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PRIME MINISTER

JOINT STATEMENT BY THE PRIME MINISTERS OF AUSTRALIA AND NEW ZEALAND ON THE OCCASION OF THE CONCLUSION OF THE 1988 REVIEW OF THE AUSTRALIA NEW ZEALAND CLOSER ECONOMIC RELATIONSHIP

In November 1987 at Waitangi in New Zealand we established a framework for reviewing the Australia New Zealand Closer Economic Relations-Trade Agreement of 1983. At that time, we decided to consider accelerating the implementation of free trade in goods, harmonising relevant business laws and administrative practices in the trans Tasman market and widening the bilateral economic relationship by liberalising trade in services.

We have had before us a series of recommendations agreed by the responsible Ministers of the two Governments in Christchurch in June. We pay special tribute to the efforts of the Ministers concerned.

Today we have set the final seal on a package of measures which will accelerate, deepen and widen the economic relationship between our two countries. From 1 July 1990 we will have removed virtually all the impediments to achieving a single trans Tasman market. In recent weeks and today the two Governments have concluded and signed all of the agreements and arrangements relating to this historic achievement.

At Waitangi we noted both countries' desire, as formally expressed in the CER Trade Agreement, to achieve greater economic welfare for our peoples through the liberalisation of trans Tasman trade in accordance with each country's international rights and obligations. In view of the visible benefits which the CER Trade Agreement has brought to both countries, we resolved then that determined efforts should be made to further strengthen the trans Tasman economic relationship.

In particular, the CER Trade Agreement has benefited consumers in both countries through the availability of a greater range of competitively priced goods and producers have responded strongly to the challenge of new market opportunities which the CER Trade Agreement has provided for them. As a result, there have been notable efficiency gains from CER which have been consistent with the overall direction of Government policy in both countries. CER is outward-looking and the impressive growth in two-way trade between our two countries has not been achieved at the expense of our other trading partners. Australia and New Zealand are now, and will remain, global trading countries committed to the realisation of the principles of the GATT and their improvement in the course of the Uruguay Round of Multilateral Trade Negotiations.

2.

We have today considered the package of measures which emerged from the ministerial meeting in Christchurch and have signed three Protocols which contain binding commitments to move towards the creation of a single trans Tasman market from 1 July 1990. The market so created will cover both goods and services. These are:

- . a Protocol to the CER Trade Agreement on Acceleration of Free Trade in Goods covering the arrangements to bring all product sectors to free trade by 1 July 1990, the abolition of anti-dumping procedures on goods originating in the free trade area and a further general review of CER in 1992, including consolidation of the current range of treaty instruments;
- . a Protocol on Trade in Services which brings services within CER on the basis of clearly stated rules and provides arrangements to further liberalise trade in services between the two countries;
- . a Protocol on Quarantine Administrative Procedures which will result in additional harmonisation and cooperation.

Other instruments have been agreed and signed by our Ministers covering:

- . the harmonisation of business law and regulatory practices;
- . further cooperation and harmonisation of Customs policies and practices;
- . increased cooperation to achieve the elimination of technical barriers to trade;
- . support by the Australian Government for equality of opportunity for New Zealand in the government purchasing processes of Australian States;
- . the elimination of production bounties payable on exports to each other and the avoidance of financial support measures for domestic industries which have adverse effects on competition between the two countries;
- . the removal of export prohibitions which have been maintained for protective reasons.

Each of these undertakings is significant in itself, and together they build an economic relationship unequalled by any other two sovereign countries. By July 1990, a full five years ahead of the original timetable set in the 1983 Agreement, we will have removed all frontier barriers to trade in goods. We have taken steps to ensure that this trade shall be fair. Consistent with this objective we are also agreed that we will further harmonise our competition laws.

These commitments, which cover all goods including manufactured and agricultural, provide for free trade and fair competition. In this context we welcome the arrangements worked out between our governments which provide for the free and fair conduct of trans Tasman trade in dairy products.

On industry assistance, we reaffirm that bounties and subsidies providing long-term protection for Australian and New Zealand industries from trans Tasman competition can no longer be regarded as viable instruments of industry policy. We have also set ourselves the task of making our respective industry policies more responsive to CER objectives.

We acknowledge that greater efficiency in domestic and trans Tasman transport must be achieved in order for producers and consumers to fully realise the benefits of free trade. This is the thrust of our respective domestic policies.

Recognising that the world economy is increasingly characterised by strong growth in trade in services, we have agreed to bind our two countries to free trade principles in respect of trans Tasman services.

We therefore welcome the major achievement of an agreement covering trans Tasman trade in services. Not only is the agreement a notable breakthrough between the two countries but it is also at the forefront of international efforts to provide agreed rules to liberalise trade in services. It removes regulations applied to bilateral trade in services, underpins the viability and dynamism of this large and expanding sector of our two economies, and provides for further liberalisation as our respective domestic policies allow. We regard the freedom of movement between our two countries as an essential element of free trade in services.

The comprehensive range and coverage of the other agreements and arrangements settled by ministers at Christchurch will facilitate the conduct of trans Tasman trade and commerce. They will bring about great harmonisation in our business regulations and practices where appropriate and thereby facilitate easier and more efficient economic interchange between our two countries. We welcome also the benefits which will arise from closer cooperation on quarantine and Customs procedures and from reducing technical barriers to trade.

Following the achievement of free trade without exception in goods across the Tasman and the application of each country's competition laws to relevant anti-competitive conduct affecting trans Tasman trade, anti-dumping measures are to be removed from 1 July 1990. We are committed to the removal of anti-dumping provisions for goods originating in the free trade areas by this date and to changes to our competition laws to ensure that the objectives of CER are not frustrated by anti-competitive conduct.

4.

We affirm our strong support for the continued development of closer economic relations between our two countries on an outward-looking basis. The package we have finalised today heralds a new chapter in our economic relationship and a trading environment which, as far as possible, is unencumbered by Government regulation and direction.

Investment flows have grown in both directions across the Tasman since 1983 and under current arrangements applications are generally processed quickly and favourably in both countries. Having regard to CER, the question of an investment agreement to preserve and enhance this environment is a matter for ongoing consideration. It has been agreed that in the year ahead the two governments will engage in discussions to explore the scope for such an agreement. Progress will be reviewed by 1990.

In the documents signed by us today, provision is made for a review of trans Tasman trade in services in 1990 and of the overall economic relationship in 1992. These reviews will provide further opportunity to examine the scope to further extend the closer economic relationship between our two countries.

The steps we have taken through this Review represent the governmental contribution to creating a more vigorous trans Tasman economy. We could not have contemplated changes of this magnitude had the business communities in both countries not supported our efforts. We look again to the private sector to take up the opportunities inherent in our decisions.

The new chapter we have opened in our bilateral economic and trade relationship will strengthen our ability to participate in the dynamic growth of the world economy and particularly in the Asia/Pacific region, of which we are part. In this context the decisions we have reached today keep us on the path towards a dynamic and competitive trans Tasman economy.

18 AUGUST 1988