



NEW ZEALAND HIGH COMMISSION

TELEGRAMS: KAURI
TELEPHONE: 73 3611

COMMONWEALTH AVENUE
CANBERRA, A.C.T. 2600
AUSTRALIA

30 December 1987

The Hon Bill Hayden, MP
Minister for Foreign Affairs and Trade
Parliament House
CANBERRA ACT 2600

Dear Mr Hayden,

I have the honour to acknowledge the receipt of your letter of 24 December 1987, which reads as follows:

H.E. Mr G.K. Ansell
High Commissioner
New Zealand High Commission
Commonwealth Avenue
CANBERRA ACT 2600

My dear High Commissioner,

I refer to the Australia New Zealand Closer Economic Relations - Trade Agreement of 28 March 1983 (ANZCERTA) and the implications for this Agreement of the introduction by the Government of Australia and the Government of New Zealand, in accordance with the International Convention on the Harmonized Commodity Description and Coding System (the HCDCS Convention) to which both Governments are Contracting Parties, of new Customs Tariffs based on the Harmonized Commodity Description and Coding System (HCDCS) with effect from 1 January 1988. The new HCDCS Tariffs will replace the current Tariffs which are based on the earlier Convention on Nomenclature for the Classification of Goods on Customs Tariffs (CCCN Convention) which is being superseded by the HCDCS Convention.

The Government of Australia notes that as a result of the translation of existing CCCN Tariffs into the HCDCS Tariffs a number of goods which may originate in either Australia or New Zealand will be transferred to new tariff classifications which either carry a higher tariff rate than that which currently applies to those goods on the basis of their present CCCN classification or which entail the application of quantitative import restrictions not currently applying to those goods, or the application of levels of quantitative import restrictions in excess of those currently applying to those goods, on the basis of their present CCCN classification. It is acknowledged that the subjection of goods originating in either country to higher tariffs or to new or increased quantitative import restrictions as a result of transfers to HCDCS classifications would be contrary to paragraphs 1 and 2 of Articles 4 and 5 of the ANZCERTA.

It has been recognised by the Governments of both countries that in certain cases such transfers may be transfers in theory only in the sense that at the time of the transfer there are no goods originating in either country which fall within both the relevant CCCN and HCDCS classifications. Accordingly I propose that in those cases where a transfer of goods from a CCCN classification to a HCDCS Tariff classification carrying a higher tariff rate or entailing new or increased quantitative import restrictions is at the date of implementation of the HCDCS Tariffs theoretical only, paragraphs 1 and 2 of Articles 4 and 5 of the ANZCERTA shall not be regarded by either Government as having application to such transfers. However, if at any stage goods subsequently originate in either country which do become subject to higher tariffs or to new or increased quantitative import restrictions as a result of such a transfer, appropriate steps shall forthwith be taken by the relevant Government to ensure that the conditions of access enjoyed by those goods under the CCCN Tariff classification are restored to comply with paragraphs 1 and 2 of Articles 4 and 5 of ANZCERTA. In any case of doubt concerning whether or not a transfer of goods from a particular CCCN Tariff classification to a HCDCS Tariff classification is, or continues to be, a theoretical transfer, the Governments shall consult at the written request of either with a view to resolving the difficulty, to give effect to paragraphs 1 and 2 of Articles 4 and 5 of ANZCERTA. If the Governments are not able to resolve such doubt, the transfer shall be treated as not being theoretical and therefore subject to paragraphs 1 and 2 of Articles 4 and 5 of the ANZCERTA.

I would be grateful for your confirmation that the foregoing proposals are acceptable to the Government of New Zealand. I also propose that this letter, along with your confirmatory reply, shall constitute an agreement between the Governments of Australia and New Zealand which shall form an amendment to, and an integral part of, the ANZCERTA.

Yours sincerely,

Bill Hayden

I have the honour to confirm that the proposals set out in your letter are acceptable to the Government of New Zealand and agree that your letter, together with this reply, shall constitute an agreement between the Governments of Australia and New Zealand which shall form an amendment to, and an integral part of, the Australia New Zealand Closer Economic Relations - Trade Agreement.

Yours sincerely,

(Sgd G.K. Ansell)

(G.K. Ansell)
High Commissioner



MINISTER FOR FOREIGN AFFAIRS AND TRADE

His Excellency Mr Graham K Ansell
High Commissioner
New Zealand High Commission
Commonwealth Avenue
CANBERRA ACT 2600

24 DEC 1987

My dear High Commissioner

I refer to the Australia New Zealand Closer Economic Relations - Trade Agreement of 28 March 1983 (ANZCERTA) and the implications for this Agreement of the introduction by the Government of Australia and the Government of New Zealand, in accordance with the International Convention on the Harmonized Commodity Description and Coding System (the HCDCS Convention) to which both Governments are Contracting Parties, of new Customs Tariffs based on the Harmonized Commodity Description and Coding System (HCDCS) with effect from 1 January 1988. The new HCDCS Tariffs will replace the current Tariffs which are based on the earlier Convention on Nomenclature for the Classification of Goods on Customs Tariffs (CCCN Convention) which is being superseded by the HCDCS Convention.

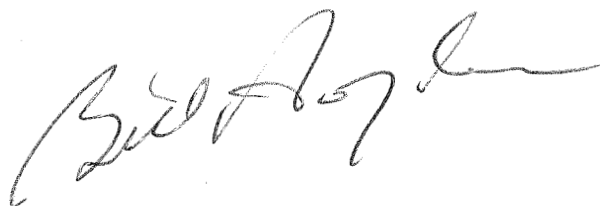
The Government of Australia notes that as a result of the translation of existing CCCN Tariffs into the HCDCS Tariffs a number of goods which may originate in either Australia or New Zealand will be transferred to new tariff classifications which either carry a higher tariff rate than that which currently applies to those goods on the basis of their present CCCN classification or which entail the application of quantitative import restrictions not currently applying to those goods, or the application of levels of quantitative import restrictions in excess of those currently applying to those goods, on the basis of their present CCCN classification. It is acknowledged that the subjection of goods originating in either country to higher tariffs or to new or increased quantitative import restrictions as a result of transfers to HCDCS classifications would be contrary to paragraphs 1 and 2 of Articles 4 and 5 of the ANZCERTA.

It has been recognised by the Governments of both countries that in certain cases such transfers may be transfers in theory only in the sense that at the time of the transfer there are no goods originating in either country which fall within both the relevant CCCN and HCDCS classifications. Accordingly I propose that in those cases where a transfer of goods from a CCCN classification to a HCDCS Tariff classification carrying a higher tariff rate or entailing new or increased quantitative import restrictions is at the date

of implementation of the HCDCS Tariffs theoretical only, paragraphs 1 and 2 of Articles 4 and 5 of the ANZCERTA shall not be regarded by either Government as having application to such transfers. However, if at any stage goods subsequently originate in either country which do become subject to higher tariffs or to new or increased quantitative import restrictions as a result of such a transfer, appropriate steps shall forthwith be taken by the relevant Government to ensure that the conditions of access enjoyed by those goods under the CCCN Tariff classification are restored to comply with paragraphs 1 and 2 of Articles 4 and 5 of ANZCERTA. In any case of doubt concerning whether or not a transfer of goods from a particular CCCN Tariff classification to a HCDCS Tariff classification is, or continues to be, a theoretical transfer, the Governments shall consult at the written request of either with a view to resolving the difficulty, to give effect to paragraphs 1 and 2 of Articles 4 and 5 of ANZCERTA. If the Governments are not able to resolve such doubt, the transfer shall be treated as not being theoretical and therefore subject to paragraphs 1 and 2 of Articles 4 and 5 of the ANZCERTA.

I would be grateful for your confirmation that the foregoing proposals are acceptable to the Government of New Zealand. I also propose that this letter, along with your confirmatory reply, shall constitute an agreement between the Governments of Australia and New Zealand which shall form an amendment to, and an integral part of, the ANZCERTA.

Yours sincerely

A handwritten signature in black ink, appearing to read "Bill Hayden", written in a cursive style.

BILL HAYDEN