



MINISTER *for* TRADE NEGOTIATIONS
MINISTER *for* INDUSTRY, MINISTER *of* COMMERCE

PARLIAMENT BUILDINGS, WELLINGTON, NEW ZEALAND
Telephone (04) 471 9982 Fax (04) 473 7199

6 October 1992

The Hon John Kerin MP
Minister for Trade and
Overseas Development
Parliament House
CANBERRA ACT 2600

Dear Minister

I have the honour to refer to the Australia-New Zealand Closer Economic Relations - Trade Agreement (the "Agreement"), done at Canberra on 28 March 1983 and to the discussions that have taken place between representatives of our two governments regarding Article 3 of the Agreement.

I understand that it is accepted by both governments that it is appropriate to remove the "direct shipment rule" embodied in that Article.

Accordingly, I have the honour to propose that paragraph 1 of Article 3 of the Agreement be amended to read as follows:

"Goods exported from the territory of a Member State, whether directly or indirectly, into the territory of the other Member State shall be treated as goods originating in the territory of the first Member State if those goods are:

- (a) wholly the unmanufactured raw products of the territory of that Member State;
- (b) wholly manufactured in the territory of that Member State from one or more of the following:
 - (i) unmanufactured raw products;
 - (ii) materials wholly manufactured in the territory of one or both Member States;

(iii) materials imported from outside the Area that the other Member State has determine for the purposes of this Agreement to be manufactured raw materials;

or

(c) partly manufactured in the territory of that Member State, subject to the following conditions:

(i) the process last performed in the manufacture of the goods was performed in the territory of that Member State; and

(ii) the expenditure on one or more of the items set out below is not less than one-half of the factory or works cost of such goods in their finished state:

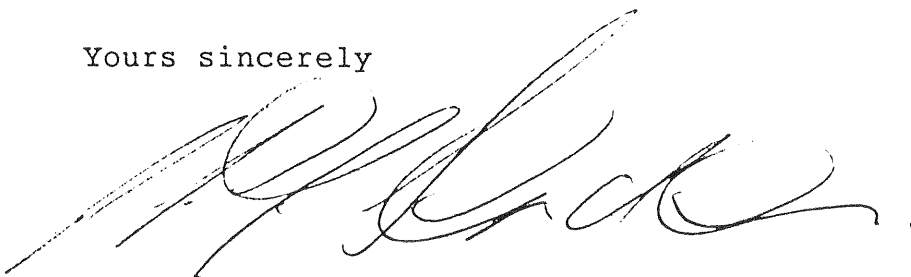
A. material that originates in the territory of one or both Member States;

B. labour and factory overheads incurred in the territory of one or both Member States;

C. inner containers that originate in the territory of one or both Member States."

If this proposal is acceptable to the Government of Australia, I have the honour to propose that this letter and your reply to that effect shall constitute an agreement between New Zealand and Australia. The agreement shall enter into force when the two Governments have notified each other by an exchange of notes that they have completed their domestic requirements for the entry into force of this agreement.

Yours sincerely

A handwritten signature in dark ink, appearing to read 'Philip Burdon', with a long, sweeping horizontal stroke extending to the left.

Philip Burdon



Minister for Trade and Overseas Development

Parliament House
Canberra ACT 2600

6 October 1992

The Hon Philip Burdon MP
Minister for Trade Negotiations
Parliament Buildings
WELLINGTON

Dear Minister

I refer to your letter of 6 October, which reads as follows:

"The Hon John Kerin MP
Minister for Trade and
Overseas Development
Parliament House
CANBERRA ACT 2600

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 - (ii) materials wholly manufactured in the territory of one or both Member States;
 - (iii) materials imported from outside the Area that the other Member State has determined for the purposes of this Agreement to be manufactured raw materials;
 or
- (c) partly manufactured in the territory of that Member State, subject to the following conditions:
 - (i) the process last performed in the manufacture of the goods was performed in the territory of that Member State; and
 - (ii) the expenditure on one or more of the items set out below is not less than one-half of the factory or works cost of such goods in their finished state:
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 - B. labour and factory overheads incurred in the territory of one or both Member States;
 - C. inner containers that originate in the territory of one or both Member States."

If this proposal is acceptable to the Government of Australia, I have the honour to propose that this letter and your reply to that effect shall constitute an agreement between New Zealand and Australia. The agreement shall

enter into force when the two Governments have notified each other by an exchange of notes that they have completed their domestic requirements for the entry into force of this agreement.

Yours sincerely

(signed)

Philip Burdon"

I wish to confirm that the foregoing represents an agreement between the two Governments. The agreement shall enter into force when the two Governments have notified each other by an exchange of notes that they have completed their domestic requirements for the entry into force of this agreement.

Yours sincerely

A handwritten signature in black ink, appearing to read 'John Kerin', with a long horizontal stroke extending to the right.

John Kerin