

TRADE Matters

MINISTRY OF FOREIGN AFFAIRS AND TRADE, MANATŪ AORERE

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SERVICES

The issue

Services, along with agriculture and industrial products, is one of the three key components of the World Trade Organisation's Doha Development Round. Many developed WTO members (including the European Union and Japan) insist that an ambitious outcome on services is required if there is to be a similarly ambitious result on agriculture.

The negotiations

At the Doha WTO Ministerial Conference, Ministers set two deadlines: the end of June 2002 for the submission of initial services requests and the end of March 2003 for submission of initial services offers. In 2004 Ministers called for revised offers to be submitted by the end of May 2005. At their meeting in Hong Kong in December 2005 Ministers called for a further round of revised offers to be submitted by the end of July 2006.

Ministers also agreed that the ongoing country-to-country request/offer approach should be supplemented by a plurilateral approach in which a group of countries with common objectives in a particular services sector could jointly submit requests to a number of other WTO members. New Zealand is participating actively in all aspects of the services negotiations. The negotiations will continue during 2006 with a view to reaching a conclusion by the end of this year.

What is covered

Services are products that can be bought and sold, but not carried – tourism, education, postal and courier services, construction, and a range of professional/business services such as engineering, architecture, accounting and management consulting.

Examples of trade in services include:

- anyone who comes to New Zealand as a tourist.
- a New Zealand geothermal energy consultant advising on a project in another country.
- foreign students coming to study at a New Zealand university or other educational institute.

What is not covered

The New Zealand Government's approach to the WTO services negotiation is based on the principle that New Zealand's public services will not be undermined in any way. Under the General Agreement on Trade in Services (GATS), the Government retains the right to regulate and fund public services in the manner it determines best meets broader New Zealand policy objectives.

In addition, New Zealand's GATS commitments explicitly acknowledge the unique position of Maori in New Zealand. Neither now, nor in the future, will any GATS commitments prevent the New Zealand Government from taking specific measures to provide preferential support to Maori service providers.

Potential gains for New Zealand

Services account for two thirds of economic activity in New Zealand. They account for about one third of New Zealand's exports. New Zealand's exports of services are growing faster than exports of goods. New Zealand has an open economy that places few barriers in the way of foreign services providers. That is not the case in all countries - our services exporters often encounter barriers overseas.

Through the Doha Development Round we seek to secure improvements in the rules which other WTO member countries apply to trade in such service sectors as: private education, services incidental to agriculture, consultancy on environmental services, and a range of business/professional services, including engineering/integrated engineering, architecture and management consulting.

Developing countries

Access to efficient and cost-competitive services constitutes an important underpinning for all domestic economic activity in all countries. Improved conditions, including enhanced legal certainty, for trade in services through the WTO's General Agreement on Trade in Services (GATS) encourage growth and prosperity in developed and developing countries alike.

The undertaking of legally binding GATS commitments requires WTO members to have effective domestic regulatory systems. In recognition of the challenges which many developing countries face in establishing such regulatory systems, the Hong Kong Ministerial declaration accords developing countries additional flexibility in terms of what is expected of them. The poorest (least developed) WTO members are not being expected to make any significantly improved GATS commitments in the Round.

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



To keep up to date with developments visit www.mfat.govt.nz/foreign/tnd/marketaccess/servicesindex.html

For any other enquiries, please contact the Trade Policy Liaison Unit at tplu@mfat.govt.nz