

GENERAL AGREEMENT ON TARIFFS AND TRADE

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PAPUA NEW GUINEA/AUSTRALIA TRADE AND COMMERCIAL RELATIONS AGREEMENT - INFORMATION FOR THE CONTRACTING PARTIES

The following report on the operation of the Papua New Guinea/Australia Trade and Commercial Relations Agreement (PATCRA) has been submitted by the delegation of Australia pursuant to its undertaking in October 1977 (L/4571 and C/M/123). The report, which has been cleared by the authorities in Papua New Guinea, is circulated to contracting parties for their information.

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1. The Papua New Guinea/Australia Trade and Commercial Relations Agreement (PATCRA) was submitted to the Contracting Parties in October 1977 as a free-trade area consistent with Article XXIV of the GATT. The Agreement followed a unique historical relationship between Papua New Guinea and Australia and provided for a continuation of the close traditional ties between the two countries. In particular, it formalized the traditional trading relationship by which substantially all the trade between the two countries was free of duty and other restrictive regulations of commerce.
 2. Since coming into force on 1 February 1977, the Agreement has operated as intended and in accordance with its provisions. There have been no changes to any of its schedules. Substantially all the trade between the two countries is free of duties and other restrictive regulations of commerce.
 3. Statistics on Australian import clearances from Papua New Guinea and their tariff treatment are provided in Tables 1 and 2. Similar statistics on Papua New Guinea's import clearances are not available. However, statistics on Australian exports to Papua New Guinea and estimates of the exports eligible for duty-free entry into Papua New Guinea are provided. These figures show increases in both total and duty-free trade between the two countries. In 1977/78 (the first complete year of the operation of the Agreement) total bilateral trade increased by 14.98 per cent while duty-free bilateral trade increased by 15.10 per cent.

Table 1

Total Australia/Papua New Guinea Trade

Periods	Australian import clearances from PNG \$A'000	Australian exports to PNG \$A'000	Total two-way trade \$A'000
1974/75	33,806	193,806	227,612
1975/76	36,115	174,719	210,834
1976/77	79,964	189,912	269,876
1977/78	73,169	237,178	310,347

Table 2

Duty-Free Trade

Periods	Australian duty-free clearances		Australian exports to PNG eligible for duty-free entry (est)		Total duty-free trade (est)	
	\$A'000	% of total	\$A'000	% of total	\$A'000	% of total
1974/75	33,052	97.8	149,037	76.9	182,089	80.0
1975/76	34,366	95.2	136,663	78.2	171,029	81.1
1976/77	78,959	98.7	146,228	77.0	225,187	83.4
1977/78	72,900	99.6	186,252	78.5	259,152	83.5

4. It is noted that virtually all of Australia's imports from Papua New Guinea are now free of duty (99.6 per cent while almost four fifths of Australian exports to Papua New Guinea are estimated to be duty-free (78.5 per cent). In both cases the percentage of duty free trade in total trade reached record levels in 1977/78 (83.5 per cent).

5. The fall in Australia's import clearances from Papua New Guinea in 1977/78 from its record level in 1976/77 is mainly due to international price reductions in coffee and tea and to lower production levels of cocoa, rubber and sawn timber. These products comprised \$67.1 million or 91.7 per cent of Australian import clearances from Papua New Guinea in 1977/78.