

**SUPPLEMENTARY REPORT BY THE  
CHAIRMAN OF THE STRATEGY AND RESOURCES COMMITTEE**

**1. MULTILATERAL TRADE NEGOTIATIONS**

RR 9719

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Corporate Plan Output: Public Accountability	

The purpose of this report is to inform the Council of a Request for Public Comment by the Ministry of Foreign Affairs and Trade on New Zealand's approach to forthcoming multilateral trade negotiations. The paper seeks Council endorsement for a submission on the issues surrounding these negotiations.

**INTRODUCTION**

The Ministry of Foreign Affairs and Trade have requested public comment on New Zealand's approach to further multilateral trade negotiations by 14 May 1999. This request precedes further negotiations in the World Trade Organisations (WTO) on agriculture and services scheduled to begin in 1999 and the Ministerial Conference to be held in November 1999 which will decide whether to include other issues in WTO negotiations including government procurement, trade and investment and competition policy.

**BACKGROUND**

The WTO proposals will have direct implications for the Council and citizens of Christchurch. For example, some governments are proposing the integration of all central and sub-central (local) government<sup>1</sup> spending policies, decisions and procedures in the WTO rules and systems, including procurement of services, and contracts for projects.

These proposals would restrict local governments from giving preference to citizens, local organisations or local business to supply goods and services and carry out development projects. Foreign firms that were unhappy with governments' and local governments' decisions could then bring the matter to court in the WTO.

The potential effect on local social and economic policy of the multilateral trade negotiations are remarkably similar to those about which the Council had concern about in the Multilateral Agreement on Investment.

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<sup>1</sup> All levels of government, government agencies and Crown Corporations

**1 Cont'd**

In April 1998, the Council passed a number of resolutions expressing its concern about the potential affects on Christchurch of the Multilateral Agreement on Investment (MAI). The Council resolved to keep a watching brief on the implications of the effects of MAI or similar projects on New Zealand and Christchurch City.

To date local governments have not played a significant role in shaping the directions of WTO. As the WTO proposals will have direct implications for the Council and citizens of Christchurch, it is suggested that the Council further investigate the impact of multi trade negotiations and make a submission to the Minister of Foreign Affairs and Trade, Hon Lockwood Smith.

**Recommendation:** That the Council appoint a subcommittee of three Councillors to review the issues involved in the multilateral trade negotiations and make a submission to the Ministry of Foreign Affairs and Trade by 14 May 1999.

**Chairman's Recommendation:** That the above recommendation be adopted subject to the submission being prepared in consultation with the Chief Executive of the Canterbury Development Corporation.

**CONSIDERED THIS 22ND DAY OF APRIL 1999**

**MAYOR**