

# GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

L/4192

2 July 1975

Limited Distribution

---

Original: English

## THE NEW ZEALAND-AUSTRALIA FREE TRADE AGREEMENT

### Information Furnished to GATT by the Member States

1. The New Zealand-Australia Free Trade Agreement was first examined by the Contracting Parties at the twenty-third session of the GATT held in April 1966<sup>1</sup>. The Contracting Parties invited Australia and New Zealand to report further on the formation of the free-trade area and the First Report<sup>2</sup> on action taken since the Agreement came into operation on 1 January 1966 was submitted at the twenty-fifth<sup>3</sup> session in November 1968 and noted by the Contracting Parties. The Second Report<sup>4</sup> was submitted to the GATT Council in January 1970 and the Third Report<sup>4</sup> in March 1971. At its meeting on 7 March 1972 the Council agreed<sup>5</sup> to a timetable by which contracting parties of a regional agreement would be invited to submit a biennial report on the agreement concerned and the Fourth Report was submitted to the GATT Council in April 1973<sup>6</sup>. The reporting time for the Fifth Report was set for April 1975. This report covers action taken up to the end of 1974.

2. Trade between Australia and New Zealand since the Agreement came into force is summarized in the following tables:

---

<sup>1</sup>B.I.S.D. Fourteenth Supplement, p.22

<sup>2</sup>L/3104

<sup>3</sup>L/3309

<sup>4</sup>L/3502

<sup>5</sup>L/3682

<sup>6</sup>L/3854

Table 1  
Australia and New Zealand Trade

June year ending	NZ exports (including re-exports) NZ\$M f.o.b.	NZ imports from Aul. NZ\$M CDV	Total two-way trade
1967	35.2	142.9	178.1
1972	112.8	267.3	380.1
1973	130.2	320.9	451.1
1974	171.8	449.3	621.1

Source: New Zealand Department of Statistics.

Table 2  
Growth in Schedule A Trade

June year ending		NZ imports from Aul. (NZ\$M)	Aul. imports from NZ (A\$M)	% total two-way trade incl. in Sched. A	Total two-way Sched. A trade
1967	Schedule A	54.7	37.4		
	Total	142.9	47.2	48.4%	92.1
	%	Schedule A	38.3	79.2	
1972	Schedule A	126.92	72.9		
	Total	267.3	112.3	52.6%	199.82
	%	Schedule A	47.48	64.91	
1973	Schedule A	140.45	80.6		
	Total	320.9	130.0	49.0%	221.05
	%	Schedule A	43.76	62.0	
1974	Schedule A	225.7	106.1		
	Total	449.3	168.1	53.7%	331.80
	%	Schedule A	50.3	63.1	

Source: 1. New Zealand Department of Statistics  
2. Australian Bureau of Statistics.

Schedule A trade as a percentage of total two-way trade reached 52.6 per cent in the June year ended 1972, this dropped in 1973 to 49.0 per cent but rose again to its highest level 53.7 per cent in 1974. In the June year ended 1967 total two-way Schedule A trade was \$92.1 million, and this had risen to \$331.8 million in the June year ended 1974. In the June year ended 1974 total two-way trade reached a record level of \$NZ 621.1 million compared with \$NZ 178.1 million in the June year ended 1967. New Zealand exports to Australia reached a new level of \$NZ 171.8 million in 1974, while Australian exports to New Zealand reached a new level of \$NZ 449.3 million.

3. Under Article 4 of the Agreement duties of less than 5 per cent are eliminated on the addition of goods to Schedule A, duties between 5 and 10 per cent are eliminated two years after addition, and where duties exceed 10 per cent they are eliminated in five equal steps resulting in complete elimination eight years after their addition. The fourth reduction on those items with a duty of more than 10 per cent which were included in Schedule A from 1966 took place at the beginning of 1972 and from the beginning of 1974 original Schedule A items have been duty free. Since the last report goods were added to Schedule A on 1 July 1973 and 1 January 1974. The additions on 1 July 1973 then had a total annual trade value of \$NZ 1.42 million and this covered 146 items. However, although only fifteen items were added to Schedule A on 1 January 1974 the total annual trade value of the goods at that time was \$NZ 2.59 million.

4. In terms of Article 3 of the Agreement products traded between the two countries and not yet listed in Schedule A have in the past been the subject of annual joint review for the purpose of adding additional products to the Schedule. In 1973 it was decided to have six monthly reviews of Schedule A, in order to make progress on Schedule A at a faster rate. As a consequence there were two reviews (ninth and tenth) in 1974 which resulted in two lists of additions on 1 January 1975.

5. Article 3:7 of the Agreement provides for special measures beneficial to the trade and development of each member State and designed to further the objectives of the Agreement. Under Article 3:7 goods which it is not yet practicable to include in Schedule A may be traded under concessional entry approved by each member State. The total value of two-way trade approved under Article 3:7 from 1967 to December 1974 stood at \$NZ 122,716 million.

6. At the March 1973 NAFTA Ministerial meeting it was agreed that new intermediate arrangements to Schedule A were needed due to the reluctance of industry to move from the limited free trade under Article 3:7 to full free trade as provided for in Schedule A. At the meeting in November 1973, the Trade Ministers exchanged correspondence providing for the establishment of three new intermediate positions to be known as Schedules B, C and D. Schedule B will allow a period of experience of trade on a duty-free or partial duty-free basis subject to limitations (e.g. quotas, licensing, tariff quotas). Schedules C and D will list, without commitment or reciprocity, those goods not in Schedule A which either do or could enter duty free into Australia and New Zealand respectively. Officials are in the process of drawing up lists for Schedules C and D, and a number of industry proposals are at present under consideration for possible Schedule B inclusion. It is expected that these Schedules, when in operation, plus Schedule A, will cover over 75 per cent of trans-Tasman trade.

7. In accordance with the NAFTA objectives, an interim agreement between Australia and New Zealand was concluded on 7 May 1973, regarding the continuation of preferential tariffs after Britain's entry into the EEC. These preferential rates accorded to Britain and Commonwealth countries had been based on the respective trade agreements between New Zealand and Australia and Britain. The interim agreement, which remains in force until 31 March 1975, pending the negotiation of a longer-term arrangement, provides a reciprocal undertaking generally not to increase rates of duty between Australia and New Zealand above the level which applied on 31 January 1973, to maintain the margins of tariff preference except in cases of changes recommended by a tariff advisory body in either country or changes planned as part of a general restructuring of the tariff; and where the existing margin will be reduced to respect minimum margins of preference. For goods where the tariff serves a protective purpose, Australia will maintain a minimum margin for New Zealand of 15 per cent and New Zealand will maintain a minimum margin for Australia of 10 per cent. For non-protective tariff items each country will preserve minimum margins of 5 per cent for the other. Where margins on items were at 31 January 1973 already less than these minimum levels in both the protected and non-protected parts of the tariff, the lower margin will continue to apply.