

**GENERAL AGREEMENT ON
TARIFFS AND TRADE**

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AUSTRALIA NEW ZEALAND CLOSER ECONOMIC RELATIONS - TRADE AGREEMENT

Addendum

In document L/5475 the secretariat has circulated the text of a communication from the delegation of New Zealand concerning the Australia New Zealand Closer Economic Relations - Trade Agreement concluded between Australia and New Zealand on 28 March 1983.

One copy of the text of the Agreement is being sent herewith to each contracting party.

**Australia New Zealand
Closer Economic Relations**

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TRADE AGREEMENT

NEW ZEALAND AUSTRALIA CLOSER ECONOMIC RELATIONS -
TRADE AGREEMENT

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NEW ZEALAND AUSTRALIA CLOSER ECONOMIC RELATIONS -
TRADE AGREEMENT

New Zealand and Australia (hereinafter in this Agreement called the "Member States"),

Conscious of their longstanding and close historic, political, economic and geographic relationship;

Recognising that the further development of this relationship will be served by the expansion of trade and the strengthening and fostering of links and co-operation in such fields as investment, marketing, movement of people, tourism and transport;

Recognising also that an appropriately structured closer economic relationship will bring economic and social benefits and improve the living standards of their people;

Mindful that a substantive and mutually beneficial expansion of trade will be central to such a relationship;

Recognising that a clearly established and secure trading framework will best give their industries the confidence to take investment and planning decisions having regard to the wider trans-Tasman market;

Bearing in mind their commitment to an outward looking approach to trade;

Believing that a closer economic relationship will lead to a more effective use of resources and an increased capacity to contribute to the development of the region through closer economic and trading links with other countries, particularly those of the South Pacific and South East Asia;

Having regard to the development of trade which has already taken place under the New Zealand-Australia Free Trade Agreement, done at Wellington on 31 August 1965, and associated agreements; and

Conscious of their rights and obligations under the General Agreement on Tariffs and Trade, other multilateral and bilateral trade agreements and under bilateral arrangements with developing countries of the South Pacific region;
Have agreed as follows:

Article 1

OBJECTIVES

The objectives of the Member States in concluding this Agreement are:

6.

- (a) to strengthen the broader relationship between Australia and New Zealand;
- (b) to develop closer economic relations between the Member States through a mutually beneficial expansion of free trade between New Zealand and Australia;
- (c) to eliminate barriers to trade between Australia and New Zealand in a gradual and progressive manner under an agreed timetable and with a minimum of disruption; and
- (d) to develop trade between New Zealand and Australia under conditions of fair competition.

Article 2

FREE TRADE AREA

1. The Free Trade Area (hereinafter in this Agreement called "the Area") to which this Agreement applies consists of Australia and New Zealand.

2. In this context New Zealand means the territory of New Zealand but does not include the Cook Islands, Niue and Tokelau unless this Agreement is applied to them under Article 23 and Australia means those parts of Australia to which this Agreement applies under Article 23.

3. "Goods traded in the Area" or similar expressions used in this Agreement shall mean goods exported from the territory of one Member State and imported into the territory of the other Member State.

Article 3

RULES OF ORIGIN

1. Goods exported from the territory of a Member State directly into the territory of the other Member State or which, if not exported directly, were at the time of their export from the territory of a Member State destined for the territory of the other Member State and were subsequently imported into the territory of that other Member State, shall be treated as goods originating in the territory of the first Member State if those goods are:

(a) wholly the unmanufactured raw products of the territory of that Member State;

8.

(b) wholly manufactured in the territory of that Member State from one or more of the following:

- (i) unmanufactured raw products;
- (ii) materials wholly manufactured in the territory of one or both Member States;
- (iii) materials imported from outside the Area that the other Member State has determined for the purposes of this Agreement to be manufactured raw materials;

or

(c) partly manufactured in the territory of that Member State, subject to the following conditions:

- (i) the process last performed in the manufacture of the goods was performed in the territory of that Member State; and
- (ii) the expenditure on one or more of the items set out below is not less than one-half of the factory or works cost of such goods in their finished state:

- A. material that originates in the territory of one or both Member States;
- B. labour and factory overheads incurred in the territory of one or both Member States;
- C. inner containers that originate in the territory of one or both Member States.

2. The factory or works cost referred to in paragraph 1(c)(ii) of this Article shall be the sum of costs of materials (excluding customs, excise or other duties), labour, factory overheads, and inner containers.

3. Where a Member State considers that in relation to particular goods partly manufactured in its territory the application of paragraph 1(c)(ii) of this Article is inappropriate, then that Member State may request in writing consultations with the other Member State to determine a suitable proportion of the factory or works cost different from that provided in paragraph 1(c)(ii) of this Article. The Member States shall consult promptly and may mutually determine for such goods a proportion of the factory or works cost different to that provided in paragraph 1(c)(ii) of this Article.

Article .

TARIFFS

1. Goods originating in the territory of a Member State which in the territory of the other Member State were free of tariffs on the day immediately before the day on which this Agreement enters into force or which subsequently become free of tariffs shall remain free of tariffs.

2. No tariff shall be increased on any goods originating in the territory of the other Member State.

3. Tariffs on all goods originating in the territory of the other Member State shall be reduced in accordance with paragraph 4 of this Article and eliminated within five years from the day on which this Agreement enters into force.

4. If, on the day immediately before the day on which this Agreement enters into force, goods originating in the territory of the other Member State are:

- (a) subject to tariffs not exceeding 5 per cent ad valorem or tariffs of equivalent effect, they shall be free of tariffs from the day on which this Agreement enters into force;
- (b) subject to tariffs of more than 5 per cent but not exceeding 30 per cent ad valorem or tariffs of equivalent effect, tariffs on those goods shall be reduced on the day on which this Agreement enters into force by 5 percentage points and rounded down to the nearest whole number where fractional rates are involved. Thereafter, tariffs shall be reduced by 5 percentage points per annum; or
- (c) subject to tariffs of more than 30 per cent ad valorem or tariffs of equivalent effect, tariffs on those goods shall be reduced on the day on which this Agreement enters into force and annually thereafter by an amount calculated by dividing by six the tariff applying to the goods on the day immediately before the day on which this Agreement enters into force and

rounding to the nearest whole number, with an additional deduction being made, where necessary, at the time of the first reduction so that tariffs are eliminated over a five-year period. A fraction of exactly one-half per cent shall be rounded to the higher whole number.

5. For the purposes of paragraph 4 of this Article, the term "tariffs of equivalent effect" shall mean tariffs which are not expressed solely in ad valorem terms. Where goods are subject to such tariffs, for the purposes of determining which of the sub-paragraphs (a), (b) or (c) of paragraph 4 of this Article shall apply to those goods, those tariffs shall be deemed to be equivalent to the ad valorem rates obtained by expressing the tariff as a percentage of the assessed unit value of the goods imported from the other Member State in the year ending 30 June 1982. If in that year there have been no imports of those goods from the other Member State or, if in the opinion of the Member State which is making adjustments to its tariffs the imports of those goods were not representative of the usual and ordinary course of trade between the Member States in those goods, the Member State making the adjustment shall take account of the imports from the other Member State in the previous year. If this is insufficient to represent the usual and ordinary course of trade between the Member States in those goods then global imports shall be used to determine the adjustment on the same basis.

6. Where in this Article reference is made to goods being subject to a tariff on the day immediately before the day on which this Agreement enters into force, it shall in relation to

the Australian Tariff mean the simplified Tariff that would have been effective from 1 January 1983 in the absence of this Agreement.

7. Where in this Agreement reference is made to:

(a) a Tariff Heading, it shall in relation to the Australian Tariff mean an Item; and

(b) a Tariff Item, it shall in relation to the Australian Tariff mean a Sub-Item, Paragraph or Sub-Paragraph as the case may be.

8. A Member State may reduce or eliminate tariffs more rapidly than is provided in paragraph 4 of this Article.

9. Tariffs on goods originating in New Zealand and imported into Australia shall in no case be higher than the lowest tariff applicable to the same goods if imported from any third country other than Papua New Guinea or countries eligible for any concessional tariff treatment accorded to less developed countries.

10. Tariffs on goods originating in Australia and imported into New Zealand shall in no case be higher than the lowest tariff applicable to the same goods if imported from any third country other than the Cook Islands, Niue, Tokelau and Western Samoa or countries eligible for any concessional tariff treatment accorded to less developed countries.

11. In any consideration of assistance and protection for industry a Member State:

(a). shall set the tariff at the lowest tariff which:

(i) is consistent with the need to protect its own producers or manufacturers of like or directly competitive goods; and

(ii) will permit reasonable competition in its market between goods produced or manufactured in its own territory and like goods or directly competitive goods imported from the territory of the other Member State;

(b) in forwarding a reference to an industry advisory body, shall request that body to take account of sub-paragraph (a) of this paragraph in framing its recommendations;

(c) wherever practicable, shall not reduce the margins of preference accorded the other Member State; and

(d) shall give sympathetic consideration to maintaining a margin of preference of at least 5 per cent for the other Member State when reducing normal or general tariffs either substantively or by by-law or concession on goods of significant trade interest to that Member State.

12. For the purpose of paragraph 11 of this Article "margin of Preference" means:

- (i) in the case of Australia, the difference between the General tariff imposed on goods and the tariff imposed on the same goods originating in New Zealand; and
- (ii) in the case of New Zealand, the difference between the Normal tariff imposed on goods and the tariff imposed on the same goods originating in Australia.

13. In this Article "Tariff" shall include any customs or import duty and charge of any kind imposed in connection with the importation of goods, including any form of primage duty, surtax or surcharge on imports, with the exception of:

- (a) fees or charges connected with importation which approximate the cost of services rendered and do not represent an indirect form of protection or a taxation for fiscal purposes;
- (b) duties, taxes or other charges on goods, ingredients and components, or those portions of such duties, taxes or other charges, which are levied at rates not higher than those duties, taxes or other charges applied to like goods, ingredients and components produced or manufactured in the country of importation;

- (c) premiums offered or collected on imported goods in connection with any tendering system in respect of the administration of quantitative import restrictions or tariff quotas;
- (d) duties applying to imports outside the established quota levels of goods subject to tariff quota, provided that paragraphs 9 and 10 and sub-paragraph 11(c) of this Article shall apply to such duties;
- (e) sales or like taxes or those portions of such taxes which do not exceed the taxes applied to like goods produced or manufactured in the country of importation;
- (f) charges imposed pursuant to Articles 14, 15, 16 or 17 of this Agreement; and
- (g) those by-law or concessionary rates which are mutually determined by the Member States.

Article 5

QUANTITATIVE IMPORT RESTRICTIONS AND TARIFF QUOTAS

1. Goods originating in the territory of a Member State which in the territory of the other Member State were free of quantitative import restrictions or tariff quotas on the day immediately before the day on which this Agreement enters into force or which subsequently become free of such measures shall remain free.

2. No quantitative import restrictions or tariff quotas shall be intensified on goods originating in the territory of the other Member State.

3. Quantitative import restrictions and tariff quotas on all goods originating in the territory of the other Member State shall be progressively liberalised and eliminated.

4. Each Member State shall establish a base level of access for each grouping of goods subject to quantitative import restrictions or tariff quotas. This shall be the average annual level of imports of goods in each such grouping from the other Member State in the three year period ending 30 June 1981, except for those groupings of goods listed in Annex A of this Agreement where the level of access specified in that Annex shall constitute the base level of access.

5. In respect of liberalisation to come into effect in 1983 each Member State shall:

(a) where the base level of access is less than \$NZ400,000 cif, establish an increase in access for goods originating in the territory of the other Member State which shall be the greater of the following two figures on an annual basis:

(i) \$NZ60,000 cif; or

(ii) the difference between \$NZ400,000 cif and the base level of access;

(b) where the base level of access equals or exceeds \$NZ400,000 cif but is less than \$NZ 1 million cif, establish an increase in access for goods originating in the territory of the other Member State of 15 per cent per annum in real terms above the base level of access; and

(c) where the base level of access equals or exceeds \$NZ 1 million cif, establish an increase in access for goods originating in the territory of the other Member State of 10 per cent per annum in real terms above the base level of access.

6. Notwithstanding sub-paragraph (a) of paragraph 5 of this Article, a Member State may limit the increase in access for goods originating in the territory of the other Member State to be established in 1983 to an annual level equal to:

(a) in respect of groupings of goods other than those listed in Annex B of this Agreement, the greater of:

- (i) \$NZ60,000 cif; or
- (ii) the difference between 5 per cent of the domestic market or \$NZ200,000 cif whichever is the higher and the base level of access;

(b) in respect of the groupings of goods listed in Annex B of this Agreement, the greater of:

- (i) \$NZ30,000 cif; or
- (ii) the difference between 5 per cent of the domestic market and the base level of access.

7. In respect of liberalisation to come into effect in 1984 and each subsequent year, each Member State shall establish an annual increase in access for goods originating in the territory of the other Member State above the level of access available in the previous year of:

- (a) 15 per cent in real terms in respect of groupings of goods for which the level of access is less than \$NZ 1 million cif in that previous year; or
- (b) 10 per cent in real terms in respect of groupings of goods for which the level of access equals or exceeds \$NZ 1 million cif in that previous year.

8. A Member State may establish an initial increase in the level of access for goods originating in the territory of the other Member State for a period longer than one year provided that the increase in the level of access is consistent with paragraphs 5, 6 and 7 of this Article.

9. A Member State may liberalise more rapidly or eliminate earlier than is provided in paragraphs 5, 6 and 7 of this Article quantitative import restrictions or tariff quotas on goods originating in the territory of the other Member State.

10. The increases in access to be established under paragraphs 5, 6 and 7 of this Article shall be achieved through the provision by each Member State of access applicable exclusively to goods originating in the territory of the other Member State (hereinafter in this Agreement called "exclusive access") except as provided in paragraphs 20 and 21 of this Article.

11. Where access is expressed in terms of value, in order to achieve the annual increases in access levels in real terms pursuant to paragraphs 5 and 7 of this Article, each Member State shall adjust access levels to reflect changes in prices in the importing country in the previous year in a manner mutually determined by the Member States.

12. The access provided pursuant to this Article shall relate as far as practicable to the same groupings of goods that are used for the purpose of applying quantitative import restrictions or tariff quotas on a global basis. Where a Member State applies quantitative import restrictions or tariff quotas on a global basis measured in terms of quantity rather than value, an equivalent figure in terms of quantity as mutually determined by the Member States shall be substituted for the levels of access specified in paragraphs 5, 6 and 7 of this Article.

13. Where as part of a system of quantitative import restrictions or tariff quotas a Member State accords licence on demand treatment, replacement licensing treatment or similar liberal treatment to goods originating in the territory of the other Member State and such treatment does not result in constraints on imports from the other Member State:

- (a) it may maintain such treatment for general monitoring purposes; and
- (b) paragraphs 4 to 12 of this Article shall not apply to such goods.

14. Quantitative import restrictions and tariff quotas on all goods originating in the territory of the other Member State shall be eliminated by 30 June 1995.

15. Levels of access into New Zealand for goods originating in Australia shall be referred to in New Zealand currency on a cif basis as set out in this Article. Levels of access into Australia for goods originating in New Zealand shall be expressed in Australian currency on an fob basis and in applying this Article to such goods the following shall apply:

- (a) for \$NZ60,000 cif substitute \$A41,000 fob;
- (b) for \$NZ200,000 cif substitute \$A136,000 fob;
- (c) for \$NZ400,000 cif substitute \$A272,000 fob; and
- (d) for \$NZ 1 million cif substitute \$A680,000 fob.

16. Where, in the opinion of a Member State, the application of this Article does not provide a level of exclusive access for any goods or an allocation for any importer of those goods which is commercially viable, that Member State may give written notice to the other Member State. The Member States shall consult to determine within 30 days of such notice whether the level of exclusive access or allocation in respect of those goods is commercially viable and, if not, the increase in the level of exclusive access or allocation necessary to render the importation of those goods commercially viable.

17. A Member State shall, at any time during which quantitative import restrictions or tariff quotas are being liberalised pursuant to this Article, more rapidly liberalise or eliminate such measures on particular goods where:

(a) such measures are no longer effective or necessary; or

(b) for a period of two consecutive years those goods are free of tariffs within the meaning of Article 4 of this Agreement and:

(i) the total successful tender premium bid for exclusive access represents less than 5 per cent of the value of the exclusive access allocated by tender for the grouping relevant to those goods; or

(ii) less than 75 per cent of the exclusive access allocated for the grouping relevant to those goods has been utilised.

18. Each Member State shall ensure that the annual level of exclusive access established for any goods under the New Zealand-Australia Free Trade Agreement, done at Wellington on 31 August 1965, applicable on the day immediately before the day on which this Agreement enters into force shall be maintained under this Agreement in addition to the exclusive access otherwise provided pursuant to this Article.

19. In providing access on a global basis, each Member State shall ensure that such access is available for goods originating in the territory of the other Member State.

20. In calculating the exclusive access necessary to achieve the annual increases in access in real terms required under this Article for goods originating in the territory of the other Member State, a Member State shall take into account any increases or decreases in the level of global access available.

21. A Member State may at any time convert exclusive access to global access provided that it gives at the earliest possible date prior written notice to the other Member State of the proposed conversion, and provided also that the conversion is effected in a manner which to the maximum extent possible is predictable, not too abrupt in its impact and consistent with the progressive liberalisation of quantitative import restrictions and tariff quotas pursuant to this Article. Where a Member State receives notice under this paragraph it may request consultations with the other Member State. The Member States shall thereupon promptly enter into consultations.

22. In allocating exclusive access in respect of goods originating in the territory of the other Member State, a Member State shall have regard to:

- (a) the need to provide genuine access opportunity for those goods;
- (b) import performance in respect of those goods; and
- (c) the need to publish the names of licence or quota holders.

Article 6MODIFIED APPLICATION OF THIS AGREEMENT

Because of special circumstances a number of the provisions of this Agreement shall be applied to certain goods in a modified manner to the extent specified in Annexes C, E and F of this Agreement.

Article 7REVENUE DUTIES

1. A Member State may levy for revenue purposes duties on goods, ingredients or components contained in those goods, originating in and imported from the territory of the other Member State, at rates not higher than those that apply to like goods, ingredients or components produced or manufactured in the territory of the first Member State.

2. A Member State shall not levy on goods, ingredients or components contained in those goods, originating in and imported from the territory of the other Member State, any internal taxes or other internal charges of any kind in excess of those applied, directly or indirectly, to like domestic goods, ingredients or components.

Article 8

QUANTITATIVE EXPORT RESTRICTIONS

1. The Member States shall take steps to reduce and eliminate quantitative export restrictions on trade in the Area in a manner to be mutually determined.

2. A Member State shall not impose new quantitative export restrictions or intensify existing quantitative export restrictions on the export of goods to the territory of the other Member State.

3. The provisions of this Article shall not prevent a Member State from taking such measures as may be necessary to prevent evasion, by means of re-export, of quantitative export restrictions which it applies in respect of goods exported to countries outside the Area.

Article 9

EXPORT SUBSIDIES AND INCENTIVES

1. The Member States shall work towards the elimination of all export subsidies and export incentives on goods traded in the Area.

2. Where a Member State effects a general elimination of or reduction in any export subsidy or export incentive such elimination or reduction shall apply to goods traded in the Area.

3. In respect of goods traded in the Area, neither Member State shall:

- (a) introduce any export subsidy, export incentive or other assistance measure having similar trade distorting effects to any of the performance-based export incentives listed in Annex D of this Agreement;
- (b) extend any of the performance-based export incentives listed in Annex D of this Agreement to any industry or sector of industry, or to any class of goods which was ineligible to receive assistance under such incentive on the day immediately before the day on which this Agreement enters into force; or
- (c) increase the basic rate of assistance available under any of the performance-based export incentives listed in Annex D of this Agreement.

4. In respect of goods traded in the Area the performance-based export incentives listed in Annex D of this Agreement shall be progressively reduced and eliminated in accordance with the following provisions and Annex D of this Agreement:

- (a) assistance in 1985 shall not exceed 50 per cent of the entitlement to benefit which would otherwise have been available under such export incentives;

(b) assistance in 1986 shall not exceed 25 per cent of the entitlement to benefit which would otherwise have been available under such export incentives; and

(c) there shall be no entitlement to benefit under such export incentives in 1987 or thereafter.

5. Before a Member State implements in any export subsidy or export incentive not listed in Annex D of this Agreement a change that may have a significant effect on trade in the Area, it shall consult with the other Member State.

Article 10

AGRICULTURAL STABILISATION AND SUPPORT

1. The provisions set out in Annex E of this Agreement shall apply to the agricultural goods listed therein.

2. Before introducing new measures for the stabilisation or support of any agricultural goods or the amendment of any measures in operation on the day on which this Agreement enters into force, including any new or amended measures applying to the goods listed in Annex E of this Agreement, a Member State shall satisfy itself that the consequences for trade in the Area shall be consistent with the objectives of this Agreement.

3. If a Member State gives written notice to the other Member State that, in its opinion, the consequences for trade in the Area of measures taken or to be taken by the other

Member State for the stabilisation or support of agricultural goods are inconsistent with the objectives of this Agreement, the Member States shall promptly enter into consultations.

4. The Member States shall, as appropriate, co-operate in respect of trade in agricultural goods in third country markets and to this end shall encourage co-operation between Australian and New Zealand marketing authorities.

Article 11

GOVERNMENT PURCHASING

1. In government purchasing the maintenance of preferences for domestic suppliers over suppliers from the other Member State is inconsistent with the objectives of this Agreement, and the Member States shall actively and on a reciprocal basis work towards the elimination of such preferences.

2. In pursuance of this aim:

(a) the Government of the Commonwealth of Australia shall in relation to purchasing undertaken by those departments, authorities and other bodies subject to the purchasing policy of that Government:

- (i) continue to treat any New Zealand content in offers received from Australian or New Zealand tenderers as equivalent to Australian content;
 - (ii) accord to New Zealand tenderers the benefits of any relevant tariff preferences; and
 - (iii) not require offsets in relation to the New Zealand content of such purchases;
- (b) the Government of New Zealand, in relation to purchasing undertaken by departments, authorities and other bodies controlled by that Government shall:
- (i) accord to Australian tenderers the benefits of any relevant tariff preferences; and
 - (ii) not require offsets in relation to the Australian content of such purchases; and
- (c) the Member States shall take further steps towards the elimination of such preferences on a reciprocal basis.

3. The Member States shall reconsider the provisions of this Article in 1988 in the general review of the operation of this Agreement pursuant to paragraph 3 of Article 22 with a view to ensuring full reciprocity in the elimination of preferences in a manner consistent with the objectives of this Agreement.

Article 12

OTHER TRADE DISTORTING FACTORS

1. The Member States shall:

(a) examine the scope for taking action to harmonise requirements relating to such matters as standards, technical specifications and testing procedures, domestic labelling and restrictive trade practices; and

(b) where appropriate, encourage government bodies and other organisations and institutions to work towards the harmonisation of such requirements.

2. The Member States shall consult at the written request of either with a view to resolving any problems which arise from differences between their two countries in requirements such as those referred to in paragraph 1 of this Article where such differences impede or distort trade in the Area.

Article 13

RATIONALISATION OF INDUSTRY

1. Where, as a result of representations made to it by an industry, a Member State is of the opinion that measures additional to those specified in other provisions of this Agreement are needed to encourage or support rationalisation of

industries situated in the area, it may in writing request consultations with the other Member State.

2. Where consultations have been requested pursuant to paragraph 1 of this Article, the Member States shall consult promptly regarding possible additional measures and shall take into account:

- (a) the extent to which the rationalisation in question is likely to lead to more efficient use of resources and improvements in competitive ability in third country markets; and
- (b) the views of appropriate industries and authorities.

3. Additional measures which may be implemented by the Member States may include any of the following:

- (a) acceleration of measures taken to liberalise trade pursuant to other provisions of this Agreement;
- (b) adoption of a common external tariff;
- (c) adoption of common by-law or concessionary tariff action;
- (d) exemption from the operation of anti-dumping action;
- (e) joint anti-dumping action against third countries.

4. In any consideration of the need to provide assistance to an industry, a Member State shall have regard to any rationalisation which has occurred or is expected to occur in that industry in the Area. In forwarding a reference to an industry advisory body on the need to provide assistance to an industry, a Member State shall request that body to take into account such rationalisation in making its recommendations.

Article 14

INTERMEDIATE GOODS

1. A prejudicial situation arises in connection with intermediate goods, which are goods such as raw materials and components which are wrought into, attached to, or otherwise incorporated in the production or manufacture of other goods, when:
- (a) the policies of either Member State or the application by one or both Member States of assistance or other measures enables producers or manufacturers of goods in the territory of one Member State to obtain intermediate goods at lower prices or on other more favourable terms and conditions than are available to the producers or manufacturers of like goods in the territory of the other Member State; and
 - (b) the extent of advantage referred to in sub-paragraph (a) of this paragraph in relation to the total cost for the production or manufacture and the sale of the

relevant final goods is such that it gives rise to a trend in trade which frustrates or threatens to frustrate the achievement of equal opportunities for producers or manufacturers in both Member States.

2. Where as a result of a complaint from a domestic producer or manufacturer a Member State (hereinafter in this Article called "the first Member State") is of the opinion that a prejudicial intermediate goods situation has arisen, it shall give written notice to the other Member State.

3. The first Member State, having given notice under paragraph 2 of this Article and having quantified the disadvantage arising from the prejudicial intermediate goods situation, may within 45 days of such notice request consultations. The Member States shall thereupon commence consultations that shall include a joint examination of the situation with a view to finding a solution involving the alteration of the assistance or other measures which gave rise to the situation.

4. If the Member States do not reach a mutually acceptable solution involving the alteration of the assistance or other measures which gave rise to the prejudicial intermediate goods situation the Member States shall seek another solution that may include any one or more of the following:

(a) adoption of a common external tariff or reduction of the difference between the tariffs which the Member States apply to imports of intermediate goods from

third countries, associated with the adoption of co-ordinated measures relating to by-law or concessionary entry and drawback of duty;

- (b) variation of the proportion of applicable factory or works cost in determining under Article 3 of this Agreement whether the final goods originated in the territory of a Member State;
- (c) cancellation of any one or more measures relating to by-law entry, concessionary entry and drawback of duty granted for export purposes in connection with trade in the Area;
- (d) initiation by the other Member State of anti-dumping or countervailing action in respect of goods imported from third countries in so far as this action would be consistent with other international obligations of the other Member State and in so far as the first Member State had taken such action itself or would have taken such action had the goods from the third countries been imported in similar circumstances into its territory;
- (e) provision of production or export subsidies to the producers or manufacturers in the territory of the first Member State;
- (f) acceleration of measures taken to liberalise trade pursuant to other provisions of this Agreement;

- (y) imposition of import charges by the first Member State;
- (ii) imposition of export charges by the other Member State.

5. The other Member State may at any time take action to remove or reduce the advantage enjoyed by producers or manufacturers located in its territory.

6. If, within 45 days of the request for consultations referred to in paragraph 3 of this Article, the Member States have not reached a mutually satisfactory solution and if any action taken by the other Member State to reduce the advantage enjoyed by producers or manufacturers located in its territory has failed to remove that advantage, the first Member State may take action to remove the advantage, provided that:

- (a) it shall take account of such steps as may have been taken by the other Member State to reduce the advantage; and
- (b) the action taken shall not exceed the level of disadvantage remaining at the time the action is taken.

7. Any measures applied by either Member State pursuant to this Article shall be kept under review by the Member States and shall be adjusted in the event of any relevant change of circumstances.

Article 15ANTI-DUMPING ACTION

1. Dumping, by which goods are exported from the territory of a Member State into the territory of the other Member State at less than their normal value, that causes material injury or threatens to cause material injury to an established industry or materially retards the establishment of an industry in the territory of the other Member State, is inconsistent with the objectives of this Agreement.

Hereinafter in this Article except in paragraph 8 the term "injury" shall mean:

- (a) material injury to an established industry;
- (b) the threat of material injury to an established industry; or
- (c) material retardation of the establishment of an industry.

2. A Member State may levy anti-dumping duties in respect of goods imported from the territory of the other Member State provided it has:

- (a) determined that there exists dumping, injury, and a causal link between the dumped goods and the injury; and
- (b) afforded the other Member State the opportunity for consultations pursuant to paragraph 4 of this Article.

3. Immediately following the acceptance of a request from an industry for the initiation of anti-dumping action in respect of goods imported from the territory of the other Member State, a Member State shall inform the other Member State.

4. Where a Member State considers that there exists sufficient evidence of dumping, injury and a causal link between the dumped goods and the injury, and is initiating formal investigations, it shall give prompt written notice to the other Member State and shall afford the other Member State the opportunity for consultations.

5. Immediately upon giving such notice, and thereafter on request of the other Member State, a Member State shall provide to the other Member State:

- (a) the tariff classification and a complete description of the relevant goods;
- (b) a list of all known exporters of those goods and an indication of the element of dumping occurring in respect of each exporter; and
- (c) full access to all non-confidential evidence relating to those goods, the volume, degree and effect of dumping, the nature and degree of the injury, and the causal link between the dumped goods and the injury.

6. A Member State may impose provisional measures including the taking of securities provided all the following conditions are met:

- (a) a preliminary affirmative finding has been made that there is dumping and that there is sufficient evidence of injury and a causal link between the dumped goods and the injury;
- (b) the imposition of such measures is judged necessary in order to prevent further injury being caused during the period of investigation;
- (c) the imposition of provisional measures is limited to as short a period as possible, not exceeding six months;
- (d) the provisional measures do not exceed the provisionally calculated amount of dumping; and
- (e) prior written notice of an imposition of provisional measures has been provided to the other Member State at least 24 hours before such measures are imposed.

7. Immediately after the imposition of provisional measures the Member State imposing the measures shall provide the other Member State with the information relevant to the grounds on which the measures were imposed.

8. If a Member State (hereinafter in this paragraph called "the first Member State") is of the opinion that goods imported into the territory of the other Member State from outside the Area are being dumped and that this dumping is causing material injury or threatening to cause material injury to an industry located in the first Member State, the other Member State shall, at the written request of the first Member State examine the possibility of taking action, consistent with its international obligations, to prevent material injury.

Article 16

COUNTERVAILING ACTION

1. Neither Member State shall levy countervailing duties on goods imported from the territory of the other Member State, except:

(a) in accordance with its international obligations under the General Agreement on Tariffs and Trade and the Agreement on Interpretation and Application of Articles VI, XVI and XXIII of the General Agreement on Tariffs and Trade, done at Geneva on 12 April 1979 (hereinafter in this Article called the "Subsidies Code");

(b) in accordance with this Article; and

(c) when no mutually acceptable alternative course of action has been determined by the Member States.

2. In any action pursuant to this Article, the Member States shall have regard to the objectives of this Agreement and to Article 9 of this Agreement.

3. A Member State shall not take countervailing action unless, as provided in the Subsidies Code, it has found in respect of goods imported from the territory of the other Member State that there exists a subsidy on those goods and that such subsidised goods are causing material injury or threatening to cause material injury to a domestic industry or are materially retarding the establishment of such an industry in the territory of the first Member State. Hereinafter in this Article except in paragraph 8 the term "injury" shall mean:

- (a) material injury to a domestic industry;
- (b) the threat of material injury to a domestic industry;
or
- (c) material retardation of the establishment of an industry.

4. Immediately following the acceptance of a request for the initiation of any countervailing action and throughout any investigations or further action which it may take in respect of such a request, a Member State shall:

- (a) provide advice to the other Member State of the acceptance of a request and give due and proper notice of the taking of any subsequent step or steps in the action, including the making of a decision that there is sufficient evidence to warrant initiating a formal investigation;
- (b) offer full access to all non-confidential evidence relating to the goods which are the subject of the request, the existence and amount of any subsidy in respect of those goods, the nature and degree of the alleged injury, and the causal link between the subsidised goods and the alleged injury; and
- (c) afford to the other Member State full opportunity for consultations in respect of any matter arising from any investigations or further action which may ensue including the assessment of the level of any countervailing duty which may be levied.

5. Notwithstanding paragraph 4 of this Article, a Member State may impose provisional measures, including the taking of securities in accordance with the Subsidies Code, provided all the following conditions are met:

- (a) a finding has been made by that Member State that a subsidy exists, that there is sufficient evidence of injury to a domestic industry, and that a causal link exists between the subsidised goods and the injury;

- (b) the imposition of provisional measures is judged necessary in order to prevent further injury during the period of the investigation;
- (c) the imposition of provisional measures is limited to as short a period as possible, not exceeding four months;
- (d) the provisional measures do not exceed the provisionally calculated amount of subsidisation; and
- (e) prior written notice of an imposition of provisional measures has been provided to the other Member State at least 24 hours before such measures are imposed.

6. In respect of any countervailing action taken pursuant to previous paragraphs of this Article, each Member State shall co-operate:

- (a) to take all practicable steps to expedite procedures in order to reach a mutually satisfactory solution;
- (b) to give access to relevant non-confidential information to the fullest extent possible; and
- (c) subject to the Subsidies Code, to facilitate investigations within its territory.

7. In order to facilitate the implementation of this Article the Member States shall, at any time upon the written

request of either, consult for the purpose of determining general procedures which they shall apply in countervailing actions.

8. If a Member State (hereinafter in this paragraph called "the first Member State") is of the opinion that goods imported into the territory of the other Member State from outside the Area are being subsidised by a third country and that this subsidisation is causing or is threatening to cause material injury to an industry located in the territory of the first Member State the other Member State shall, at the written request of the first Member State, examine the possibility of taking action, consistent with its international obligations, to prevent material injury.

9. Should one or other of the agreements referred to in paragraph 1 of this Article cease to apply to either Member State, the Member States shall promptly enter into consultations at the written request of either in order to establish alternative arrangements to this Article.

Article 17

SAFEGUARD MEASURES DURING THE TRANSITION PERIOD

1. Safeguard measures referred to in this Article may be introduced in respect of goods traded in the Area which originate in the territory of a Member State:

- (a) as a last resort when no other solution can be found;
- and

(b) only during the transition period being the period in which for such goods any of the following measures imposed other than under this Article remain in force in either Member State:

- (i) tariffs within the meaning of Article 4 of this Agreement;
- (ii) quantitative import restrictions or tariff quotas within the meaning of Article 5 of this Agreement;
- (iii) the performance-based export incentives listed in Annex D of this Agreement; or
- (iv) measures for stabilisation or support which hinder the development of trading opportunities between the Member States on an equitable basis.

2. A Member State may in writing request consultations with the other Member State if, in its opinion, following the entry into force of this Agreement goods originating in the territory of the other Member State:

(a) are being imported in such increased quantities and under such conditions as to cause, or to pose an imminent and demonstrable threat to cause, severe material injury to a domestic industry producing like goods; and

(b) such increased imports are occurring as a result of;

- (i) government measures taken to liberalise tariffs pursuant to Article 4 of this Agreement or quantitative import restrictions or tariff quotas pursuant to Article 5 of this Agreement; or

(ii) other government measures affecting trade in the Area such as encouragement to export by reason of measures for stabilisation or support in the territory of the exporting Member State or differences in measures for stabilisation or support between the Member States.

3. Should either Member State request consultations under paragraph 2 of this Article, the Member States shall consult immediately to seek a mutually acceptable solution which would avoid the application of safeguard measures under this Article. If the Member States do not promptly reach a solution, the Member State into whose territory the goods are being imported shall refer the matter to an industry advisory body for investigation, report and recommendation for appropriate action, consistent with paragraphs 4 and 6 of this Article.

4. The Member States shall consult at the written request of the Member State into whose territory the goods are being imported if its industry advisory body has:

- (a) provided an opportunity for evidence to be presented to it from the other Member State; and
- (b) reported that severe material injury had been caused on an industry-wide basis or that there exists an imminent and demonstrable threat thereof occasioned by increased quantities of goods imported from the territory of the other Member State under the operation of this Agreement in one or more of the circumstances listed in paragraph 2(b) of this Article.

5. The Member State which requested the consultations referred to in paragraph 4 of this Article may apply such safeguard measures as it considers most appropriate if:

- (a) there has been opportunity for consultation pursuant to paragraph 4 of this Article; and
- (b) the Member States did not reach a mutually satisfactory solution after 90 days from the date of request for the consultations referred to in paragraph 3 of this Article.

6. Wherever possible, safeguard measures shall be sought that do not restrict trade. However, notwithstanding Articles 4, 5 and 8 of this Agreement, safeguard measures that restrict trade may be applied provided that:

- (a) they shall be the minimum necessary to allow the fullest possible opportunity for trade to continue consistent with amelioration of the problem; and
- (b) if involving quantitative import restrictions or tariff quotas they shall be applied only in the most extreme circumstances and where other safeguard measures would provide insufficient amelioration of the problem and shall not be regarded as a means of extending the date for the elimination of quantitative import restrictions or tariff quotas pursuant to paragraph 14 of Article 5 of this Agreement.

7. Where safeguard measures involving the imposition, increase, intensification or retardation of the removal of tariffs within the meaning of Article 4 of this Agreement or quantitative import restrictions or tariff quotas within the meaning of Article 5 of this Agreement are applied in respect of the circumstances described in paragraph 2(b)(i) of this Article, the Member State applying those measures shall:

- (a) apply those measures for a period specified at the time of applying those measures which period shall not exceed two years;
- (b) at the conclusion of the specified period in respect of the safeguard measures that have been applied, set the same level of tariff and intensity of quantitative import restrictions or tariff quotas as existed on the goods on the day immediately before the day on which the safeguard measures were applied; and
- (c) thereafter resume the liberalisation of trade pursuant to paragraph 4 of Article 4 or paragraphs 3 to 7 of Article 5 of this Agreement as appropriate and wherever practicable shall accelerate such liberalisation.

8. Where a Member State has applied safeguard measures in respect of the circumstances described in paragraph 2(b)(i) of this Article, the other Member State may apply measures having equivalent effect in respect of the same industry to achieve conditions of fair competition. Such measures shall be of no longer duration than the safeguard measures themselves.

9. Where safeguard measures are applied in respect of the circumstances described in paragraph 2(b)(ii) of this Article the Member State applying those measures shall:

(a) apply those measures only for so long as the conditions which led to the severe material injury or demonstrable threat thereof persist; and

(b) while those measures apply, review annually with the other Member State the need for the continuation of such measures.

10. Measures applied by a Member State pursuant to this Article to goods originating in the territory of the other Member State shall be no more restrictive than measures of the same nature that apply to imports of the same goods from third countries in the usual and ordinary course of trade.

11. In the event of severe material injury or demonstrable threat thereof arising from the operation of this Agreement in respect of any goods and occurring after the transition period applicable to those goods, the Member States shall, pursuant to paragraph 2 of Article 22 of this Agreement, consult promptly upon the written request of either to determine jointly whether remedial action is appropriate.

Article 18EXCEPTIONS

Provided that such measures are not used as a means of arbitrary or unjustified discrimination or as a disguised restriction on trade in the Area, nothing in this Agreement shall preclude the adoption by either Member State of measures necessary:

- (a) to protect its essential security interests;
- (b) to protect public morals and to prevent disorder or crime;
- (c) to protect human, animal or plant life or health, including the protection of indigenous or endangered animal or plant life;
- (d) to protect intellectual or industrial property rights or to prevent unfair, deceptive, or misleading practices;
- (e) to protect national treasures of artistic, historical, anthropological, archaeological, palaeontological or geological value;
- (f) to prevent or relieve critical shortages of foodstuffs or other essential goods;
- (g) to conserve limited natural resources;

- (h) in pursuance of obligations under international commodity agreements;
- (i) to secure compliance with laws and regulations relating to customs enforcement, to tax avoidance or evasion and to foreign exchange control;
- (j) to regulate the importation or exportation of gold or silver;
- (k) for the application of standards or of regulations for the classification, grading or marketing of goods; or
- (l) in connection with the products of prison labour.

Article 19

TERMINATION OF EARLIER AGREEMENTS

In so far as they were in force on the day immediately before the day on which this Agreement enters into force, the following Agreements shall terminate on the day of entry into force of this Agreement:

- (a) Trade Agreement between the Commonwealth of Australia and the Dominion of New Zealand, dated 5 September 1933 as amended;

- (b) Exchange of Notes at Canberra on 30 September 1952 constituting an Agreement between the Government of New Zealand and the Government of Australia amending Article X of the Trade Agreement between the Dominion of New Zealand and the Commonwealth of Australia, dated 5 September 1933;
- (c) New Zealand-Australia Free Trade Agreement, done at Wellington on 31 August 1965 and the accompanying Exchanges of Letters of the same date relating to:
- (i) Articles 3, 4, 5, 8 and 10 and Schedule A of that Agreement;
 - (ii) import duties levied on New Zealand goods imported into Australia and on Australian goods imported into New Zealand; and
 - (iii) the inclusion of raw sugar within the scope of that Agreement;
- (d) Exchange of Letters at Canberra on 27 April 1970 constituting an Agreement between the Government of the Commonwealth of Australia and the Government of New Zealand amending paragraphs 1 and 2 of Article IV of the Trade Agreement between the Commonwealth of Australia and the Dominion of New Zealand, dated 5 September 1933 as amended;
- (e) Exchange of Letters at Canberra and Wellington on 11 April 1975 constituting an Agreement between the Government of New Zealand and the Government of

Australia concerning the rules of origin applying to admission to each country, under preferential tariff arrangements, of goods produced or manufactured in the other country;

- (f) Exchange of Letters at Canberra and Wellington on 29 June 1977 constituting an Agreement between the Government of Australia and the Government of New Zealand concerning the extension of the assured duration of the New Zealand-Australia Free Trade Agreement, done at Wellington on 31 August 1965;
- (g) Exchange of Letters at Canberra and Wellington on 25 November 1977 constituting an Agreement between the Government of New Zealand and the Government of Australia on tariffs and tariff preferences; and
- (h) Exchange of Letters at Wellington and Canberra on 18 November 1981 constituting an Agreement between the Government of Australia and the Government of New Zealand further extending the Agreement of 25 November 1977.

ARTICLE 20

TRANSITIONAL MEASURES RELATING TO EARLIER AGREEMENTS

1. Any arrangement concerning trade between individual firms which had applied under Article 3:7 of the New Zealand-Australia Free Trade Agreement, done at Wellington on

31 August 1965, and which was in effect on the day immediately before the day on which this Agreement enters into force may continue to apply under this Agreement subject to the following:

- (a) when the arrangement is submitted for renewal, it remains acceptable to both Member States under the normal criteria mutually determined by the Member States for such arrangements;
- (b) either tariffs within the meaning of Article 4 of this Agreement or quantitative import restrictions or tariff quotas within the meaning of Article 5 of this Agreement would in the absence of the arrangement apply to the goods which are imported under the arrangement; and
- (c) the level of trade under any such arrangement shall not be increased above the level of trade specified in that arrangement which was valid on 14 December 1982 except where the Member States mutually determine that such an increase is justified because it would result in significant acceleration of the liberalisation provisions of this Agreement or a rationalisation proposal is involved.

2. Where provision had been made for exclusive access for goods pursuant to the New Zealand-Australia Free Trade Agreement, done at Wellington on 31 August 1965 in connection with Schedule A of that Agreement, a Member State shall, notwithstanding paragraph 22 of Article 5 of this Agreement, continue to allocate such access as determined by the exporting Member State provided that:

- (a) allocations are for licensing periods commencing before 1 January 1985;
- (b) more than one exporter wishes to utilise the access available; and
- (c) the availability of such access is insufficient to satisfy the requirements of interested exporters.

3. The Member States, noting that arrangements relating to certain forest products had existed under the New Zealand-Australia Free Trade Agreement, done at Wellington on 31 August 1965, and related agreements, agree that the provisions set out in Annex F of this Agreement shall apply to the goods referred to in that Annex.

Article 21

CUSTOMS HARMONISATION

The Member States recognise that the objectives of this Agreement may be promoted by harmonisation of customs policies and procedures in particular cases. Accordingly the Member States shall consult at the written request of either to determine any harmonisation which may be appropriate.

Article 22

CONSULTATION AND REVIEW

1. In addition to the provisions for consultations elsewhere in this Agreement, Ministers of the Member States shall meet annually or otherwise as appropriate to review the operation of the Agreement.

2. The Member States shall, at the written request of either, promptly enter into consultations with a view to seeking an equitable and mutually satisfactory solution if the Member State which requested the consultations considers that:
 - (a) an obligation under this Agreement has not been or is not being fulfilled;
 - (b) a benefit conferred upon it by this Agreement is being denied;
 - (c) the achievement of any objective of this Agreement is being or may be frustrated; or
 - (d) a case of difficulty has arisen or may arise.

3. The Member States shall undertake a general review of the operation of this Agreement in 1988. Under the general review the Member States shall consider:

- (a) whether the Agreement is bringing benefits to Australia and New Zealand on a reasonably equitable basis having regard to factors such as the impact on trade in the Area of standards, economic policies and practices, co-operation between industries, and Government (including State Government) purchasing policies;
- (b) the need for additional measures in furtherance of the objectives of the Agreement to facilitate adjustment to the new relationship;
- (c) the need for changes in Government economic policies and practices, in such fields as taxation, company law and standards and for changes in policies and practices affecting the other Member State concerning such factors as foreign investment, movement of people, tourism, and transport, to reflect the stage reached in the closer economic relationship;
- (d) such modification of the operation of this Agreement as may be necessary to ensure that quantitative import restrictions and tariff quotas within the meaning of Article 5 of this Agreement on goods traded in the Area are eliminated by 30 June, 1995; and
- (e) any other matter relating to this Agreement.

4. For the purpose of this Agreement, consultations between the Member States shall be deemed to have commenced on the day on which written notice requesting the consultations is given.

ARTICLE 23TERRITORIAL APPLICATION

This Agreement shall not apply to the Cook Islands, Niue and Tokelau, nor to any Australian territory other than internal territories unless the Member States have exchanged notes agreeing the terms on which this Agreement shall so apply.

Article 24ASSOCIATION WITH THE AGREEMENT

1. The Member States may agree to the association of any other State with this Agreement.
2. The terms of such association shall be negotiated between the Member States and the other State.

Article 25STATUS OF ANNEXES

The Annexes of this Agreement are an integral part of this Agreement.

57.

Article 26

ENTRY INTO FORCE

This Agreement shall be deemed to have entered into force on 1 January 1983.

IN WITNESS WHEREOF the undersigned, duly authorised, have signed this Agreement.

DONE in duplicate at this day of
One thousand nine hundred and eighty-three.

FOR NEW ZEALAND

FOR AUSTRALIA

ANNEX A

GROUPINGS OF GOODS REFERRED TO IN PARAGRAPH 4 OF
ARTICLE 5 FOR WHICH THE BASE LEVEL OF ACCESS
IS SPECIFIED

New Zealand Import Licensing Schedule Item Code (1982/83)	Brief Description of Grouping	Base Level of Access expressed in New Zealand dollars on cif basis
19.005	Malt extract; preparations of flour, meal, starch, or malt extract containing less than 50 per cent by weight of cocoa; tapioca and sago in retail packs; prepared foods of cereals; bread, ships biscuits and other ordinary bakers' wares (excluding communion wafers and passover breads) not containing sugar, honey, eggs, fats, cheese or fruit; and cakes, pastry and fine bakers' wares	863,000
20.005	Vegetables and fruit, excluding olives and capers, prepared or preserved by vinegar or otherwise	715,000
23.005	Residues, wastes, flours and meals of meat, offals and seafood unfit for human consumption; greaves; oil cake and other residues of vegetable oil but excluding dregs; sweetened forage and other preparations of a kind used in animal feeding	949,000
85.015.	Electric accumulators other than those as may be approved by the Minister	958,000

GROUPINGS OF GOODS REFERRED TO IN PARAGRAPH 6
OF ARTICLE 5

New Zealand

Import Licensing

Schedule Item Code

(1982/83)

Brief Description of Grouping

22.016	Vermouth
38.050	Photomechanical engraving and photolithographic preparations
EX39.325	Plastic teats of New Zealand Tariff Items 39.07.599.82E and 39.07.599.89
40.050	Gloves, for all purposes, of unhardened vulcanised rubber
40.060	Washers, gaskets, jointings, seals and similar packings, as may be determined by the Minister; plain unornamental stoppers of unhardened rubber for trade containers
42.020	Belts and belting for machinery, leather washers, gaskets, seals and similar packings
49.009	Transfers (Decalomanias)
66.005	Umbrellas and sunshades; whips, riding crops and the like
70.015	Rear view mirrors for vehicles
70.035	Certain non heat resistant glassware
74.025	Stranded wire, cables, cordage ropes and plaited bands of copper wire excluding insulated electric wires and cables
84.650	Fire extinguishers (charged or not)

84.820	Machine tools for working wood, cork, bone, ebonite, hard carving materials including artificial plastic, other than pneumatic tools or with self-contained non-electric motors for working in the hand; as may be determined by the Minister
84.830	Gas operated welding, brazing, cutting and surface tempering appliances, as may be determined by the Minister
85.078	Carbon brushes
87.070	Certain competition racing bicycles
87.091	Baby carriages and parts thereof
90.005	Ophthalmic contact lenses
90.020	Screens for projectors
97.005	Wheeled toys designed to be ridden by children, prams for dolls and push chairs for dolls
97.040	Strung tennis, badminton and squash racquets of any material, the fob value of which exceeds \$NZ4.50
97.045	Unstrung tennis, badminton and squash frames containing wood, the fob value of which exceeds \$NZ4.50
97.054	Certain round leather footballs and netballs
97.055	Basketballs, footballs, water polo balls, bladders for inflatable balls but excluding round leather footballs and netballs
97.060	Golf balls
97.065	Golf clubs and parts thereof
97.070	Fishing rods of man-made fibres agglomerated with plastic material
98.005	Metal, wood or leather buttons, toggle fasteners
98.010	Button blanks, parts of buttons
98.015	Buttons, other than of metal, wood or leather, button moulds, including blanks and parts thereof

MODIFIED APPLICATION OF THIS AGREEMENT REFERRED TO IN
ARTICLE 6

PART I

ALL GOODS SUBJECT TO MODIFIED APPLICATION OF
THIS AGREEMENT

Tariff Heading Number	Description of Goods	ARTICLE 4	ARTICLE 5	OTHER PROVISIONS
EX03.01 EX03.02 EX16.04	Fish caught by joint ventures, and exported whole, headed and gutted, or fish further processed on board a foreign flag vessel			Article 9(4): New Zealand shall eliminate those export incentives specified in Annex D of this Agreement from 1 April 1983.
EX07.01	Tomatoes		See Annex E	
EX07.02	Peas and beans, frozen			Article 9(4): New Zealand shall eliminate the entitlement to EPTI from 1 April 1984.
EX07.02	Potatoes, frozen	Paragraph 4: the reductions in tariffs shall be made as follows:		Article 9(4): New Zealand shall not grant in excess of 75% of entitlement to EPTI for the year commencing 1 April 1983, 50% for the year commencing 1 April 1984, 25% for the year commencing 1 April 1985, and shall eliminate the entitlement from 1 April 1986.
		1 Apr	Australian Tariff on New Zealand goods	
		1983	15%	
		1984	10%	
		1985	5%	
		1986	Free	

Tariff Heading Number	Description of Goods	ARTICLE 4		ARTICLE 5		OTHER PROVISIONS	
		Paragraph 4: the reductions in tariffs shall be made as follows:	Paragraph 4: the reductions in tariffs shall be made as follows:	Access under Item Code 11.005 shall be split equally between:	Access under Item Code 11.005 shall be split equally between:	Article 9(4): New Zealand shall not grant in excess of 75% of entitlement to EPII for the year commencing 1 April 1983, 50% for the year commencing 1 April 1984, 25% for the year commencing 1 April 1985, and shall eliminate the entitlement from 1 April 1986.	Article 9(4): New Zealand shall not grant in excess of 80% of entitlement to EPII for the year commencing 1 April 1983, 40% for the year commencing 1 April 1984, 20% for the year commencing 1 April 1985, and shall eliminate the entitlement from 1 April 1986.
EX07.04	Potatoes, dried, dehydrated or evaporated	1 Australian NZ Tariff on Apr Tariff on Australian NZ goods	16% 8% 4% Free	(a) wheat flours; (b) speciality flours other than wheat.			
11.05	Potato flour, meal and flake	1 Australian NZ Tariff on Apr Tariff on Australian NZ goods	16% 8% 4% Free	(a) wheat flours; (b) speciality flours other than wheat.			
EX20.02	Potatoes, canned	1 Apr Australian Tariff on New Zealand goods	15% 10% 5% Free				

Tariff Heading Number	Description of Goods	ARTICLE 4	ARTICLE 5	OTHER PROVISIONS
EX20.02	Potatoes prepared or preserved (other than canned)	Paragraph 4: the reductions in tariffs shall be made as follows: 1. Australian Tariff on Apr New Zealand goods 1983 8% 1984 5% 1985 2% 1986 free		Article 9(4): New Zealand shall not grant in excess of 80% of entitlement to EPTI for the year commencing 1 April 1983, 50% for the year commencing 1 April 1984, 20% for the year commencing 1 April 1985, and shall eliminate the entitlement from 1 April 1986.
EX08.01	Bananas,		See Annex E	
EX08.02	pineapples,			
EX08.04	grapes, citrus fruit, fresh			
EX08.10	Passionfruit,			
EX20.03	frozen			Licences shall be issued on demand by New Zealand subject to the condition that the product concerned is not available from Niue. The amount approved for import shall depend upon when further supplies are likely to be available from Niue.
EX20.07	Passionfruit, juice			

Tariff Heading Number	Description of Goods	ARTICLE 4	ARTICLE 5	OTHER PROVISIONS
EX10.01 EX11.01	Wheat Wheat flour.		See Annex E	
EX10.05	Corn, frozen			Article 9(4): New Zealand shall eliminate the entitlement to EPTI from 1 April 1984.
EX21.07	Corn, canned	Paragraph 4: tariffs shall be eliminated in one step from 1 April 1984.	Paragraph 5: the initial level of access into New Zealand shall be \$NZ100,000 cif on an annual basis	Article 9(4): New Zealand shall eliminate the entitlement to EPTI from 1 April 1984.
EX20.06	Canned fruit other than nuts, pine-apples and stems and parts of plants (except fruit)	The application of paragraphs 3 and 4 shall be subject to mutual determination by the Member States.	The application of paragraphs 5 to 7 shall be subject to mutual determination by the Member States.	

Tariff Heading Number	Description of Goods	ARTICLE 4	ARTICLE 5	OTHER PROVISIONS
EX22.05	Wine of fresh grapes; grape must with fermentation arrested by the addition of alcohol	See Part II of this Annex	See Part II of this Annex	See Part II of this Annex
EX22.06	Wine, other, of fresh grapes, flavoured with aromatic extracts, excluding vermouth Brandy			
EX22.09	Rum	Paragraph 4: the duty applied to imports into New Zealand from Australia shall be reduced on 1 January 1983 to \$NZ12.10 per litre of alcohol being the excise rate which would be determined for rum manufactured in New Zealand		

Tariff Heading Number	Description of Goods	OTHER PROVISIONS	
		ARTICLE 4	ARTICLE 5
24.01	Tobacco, unmanufactured; tobacco refuse	Paragraphs 1 to 4 shall not apply. The Member States shall consult in the time that New Zealand is reviewing its Tobacco Industry Plan and after Australia has taken decisions on the report of the Industries Assistance Commission, on the appropriate means of eliminating tariffs and the possibilities for harmonisation of tobacco policies.	Paragraphs 5 to 7 shall not apply. The Member States shall consult in 1984, at the time that New Zealand is reviewing its Tobacco Industry Plan and after Australia has taken decisions on the report of the Industries Assistance Commission, on the appropriate means of removing quantitative import restrictions and the possibilities for harmonisation of tobacco policies.
24.02	Tobacco, manufactured; tobacco extracts and essences	Paragraphs 1 to 4 shall not apply. The Member States shall consult in 1984, at the time that New Zealand is reviewing its Tobacco Industry Plan and after Australia has taken decisions on the report of the Industries Assistance Commission, on the appropriate means of eliminating tariffs and the possibilities for harmonisation of tobacco policies.	Paragraphs 5 to 7 shall not apply. The Member States shall consult in 1984, at the time that New Zealand is reviewing its Tobacco Industry Plan and after Australia has taken decisions on the report of the Industries Assistance Commission, on the appropriate means of removing quantitative import restrictions and the possibilities for harmonisation of tobacco policies.
EXCh39	Plastics excluding floor-coverings EX39.01 and EX39.02 and gloves and garments EX39.07	The procedures for reducing tariffs under paragraphs 3 and 4 shall take effect from: (a) 1 July 1984 in respect of high pressure laminates; (b) 1 July 1987 in respect of other goods. Except for goods which	Paragraph 10: New Zealand shall liberalise quantitative import restrictions on a global basis more rapidly than required under this Article and eliminate such restrictions on a global basis by 1989. In this situation New Zealand shall not provide exclusive

Tariff Heading Number	Description of Goods	ARTICLE 4	ARTICLE 5	OTHER PROVISIONS
59.08	Textile fabrics impregnated, coated, covered or laminated with preparations of cellulose derivatives or of other artificial plastic materials	were included in Schedule A of the New Zealand-Australia Free Trade Agreement, done at Wellington on 31 August 1965, paragraphs 1 and 2 shall not apply until such time as the reductions in tariffs pursuant to paragraphs 3 and 4 commence.	access. The Member States shall mutually determine access arrangements for those goods which were included in Schedule A of the New Zealand-Australia Free Trade Agreement, done at Wellington on 31 August 1965.	
EX39.07 EX40.13 EX42.03 EXCh60 EXCh61	Apparel specified in Attachment I of this Annex	Paragraphs 3 and 4 shall not apply. Following the New Zealand review of its Textile Industry Plan and before 1988 the Member States shall mutually determine the arrangements for reducing tariffs.	Paragraphs 5 to 7 shall not apply. Following the New Zealand review of its Textile Industry Plan and before 1986 the Member States shall mutually determine the arrangements for liberalising import licensing and tariff quotas.	

Tariff Heading Number	Description of Goods	ARTICLE 4	ARTICLE 5	OTHER PROVISIONS
EXCh40	Rubber products excluding floor-coverings of 40.08 and pneumatic tyres, tyre cases and tubes (other than bicycle tyres and tubes) of 40.11	Paragraphs 3 and 4 shall not apply. Following decisions by New Zealand on its industry plans, the Member States shall mutually determine the arrangements for reducing tariffs which should be compatible with the treatment of plastics. Except for goods which were included in Schedule A of the New Zealand-Australia Free Trade Agreement, done at Wellington on 31 August 1965, paragraphs 1 and 2 shall not apply until such time as the reductions in tariffs pursuant to paragraphs 3 and 4 commence.	Paragraphs 5 to 7 shall not apply. Following decisions by New Zealand on its industry plans, the Member States shall mutually determine the arrangements for the liberalisation of import licensing which should be compatible with the treatment of plastics. The Member States shall mutually determine access arrangements for those goods which were included in Schedule A of the New Zealand-Australia Free Trade Agreement, done at Wellington on 31 August 1965.	
EX39.07	Gloves,			
EX40.13	mittens and			
EX42.03	mitts			
EX43.03				
EX43.04				
EX60.02				
EX60.06				
EX61.10				
EX68.13				

Tariff Heading Number	Description of Goods	ARTICLE 4	ARTICLE 5	OTHER PROVISIONS
EX40.11	Pneumatic tyres, tyre cases and tubes of rubber, other than for bicycles	At the time a decision is taken by New Zealand on the Tyre Industry Plan, the application of paragraphs 1 to 4 may be modified provided that the quality of access is maintained.	At the time a decision is taken by New Zealand on the Tyre Industry Plan, the application of paragraphs 5 to 7 may be modified provided that the quality of access is maintained.	
44.11	Fibre building board	See Part III of this Annex	See Part III of this Annex	
EX44.15	Wood veneered particleboard			
44.18	Reconstituted wood			
EX47.01 EX48.01	Certain pulp, newsprint, certain tissue and other papers	See Annex F	See Annex F	See Annex F
EX48.01 EX48.07 EX48.15	Certain paper and paper-board	Paragraph 4 : in respect of New Zealand Tariff Item 48.07.009 the reductions in tariffs shall be made as follows:	Paragraph 5 : the initial level of access into New Zealand under Import Licensing Item Codes 48.015 and 48.055 shall in	

Tariff Heading Number	Description of Goods	ARTICLE 4	ARTICLE 5	OTHER PROVISIONS
1	Jan New Zealand tariff on Australian goods	each case be \$NZ750,000 cif on an 18 months basis.		
1983		18%	Under Import Licensing Item Code	
1984		9%	48.075 licences shall be issued on demand	
1985		free	by New Zealand for "paper cut to size having a substance exceeding 22 GSM but not exceeding 205 GSM not being wrapping paper" falling within New Zealand Tariff Item 48.15.029.	
		In respect of New Zealand Tariff Item 48.15.029, the reductions in tariffs shall be made as follows:		
1	Jan New Zealand tariff on Australian goods			
1983		22%		
1984		11%		
1985		free		
58.01	Carpets, carpeting, rugs, mats, and matting	See Part IV of this Annex	See Part IV of this Annex	See Part IV of this Annex
58.02				
64.01	Footwear	Paragraph 4: where on the day immediately before the day on which this Agreement enters into force a tariff of 15% or greater applies, the initial reduction under this paragraph shall be to 10%.		
64.02				
64.03				
64.04				

Tariff Heading Number	Description of Goods	ARTICLE 4	ARTICLE 5	OTHER PROVISIONS
69.10	Ceramic sinks, wash-basins, bidets, water closet pans, urinals, baths, and like sanitary fixtures.	The procedures for reducing tariffs under paragraphs 3 and 4 shall take effect from 1 July 1985. Paragraphs 1 and 2 shall not apply until such time as the reductions in tariffs pursuant to paragraphs 3 and 4 commence	The procedures for liberalising import licensing under paragraphs 5 to 7 shall take effect from 1 July 1985.	
EXCh73	Certain iron and steel products	See Part V of this Annex	See Part V of this Annex	
EX73.36 EX84.12 EX84.15 EX84.19 EX84.40 EX85.12	Certain whitegoods	See Part VI of this Annex	See Part VI of this Annex	See Part VI of this Annex

Tariff Heading Number	Description of Goods	OTHER PROVISIONS	
		ARTICLE 4	ARTICLE 5
84.53	Electronic products,	At the time a decision is taken by New Zealand on its Electronics Industry Plan, the application of paragraphs 1 to 4 may be modified, except for goods which were included in Schedule A of the New Zealand-Australia Free Trade Agreement, done at Wellington on 31 August 1965, provided that the quality of access is maintained.	At the time a decision is taken by New Zealand on its Electronics Industry Plan, the application of paragraphs 5 to 7 may be modified provided that the quality of access is maintained. The Member States shall mutually determine access arrangements for those goods which were included in Schedule A of the New Zealand-Australia Free Trade Agreement, done at Wellington on 31 August 1965.
85.13	excluding printed circuits designed for use with a particular machine,		
85.14	or apparatus,		
85.15	boards and control panels both		
EX85.19	EX85.19		
85.21			
65.22			
90.28			
92.11			
EX84.61	Taps, cocks and valves of copper alloy for use with water piping	Paragraphs 1 to 4 shall not apply pending resolution of technical standards problems.	Paragraphs 5 to 7 shall not apply pending resolution of technical standards problems.

Tariff Heading Number	Description of Goods	ARTICLE 4	ARTICLE 5	OTHER PROVISIONS
EX94.01 EX94.03	Certain furniture and parts thereof	See Part VII of this Annex	See Part VII of this Annex	
EX94.04	Sleeping bags	Paragraph 4: where on the day immediately before the day on which this Agreement enters into force a tariff of 11 1/4% or greater applies, the initial reduction under this paragraph shall be to 5%.		
EX98.03	Ballpoint pens and refills	The procedures for reducing tariffs under paragraphs 3 and 4 shall take effect from 1 September 1984 from a level to be mutually determined in 1984 which maintains the quality of access.	Paragraph 10: New Zealand will liberalise quantitative import restrictions on a global basis more rapidly than required under this Article and eliminate such restrictions on a global basis by 1987. In this situation New Zealand shall not provide exclusive access.	
Various	Certain sugars and sugar products	See Annex E	See Annex E	See Annex E

Tariff Heading Number	Description of Goods	ARTICLE 4	ARTICLE 5	OTHER PROVISIONS
Various	Certain motor vehicles and components	See Part VIII of this Annex	See Part VIII of this Annex	See Part VIII of this Annex
Various	Second hand goods		For second hand motor vehicles EX.Ch87 and of a kind covered by Part VIII of this Annex the provisions of paragraphs 5 to 7 shall not apply. The application of these paragraphs shall be reviewed in the context of the arrangements to be determined in respect of motor vehicles pursuant to Part VIII of this Annex. For Vessels EX.Ch89 the provisions of this Article shall not apply. For other second hand goods which have been treated as originating in the Area, the provisions of this Article shall not apply. In determining	

Tariff
Heading
Number

ARTICLE 4

ARTICLE 5

OTHER PROVISIONS

whether such goods would
have been treated as
originating in the Area,
no account shall be
taken of any value
added in the Area
as a result of repairs
or refurbishing.

PART IIWINE

1. The Member States have agreed to this Part having regard to:

- (a) the agreement reached between the Australian Wine and Brandy Corporation and the Wine Institute of New Zealand Inc. set out as Attachment II of this Annex;
- (b) the provision in the inter-industry agreement for further consultations between the two industries and for marketing and other possible assistance on an inter-industry basis;
- (c) the formulation of a Wine Industry Plan in New Zealand;
- (d) the considerable interest that each industry has in the development of trade in wine in the Area; and
- (e) the objective of this Agreement that the transition to free trade conditions is to be achieved in such a way as to minimise disruption.

Tariffs

2. Paragraphs 3 and 4 of Article 4 of this Agreement shall not apply to wines falling within Tariff Headings 22.05 and 22.06 excluding vermouth.

3. New Zealand shall reduce tariffs on these goods originating in Australia in accordance with the following:

- (a) the tariffs set out below shall apply to goods falling within Tariff Items 22.05.012 and 22.06.012 having an fob value of less than \$NZ2 per litre imported under the exclusive access provided pursuant to paragraph 7 of this Part:

1 July 1986	\$NZ3.60 per litre + 10%;
1 July 1987	\$NZ2.70 per litre + 5%;
1 July 1988	\$NZ1.80 per litre + 5%;
1 July 1989	\$NZ0.90 per litre;
1 July 1990	free; and

- (b) the tariffs set out below shall apply to goods falling within Tariff Items 22.05.017 and 22.06.017 having an fob value of not less than \$NZ2 per litre:

1 July 1986	68c per litre + 10%;
1 July 1987	51c per litre + 5%;
1 July 1988	34c per litre + 5%;
1 July 1989	17c per litre;
1 July 1990	free.

4. Australia shall reduce tariffs on these goods originating in New Zealand in the same steps as specified in paragraph 4 of Article 4 of this Agreement but commencing on 1 July 1986.

5. Pursuant to paragraph 8 of Article 4 of this Agreement New Zealand shall reduce on 1 January 1983 the duty applied to brandy falling within Tariff Heading 22.09 and originating in Australia to \$NZ12.10 per litre of alcohol being the excise rate which would be determined for brandy manufactured in New Zealand.

Access

6. The application of paragraph 4 of Article 5 of this Agreement by New Zealand shall be modified in that the base access level shall be the average annual level of imports into New Zealand of all goods except vermouth falling within Tariff Headings 22.05 and 22.06 originating in Australia in the three year period ending 30 June 1981.

7. From 1 January 1983 New Zealand shall make the exclusive access provided pursuant to paragraphs 5 to 7 of Article 5 of this Agreement available only for wine having an fob value of not less than \$NZ2 per litre. From 1 July 1986 New Zealand shall make this exclusive access available also for wine having an fob value of less than \$NZ2 per litre to an amount calculated by applying sub-paragraph 5(a) and paragraph 7 of Article 5 of this Agreement with \$NZ200,000 cif substituted for \$NZ400,000 cif and making an adjustment to this access level to reflect changes in prices in New Zealand over the period 1 January 1983 to 30 June 1986.

8. Pursuant to paragraph 9 of Article 5 of this Agreement New Zealand shall eliminate on 1 January 1983 import licensing on brandy originating in Australia.

Other

9. Pending the elimination of tariffs imposed by New Zealand on wine originating in Australia, should the Australian share of total wine imports into New Zealand fall below that held in 1980/81 (that is, prior to the introduction of the Wine Industry Plan), a review shall be made of the provisions relating to imports of Australian wine into New Zealand and New Zealand shall take appropriate action having regard to the understandings reached between the two industries on 11 February 1982 which are set out in Attachment II of this Annex.

PART IIIRECONSTITUTED WOOD BASED PANEL PRODUCTS

1. The Member States have agreed to this Part having regard to:

- (a) the agreement set out as Attachment III of this Annex reached between the Australian and New Zealand industries for reconstituted wood based panel products falling within Tariff Headings 44.11 and 44.18; and
- (b) the desirability of according comparable treatment for wood veneered particleboard falling within Tariff Heading 44.15.

Tariffs

2. The application of paragraph 4 of Article 4 of this Agreement shall be modified as follows:

- (a) each Member State shall on 1 January 1983 eliminate tariffs applicable to reconstituted wood based panel products falling within Tariff Headings 44.11 and 44.18 and originating in the territory of the other Member State; and
- (b) each Member State shall on 1 January 1983 reduce to 5 per cent tariffs applicable to wood veneered particleboard falling within Tariff Heading 44.15 originating in the territory of the other Member State. Each Member State shall eliminate tariffs on these goods on 1 January 1984.

Access

3. The application of paragraph 5 of Article 5 of this Agreement shall be modified by applying the initial levels of access into New Zealand set out below on an annual basis for the following goods falling within Tariff Headings 44.11 and 44.18, under New Zealand Import Licensing Item Code 44.025:

- (a) medium density fibreboard (if not falling within sub-paragraph (e) of this paragraph) - \$NZ2500,000 cif;
- (b) particleboard 9mm in thickness and above (if not falling within sub-paragraph (e) of this paragraph) - \$NZ750,000 cif;
- (c) particleboard less than 9mm in thickness (if not falling within sub-paragraph (e) of this paragraph) and/or wet process hardboard up to and including 9.5mm in thickness, including prime coated - \$NZ500,000 cif;
- (d) softboard sheets, tiles and panels, including primed or ivory coated - \$NZ200,000 cif;

(c) surface laminated and surface coated sheets, tiles and panels which are:

- (i) diallyl phthalate, low pressure melamine and/or polyester based laminated or coated - \$NZ250,000 cif;
- (ii) polyvinyl chloride and/or polyethylene based laminated or coated - \$NZ250,000 cif;
- (iii) paper and/or foil based laminated or coated - \$NZ250,000 cif; and
- (iv) printed, painted and/or other coated excluding primed coated hardboard and/or primed or ivory coated softboard falling within sub-paragraphs (c) and (d) of this paragraph - \$NZ250,000 cif.

4. For the goods specified in each of the four categories set out in sub-paragraph (e) of the previous paragraph, New Zealand shall not issue more import licences for laminated or coated substrate boards that are less than 9.5mm in thickness than is accounted for by 50 per cent of the value of goods permitted access in each category.

5. The application of paragraph 7 of Article 5 of this Agreement shall be modified in that New Zealand shall increase the initial levels of access into New Zealand set out in paragraphs 3 and 4 of this Part by 10 per cent per annum in real terms in each year subsequent to 1983.

6. The application of paragraphs 5 and 7 of Article 5 of this Agreement shall be modified so that initial annual levels of access into New Zealand for wood veneered particleboard falling within Tariff Heading 44.15 under New Zealand Import Licensing Item Code 44.025 shall be \$NZ2600,000 cif in 1983 increasing in real terms to \$NZ800,000 cif in 1984 and \$NZ 1 million in 1985. In subsequent years access shall be increased by 10 per cent per annum in real terms pursuant to paragraph 7(b) of Article 5 of this Agreement.

ANNEX CPART IVCARPET

1. The Member States have agreed to this Part having regard to:
- (a) the agreement reached between the Carpet Manufacturers' Federation of Australia and the New Zealand Carpet Manufacturers' Association set out as Attachment IV of this Annex;
 - (b) the conditions applying to trade in wool rich carpet listed in Schedule A of the New Zealand-Australia Free Trade Agreement, done at Wellington on 31 August 1965;
 - (c) the fact that synthetic carpet has not been generally available on the New Zealand market; and
 - (d) the potential for an intermediate goods situation prejudicial to the New Zealand industry in respect of yarn for synthetic carpet.

Tariffs

2. The application of paragraph 4 of Article 4 of this Agreement shall be modified in respect of carpets, carpeting, rugs, mats and matting having a pile containing not less than 80 per cent by weight of wool, falling within Tariff Headings 58.01 and 58.02. Such goods which originate in the territory of a Member State shall be free of tariffs from 1 January 1983 when imported into the territory of the other Member State.

Access

3. The application of paragraphs 4 to 7 and 14 of Article 5 of this Agreement shall be modified in respect of carpets, carpeting, rugs, mats and matting having a pile containing not less than 80 per cent by weight of wool falling within Tariff Headings 58.01 and 58.02. Quantitative import restrictions and tariff quotas shall be eliminated from 1 January 1983 in respect of such goods which originate in the territory of a Member State.

4. The application of paragraphs 4 to 7 of Article 5 of this Agreement shall be modified in that New Zealand shall provide exclusive access for the following volumes for carpets, carpeting, rugs, mats and matting having a pile containing less than 80 per cent by weight of wool falling within New Zealand Import Licensing Item Code 58.120:

1983	300,000 square metres
1984	330,000 square metres
1985	363,000 square metres
1986	399,000 square metres
1987	439,000 square metres
1988	527,000 square metres

1989	637,000	square metres
1990	759,000	square metres
1991	910,000	square metres
1992	1,092,000	square metres

5. The application of paragraph 14 of Article 5 of this Agreement shall be modified in that New Zealand shall eliminate quantitative import restrictions on 1 January 1993 in respect of carpets, carpeting, rugs, mats and matting which originate in Australia and have a pile content containing less than 80 per cent by weight of wool and which fall within New Zealand Import Licensing Item Code 58.120.

Rules of Origin

6. The application of paragraph 1(c)(ii) of Article 3 of this Agreement shall be modified in respect of carpets, carpeting, rugs, mats and matting having a pile containing over 20 per cent by weight of man-made fibres falling within Australian Tariff Item 58.02.900 and New Zealand Tariff Items 58.02.007 and 58.02.028. Such goods shall be treated as goods originating in the territory of a Member State if the expenditure on one or more of the items set out in paragraph 1(c)(ii) of Article 3 of this Agreement, excluding the value of the fibre and yarn used in the pile, is not less than one-half of the factory or works cost of the goods, excluding the value of the fibre and yarn used in the pile, provided that the goods were woven or tufted in the territory of either Member State.

7. Until 31 December 1992 in respect of the goods specified in paragraph 6 of this Part:

- (a) paragraph 6 of this Part shall apply:
- (i) to imports into New Zealand from Australia up to the levels specified in paragraph 4 of this Part; and
 - (ii) to imports into Australia from New Zealand up to an annual level of 1.5 million square metres; and
- (b) Article 3 of this Agreement shall apply unmodified to imports above the levels specified in the previous sub-paragraph.

8. From 1 January 1993 paragraph 6 of this Part shall apply to all trade in the Area of the goods specified in that paragraph.

9. Should there be any change in either country affecting the situation, for example, changes in man-made fibre yarn production or in the assistance given to the man-made fibre yarn or carpet industries, or should an industry in either country be materially injured by the operation of paragraphs 6 to 8 of this Part, the Member States shall consult at the written request of either with a view to reaching alternative mutually satisfactory arrangements. Where it is determined that the situation which is the subject of consultation is essentially related to a prejudicial intermediate goods situation, Article 14 of this Agreement shall apply.

ANNEX CPART VIRON AND STEEL PRODUCTS

1. The Member States have agreed to this Part having regard to:
 - (a) the expansion programme of New Zealand Steel Development Limited; and
 - (b) discussions in progress between the industries of both countries on possible options for a harmonious development of the steel industry in the territory of each Member State.
2. Trade in iron and steel products following the expansion of New Zealand Steel Limited shall be compatible with this Agreement as soon as practicable.
3. For iron and steel products contained in Chapter 73 of the Tariff not specified in Attachment V of this Annex the provisions of this Agreement shall apply unmodified. Quantitative import restrictions and tariff quotas shall be eliminated on goods listed in Attachment VI of this Annex by 1 January 1991 at the latest.
4. For goods specified in Attachment V of this Annex:
 - (a) the provisions of paragraphs 1 to 4 of Article 4 of this Agreement and paragraphs 1 and 2 and paragraphs 4 to 7 of Article 5 of this Agreement shall not apply;
 - (b) if after the conclusion of the industry discussions referred to in paragraph 1 of this Part the Member States mutually determine that some alternative interim arrangements to full application of this Agreement are essential, those arrangements shall be:
 - (i) confined to a minimum period and to an absolute minimum coverage of goods; and
 - (ii) compatible with the objectives of this Agreement;
 - (c) a Member State may, if necessary, introduce tariffs or take other action to restrict access to its market of goods originating in the territory of the other Member State before the commencement of the alternative interim arrangements referred to in the previous sub-paragraph of this Part or before the commencement of full application of this Agreement to those goods if:
 - (i) it has given written notice to the other Member State and provided an opportunity for consultations; and
 - (ii) the Member States can mutually determine no alternative solution;

- (d) in the event that a Member State introduces tariffs or takes other action to restrict access under the previous sub-paragraph, the other Member State may take similar action against imports of the same goods originating in the territory of the first Member State;
- (e) any measures applied by a Member State under sub-paragraphs (c) and (d) of this paragraph shall be no more restrictive than measures of the same nature which apply to imports of the same goods from third countries; and
- (f) if within twelve months of the date of entry into force of this Agreement the two industries cannot agree to an arrangement for steel which is acceptable to both Member States, the Member States shall consult and mutually determine the terms, consistent with the objectives of this Agreement, under which trade in the Area in such goods shall be liberalised.

5. The Member States shall establish procedures for regular consultation between themselves and the steel industries located in their territories to promote the harmonious development of the industry in the territory of each Member State.

6. The Attachments to this Part of this Annex are an integral part of this Annex.

PART VIWHITEGOODS

1. The Member States have agreed to this Part having regard to:

- (a) trans-Tasman trade in whitegoods under the New Zealand-Australia Free Trade Agreement, done at Wellington on 31 August 1965; and
- (b) the structure of the whitegoods manufacturing industries in both countries.

2. This Part shall apply to large electrical and gas appliances of a type used for domestic purposes in the home kitchen and laundry, and to room air conditioners of a compressor type used for domestic purposes in the following product categories:

- (a) refrigerators and freezers, including combined refrigerator and freezer units, falling within Tariff Heading 84.15;
- (b) dishwashers, including glass washers, falling within Tariff Heading 84.19;
- (c) clothes washing machines, including combined clothes washing and drying machines, falling within Tariff Heading 84.40;
- (d) rotary tumble type clothes dryers falling within Tariff Heading 84.40;
- (e) room air conditioners falling within Tariff Heading 84.12 being machines equipped with a motor driven fan or blower, designed to change both the temperature and the humidity and being self-contained by being designed primarily for use without ducting and having a nominally rated compressor total cooling capacity of 7kw or less; and
- (f) stoves, ranges and cookers falling within Tariff Headings 73.36 and 85.12, including wall ovens and cook tops but excluding microwave ovens.

Tariffs

3. The application of paragraph 4 of Article 4 of this Agreement shall be modified in that the Member States shall reduce and eliminate tariffs in accordance with Attachment VII of this Annex which sets out ad valorem tariffs which shall apply on and after the dates specified in that Attachment.

Access

4. The application of paragraphs 4 to 7 of Article 5 of this Agreement shall be modified in that New Zealand shall increase access within the meaning of Article 5 of this

Agreement and eliminate quantitative import restrictions on goods originating in Australia in accordance with Attachment VIII of this Annex which sets out the agreed levels of exclusive access expressed as a percentage by volume of the New Zealand market for each product category covered by this Part for the year specified.

5. The size of the New Zealand market for each product category shall be determined for each licence year:
- (a) mutually by the appropriate Australian and New Zealand industry organisations well before the licence year; or
 - (b) in the absence of a determination by industry organisations, by New Zealand in consultation with Australia on the basis of the most recent annual production volume plus imports less exports and, as appropriate, applying a factor for expected growth or decline in the market.

6. To permit importers to use exclusive access as they see fit over the range of products within each product category, New Zealand shall not differentiate between the specific products within each product category in the issue of import licences under this Part.

Allocation of Exclusive Access

7. The arrangements for the allocation by New Zealand of exclusive access provided pursuant to paragraph 4 of this Part shall be as set out in Attachment IX of this Annex.

Transitional Measures relating to earlier Agreements

8. Paragraph 1(c) of Article 20 of this Agreement regarding the level of trade under arrangements between individual firms which had applied under Article 3:7 of the New Zealand-Australia Free Trade Agreement, done at Wellington on 31 August 1965, which may continue to apply under this Agreement shall be modified in that the date 31 December 1982 shall be substituted for 14 December 1982.

Intermediate Goods

9. The Member States acknowledge that a prejudicial intermediate goods situation within the meaning of Article 14 of this Agreement exists in respect of imports into the territory of Australia from the territory of New Zealand of refrigerators, freezers, rotary tumble type clothes dryers, automatic washing machines and room air conditioners for which the expenditure on one or more of the items set out in paragraph 1(c)(ii) of Article 3 of this Agreement is less than 75 per cent of the factory or works cost of the goods. Accordingly as from 1 July 1985 such goods may be subject to a compensating charge in the order of 15 per cent of value for duty, provided that such compensating charge shall be reduced by the tariff applicable at the time of importation.

10. Australia, in consultation with New Zealand, shall re-examine the level of compensating charge referred to in paragraph 9 of this Part prior to the reduction of tariffs on 1 July 1985 pursuant to paragraph 3 of this Part and the relationship between "cost to make and sell" and "value for duty" and shall determine whether the ad valorem equivalent of the quantified disadvantage arising from the prejudicial intermediate goods situation within the meaning of paragraph 3 of Article 14 of this Agreement should be confirmed or varied. Following redetermination of the extent of disadvantage, paragraph 7 of Article 14 of this Agreement shall apply in determining whether the compensating charge should be an export charge or import charge pursuant to paragraph 5 of that Article.

11. If the Member States mutually determine that the expenditure on one or more of the items set out in paragraph 1(c)(ii) of Article 3 of this Agreement has been demonstrated to be less than 75 per cent of the factory or works cost of the goods referred to in paragraph 9 of this Part on a temporary basis, the Member States may waive the compensating charge.

12. The Member States shall consult at the written request of either and may mutually determine whether the application of paragraphs 9 to 11 of this Part should be continued or modified.

13. Paragraphs 9 to 12 of this Part shall cease to apply on 31 December 1990 at the latest.

14. The Attachments to this Part of this Annex are an integral part of this Annex.

ANNEX CPART VIIFURNITURE

1. The Member States have agreed to this Part having regard to:
 - (a) the significant and progressive liberalisation of trans-Tasman trade in furniture and furniture components which had taken place under the New Zealand-Australia Free Trade Agreement, done at Wellington on 31 August 1965; and
 - (b) the need to ensure a smooth transition to this Agreement from the arrangements which had operated under the New Zealand-Australia Free Trade Agreement, done at Wellington on 31 August 1965.
2. This Part shall apply until replaced by arrangements mutually determined by the Member States which:
 - (a) take account of arrangements which may be reached between the Australian and New Zealand industries for a liberalisation of trade in the goods covered by this Part; or
 - (b) in the absence of arrangements referred to in the previous sub-paragraph, provide for accelerated liberalisation of trade pursuant to paragraph 8 of Article 4 and paragraph 9 of Article 5 of this Agreement to take effect no later than 1987.
3. This Part shall apply to:
 - (a) imports into Australia of furniture components, including metal actions, originating in New Zealand falling within Tariff Headings 94.01 and 94.03, excluding:
 - (i) kitsets, CKD packs and goods put up for retail sale;
 - (ii) parts for seats specifically designed for use in motor vehicles; and
 - (iii) plastic sheeting and flexible foam cut to shape, whether or not made up.
 - (b) imports into New Zealand of furniture and furniture components, including metal actions, originating in Australia falling within Tariff Headings 94.01 and 94.03, excluding:
 - (i) seats specifically designed for use in motor vehicles and parts therefor; and
 - (ii) plastic sheeting and flexible foam cut to shape, whether or not made up;

- (c) imports into Australia of furniture and furniture components originating in New Zealand other than those specified in sub-paragraphs (a) and (b) of this paragraph, falling within Tariff Headings 94.01 and 94.03, excluding seats specifically designed for use in motor vehicles and parts therefor; and
- (d) imports into either Australia or New Zealand of plastic sheeting and flexible foam cut to shape, whether or not made up, originating in the territory of the other Member State and falling within Tariff Headings 94.01 and 94.03.

Tariffs

4. Paragraphs 3 and 4 of Article 4 of this Agreement shall not apply.
5. Goods specified in paragraphs 3(a) and 3(b) of this Part shall be free of tariffs up to the levels specified in paragraphs 7 and 8 of this Part respectively.

Access

6. Paragraphs 5 to 7 of Article 5 of this Agreement shall not apply.
7. Australia shall issue a consolidated by-law reference to allow the import free of tariff of goods specified in paragraph 3(a) of this Part up to the level of \$A11.25 million fob (or cif equivalent) of which \$A440,000 fob shall be made available for imports of metal components for furniture.
8. New Zealand shall issue licences on demand to allow the import free of tariff of goods specified in paragraph 3(b) of this Part excluding metal actions up to the level of \$A9.65 million fob (or cif equivalent). Of this amount \$A440,000 fob shall be made available for imports of metal furniture and metal components for furniture, other than metal actions, within which not more than \$A40,000 fob shall be made available for metal trays.
9. New Zealand shall issue licences on demand for the import free of tariff of metal actions originating in Australia.
10. The factor to convert the figures specified in paragraphs 7 and 8 of this Part from Australian currency on an fob basis to New Zealand currency on a cif basis for the purpose of issuing import licences shall be mutually determined by the Member States by 1 July each year after consultations between themselves and the Australian and New Zealand industries.
11. The provisions of this Part shall be subject to annual review with a view to accelerating the liberalisation of trade within the Area. Any access free of tariffs additional to the levels specified in paragraphs 7 and 8 of this Part shall be mutually determined by the Member States in consultation with the industries located in their territories.

ANNEX CPART VIIIMOTOR VEHICLES AND COMPONENTS

1. The Member States have agreed to this Part having regard to:
 - (a) the special sectoral policies which both Member States operate for the motor vehicles and components industry in which the degree of government intervention or assistance extends beyond tariffs; and
 - (b) the review of long term policy objectives for the industry being conducted by New Zealand at the time of entry into force of this Agreement.
2. The Member States shall consult as soon as possible to determine mutually transitional arrangements for the liberalisation under this Agreement of trade in the goods listed in Sections A and B of Attachment X of this Annex at the earliest practicable date bearing in mind that:
 - (a) special transitional arrangements may be necessary for the liberalisation of trade in these goods to achieve the objectives of the Agreement;
 - (b) the consultations need to await decisions by New Zealand on the review of its long term policy objectives for the industry; and
 - (c) the revised long term assistance arrangements for the Australian industry enter into operation on 1 January 1985.
3. Pending mutual determination of the transitional arrangements referred to in the previous paragraph of this part, paragraphs 4, 6, 8 and 9 of this Part shall apply to the goods listed in Sections A and B of Attachment X of this Annex.

Tariffs

4. Paragraphs 1 to 4 of Article 4 of this Agreement shall not apply.
5. Before reducing margins of preference on goods listed in Attachment XI of this Annex a Member State shall give written notice to the other Member State and provide an opportunity for consultations.

Access

6. Paragraphs 1 and 2 and paragraphs 4 to 7 of Article 5 of this Agreement shall not apply. Any quantitative import restrictions or tariff quotas applied by a Member State on goods originating in the territory of the other Member State shall be no more restrictive than measures of the same nature which apply to imports of the same goods from third countries.

7. The Member States shall mutually determine access arrangements in respect of the goods listed in Section C of Attachment X of this Annex which were included in Schedule A of the New Zealand-Australia Free Trade Agreement, done at Wellington on 31 August 1965.

Transitional measures relating to earlier Agreements

8. In respect of goods traded under arrangements which had applied under Article 3:7 of the New Zealand-Australia Free Trade Agreement, done at Wellington on 31 August 1965, and which continue to apply pursuant to Article 20 of this Agreement:

- (a) imports of components originating in New Zealand shall be accorded the status of "Australian content" in the context of the Australian local content plan under which domestic motor vehicle producers must achieve an average Australian content of 85 per cent;
- (b) exports of motor vehicles and components to New Zealand shall not earn credit entitlement under the Australian Export Facilitation arrangements; and
- (c) re-exports from Australia of components imported from New Zealand shall be counted as "Australian content" under the Australian Export Facilitation arrangements only when re-exported as part of a CBU vehicle.

9. Until such time as the transitional arrangements referred to in paragraph 2 of this Part enter into effect the Member States may mutually determine in exceptional circumstances special measures compatible with the objectives of this Agreement.

10. The Member States shall mutually determine the arrangements to apply to the following goods for which the application of this Agreement is modified pursuant to Part I of this Annex and this Part:

- (a) rubber products falling within Tariff Headings 40.09, 40.10 and 40.14;
- (b) pneumatic tyres, tyre cases, and tubes of rubber, other than for bicycles, falling within Tariff Heading 40.11; and
- (c) electronic products falling within Tariff Heading 85.15.

11. The Attachments to this Part of this Annex are an integral part of this Annex.

ATTACHMENT I OF
ANNEX C

APPAREL FOR WHICH THE APPLICATION OF THIS
AGREEMENT IS MODIFIED PURSUANT TO PART I

Tariff Heading Number	Description of Goods
EX39.07	Articles of apparel and clothing accessories of plastic, excluding gloves, mittens, mitts, braces, suspenders, garters, belts and the like, and x-ray protective aprons
EX40.13	Articles of apparel and clothing accessories of unhardened vulcanised rubber, excluding gloves
EX42.03	Articles of apparel and clothing accessories of leather or composition leather, excluding braces, suspenders, garters, belts and the like, and excluding gloves, mittens, mitts, wrist supporting straps, watch straps, coats and waistcoats and the like of sueded sheepskin or sueded lambskin leather or of deerskin leather, and skirts of deerskin leather
60.03	Stockings, under-stockings, socks, ankle socks, sockettes and the like
EX60.04	Knitted or crocheted undergarments excluding babies napkins
EX60.05	Knitted or crocheted outer garments and apparel accessories
EX60.06	Garments of knitted or crocheted fabrics, elasticised or rubberised, excluding diving dress and wetsuits
61.01	Men's and boys' outer garments
61.02	Women's, girls' and infants' outer garments
61.03	Men's and boys' undergarments
EX61.04	Women's, girls' and infants' undergarments, excluding babies' napkins
61.05	Handkerchiefs
61.06	Shawls, scarves, mufflers, mantillas, veils and the like

- 61.07 Ties, bowties and cravats
- 61.09 Corsets, corset-belts, suspender-belts, brassieres, braces, suspenders, garters and the like (including such articles of knitted or crocheted fabric), whether or not elastic.

ATTACHMENT II OF
ANNEX C

AGREEMENT BETWEEN THE AUSTRALIAN AND NEW ZEALAND
INDUSTRIES ON WINE

The Australian Wine and Brandy Corporation and the Wine Institute of New Zealand met in Auckland on 11 February 1982 to seek finality in discussions about the treatment of wine in the proposed agreement between the Governments of Australia and New Zealand on closer economic relations between the two countries. These discussions have been held at the request of the respective Governments, who expressed a wish that the two industries seek a basis for the resolution of this question.

The Auckland meeting of 11 February 1982 followed two earlier meetings in May 1981 (Auckland) and November 1981 (Sydney).

Following the latest meeting, the Corporation and the Institute have reached agreement on matters of mutual concern and recommend to their respective Governments five objectives to be taken into account in considering future policy for trans-Tasman wine trade:

First objective: The Corporation and the Institute confirm the agreement reached at the Sydney meeting, as set out in Annex I appended hereto.

Second objective: The Corporation and the Institute confirm the agreement reached at the Sydney meeting, as set out in Annex II appended hereto.

Third objective: The Corporation and the Institute, agree to the desirability of achieving the highest possible degree of compatibility in standards and practices relating to technical aspects of viticulture and oenology, and further agree to impress on their respective Governments the need for full and urgent discussions between the industries, official departments and agencies concerned.

Fourth objective: The Corporation and the Institute confirm the agreement reached at the Sydney meeting, as set out in Annex III appended hereto.

Fifth objective: The Corporation and the Institute agree to bring Australian wine into a Closer Economic Relationship on the basis set out in Annex IV appended hereto; it being understood that the formulae agreed between the two Governments would apply to New Zealand wine as from 1 January 1983.

[signed] R.W.C. Hesketh

[signed] T.B. McDonald

Chairman, Australian Wine
and Brandy Corporation

Chairman, Wine Institute
of New Zealand Inc.

Auckland, New Zealand, 11 February 1982.

Annex I

The first objective is to continue the rate of increase of wine consumption per capita in both countries to the maximum extent permitted by considerations of economy, social desirability and political acceptability.

Achievement of the first objective requires maximum consultation between the two industries on all matters which affect the consumption of wine.

The fact that wine has become an issue for special consideration in the CER negotiations may provide an opportunity to obtain from both governments a joint undertaking to recognise the long term value to both countries of encouraging a profitable, quality-conscious industry in each country.

The New Zealand industry could learn from Australia about wine promotion and information programmes as a means of achieving understanding of the product and orderly consumption growth.

Annex II

The second objective is to enable each country to maximise its share of the imported wine consumption in the other country, but not to an extent that it causes undue disruption to the domestic base of either of the two industries. The achievement of the second objective requires a commitment by each country's industry to help the other.

Australia already has a dominant share of the imported wine market in New Zealand. The New Zealand industry has already assured Australia of its support in a joint approach to the New Zealand Government for any change in quota or duty which may become necessary to at least maintain Australia's traditional share of the New Zealand import market, and time must be allowed to determine results before further action is considered.

New Zealand faces the problem of becoming accepted in the Australian market. New Zealand's problem is essentially one of marketing rather than access mechanism, and what assistance is needed is more within the province of the Australian wine industry than the Australian Government.

The Corporation would use its best endeavours to assist New Zealand to become established in the Australian market. Identification of further opportunities for progress in this area will be a matter for urgent consultation between the two organisations.

Annex III

The fourth objective is to encourage harmonisation and rationalisation within the two industries, so that each concentrates on what it does best. Nevertheless it is recognised that this objective is necessarily long term.

A useful first step would be a long range survey in both countries, with complete interchange of information, to assess any problems of surplus or shortfall which could complicate future trade.

An immediate area for consideration is brandy, where rationalisation suggests that, as it seems unlikely and uneconomic to contemplate brandy production in New Zealand, consideration be given to regarding Australia as the source of domestic brandy for both countries and Australian brandy be given special rights of access to New Zealand.

Annex IV

INTER-INDUSTRY AGREEMENT ON THE BASIS ON WHICH WINE SHALL BE INCLUDED IN THE CLOSER ECONOMIC RELATIONSHIP

The CER access formula as agreed between the two Governments will be calculated on the basis of total wine imports from Australia in the agreed base period. The consequent exclusive tariff quota for Australia additional to the global quota may be utilised for wine over \$2 per litre from 1 January 1983. It may be utilised for wine under \$2 per litre from 1 July 1986 up to a limit calculated by applying the agreed minimum access formula as from that date.

The tariffs on wines covered by this understanding shall be phased to zero in 5 steps commencing on 1 July 1986 as set out below:

	<u>22.05.012</u>	<u>22.05.017</u>
Current Rates:	4.50 per litre + 10%	85c per litre + 10%
1 July 1986	3.60 per litre + 10%	68c per litre + 10%
1987	2.70 per litre + 5%	51c per litre + 5%
1988	1.80 per litre + 5%	34c per litre + 5%
1989	90c per litre	17c per litre
1990	Duty free.	Duty free.

22.05: Wine of fresh grapes; grape must with fermentation arrested by the addition of alcohol:

22.05.012: -- having a f.o.b. value of less than \$2.00 per litre.

22.05.017: -- Other kinds
--- As may be approved by the Minister and under such conditions as he may prescribe.

INTER-INDUSTRY AGREEMENT ON THE BASIS UNDER WHICH WINES FLAVOURED WITH AROMATIC EXTRACTS (TARIFF ITEMS 22.06.012 AND 22.06.017) SHALL BE INCLUDED IN THE CLOSER ECONOMIC RELATIONSHIP (CER)

The Australian Wine and Brandy Corporation on behalf of the Australian wine industry is agreeable to the request from the Wine Institute of New Zealand Incorporated, for the inclusion

of wines flavoured with aromatic extracts being included in the inter-industry agreement for wine in CER as an extension of Annex IV of the final report on Australia/New Zealand wine industry discussions dated 11 February 1982.

Having agreed to this request the Australian Wine and Brandy Corporation asks that the Wine Institute and the New Zealand wine industry will seriously reconsider its attitude to the Australian request, lodged on behalf of the Australian wine industry, in respect of discrimination against Australia with regard to the treatment given French champagne in the New Zealand tariff.

Wine Institute of New Zealand acknowledges agreement of Australian Wine and Brandy Corporation to inclusion of Tariff Items 22.06.012 and 22.06.017 in Annex IV of final report on Australia/New Zealand wine industry discussions dated 11 February 1982 dealing with treatment of wine in CER.

Institute notes Australian request on champagne, agrees to give the further consideration requested, and suggests this matter be placed on agenda for our next inter-industry meeting.

ATTACHMENT III OF
ANNEX C

AGREEMENT BETWEEN THE AUSTRALIAN AND NEW ZEALAND
INDUSTRIES ON RECONSTITUTED WOOD BASED PANEL PRODUCTS

1. Industry Position

1.1 The Australian and New Zealand industries covered by tariff items 44.11 and 44.18 acknowledge that closer economic relations are desirable for the orderly development of their respective industries and markets, coupled with the development of export markets in third countries.

1.2 Both countries have cost efficient manufacturing units with market prices being currently parallel.

1.3 Each respective country has sufficient wood resources to sustain existing installed capacity at maximum levels if market conditions permit. Additional wood resources will become progressively available in the years ahead, allowing for the continued development by both countries of exports of wood based panel products to third countries.

1.4 For the foreseeable future, unused productive capacity of significant proportions will exist in each country. This situation reflects the current difficult business environment in each country.

1.5 The Australian and New Zealand panel products industries agree that the comparability of the industries' cost/price structure is such that the likelihood of significant Trans-tasman trade developing in the future without dumping is remote.

1.6 In order to facilitate realistic developments, the two respective industries present the following submission for consideration by the two Governments.

2. Performance Incentives, Access and Tariff Considerations

2.1 Although the Australian manufacturers involved have strong philosophical objections to the principle of any form of New Zealand performance based export incentives continuing until 1987, and join other sections of the Australian forest industry in seeking their immediate abolition, they undertake not to persist with demands for their abolition, having regard to the agreements relating to tariff items 44.11 and 44.18 specified below in this paper.

2.2 The New Zealand manufacturers' position on performance based export incentives is that they must be retained as detailed under Section 39 of the exposure draft on CER dated June 1982.

2.3 New Zealand manufacturers are prepared to recommend, without prejudice, increased combined access levels for Australia, at the commencement of a CER agreement, for tariff items 44.11 and 44.18 to a total of NZD2.95 million C.I.F. (or

the equivalent in Australian currency at the date of signature of the Heads of Agreement). Such levels, as agreed, to be escalated by 10 percent each year in real terms. On this basis, New Zealand and Australian manufacturers agree to recommend that this significant access increase be divided five principal ways as follows:-

- (1) Medium density fibreboard (if not falling under (5) below) - NZD500,000.
- (2) Particleboard 9mm in thickness and above (if not falling under (5) below) - NZD750,000.
- (3) Particleboard up to 9mm in thickness but not including 9mm (if not falling under (5) below) and/or wet process hardboard up to and including 9.5mm in thickness, including primed coated - NZD500,000.
- (4) Softboard sheets, tiles and panels, including primed or ivory coated - NZD200,000.
- (5) Surface laminated and surface coated sheets, tiles and panels under tariff items 44.11 and 44.18 - NZD1,000,000, subdivided into four equal categories of NZD250,000 each, as follows:-
 - (a) Diallyl phthalate, low pressure melamine and/or polyester based laminated or coated.
 - (b) Polyvinyl chloride and/or polyethylene based laminated or coated.
 - (c) Paper and/or foil based laminated or coated.
 - (d) Printed, painted and/or other coated (excluding primed coated hardboard and/or primed or ivory coated softboard falling under (3) and (4) above).

For each of these four categories, no more than 50% is to be laminated or coated onto substrate boards that are less than 9.5mm in thickness.

Australian manufacturers involved accept the need for some protection in the form of New Zealand import licensing over these products, in the foreseeable future, and therefore are prepared to concur with the above proposed initial allocations for Australia under a CER agreement. Accordingly, the general phasing out of import licensing for imports under tariff items 44.11 and 44.18 into New Zealand from Australia by not later than 1995 is accepted by the manufacturers involved in both countries.

2.4 It is agreed by New Zealand and Australian manufacturers involved that all current tariff barriers between both countries under tariff items 44.11 and 44.18 be eliminated as from the date of commencement of a CER agreement, providing that the dissenting view of one Australian manufacturer, who believes tariffs should be phased out at the same rate as export incentives, is taken into account.

2.5 It is agreed that Trans-Tasman trade in new products or speciality products under tariff items 44.11 and 44.18, that are available in one country but not the other, be encouraged. Accordingly, this principle may necessitate the negotiation, if and when requested, of New Zealand import licensing access for such Australian products under these tariff items additional to that proposed under paragraph 2.3 above.

2.6 It is agreed that the access provision proposed under paragraph 2.3(3) above will be subject to revision in the event of any increase, subsequent to 1st January 1983, in New Zealand's installed capacity for manufacturing boards 9.5mm or less in thickness under tariff items 44.11 and 44.18.

ATTACHMENT IV OF
ANNEX C

AGREEMENT BETWEEN THE AUSTRALIAN AND NEW ZEALAND
INDUSTRIES ON CARPET

WOOL-RICH CARPETS

From the commencement of a CER trade in all wool-rich carpets, rugs etc. would be unrestricted between both countries.

SYNTHETIC CARPETS

- (i) From the commencement of a CER, trading levels for other than wool-rich carpets, rugs, etc. would be on the following basis:

Australia into New Zealand

Year	
1	300,000m ²
2	330,000m ²
3	363,000m ²
4	399,000m ²
5	439,000m ²
6	527,000m ²
7	632,000m ²
8	759,000m ²
9	910,000m ²
10	1,092,000m ²
11	Open Access

It is the intention of New Zealand carpet manufacturers to compete in synthetic carpet for a percentage of the New Zealand market over and above that specifically allocated to Australia.

New Zealand into Australia

Unrestricted access

- (ii) Area content: The associations propose that the cost of pile content should be excluded from the calculation of the current 50 per cent area content rule.

- (iii) Tariff duties: Tariff duties applicable to synthetic carpets would be phased out in accordance with the formula generally established under a CER. The industries will review this matter on receipt of full details of a CER to ascertain if an accelerated tariff duty reduction programme can be established.

ATTACHMENT V OF
ANNEX C

IRON AND STEEL PRODUCTS FOR WHICH THE APPLICATION OF THIS
AGREEMENT IS MODIFIED PURSUANT TO PART V

Tariff Heading Number	Description of Goods
73.01	Pig iron, cast iron and spiegeleisen, in pigs, blocks, lumps and similar forms
73.05	Iron or steel powders; sponge iron or steel
73.06	Puddled bars and pilings; ingots, blocks, lumps and similar forms, of iron or steel
73.07	Blooms, billets, slabs and sheet bars (including tinplate bars), of iron or steel; pieces roughly shaped by forging, of iron or steel
73.08	Iron or steel coils for re-rolling
73.09	Universal plates of iron or steel
73.10	Bars and rods (including wire rod), of iron or steel, hot-rolled, forged, extruded, cold-formed or cold-finished (including precision-made); hollow mining drill steel
EX73.11	Angles, shapes and sections, of iron or steel, hot-rolled, forged, extruded, cold-formed or cold-finished, not being worked
73.12	Hoop and strip, of iron or steel, hot-rolled or cold-rolled
EX73.13	Sheets and plates, of iron or steel, hot-rolled or cold-rolled, not being tinned but not otherwise worked or decorated
73.14	Iron or steel wire, whether or not coated, but not insulated
EX73.15	Alloy steel and high carbon steel in the following forms: ingots, blooms, billets, slabs, sheet bars, roughly forged pieces, coils for re-rolling, bars, rod, hoop, strip, sheets or plates other than of stainless steel, wire
73.17	Tubes and pipes, of cast iron
73.18	Tubes and pipes and blanks therefor, of iron (other than cast iron) or steel, excluding high-pressure hydro-electric conduits
73.20	Tube and pipe fittings (including joints, elbows, unions and flanges), of iron or steel

- 73.25 Stranded wire, cables, cordage, ropes, plaited bands, slings and the like, of iron or steel wire, but excluding insulated electric cables
- 73.26 Barbed iron or steel wire; twisted hoop or single flat wire, barbed or not, and loosely twisted double wire, of kinds used for fencing, of iron or steel
- EX73.27 Gauze, cloth, grill, fencing, reinforcing fabric and similar materials, of iron or steel wire
- 73.31 Nails, tacks, staples, hook-nails, corrugated nails, spiked cramps, studs, spikes and drawing pins, of iron or steel, whether or not with heads of other materials, but not including those with heads of copper
- 73.32 Bolts and nuts (including bolt ends and screw studs) whether or not threaded or tapped, screws (including screw hooks and screw rings), rivets, cotters, cotter-pins and similar goods, of iron or steel; washers (including spring washers) of iron or steel

ATTACHMENT VI OF
ANNEX C

IRON AND STEEL PRODUCTS FOR WHICH QUANTITATIVE IMPORT
RESTRICTIONS AND TARIFF QUOTAS SHALL BE ELIMINATED
BY 1 JANUARY 1991 PURSUANT TO PART V

The elimination of quantitative import restrictions and tariff quotas referred to in paragraph 3 of Part V of Annex C shall apply to goods listed in the tariff of either Member State applicable on the day that this Agreement enters into force falling within the New Zealand Tariff Items set out below:

73.08.000
73.09.001
73.09.009
73.12.002.05G
73.12.002.09K
73.12.002.15D
73.12.002.19G
73.12.019.01D
73.12.019.25A
73.12.019.29D
73.12.019.45F
73.12.019.49J
73.13.001
73.13.009
73.13.021.05E
73.13.021.09H
73.13.029.05F
73.13.029.09J
73.13.071.05B
73.13.071.09E
73.13.079.45B
73.13.079.49E
73.13.079.59B
73.15.011.01D
73.15.051.11C
73.15.051.31H
73.15.051.51B
73.15.059.11D
73.15.059.31J
73.15.059.51C
73.15.091.31K
73.15.091.39E
73.15.099.31L
73.15.099.39F
73.15.131.01K
73.15.139.09F
73.15.139.31B

ATTACHMENT VII OF
ANNEX C

REDUCTION AND ELIMINATION OF TARIFFS ON WHITEGOODS
PURSUANT TO PART VI

Product Category	1 Jan 1983	1 Jul 1983	1 Jul 1984	1 Jul 1985	1 Jul 1986	1 Jul 1987
(a) Refrigerators and freezers	NZ Tariff	25%	20%	15%	10%	free
	Aust Tariff	20%	20%	15%	10%	free
(b) Dishwashers	NZ Tariff	25%	17.5%	12.5%	10%	free
	Aust Tariff	free	free	free	free	free
(c) Clothes washing machines	NZ Tariff	25%	20%	15%	10%	free
	Aust Tariff	20%	20%	15%	10%	free
(d) Rotary tumble type clothes dryers	NZ Tariff	25%	20%	15%	10%	free
	Aust Tariff	15%	15%	15%	10%	free
(e) Room air conditioners	NZ Tariff	25%	20%	15%	10%	free
	Aust Tariff	15%	15%	15%	10%	free
(f) (i) Electric stoves and ranges	NZ Tariff	22.5%	17.5%	12.5%	10%	free
	Aust Tariff	10%	10%	10%	10%	free
(ii) Gas stoves and ranges	NZ Tariff	20%	17.5%	12.5%	10%	free
	Aust Tariff	10%	10%	10%	10%	free

ATTACHMENT IX OF
ANNEX C

ALLOCATION OF EXCLUSIVE ACCESS FOR WHITEGOODS
PURSUANT TO PART VI

1. The application of paragraph 22 of Article 5 of this Agreement shall be modified in that the allocation of exclusive access by New Zealand shall be undertaken in accordance with the following conditions:

- (a) allocations shall be made by the New Zealand Department of Trade and Industry and not by the tendering process;
- (b) the names of New Zealand holders of exclusive access and the Australian manufacturers involved shall be published;
- (c) once products become licence on demand, exclusive access shall be issued automatically on the request of registered New Zealand companies;
- (d) special-to-type parts and components for servicing requirements shall be subject to licence on demand provisions for those registered New Zealand companies that receive exclusive access for whitegoods;
- (e) in considering the allocation and any subsequent reallocation of exclusive access, regard shall be given to applications supported by industry rationalisation or complementation proposals;
- (f) applicants must be registered New Zealand companies and be able to demonstrate their ongoing involvement in the whitegoods business and their ability to satisfactorily service the product during its working life;
- (g) New Zealand applicants shall be required to show that they have a confirmed source of supply from an Australian manufacturer; and
- (h) New Zealand importers shall be required to confirm within the first six months of each import licensing period that their allocation for that period will be fully utilised. Any unutilised exclusive access shall be reallocated by the Department of Trade and Industry.

2. For whitegoods excluding electric ranges, the following additional conditions shall apply in respect of the allocation by New Zealand of exclusive access:

- (a) in respect of import licences for calendar years 1983 and 1984 the annual exclusive access available shall be divided equally between the number of Australian manufacturers nominated by the New Zealand applicants; and

(b) in respect of import licences for the calendar years after 1984, the annual exclusive access to be allocated shall be on the basis of import performance over the previous two years with provision for new applicants to be made from any access additional to the access available in the previous year.

3. For electric ranges, stoves and cookers, the following additional conditions shall apply in respect of the allocation by New Zealand of exclusive access:

(a) applicants must be registered New Zealand companies and be able to demonstrate their ongoing involvement in the electric range business and their ability to satisfactorily service the product during its working life;

(b) in respect of import licences for the calendar years 1983 to 1986 the annual exclusive access available shall be allocated on the following basis:

(i) be divided equally between the number of Australian manufacturers nominated by the New Zealand applicants;

(ii) be made available first to New Zealand electric range manufacturers that provide evidence of a confirmed source of supply from an Australian electric range manufacturer; and

(iii) where a New Zealand electric range manufacturer cannot establish a source of supply or an interested Australian electric range manufacturer is not able to link up with a New Zealand electric range manufacturer, then applications shall be considered from other registered New Zealand companies that provide evidence of a confirmed source of supply from an Australian electric range manufacturer; and

(c) in respect of import licences for the calendar years after 1986, the annual exclusive access to be allocated shall be on the basis of import performance over the previous two years with provision for new entrants to be made from any access additional to the access available in the previous year.

ATTACHMENT A
OF ANNEX C

MOTOR VEHICLES AND COMPONENTS FOR WHICH THE APPLICATION OF THIS AGREEMENT
IS MODIFIED PURSUANT TO PART VIII

New Zealand Import
Licensing Schedule
Item Code (1982/83)

Brief Description of Goods

Australian
Tariff Item

New Zealand
Tariff Item

Section A. Vehicles

Tractors for articulated vehicles, on-highway use

87.01.310

87.01.001
87.01.005

EX87.000
EX87.020

Motor vehicles for the transport of persons, goods or materials other than convertible road/rail motor coaches, assembled and air cushion vehicles designed to travel over both land and water

87.02.100
87.02.210
87.02.221
87.02.229
EX87.02.910
EX87.02.921
EX87.02.929

EX87.000
EX87.015
EX87.020
EX87.025

SECTION B. Components of a kind commonly used with tractors for articulated vehicles being tractors that are designed for operation solely or principally on the highway, or with vehicles of 87.02 other than air cushion vehicles or convertible road/rail motor coaches, assembled.

Rubber piping and tubing

EX40.09.000

EX40.09.001
EX40.09.009
EX40.09.011
EX40.09.019

EX40.000
EX40.010

New Zealand Import
Licensing Schedule
Item Code (1982/83)

New Zealand
Tariff Item

Australian
Tariff Item

Brief Description of Goods

Transmission belts	EX40.10.001 EX40.10.008 EX40.10.009	EX40.10.900	EX40.000 EX40.030
Rubber tyres, tyre cases	EX40.11.001 EX40.11.009	EX40.11.200 EX40.11.900	EX40.000 EX40.036
Articles of rubber, excluding goods specified in Section C of this Attachment	EX40.14.021 EX40.14.029 EX40.14.049	EX40.14.300	EX40.000 EX40.060 EX40.065
Friction materials, excluding goods specified in Section C of this Attachment	EX68.14.011 EX68.14.029	EX68.14.000	EX68.000 EX68.030
Safety glass	70.08.001	70.08.100	EX70.000 EX70.010
Rear view mirrors	EX70.09.001	70.09.100	EX70.015
Illuminating and signalling glassware, excluding goods specified in Section C of this Attachment	EX70.14.001 EX70.14.029	EX70.14.100 70.14.200	EX70.000 EX70.040
Springs and leaves for springs	EX73.35.000	EX73.35.110 EX73.35.120 EX73.35.190	EX73.078
Earth straps	EX74.10.000	EX74.10.000	EX74.025
Locks, excluding goods specified in Section C of this Attachment	EX83.01.011 EX83.01.019	83.01.100 EX83.01.900	EX83.000 EX83.005

New Zealand Import
Licensing Schedule
Item Code (1982/83)

New Zealand
Tariff Item

Australian
Tariff Item

Brief Description of Goods

Base metal fittings for coachwork	EX83.02.009	EX83.02.100 EX83.02.290 EX83.02.900	EX83.005 EX83.010
Sign plates, name plates of base metal	EX83.14.000	EX83.14.000	EX83.045
Vehicle engines and parts	84.06.041 84.06.061 EX84.06.071	84.06.111 84.06.119 EX84.06.120 EX84.06.210 EX84.06.220 EX84.06.230	EX84.000 EX84.520 EX84.523 EX84.526
Filters for gases, lubricant, fuel	EX84.18.031 EX84.18.039	EX84.18.210 84.18.290	EX84.620
Mechanical appliances	EX84.21.029	EX84.21.200	EX84.655
Air conditioning equipment for motor vehicles	EX84.59.059	EX84.59.300	EX84.000
Taps, cocks, valves, excluding goods specified in Section C of this Attachment	EX84.61.021 EX84.61.029	EX84.61.200 EX84.61.900	EX84.880 EX84.883 EX84.886
Transmission shafts, cranks, etc, excluding goods specified in Section C of this Attachment	EX84.63.001 EX84.63.011 EX84.63.029	EX84.63.100 EX84.63.210 EX84.63.220	EX84.000 EX84.890
Gaskets	EX84.64.001 EX84.64.009	EX84.64.000	EX84.000 EX84.910
Electrical goods, excluding goods specified in Section C of this Attachment	EX85.01.011 EX85.01.019	EX85.01.900	EX85.000 EX85.003

Brief Description of Goods	Australian Tariff Item	New Zealand Tariff Item	New Zealand Import Licensing Schedule Item Code (1982/83)
Electric accumulators (batteries)	EX85.04.000	EX85.04.001 EX85.04.009	EX85.000 EX85.015
Electrical starting and ignition equipment for internal combustion engines, excluding goods specified in Section C of this Attachment	85.08.300 EX85.08.900	EX65.08.001 EX85.08.031 EX85.08.039	EX85.000 EX85.021
Electrical lighting and signalling equipment and electrical windscreen wipers, defrosters and demisters, excluding goods specified in Section C of this Attachment	EX85.09.200 EX85.09.900	EX85.09.011 EX85.09.019	EX85.000 EX85.024
Electrical heaters	EX85.12.900	EX85.12.019	EX85.033
Car radios, excluding goods specified in Section C of this Attachment	EX85.15.100 EX85.15.900	EX85.15.001	EX85.048
Electrical apparatus, excluding goods specified in Section C of this Attachment	EX85.19.900	EX85.19.009 EX65.19.011 85.19.041 EX85.19.051 EX85.19.055 EX65.19.059 EX85.19.061 EX65.19.071 EX85.19.079	EX85.000 EX85.057 EX85.060 EX85.063
Filament lamps and fluorescent tubes	85.20.100	EX65.20.001	EX85.000

New Zealand Tariff
Licensing Schedule
Item Code (1982/83)

New Zealand
Tariff Item

Australian
Tariff Item

Brief Description of Goods

Insulated wire	EX85.23.021 EX85.23.029	85.23.100 EX85.23.910 EX85.23.990	EX85.000 EX85.075
Chassis fitted with engines for vehicles within 87.01 or 87.02	EX87.04.011 EX87.04.019	87.04.110 87.04.190 EX87.04.900	EX87.000 EX87.015 EX87.020
Bodies (including cabs) for vehicles within 87.01 or 87.02	EX87.05.000	87.05.210 87.05.290 EX87.05.900	EX87.035
Parts and accessories for motor vehicles within 87.01 or 87.02, excluding goods specified in Section C of this Attachment	EX87.06.011 EX87.06.021 EX87.06.031 EX87.06.041 EX87.06.059	87.06.310 87.06.390 EX87.06.900	EX87.000 EX87.040 EX87.045 EX87.055
Measuring instruments	EX90.24.011 EX90.24.019	EX90.24.100	EX90.000 EX90.035
Electrical measuring equipment	EX90.28.001 EX90.28.009	EX90.28.300	EX90.000 EX90.050
Sound reproduction equipment	EX92.11.019	EX92.11.900	EX92.000 EX92.010
Seat frame and spring frame assemblies	EX94.01.009	94.01.200 EX94.01.900	EX94.005

Tariff Heading Brief Description of Goods
Number

SECTION C. Components referred to in paragraph 7 of Part VIII of Annex C

EX40.14	Rubbers for windscreen wiper blades
45.03	Articles of natural cork
EX68.14	Clutch facings of an angular shape, friction material in the piece or undrilled
EX70.14	Lenses unmounted, moulded glasses for vehicle lamps, illuminating glassware
EX83.01	Keys for locks, finished or not
EX84.10	Submersible pumps and parts
CX84.61	Valves for pneumatic tyres or tubes
84.62	Ball, roller or needle roller bearings
EX84.63	Bearing housings incorporating ball, roller or needle roller bearings
EX85.01	Generators, electric motors more than 0.746kv, converters, rectifiers and rectifying apparatus, inductors
EX85.08	Distributors, generators (dynamos and alternators)
EX85.09	Windscreen wiper arms, windscreen wiper blades
EX85.15	Aerials and antennae, high fidelity tuners for broadcast frequencies
85.18	Electrical capacitors, fixed or variable

Tariff Heading Number	Brief Description of Goods
EX85.19	Resistors, including potentiometers
EX87.02	Convertible road/rail motor coaches, assembled; air cushion vehicles designed to travel over both land and water
EX87.06	Steering wheel covers of any material; truck trailer automatic couplings; parts for air cushion vehicles
90.01	Lenses, prisms, mirrors and other optical elements of any materials, unmounted, other than such elements of glass not optically worked; sheets or plates of polarising material
EX90.27	Revolution counters, mileometers, speed indicators, tachometers
EX91.03	Instrument panel clocks and clocks of similar kinds for vehicles
98.10	Cigarette and cigar lighters

ATTACHMENT XI OF
ANNEX C

MOTOR VEHICLES AND COMPONENTS REFERRED TO IN PARAGRAPH 5
OF PART VIII

Tariff Heading Number	Description of Goods
EX70.09	Rear-view mirrors for vehicles
EX84.06	Vehicle engines not suited for use on cycles or tractors when declared that they will be so used
EX84.06	Parts for vehicle engines, excluding pistons, cylinder sleeves, piston rings, mufflers, carburettors, governors or parts for cycle and tractor engines when declared that they will be so used
EX84.10	Pumps, fuel, lubricating oil and water, specially suited for use with motor vehicle engines
EX84.63	Crankshafts and camshafts for internal combustion engines excluding goods for tractor and cycle engines when declared that they will be so used
85.08	Electrical starting and ignition equipment for internal combustion engines and parts therefor, generators and cut-outs for use in conjunction with such engines and parts therefor
X85.09	Electrical lighting and signalling equipment and electrical windscreen wipers, defrosters and demisters for cycles and motor vehicles and parts therefor, excluding dynamos or generators for bicycles and parts therefor
X87.02	Vehicles for the transport of persons, goods or materials, excluding assembled convertible road/rail motor coaches, and excluding air cushion vehicles designed to travel over land or over both land and water
87.03	Special purpose motor lorries and vans
87.04	Chassis fitted with engines for the motor vehicles falling within Tariff Headings 87.01, 87.02 or 87.03
87.05	Bodies (including cabs), for the motor vehicles falling within Tariff Headings 87.01, 87.02 or 87.03

- 87.06 Parts and accessories for the motor vehicles falling within Tariff headings 87.01, 87.02 or 87.03, excluding goods for air cushion vehicles of Tariff Heading 87.02 and tractors other than road tractors of Tariff Heading 87.01
- 87.07 Straddle carriers

ANNEX DPERFORMANCE-BASED EXPORT INCENTIVES REFERRED
TO IN PARAGRAPH 4 OF ARTICLE 9

1. The following export incentives shall be reduced and eliminated pursuant to paragraph 4 of Article 9 of this Agreement to the extent that such schemes continue to apply after 1 April 1985:

(a) in respect of goods traded in the Area originating in New Zealand:

- (i) Export Performance Taxation Incentive;
- (ii) Export Suspensory Loans;
- (iii) Rural Export Suspensory Loans;
- (iv) Increased Export Taxation Incentive; and
- (v) Export Investment Allowance; and

(b) in respect of goods traded in the Area originating in Australia:

- (i) Export Expansion Grants.

2. For the purpose of the application of paragraph 4 of Article 9 of this Agreement to the export incentives specified in paragraph 1 of this Annex:

(a) under the Export Suspensory Loans Scheme and Rural Export Suspensory Loans Scheme, "entitlement to benefit" shall mean, in respect of any trade measurement year commencing 1 October, the value of goods exported to Australia included in an applicant's export total for the purposes of assessing performance under the criteria of these schemes; and

(b) under the Export Performance Taxation Incentive, "entitlement to benefit" shall mean the rate of tax credit payable in respect of export goods in the income year commencing 1 April 1984 (or equivalent accounting year).

ANNEX EAGRICULTURAL STABILISATION AND SUPPORT: PROVISIONS
REFERRED TO IN PARAGRAPH 1 OF ARTICLE 10Wheat

1. Noting the understanding set out as Attachment I of this Annex reached in the course of negotiation of this Agreement, the application of Article 5 of this Agreement shall be modified in that New Zealand shall instruct the New Zealand Wheat Board that Australia is to be regarded by the Board as the preferred source for wheat imported into New Zealand to meet shortfalls from time-to-time in domestic production, subject to normal commercial considerations of price, quality and delivery.

Wheat Flour

2. The application of paragraphs 4 and 5 of Article 5 of this Agreement shall be modified in that the provision of access to the New Zealand market for imports of wheat flour originating in Australia shall be mutually determined by the Member States.

Fruit

3. The application of Article 5 of this Agreement shall be modified in that, from 1 January 1985, New Zealand shall accord to citrus fruit and fresh grapes originating in Australia access to the New Zealand market on a basis equal to that accorded such goods produced in New Zealand. This paragraph shall apply while monopoly import arrangements for these goods exist in New Zealand and subject to:

- (a) normal commercial considerations of price, quality and delivery; and
- (b) the commitments of New Zealand existing on the day of entry into force of this Agreement to the Cook Islands, Niue, Tokelau, and Western Samoa, and under the South Pacific Regional Trade and Economic Co-operation Agreement, done at Tarawa on 14 July 1980.

4. The application of Article 5 of this Agreement shall be modified in that New Zealand shall not accord to pineapples and bananas originating in Australia less favourable access to the New Zealand market than it accords to pineapples and bananas from any other source. This paragraph shall apply while monopoly import arrangements for these goods exist in New Zealand and subject to:

- (a) normal commercial considerations of price, quality and delivery; and
- (b) the commitments of New Zealand existing on the day of entry into force of this Agreement to the Cook Islands, Niue, Tokelau, and Western Samoa, and under the South Pacific Regional Trade and Economic Co-operation Agreement, done at Tarawa on 14 July 1980.

Sugar and sugar products

5. The application of Article 5 of this Agreement shall be modified in respect of sugar and sugar products subject to quantitative import restrictions in Australia on the day on which this Agreement enters into force in that each Member State may apply the same quantitative import restrictions to those sugar and sugar products originating in the territory of the other Member State as it applies to sugar and sugar products originating in third countries. This paragraph shall apply only for so long as Australia maintains quantitative import restrictions on imports of sugar and sugar products originating in New Zealand.

6. Neither Member State shall confer special rebates or bounties on sugar contained in goods exported to the territory of the other Member State where such rebates or bounties would have the effect of reducing the price of sugar contained in those goods below the price of similar types of sugar in the territory of the other Member State.

7. Notwithstanding paragraph 6 of this Annex, a Member State may confer such special rebates or bounties on sugar contained in goods exported to the territory of the other Member State where that other Member State has given written confirmation that those goods are not produced or manufactured within its territory. Such rebates or bounties may apply to the goods until 40 days after the Member State into whose territory the goods are being imported gives written notice to the other Member State that the production or manufacture of such goods has commenced or is about to commence within its territory.

Dairy Products

8. The Member States note that it is the intention of the Australian and New Zealand dairy industries that dairy trade within the Area will be conducted in accordance with the terms of the Memorandum of Understanding between the industries concluded on 13 April 1982, set out as Attachment II of this Annex. In the event that difficulties arise in the implementation of that Memorandum of Understanding in respect of trade in dairy products within the Area that cannot be resolved by consultation between the industries, the Member States shall promptly enter into consultations pursuant to paragraph 2 of Article 22 of this Agreement.

Tomatoes

9. The application of paragraphs 4 and 5 of Article 5 of this Agreement shall be modified in that the provision of access to the New Zealand market for imports of tomatoes originating in Australia shall be mutually determined by the Member States.

ATTACHMENT I OF
ANNEX E

AGREED ARRANGEMENT ON WHEAT

1. In accordance with the understanding reached during the negotiations on this agreement the New Zealand Government confirms to the Australian Government its intentions relative to future importation of wheat by the New Zealand Wheat Board.

2. Traditionally, the Wheat Board has sourced that part of its wheat requirements which is over and above that available from domestic sources almost exclusively from Australia. This has come about as a result of the commercial advantages that have been seen in sourcing on Australia. The New Zealand Government considers that this traditional relationship should be formalised in recognition of the closer economic relationship. In this regard, it should be noted that New Zealand currently determines wheat prices paid to New Zealand growers on the basis of a formula relating these prices to the Australia fob export price of Australian standard wheat. Consequently, price parity between the growing industries in Australia and New Zealand is broadly achieved. Accordingly, pursuant to Section 13 of the Wheat Board Act 1965, the New Zealand Government has instructed the Wheat Board that:

On the entry into force of an agreement constituting a closer economic relationship between New Zealand and Australia, Australia is to be regarded by the Board as the preferred source for wheat imported into New Zealand to meet shortfalls from time-to-time in domestic production, subject to the normal commercial considerations of price, quality and delivery.

ATTACHMENT II OF
ANNEX E

MEMORANDUM OF UNDERSTANDING ON DAIRY PRODUCTS
BETWEEN THE AUSTRALIAN AND NEW ZEALAND DAIRY INDUSTRIES

1. The Governments of Australia and New Zealand look to their respective dairy industries to develop and maintain understandings on the means whereby dairying will be included in the Closer Economic Relationship (CER).

To this end, the industries have formed a committee - the Joint Dairy Industry Consultative Committee (JICC) which is currently made up from representatives from the New Zealand Dairy Board and representatives from the Australian industry, including the Chairman of the Australian Dairy Corporation, and representatives of the Australian Dairy Farmers' Federation and the Australian Dairy Products Federation. Government officials are invited to attend as observers.

2. The members of the Joint Dairy Industry Consultative Committee recall:

- (a) The two industries share common origins and enjoy a similar degree of economic efficiency in relation to dairying elsewhere. Trans-Tasman trade in dairy products has been virtually free of quantitative restrictions, and tariffs are at negligible levels.
- (b) From the very outset of the establishment of central dairy industry boards in both countries in the 1920s, there has been a continuing practice of consultation and exchange of information, the mutual objective being to sustain confidence and to optimise returns to both countries.
- (c) Over the past decade, the direction of their respective trades has diverged.

In Australia, production has declined, to the extent that the bulk of milk production is presently sold on domestic markets. Nonetheless, exports remain a significant outlet, currently utilising around 25% of manufacturing milk production and being of vital significance to Victoria and Tasmania. Although the New Zealand industry is the principal supplier to its domestic market, its size and structure require it to be directed primarily toward international markets at large, which currently utilise 75% of total wholemilk production.

3. The members of JICC have noted that:

- (a) The Prime Ministers of Australia and New Zealand have agreed that the central trade objective of the CER will be "... a gradual and progressive liberalisation of trade across the Tasman on all goods produced in either country on a basis that would bring benefits to both countries."

Both sides recognise that trans-Tasman trade will be liberalised progressively under the CER in such a way as not to result in unfair competition between industries or disruption to industries of either country.

- (b) Where tariffs remain on the trans-Tasman dairy trade, they will be liberalised in accordance with the provisions of the CER.
- (c) In order to prevent disruption of any industry, the Governments intend to establish safeguard procedures within the CER as a whole. It is understood that these safeguards would apply, for example, to cases of distortion arising from dumping or subsidising of exports, or where the objectives of the agreement were being frustrated.
- (d) In any event, it is the intention of the industries that trans-Tasman dairy trade shall proceed on an orderly basis and in a manner consistent with their mutual objectives.

4. The members of JICC accordingly place on record the following:

- (a) The JICC will normally consult twice per year. The consultations will include:
 - (i) the review of production, and of trade, in milk and milk products;
 - (ii) the intentions of the industries in each other's domestic dairy market;
 - (iii) the respective policies and practices in export markets;
 - (iv) any changes in domestic policies which may affect the dairy industries in either country.
- (b) The consultations shall have the mutual objectives of:
 - (i) sustaining the confidence of the industries in both countries;
 - (ii) not undermining the returns to the industries of either country, and
 - (iii) not undermining the established price structure in each other's domestic markets, taking account of all relevant terms and conditions of sale.
- (c) The industries share concern at the possible effects of a major collapse in international prices, arising from the actions of third countries.

In this event, the JICC will consult as to how best to respond in their mutual interests.
- (d) Governments in Australia have the right to set domestic prices and also the right to prevent these prices falling at times of depressed international prices.

- (e) In New Zealand, the Government has no significant role in domestic price determination, as this derives through a smoothing mechanism from realisations from international markets.
- (f) (i) For cheese the parties agree to consult as to their intentions in each other's domestic market and in their discussions will have regard to market growth.
- (ii) The current understanding on New Zealand's level of cheese imports into Australia will continue, with New Zealand's sales being related to the growth in the Australian market.
- (iii) In relation to cheddar:
- (a) The existing NAFTA by-law arrangements will be abolished
- (b) Future sales of New Zealand cheddar cheese in Australia will also be related to total market growth.
- (iv) The JICC consultative process will include an exchange of information on the activities of each industry aimed at increasing total growth in the Australian cheese market.
- (g) Fluid milk industries in both countries are controlled by separate specific legislation. The New Zealand Milk Board has responsibility for the domestic market, but the New Zealand Dairy Board is responsible for export.
- In Australia, the responsibility for supply of fluid milk to the domestic market lies with the respective State milk authorities, but the Australian Government is responsible for export controls.
- As fluid milk and cream make important contributions to returns to producers in both countries, any trade in these products would not take place without prior consultation in the JICC to ascertain whether such trade would be consistent with this understanding.
- (h) Both industries acknowledge the principle of preferred supplier in the event of a domestic shortfall. The continuing process of consultation and exchange of production and marketing information should facilitate the achievement of this objective to the extent possible.
- (i) Consistent with the increasing degree of co-operation between the two countries, which is envisaged in the CER, the JICC would like to see more specific action by the New Zealand Dairy Board and the Australian Dairy Corporation to develop further co-operation in international markets, in the interests of optimising returns to the industries in both countries.

- (j) Consultation between the Board and the Corporation on the advice which they offer to their respective Governments on international dairy trade policy issues, and in combating agricultural protectionism and export dumping, is of considerable value and will continue.
- (k) The industries in both countries attach great importance to their respective domestic arrangements, which can influence the size and structure of the industries in each country.

Within this context, both industries agree to consult in regard to domestic policies.

[signed] R.G. Calvert

[signed] M.L. Vawser

R.G. CALVERT
On behalf of New
Zealand delegation

M.L. VAWSER
On behalf of Australian
delegation

13 April 1982

ANNEX FTRADE IN CERTAIN FOREST PRODUCTS: PROVISIONS REFERRED
TO IN PARAGRAPH 3 OF ARTICLE 20

1. The Member States have agreed on the most appropriate means of carrying forward under this Agreement the objectives of the arrangements of 1969 and 1971 existing under the New Zealand-Australia Free Trade Agreement, done at Wellington on 31 August 1965, relating to newsprint and pulp and packaging materials, and the arrangements of 1971 and 1976 relating to certain tissue and other papers.

2. The Member States note that forest-based products have played an important part in the development of the present trading relationship. They held a central position in the New Zealand-Australia Free Trade Agreement, done at Wellington on 31 August 1965, as evidenced by these arrangements, which the Member States recognise have had a desirable effect in promoting the development of the trade and of co-operation between the industries of the two countries. The Member States wish to encourage the continued development of such co-operation.

3. The undertakings on newsprint and pulp set out in paragraphs 4 to 10 of this Annex shall be reviewed regularly by the Member States. Each Member State shall encourage suppliers in its territory to maintain close liaison with users in the territory of the other Member State in order that the preferred supplier objective is achieved.

NEWSPRINT

4. Australia shall continue to encourage Australian users of newsprint to regard the New Zealand industry as the preferred supplier in their import purchases. This preference towards New Zealand newsprint shall be subject to the price of New Zealand newsprint being fair and reasonable in comparison with the price at which newsprint from other suppliers is being sold, and to other relevant factors such as the availability of New Zealand newsprint of suitable quality and substance, and conditions of reasonable delivery.

PULP

5. Each Member State shall continue to encourage users of pulp located in its territory to accord pulp producers located in the territory of the other Member State a preferred supplier position in their import purchases.

6. In respect of imports into Australia, paragraph 5 of this Annex shall relate to New Zealand softwood pulp of suitable quality and substance which is available at fair and reasonable prices in comparison with similar softwood pulp from third country suppliers on conditions of reasonable delivery.

7. While Australian users are according New Zealand pulp producers a preferred supplier position, Australia may continue to admit duty-free, under by-law, imports from third countries of softwood pulp falling within Australian Tariff Items 47.01.110 and 47.01.190. New Zealand shall, however, retain

the right, at any time, to request Australia to cancel the by-law on the grounds that, although New Zealand softwood pulp meets the terms and conditions set out in paragraph 6 of this Annex, Australian users of such softwood pulp are not according New Zealand softwood pulp producers a preferred supplier position in their import purchases. Any such cancellation shall remain in force until the Member States mutually determine that there is clear evidence that the preferred supplier position is again being accorded New Zealand softwood pulp producers.

8. In respect of imports into New Zealand, paragraph 5 of this Annex shall relate to Australian hardwood pulp of suitable quality and substance which is available at fair and reasonable prices in comparison with similar hardwood pulp from third country suppliers on conditions of reasonable delivery.

9. While New Zealand users are according Australian pulp producers a preferred supplier position, New Zealand may continue to admit duty-free, under concessionary entry, imports from third countries of hardwood pulp falling within New Zealand Tariff Item 47.01.005. Australia shall, however, retain the right, at any time, to request New Zealand to cancel this concessionary entry on the grounds that, although Australian hardwood pulp meets the terms and conditions set out in paragraph 8 of this Annex, New Zealand users of such hardwood pulp are not according Australian hardwood pulp producers a preferred supplier position in their import purchases. Any such cancellation shall remain in force until the Member States mutually determine that there is clear evidence that the preferred supplier position is again being accorded Australian hardwood pulp producers.

10. Each Member State shall encourage pulp producers located in its territory to accord users located in the territory of the other Member State priority in terms of continuity of supply in times of shortage. In respect of users in Australia this shall relate to the pulps referred to in paragraph 7 of this Annex. In respect of users in New Zealand this shall relate to the pulps referred to in paragraph 9 of this Annex.

CERTAIN TISSUE AND OTHER PAPERS

11. Australia shall not reduce the General tariff on wrapping, waxing and serviette tissues having a substance not exceeding 22 gsm under Australian Tariff Item 48.01.990 below \$A 41.25 per tonne.

12. Australia shall not grant by-law entry for imports from sources other than New Zealand of the goods specified in paragraph 11 of this Annex or in the Attachment thereto.

13. Australia shall accord the goods specified in paragraph 11 of this Annex originating in New Zealand the protection afforded by the normal anti-dumping measures and procedures specified in the relevant Australian legislation in relation to dumping by third countries.

14. New Zealand shall not reduce the margin of preference accorded the following papers originating in Australia below 5 per cent:

- (a) wood free printing and writing papers coated on one or both sides with clay, having a substance exceeding 22gsm; and
- (b) printing and writing papers coated on one or both sides with clay, having a substance exceeding 67 gsm and a mechanical pulp content not less than 55 per cent.

15. New Zealand shall not grant concessionary entry for imports from sources other than Australia of the papers specified in paragraph 14 of this Annex.

16. The Attachment hereto is an integral part of this Annex.

ATTACHMENT TO
ANNEX F

PAPERS REFERRED TO IN PARAGRAPH 12 OF ANNEX F

Paper having a substance not exceeding 22 gsm of a kind used in the manufacture of:

- paper patterns
- plywood
- decorative crepe paper
- one-time carbon paper
- paper, paperboard or foil laminates
- plastic laminates
- printed overlay for wallboards
- paper yarn

Tissue, acid free, bleached, white having a substance of 17 gsm of a kind used in the inter-leaving of corrosive metals

Paper having a substance exceeding 27 gsm and not exceeding 34 gsm of a kind used in the manufacture of waxed paper for twist wrapping machines

Bleached kraft paper, having a substance of 100 gsm, high wet strength of a kind used in the manufacture of laminated boards

Plain kraft paper, having a substance exceeding 22 gsm, gumming of a kind used in the manufacture of single ply gummed tape

Overlay paper, having a substance of 45 gsm, high wet strength, white, cellulose base on reels of a kind used in the manufacture of plastic laminates.