

GENERAL AGREEMENT ON TARIFFS AND TRADE

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NEW ZEALAND-AUSTRALIA FREE TRADE AGREEMENT

Information Furnished to GATT by the Member States

1. At the twenty-third session of the GATT held in April 1966 the New Zealand-Australia Free Trade Agreement was examined by the CONTRACTING PARTIES. Australia and New Zealand have given serious consideration to the points raised and conclusions reached at that session, including the invitation to report further to the CONTRACTING PARTIES. This report is submitted in response to that invitation and covers action taken since the New Zealand-Australia Free Trade Agreement came into operation on 1 January 1966.
2. Article 4:2 provides for elimination of duties on Schedule A goods (the goods to which the free trade provisions of the Agreement apply) according to a specific formula. Where duties do not exceed 5 per cent they are eliminated on addition to the Schedule: where duties are over 5 per cent but do not exceed 10 per cent, they are eliminated in two stages - one half on addition to the Schedule and the remaining half two years later: where duties are over 10 per cent, they are eliminated in five equal stages commencing on addition to the Schedule. In terms of this Article first- and second-stage tariff eliminations and reductions were made on 1 January 1966 and 1968 respectively in both the New Zealand and Australian customs tariffs on products initially listed in Schedule A.
3. The following table summarizes trade between New Zealand and Australia for the years 1965/66 to 1967/68, and trade in items included in Schedule A, together with the percentage of trade between the two countries of Schedule A items.

New Zealand-Australia Free Trade Agreement
Trade in Schedule A Items 1965/66-1967/68

Year	New Zealand imports from Australia (\$NZ million (c.d.v.))	Australian imports from New Zealand (\$A million (f.o.b.))	Percentage Schedule A to total trade ¹
1965/6	Schedule A 54.8	39.1	49.9
	Total 135.1	46.8	
	Schedule A as percentage of total 40.6	83.5	
1966/7	Schedule A 54.7	37.4	46.9
	Total 142.9	47.2	
	Schedule A as percentage of total 38.3	79.2	
1967/8	Schedule A 58.7	45.8	53.2
	Total 132.3	61.8	
	Schedule A as percentage of total 44.4	74.1	

¹Percentages are worked out on adjusted figures to account for pre-devaluation and post-devaluation New Zealand figures.

4. In terms of Article 3 of the Free Trade Agreement products traded between the two member States and not yet listed in Schedule A are subject to annual joint review with a view to the inclusion of additional products in Schedule A. It has been agreed by member States that a joint nomination list of products for Schedule A be drawn up and advertised approximately one year before the date on which the goods would be added to the Schedule. This period allows for consultation procedures with the industries concerned in each country including examination by the tariff boards where necessary. A final list for addition to the Schedule is then negotiated.

5. Additions resulting from the first such review were made to Schedule A on 1 January 1968. Over 200 items were involved and the trade value based on 1966/67 statistics was approximately \$NZ 1.5 million. In some instances duty reductions were accelerated in terms of Article 4:6.

6. The list of nominated products for the second review was advertised at the end of 1967 and consultations are being held in both countries prior to reaching agreement on a list for addition to Schedule A on 1 January 1969. Although a shorter list (totalling about sixty items) than that for the previous year, the trade value of \$NZ 3.6 million (based on 1966/67 statistics) is larger.

7. Nominations have been received for the third review and an agreed nomination list will be advertised towards the end of 1968. The total value of trade involved in this list could be around \$NZ 5 million (based on 1967/68 statistics).

8. In relation to goods not yet included in Schedule A, Article 3:7 provides for special measures beneficial to the trade and development of each member State and designed to further the objectives of the Agreement. This provision has been used to liberalize trade in goods which it is not yet practicable to include in Schedule A. Subject to approval by both Governments in individual cases, such goods may be accorded concessional entry to a specified level. The value of combined trade which will take place under arrangements approved as at 9 September 1968 will be approximately \$NZ 4 million.

9. In accordance with the objectives and spirit of the Free Trade Agreement the member States have reached agreement regarding access to the Australian market for newsprint and wood pulp from New Zealand. In regard to newsprint the detailed implementation of the decision has not yet been determined but it is envisaged that agreed arrangements, which will be incorporated in an exchange of letters, will form part of the Free Trade Agreement. As regards wood pulp the question of the tariff action to be taken on this product has been referred to the Australian Tariff Board for advice on the implementation of the decision.

10. A further important step in co-operation between New Zealand and Australia was taken with the establishment of a Joint Consultative Council on Forest Industries comprising officials from both countries. The rôle of the Joint Council will be to advise the member States on matters referred to it concerning the forest industries in the two countries. The Council's terms of reference are attached.

11. The Council held its first meeting on 13 June 1968, and began an initial study of the forest resources of both countries including production, consumption and export trends.

12. During the period covered by this report progress has been made towards the implementation of the New Zealand-Australia Free Trade Agreement. Developments to date and work in progress reflect the mutual desire and intention of the member States, consistent with the need to avoid trade disruption, to continuously expand the product coverage of the Agreement and to lay a sound foundation for further progress in the future. The arrangements proposed regarding forest products, which are of great importance to New Zealand, will strengthen further the operation of the Free Trade Agreement.

13. As the parties to this Agreement indicated to the CONTRACTING PARTIES in 1966 the problems associated with the different stages of industrialization in the two countries prevent the immediate attainment of a full free-trade area. However, the member States repeat the undertaking given then that both Governments accept the obligation to so apply and develop the Agreement as to achieve a free-trade area.

ANNEX

Joint Consultative Council on Forest Industries
(Terms of Reference)

The objectives of the Council are to help achieve a harmonious and mutually beneficial expansion of trade in forest products between Australia and New Zealand, and to promote the most efficient use of the combined forest resources of the two countries. In particular, the Council may consider such matters as the long-term adequacy of each country's forest resources taking into account expected trends of future demand and the planned production of the forest industries: measures to encourage a short-term and long-term expansion of trade in forest products between the two countries: and changes in demand or supply of particular forest products.