

**GENERAL AGREEMENT ON
TARIFFS AND TRADE**

RESTRICTED

L/5831
5 July 1985

Limited Distribution

Original: English

SUBMISSION BY NEW ZEALAND ON FUTURE
TRADE NEGOTIATIONS IN GATT

The following communication, dated 5 July 1985, has been received from the Delegation of New Zealand with the request that it be circulated to all contracting parties.

1. New Zealand strongly supports prompt commitment to a new round of multilateral trade negotiations. A new GATT negotiating round aimed at securing multilateral trade liberalisation is long overdue. The resort to protectionist measures, whether of long standing or more recent origin, the continuing infringement of the most favoured nation principle to the detriment of the trading system as a whole - and to the less powerful trading nations in particular, and the heightened trade tensions generated by the consequences of particular areas of inequity and weakness in existing international trade rules now require Contracting Parties to act, in concert, to strengthen the trading system by means of negotiation.
2. We stand ready to participate. New Zealand has itself adopted an outward looking stance to the international economy, as shown by the recently accelerated import licensing liberalisation programme and the decision to reduce tariff levels. These steps have been taken in recognition of the major benefits to national economic welfare that liberalisation brings. Just as the motivation for such steps has been to ensure that New Zealand's productive resources are allocated in a manner consistent with the nation's underlying comparative advantage, so too will those prospects be enhanced by a multilateral trade liberalisation process that:
 - (a) provides the opportunity for New Zealand to make the best use of its resources; and
 - (b) contributes to rationality and stability in the international trading system in which we participate.
3. We look to a process to restore equity in the international trading system. In particular New Zealand believes that Contracting Parties can no longer refrain from redressing the inequitable treatment of Agriculture in the GATT. A gross imbalance such as this undermines the credibility of a trading system that is committed to non-discrimination of treatment and maximising opportunities for trade. It has the consequences of damaging

the growth and development prospects of many economies. CPs can no longer ignore the fact that the burden of adjustment cannot be exported indefinitely without severely threatening the international trading system. The trade tensions that have inevitably arisen from this situation underline the need to tackle the root causes.

I Objectives

4. New Zealand considers it is necessary for CPs to take concerted action:

- (a) to reinforce the basic principles and objectives of the General Agreement, in particular non discriminatory treatment of trading partners, the application of an internationally agreed and respected set of rules, and trade liberalisation in the form of reduced restrictions on access to markets;
- (b) to ensure that those trade sectors that have hitherto been placed outside effective multilateral disciplines be brought within them;
- (c) to undertake to liberalise, progressively and comprehensively, in accord with an agreed plan and schedule, tariff and non-tariff measures affecting international trade;
- (d) to take appropriate measures consistent with the GATT's basic objectives of raising standards of living, ensuring full employment and a large and steadily growing volume of real income and effective demand, and developing the full use of the resources of the world, to enable the GATT to respond to new developments in the composition of international commercial transactions.

II Agenda

5. In New Zealand's view, negotiations to achieve these objectives must:

- (a) deal on a priority basis with the long standing problem areas in international trade: Agriculture, Subsidies, Textiles, Safeguards and 'grey area' bilateral arrangements;
- (b) establish both more equitable and effective rules on trade and improved terms and conditions of access to markets in all sectors.

6. To strengthen the GATT's legal framework the following procedural and structural matters should be addressed:

- (a) procedures regarding notification, surveillance and dispute settlement;

- (b) Institutional arrangements to assist governments in resisting protectionist pressures including, for instance, the proposal for establishment of a Trade Policy Committee and the notion of instituting a Ministerial-level body within the GATT framework.
 - (c) a comprehensive review of the operation, interpretation and consequences for the international trading system, of those provisions of the General Agreement which relate to deviations and derogations from its basic principles and obligations including Waivers under Article XXV, Exceptions and the terms of Article XXIV.
7. (a) Developed Countries should recognise the need of less developed countries to be able to exploit their comparative advantage through access for their products to developed country markets. This would be best effected by commitments from developed countries to liberalise access across-the-board, and to abandon discriminatory trade restrictions currently adopted in breach of the MFN principle.
- (b) the adherence to effective multilateral trade disciplines contributes to more efficient allocation of domestic resources and, thereby, national growth. Consideration should be given therefore to how best the growth and development prospects of less developed countries could be further strengthened by their participation in generalised commitments to liberalise. Special measures should be implemented to assist the development of exports from Least Developed Countries.
8. The extent and nature of work on issues such as Trade in Services, in High Technology, and in Intellectual Property will be dependent on the evolution of precise negotiating objectives. Contracting Parties should be prepared to consider a step-by-step approach to such issues. Progress on outstanding 'hard core' issues should not be frustrated or delayed by the pace of negotiations on 'new' issues.

III Negotiating Modalities

9. Negotiating modalities should include the following elements:
- (a) full adherence to the most favoured nation principle.
 - (b) a general liberalisation programme that increases the opportunities for trade on a non-discriminatory basis.
 - (c) redefinition, where appropriate, of the specific rules and provisions of the General Agreement.

- (d) specific programmes to improve access covering tariff and non-tariff measures in all sectors. Remaining non-tariff measures including QRs and grey area measures should be made transparent, measurable and non discriminatory.
- (e) in the case of trade impacting subsidies, measures should be taken to ensure that the current imbalance against trade in agricultural products is redressed.
- (f) full account should be taken of any measures of liberalisation undertaken by CPs within the ambit of the relevant items in the 1982 GATT Ministerial Work Programme.
- (g) while conceptual links exist between trade and financial flows the progress and results of a new trade round should not be dependent on the evolution of measures in the financial sphere.

IV Standstill and Rollback

10. The climate for launching a new round of negotiations would be enhanced if Contracting Parties accepted as a minimum a firm and credible commitment to refrain from introducing any new restrictive trade measures inconsistent with or not based upon the General Agreement.

11. In light of the need to redress existing weaknesses and ambiguities in the General Agreement, however, a more comprehensive and explicit undertaking would be more useful still. Such a standstill would create a favourable climate for negotiations and clearly signal to the international community a resolve to stabilise international trading conditions. This would provide a much-needed confidence-building step. This would be a commitment, underpinned by establishing notification and surveillance procedures, to:

- (a) refrain from taking steps to reduce overall existing levels of access whether by means of tariff or non-tariff measures applying to all sectors of international trade;
- (b) refrain from exceeding existing levels of trade impacting subsidisation on agricultural and industrial products; and
- (c) establish a surveillance group under the aegis of the GATT Council to monitor the implementation of these undertakings.

12. There may be some concern that the prospect of negotiation may lead some Contracting Parties to 'withhold' liberalisation measures in order to maximise negotiating 'coinage' in an actual MTN. To facilitate the earliest possible trade liberalisation, arrangements should be devised to ensure that measures of a 'rollback' nature undertaken prior to the commencement of actual multilateral negotiations be taken fully into account when assessing the results of negotiation.