

# New Zealand and International Trade Rules

We want *Trade for All* to support legally enforceable international trade rules and commitments that protect and advance New Zealand's interests. We've summarised how we are supporting trade at a time when we are seeing more barriers to our exports. Take a look and have your say...

## Why support trade rules?

Trade is critical to New Zealand's prosperity. We can only pay for the goods and services we import from overseas by selling exports to other countries. At the moment, international trade (exports and imports) make up around 60% of New Zealand's total economic activity. New Zealand has an open economy that places few barriers in the way of imported goods and services. But our exporters - particularly agricultural exporters - often encounter barriers overseas. The existence of legally-binding international trade rules means we can negotiate better conditions for our exporters and ensure they are treated fairly to the benefit of all New Zealanders. To find out more on [why New Zealand advocates for free trade](#) see [www.mfat.govt.nz](http://www.mfat.govt.nz).

## How did modern trade rules come to be?

Modern trade rules were created to prevent a repeat of the economic and political conditions which led to the Second World War. They are underpinned by the 'multilateral trading system' launched in 1947 when New Zealand and 22 other countries signed the General Agreement on Tariffs and Trade (GATT). In 1995, the GATT evolved into the World Trade Organisation (WTO) with a set of rules, disciplines and commitments that go a significant way to removing obstacles to trade between most of the world's countries. To find out more about what the WTO does, [the WTO's origins following the Great Depression](#), and [the principles behind the WTO's agreements](#); see [www.wto.org](http://www.wto.org).

## What trade rules apply to New Zealand?

Today, international trade rules are found in three types of agreement:

- **Multilateral agreements:** These have been consolidated under the WTO which has 164 economies as its members. To find out more about [New Zealand's work with the WTO](#), see [www.mfat.govt.nz](http://www.mfat.govt.nz).
- **Free trade agreements (FTAs):** FTAs can be between just two economies, or between a group of economies. The focus is primarily on economic benefits, but the agreement may also have sustainability, political, strategic, or development benefits. To find out more about [New Zealand's involvement in FTAs](#), see [www.mfat.govt.nz](http://www.mfat.govt.nz).
- **Plurilateral agreements:** There are a few areas where coalitions of WTO members have agreed to go further than current WTO rules in opening their markets or by establishing rules in new areas. To find out more about [plurilateral agreements](#), see [www.mfat.govt.nz](http://www.mfat.govt.nz).

## Global protectionism on the rise

Since the establishment of the WTO, New Zealand's trade policy has been informed by two key assumptions:

- global market openness will continue to increase; and
- the rules-based trading system will strengthen and expand.

Recent tensions in international trade are challenging those assumptions. We now see a trend of increasing global protectionism:

- Since the global financial crisis over 3,200 new trade-restrictive measures have been introduced and fewer than 850 dismantled. Put another way, since 2009, almost four new protectionist measures have been installed for every one removed, and
- Since 2015 there has been a 30% increase in trade-restrictive measures – the sharpest such increase since the establishment of the WTO.

As a country that relies heavily on trade and access to intended markets, New Zealand takes this situation seriously.

## How is New Zealand responding to the uncertain global environment?

Here's what we're doing to support New Zealand's interests at a time when the future of the rules-based trading system is less certain and trade-restrictive measures appear to be on the rise:

- **Defending the rules-based system:** We will actively defend trade rules that are crucial to New Zealand. The WTO comprises 164 economies as members, and provides the basis for all modern trade rules and commitments to New Zealand traders. The WTO also houses the world's only legally enforceable set of rules that bind WTO economies large and small. For information on [New Zealand's involvement in dispute settlement cases](#) see [www.mfat.govt.nz](http://www.mfat.govt.nz).
- **Embedding New Zealand in the emerging regional economic architecture:** We are participating in regional agreements as a backup to the WTO e.g. the Comprehensive and Progressive Trans-Pacific Partnership.
- **Supporting regional and global public goods:** We want to reinforce global and regional institutions which play a role in safeguarding social, economic and political progress (e.g. Organisation for Economic Cooperation and Development "OECD", Asia Pacific Economic Cooperation "APEC", and the Commonwealth).
- **Advancing 'open plurilateralism':** We can further bolster the rules-based system by pursuing international agreements with participants who are ready to advance now with clauses that allow others to join in the future if they can match the standard of commitments set by the original partners.
- **Developing a Trade for All agenda:** Our aim is to ensure our trade policy can contribute to delivering sustainable and inclusive economic development for the benefit of all New Zealanders. We also want to expand international support for this agenda by participating in like-minded coalitions that support wider ideals (e.g. the role New Zealand has played in leading an international coalition to eliminate fossil fuel subsidies).
- **Developing Economic Diplomacy:** We will draw on New Zealand's network of high commissions and embassies to:
  - provide New Zealanders with the necessary tools and advice to make well-informed decisions about their international business; and
  - provide unique international insights and advice to policy-makers in New Zealand, including on trade that supports well-being and living standards.

Have your say at [www.haveyoursay.mfat.govt.nz](http://www.haveyoursay.mfat.govt.nz) or send a submission to [tradeforall@mfat.govt.nz](mailto:tradeforall@mfat.govt.nz)

- What do you think about New Zealand's approach to trade rules?
- How do you think New Zealand should be responding to the uncertain trade environment?