continued vigorous implementation of the Uruguay Round result and the launch of the mandated negotiations at the end of next year, but also a future trade liberalization agenda. What more appropriate moment to demonstrate our united resolve to work for the success of Uruguay Round implementation and these resumed negotiations than on the 50th birthday of the GATT/WTO? And what more appropriate moment than this important anniversary to declare our joint intention to be even more ambitious in moving the trade liberalization process vigorously ahead?

The Uruguay Round Agreements provided an impressive range of new concessions, commitments and rules across a much wider range of trading activity than ever before. Good progress has been made on implementation in an improved but not yet perfect system. But there are still problems - which relate often to areas of the Agreements that are unclear or to issues that were not covered satisfactorily by discussions in the Uruguay Round. Trade-distorting subsidies, the curtailing of market access, and the erection of new barriers to trade continue. We acknowledge and sympathize with the concerns of a number of developing countries relating to the need for continued and focused attention to be given to Uruguay Round implementation. We agree that there is much unfinished business here which must not be lost sight of. Equally, we acknowledge that many developing countries are experiencing resource problems in undertaking some of their quite extensive WTO commitments, and this situation too must be approached in a realistic and supportive manner. These problems must be tackled - but tackled in the context of moving forward the trade liberalization agenda in the interests of developing a system that can deliver more.

Negotiations in agriculture and services are already mandated to begin in 1999/2000, and substantive preparations must be made for these. But in order for us all to link our individual broader trade liberalization efforts, and also to engage all participants to the maximum so successful negotiations can be achieved, further broad-based comprehensive multilateral trade negotiations are inevitable. Each economy must feel that there will be real benefit in participation, with their key interests part of the negotiating package. For this reason the negotiations must be wider than those already mandated, and should include industrials in addition to agriculture and services.

Electronic commerce, which encompasses all of these latter areas, has recently been highlighted in the WTO as a cross-cutting issue that must also be included in these wider negotiations. We should not, as governments, be closed to the reality of an expanding and changing global trading environment, which in terms of overall trade is seeing a lessening rate of growth in traditional trade in goods and services, and much greater growth in trade by electronic means, including the Internet.

Agriculture remains of key interest for New Zealand. We look forward to a strong, clear outcome of the mandated negotiations which will place agriculture on the same basis as trade in other goods and achieve a fair and market-oriented agricultural trading system. We look forward to an end to agricultural export subsidies, including government-subsidized export credits. We look forward to improved market access, where the access opportunities are commercially viable and are not blocked through prohibitive tariffs. And we look forward to the elimination of trade-distorting domestic subsidies. Domestic policies in many countries are already heading in this direction; we now have to work on the crucial trade dimension.

But if any of us are to achieve our objectives in any sector we will need widened negotiations in which each can pursue their own key interests. All participants need to perceive advantage in serious engagement. For the overall process of trade liberalization to remain multilateral it needs to be broad-based. With a view to further supporting the primacy of the multilateral trading system, WTO Members should pursue with vigour stronger and deeper multilateral trade liberalization which addresses the interests of all trading countries. Equally, it will be important in future negotiations to clarify and strengthen the GATT/WTO rules that regulate regional trade initiatives. In these ways, we will ensure that regional initiatives support the multilateral process.

So our agenda must be ambitious, in order for all to achieve their objectives. A 50th birthday is a time to take stock. We can be well satisfied with what we have achieved. But now we should look at how to maintain the momentum of trade liberalization into the future. A further round of broad-based negotiations, and a timely conclusion to these negotiations, is the way forward. Therefore, let us make sure at this Conference that as well as setting in train substantive preparations for the mandated negotiations in 1999 as soon as possible, a strong, substantive, coherent negotiating package for new, broad-based negotiations will emerge by next year for decision by Ministers, which does not prejudge the nature and scope of the negotiations by the exclusion of potentially new areas.

Let us look to the future, with clear sightedness, resolve and determination, for the good of all Member countries, and of the future generations of us all.

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