

TRADE Matters

MINISTRY OF FOREIGN AFFAIRS AND TRADE, MANATŪ AORERE

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THE WORLD TRADE ORGANISATION

What is the WTO?

The World Trade Organisation (WTO) is the only global organisation dealing with trade rules between countries. The Geneva-based organisation drives a range of multilateral agreements and negotiations between its 150 member states governing world trade, including trade in goods, services and intellectual property.

A successor to the original multilateral trade rules system, the General Agreement on Tariffs and Trade (GATT), the WTO was established on 1 January 1995. Its origins are in the Uruguay Round of trade negotiations, which occurred under the auspices of the GATT. This round ran from 1986 to 1994.

As a member of GATT, New Zealand was an automatic foundation member of the WTO.

The WTO currently has 149 members. Tonga is set to become the 150th member later in 2006.

For more on the WTO please go to www.wto.org

What is the extent of New Zealand's involvement with the WTO?

New Zealand is an active member of the WTO, and is engaged across the range of negotiations in the current Doha Development Agenda.

The WTO and its negotiations are of enormous significance to a small trade-dependent nation such as New Zealand.

One of the international trading rules carried over from the GATT was the principle of non-discrimination among members. This is especially important for small countries such as New Zealand.

The WTO and its members determine and agree on international rules to govern global trade. The implementation of these rules

is monitored through the work of a number of regular WTO bodies. Rules are then enforceable through WTO dispute procedures. This means that New Zealand has redress in an international trade dispute - no matter the size of the other country involved. It is only through the WTO that New Zealand has access to such legally-binding procedures.

How does the WTO fit with free trade agreements?

Since 2000 there has been a proliferation in free trade agreements worldwide. The WTO reports that currently there are 300 FTAs or regional free trade agreements, signed, or under negotiation, globally. Many countries, including New Zealand, have chosen to negotiate free trade agreements with trading partners as a supplement to the multilateral process at the WTO.

Despite this escalation of activity on FTAs, the WTO remains New Zealand's number one trade negotiating priority because of the dividends a WTO round can deliver. The WTO has proved to be the only forum in which it is possible to negotiate effectively on subsidies, particularly in the area of agricultural reforms. The global coverage of WTO rules and market access commitments gives the results of WTO negotiations special value.

The Uruguay Round is estimated to have benefited New Zealand's economy by some \$1 billion annually for the nine years from 1994. The current Doha Development Road is expected to deliver benefits of a similar scale.

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/tradewto.html

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