

TRADE AND DEVELOPMENT

The issues

Development concerns are at the heart of the current WTO negotiations, reflecting the current Round's mandated objective (the "Doha Development Agenda"). The Doha Ministerial Declaration recognised explicitly that "international trade can play a major role in the promotion of economic development and the alleviation of poverty".

The Doha Declaration complements New Zealand's own trade and development policy, "Harnessing International Trade for Development". New Zealand's policy recognises that expanding trade flows and liberalisation can help reduce poverty and substantially stimulate development worldwide. The strategy also recognises that developing countries face challenges in harnessing trade for development, and that trade delivers best results when critical economic and governance factors are in place.

It is widely understood that the greatest economic benefit from the Doha Round for developing countries will come from reforms in agriculture – namely through increased market access and the total elimination of subsidies.

Special and differential treatment (S&DT) is also an issue for developing countries in this Round. The concept refers to developing countries' wish to secure additional flexibilities including, for instance, longer phase-in periods for the implementation of commitments negotiated in the Round.

Recently, aid-for-trade has emerged as an increasingly important aspect of the DDA negotiations. It is recognised that adequate trade-related assistance should be provided to help developing countries enhance their trading capacity and mitigate any detrimental effects from trade reform.

The negotiations

The development aspects of the Doha Development Agenda range from issues specifically identified by developing countries as priorities (including S&DT) to broader objectives, such as improved market access. Consequently, negotiations on trade and development feature in all the various subject-specific negotiations such as those related to agriculture, services and non-agricultural market access (NAMA).

Many of the most contentious issues, such as cotton and the erosion of historic preferential benefits for developing countries, fall primarily under the NAMA and agriculture negotiations.

The dedicated "trade and development" negotiations in the Committee for Trade and Development in Special Session (CTD-SS) have predominantly focussed on S&DT proposals. The Doha Declaration indicated that all S&DT provisions should be reviewed with a view to strengthening them and making them more precise, effective and operational.

The CTD-SS is the body responsible for co-ordinating this review. The CTD-SS is also responsible for some S&DT agreement-specific proposals. In this context, the Hong Kong Ministerial in December 2005 adopted five agreement-specific proposals (known as the 'five LDC (least developed country) proposals') originating in the CTD-SS. The most important of these was for duty-free and quota free (DFQF) access for 97 percent of LDC products.

The Hong Kong Ministerial Declaration states that aid-for-trade should be designed to assist developing countries in building their supply-side capacity and trade-related infrastructure so that they can benefit from WTO agreements. The aid-for-

trade taskforce in Geneva is expected to provide recommendations for how this could be implemented.

The New Zealand position

New Zealand is seeking ambitious reform across the Doha Development Agenda. New Zealand believes that the Doha Round represents the single best opportunity to realise the development potential of trade, including by addressing many of the most damaging distortions in the international trading system.

There is considerable overlap between the objectives of developing countries and of New Zealand in the Round, particularly in the areas of agricultural market access and the elimination of export subsidies and trade-distorting domestic support.

New Zealand supports initiatives on S&DT for developing countries which allow them more time to implement outcomes, and which ensure that food security and rural livelihoods are not undermined by sudden import surges. New Zealand considers that S&DT must be specifically targeted and be as minimally trade-distorting as possible.

New Zealand has provided DFQF access for all LDCs since July 2001. This access has been provided through the Generalised System of Preference (GSP) scheme.

New Zealand believes that aid-for-trade is important, but it cannot displace the need for a comprehensive outcome in the Doha Development Agenda. Aid-for-trade will usefully complement an ambitious DDA outcome. Appropriately and

effectively targeted technical assistance is needed to ensure that developing countries are able to use trade to enhance their development.

New Zealand's development assistance programme, administered by NZAID, is helping to address the challenges and constraints that prevent developing countries from effectively harnessing trade for development.

For a glossary of trade associated words please go to:
http://www.wto.org/english/thewto_e/glossary_e/glossary_e.htm



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www.mfat.govt.nz/foreign/tnd/newissues/tradeanddevelopment.html
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