



## PRIME MINISTER

FOR MEDIA

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### JOINT PRIME MINISTERIAL STATEMENT

Joint Statement by the Prime Minister of Australia, the Honourable Bob Hawke and the Prime Minister of New Zealand, the Right Honourable Geoffrey Palmer.

#### **THE ACHIEVEMENTS**

We are meeting today to mark a milestone in the development of the CER Agreement.

This Agreement plays a major role in ensuring that our two economies are well placed to compete in the most dynamic economic region in the world. It has contributed to the progress made in restructuring our economies. Over 21 million consumers benefit through access to a wider range of goods in a more competitive market.

1 July 1990 is an occasion therefore both for celebration and for looking ahead. From now on there will be no barriers to free trade in goods between Australia and New Zealand.

This is some achievement. That it comes five years earlier than we envisaged when we signed the CER Treaty in 1983 demonstrates the success and strength of the Agreement.

Both countries are benefiting. Since 1983 total bilateral trade has grown from A\$1.99 billion (NZ\$ 2.5 billion) to A\$4.5 billion (NZ\$ 5.6 billion). This is an average annual growth rate of about 15%. It is faster than the growth in either country's trade with the rest of the world.

Today, New Zealand is Australia's fourth-largest trading partner. Australia is New Zealand's largest. Both countries are significant markets for each other's manufactured goods. We have become major markets for each other's services. The balance of trade is roughly equal.

Total trans-Tasman investment has grown from approximately A\$1.5 billion (NZ\$2 billion) when the CER Agreement came into force to over A\$10 billion (NZ\$13 billion) in 1989.

The steps taken under the CER Agreement contribute to the ability of both countries to compete in the global market. Our economies are inextricably linked to the international economy. Our business communities are taking increasing advantage of export opportunities in the world market, particularly in the Asia-Pacific region.

Under CER both countries have always had more than a bilateral economic focus. The freeing up of trans-Tasman trade underpins both countries' efforts in working towards free and fair trade internationally. Our achievements confirm the determination of both countries to pursue these multilateral goals.

Our own trading practices clearly demonstrate the benefits that will be gained through the achievement of that goal in the Uruguay Round of multilateral trade negotiations. Our cooperative approach is demonstrated in the constructive and positive approach both Governments have taken in the Asia Pacific Economic Cooperation process.

#### PROGRESS SINCE 1988

We are today in a position to mark a number of agreements reached during the 1988 Review of CER. Specifically as of 1 July:

- . there are no longer border restrictions to trade in goods across the Tasman; tariffs, quantitative import and export restrictions, tariff quotas and import licensing have been removed;
- . neither Australia nor New Zealand pays export incentives aimed at stimulating exports to the other at the expense of domestic industry or production bounties on exports to the other country;
- . both countries no longer provide for anti-dumping measures in respect of goods originating in the other member state; competition law now applies to relevant anti-competitive conduct affecting trans-Tasman trade in goods.

Since the 1988 review and as a result of the arrangements agreed to in 1988, we have continued to develop CER in a number of noteworthy ways, aimed at reducing impediments to trade and at improving our business environment:

- . we have had free trade for a wide range of trans-Tasman service exports since 1 January 1989;
- . New Zealand is now a full member of the National Preference Agreement, bidding on an equal basis for Commonwealth and State Government purchasing; Australia similarly has equal access to the New Zealand Government purchasing market;

- . both Governments are taking into account CER considerations in the formulation of industry assistance policies in line with the requirements of the Agreed Minute on Industry Assistance;
- . a comprehensive review of the scope for business law harmonisation has identified a number of areas where harmonisation would be beneficial to our business communities. As a result of changes made to the application of our competition laws, it is now possible for Australian and New Zealand courts to sit and take evidence in the other's jurisdiction in some competition law matters;
- . good progress has been made in aligning standards in both countries, particularly through the development of joint standards. The agreement of all the Australian States to exempt New Zealand food imports from carrying an Australian address will also help to reduce technical barriers to trans-Tasman trade;
- . closer cooperation between the customs agencies of both countries now makes barrier control more efficient and has contributed to a harmonisation of policies in this important area for business;
- . quarantine authorities have reported on harmonisation of administrative procedures and have resolved a number of outstanding bilateral issues;
- . there has been substantial liberalisation in trans-Tasman air freight;
- . New Zealand now attends 22 meetings of Commonwealth/State forums.

#### DECISIONS FOR 1990

We have agreed to take advantage of present opportunities to extend and underpin the liberal trans-Tasman economic environment created by the present CER Agreements. The Tasman will not be a legal, administrative or financial barrier to the free flow of commerce. Our businesses must be able to operate freely in the other's market place and under conditions of fair competition. We want Australians and New Zealanders each to be able to regard the other economy as an extension of their own.

The CER Trade in Services Protocol is to be reviewed before 31 December 1990. In New Zealand's case, major decisions have already been taken on deregulation of major service sectors and these will lead to items being removed from the New Zealand exemptions list in the context of the Review. In Australia's case, important service sectors excluded from the operation of the Protocol, including aviation, shipping and telecommunications, are now being considered in the context of micro-economic reform. Australia affirms its commitment to such reform, and to taking full account of CER provisions in addressing individual micro-economic reform issues. We reaffirm that we are committed to the further liberalisation of trade in services in accordance with the provisions of the Protocol, including national treatment.

We agree that all services that are regarded, mutually, as possible to include within the operation of the protocol shall be included by 1 July 1995; and we have decided that the scheduled review in December 1990 be developed accordingly.

We have both acknowledged that an Australasian market in air services warrants serious consideration. To this end, both Governments are participating in a joint study of the implications for the consumers, airlines and economies of Australia and New Zealand of a single aviation market. The results of the study will shortly be available for our consideration, and will be the focus of consultations later this year to chart a course for future progress.

In this context we agree that an appropriate investment regime is an integral consideration. On the question of allowable investment levels in Australian domestic carriers by individual foreign international carriers operating into and out of Australia, the Australian Government will review the limit for these foreign airline operators of 15 per cent in the context of wider aviation policy issues, including the programme of micro-economic reform of aviation.

In the area of trans-Tasman air freight, both Governments now accept the multiple designation of pure freight operators to fly the Tasman without any constraint on the capacity to be operated. New Zealand has already designated Pacific Air Freight and for its part Australia will be designating two new carriers in the first instance.

We have also agreed that our respective officials should report to us by 1 October 1990 on the feasibility of achieving trans-Tasman passenger pre-clearance.

We also discussed the maritime transport sector, noting the positive trends in recent years arising from waterfront and shipping reforms as well as market initiatives. At the same time, most CER commerce continues to be reserved, under a Maritime Union Accord, to Australian and New Zealand crewed ships.

Our Governments regard competitive shipping services as vital to the trade between Australia and New Zealand. We expect that the benefits of shipping and waterfront reform programs and initiatives in both countries should produce further significant reductions in costs in the trans-Tasman trade and consider it is important that the benefits flow through to exporters and consumers. Reducing shipping costs on the Tasman - to at least OECD levels by mid-1992 - is a common objective of our respective reform programs. Meanwhile, if necessary, New Zealand will take steps to provide shippers and carriers with legal remedies complementary to those already provided under the Australian Trade Practices Act.

There will be consultations at Ministerial level with Australian and New Zealand trade union leaders as we address the development of trans-Tasman shipping.

Governments will continue to assess costs, freight rates and levels of service of trans-Tasman shipping to determine what further measures may be necessary to improve efficiency and competition in the trade. Trans-Tasman shipping policy will be reviewed in parallel with the full review of CER in 1992.

It is expected that the reviews relating to the development of telecommunications policy which are before the Australian Government and the review of the three carriers will result in opportunities for increased competition. New Zealand will have the opportunity to make an input to the review process.

A common commercial environment is a vital ingredient of a free trade area. The continuing program of business law harmonisation has an important role to play in working towards this objective. We have now received the report called for under the 1988 Memorandum of Understanding on the harmonisation of business law. This report identifies ways in which harmonisation would be beneficial. Cross recognition of companies and enforcement of court orders are two areas in which we can envisage early action on the matters identified in the report. Harmonising our business laws would mean that in those areas we would no longer treat each other as foreigners. This same principle would apply when areas of potential harmonisation such as fund-raising and registration of company charges are further examined.

We have agreed that the harmonisation process should be pursued vigorously. The dynamic nature of international business practice and our ongoing law reform programs underline the need for increased exchanges between us. To this end the existing consultations between our Government and with our respective business communities will be extended to cover the implementation of the harmonisation opportunities identified in the report. Progress on harmonisation will be reviewed in the course of 1992 CER review.

On quarantine we have received the reports called for under the Protocol on Harmonisation of Quarantine Administrative Procedures. Both Governments have established high-level consultative structures to ensure appropriate quarantine safeguards, while minimising technical barriers to trans-Tasman trade.

Considerable progress has been made towards harmonisation, including resolving access for particular products. Both our countries have devoted substantial technical and administrative resources to this end. There is concern in some industry groups that the harmonisation program may lower agricultural quarantine security. Such concern is unfounded. Measures in place provide a sound technical basis for quarantine decision-making.

On future global tariff levels, both Australia and New Zealand have clearly demonstrated their commitment to overall reductions in protection, with a view to creating more internationally competitive economies. New Zealand has decided on further reductions in global tariff rates for the period to 1996 and Australia will be taking decisions on its post-1992 global tariff arrangements shortly. The Australian Government will take New Zealand's already-announced plans into account in reaching its decision on post-1992 arrangements, keeping in mind the advantage of both countries taking a broadly similar approach to tariff reductions.

We have discussed certain industry assistance measures which have caused concern about their impact on fair competition between Australia and New Zealand manufacturers. We have agreed on a timetable to address the issue of export facilitation on motor vehicle exports to New Zealand. This will be dealt with early in 1991 in the context of Australia's review of future motor vehicle policy. Discussions will continue about other industry assistance measures.

On the question of trans-Tasman investment few practical impediments to our bilateral investment remain in either country. We note that the total level of trans-Tasman investment has grown by over A\$8.5 billion [NZ\$11.3 billion] since the CER Agreement was signed, an increase of 680 per cent since 1983. We both affirm the importance of free investment flows in supporting the significant benefits resulting from the liberalisation we have undertaken in the area of goods and foresee in regard to the services trade.

The Governments have consulted on ways of ensuring that investment flows are subject to minimum constraint, now and in the future. We have reviewed our practices and agreed we will continue to have full regard for CER benefits as an important national interest consideration in evaluating each other's investment applications.

Both Governments are committed to fostering the current favourable climate for trans-Tasman investment. We will continue to consult to this end and in any event have agreed to consult as necessary about any difficulties that might arise regarding investment.

#### **LONG TERM ISSUES**

We are committed to the continued deepening and broadening of the trans-Tasman relationship in both its economic and wider dimensions.

The next major review of the CER Agreement is due in 1992. We agree that this review holds some exciting prospects, as the further integration of our economies proceeds. This has implications beyond the purely economic. The two Governments will take a leading role in considering future developments, against a background of informed public discussion about the bilateral relationship and its institutions.

We have therefore nominated Ministers to oversee preparations for the review. By 31 March 1991 they will bring forward recommendations to Governments so that substantive bilateral negotiations can begin in the middle of the year. We will tap the skills, experience and views of people active in the relationship, including business people, unions and professional associations. The aim of the exercise will be to identify and analyse the issues and to narrow the field down to an agreed agenda of items for the review.

With the extent of consultation at all relevant policy levels now substantial, we agree this deepening process of consultation and cooperation could be further developed across the range of the bilateral relationship and in conjunction with the Australian State Governments. Commonwealth Government ministers will discuss with their State counterparts in meetings over the next year of Commonwealth and State sectoral ministers how Australia-New Zealand cooperation might be further enhanced in their respective areas. Since there are already arrangements for New Zealand participation in most of these forums, there will be ample and welcome opportunity for New Zealand to contribute.

Our commercial future lies in open economies trading with each other in a free and fair way. We have demonstrated the benefits that free trade can bring. We intend to build on that example, on our successes since 1983 and through concrete action, so that we continue along the path of liberalisation and integration of our economies. We share the southern border of the dynamic Asia-Pacific region. Our bilateral relationship has the strength and durability to accept the diverse challenges facing us. The challenge which we now accept is to build on CER's past successes and to ensure that the Agreement remains both contemporary and dynamic as we enter the 21st century.