

GENERAL AGREEMENT ON  
TARIFFS AND TRADE

RESTRICTED

L/4451/Add.1

20 December 1976

Limited Distribution

---

PAPUA NEW GUINEA/AUSTRALIA FREE-TRADE AREA

Addendum

Reproduced hereunder are the texts of the Agreement on Trade and Commercial Relations between Australia and Papua New Guinea and its annexes and ancillary texts.

---

Table of Contents

|  | <u>Page</u> |
|--|-------------|
| Agreement on Trade and Commercial Relations between the Government of Australia and the Government of Papua New Guinea | 2           |
| Agreed Minutes: Understandings regarding the interpretation and operation of the Agreement                             | 40          |
| Exchange of letters concerning rules of origin   | 53          |
| Exchange of letters concerning investment encouragement  | 62          |
| Exchange of letters concerning co-operation envisaged in the Agreement   | 72          |

AGREEMENT ON TRADE AND COMMERCIAL  
RELATIONS BETWEEN THE GOVERNMENT OF AUSTRALIA  
AND THE GOVERNMENT OF PAPUA NEW GUINEA

The Government of Australia and the Government  
of Papua New Guinea,

Bearing in mind the close trading and commercial  
relations existing between their two countries,

Acknowledging their respective international  
rights and obligations,

Desiring to maintain and strengthen trade and  
commercial relations between their two countries, and

Having resolved to establish between their two  
countries a Free Trade Area with a view to the sustained  
development of their economies through expansion of trade  
and investment in accordance with their respective social  
and economic objectives,

HAVE AGREED as follows:

ARTICLE 1

DEFINITIONS

In this Agreement, unless the contrary intention  
appears:

"Australia" means the states and the mainland  
territories of Australia;

"free goods" means goods which when the subject  
of trade between the Member States are free of

duties and other restrictive regulations of commerce pursuant to Article 3 of this Agreement;

"Member States" means Papua New Guinea and Australia or, as the context requires, the Government of Papua New Guinea and the Government of Australia;

"primary industry" means any industry producing, processing or marketing agricultural, livestock, fisheries or forestry products;

"the Area" means the Free Trade Area established under Article 3 of this Agreement.

## ARTICLE 2

### OBJECTIVES

The objectives of this Agreement are:

- (a) to further the development of the Area through the expansion and diversification of trade between the Member States;
- (b) to further the development and use of the resources of the Area in accordance with the respective social and economic objectives of the Member States;
- (c) to further the development of the Area by the promotion of direct investment which is consistent with the foreign investment policies and priorities of the recipient Member States;
- (d) to promote and facilitate commercial, industrial, administrative and technical co-operation between the Member States; and

- (e) to contribute to the harmonious development and expansion of world trade and to the progressive removal of barriers to it.

ARTICLE 3

FREE TRADE

1. A Free Trade Area is hereby established. The Area consists of Papua New Guinea and Australia.
2. Subject to the provisions of this Agreement, trade between the Member States shall be free of duties and other restrictive regulations of commerce.
3. This Article applies only to trade in goods which originate in a Member State.

ARTICLE 4

RULES OF ORIGIN OF GOODS

1. Goods shall be treated as originating in a Member State if those goods are:
  - (a) the unmanufactured raw products of that Member State, or
  - (b) manufactured goods in relation to which
    - (i) the process last performed in the manufacture was performed in that Member State, and
    - (ii) the expenditure
      - (A) on material that is of Member State origin,
      - (B) on labour, factory overheads and inner containers that are of Member State origin, or

(C) partly on such material and partly on such other items of factory cost, is not less than one-half of the factory or works costs at the time of exportation.

2. Notwithstanding the provisions of paragraph 1 of this Article, the Member States may agree to treat particular goods or classes of goods as originating in a Member State provided that, in the case of manufactured goods, the process last performed in the manufacture was performed in the territory of the exporting Member State.

#### ARTICLE 5

##### EXCEPTED GOODS

Notwithstanding the provisions of Article 3 of this Agreement,

- (a) the goods specified in Schedule A to this Agreement, when imported into Australia from Papua New Guinea, shall be subject to the rate of import duty specified from time to time in the Australian Customs Tariff as being applicable to Papua New Guinea goods;
- (b) the goods specified in Schedule B to this Agreement, when imported into Australia from Papua New Guinea, shall be subject to the rate of import duty and to the other regulations, if any, specified in Schedule B as being applicable to those goods;
- (c) the goods specified in Schedule C to this Agreement, when imported into Papua New Guinea from Australia, shall be subject to

- the rate of import duty specified from time to time in the Papua New Guinea Customs Tariff as being applicable to Australian goods; and
- (d) the goods specified in Schedule D to this Agreement, when imported into Papua New Guinea from Australia, shall be subject to the rate of import duty and to the other Regulations, if any, specified in Schedule D as being applicable to those goods.

#### ARTICLE 6

##### REVENUE DUTIES

Nothing in this Agreement shall preclude the imposition by either Member State of sales taxes or other revenue duties which are levied equally on both imports and domestic products.

#### ARTICLE 7

##### MOST FAVOURED NATION TREATMENT

1. Each Member State shall accord to the other Member State treatment no less favourable than that accorded to any third country in respect of all matters concerning:
- (a) customs duties and charges of any kind imposed on, or in connexion with, the importation or exportation of any goods, or imposed on the international transfer of payments for imports or exports;

- (b) the method of levying such duties and charges;
- (c) the rules and formalities connected with the importation or exportation of goods;
- (d) all internal taxes or other internal charges of any kind imposed on, or in connexion with, imported goods;
- (e) all laws, regulations and requirements affecting internal sale, offering for sale, purchase, distribution or use of imported goods within its territory;
- (f) restrictions or prohibitions on the importation or exportation of any goods;
- (g) the allocation of foreign exchange; and
- (h) the administration of foreign exchange restrictions affecting transactions involving the importation or exportation of any goods.

2. The provisions of paragraph 1 of this Article shall not apply to:

- (a) advantages accorded by either Member State to adjacent countries to facilitate frontier traffic;
- (b) tariff preferences or other advantages granted by either Member State consequent on the membership of that Member State in another free trade area or a customs union, or on an interim agreement leading to the formation of another free trade area or a customs union;
- (c) tariff preferences accorded by either Member State to a third country in view of that country's status as a developing country; or

- (d) such measures as either Member State may take pursuant to a multilateral international commodity agreement or arrangement.

ARTICLE 8

OTHER EXCEPTIONS

Provided that such measures are not used as a means of arbitrary or unjustifiable discrimination, or as a disguised restriction on trade between the Member States, nothing in this Agreement shall prevent the adoption or enforcement by a Member State of measures:

- (a) necessary for the protection of its essential security interests;
- (b) necessary to protect public morals;
- (c) necessary for the prevention of disorder or crime;
- (d) imposed for the protection of its national treasures of artistic, historical, anthropological, palaeontological, archaeological or other cultural or scientific value;
- (e) necessary to reserve for approved purposes the use of Royal Arms or national, state, provincial and territorial arms, flags, crests and seals;
- (f) necessary to protect human, animal or plant life or health;
- (g) necessary to protect its indigenous flora and fauna;



- (h) undertaken in pursuance of its rights and obligations under a multilateral international commodity agreement or arrangement;
- (i) necessary to prevent or relieve shortages of foodstuffs or other essential goods;
- (j) related to the conservation of limited natural resources;
- (k) necessary to protect industrial property rights or copyright, or to prevent unfair, deceptive or misleading practices;
- (l) necessary to secure compliance with laws and regulations relating to customs enforcement, or to tax avoidance or evasion, or to the classification, grading or marketing of goods, or to the operation of recognised commodity marketing boards;
- (m) relating to products of prison labour;
- (n) relating to trade in gold or silver; or
- (o) necessary to safeguard its external financial position and balance of payments.

#### ARTICLE 9

##### SUSPENSION OF OBLIGATIONS: PROTECTION OF THREATENED OR DEVELOPING INDUSTRIES

1. If in the opinion of a Member State (in this Article called "the importing Member State") goods are, as a result of the operation of Article 3 of this Agreement, being imported into it from the other Member State in such quantities or under such conditions as to cause or threaten serious injury to an industry in the

importing Member State producing like or directly competitive goods, or to retard materially the establishment of an industry in the importing Member State to produce like or directly competitive goods, the importing Member State may request the other Member State to consult with it on measures to reduce or prevent such injury or retardation.

2. If a mutually acceptable solution is not reached within sixty days of the date of the request referred to in paragraph 1 of this Article, the importing Member State may, after giving notice to the other Member State, suspend to such extent and for as long as necessary the application to the goods concerned of the provisions of Article 3 of this Agreement.

#### ARTICLE 10

##### SUSPENSION OF OBLIGATIONS: PROTECTION OF PAPUA NEW GUINEA PRIMARY INDUSTRY

1. In order to protect an existing primary industry or to foster the development of a new primary industry, the Government of Papua New Guinea may suspend its obligations under Article 3 of this Agreement in respect of the products of a like or directly competitive industry.

2. Unless critical circumstances prevail in which delay would cause damage which would be difficult to repair, the Government of Papua New Guinea shall give sixty days notice to the Australian Government prior to taking action under paragraph 1 of this Article.

3. As soon as practicable after the need arises to take action under paragraph 1 of this Article, the Papua New Guinea Government shall enter into consultations with the Australian Government with a view to finding a mutually satisfactory solution to the problem.

ARTICLE 11

SUSPENSION OF OBLIGATIONS: DEFLECTION OF TRADE

1. If the importation into a Member State (in this Article called "the importing Member State") of free goods from the other Member State

(a) causes or threatens serious injury to an industry in the importing Member State producing like or directly competitive goods because -

(i) the duties or taxes levied by the other Member State on raw materials or intermediate products imported from outside the Area and used in the production of those goods are significantly lower than the duties or taxes levied by the importing Member State on imports of similar raw materials or intermediate products imported from outside the Area, or

(ii) the prices of raw materials or intermediate products used in the production of those goods are unduly low by reason of dumping into the Area or subsidisation, or

(iii) drawback, exemption or remission of import duties is allowed by the other Member State on raw materials or intermediate products imported from outside the Area and used in the production of those goods, and

(b) the other Member State is deriving advantage from the circumstances,

the importing Member State, if it considers that action is necessary to offset that advantage, may request consultations with the other Member State on the situation which has developed. Such consultations shall be as full as circumstances permit, and the importing Member State shall consider any measures taken or proposed by the other Member State to offset the advantage.

2. If a mutually acceptable solution is not reached within sixty days of the date of the request referred to in paragraph 1 of this Article, the importing Member State may, after giving notice to the other Member State, suspend to such extent and for as long as necessary the application to the goods concerned of the provisions of Article 3 of this Agreement.

## ARTICLE 12

### SUSPENSION OF OBLIGATIONS: EXCEPTIONAL CIRCUMSTANCES

Member States may agree to the suspension of any obligation under this Agreement on the ground that there exist exceptional or emergency circumstances creating severe difficulties for one or both Member States.

ARTICLE 13

SUSPENSION OF OBLIGATIONS: DUMPED OR SUBSIDISED IMPORTS

1. If in the opinion of a Member State goods being imported into it from the other Member State are being dumped or are being subsidised by the other Member State so as to cause or threaten material injury to an industry producing like or directly competitive goods or to materially retard the establishment of an industry to produce like or directly competitive goods, it may request the other Member State to consult with it on measures to reduce or prevent such injury or retardation.

2. If a mutually acceptable solution is not reached within sixty days of the date of the request referred to in paragraph 1 of this Article, the importing Member State may, after giving notice to the other Member State, suspend the application of Article 3 of this Agreement to the extent necessary to enable it to levy dumping or countervailing duties on the goods concerned.

ARTICLE 14

INVESTMENT

1. The Member States, bearing in mind that Australian investment in Papua New Guinea and the conditions attaching to that investment will have a bearing on the long term trade and commercial relationship between the Member States, will consult, when necessary and practicable, on the most appropriate ways in which future Australian direct investment, particularly by way of joint venture, can contribute to

the social and economic development of Papua New Guinea in accordance with its foreign investment policies and priorities.

2. The Papua New Guinea Government will draw to the attention of the Australian Government those specific fields of development in which it would particularly welcome Australian investment. The Australian Government will endeavour to interest and encourage Australian enterprises to participate in those specific fields except where such investment would not be in the interests of both countries.

3. In relation to a proposed investment in Papua New Guinea which might result in the export of free goods to Australia, the Member States recognise the need for prior consultations on any matter which might affect the export to Australia of those goods. It shall be a matter for the Papua New Guinea Government to determine whether or not such consultations should take place.

4. Papua New Guinea will accord to Australian investment, in accordance with Papua New Guinea laws and related policies, treatment no less favourable than that accorded to the investment of any third country.

#### ARTICLE 15

##### INDUSTRY CO-OPERATION

In order to further the objectives of this Agreement, the Member States shall, as appropriate, use their best endeavours to encourage co-operation between, and co-ordination of activities of, their respective firms and industries. To this end, the Member States

shall exchange information and consult together on developments in industry within the Area, and may agree on, and implement, if consistent with their international obligations, special measures beneficial to the trade and development of a Member State.

#### ARTICLE 16

##### TECHNICAL CO-OPERATION

In order to further the objectives of this Agreement, the Member States shall encourage and facilitate the interchange of applied scientific and technical knowledge between their respective countries.

#### ARTICLE 17

##### ADMINISTRATIVE CO-OPERATION

To promote the effective and harmonious application of the provisions of this Agreement, the Member States shall take steps to facilitate administrative co-operation and to reduce, as far as practicable, formalities affecting trade within the Area.

#### ARTICLE 18

##### PROMOTION OF TRADE

1. For the purpose of promoting trade between the Member States, each Member State shall, within its competence and subject to its laws, encourage and facilitate:

- (a) the interchange of commercial and technical representatives, groups and delegations; and

- (b) the holding of, and participation in, trade fairs, trade exhibitions and other promotion activities in the fields of trade and technology in its territory by enterprises and organisations from the other Member State.

2. In particular, each Member State shall exempt from import duties and other taxes, and from any other prohibitions and restrictions (other than those provided for under Article 8 of this Agreement) articles for display or for use in connexion with fairs, exhibitions or similar events, as well as samples of goods for advertising purposes imported on a temporary basis from the other Member State. Articles and samples so exempted shall not be disposed of otherwise than by re-exportation, except with the prior approval of the competent authorities of the importing Member State and on payment of any applicable import duties and taxes.

#### ARTICLE 19

##### COMMERCIAL COMMODITY CONTRACTS

To advance the objectives of this Agreement,  
the Member States

- (a) shall encourage and, where practicable, facilitate the negotiation of commercial contracts between appropriate organisations or enterprises of their two countries; and
- (b) declare their support in principle for the conclusion of long term commercial contracts relating to the supply and purchase of goods,



and shall encourage the relevant organisations or enterprises of their two countries to explore the scope for such commercial contracts and, where appropriate, to conclude such contracts.

It is acknowledged that the organisations or enterprises referred to in this Article might be either government or private bodies.

#### ARTICLE 20

##### SCARCE COMMODITIES

If a Member State has difficulty in obtaining supplies of essential commodities from the other Member State or from third countries, the other Member State, on request, shall enter into consultations on the matter.

#### ARTICLE 21

##### PAYMENTS

All commercial payments between the Member States shall be made through the banks of the two countries authorised to buy and sell foreign currency, and in any mutually acceptable freely convertible currency, in accordance with the foreign exchange regulations in force in the two countries and with general customary practice.

#### ARTICLE 22

##### CONSULTATION AND REVIEW

1. There shall be periodic consultations between the Member States for the purpose of reviewing the

operation of this Agreement. The first such consultations shall take place not later than one year after the date of entry into force of this Agreement, and thereafter shall be held annually or at the request of either Member State. In such consultations a Member State may raise any matters related to the implementation of this Agreement or bearing on trade or commercial relations between the Member States.

2. Should either Member State consider that an obligation under this Agreement has not been fulfilled, or that any benefit conferred upon it by this Agreement is being or might be frustrated, or that any case of special difficulty has arisen, or that a change in circumstances necessitates or might necessitate a variation in the terms of this Agreement, the other Member State shall, on request, enter into consultations as soon as practicable with a view to reaching a mutually satisfactory solution.

3. This Agreement may be amended by the Member States at any time in accordance with their respective constitutional requirements. The Schedules to this Agreement may be varied at any time by mutual consent of the relevant authorities of each Member State.

### ARTICLE 23

#### ASSOCIATION 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 24

ENTRY INTO FORCE AND DURATION

1. This Agreement shall come into force on the date on which the Member States exchange notes notifying each other that their respective constitutional and other requirements necessary to give effect to the Agreement have been complied with.

2. A Member State may terminate this Agreement by giving notice to that effect to the other Member State. If that other Member State so requests, consultations shall take place between the Member States as soon as practicable. The notice of termination shall take effect on the one hundred and eightieth day after the day on which it was given unless earlier withdrawn.

IN WITNESS WHEREOF the undersigned, duly authorised by their respective Governments, have signed this Agreement.

DONE in two originals at Port Moresby this  
day of , One thousand  
nine hundred and seventy-six.

For the Government  
of Australia

For the Government  
of Papua New Guinea

SCHEDULE A

| Australian<br>Tariff Item              | Brief Description of Goods   |
|--|--|
| 03.03.100                              | Prawns, crustaceans  |
| 07.02.100)<br>900)                     | Vegetables preserved by freezing   |
| 08.10                                  | Fruit preserved by freezing  |
| 09.01.900                              | Coffee, other roasted, husks<br>and skins, other   |
| 09.10.400                              | Ginger in packs, in liquid   |
| 09.10.500                              | Ginger, NSA  |
| Ex 15.07.3                             | Peanut Oil   |
| 16.04.220                              | Tuna, prepared or preserved  |
| 16.04.240                              | Cutlets, chunks, etc. other<br>than salmon or tuna   |
| 16.05.200                              | Prepared or preserved shrimps,<br>prawns and their meat not<br>packed in airtight containers |
| 20.02.300                              | Mushrooms  |
| 20.03                                  | Fruit preserved by freezing  |
| 20.06.100                              | Ginger in syrup  |
| 20.06.910)<br>20.06.990)               | Other preserved fruit  |
| 21.02.100                              | Extracts, essences or<br>concentrates of coffee  |
| 24.01                                  | Tobacco, unmanufactured  |
| 39.01.330)<br>39.02.330)<br>39.03.330) | Coated Textile fabrics   |
| 39.07.230                              | Coats (Plastic)  |
| 39.07.240                              | Curtains (Plastic)   |
| 44.18.000                              | Reconstituted woods, etc.,<br>particle board   |
| 48.09.100                              | Hardboard  |

| Australian<br>Tariff Item | Brief Description of Goods   |
|---------------------------|--|
| 50.09.3)<br>50.10.2)      | Silk fabrics containing not<br>less than 20 per cent by<br>weight of man-made fibres |
| Ex 51.01 (a)              | Man-made fibre yarn, other<br>than viscose yarn                                      |
| Ex 51.03 (a)              | Man-made fibre yarn, other<br>than viscose yarn                                      |
| Ex 51.04 (a)              | Woven fabrics of man-made<br>fibre, other than viscose<br>tyre cord fabrics          |
| Ex 55.05 (a)              | Cotton yarn  |
| 55.08                     | Terry towelling  |
| Ex 55.09 (a)              | Other woven fabrics of cotton  |
| Ex 56.05 (a)              | Yarn of man-made fibres  |
| Ex 56.06 (a)              | Yarn of man-made fibres  |
| Ex 56.07 (a)              | Woven fabrics of man-made<br>fibres  |
| Ex 58.02 (a)              | Other carpets  |
| Ex 58.04 (a)              | Other woven pile fabrics   |
| Ex 58.05 (a)              | Narrow woven fabrics   |
| 58.06                     | Woven labels and badges  |
| Ex 59.03 (a)              | Bonded fibre fabrics   |
| 59.04                     | Twine, cordage   |
| 59.08                     | Plastic coated fabric  |
| Ex 59.11 (a)              | Rubberised textile fabrics   |
| 60.01                     | Knitted fabrics  |
| 60.03                     | Stockings, socks   |

(a) these items exclude all products which are admitted free  
of duty under the Preferential Tariff.

---

| Australian<br>Tariff Item | Brief Description of Goods                                    |
|---------------------------|---|
| 60.04                     | Knitted undergarments   |
| 60.05                     | Knitted outergarments   |
| 60.06                     | Knitted fabrics   |
| 61.01                     | Men's and boys' outergarments                                 |
| 61.02                     | Women's, girls' and infants'<br>outergarments                 |
| 61.03                     | Men's and boys' undergarments                                 |
| 61.04                     | Women's, girls' and infants'<br>undergarments                 |
| 61.09                     | Corsets, brassiers, braces<br>and the like                    |
| 61.11                     | Made up apparel accessories                                   |
| 62.02                     | Bed linen, curtains, etc.                                     |
| 62.03                     | Sacks and bags  |
| 62.05                     | Other made up textile articles                                |
| 64.01                     | Footwear, rubber or plastic<br>uppers and soles               |
| 64.02                     | Leather footwear and footwear<br>with rubber or plastic soles |
| 64.03                     | Other footwear, wood/cork soles                               |
| 64.04                     | Other footwear, other soles                                   |
| 64.05                     | Parts for footwear  |
| 71.16                     | Imitation jewellery   |
| 90.03.000                 | Spectacle frames  |
| 90.04.000                 | Spectacles, etc.  |
| 94.01                     | Chairs and other seats  |
| 94.03.900                 | Other furniture   |

SCHEDULE B

| Australian<br>Tariff Item  | Brief Descrip-<br>tion of Goods   | Import Treatment   |
|--|---|--|
| 08.09.100)<br>08.10.100)<br>08.11.100)<br>20.03.100)<br>20.06.300)<br>20.07.300)<br>20.07.500) | Passionfruit<br>pulp and<br>passionfruit<br>juice                           | <ul style="list-style-type: none"> <li>- Quantities not exceeding 273,000 litres single strength equivalent per annum</li> <li>- duty free</li> <li>- quantities in excess of the above amount and other juices falling within item 20.07.500               <ul style="list-style-type: none"> <li>- rate of duty specified in the Australian Customs Tariff</li> </ul> </li> </ul>  |
| 44.15.100  | Plywood (ex-<br>cluding ply-<br>wood covered<br>with any other<br>material) | <ul style="list-style-type: none"> <li>- quantities of moisture resistant plywood not exceeding 7.1 million square metres on a 1 mm basis               <ul style="list-style-type: none"> <li>- duty free</li> </ul> </li> <li>- quantities of moisture resistant plywood in excess of the above amount and other plywood falling within item 44.15.100               <ul style="list-style-type: none"> <li>- rate of duty specified in the Australian Customs Tariff</li> </ul> </li> </ul> |

SCHEDULE C

|    | Papua New Guinea<br>Tariff Item | Description of Goods   |
|----|---------------------------------|--|
| Ex | 2                               | Poultry dressed and poultry pieces, frozen   |
|    | 12                              | Rice, whether in husk or not (including polished and broken rice)  |
|    | 14                              | Meal and flour of wheat (including meslin)   |
|    | 17                              | Biscuits of all kinds  |
|    | 19                              | Dried fruits, including artificially dehydrated  |
|    | 21                              | Confectionery, i.e., all types of candy and chocolate; candied, glazed or crystallised fruit peel, parts of plants; not including mixed or candied fruits ready-prepared for culinary use. |
|    | 22                              | Preserved fruits (including ginger, n.e.i.) whole or in pieces, whether frozen in brine or in airtight containers, fruit pulp, n.e.i.  |
|    | 25                              | Fruit syrups, cordials and natural fruit flavours  |
|    | 28                              | Coffee beans whether roasted or otherwise including all preparations thereof   |
|    | 31                              | Tea, including all preparations thereof  |
|    | 32                              | Spices, including all preparations thereof, including sauces and prepared condiments, chutney, tomato pulp and pickles   |
|    | 33.01                           | Dog and cat food in any form   |
|    | 51                              | Non-spirituous preparations; ale and other beer, porter, cider and perry, n.e.i., lime-juices and other fruit juices, n.e.i., for compounding non-alcoholic beverages and fruit cordials   |



---

| Papua New Guinea<br>Tariff Item | Description of Goods  |
|---------------------------------|---|
| 52                              | Powders and flavourings, n.e.i.,<br>for compounding non-alcoholic<br>beverages  |
| 53.01                           | Wine, grape, sparkling  |
| 53.02                           | Wine, other than sparkling,<br>containing less than 16 per<br>cent by volume of alcohol   |
| 53.03                           | Wine, grape, still, including<br>medicated wine and vermouth  |
| 53.04                           | Grape, unfermented  |
| 53.05                           | Other than grape, n.e.i.,<br>including Sake and Samshu:   |
| 53.05.1                         | when not exceeding strength<br>of proof   |
| 53.05.2                         | when exceeding the strength<br>of proof   |
| 54                              | Wines, which the person vested<br>with the control of management<br>of a Christian Mission in the<br>Territory declares to be<br>intended for use by the Mission<br>for Sacramental purposes only |
| 55                              | Aerated and Mineral waters  |
| 60                              | Ale and other beer, porter,<br>cider and perry, spirituous in<br>bottle or in bulk  |
| 61                              | Spirits and spirituous liquors,<br>containing not more than 57 per<br>cent by volume of alcohol   |
| 62                              | Spirits and spirituous liquors,<br>containing more than 57 per<br>cent by volume of alcohol   |
| 70                              | Tobacco, unmanufactured   |
| 71                              | Cigars and cheroots, including<br>the weight of ribbons and band  |

---

| Papua New Guinea<br>Tariff Item | Description of Goods  |
|---------------------------------|---|
| 72                              | Cigarettes, including weight of cards and mouthpieces contained in inside packages  |
| 73                              | Tobacco, trade (in sticks or figs)  |
| 74                              | Tobacco, manufactured for human consumption (smoking, chewing or snuff). Including the weight of tags, labels and other attachments                   |
| 80                              | Wood, in the round or roughly squared including pulpwood, sawlogs, shaped or simply worked. Lumber, sawn, planed, grooved, tongued, etc.              |
| 81                              | Cork, raw and waste (including natural cork in blocks and sheets)   |
| 82                              | Pulp and waste papers (not including newspapers for wrapping purposes)  |
| 88                              | Crude animal material, inedible, n.e.i., including unworked or simply prepared sea shells, bones, ivory, bristles, hair and the like, hides and skins |
| 89                              | Crude vegetable material consisting of unworked or simply prepared bamboo and cane  |
| 100                             | Petroleum, crude and partly refined for further refining (including natural gasoline)   |
| 101                             | Aviation gasoline and aviation turbine kerosene   |
| 102                             | Motor spirit, including gasoline petrol and any other petroleum or shale spirit, n.e.i., for similar use  |

---

| Papua New Guinea<br>Tariff Item | Description of Goods   |
|---------------------------------|--|
| 103                             | Kerosene, n.e.i., including power, lighting, illuminating oil and the like   |
| 104                             | White spirit, including benzolene, pentane, mineral naphtha, mineral spirits, turpentine substitutes and mineral solvents  |
| 105                             | Gas oil, diesel oil and other fuel oils, including residual and solar oils   |
| 106                             | Oils, lubricating, including mixtures with animal and vegetable lubricants, inedible, n.e.i.   |
| 107                             | Greases, lubricating of all types  |
| 116                             | Ethyl alcohol, denatured or not, including methyl chloride and refrigerant gases, spirits of turpentine, other than mineral turpentine and alcohols, n.e.i.  |
| 117                             | Chemical elements and compounds, inorganic or organic, n.e.i.  |
| 123                             | Pigments, paints, varnishes and related materials being prepared paints, enamels, lacquers, varnishes, artists colours, siccatives (paint driers) and mastics and all other pigments and colouring materials, n.e.i., putty, distempers and the like |
| 131                             | Spirituous preparations (non-medicinal), viz:<br><br>essences, fruit and other esters, aromas and flavours, fluid extracts, sarsaparilla, tinctures, infusions, lime-juice and other fruit juices and fruit syrups:                                  |
| 131.01                          | containing not more than 14.25 per cent by volume of alcohol   |

---

| Papua New Guinea<br>Tariff Item | Description of Goods   |
|---------------------------------|--|
| 131.02                          | containing more than 14.25 per cent but not more than 57 per cent by volume of alcohol   |
| 131.03                          | containing more than 57 per cent by volume of alcohol  |
| 134                             | Perfumery, cosmetics, soaps and cleansing and polishing preparations viz:  |
| 134.01                          | perfumes, whether spirituous or aqueous  |
| 136                             | Cosmetics and toilet preparations, n.e.i., including shaving soap, bath salts, perfumed soap crystals and the like                   |
| 137                             | Dentifrices, dental fixative powders and the like  |
| Ex 138                          | Soap, toilet, fancy or medicated, soap, n.e.i., including laundry  |
| 139                             | Waxes, polishes and paste, powder and liquid cleansers and similar preparations, n.e.i. (not including any type of vehicular polish) |
| 140                             | Vehicular polish and dressing of the type used for leather, furniture, floor   |
| 150                             | Ammunition of all types  |
| 151                             | Fireworks  |
| 154                             | Plastic material in liquid, powder, blocks, sheets, rods, tubes and other primary forms, n.e.i.                                      |
| 156                             | Glue, and glue components, viz: casein, albumen, gelatine and preparations thereof, n.e.i.   |
| 157                             | Chemical materials and products, n.e.i., including brake fluid   |

---

| Papua New Guinea<br>Tariff Item | Description of Goods   |
|---------------------------------|--|
| 170                             | Leather of all kinds, including reconstituted, artificial or composition   |
| 172                             | Manufactures of leather, n.e.i.  |
| 174                             | Rubber fabricated materials, n.e.i., including pastes, plates, sheets, rods, threads and the like  |
| 177                             | Rubber tyres and tubes: for vehicles, n.e.i.   |
| 178                             | Rubber manufactures: consisting of bedding   |
| 179                             | Rubber manufactures, whether of soft or hard rubber, n.e.i.  |
| 180                             | Crude Rubber (including synthetic) and reclaimed and waste and scrap of unmanufactured rubber, except waste of hardened rubber   |
| 190                             | Wood manufactures, including plywood, veneers, artificial or reconstituted wood in sheets, blocks or boards, n.e.i.  |
| 191                             | Wood manufactures consisting of household utensils   |
| 192                             | Wood manufactures, n.e.i., including boxes, cases, crates and parts thereof; casks and cooperage products, builders woodwork and the like and excluding fancy goods  |
| 194                             | Cork and agglomerated cork manufactures, n.e.i.  |
| 195                             | Paper and paper manufactures, viz:   |
| 195.01                          | printing, in rolls not less than 10 in. in width or in sheets not less than 16½ in. x 21 in., or its equivalent, which is imported solely for printing purposes and declared to be imported solely for such purposes |

---

| Papua New Guinea<br>Tariff Item | Description of Goods  |
|---------------------------------|---|
| 197                             | Cigarette paper, in bulk rolls or sheets  |
| 198                             | Paper stationery of all kinds, including envelopes, writing, typewriting, duplicating papers and the like, albums (other than fancy), diaries, account and exercise books, filing boxes and the like<br><br>Blotting paper in bulk rolls or sheets; filter paper and blocks in bulk rolls, sheets, blocks or slabs                  |
| 199                             | Cigarette papers cut to size, in books or packets of 60 papers or the equivalent of 60 papers   |
| 200                             | Playing cards   |
| 201                             | Manufactured articles of papers, paper pulp and paperboard, n.e.i.  |
| 202                             | Paper bags, whether printed or unprinted  |
| 211                             | Cotton textile, including canvas and fabrics of mixed materials of which cotton is the chief component by weight. Textile fabrics, n.e.i., including silk, wool, jute, synthetic fibres, spun glass, fabrics of regenerated or partly regenerated cellulose, protein and similar fibres, including rayon, nylon and artificial silk |
| 212                             | Lace, including tulle, embroidery ribbons, trimmings, net and netting and the like  |
| 214                             | Manufactures of rope, cordage and twine   |
| 217                             | Textile products, n.e.i., including felts, n.e.i., elastics, webbing and the like   |

---

| Papua New Guinea<br>Tariff Item | Description of Goods   |
|---------------------------------|--|
| 218                             | Articles made wholly or chiefly of textile materials (excluding apparel and attire), viz:  |
| 218.02                          | tarpaulins, tents, awnings, sails and made-up canvas articles, n.e.i.  |
| 218.03                          | bed-linen, table-linen, toilet-linen and kitchen-linen, made up curtains, draperies and made up household articles of textiles, n.e.i.   |
| 218.05                          | bunting  |
| 230                             | Floor coverings of all materials including carpets, linoleum, matting and mats, floor rugs and the like  |
| 231                             | Tiles, plastic, rubber or linoleum   |
| 232                             | Tapestry   |
| 234                             | Cement pipes   |
| 238                             | Asbestos manufactures, n.e.i., including yarn thread, cord jointing packing and the like. Non-metallic mineral manufactures, n.e.i., and articles of ceramic materials, n.e.i., excluding building materials |
| 250                             | Glassware manufactures for household, hotel and restaurant use   |
| 251                             | Glassware manufactures, n.e.i.   |
| 252                             | Pottery, crockery and kitchenware including jugs, jars and articles of ordinary baked clay, stoneware, earthenware, chinaware, porcelainware and the like, consisting of household utensils                  |
| 253                             | Potteryware, n.e.i.  |

---

| Papua New Guinea<br>Tariff Item | Description of Goods   |
|---------------------------------|--|
| 260                             | Gold, silver and platinum dental and medical unworked or partly worked   |
| 261                             | Precious metals, n.e.i., worked or unworked  |
| 262                             | Precious and semi-precious stones and pearls unworked or worked  |
| 263                             | Jewellery and goldsmiths' and silversmiths' wares, including set gems  |
| 264                             | Imitation jewellery  |
| 273.01                          | Castings and forgings, n.e.i., consisting of nestible corrugated steel pipes and arches  |
| 277                             | Wire rope of iron and steel, or non-ferrous metals, including slings and similar articles  |
| 278                             | Wire fencing consisting of barbed wire   |
| 280                             | Nails, steel wire other than:<br>(a) galvanized steel wire nails;<br>(b) tacks, brads, panel pins;<br>or<br>(c) hardboard and wallboard nails, whether of bright steel wire or plated wire or being 16-guage and finer |
| 283                             | Firearms being rifles, revolvers, guns and pistols, including air-guns, air-pistols and the like   |
| 290                             | Household or domestic utensils of metal whether enamelled or tinned and of synthetic materials, including cutlery being household domestic cutlery whether plated or not   |
| 291                             | Cutlery, n.e.i., including scissors, razors (except electric), hand operated clippers and the like   |



---

| Papua New Guinea<br>Tariff Item | Description of Goods  |
|---------------------------------|---|
| 295.01                          | Manufactures of metal being welded fabrics  |
| 296                             | Manufactures of metals, n.e.i.  |
| 297                             | Drums, commonly known as '4-gallon' or '44-gallon' drums, being:<br>(a) empty drums; or<br>(b) drums containing:<br>(i) motor spirit; or<br>(ii) kerosene,<br><br>not being containers within the meaning of Item 493 |
| 303                             | Marine Engines, viz:  |
| 303.01                          | Outboard Engines including Parts and Accessories  |
| 303.02                          | Inboard Engines and inb/outb engines including parts and accessories, viz:  |
| 303.02.01                       | up to and including 30 H.P.   |
| 305                             | Parts for all types of marine engines   |
| 306                             | Motor vehicle and motor cycle engines and parts therefor  |
| 308                             | Agricultural machinery consisting of lawn mowers, hand or power operated and parts therefor   |
| 311                             | Office machinery and fashioned parts, including typewriters, accounting, bookkeeping, calculating and statistical machines, cash registers, dictaphones, micro-film readers and the like                              |
| 314                             | Air conditioners and parts therefor, and air conditioning equipment   |

---

| Papua New Guinea<br>Tariff Item | Description of Goods  |
|---------------------------------|---|
| 315                             | Deep freezers and refrigerators,<br>n.e.i. and parts for all types of<br>deep freezers and refrigerators  |
| 316                             | Refrigerating machinery,<br>equipment and parts   |
| 317                             | Sewing machines, domestic   |
| 318                             | Weighing machines   |
| 321                             | Component parts of batteries<br>and accumulators, viz:  |
| 321.02                          | n.e.i.  |
| 322                             | Batteries and accumulators of<br>all kinds when imported<br>assembled   |
| 323                             | Incandescent lamps, arc lamps,<br>tubes and the like for electric<br>lighting   |
| 324                             | Portable transistorised radio<br>receiving sets, not exceeding<br>\$20 f.o.b. in value  |
| 325                             | Portable transistorised radio<br>receiving sets, n.e.i.   |
| 326                             | Radio or television receiving<br>sets, including those with<br>record players and/or tape<br>recorders attached, parts and<br>accessories   |
| 328                             | Portable electric appliances,<br>including domestic appliances,<br>n.e.i., domestic vacuum cleaners,<br>washing machines, floor polishers,<br>hair clippers, shavers, food<br>mixers and the like |
| 330                             | Electric fans   |
| 341                             | Road motor vehicles, viz:   |
| 341.01                          | passenger type (including motor<br>cars, station wagons and panel<br>vans)  |

---

| Papua New Guinea<br>Tariff Item | Description of Goods  |
|---------------------------------|---|
| 341.02                          | utility trucks (including jeep and land rover types) and the like   |
| 341.03                          | motor cycles, motor scooters, trail bikes including engines, parts and accessories thereof  |
| 341.04                          | trucks, trailers and the like   |
| 341.05                          | omnibuses, minibuses and the like   |
| 341.06                          | n.e.i.  |
| 344                             | Fashioned parts and accessories for motor vehicles, n.e.i., including seat covers of all materials  |
| 345.02                          | Tricycles and other cycles not motorised, including fashioned parts and accessories   |
| 347                             | Road vehicles other than motor vehicles, n.e.i., and fashioned parts  |
| 349                             | Ships and boats not exceeding 9.15 metres in length and vessels designed specifically for pleasure purposes (including hulls thereof not completely fitted out) |
| 360                             | Prefabricated buildings being dwellings, ware-houses and structures of similar nature and their assembled panels and parts, viz:                                |
| 360.02                          | n.e.i. including wooden   |
| 364                             | Lamps, lanterns and torches, including lamp shades and light shades consisting of household utensils  |

---

| Papua New Guinea<br>Tariff Item | Description of Goods   |
|---------------------------------|--|
| 365                             | Lamps and lighting fixtures,<br>n.e.i., including street lamps,<br>street lamp posts fitted with<br>electric parts and the like                          |
| 366                             | Furniture and fixtures, whether<br>or not prefabricated, viz:  |
| 366.02                          | household type, of wood or cane  |
| 366.03                          | blinds of all kinds  |
| 366.04                          | n.e.i.   |
| 370                             | Mattresses, pillows and<br>cushions, n.e.i.  |
| 380                             | Travel goods of all materials,<br>n.e.i., including trunks,<br>suitcases, shopping and handbags<br>and the like  |
| 381                             | Bags, sporting   |
| 382                             | Evening bags, wallets, purses,<br>writing cases, toilet cases and<br>the like  |
| 383                             | Apparel and attire, n.e.i.,<br>including outer garments,<br>underwear and night wear of all<br>kinds   |
| 384                             | Footwear, viz:   |
| 384.01                          | plastic and rubber thongs  |
| 384.02                          | other footwear and gaiters,<br>leggings and puttees of all<br>materials  |
| 391                             | Binoculars, opera glasses,<br>telescopes and the like  |
| 392                             | Spectacles, n.e.i., including<br>goggles, sun glasses and the<br>like  |
| 393                             | Projectors and cinematographs,<br>parts and accessories therefor<br>of all kinds including sound<br>equipment where applicable and<br>projection screens |

---

| Papua New Guinea<br>Tariff Item | Description of Goods  |
|---------------------------------|---|
| 394                             | Cameras and fashioned parts thereof. Camera accessories of all kinds, including tripods, lightmeters, filters, flashlight outfits and the like and photographic material of all kinds |
| 395                             | Photographic and cinematographic films unexposed for use in cameras   |
| 396                             | Chemical products for use in photography as put up for resale   |
| 399                             | Films, n.e.i., imported for exhibition and subsequent re-export   |
| 400                             | Chronometers, clocks and watches including pedometers, pocket counters, instrument panel clocks and the like and parts therefor   |
| 401                             | Tape recorders and parts and accessories excluding tapes  |
| 402                             | Sound recording tapes and wires   |
| 403                             | Phonographs and parts and accessories, excluding records  |
| 404                             | Pianos, parts and accessories   |
| 405                             | Musical instruments, parts and accessories, n.e.i.  |
| 406                             | Gramophone records, n.e.i.  |
| 410.02                          | Printed matter, n.e.i., including postcards, wedding cards, greeting cards and the like   |
| 412                             | Candles, tapers and the like  |
| 413                             | Matches and vestas  |

---

| Papua New Guinea<br>Tariff Item | Description of Goods  |
|---------------------------------|---|
| 415                             | Deep freezers and refrigerators, domestic, whether paraffin, electrically or gas operated, imported assembled   |
| 430                             | Fancy goods of all materials, including articles used for ornamental purposes or partly for use and partly for ornament   |
| 440                             | Games, outdoor, n.e.i., and all articles used therefor, including fishing requisites and other sports goods, n.e.i. and toys and indoor games designed primarily for children |
| 450                             | Office supplies other than paper, including fountain pens, ball point pens, pencils, ink, nibs, crayons, pencil sharpeners and the like                                       |
| 452                             | Umbrellas, parasols, walking sticks and similar articles  |
| 453                             | Smokers' accessories (ash trays, pipes, cigarette holders and cigarette lighters, etc.)   |
| 470                             | Manufactured articles, n.e.i.   |

SCHEDULE D

---

| Papua New Guinea | Description of Goods |
|------------------|----------------------|
| Tariff Item      |                      |

---

AGREED MINUTES

During the course of negotiations between delegations of Papua New Guinea and Australia for the Agreement on Trade and Commercial Relations between the Government of Papua New Guinea and the Government of Australia the following understandings regarding the interpretation and operation of the Agreement were reached:

1. In view of the administrative and other difficulties in raising revenue in Papua New Guinea in its present stage of development, nothing in Article 3 shall preclude the Papua New Guinea Government from imposing, for revenue purposes, import and export taxes at rates which are not such as to be actually restrictive of commerce. The existing rates of the export taxes levied under the Customs (Export) Tariff and the import taxes levied under the Imports (General Levy) Act and any reasonable variations of those rates are not regarded as being actually restrictive of commerce.
2. Nothing in Article 3 will preclude either Government from taking measures:
  - (a) to regulate the pricing and supply of mineral and energy products exported from one Member State to the other; or
  - (b) to impose export controls over primary products exported from one Member State to the other, provided that such measures are consistent with the other international rights and obligations of the exporting Member State. However, in cases where one Member State



is dependent upon the other for the supply of essential foodstuffs, the exporting Member State will, in the imposition and administration of controls, not unduly prejudice the welfare of the inhabitants of the importing Member State.

3. Nothing in the Agreement will preclude the Australian Government from continuing to treat sugar, golden syrup and treacle as prohibited imports into Australia.

4. If as a result of the operation of Article 3 of the Agreement goods specified in the attachment to these Agreed Minutes are being imported into Australia from Papua New Guinea in such quantities or under such conditions as to cause or threaten serious injury to an industry producing like or directly competitive goods, the Australian Government may, as an alternative to taking action under Article 9 of the Agreement, vary Schedule A to the Agreement by the listing therein of the goods concerned, and the Papua New Guinea Government will be deemed to have consented to that variation.

5. With regard to the provisions of Article 9, and to paragraph 4 of these Agreed Minutes, the following procedures will be applied by the Australian Government. The Australian Government will not suspend obligations pursuant to Article 9 of the Agreement, or list in Schedule A goods specified in the attachment referred to in paragraph 4 above until it has:

- (i) commissioned an official Inquiry, pursuant to the appropriate Australian legislation, into the alleged injury or threat of injury,

- (ii) notified the Government of Papua New Guinea of the terms of the Inquiry, and
- (iii) allowed a reasonable period of time having regard to the circumstances applying in each particular case, and in the case of Article 9 action, 60 days, for the Government of Papua New Guinea to make representations to the Inquiry, or to the Australian Government or to both.

The foregoing provisions do not preclude the possibility of mutual agreement being reached by the two Governments in specific instances without official inquiry, nor will they apply where they would result in action inconsistent with Australia's other international obligations, or if a state of economic emergency exists in Australia.

6. The phrase "multilateral international commodity agreement or arrangement" in Articles 7.2 (d) and 8 (h) of the Agreement includes the GATT Arrangement Regarding International Trade in Textiles of 20 December 1973.

7. It will be consistent with the Agreement for the Papua New Guinea Government to engage in, or regulate, selective purchasing of goods through an exclusive licensing scheme or similar arrangements for the purposes of obtaining advantageous terms for the long term supply of essential commodities, or rationalising the importation and use of vehicles and other equipment by standardisation, provided that the Agreement shall not be interpreted as authorising any such action which

would be inconsistent with the obligations of a contracting party to the GATT.

8. Without implying that such incentives might not be granted as a matter of discretion, nothing in the Agreement shall require either Government to provide incentives to investment through any measures involving income taxation arrangements.

9. The provisions of Article 22 of the Agreement relating to consultation procedures apply to consultations on any problems which may arise in relation to Australian investment in Papua New Guinea.

10. (i) Nothing in Article 3 will preclude (a) Australia from imposing quantitative import restrictions on Schedule A goods or (b) Papua New Guinea from imposing quantitative import restrictions on Schedule C goods, provided that in each case such restrictions are consistent with the importing Member State's other international rights and obligations.

(ii) Prior to taking action under sub-paragraph (i) of this paragraph, unless critical circumstances prevail in which delay would cause damage which would be difficult to repair, the importing Member State shall inform the other Member State of the proposed action in order to provide the other Member State with the opportunity to consult with the importing Member State under

the provisions of Article 22. It is recognised that the importing Member State may find it necessary in certain circumstances to take action before any consultations under Article 22 have commenced or have been completed.

For the Government  
of Papua New Guinea

For the Government  
of Australia

November 1976

Port Moresby

ATTACHMENT TO AGREED MINUTES

| Australian<br>Tariff Item | Brief Description of Goods                                     |
|---------------------------|--|
| 07.02.200                 | Mushrooms  |
| 09.10.100                 | Green ginger, not in liquid                                    |
| 09.10.200                 | Ginger, dry, unground  |
| 09.10.300                 | Ginger, dry, unground. NSA.                                    |
| 12.01.100                 | Peanuts  |
| 13.03.300                 | Gingerin.  |
| Ex 15.07.190              | Coconut oil, Palm oil, Palm<br>kernel oil                      |
| 15.07.200                 | Olive oil  |
| Ex 15.07.300              | Maize, Soya bean, Rapeseed oils                                |
| 15.07.900                 | Other oil  |
| 15.08.100                 | Epoxidised vegetable oil                                       |
| 15.08.200                 | Linseed oil and rapeseed oil                                   |
| 15.08.300                 | Safflower seed and soya been<br>oil not falling within 15.08.1 |
| 15.13.1                   | Margarine and similar butter<br>substitutes                    |
| 15.13.9                   | Other prepared edible fats                                     |
| 17.04.9                   | Other sugar confectionery                                      |
| 20.01                     | Vegetables and fruit prepared<br>or preserved by vinegar       |
| 20.02.5                   | Asparagus tips   |
| 20.02.6                   | Vegetables, NSA  |
| 20.02.9                   | Other prepared/preserved<br>vegetables                         |
| 20.05                     | Jams, jellies, etc.  |
| 20.07.200                 | Citrus fruit juices, NSA - not<br>including lime juice         |

---

| Australian<br>Tariff Item              | Brief Description of Goods        |
|--|-----------------------------------|
| 20.07.400)<br>20.07.500)               | Fruit juices, NSA                 |
| 21.07.900                              | Food preparations, NSA            |
| 24.02.400                              | Tobacco, manufactured             |
| 27.09.900                              | Petroleum oils, etc.              |
| 27.10.900                              | Phosphoric acid                   |
| 28.17.100                              | Sodium hydroxide                  |
| 28.56.100                              | Calcium carbide                   |
| 29.14.300                              | Vinyl acetate                     |
| 38.11.200                              | Insecticides, etc.                |
| 38.11.400                              | Disinfectants, insecticides, etc. |
| 39.01.110                              | Adhesives                         |
| 39.01.120                              | Condensation, etc. products       |
| 39.01.131                              | Silicone grease                   |
| 39.01.132                              | Silicone fluids                   |
| 39.01.139                              | Other silicone goods              |
| 39.01.140                              | Unsaturated polyester type        |
| 39.01.151                              | Polymers of ethylene              |
| 39.01.152                              | Polyols, etc.                     |
| 39.01.210                              | Laminated Sheets                  |
| 39.01.311)<br>39.01.319)<br>39.01.320) | Coated planar forms               |
| 39.01.410                              | Silicone planar forms, etc.       |
| 39.01.490                              | Profile shapes                    |
| 39.01.500                              | Polyester planar forms            |
| 39.01.600                              | Profile shapes, polyamide, etc.   |
| 39.01.700                              | Planar forms, polyurethane        |

---

| Australian<br>Tariff Item              | Brief Description of Goods                   |
|--|--|
| 39.02.110                              | Adhesives                                    |
| 39.02.120                              | Polyethylene goods                           |
| 39.02.130                              | Other polymerisation, etc. goods             |
| 39.02.140                              | Acrylics                                     |
| 39.02.160                              | Polypropylene goods                          |
| 39.02.210                              | Floor and wall coverings                     |
| 39.02.311)<br>39.02.319)<br>39.02.320) | Supported sheet                              |
| 39.02.400                              | Planar forms - vinyl                         |
| 39.02.520                              | Planar forms                                 |
| 39.02.610                              | Planar forms - ethylene                      |
| 39.02.690                              | Other  |
| 39.02.710                              | Styrene - planar forms                       |
| 39.02.720                              | Styrene - profile shapes                     |
| 39.02.800                              | Acrylic - planar forms and<br>profile shapes |
| 39.03.110                              | Cellulose, etc. - adhesives                  |
| 39.03.120                              | Cellulose moulding compounds                 |
| 39.03.140                              | Cellulose nitrate goods                      |
| 39.03.160                              | Hydroxyethyl - cellulose goods               |
| 39.03.210                              | Laminated sheets                             |
| 39.03.311)<br>39.03.319)<br>39.03.320) | Coated forms                                 |
| 39.03.400                              | Profile shapes                               |
| 39.03.500                              | Planar forms                                 |
|  | Natural Resins, etc.                         |
| 39.05.100                              | Adhesives                                    |

| Australian<br>Tariff Item | Brief Description of Goods   |
|---------------------------|--|
| 39.05.200                 | Ester gums<br>Other High Polymers, etc.                                  |
| 39.06.100                 | Starches   |
| 39.06.200                 | Alginic acid, etc.<br>Goods of Plastic, etc.                             |
| 39.07.190                 | Goods as prescribed  |
| 39.07.210                 | Bags   |
| 39.07.290                 | Floor coverings, wall tiles  |
| 39.07.310                 | Other  |
| 40.02.400                 | Synthetic rubber   |
| 40.05.400                 | Goods of synthetic rubber  |
| 40.06.700                 | Goods and articles of synthetic<br>rubber NSA                            |
| 40.11.200)<br>40.11.900)  | Motor vehicle tyres  |
| 42.03.300                 | Leather coats, jackets,<br>overcoats                                     |
| 48.01.910                 | Paper, etc. - tissues  |
| 48.01.921)<br>48.01.929)  | Paper, etc. - substance 22 to<br>205 gsm                                 |
| 48.04.900                 | Other paper  |
| 48.05.900                 | Other wrapping   |
| 48.07.620                 | Paper and paper-board  |
| 48.07.630                 | Wrapping paper NEI   |
| 48.07.690                 | Pressure-sensitive paper   |
| 48.07.720                 | Wrapping paper   |
| Chapt. 49                 | Products of the Printing<br>Industry                                     |
| 50.09.100                 | Silk fabric containing not less<br>than 20 per cent by weight of<br>wool |



| Australian<br>Tariff Item | Brief Description of Goods                    |
|---------------------------|---|
| 50.09.200                 | Printed silk fabrics                          |
| 50.10.100                 | Printed noil silk fabrics                     |
| 53.06                     | Woollen yarn                                  |
| 53.07                     | Worsted yarn                                  |
| 53.11                     | Woven fabrics of sheep's or<br>lambs' wool    |
| 55.06                     | Mercerised cotton yarn for<br>retail sale     |
| 59.02                     | Felt and articles of felt                     |
| 59.06                     | Boot laces, pyjama girdling, etc.             |
| 61.05                     | Handkerchiefs                                 |
| 62.01                     | Travelling rugs and blankets                  |
| 62.04                     | Tarpaulins, sails, tents, etc.                |
| 65.02)                    |   |
| 65.03)                    | Hats and headgear                             |
| 65.04)                    |   |
| 66.01                     | Umbrellas                                     |
| 69.07.900                 | Floor and wall tiles                          |
| 69.08.900                 | Floor and wall tiles                          |
| 73.24.910                 | Containers for compressed<br>or liquefied gas |
| 74.01.100                 | Unalloyed copper; matte                       |
| 74.03.200)                |   |
| 74.04.900)                |   |
| 74.05.900)                |   |
| 74.05.100)                |   |
| 74.07.900)                |   |
| 74.08.000)                | Copper and copper based products              |
| 74.09.000)                |   |
| 74.10.900)                |   |
| 74.12.000)                |   |
| 74.14.000)                |   |
| 74.15.000)                |   |
| 74.16.000)                |   |
| 74.18.100)                |   |
| 74.18.200)                |   |

| Australian<br>Tariff Item  | Brief Description of Goods   |
|--|--|
| 75.01  | Nickle, unwrought  |
| Chapt. 76  | Aluminium and articles thereof   |
| 84.05.2  | Engines for use as original<br>equipment components in the<br>assembly or manufacture of<br>vehicles |
| 84.11.200)<br>84.11.310)<br>84.11.390)                             | Compressors for refrigerators  |
| 84.12.000  | Air conditioners   |
| 84.15.100  | Refrigerating equipment  |
| 84.15.2  | Refrigerators and freezers   |
| 84.15.900  | Refrigerating equipment and parts  |
| 84.40.211)<br>84.40.219)<br>84.40.221)<br>84.40.229)<br>84.40.290) | Laundry Machines   |
| 84.62  | Ball roller or needle roller<br>bearings   |
| 84.63  | Transmission shaft, cranks,<br>bearing housings, etc.  |
| 84.64  | Gaskets  |
| 85.01.110  | Electric motors and generators   |
| 85.01.120  | Electric motors and generators   |
| 85.01.130)<br>85.01.140)   | Electric motors  |
| 85.01.150)<br>85.01.190)   | Electric generators  |
| 85.01.310  | Rectifying assemblies  |
| 85.03.900  | Batteries  |
| 85.06.900  | Domestic electrical appliances   |
| 85.08  | Electrical starting and ignition<br>equipment  |

| Australian<br>Tariff Item              | Description of Goods  |
|--|---|
| 85.09                                  | Electrical lighting and signalling equipment for motor vehicles |
| 85.15                                  | Radios, televisions and parts.                                  |
| 85.18                                  | Capacitors  |
| 85.19.200)<br>85.19.300)               | Relays, etc.  |
| 85.19.440                              | Switchgear  |
| 85.19.450                              | Electrical jacks  |
| 85.19.460                              | Valve sockets   |
| 85.19.470                              | Electric apparatus as specified                                 |
| 85.19.490                              | Fuses, nei connectors, etc.                                     |
| 85.19.500                              | Resistors   |
| 85.19.600                              | Resistors and printed circuits                                  |
| 85.19.900                              | Resistors, motor starters, etc.<br>nei                          |
| 85.21.100                              | Cathode ray tubes   |
| 85.21.900                              | Cathode ray tubes and other parts                               |
| 85.23.920                              | Telephone cable   |
| 87.02.110                              | Assembled passenger vehicles                                    |
| 87.02.120                              | Unassembled passenger vehicles                                  |
| 87.02.210                              | Assembled cars and station wagons                               |
| 87.02.220)<br>87.02.231)<br>87.02.239) | Unassembled cars and station wagons                             |
| 87.02.310                              | Unassembled vehicles  |
| 87.04.110)<br>87.04.190)               | Chassis for motor vehicles                                      |
| 87.05.210)<br>87.05.290)               | Bodies for motor vehicles                                       |

---

| Australian<br>Tariff Item | Brief Description of Goods  |
|---------------------------|---|
| 87.06.510)<br>87.06.590)  | Original equipment components   |
| 87.06.900                 | Components - original equipment<br>and other  |
| 89.01.900                 | Vessels under 150 tons gross<br>register  |
| 89.02.900                 | Vessels not exceeding 150 tons<br>gross register especially<br>designed for towing (including<br>tugs) or pushing other vessels |
| 89.03.900                 | Floating dredges, cranes, etc.<br>not exceeding 150 tons gross<br>register  |
| 89.05.000                 | Other floating structures -<br>other than vessels   |
| 90.09.100                 | Slide projectors  |
| 93.07.100                 | Sporting ammunition   |

November 1976

My dear Minister,

I refer to recent discussions between our two Governments on the operation of the new rules of origin in Article 4 of the Agreement on Trade and Commercial Relations between the Government of Australia and the Government of Papua New Guinea signed today.

With respect to these new rules, I wish to inform you that the Government of Australia envisages the new origin rules as working in basically the same way as the present rules. This is so because the underlying concept, that of the value of country content as a proportion of factory cost, is the same for both sets of rules.

The elements that go to make up the value of country content must, of course, be the same as those which go to make up factory cost. In Australia these elements have been given a precise meaning under Ministerial determinations in respect of factory or works costs (attached Appendix A) and value of labour and materials (attached Appendix B).

In the great majority of cases, a declaration by the exporter as to the proportion of country content is sufficient evidence for goods to gain preferential treatment. But such documentary evidence has always been subject to check where considered necessary; in the United Kingdom and Canada, for example, Australian Customs representatives regularly interview manufacturers and examine costing details. As trade develops between Papua New Guinea and Australia such checks would no doubt strengthen each Member State's administration of the origin rules.

The provision in the new rules to treat particular goods or classes of goods as originating in a Member State introduces a desirable flexibility. It allows a simple basic rule, the one-half rule, to operate without disadvantaging goods which do not meet the conditions of the rule but in respect of which it might be desirable to accord preferential treatment.

It also allows the present wholly manufactured concept to be dispensed with (i.e. the concept that all processes must be performed in the country). Most, if not all, goods manufactured in the Area would probably meet the one-half country content rule if they initially met the wholly manufactured rule. If the one-half rule was not met, but it was considered desirable that preferential treatment be given, the Member States could decide to allow such treatment.

I suggest that a manufacturer in a Member State who wishes to have his goods treated pursuant to paragraph 2 of Article 4 as originating in that Member State should put his case to the appropriate authority in his country. If no reason existed to do otherwise, a request would be cleared and advice of the clearance sent to the appropriate authority in the other Member State with a request for a clearance from that Member State. An exchange of clearances would constitute agreement under the provisions of the new rules. In Australia such agreements would be formalised by Ministerial determination and details would be notified in the Australian Government Gazette.

I also wish to inform you that Australia will apply the rules of origin provisions of Article 4 of the Agreement to all importations from Papua New Guinea, with the exception of those goods imported pursuant to the Australian System of Tariff Preferences for Developing Countries.

If the foregoing is acceptable to your Government, I propose that this letter, together with your confirmatory reply, should constitute the understandings of our two Governments in the matter.

Yours sincerely,

(John Howard)

Sir Maori Kiki, K.B.E., M.P.  
Minister for Foreign Affairs and Trade  
House of Parliament  
PORT MORESBY, PAPUA NEW GUINEA

APPENDIX A

FACTORY OR WORKS COST

The factory or works cost of goods shall be determined by taking the sum of the following:

- (a) the cost of materials as received into factory, but not including any duties or other taxes paid or payable in the country of manufacture of the goods in respect of such materials;
- (b) manufacturing wages;
- (c) factory overhead expenses; and
- (d) inside containers.



APPENDIX B

VALUE OF LABOUR AND MATERIALS

The value of labour and materials shall be determined by taking the sum of the following:

- (a) (i) In the case of materials wholly produced or manufactured in the country or in Australia or in the country and in Australia - the cost of those materials but not including any duties or other taxes paid or payable in the country of manufacture of the goods in respect of such materials.
- (ii) in the case of materials partly manufactured in the country or in the country and Australia - the proportion of the cost of manufacture of those materials incurred in the country or in the country and in Australia but not including any duties or other taxes paid or payable in the country of manufacture of the goods in respect of such materials.
- (b) manufacturing wages;
- (c) factory overhead expenses; and
- (d) inside containers of the manufacture of the country or of Australia.

November 1976

My dear Minister,

I acknowledge receipt of your letter of today's date on the subject of the operation of new rules of origin in Article 4 of the Agreement on Trade and Commercial Relations between the Government of Australia and the Government of Papua New Guinea signed today.

The text of that letter reads as follows:

" I refer to recent discussions between our two Governments on the operation of the new rules of origin in Article 4 of the Agreement on Trade and Commercial Relations between the Government of Australia and the Government of Papua New Guinea signed today.

With respect of these new rules, I wish to inform you that the Government of Australia envisages the new origin rules as working in basically the same way as the present rules. This is so because the underlying concept, that of the value of country content as a proportion of factory cost, is the same for both sets of rules.

The elements that go to make up the value of country content must, of course, be the same as those which go to make up factory cost. In Australia these elements have been given a precise meaning under Ministerial determinations in respect of factory or works cost (attached Appendix A) and value of labour and materials (attached Appendix B).

In the great majority of cases, a declaration by the exporter as to the proportion of country content is sufficient evidence for goods to gain preferential treatment. But such documentary evidence has always been subject to check where considered necessary; in the United Kingdom and Canada, for example, Australian Customs representatives regularly interview manufacturers and examine costing details. As trade develops between Papua New Guinea and Australia such checks would no doubt strengthen each Member State's administration of the origin rules.

The provision in the new rules to treat particular goods or classes of goods as originating in a Member State introduces a desirable flexibility. It allows a simple basic rule, the one-half rule, to operate without disadvantaging goods which do not meet the conditions of the rule but in respect of which it might be desirable to accord preferential treatment.

It also allows the present wholly manufactured concept to be dispensed with (i.e. the concept that all processes must be performed in the country). Most, if not all, goods manufactured in the Area would probably meet the one-half country content rule if they initially met the wholly manufactured rule. If the one-half rule was not met, but it was considered desirable that preferential treatment be given, the Member States could decide to allow such treatment.

I suggest that a manufacturer in a Member State who wishes to have his goods treated pursuant to paragraph 2 of Article 4 as originating in that Member State should put his case to the appropriate authority in his country. If no reason existed to do otherwise, a request would be cleared and advice of the clearance sent to the appropriate authority in the other Member State with a request for a clearance from that Member State. An exchange of clearances would constitute agreement under the provisions of the new rules. In Australia such agreements would be formalised by Ministerial determination and details would be notified in the Australian Government Gazette.

I also wish to inform you that Australia will apply the rules of origin provisions of Article 4 of the Agreement to all importations from Papua

New Guinea, with the exception of those goods imported pursuant to the Australian System of Tariff Preferences for Developing Countries.

If the foregoing is acceptable to your Government, I propose that this letter, together with your confirmatory reply, should constitute the understandings of our two Governments in the matter."

I wish to confirm that the Government of Papua New Guinea shares the understandings set out in your letter and that your letter together with this reply will constitute the understandings of our two Governments in the matter.

Yours sincerely,

(Maori Kiki)

The Hon. J.W. Howard, M.P.  
Minister for Business and Consumer Affairs  
Parliament House  
CANBERRA A.C.T. 2600

November 1976

My dear Minister,

In relation to paragraph 2 of Article 14 of the Agreement on Trade and Commercial Relations between the Government of Australia and the Government of Papua New Guinea signed today, I wish to place on record the following forms of investment encouragement which the Government of Australia may provide in appropriate circumstances to Australian enterprises wishing to invest directly in Papua New Guinea. The following list describes measures which are currently part of the policy of the Government of Australia on the encouragement of direct investment by Australian enterprises in developing countries and may be subject to variation from time to time.

The Government of Australia will inter alia:

- (1) provide investment insurance cover through the Australian Export Finance Insurance Corporation;
- (2) disseminate information to potential Australian investors concerning investment opportunities in Papua New Guinea;
- (3) assist investors through facilities of the Trade Commissioner Service.

If the foregoing is acceptable to your Government, I propose that this letter together with your confirmatory reply should constitute the understandings of our two Governments in the matter.

Yours sincerely,

(John Howard)

Sir Maori Kiki, K.B.E., M.P.  
Minister for Foreign Affairs and Trade  
House of Parliament  
PORT MORESBY. PAPUA NEW GUINEA

November 1976

My dear Minister,

I acknowledge receipt of your letter of today's date regarding the interpretation of paragraph 2 of Article 14 of the Agreement on Trade and Commercial Relations between the Government of Australia and the Government of Papua New Guinea signed today.

The text of that letter reads as follows:

" In relation to paragraph 2 of Article 14 of of Agreement on Trade and Commercial Relations between the Government of Australia and the Government of Papua New Guinea signed today, I wish to place on record the following forms of investment encouragement which the Government of Australia may provide in appropriate circumstances to Australian enterprises wishing to invest directly in Papua New Guinea. The following list describes measures which are currently part of the policy of the Government of Australia on the encouragement of direct investment by Australian enterprises in developing countries and may be subject to variation from time to time.



The Government of Australia will inter alia:

- (1) provide investment insurance cover through the Australian Export Finance Insurance Corporation;
- (2) disseminate information to potential Australian investors concerning investment opportunities in Papua New Guinea;
- (3) assist investors through facilities of the Trade Commissioner Service.

If the foregoing is acceptable to your Government, I propose that this letter together with your confirmatory reply should constitute the understandings of our two Governments in the matter."

I wish to confirm that the Government of Papua New Guinea shares the understanding set out in your letter and that your letter, together with this reply, will constitute the understandings of our two Governments in the matter.

Yours sincerely,

(Maori Kiki)

The Hon. J.W. Howard, M.P.  
Minister for Business and Consumer Affairs  
Parliament House  
CANBERRA A.C.T. 2600

November 1976

My dear Minister,

I wish to place on record the understanding of the Government of Papua New Guinea with regard to paragraph 4 of Article 14 of the Agreement on Trade and Commercial Relations between the Government of Australia and the Government of Papua New Guinea signed today.

It is the understanding of the Government of Papua New Guinea that the assurance given in that paragraph will be interpreted in the light of the approved policies of the Government on foreign investment, the relevant elements of which are:

- (1) Papua New Guinea, as part of its development strategy, proposes to treat each investment proposal on its merits, within the context of the overall development strategy and policy guidelines. The evaluation of proposals on a case-by-case basis is necessary, even for projects in the same business activity, as they may differ in such respects as size, employment, local content or location. This is particularly important where it may be necessary to limit the number of projects because of, say, market size.

- (2) The terms and conditions, or any incentives attached to a project, may vary from that of another project in the same business activity because of the above factors. More favourable treatment, possibly in the form of incentives, may be offered to a project on the basis of some established need, such as decentralization. Such differentiation is on the basis of the characteristics of the project itself, rather than on any element of nationality.
- (3) Also, where new investment in a specific industry is being promoted alongside existing investments in the same industry, it may be determined that additional benefits should be offered to encourage new investment. The same benefits would not be offered to the existing enterprise, although the owners of the existing enterprise would not necessarily be barred from competing for the right to participate in the new project and to enjoy the special benefits being offered in respect of that new project. In offering such incentives Papua New Guinea would be mindful of the desirability of avoiding serious damage to existing industries.

If the foregoing is acceptable to your Government, I propose that this letter together with your confirmatory reply should constitute the understandings of our two Governments in the matter.

Yours sincerely,

(Maori Kiki)

The Hon. J.W. Howard, M.P.  
Minister for Business and Consumer Affairs  
Parliament House  
CANBERRA A.C.T. 2600

November 1976

My dear Minister,

I acknowledge receipt of your letter of today's date regarding the interpretation of paragraph 4 of Article 14 of the Agreement on Trade and Commercial Relations between the Government of Australia and the Government of Papua New Guinea signed today.

The text of that letter reads as follows:

" I wish to place on record the understanding of the Government of Papua New Guinea with regard to paragraph 4 of Article 14 of the Agreement on Trade and Commercial Relations between the Government of Australia and the Government of Papua New Guinea signed today.

It is the understanding of the Government of Papua New Guinea that the assurance given in that paragraph will be interpreted in the light of the approved policies of the Government on foreign investment, the relevant elements of which are:

- (1) Papua New Guinea, as part of its development strategy, proposes to treat each investment proposal on its merits, within the context of

the overall development strategy and policy guidelines. The evaluation of proposals on a case-by-case basis is necessary, even for projects in the same business activity, as they may differ in such respects as size, employment, local content or location. This is particularly important where it may be necessary to limit the number of projects because of, say, market size.

- (2) The terms and conditions, or any incentives attached to a project, may vary from that of another project in the same business activity because of the above factors. More favourable treatment, possibly in the form of incentives, may be offered to a project on the basis of some established need, such as decentralization. Such differentiation is on the basis of the characteristics of the project itself, rather than on any element of nationality.
- (3) Also, where new investment in a specific industry is being promoted alongside existing investments in the same industry, it may be determined that additional benefits should be offered to encourage new investment. The same benefits would not be offered to the existing enterprise, although the owners of the existing enterprise would not necessarily be barred from competing for the right to participate in the new project and to enjoy the special benefits

being offered in respect of that new project.  
In offering such incentives Papua New Guinea  
would be mindful of the desirability of  
avoiding serious damage to existing industries.

If the foregoing is acceptable to your  
Government, I propose that this letter together  
with your confirmatory reply should constitute the  
understandings of our two Governments in the  
matter."

I wish to confirm that the Government of  
Australia shares the understandings set out in your  
letter and that your letter together with this reply  
will constitute the understandings of our two  
Governments in the matter.

Yours sincerely,

(John Howard)

Sir Maori Kiki, K.B.E., M.P.  
Minister for Foreign Affairs and Trade  
House of Parliament  
PORT MORESBY. PAPUA NEW GUINEA

November 1976

My dear Minister,

With regard to the co-operation that is envisaged in the Agreement on Trade and Commercial Relations between the Government of Australia and the Government of Papua New Guinea signed today, I wish to place on record the understandings of the Government of Australia that:

- (1) where practicable, Australia will keep Papua New Guinea informed of issues arising, and supply documentation, from international meetings at which Papua New Guinea is not represented;
- (2) Australia will assist with Papua New Guinea representation at international meetings by way of secondment of officers from Australia, where appropriate and feasible; and
- (3) Australia, at the request of Papua New Guinea, will:
  - (a) provide appropriate information, documentation and advice on matters concerning Papua New Guinea's trade interests;



- (b) make available to Papua New Guinea through its Department of Foreign Affairs and Trade the facilities of the Australian Trade Commissioner Service for a period to be determined by mutual consent; and
- (c) provide training for Papua New Guinea officials in trade policy and promotion.

If the foregoing is acceptable to your Government, I propose that this letter together with your confirmatory reply should constitute the understandings of our two Governments in the matter.

Yours sincerely,

(John Howard)

Sir Maori Kiki, K.B.E., M.P.  
Minister for Foreign Affairs and Trade  
House of Parliament  
PORT MORESBY. PAPUA NEW GUINEA

November 1976

My dear Minister,

I acknowledge receipt of your letter of today's date on certain forms of co-operation between our two Governments.

The text of that letter reads as follows:

" With regard to the co-operation that is envisaged in the Agreement on Trade and Commercial Relations between the Government of Australia and the Government of Papua New Guinea signed today, I wish to place on record the understandings of the Government of Australia that:

- (1) where practicable, Australia will keep Papua New Guinea informed of issues arising, and supply documentation, from international meetings at which Papua New Guinea is not represented;
- (2) Australia will assist with Papua New Guinea representation at international meetings by way of secondment of officers from Australia, where appropriate and feasible; and
- (3) Australia, at the request of Papua New Guinea, will:

- (a) provide appropriate information, documentation and advice on matters concerning Papua New Guinea's trade interests;
- (b) make available to Papua New Guinea through its Department of Foreign Affairs and Trade the facilities of the Australian Trade Commissioner Service for a period to be determined by mutual consent; and
- (c) provide training for Papua New Guinea officials in trade policy and promotion.

If the foregoing is acceptable to your Government, I propose that this letter together with your confirmatory reply should constitute the understandings of our two Governments in the matter."

I wish to confirm that the Government of Papua New Guinea shares the understandings set out in your letter and that your letter together with this reply will constitute the understandings of our two Governments in the matter.

Yours sincerely,

(Maori Kiki)

The Hon. J.W. Howard, M.P.  
Minister for Business and Consumer Affairs  
Parliament House  
CANBERRA A.C.T. 2600