



## Section 2

### **OPERATING PRINCIPLES FOR TRADE AND DEVELOPMENT ASSISTANCE**

In line with its overarching policy statement, NZAID is guided by the following principles in its involvement in trade and development issues.

#### **Protecting and promoting human rights**

NZAID recognises that adherence to international human rights conventions, including those related to labour standards, and the promotion of gender equity are integral concerns in the development of trading systems.

#### **Strategic approach to poverty elimination**

NZAID supports a fair, open, non-discriminatory, rule-based, international trading system that meets the interests of both New Zealand and the international community in seeing sustainable pro-poor growth.

NZAID works to ensure that pro-poor development considerations are taken into account in the formulation of New Zealand trade policy.

Trade and development considerations are integrated into NZAID policy, strategy and programmes, including programme review and design consistent with partner priorities.

#### **Sustainability**

NZAID, through its policy, strategy and programmes seeks to enhance and sustain the development benefits of international trade, recognising the importance of local ownership and leadership in achieving lasting socio-economic development outcomes for poor and marginalised communities.

#### **Equity**

New Zealand's trade policy towards, and policy engagement on behalf of, developing countries is an important part of its commitment to achieving equitable, pro-poor benefits. New Zealand provides and promotes tariff-free access to goods from the



world's 48 poorest countries (the Least Developed Countries), thus meeting its obligations under Target 13 of the MDGs. New Zealand is equally committed to Targets 14 and 15, supporting the special needs of LDCs and Small Island Developing States (SIDS).

## **Partnerships**

Sustainable development initiatives are best served through effective partnerships based on trust, openness and mutual accountability.

NZAID's partnership approach is based on the fundamental principle that developing countries should determine their own external trade policies and apply these policies in accordance with their cultural and national conditions, development strategies and means. There must be local ownership. Furthermore, the pace of development and implementation of policies should be locally determined.

In many respects New Zealand shares developing country interests that international trade negotiations seek to gain access for its agricultural goods to developed country markets. NZAID draws on expertise within New Zealand communities, the private sector and other government agencies, including Trade and Enterprise, the Ministry of Agriculture and Forestry, the Customs Service and, the Ministry for Economic Development, to provide training and capacity-building for harnessing trade for development.

## **Participation**

NZAID supports approaches by partner countries that ensure the views, interests and priorities of key domestic stakeholders – government, private sector and civil society – are reflected in the development of their national trade policy and approaches. A key objective of NZAID's trade programme activities is to empower the more vulnerable members of society so they can participate in global trading activities on an equitable basis.



## **Coordination**

Priority is placed on greater coordination and policy coherence among governments and international organisations to develop more equitable policies for world trade and development that ensure the best use of resources at international, regional and local levels.

## **Access and accountability**

NZAID supports developing country access to, and effective participation in, the institutions, negotiations and processes that shape the global and regional trading environment. This is critical to ensure the expression and accommodation of countries' development needs.

Trade and development considerations are reflected, where appropriate, in NZAID monitoring, evaluation and impact assessment frameworks and approaches, and in the development of programme performance indicators.

NZAID recognises the mutual accountabilities for both parties in a trade and development partnership.

## **Section 3**

### **NZAID TRADE AND DEVELOPMENT PRIORITIES**

The priorities and needs of NZAID's core developing country and agency partners determine NZAID priorities for policy engagement on trade and development issues, helping partners overcome the challenges and constraints outlined in Section 1.

## **Policy engagement**

In applying this policy, NZAID works closely with other parts of the Ministry of Foreign Affairs and Trade and other agencies that focus on international trade and development policy matters. In bringing a development perspective to New Zealand government policy-making processes, NZAID works to achieve coherence between New Zealand's broader international trade policies and this NZAID trade and development policy.



Active and open dialogue on trade and development policy matters are maintained with other interested parties in New Zealand and internationally. These parties include developing country partners, regional and multilateral agencies, NGOs, trade unions, academics and private sector organisations. *(See Box 4)*

### **Trade related programming**

Because of the breadth and depth of developing country partners' trade and development priorities, NZAID targets activities seen by those partners as being the highest priorities and those most likely to be effective in supporting pro-poor policy and practice. Trade-related programmes are the primary vehicle used by NZAID to support developing countries to overcome the challenges and constraints on harnessing trade for development, noted in Section 1 of this policy.

Activities include specific trade-related programmes, such as multilateral or regional programmes, and those within bilateral country programmes where the sector is identified and agreed as a priority in a country assistance strategy.

Programmes are designed to achieve NZAID's strategic outcomes: fulfilment of basic needs, sustainable livelihoods, sustainable and equitable development; and safe, just and inclusive societies, primarily in the Pacific.

NZAID considers that increased trade, under certain conditions, as well as the promotion of product diversification, the development of competitive and comparative advantage, and the promotion of good quality and high value products are important elements in achieving these outcomes.

### **I. ACCESSING THE BENEFITS OF MULTILATERAL AND REGIONAL PROCESSES**

In the context of the operating principles outlined in Section 2, NZAID supports activities carried out by multilateral and regional agencies that are directly related to negotiation and implementation of outcomes of multilateral and regional negotiations at the national level.



On the basis of what developing country partners consider to be their highest priorities, NZAID assists them to identify legislative changes, policies, regulations and procedures necessary to initiate and complete negotiations on the terms of WTO membership, for example, or to comply with WTO principles and practice. NZAID supports the use of poverty analyses to inform policy decisions on how development might best be served by trade, current and prospective negotiations, and appropriately phased and supported liberalisation. (See Annex 1)

New Zealand supports developing country partners (governments, civil society and private sector) to participate in relevant international and regional trade and development policy processes so they can gain the benefits of association and take a leadership role in developing and sustaining those benefits. NZAID recognises that rural development and food security are serious and legitimate concerns for developing countries, including in the WTO context, and deserve special attention in both negotiation and development assistance (that is, NZAID supports special and differential treatment - S&DT - and trade-related technical assistance for developing countries).

## **II. TRADE-RELATED INSTITUTIONAL AND HUMAN CAPACITY BUILDING**

### **STRENGTHENING TRADE GOVERNANCE**

NZAID supports measures that assist developing country partners to ensure domestic trade policy development and implementation processes are participatory, transparent and accountable. This support includes:

- integration of trade issues into poverty reduction strategy papers and other country-owned development planning processes
- improved planning and communication among government agencies and other relevant stakeholders involved in trade policy formulation and implementation at local, national, regional and international levels.



### **IMPLEMENTING INTERNATIONAL TRADE OBLIGATIONS AND STANDARDS**

NZAID assists with trade-related capacity building in areas identified by partner governments and other stakeholders through their national development planning processes as priorities for development assistance.

### **HUMAN RIGHTS AND LABOUR STANDARDS AND OBLIGATIONS**

NZAID supports the promotion and protection of worker rights, labour standards, gender equity, and works for the elimination of child labour exploitation. NZAID's support is consistent with its overarching policy statement, with New Zealand's obligations under relevant ILO and UN conventions and obligations, and emerging approaches arising from the Monterrey and World Summit for Sustainable Development conferences.

### **ENVIRONMENTAL PROTECTION STANDARDS AND OBLIGATIONS**

NZAID supports measures aimed at:

- ensuring trading activity does not negatively affect the environment
- improving environmental protection regulations and standards
- integrating trade and environment considerations into national development processes.

## **III. COMMUNITY DEVELOPMENT**

### **TRADE PROMOTION AGENCIES**

NZAID supports the strengthening of developing country trade promotion agencies and organisations in the Pacific, and those that encourage intra-regional trade, such as the Pacific Islands Trade and Investment Commission (PITIC) in Auckland.



### **RURAL DEVELOPMENT**

NZAID provides advice and support for measures to ensure the benefits of international trade extend to the rural sector, particularly poor and marginalised communities, and especially in the area of food security.

### **COMMUNITY BASED TRADING PARTNERSHIPS**

NZAID supports the development of community-based trading partnerships that seek to facilitate trade for sustainable livelihoods, assist diversification and pursue the development of comparative and competitive advantage. These activities may include:

- supporting information-sharing on markets, prices, partners and standards, for example through information and communications technologies
- advice on accessing business and export credit
- facilitating contacts and partnerships at local, regional and international level
- business skills training.

These partnerships may involve New Zealand organisations and incorporate community development, local capacity building and public awareness activities including in New Zealand.

## **IV. BILATERAL AND REGIONAL PROGRAMMES**

NZAID works primarily, but not exclusively, with developing countries in the Pacific. Priorities for assistance are identified in regional and country strategies, which are based on poverty analyses and developed in conjunction with development partners. The strategies, programme direction and focus, mutual commitment and resourcing are all agreed with the partner government. NZAID supports the inclusion of trade-related assistance in bilateral and regional programmes.



## Consultation Note

This policy was developed by NZAID in consultation with other parts of the New Zealand Ministry of Foreign Affairs and Trade and other government departments, with civil society groups, representatives, sectoral experts involved in trade and development issues, and with partner governments and regional agencies. It was peer reviewed by partner development agencies and trade-related multilateral and regional institutions.

## Implementation

This policy will be implemented across the NZAID programme from 2003. Review points occur annually in reporting to Ministers and Parliament on departmental performance, and a full review of the policy is scheduled for 2006, or following a significant event in the development of the multilateral trading system, such as the conclusion of the WTO Doha Round.

## Contact Us

NZAID invites comments on the performance of the agency and this policy from developmental partners, civil society, and other stakeholders.

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For more information and updates on how this policy is being implemented, visit: [www.nzaid.govt.nz/trade](http://www.nzaid.govt.nz/trade). For general NZAID news please visit: [www.nzaid.govt.nz](http://www.nzaid.govt.nz)

NZAID, 1 May 2003.



## Annex 1

### TRADE AND DEVELOPMENT IN THE PACIFIC

**NZAID support for trade and development in the Pacific reflects both its central focus on poverty elimination and its core geographical focus on the Pacific region**

For the most part the Pacific Island countries (PICs) are small, vulnerable economies, remote from major export markets, with limited resources and producing a small range of similar products. They have severe human and financial capacity constraints when dealing with operational and policy issues including those of trade and development. NZAID's trade related assistance to the Pacific ranges across capacity building, economic activities and marketing and the trade access issues that are common to most developing countries.

#### TRADE PROMOTION

NZAID covers the full costs of the operation of the Pacific Islands Trade and Investment Commission (PITIC) in Auckland, which assists PICs to identify markets for their products in New Zealand and to promote exports to New Zealand. Other donors support similar offices in Sydney, Tokyo and Beijing.

#### PACIFIC TRADE AGREEMENTS

Pacific Island states are facing the challenge of negotiating a new Economic Partnership Agreement with the EU under the Cotonou agreement. They will negotiate further and implement the provisions of two new agreements, PACER and PICTA (*see below*). As with most regional/international trade agreements, there are likely to be both winners and losers following implementation, and thus it is important to plan for and mitigate dislocations for employees, firms, sectors and countries.



NZAID considers that donors and their partners should work jointly towards a poverty and social impact assessment of mandatory, proposed, and probable trade liberalisation moves. NZAID works closely with donors and agencies to coordinate economic and financial diagnostic, advisory, and programme work, with social and cultural equivalents.

NZAID supports partner government initiatives in domestic policy coherence by promoting close coordination and consultation between Ministers and officials across key development sectors: finance, development, agriculture, trade, education, health, transport, and women's affairs.

### **PACER**

The Pacific Agreement on Closer Economic Relations (PACER) is an economic co-operation agreement among all 16 Pacific Islands Forum members (including New Zealand and Australia).

It sets out the basis for the development of trade relations among the 16 countries and gives assurance to New Zealand and Australia that they will not be disadvantaged in Forum Islands countries' markets as a result of arrangements these countries might conclude with other countries. The agreement was tabled for signature at the Nauru Pacific Forum meeting in 2001 and came into force on 3 October 2002 following ratification by the requisite number of member states. Provision has been made for financial and technical assistance to Forum Members to implement PACER.

### **PICTA**

The Pacific Island Countries Trade Agreement (PICTA) sets up a free trade area in goods only (not services) among the 14 Forum Island countries (FICs). PICTA came into force on 13 April 2003 once at least six member countries had ratified the agreement.



## **OTHER AGREEMENTS COVERING PICS**

### **EU/ACP COTONOU AGREEMENT**

The African Caribbean Pacific (ACP) partners of the European Union are required to comply with the frameworks of new Economic Partnership Agreements (EPAs) if they wish to retain access to European trade markets. The EPAs are provided for under the 2000 Cotonou Agreement between the 78 member ACP states and the EU. ACP countries have until December 2007 to phase out the previous preferential trade arrangements, under the Lome Convention, and enter into EPAs which are compatible with WTO policies. EPAs are in effect, 'development agreements' and reflect a change from previous unilateral to contractual trade relations. ACP countries have the option to negotiate EPAs as groups or individually, building on regional integration schemes. FICs will negotiate a Pacific regional EPA. The EU has allocated over 25 billion euros to ACP countries during the transitional period to 2008 when EPAs come into force.

### **WTO AND OTHERS**

Of the Pacific Island countries only PNG is a member of APEC. PNG, Fiji, and the Solomons are WTO members, while Samoa, Vanuatu and Tonga are in the process of acceding. Most PICs are also party to numerous conventions and treaties through the United Nations system, are members of the World Bank, International Monetary Fund, and Asian Development Bank, and are either bound by or choose to accept and ratify international norms for trade and trade-related activity in other forums and sectors (for example the Financial Action Task Force of the OECD, the Basel Convention, the International Standards Organisation and the World Customs Organisation).

We gratefully acknowledge the photographers and/or copyright holders, with special thanks to MFAT's Janet Morris.

We have not been able to identify the origins of all the photographs used. Please accept our acknowledgement of your authorship.



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