

COMMUNICATION FROM NEW ZEALAND

Objectives for the Resumed Services Negotiations

The attached communication has been received from the delegation of New Zealand with the request that it be circulated to Members of the Council for Trade in Services.

I. INTRODUCTION

1. With the establishment of the “Negotiating Guidelines and Procedures” at the Special Session of the Council for Trade in Services on 28 March 2001¹ the resumed services negotiations will now start to enter a more substantive phase of work - a phase which will see Members, on the basis of negotiating proposals, move forward on a range of the outstanding rule-making issues, in parallel with specific commitment (i.e. market access and national treatment) issues.

2. It is therefore timely for New Zealand to sketch out some *initial* objectives for the resumed services negotiations in relation to both rule-making and specific commitments.² Such objectives complement and supplement those contained in the “Negotiating Guidelines and Procedures” and reflect the interests that New Zealand, as an individual Member, has in the negotiations.

II. BACKGROUND

3. The Uruguay Round provided an essential first step towards integrating services trade within the WTO’s overall framework of trade rules and opening up trade in services. It does, however, need to be recognised that the Uruguay Round services package is only the *beginning* of this process. It is the platform for successive rounds of negotiations, which are aimed at achieving progressively higher levels of liberalisation.

4. The evolutionary nature of Uruguay Round services package is amply demonstrated by the fact that the *rules* (e.g. emergency safeguards, subsidies, government procurement and domestic regulation) are not yet complete and the *schedules of specific commitments* are limited in terms of substance, with most Members not providing any substantive commitments across a range of services sectors.

¹ S/L/93 of 29 March 2001 refers.

² Any sectoral/modal/horizontal proposals that New Zealand might inject into the resumed services negotiations should, of course, be read in conjunction with the objectives outlined in this paper.

5. The sparsity of commitments by Members is not surprising given the recent genesis of the General Agreement on Trade in Services (GATS), but this will start to be addressed in the course of these negotiations. The GATS establishes that the process of liberalisation will be *progressively* achieved, taking into account national policy objectives, the level of development and the size of economies of individual Members, both overall and in individual sectors. Only through *successive rounds of negotiations* will Members be able to realise higher levels of liberalisation of trade in services.

6. These negotiations - which will be the first time that Members have revisited their specific commitments - are important for New Zealand. The services sector forms a major part of New Zealand's economy. More than two-thirds of New Zealand's GDP and nearly three-quarters of its employment is generated by this sector.

7. Trade in services is an increasingly important part of New Zealand's external trade. While New Zealand remains a *net services importer*, it has *significant export interests* in a range of sectors and will actively explore ways in which such interests can be effectively accommodated, including through the submission of specific sectoral proposals.

III. OBJECTIVES

8. In New Zealand's view, the "Negotiating Guidelines and Procedures" have accurately laid down the *key objective* of the resumed services negotiations to be - namely, "to achieve progressively higher levels of liberalisation of trade in services through the reduction or elimination of the adverse effects on trade in services of measures as a means of providing effective market access, and with a view to promoting the interests of all participants on a mutually advantageous basis and to securing an overall balance of rights and obligations".³

9. The "Negotiating Guidelines and Procedures", as well as the GATS itself, will provide Members with the *reference point* for the negotiations and New Zealand would not, at this stage of the process, want to revisit any aspect of the "Negotiating Guidelines and Procedures", particularly as they constitute the fulfilment of a key element of the negotiating mandate of Article XIX:3.

10. New Zealand would, however, like to provide Members with its *initial* objectives for the negotiations to complement and supplement those contained in the "Negotiating Guidelines and Procedures". Naturally, such objectives reflect New Zealand's interests, as well as its national policy objectives, level of development and size of economy, both overall and in individual sectors.

- *First*, and foremost, New Zealand will actively encourage Members to explore ways in which existing commitments in *all* services sectors, in terms of both market access and national treatment, can be *progressively liberalised*. This process must of course take into account fundamental principles such as the right to regulate in order to meet national policy objectives, as well as the undertakings in Articles IV and XIX:2 in respect of the interests of developing countries. But for New Zealand as a small economy, comprehensive services negotiations offer the best prospect for ensuring that all Members benefit from the negotiations, because of the opportunity afforded to reach balanced outcomes.
- *Second*, with New Zealand's scheduled commitments some of the most extensive under the GATS, New Zealand will be looking to its trading partners to work towards matching this level of commitment, while fully respecting the principle of flexibility for developing and least developed countries.

³ Para 1 of S/L/93 refers.

- *Third*, New Zealand will actively explore ways to promote effectively the interests of *small and medium-sized services suppliers* in the negotiations. With small and medium-sized suppliers constituting a substantial proportion of the New Zealand economy, it is vitally important that *all* services suppliers benefit from these negotiations, and not just the biggest suppliers.
 - *Fourth*, New Zealand will explore ways to effectively address the interests and concerns of *developing and least developed countries* in these negotiations, with a particular emphasis on overcoming the serious challenges faced by least developed countries. It is, after all, in the interests of all Members that developing and least developed countries are active participants in these negotiations and able to benefit from their outcome.
 - *Fifth*, recognising the high level of public interest in the GATS negotiations, New Zealand will work to ensure that these are conducted in as open and transparent fashion as possible. New Zealand recognises the necessity of engaging in domestic consultations at an early stage, and would encourage other Members to take a similar approach.
 - *Sixth*, New Zealand will actively participate in any discussions aimed at developing multilaterally agreed criteria which address the need for account to be taken, and credit given for *autonomous liberalisation* undertaken by Members since previous negotiations. New Zealand itself has undertaken a large amount of such liberalisation since previous negotiations and would expect our trading partners to recognise such liberalisation in the context of the negotiations on specific commitments.
 - *Seventh*, New Zealand will explore ways to progress the on-going discussions on disciplines for *domestic regulation*. Disciplines targeted specifically at potential barriers to trade in services would serve as a valuable contribution to underpinning and facilitating market openings. In New Zealand's view, such disciplines should help to ensure a clearer and more transparent view of domestic regulatory regimes for all services suppliers.
 - *Eighth*, New Zealand recognises the importance attached to the on-going negotiations under Article X on the question of an *emergency safeguard mechanism* and will engage in these negotiations with a view to ensuring that whatever might be achieved will serve the interests of *all* Members. This means that any mechanism which might be developed should operate in the most objective and transparent manner as possible.
 - *Ninth*, as Members explore ways in which to achieve progressively higher levels of liberalisation, New Zealand will work towards ensuring the elimination of *MFN exemptions* within the period specified in the Annex on MFN Exemptions insofar as this is possible.
 - *Tenth*, New Zealand will bring to bear its wider trade policy objectives in its approach to services so as to ensure a consistent negotiating strategy across all mandated negotiations.
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