

GENERAL AGREEMENT ON

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TARIFFS AND TRADE

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AUSTRALIA-NEW ZEALAND CLOSER ECONOMIC RELATIONS TRADE AGREEMENT

Information furnished by the Parties to the Agreement

The Australia New Zealand Closer Economic Relations Trade Agreement (ANZCERTA, subsequently referred as "the Agreement") was examined by the Contracting Parties in October 1984, and it was agreed that the parties to the Agreement would report to the Council biennially on the operations of the Agreement until full free trade is achieved. This report covers the operation of the Agreement in the period 1 October 1984 to 30 September 1986.

During the period under review, both countries implemented in accordance with the Agreement the third and fourth tariff cuts of at least 5 percentage points on the first of January 1985 and 1986. Tariffs on most goods have now been reduced by at least 20 percentage points since the Agreement entered into force on 1 January 1983. In that time Australia has eliminated tariffs on nearly 300 items leaving tariffs on about 180 items.

From 1 January 1987 Australia will have eliminated tariffs on all products except those included in the modified arrangements for motor vehicles and components, plastics, clothing, chemicals and rubber products. New Zealand has eliminated tariffs on about 400 items which leaves nearly 600 items still subject to tariffs; manufactured products including those categories mentioned above are the major items involved. By 1 January 1987 New Zealand expects to have eliminated tariffs on an estimated 250 additional items.

Prior to the Agreement entering into force on 1 January 1983 some 75 percent of trans-Tasman trade was already free of tariffs. Duty free trade has since increased to an estimated 85% of total trans-Tasman trade. Similarly the share of trans-Tasman trade free of quantitative import restrictions and tariff quotas has risen from 90% before the Agreement came into force to the current level of around 92 percent. Two way trade has risen from A\$1,820m in 1982/83 to A\$2,962m in 1985/86.

Both Australia and New Zealand have made exclusive access available in accordance with the Agreement provisions. Australia issues Exclusive New Zealand quota for 9 quota categories covering footwear, textiles, textile products and potatoes. Due to low usage, exclusive access for one item, cotton sheeting, is being liberalised more rapidly than required, in accordance with paragraph 17 of Article 5. The estimated value equivalent of the available exclusive access was \$A2.3 million in 1985 and \$A2.9 million in 1986.

In 1984/85 and 1985/86, New Zealand made available Exclusive Australian Licences to the value of NZ\$280 million and NZ\$255 million respectively. Since the Agreement came into force New Zealand has removed licensing requirements for all but 150 of the 412 licensing categories (item codes) which originally attracted Exclusive Australia Licence. In addition access for a further 9 item codes is being liberalised more rapidly in accordance with paragraph 17 of Article 5.

As a consequence of actions taken by the New Zealand Government to reduce or remove a number of forms of assistance to industry on a multilateral basis, the above progress in removing licensing restrictions on imports from Australia has in some instances been more rapid than required under the Agreement. In particular, these actions have resulted in the removal of Australian licensing requirements for some 50 items codes and reduced the product coverage for a number of other categories.

The Agreement in Article 6 provides for modification of the liberalisation arrangements to be applied to a limited number of products, for particular reasons. Products affected by these provisions include those for which liberalisation has been accelerated and those for which commencement of liberalisation was temporarily deferred.

During the period under review, transitional arrangements for the liberalisation of motor vehicles and components commenced on 1 January 1985, and modified liberalisation arrangements for tyres and tubes took effect from 12 August 1985. Negotiations were commenced on arrangements for tobacco, steel, apparel, rubber goods and writing instruments. Negotiations were also commenced on possible new arrangements for wine following changes to New Zealand's global import restrictions announced in December 1985. Trans-Tasman trade in wood-based panel products, and furniture and furniture components was fully liberalised on 1 July 1985 and 1 July 1986 respectively, ahead of previously agreed modified arrangements. It was agreed that the tariff and access liberalisation provisions of Articles 4 and 5 would not be modified in respect of certain electronic products as specified in Part I of Annex C.

The Agreement provides for the phase out by 1987 of designated performance-based export incentives and envisages the eventual elimination of all export incentives on goods traded between the parties to the Agreement.

Four of the five performance-based export incentives operated by New Zealand flagged for elimination in Annex D of the Agreement have been terminated ahead of this schedule. With the termination by New Zealand of the Export Suspensory Loans Scheme and Rural Export Suspensory Loans Scheme on 31 March 1985 and the termination of its Increased Export Taxation Incentive and Export Investment Allowance Scheme on 31 March 1983, the only scheme remaining is the Export Performance

II. REASON AND PURPOSE FOR INTRODUCING AND MAINTAINING STATE-TRADING ENTERPRISES

South Africa, with its erratic rainfall conditions and the poor quality of its soils, is far from ideally suited to agricultural production.

The system of regulated marketing of agricultural products was originally introduced under the Marketing Act, 1937 (No. 26 of 1937). The Marketing Act provides for the introduction of various marketing schemes for different agricultural products.

The principal objects of the Marketing Act are, firstly, to secure a greater measure of stability in prices of farm products, and, secondly, to reduce the price spread between the producer and consumer.

The reasons and purposes for introducing and maintaining the various marketing schemes may be summarized as follows:

- (i) To achieve a measure of price stability for the producers concerned;
- (ii) to rationalise the marketing of the different products; and
- (iii) to ensure sufficient supplies to consumers at reasonable prices from local production supplemented by imports if necessary.

III. DESCRIPTION OF THE FUNCTIONING OF THE STATE-TRADING ENTERPRISES

A. The specific schemes

1. The Banana Board is, in practice, only concerned with the marketing of bananas on the domestic market. All bananas leaving the demarcated production areas, for sale outside such areas, as well as all bananas imported and destined for consumption outside these production areas must be sold through the Board. The Board has its own ripening facilities in the Witwatersrand, Pretoria and Witbank urban areas as well as at Hammarsdale (Natal). The Board performs the ripening function. The bulk of the requirements in these areas are sold directly to the wholesale trade at prices determined by the Board on a weekly basis in the light of the demand and supply position. In the other major marketing areas supplies are sold on municipal markets subsequent to such supplies being ripened for

the Board on an agency basis. The Board operates four-weekly pools in respect of bananas marketed under its control.

2. The Rooibos Tea Board sells an indigenous type of tea on behalf of producers at predetermined prices which are approved by the Minister of Agriculture. The Board then distributes the net proceeds on a pool basis.

3. The Chicory Board sells chicory root on behalf of producers to coffee roasters. An advance price is paid to producers and a subsequent payment is made depending upon the ultimate realization for each crop. The Board is not concerned with imports of coffee beans nor with the trade in processed coffee or coffee and chicory mixtures. It is, however, the sole importer of unroasted chicory.

4. The Citrus Board exports oranges, lemons and grapefruit on behalf of producers on a pool basis. The fruit exported by the Board is usually sold on a commission basis. The Scheme is maintained in order to obtain the benefits derived from co-ordinated marketing.

With the latter objective in view the Board has also been authorized to act as a one-channel marketing organization for the bulk of all citrus fruit intended for domestic consumption. As in the case of overseas markets, the Board utilizes existing trade channels in disposing of fruit received from producers.

5. The Dairy Board determines, with approval of the Minister of Agriculture, the producer prices of butterfat and industrial milk. The Board is the sole first-hand buyer of butter and also determines the manufacturing and wholesale prices of butter.

The Board is also empowered to import or to issue permits for the importation of butter, whole and skim milk powder, condensed milk and cheese when local supplies of these products are insufficient to meet domestic demand. The trade prices of whole and skim milk powder, condensed milk, Cheddar and Gouda cheese and processed cheese are not controlled.

TABLE 1TOTAL AUSTRALIAN/NEW ZEALAND TRADE

Year ending June	Australian imports from New Zealand \$A million	Australian Exports to New Zealand \$A million	Total two-way trade \$A million
1983	689.0	1,130.8	1,819.8
1984	910.3	1,386.3	2,296.6
1985	1,104.2	1,541.6	2,645.8
1986	1,454.5	1,507.6	2,962.1

Source : Australian Bureau of Statistics

TABLE 2a

AUSTRALIA/NEW ZEALAND TRADE (\$A MILLION)

	Subject to Liberalisation (1)		Not Subject to Liberalisation (2)	
	1984/85	1985/86	1984/85	1985/86
Australian Imports from New Zealand				
0. Food and Live Animals	3.9	5.9	181.2	230.5
1. Beverages and Tobacco	neg	neg	4.5	10.9
2. Crude Materials	-	-	158.7	175.6
3. Mineral Fuels	-	-	31.3	129.4
4. Animal and Vegetable Oils	-	-	0.8	1.3
5. Chemicals	8.2	8.8	59.0	72.1
6. Manufactured Goods	125.8	157.1	237.5	287.2
7. Machinery and Transport	103.2	139.7	44.4	56.5
8. Miscellaneous Manufactures	48.3	54.6	77.4	96.5
TOTAL	289.4	366.2	794.9	1,059.8

Source : Australian Bureau of Statistics

The total figures shown above do not include trade in commodities and transactions falling within SITC 9 i.e. special transactions, animals nes, arms of war, coins not legal tender, gold not monetary, confidential items and commodities and transactions nes.

Figures may not add due to rounding.

TABLE 2b

AUSTRALIA/NEW ZEALAND TRADE (\$A MILLION)

	Subject to Liberalisation (1)		Not Subject to Liberalisation (2)	
	1984/5	1985/6	1984/5	1985/6
Australian Exports to New Zealand				
0. Food and live animals	14.5	30.8	47.5	76.9
1. Beverages and Tobacco	4.3	2.7	3.7	4.5
2. Crude Materials	2.7	2.5	22.6	23.8
3. Mineral Fuels	5.6	4.8	253.7	207.9
4. Animal and Vegetable Oils	1.2	1.8	2.6	1.3
5. Chemicals	53.6	58.6	48.6	53.5
6. Manufactured Goods	131.1	133.6	129.1	133.2
7. Machinery and Transport	246.8	211.7	34.0	32.3
8. Miscellaneous Manufactures	29.8	31.9	53.3	62.8
TOTAL	429.7	478.4	595.1	596.2

Source: Australian Bureau of Statistics

The total figures shown above do not include trade in commodities and transactions falling within SITC 9 i.e. special transactions, animals, coins not legal tender, gold not monetary and confidential items. Bulk raw sugar exports and exports of rice have been classified as confidential since 1 October 1984 and 1 July 1985 respectively and so are not included in SITC 0 or in the totals.

Export figures are for Australian produce only. They do not include re-exports. Figures may not add due to rounding.

NOTES

- 1 Goods subject to liberalisation are those goods not duty free or access free on 31 December 1982 to which the liberalisation provisions of the Agreement apply.
- 2 Goods not subject to liberalisation are those goods which were duty free and access free on 31 December 1982 OR goods for which liberalisation provisions of the Agreement have not yet come into force.