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Clare Kelly
Ministry of Foreign Affairs and Trade
WELLINGTON

By email

Dear Clare

Resumed WTO Services Negotiation under GATS

Thank you for your email of 29 May 2002. We appreciate the opportunity to comment and I apologise for the delay in response.

Our interest in trade negotiations is related primarily to ensuring that the implications of removing market access barriers are fully understood in a cultural context. You will be aware that, in working through the practical implications of the Government's election promise to introduce a local content television programme quota, it is New Zealand's GATS undertakings which are claimed to provide a significant barrier against this policy.

While countries like France, the United Kingdom, Canada and Australia entered substantial reservations to protect their culture, New Zealand chose only to protect existing limited undertakings for Maori broadcasting and the funding of New Zealand films. There was no public debate or discussion when this was negotiated, and New Zealand's limited protection shows a remarkable narrowness of approach.

The sale of foreign programmes at marginal cost into New Zealand is, in effect, the “dumping” of offshore production on to local markets.¹ Thus, despite very competitive production costs, New Zealand is clearly denied full and fair market access to its own airwaves. This means that GATS is, in effect, protectionist in favour of international product.

Nevertheless the GATS undertakings have been interpreted narrowly by officials, and New Zealand stands alone among the many countries which have left room for cultural mechanisms to operate under a GATS exemption.

The lack of a local content television quota in New Zealand severely impacts on the quantity and range of programmes made, which in turn means we have less to export. And we are well aware of disparities, when we do export, in our competition against large quantities of product from other countries which offer generous cultural protection and whose screens are, in part, quite properly reserved for material of cultural significance.

We note, too, the actions of the United States, which actively encourages countries like New Zealand to drop its own trade restrictions, and threatens redress if we do not. Yet that country has little compunction in introducing its own restrictions in defiance of free trade agreements (eg. the lamb anti-importation moves and the proposed tariffs on steel). The reputed intention of the United States to dispute any New Zealand quota system is, to put it politely, ironic.

In the countries which maintain some cultural protection, there is a clearer understanding of the need to distinguish between trade and culture. There has been talk of moves to consider a multilateral treaty on cultural diversity. For example the International Network on Cultural Policy, of which New Zealand is one of 46 official country members, has worked on an emerging broad concept of cultural diversity, articulated as follows:

The concept of cultural diversity includes a complex and broad range of interconnected elements that are shaped by economic and social priorities. As suggested by Network experts, cultural diversity is directly linked to issues of human values and human security, social cohesion, democracy, access, creativity, language, expression, cultural resources and capital; it is also a means of overcoming social exclusion and promoting sustainable cultural and economic development. In other words, cultural diversity is inextricably linked to public policy and governance issues relating to prosperity, security and the participation of citizens in their societies. While the discussion of cultural diversity encompasses the concerns over the cultural policy - trade policy nexus, it indeed is much broader and touches on issues of quality of life and human development.

On one level, the concept of cultural diversity is grounded in the value of unique languages, cultures, traditions, values, and histories. It is associated with the breadth of human diversity found within and between States. On

¹ For example: the production cost of a US drama series (not serials) is around US\$1.5 million per hour to produce. It is sold into NZ for around US\$6,000 per hour. A NZ drama series (not serials) costs around NZ\$400,000 per hour to produce.

another level, cultural diversity is the ability to nurture these differences through creative expression. The creation, innovation, production and consumption of the multitude of forms of cultural expression, and media, including music, the written word, the visual arts and cultural heritage contribute to the quality of life of people. All of these factors highlight the special role played in societies by local cultural products, a role that should be reinforced.²

We do not currently know of further work in this area, and we submit that this should be an area for New Zealand to explore through various fora including WTO talks. We note with concern that New Zealand's *Objectives for the Resumed Services Negotiations* as submitted to the WTO on 26 June 2001³ make no reference to any cultural implications or thinking.

Now the New Zealand Government has come out in such demonstrable support for the creative industries, it is surely time for some detailed, pan-Departmental policy analysis to be undertaken on the measures a small country could and should take to integrate its domestic cultural policy with its international trade policies. At the very least, a framework needs to be developed so that questions relating to adverse cultural impacts can be properly considered in the context of trade policy development.

New Zealand is perfectly placed to discuss the special relevance of national cultures in international meetings. Our country has not been afraid, to date, to advance radical thinking in trade policy development, and the trade-culture nexus is fertile new ground. Increasingly, it seems important to distinguish between free trade issues and the need to protect and develop national cultures, especially those of smaller nations and those who do not have advantages such as a natural language barrier.

Cultural policies need to stand alongside trade, business and economic policies as a definer of our country and its place in the world.

We look forward to some new thinking in this area led by MFAT.

Yours sincerely

Jane Wrightson
Chief Executive
[sent unsigned by email]

² See INCP website http://64.26.177.19/meetings/2000/santorini2/consid_e.shtml

³ http://www.wto.org/english/tratop_e/serv_e/s_propnewnegs_e.htm