

AGREEMENT 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
- (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 Port 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 favoured 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 governments 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.[1]

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.

FOR THE GOVERNMENT OF FOR THE GOVERNMENT OF

AUSTRALIA: PAPUA NEW GUINEA:

[Signed:] [Signed:]

JOHN HOWARD MAORI KIKI

SCHEDULE A

Australian

Tariff Item

Brief description of goods

03.03.100

Prawns, crustaceans

07.02.100}

Vegetables preserved by freezing

07.02.900}

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, NSA

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}
Other preserved fruit

20.06.990}

21.02.100
Extracts, essences or concentrates of coffee

24.01
Tobacco, unmanufactured

39.01.330}

39.02.330}
Coated textile fabrics

39.03.330}

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}

Silk fabrics containing not less than 20 per cent by weight of man-made fibres

50.10.2}

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
- 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
- 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, brassieres, 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

(a) These items exclude all products which are admitted free of duty under the Preferential Tariff.

SCHEDULE B

Australian

Tariff Item

Brief description of goods
Import treatment

08.09.100}

- Quantities not exceeding 273,000 litres single strength

08.10.100}

equivalent per annum

08.11.100}

Passionfruit pulp and
- duty free

20.03.100}

passionfruit juice
- quantities in excess of the above amount and other

20.06.300}

juices falling within item 20.07.500

20.07.300}

- rate of duty specified in the Australian Customs

20.07.500}

Tariff

44.15.100

Plywood (excluding
- Quantities of moisture resistant plywood not

plywood covered with any
exceeding 7.1 million square metres on a 1mm basis

other material)
- 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

Papua New Guinea Tariff Item
Description of goods

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, ie, 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
- 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 naphta, mineral spirits, turpentine substitutes and mineral solvents
- 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 spirituous 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.
- 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 16 1/2 in. x 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.

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
 Pottery, 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 or 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

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 H.P.

305

Parts for all types of marine engines

306

Motor vehicle and motor cycles 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:
 - 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 lightning 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, suitcases, 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
- 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 Australia and the Government of Papua New Guinea 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.

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 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.

FOR THE GOVERNMENT OF AUSTRALIA FOR THE GOVERNMENT OF PAPUA NEW GUINEA

AUSTRALIA: PAPUA NEW GUINEA:

[Signed:] [Signed:]

JOHN HOWARD MAORI KIKI

6th November 1976

Port Moresby

ATTACHMENT TO AGREED MINUTES

Australian

Tariff Item

Brief description of goods

- 07.02.200
 - Mushrooms
- 09.10.100
 - Green ginger, not in liquid
- 09.10.200
 - Ginger, dry, unground
- 09.10.300
 - Ginger, dry, unground. NSA
- 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, NSA
- 20.02.9
 - Other prepared/preserved vegetables
- 20.05
 - Jams, jellies, etc
- 20.07.200
 - Citrus fruit juices, NSA - not including lime juice
- 20.07.400}
 - Fruit juices, NSA
- 20.07.500}
- 21.07.900
 - Food preparations, NSA
- 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}

39.01.319}
Coated planar forms

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
- 39.02.100
 - 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
- 38.02.311}
- 39.02.319}
 - Supported sheet
- 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

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}

39.03.319}
Coated forms

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 NSA

40.11.200}

Motor vehicles 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 NEI

48.07.690
Pressure-sensitive paper

48.07.720
Wrapping paper

Chapter 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

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}

65.03}
 Hats and headgear

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}

74.04.900}

74.05.900}

74.05.100}

74.07.900}

74.08.000}

74.09.000}
Copper and copper based products

74.10.900}

74.12.000}

74.14.000}

74.15.000}

74.16.000}

74.18.100}

74.18.200}

75.01
Nickel, unwrought

Chapter 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}

84.11.310}
Compressors for refrigerators

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}

84.40.219}

84.40.221}
Laundry machines

84.40.229}

84.40.290}

84.62
Ball roller or needle roller bearings

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, nei connectors, etc

85.19.500
Resistors

85.19.600

Resistors and printed circuits

85.19.900

Resistors, motor starters, etc. nei

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}

87.02.231}

Unassembled cars and station wagons

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

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

[Letter from the Minister for Business and Consumer Affairs of Australia to the Minister for Foreign Affairs and Trade of Papua New Guinea]

I

Minister for Business and Consumer Affairs

Parliament House

Canberra 2600

6 November 1976

Sir Maori Kiki, KBE, MP

Minister for Foreign Affairs and Trade

House of Parliament

Port Moresby

PAPUA NEW GUINEA

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 provision 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 (ie. 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

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.

[Letter from the Minister for Foreign Affairs and Trade of Papua New Guinea to the Minister for Business and Consumer Affairs of Australia]

||

Minister for Foreign Affairs and Trade

Papua New Guinea

Central Government Offices

Waigani

6 November 1976

The Hon J W Howard MP

Minister for Business and Consumer Affairs

Parliament House

CANBERRA ACT 2600

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:

[Here follows text as printed under I.]

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

[Letter from the Minister for Business and Consumer Affairs of Australia to the Minister for Foreign Affairs and Trade of Papua New Guinea]

III

Minister for Business and Consumer Affairs

Parliament House

Canberra 2600

6 November 1976

Sir Maori Kiki, KBE, MP

Minister for Foreign Affairs and Trade

House of Parliament

Port Moresby

PAPUA NEW GUINEA

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

[Letter from the Minister for Foreign Affairs and Trade of Papua New Guinea to the Minister for Business and Consumer Affairs of Australia]

IV

Minister for Foreign Affairs and Trade

Papua New Guinea

Central Government Offices

Waigani

6 November 1976

The Hon J W Howard MP

Minister for Business and Consumer Affairs

Parliament House

CANBERRA ACT 2600

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:

[Here follows text as printed under III.]

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

[Letter from the Minister for Business and Consumer Affairs of Australia to the Minister for Foreign Affairs and Trade of Papua New Guinea]

V

Minister for Business and Consumer Affairs

Parliament House

Canberra 2600

6 November 1976

Sir Maori Kiki, KBE, MP

Minister for Foreign Affairs and Trade

House of Parliament

Port Moresby

PAPUA NEW GUINEA

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

[Letter from the Minister for Foreign Affairs and Trade of Papua New Guinea to the Minister for Business and Consumer Affairs of Australia.]

VI

Minister for Foreign Affairs and Trade

Papua New Guinea

Central Government Offices

Waigani

6 November 1976

The Hon J W Howard MP

Minister for Business and Consumer Affairs

Parliament House

CANBERRA ACT 2600

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:

[Here follows text as printed under V.]

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

[Letter from the Minister for Foreign Affairs and Trade of Papua New Guinea to the Minister for Business and Consumer Affairs of Australia]

VII

Minister for Foreign Affairs and Trade

Papua New Guinea

Central Government Offices

Waigani

6 November 1976

The Hon J W Howard MP

Minister for Business and Consumer Affairs

Parliament House

CANBERRA

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, of 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

[Letter from the Minister for Business and Consumer Affairs of Australia to the Minister for Foreign Affairs and Trade of Papua New Guinea]

VIII

Minister for Business and Consumer Affairs

Parliament House

Canberra 2600

6 November 1976

Sir Maori Kiki, KBE, MP

Minister for Foreign Affairs and Trade

House of Parliament

Port Moresby

PAPUA NEW GUINEA

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:

[Here follows text as printed under VII.]

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

[1] Notes to this effect were exchanged 21 January-1 February 1977. The Agreement entered into force on 1 February 1977.