

# **New Zealand's Trade Policy Experience and the Millennium Round**

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**Fourth Conference on International Trade Education  
and Research: The WTO Millennium Round**

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# 1. INTRODUCTION<sup>1</sup>

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*“Trade and Terror”*

Gordon Campbell NZ Listener Volume 170 No 3097. p24.

*“By 1999 ... APEC was haemorrhaging internally. Its declarations and commitments seemed vacuous. Its credibility had been severely undermined, both with the businesses it existed to serve, and among the people whose interests its ‘economic leaders’ were suppose to represent. Once APEC came to New Zealand, these weaknesses were more publicly exposed.”*

Jane Kelsey (1999) p313

*“We are living in an era in which economic liberalization has triumphed in just about every corner of the world. But it has not, typically, been a joyous victory. On the contrary, liberalization has nearly everywhere conquered an enemy that has defeated itself. Liberalization has been asked to pick up the pieces left by the collapse of rival economic policies.”*

(Harberger p ix in Bollard 1992)

It may be a bit trite to say it, but the job of promoting, negotiating and ensuring compliance of trade agreements designed to liberalise trade is getting harder. Around the world support for liberalisation of trade is stalling in the face of domestic pressure to resist the encroachment of global issues brought on by the relentless march of technology. Despite this, technology has escaped the blame for the increased uncertainty in the new economic environment. The WTO, APEC and other trade related forums and agreements certainly have not.<sup>2</sup>

Even if some believe that “globalisation” can be controlled and even halted (Kelsey, 1999 p54), the impacts of technology on the trading process is less in dispute. The cost of communication is being reduced (Table 1), and combined with cheaper freight rates the natural barriers to trade are being steadily reduced. On the other hand, technology has also allowed those who have concerns about globalisation to have access to more information and to communicate more easily, particularly through the internet. Information flows can not be controlled easily and cheaply any longer. No country, organisation or individual can hide for long from the international reaction to their actions, whether it be a crack down on the East Timorese, exploration of child labour in poorer nations or damage to the environment in supposedly clean and green New Zealand.

The post Uruguay Round trade world is complex. This reflects the changing nature of life at the end of the Twentieth Century. The interaction between economics, trade and politics and the perhaps understandable resistance to change reflects the uncertainty associated with new economic realities, i.e., the lack of job security and the decline of so called traditional industries, particularly in developed nations.

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<sup>1</sup> This work has been funded by the Foundation for Research Science and Technology (FRST).

<sup>2</sup> World trade increased from approximately \$US1 trillion in 1986 to \$US4.5 trillion in 1994 when no major trade agreements were concluded. It could be argued that the pressure to trade in the world economy is becoming increasingly more difficult to control and that individual governments have less and less influence on trade. It is important to note that countries do not actually trade with each other companies do. Furthermore intra company trade has become an increasingly important part of world trade.

The work, drawn on here, is part of a much wider programme looking at how a small open economy, such as New Zealand, fits into the world trading system and how we can best manage that position. The programme is divided into three sections: trends in trade that we can not control, trade policy issues we can control and analysis of some of the newer areas of trade disputes.

In this paper we investigate the changing New Zealand situation with a thumbnail sketch of the history of agricultural trade, consider some popular myths associated with trade policy and look at the wider negotiating difficulties and complexities associated with trade policy in the coming Round.

**Table 1: Cost of Air Transportation, Telephone Calls and Computer Price Deflator**

(In 1990 US \$)			
Year	Average Air Transportation Revenue per Passenger Mile	Cost of a Three Minute Call, New York to London	US Department of Commerce Computer Price Deflator (1000 = 1990)
1930	0.68	244.65	
1940	0.48	188.51	
1950	0.30	53.20	
1960	0.24	45.86	125,000
1970	0.16	31.58	19,474
1980	0.10	4.80	3,620
1990	0.11	3.32	1,000

Source: Herring RJ & Litan RE, (1995) Financial Regulation in the Global Economy Washington: Brookings Institute, p 14.

## 2. THE BASIC FACT: NEW ZEALAND DEPENDS ON TRADE

New Zealand is a small group of islands in the Southern Pacific, with a size roughly comparable to Japan's but with a population of 3.8 million. It is isolated geographically, being 2,000 kilometres from its nearest neighbour, Australia. The basic statistics for New Zealand are recorded in Table 2.

The inescapable reality is that the New Zealand economy depends on trade for its standard of living. In the case of New Zealand that trade is mainly in bulk agricultural commodities. The nature of these bulk agricultural commodities has an important bearing on prices received. For instance:

- Bulk commodities suffer from highly inelastic demand with respect to income.
- Traditionally prices received have been volatile, inviting large terms of trade shocks.
- Commodity prices have trended downwards over the long term.

- For the domestic economy this has meant large variations in export returns and a continuing structural balance of payments problem. It should be noted that government attempts to diversify the economic base, firstly, through protecting manufacturing by using infant industry arguments in the 1960s, and secondly, through a state-funded investment programme aimed at achieving energy self-sufficiency during the late 1970s and early 1980s failed dismally.

**Table 2: Basic data on the New Zealand economy, 1999**

Population (million)	3.8
Persons per square kilometer	14.0
Population growth (%)	0.5
Unemployment rate (%)	7.2
Gross domestic product (\$A billion)	83.4
Gross domestic product (real, aapc)	-0.8
Export growth (aapc)	1.2
Government Debt (% of GDP)	23.8
Current account balance (% of GDP)	-5.8
CPI (apc)	-0.1

Notes: (1) These are estimates for the 1999 March year.

Source: Statistics New Zealand and NZIER estimates

The debate over trade liberalisation in New Zealand is bound up with the deregulation of the New Zealand economy and its perceived success and failures. On the one hand, critics have pointed to the sluggish nature of the New Zealand in the period 1986-1996. New Zealand has done badly when compared with economies like Ireland and Australia, therefore deregulation is bad, and by the way, so is trade liberalisation.

This is not helped by politicians who tend to oversell aspects of the deregulation and trade liberalisation process. The elevation of what is described as “deregulation” as a general panacea for all of society’s ills is been taken to the nth degree in New Zealand. Instead of being about complex choices involving industries that are difficult to unbundle. Furthermore, real competition is hard to achieve when combined with what is a “thin” market for goods and services.

In today’s television based society where attention spans are trained to be as long as sound bites trade reform is not an easy sell. The glacial like speed of trade reform in other countries (that create short run gains) has been matched by the unprecedented speed of reform of domestic trade barriers (that create gains over the longer term) does not help “sell” trade policy reform. Furthermore, more lurid tales of security services being used to harass anti APEC campaigners during trade meetings in Christchurch last year has added fuel to the conspiracy theorists’ fire.

Two issues are important in this context:

- Firstly, the world did not begin in 1986. There is a long history associated with the development of economic policy in New Zealand before that point. In New Zealand political and economic history there is an alarming tendency towards a lack of effective policy action followed by dramatic change (1890s, 1930s and 1980s). So to blame the last fifteen years for the state of the New Zealand economy and deny that the previous forty years had some impact on the policies pursued seems rather simplistic.

- The second and more vital point is the dependence of the economy on trade, particularly the trade of bulk agricultural goods. We have done, it seems, very little to shake off this dependency. This is the case through periods where all manner policies have existed from out and out protection to the freer market. The most important fact that, to me, sums up our position is that world trade in commodity products is falling relative to other goods and services (Table 3).

**Table 3 : Composition of World Trade, 1965-90**

GATT breakdown (shares of total world trade)	1970	1980	1990	
Merchandise				
Agriculture	16.5	12.5		10.0
Mining	12.0	22.0		11.5
Manufactures	50.0	45.5		57.0
(not specified)	2.5	3.0		2.5
Capital Goods*	29.5	26.5		37.0
Commercial Services	19.0	17.0		19.0
<b>World Bank breakdown (shares of total world merchandise imports)</b>	<b>1965</b>	<b>1979</b>	<b>1985</b>	<b>1990</b>
Food	18	12	10	9
Fuels	10	20	19	11
Other primary commodities	17	9	8	8
Manufactures	55	58	62	73
Machinery, transport*	23	25	29	34

Note: \*Both tables have overlapping categories, therefore the tables sum to more than 100. In the first table capital goods overlap with other sectors, while in the second table machinery and transport sectors overlap.

Source: Grant RJ, Papadakis MC and Richardson DJ (1993)

### 3. DEVELOPMENT OF TRADE POLICY

*“In 1794 sailors in the ship “Fancy” obtained flax from the mouth of the Waihou River. Timber traders were responsible for New Zealand’s first exports, pioneering the path the country was to follow: the exploitation of natural resources with just enough domestic processing to allow their export to northern hemisphere industrial markets for further value added. The commodity export trade continued: gold, wool, native timber, then by the turn of the century meat followed by dairy products became the major exports.” Bollard (1993).*

To make understand current trade policy prescriptions it is important to make some sense of the past. In recent work by Hawke and Lattimore (1999) the history of trade policy issues have been traced. The time line summarises their survey on trade policy. Hawke and Lattimore use Belich’s (1998) framework that has divided New Zealand’s modern economic history into three distinct periods:

#### **Indicative time line of New Zealand trade development.**

Before 1880s	Colonisation. Trade policy communications with Britain
1880s	Strong trade developed with South Wales.
1890s	Re-colonisation. Imperial preference. Politicians were using slogan not “free trade”.
1914-1918	Submarines and shipping : disruption
1920s	Attempts a reviving the gold standard
1932	Ottawa and imperial preference
1940s-1950s	War and bulk purchase agreements
1970s	De-colonisation. Britain joins G7
1980s	CER and deregulation of trade. The Uruguay Round, APEC
1990s	Completion of the Uruguay Round. development of new trade agreements

Firstly, *colonisation*. Pre 1880s the trade and trade policy was all about extraction of natural resources and developing the communication infrastructure to support these activities. Interestingly this is the first point of departure between the Australian and New Zealand colonies:

*“It is not often realised that New Zealand’s distinctiveness from the Australian colonies emerged early and owed a lot to the simple geographic point that communication between New Zealand and the UK was often simpler via North America while for Australian colonies the simpler connection was via Suez.”.*

Despite label’s attached to various Australian state colonies such as “protectionist” or “free trading” trade with Australia was strong, particularly in wood products. Trade policy over this time was a minor affair. Few trade barriers existed and trade was a matter of private business.

The second period is marked by: refrigeration; all manner of mechanical devices aimed at increasing efficiency, particularly on the farm; the narrowing of the range of markets brought on by imperial preference and bulk purchase agreements with Britain. The resource base was squeezed and focused on South-East England in a form of Dutch Disease. This period could be characterised as an era of *re-colonisation*.

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Access to the British market was of key concern to trade policy and “freer trade” policies were replaced by “fair trade” slogans. What New Zealand meant by “fair” trade was excluding others from the British market. Through two world wars, the disequilibrium between the US \$ and the British Pound, the Ottawa Agreement and depression, successive New Zealand governments strove to protect its British market presence. In a recent book Irving and Inkson, (1998) lamented that “... economic nirvana rested on processing (reasonably efficiently)” and that this belief had gone on “much too long”.

This period ended abruptly in the early 1970s with Britain joining what is now the European Union (EU) and dramatic terms of trade problems associated with the oil shocks. The accession of Britain to the EU was not the major problem, New Zealand had a trade policy success by maintaining access into Europe, however, the disaster was subsidised EU competition in third markets. The third period can be characterised by *de-colonisation*.

In this era the development of the GATT multilateral process has been important for New Zealand. The New Zealand approach, in the past, has been inconsistent given our attempts to protect the domestic market and persuade others to deregulate their own markets. It was only the advent of CER and the deregulation of the New Zealand economy that a more coherent policy approach was taken. While the Uruguay Round was not a total success it set up a framework for future reductions in agricultural protectionism. APEC has also aided this process, putting pressure on the European economies to put more “on the table”.

### **3.1 Issues associated with liberalisation**

Part of the problem with promoting further liberalisation is that the benefits accrue to a dispersed number of people over a long period of time. Tariff cuts, on the other hand, deliver short term pain, become media events, and politicians focus on the marginal voter rather than the marginal cost and benefits of policies.

In this section two contentious trade issues are examined in the New Zealand context. The issues are:

- Trade and labour and its impact on New Zealand: “Liberalisation will hurt the poor”;
- Trade and its impacts on indigenous peoples’ rights to traditional remedies and medicines: “Liberalisation will trample over indigenous peoples’ rights.”

#### **3.1.1 Trade and Labour**

The analysis of issues related to trade and labour is still in its infancy. While politicians around the world have been quick with opinions on the relationship between trade and labour there have been relatively few empirical studies which have attempted to show the connections between trade and the treatment of labour in any particularly region.

What do we know about the trade and labour debate? While we are only starting to appreciate the inter-connection between trade and labour, a large body of empirical work has been completed on industrialised nations’ labour markets. McDougall and Tyers (1997) and Wood (1995) suggest that the stylised facts that emerge from this analysis are:

- There has been a divergence in real wages in industrialised nations (except Japan), reflecting a fall in demand for unskilled labour;
- This trend has been most notable in the United States while regions with more centralised wage determination systems have weaker wage disparities;
- Unemployment rates have been higher in countries with lower wage dispersion;
- Manufacturing employment in industrialised countries has fallen much faster than expected, while the timing of this development has coincided with rapid technological change and increases in manufactured imports.

There are varying explanations as to why these trends have emerged. Some emphasise labour supply as the dominant driving factor, that is, the supposed slow growth in supply of skilled workers or the increased supply of unskilled migrant workers. While others believe that demand side arguments are more persuasive. Technological change, which is unskilled labour saving, and an expansion in imports which embody more unskilled labour has shifted output in industrialised regions away from unskilled to skilled labour. It follows that the demand and the price of skilled labour will increase. The labour demand arguments have been seen to be more persuasive, according to McDougall and Tyers (1997), because the supply of labour explanation is region specific while the trend towards wage dispersion seems widespread in OECD regions. Most empirical studies, Lawrence and Slaughter (1993) for example, find that trade has made only a small contribution to these changes in developed regions and conclude that technology is more important.

One of the strongest results in economics links freer trade with rises in national income. This has its origins in the law of comparative advantage developed by David Ricardo in 1817. Two trade models have developed international trade theory further. *The Heckscher-Ohlin (HO)* model states that advantage arises from different factor endowments. A country will tend to export those goods that are associated with the most intensive factor in which it is endowed. An extension to this model by Samuelson states that under conditions of free trade that factor prices will tend to equalise over product prices and factor rewards. This is called the factor price equalisation theorem (FPE) or Heckscher-Ohlin-Samuelson (HOS) model;

*The Stolper-Samuelson (SS)* theorem deals with the implications of price changes and how that impacts on factors. If prices rise for a product which uses capital more intensively than labour the real returns to capital will increase relative to labour. This fits neatly with the HOS framework.

These theoretical developments because they allow for the analysis to be conducted in a general equilibrium framework. This means that the explanation of how factor and commodity prices through trade can be endogenously determined, and is shown in terms of the whole trading system.

The empirical validity of the Heckscher - Ohlin model has been subject to many studies. The first, and most famous of these studies, Leontief (1953), suggested that the USA exported labour intensive commodities and imported capital-intensive goods. This is despite the USA being generally thought of as being a capital intensive country. This 'paradox' was subject to wide debate on both statistical and theoretical grounds and sparked a large number of empirical studies, which continues today - with conflicting results. For surveys of the huge amount of literature in this area see: Bhagwati (1964), Chipman (1966), Stern (1975), Deardoff (1984) and Kohler (1988). Commenting on the conflicting evidence of empirical studies which set out to show

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whether or not the Heckscher-Ohlin existed in a particular region, Bhagwati (1994) pp242-243 suggests:

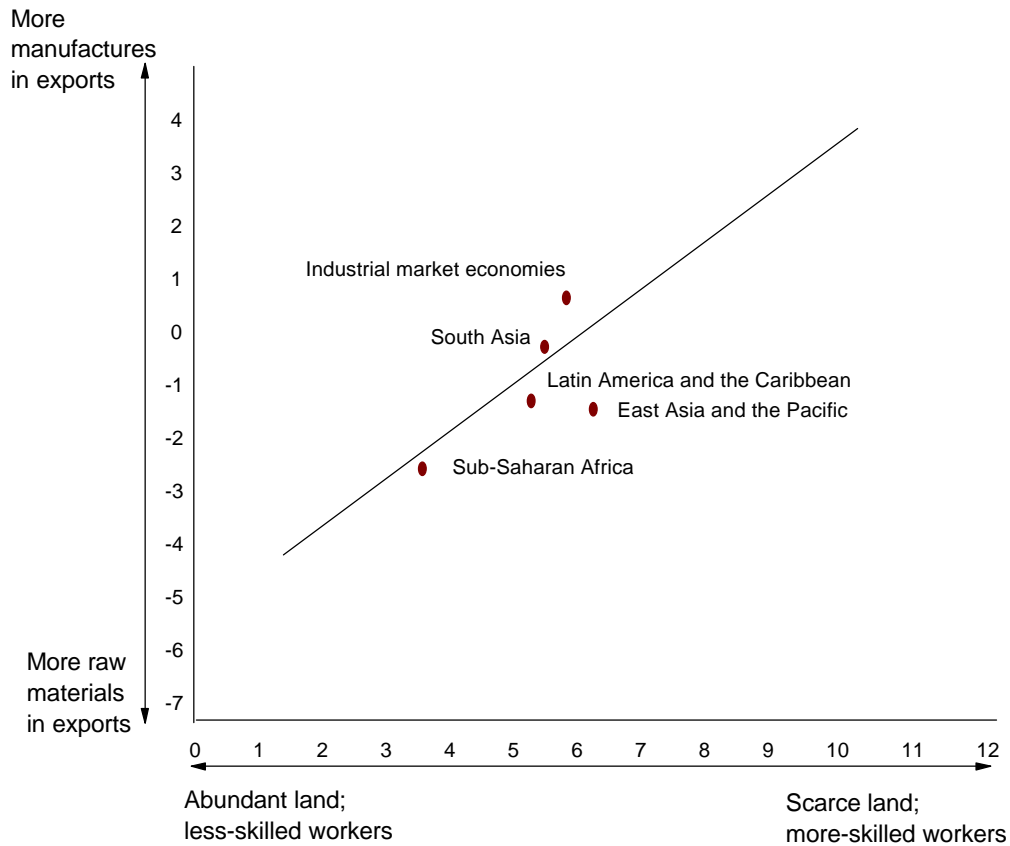
*“...the FPE theorem was not that it defined reality; rather it was that the theorem provided the researcher with the necessary clues as to why it did not. ... the tendency today is to regard FPE as an inescapable destiny: with the (unskilled) proletariat facing an inevitable immiseration or, at minimum, a heavy drag on the rise of its real wages.”*

*Traditionally forms of the model have emphasised relative endowments of land, labour and capital, however, as the debate over trade and labour issues has grown, Heckscher - Ohlin models have emphasised a regions' comparative advantage through relative endowments of skills and land.”*

One such empirical study has been carried out by the World Bank (1995). In their simple illustration the World Bank (1995) group the region's of the world into five blocks. By showing the split between each regions primary and manufactured products exports to its relative endowments of skills and land. Of the regions shown, the largest difference is between Africa and the industrialised world. Latin America, South Asia and East Asia are ranked between these two extremes. Latin America and East Asia have average levels of schooling while South Asia and Africa have low levels of educational achievement. The two Asian areas have little land relative to Africa and Latin America.

By increasing the skills regions can change the nature of comparative advantage. In terms of dynamics a country or region improves by moving upward and to the right. This reflects increasing skill levels in a country's or regions' work force and an increasing comparative advantage in manufacturing over primary commodities.

Figure 1: Skills and Comparative Advantage



Notes: The regression line was estimated from data on 126 industrial and developing countries. The values on the horizontal axis are logarithms of the ratio of the country's average educational attainment to its land area; vertical axis values are logarithms of the ratio of manufactured to primary-products exports. The data is for 1985.

Source: World Bank (1995) p59

In the New Zealand case Deardorff and Lattimore (1999) have used a standard HO model to examine the factor intensities and trade. The period 1986 – 1996 represents an ideal time to measure the impact of the effects of trade on New Zealand factor markets. To illustrate the impact on skilled and unskilled labour employment data was aggregated by sex and divided into seven categories.

The results are surprising. The factor content of trade measured is shown in Table 4. New Zealand is a net exporter of land, capital and labour with lower qualifications and a net importer of highly qualified labour. Exports embody relatively large quantities of unqualified female and male labour services and land.

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**Table 4 : Factor content of trade, pre and post-reform**

<b>Factors</b>	<b>1986</b>	<b>1996</b>
<b>Labour</b> - (M:male, F:female). (employees).		
Higher degree, M	-369	-1179
Higher degree, F	211	-8
Degree, M	-2991	-4879
Degree, F	-89	-789
Adv. Technical, M	1065	-1268
Adv. Technical, F	4354	2644
Skill Qual., M	-7007	-4547
Skill Qual., F	-543	387
Other Tertiary, M	-800	-566
Other Tertiary, F	-309	1428
School Qual., M	495	5028
School Qual., F	-1306	4262
No Qual., M	14356	11619
No Qual., F	9460	9708
<b>Land</b> ('000 ha.)	8101	7022
<b>Capital</b>	3277	622

Source: Deardorff & Lattimore 1999.

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The other factors included here with large relative improvements are males and females with few qualifications (no qualifications or school qualifications). Here the percentage improvement is from 7 percent for males and 7-8 percent for females (in the case of females, 1.07 in 1986 and 1.08 in 1996).

Furthermore, the relative trade advantage increases from 1986 to 1996 in all these cases. What can the changes between the periods be attributed to? The reforms entailed significant trade liberalisation. These effects can be attributed to the reforms to the extent that they dominated changes in market conditions and foreign market access via CER and the Uruguay GATT agreement. The GATT agreement only occurred in 1994 so probably had minor effects. CER was important and Australia had become New Zealand's major trading partner partly as a result of this agreement, but it was already a major partner before CER. There was a significant terms of trade rise over the period but the unilateral economic reforms are expected to be a dominant set of forces. We expect factors intensively employed in the exportable sector to benefit relative to the returns they would earn in autarky in each case. In this sense, unqualified labour and female labour benefited most.

One surprising result here is that relatively qualified male labour was disadvantaged over the period. The factor set chosen includes all categories of labour, many forms of capital (plant, machinery and buildings) and land. We may refer to a relative factor return greater (less than) one as a factor with a comparative advantage (disadvantage). The reforms and world market changes appear to have reinforced New Zealand's comparative advantage in embodied unqualified and female labour services and its comparative disadvantage in embodied highly qualified male labour.

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**Table 5 : Changes in relative factor returns ( $\tilde{w}_i/w_i$ )**

Factors	Relative Factor Prices				Change, %	
	1986		1996		1986-96	
	Male	Female	Male	Female	Male	Female
Higher degree	1.01	1.04	0.98	1.02	-3	-2
Degree	0.95	1.02	0.95	1.00	0	-2
Adv. Technical	1.06	1.08	0.99	1.05	-7	-3
Skill Qual.	0.99	1.01	0.98	1.03	-1	2
Other Tertiary	1.01	1.01	1.01	1.04	0	3
School Qual.	1.02	1.01	1.04	1.04	2	3
No Qual.	1.07	1.07	1.07	1.08	0	1
	<b>Total</b>		<b>Total</b>		<b>Total</b>	
Land	1.65		1.67		1	
Capital	1.04		1.02		-2	

Source: Deardorff & Lattimore 1999.

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### 3.1.2 Impact of trade on indigenous people

The argument is run that international agreements such as: The General Agreement on Trade in Services (GATS), the agreement on trade-related intellectual property rights (TRIPS) and provisions for trade related investment measures (TRIMS) impinge upon the ability of indigenous peoples to use traditional remedies and medicines. The inference being that ways of living that have existed for hundreds of years will be disrupted because multinational corporations (usually foreign) will have bought the rights to the raw material that has been traditionally used by indigenous people. This will bar those indigenous groups from using those remedies and medicines unless some sort of royalty is paid to the multinational.

However, the GATS agreements only cover services that country's wish to include. The TRIPS and TRIMS agreements are aimed at setting the country policy structure, in any particular country, so that domestic intellectual property rights and investment regimes are treated in the same as foreign firms.

In New Zealand the core document on which the nation is founded on is the Treaty of Waitangi. All laws including trade related agreements have to conform to Treaty's provisions. While trade agreements impinge to varying degrees on a nation's sovereignty it is difficult to see how such agreements will overrule our founding document.

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## 4. IN THE PAST... WE HAD IT EASY!

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In the past when negotiating in trade talks we knew who our friends were. As has already become apparent with the formation of the Cairns Group, as well as the make up of APEC, we have few natural “friends” but lots of potential (transient) allies, depending on the issue at question. This will not change. It underlines the truth of the old diplomatic phrase, “that countries do not have friends only interests.” The complexity of the issues and different agendas of different countries means that we are entering a more promiscuous trade policy era - necessity will create strange (and changing) bedfellows. Our traditional allies will not always support the stances that New Zealand takes. Therefore, sound intelligence, well founded analysis, flexibility and adaptability to changing circumstances are very important assets.<sup>3</sup>

In the past New Zealand trade policy focused around the well worn record at the GATT: “Mr Chairman, what about agriculture?” Both New Zealand and Australia fought the good fight for agriculture liberalisation. However, this is being replaced by a more complex analysis. This is happening at both analytical and political levels. No longer, therefore, can we depend upon total support for our trade policy reform. The analytical and public discussion policy groundwork needs to be done in New Zealand before policies are enunciated in the international environment. Key user groups need to be kept informed of the policy options and the reasoning behind the strategy selected, as well as kept up to date as the process unfolds.

The role of non governmental organisations (NGOs) has blossomed since the end of the Uruguay Round. At the Seattle Ministerial accredited NGOs will be given the same access to conference facilities as the press. This creates an extra layer of complexity to the negotiations. Not only will negotiators be required to deal with other negotiating parties, their own governments and the press, but NGOs will also be a factor.

The increased complexity of the questions being asked means that those who traditionally dealt with trade issues may not be as able (relative to previous Rounds) to deal with the issues thrown up by the process. This complicates the negotiating process since the associated history of the issues at hand are held outside the core agencies. The trade off is not simple. But to bring the best resources to bear is going to demand that more consideration should be given to bringing in outside experts.

Some of the comments about the length of the next Round coming out of various capitals around the world make interesting reading. “The number of sectors will be limited”, “We are looking for a short sharp round”, and “It should be no more than three years”. Unfortunately, the changing international trade environment will mitigate against a short Round and a “concentrated” Round. The reasons are:

- The increasing number of members of the WTO bring different views on trade liberalisation. The multilateral process is no longer an OECD club with a few other hangers on. It is quite certain that some developing countries have other objectives

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<sup>3</sup> Flexibility and adaptability will become both more difficult and increasingly necessary, as the domestic consensus for further reform breaks down.

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and will attempt to highlight concerns and slow down the multilateral process as much as possible since they have different trade off preferences;

- To accommodate most players many sectors will have to be negotiated at once. They will also have different salient sectors; and
- The traditional consensus approach combined with the increased numbers of participants will mean that it will take longer to reach decisions and these will be more fragile.

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## 5. CONCLUSIONS

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The post Uruguay trade game has changed. In this paper we have illustrated the increased complexity associated with trade policy reform. In the process we have:

- Examined the development of trade policy in the New Zealand context.
- Looked at some of the myths associated with liberalisation i.e. that it will automatically drive wages down and hurt indigenous peoples.
- Illustrated how the trade policy environment has changed.

The main conclusion is that the next Round will be far more difficult than the previous Rounds of the GATT. New layers of complexity have been added and that will test the ability of managing the trade liberalisation process both domestically and internationally.

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## 7. APPENDIX 1

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The WTO Secretariat and the Seattle Host Organization (SHO) - the people responsible for organising the WTO Ministerial Conference in Seattle - are in the process of finalising arrangements for NGO participation. An NGO Centre will be established at the Madison Renaissance Hotel (three blocks/an 8 minute walk from the Convention Center where country delegates will be holding their meetings). Facilities will include ten meeting rooms with diverse seating capacity (i.e.: 40, 46, 52, 54, 62, 88, 90); one large central conference room with capacity for 500 persons; large TV screens for broadcasting proceedings; an NGO Computer Room with 50 desktops with internet connectivity, as well as printers, photocopiers and telephones. Access to the NGO Centre will be restricted to accredited NGO representatives who will also be able to attend the Plenary Meetings at the Convention Centre. Press and NGOs will be given identical access privileges with respect to common areas at the Convention Center. Access and management of facilities at the NGO and the Convention centres will be with the WTO Secretariat. The deadline for applications for accreditation to the WTO Ministerial is 16 August.