

No. 19620

AUSTRALIA
and
PAPUA NEW GUINEA

Agreement on trade and commercial relations (with schedules, agreed minutes and exchanges of letters). Signed at Port Moresby on 6 November 1976

Authentic text: English.

Registered by Australia on 11 March 1981.

AUSTRALIE
et
PAPOUASIE-NOUVELLE-GUINÉE

Accord relatif aux relations commerciales (avec listes, procès-verbal d'accord et échanges de lettres). Signé à Port Moresby le 6 novembre 1976

Texte authentique : anglais.

Enregistré par l'Australie le 11 mars 1981.

AGREEMENT¹ 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

¹ Came into force on 1 February 1977, the date on which the Parties exchanged notes notifying each other that their constitutional and other requirements had been fulfilled, in accordance with article 24 (1).

- (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-FAVOURLED-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 6th day of November, one thousand nine hundred and seventy-six.

[Signed — Signé]¹

For the Government
of Australia

[Signed — Signé]²

For the Government
of Papua New Guinea

¹ Signed by John Howard — Signé par John Howard.

² Signed by Maori Kiki — Signé par Maori Kiki.

SCHEDULE A

<i>Australian tariff item</i>	<i>Brief description of goods</i>
03.03.100	Prawns, crustaceans
07.02.100 } 900 }	Vegetables preserved by freezing
08.10	Fruit preserved by freezing
09.01.900	Coffee, other roasted, husks and skins, other
09.10.400	Ginger in packs, in liquid
09.10.500	Ginger, n.s.a.
Ex 15.07.3	Peanut oil
16.04.220	Tuna, prepared or preserved
16.04.240	Cutlets, chunks, etc., other than salmon or tuna
16.05.200	Prepared or preserved shrimps, prawns and their meat not packed in airtight containers
20.02.300	Mushrooms
20.03	Fruit preserved by freezing
20.06.100	Ginger in syrup
20.06.910 } 20.06.990 }	Other preserved fruit
21.02.100	Extracts, essences or concentrates of coffee
24.01	Tobacco, unmanufactured
39.01.330 } 39.02.330 } 39.03.330 }	Coated textile fabrics
39.07.230	Coats (plastic)
39.07.240	Curtains (plastic)
44.18.000	Reconstituted woods, etc., particle board
48.09.100	Hardboard
50.09.3 } 50.10.2 }	Silk fabrics containing not less than 20 per cent by weight of man-made fibres
Ex 51.01 (a)	Man-made fibre yarn, other than viscose yarn
Ex 51.03 (a)	Man-made fibre yarn, other than viscose yarn
Ex 51.04 (a)	Woven fabrics of man-made fibre, other than viscose 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 fibres
Ex 58.02 (a)	Other carpets
Ex 58.04 (a)	Other woven pile fabrics
Ex 58.05 (a)	Narrow woven fabrics

<i>Australian tariff item</i>	<i>Brief description of goods</i>
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.	
60.04	Knitted undergarments
60.05	Knitted outer garments
60.06	Knitted fabrics
61.01	Men's and boys' outer garments
61.02	Women's, girls' and infants' outer garments
61.03	Men's and boys' undergarments
61.04	Women's, girls' and infants' undergarments
61.09	Corsets, brassiers, braces 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 uppers and soles
64.02	Leather footwear and footwear 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

<i>Australian tariff item</i>	<i>Brief description of goods</i>	<i>Import treatment</i>
08.09.100 } 08.10.100 } 08.11.100 } 20.03.100 } 20.06.300 } 20.07.300 } 20.07.500 } Passionfruit pulp and passionfruit juice	Quantities not exceeding 273,000 litres single strength equivalent per annum—duty free

<i>Australian tariff item</i>	<i>Brief description of goods</i>	<i>Import treatment</i>
		Quantities in excess of the above amount and other juices falling within item 20.07.500—rate of duty specified in the Australian Customs Tariff
44.15.100	Plywood (excluding plywood covered with any other material)	Quantities of moisture resistant plywood not exceeding 7.1 million square metres on a 1 mm basis—duty free
		Quantities of moisture resistant plywood in excess of the above amount and other plywood falling within item 44.15.100—rate of duty specified in the Australian Customs Tariff

SCHEDULE C

<i>Papua New Guinea tariff item</i>	<i>Description of goods</i>	—
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	
52	Powders and flavourings, n.e.i., for compounding non-alcoholic beverages	
53.01	Wine, grape, sparkling	
53.02	Wine, other than sparkling, containing less than 16 per cent by volume of alcohol	

<i>Papua New Guinea tariff item</i>	<i>Description of goods</i>
53.03	Wine, grape, still, including medicated wine and vermouth
53.04	Grape, unfermented
53.05	Other than grape, n.e.i., including Sake and Samshu:
53.05.1	When not exceeding strength of proof
53.05.2	When exceeding the strength of proof
54	Wines, which the person vested with the control of management of a Christian Mission in the Territory declares to be intended for use by the Mission for Sacramental purposes only
55	Aerated and mineral waters
60	Ale and other beer, porter, cider and perry, spirituous in bottle or in bulk
61	Spirits and spirituous liquors, containing not more than 57 per cent by volume of alcohol
62	Spirits and spirituous liquors, containing more than 57 per cent by volume of alcohol
70	Tobacco, unmanufactured
71	Cigars and cheroots, including the weight of ribbons and band
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
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

<i>Papua New Guinea tariff item</i>	<i>Description of goods</i>
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: 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
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 spirituou 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
170	Leather of all kinds, including reconstituted, artificial or composition
172	Manufactures of leather, n.e.i.

<i>Papua New Guinea tariff item</i>	<i>Description of goods</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. × 21 in. or its equivalent, which is imported solely for printing purposes and declared to be imported solely for such purposes
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; 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
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.

<i>Papua New Guinea tariff item</i>	<i>Description of goods</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.
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: (a) Galvanized steel wire nails; (b) Tacks, brads, panel pins; or (c) Hardboard and wallboard nails, whether of bright steel wire or plated wire or being 16-gauge 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

<i>Papua New Guinea tariff item</i>	<i>Description of goods</i>
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: (a) Empty drums, or (b) Drums containing: (i) Motor spirit, or (ii) Kerosene, 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 hp
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
315	Deep freezers and refrigerators, n.e.i., and parts for all types of deep freezers and refrigerators
316	Refrigerating machinery, equipment and parts
317	Sewing machines, domestic
318	Weighing machines
321	Component parts of batteries and accumulators, viz:
321.02	N.e.i.
322	Batteries and accumulators of all kinds when imported assembled
323	Incandescent lamps, arc lamps, tubes and the like for electric lighting
324	Portable transistorised radio receiving sets, not exceeding \$20 f.o.b. in value
325	Portable transistorised radio receiving sets, n.e.i.
326	Radio or television receiving sets, including those with record players and/or tape recorders attached, parts and accessories
328	Portable electric appliances, including domestic appliances, n.e.i., domestic vacuum cleaners, washing machines, floor polishers, hair clippers, shavers, food mixers and the like
330	Electric fans
341	Road motor vehicles, viz:

<i>Papua New Guinea tariff item</i>	<i>Description of goods</i>
341.01	Passenger type (including motor cars, station wagons and panel vans)
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
365	Lamps and lighting fixtures, n.e.i., including street lamps, street lamp posts fitted with electric parts and the like
366	Furniture and fixtures, whether 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 cushions, n.e.i.
380	Travel goods of all materials, n.e.i., including trunks, suit-cases, shopping and handbags and the like
381	Bags, sporting
382	Evening bags, wallets, purses, writing cases, toilet cases and the like
383	Apparel and attire, n.e.i., including outer garments, underwear and night wear of all kinds
384	Footwear, viz:
384.01	Plastic and rubber thongs
384.02	Other footwear and gaiters, leggings and puttees of all materials
391	Binoculars, opera glasses, telescopes and the like
392	Spectacles, n.e.i., including goggles, sun glasses and the like

<i>Papua New Guinea tariff item</i>	<i>Description of goods</i>
393	Projectors and cinematographs, parts and accessories therefor of all kinds including sound equipment where applicable and projection screens
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
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
tariff item**Description of goods*

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 1973.¹

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

¹ United Nations, *Treaty Series*, vol. 930, p. 166.

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.

[Signed — Signé]¹

For the Government
of Australia

[Signed — Signé]²

For the Government
of Papua New Guinea

Port Moresby, 6th November 1976

ATTACHMENT TO AGREED MINUTES

<i>Australian tariff item</i>	<i>Brief description of goods</i>
07.02.200	Mushrooms
09.10.100	Green ginger, not in liquid
09.10.200	Ginger, dry, unground
09.10.300	Ginger, dry, unground, n.s.a.
12.01.100	Peanuts
13.03.300	Gingerin
Ex 15.07.190	Coconut oil, palm oil, palm 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 bean oil not falling within 15.08.1
15.13.1	Margarine and similar butter substitutes
15.13.9	Other prepared edible fats
17.04.9	Other sugar confectionery
20.01	Vegetables and fruit prepared or preserved by vinegar
20.02.5	Asparagus tips
20.02.6	Vegetables, n.s.a.
20.02.9	Other prepared/preserved vegetables
20.05	Jams, jellies, etc.
20.07.200	Citrus fruit juices, n.s.a., not including lime juice
20.07.400 }	Fruit juices, n.s.a.
20.07.500 }	
21.07.900	Food preparations, n.s.a.

¹ Signed by John Howard — Signé par John Howard.

² Signed by Maori Kiki — Signé par Maori Kiki.

<i>Australian tariff item</i>	<i>Brief description of goods</i>
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 }	Coated planar forms
39.01.319 }	
39.01.320 }	
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
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 }	Supported sheet
39.02.319 }	
39.02.320 }	
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

<i>Australian tariff item</i>	<i>Brief description of goods</i>
39.02.800	Acrylic, planar forms and 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 }	Coated forms
39.03.319 }	
39.03.320 }	
39.03.400	Profile shapes
39.03.500	Planar forms; natural resins, etc.
39.05.100	Adhesives
39.05.200	Ester gums; other high polymers, etc.
39.06.100	Starches
39.06.200	Alginic acid, etc.; 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 rubber n.s.a.
40.11.200 }	Motor vehicle tyres
40.11.900 }	
42.03.300	Leather coats, jackets, overcoats
48.01.910	Paper, etc., tissues
48.01.921 }	Paper, etc., substance 22 to 205 gsm
48.01.929 }	
48.04.900	Other paper
48.05.900	Other wrapping
48.07.620	Paper and paper-board
48.07.630	Wrapping paper, n.e.i.
48.07.690	Pressure-sensitive paper
48.07.720	Wrapping paper
Chapt. 49	Products of the printing industry
50.09.100	Silk fabric containing not less than 20 per cent by weight of wool
50.09.200	Printed silk fabrics
50.10.100	Printed noil silk fabrics
53.06	Woollen yarn
53.07	Worsted yarn

<i>Australian tariff item</i>	<i>Brief description of goods</i>
53.11	Woven fabrics of sheep's or lambs' wool
55.06	Mercerised cotton yarn for 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 }	Hats and headgear
65.03 }	
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 or liquefied gas
74.01.100	Unalloyed copper; matte
74.03.200 }	Copper and copper based products
74.04.900 }	
74.05.900 }	
74.05.100 }	
74.07.900 }	
74.08.000 }	
74.09.000 }	
74.10.900 }	
74.12.000 }	
74.14.000 }	
74.15.000 }	
74.16.000 }	
74.18.100 }	
74.18.200 }	
75.01	Nickle, unwrought
Chapt. 76	Aluminium and articles thereof
84.06.2	Engines for use as original equipment components in the assembly or manufacture of vehicles
84.11.200 }	Compressors for refrigerators
84.11.310 }	
84.11.390 }	
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 }	Laundry machines
84.40.219 }	
84.40.221 }	
84.40.229 }	
84.40.290 }	
84.62	Ball roller or needle roller bearings

<i>Australian tariff item</i>	<i>Brief description of goods</i>
84.63	Transmission shaft, cranks, bearing housings, etc.
84.64	Gaskets
85.01.110	Electric motors and generators
85.01.120	Electric motors and generators
85.01.130 }	Electric motors
85.01.140 }	
85.01.150 }	Electric generators
85.01.190 }	
85.01.310	Rectifying assemblies
85.03.900	Batteries
85.06.900	Domestic electrical appliances
85.08	Electrical starting and ignition equipment
85.09	Electrical lighting and signalling equipment for motor vehicles
85.15	Radios, televisions and parts
85.18	Capacitors
85.19.200 }	Relays, etc.
85.19.300 }	
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, n.e.i., connectors, etc.
85.19.500	Resistors
85.19.600	Resistors and printed circuits
85.19.900	Resistors, motor starters, etc. n.e.i.
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 }	Unassembled cars and station wagons
87.02.231 }	
87.02.239 }	
87.02.310	Unassembled vehicles
87.04.110 }	Chassis for motor vehicles
87.04.190 }	
87.05.210 }	Bodies for motor vehicles
87.05.290 }	
87.06.510 }	Original equipment components
87.06.590 }	
87.06.900	Components, original equipment and other

<i>Australian tariff item</i>	<i>Brief description of goods</i>
89.01.900	Vessels under 150 tons gross register
89.02.900	Vessels not exceeding 150 tons gross register especially designed for towing (including tugs) or pushing other vessels
89.03.900	Floating dredges, cranes, etc. not exceeding 150 tons gross register
89.05.000	Other floating structures other than vessels
90.09.100	Slide projectors
93.07.100	Sporting ammunition

EXCHANGE OF LETTERS

I a

MINISTER FOR BUSINESS AND CONSUMER AFFAIRS
PARLIAMENT HOUSE
CANBERRA

6th 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 provisions 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,

[Signed]

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.

II a

MINISTER FOR FOREIGN AFFAIRS AND TRADE

PAPUA NEW GUINEA

Central Government Offices

Waigani

6th 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:

[See letter I a]

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,

[Signed]

MAORI KIKI

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

[Appendix A and B as under letter I a]

I b

MINISTER FOR BUSINESS AND CONSUMER AFFAIRS
PARLIAMENT HOUSE
CANBERRA

6th 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,

[Signed]

JOHN HOWARD

Sir Maori Kiki, K.B.E., M.P.
Minister for Foreign Affairs and Trade
House of Parliament
Port Moresby, Papua New Guinea

II b

MINISTER FOR FOREIGN AFFAIRS AND TRADE
PAPUA NEW GUINEA
Central Government Offices
Waigani

6th 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:

[See letter I b]

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,

[Signed]

MAORI KIKI

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

I c

MINISTER FOR BUSINESS AND CONSUMER AFFAIRS
PARLIAMENT HOUSE
CANBERRA

[6th] 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,

[Signed]

JOHN HOWARD

Sir Maori Kiki, K.B.E., M.P.
Minister for Foreign Affairs and Trade
House of Parliament
Port Moresby, Papua New Guinea

II c

MINISTER FOR FOREIGN AFFAIRS AND TRADE
PAPUA NEW GUINEA
Central Government Offices
Waigani

6th 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:

[See letter I c]

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,

[Signed]

MAORI KIKI

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

I d

MINISTER FOR FOREIGN AFFAIRS AND TRADE

PAPUA NEW GUINEA

Central Government Offices

Waigani

6th 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,

[Signed]

MAORI KIKI

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

II *d*

MINISTER FOR BUSINESS AND CONSUMER AFFAIRS
PARLIAMENT HOUSE
CANBERRA

6th 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:

[*See letter I d*]

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,

[*Signed*]

JOHN HOWARD

Sir Maori Kiki, K.B.E., M.P.
Minister for Foreign Affairs and Trade
House of Parliament
Port Moresby, Papua New Guinea
