



The Hon Simon Crean MP
Minister of Trade



The Hon Phil Goff MP
Minister for Trade

2008 CER MINISTERIAL FORUM

JOINT STATEMENT

Australian and New Zealand Ministers met in Melbourne on 15 August 2008 for the annual CER Ministerial Forum. The meeting was hosted by the Australian Minister for Trade, the Hon Simon Crean MP, who was joined by the Minister for Innovation, Industry, Science and Research, Senator the Hon Kim Carr, the Minister for Agriculture, Fisheries and Forestry, the Hon Tony Burke MP and the Minister for Superannuation and Corporate Law, Senator the Hon Nick Sherry. The New Zealand delegation was led by the Minister of Trade, Hon Phil Goff, with his colleagues the Minister of Agriculture, Forestry and Fisheries and for Biosecurity, Hon Jim Anderton, and the Minister of Commerce, Hon Lianne Dalziel.

The Ministers met against the background of the **25th anniversary of the Australia New Zealand Closer Economic Relations Trade Agreement (ANZCERTA or CER)**. CER has played an exceptionally important role in driving a mutually beneficial expansion in trans-Tasman economic links. Two-way trade had grown by an average of 9 per cent per annum over the life of the agreement, reaching A\$21.5 billion in 2007. Trade in goods accounted for A\$15.7 billion of this, while services trade was valued at A\$5.8 billion. New Zealand's largest trading partner is Australia, while New Zealand is Australia's fifth largest merchandise trading partner and the principal destination for Australian elaborately transformed manufactures. Two-way investment stands at over A\$110 billion. Noting that CER had been described as one of the world's most comprehensive, effective and multilaterally compatible free trade agreements, Ministers agreed that it should serve as a model for trade agreements worldwide.

A central achievement of CER has been its ability to move beyond a traditional trade agreement and address broader regulatory issues to support wider and deeper business engagement. Ministers affirmed that expanding and deepening these economic opportunities, including through the 'Single Economic Market' work programme, is core business for both governments.

Noting the significance of services trade to the two economies, Ministers welcomed the opportunity provided by the review of the **CER Services Protocol** to assess the scope for liberalisation of the few remaining exempted services. They agreed that both countries should continue to look for opportunities to

remove or liberalise those services still exempted from coverage under the Protocol.

They also affirmed their governments' commitment to conclude a **CER Investment Protocol** by early 2009, noting that officials were scheduled to meet in Wellington in early-September. The addition of provisions facilitating trans-Tasman investment will maintain CER's status as a model free trade agreement.

Ministers also discussed the built-in review of the **CER Rules of Origin (ROO)**, agreeing that it was important to make progress on this to enable implementation of the review outcomes by 2010. Ministers urged a prompt start on the review so as to allow Australia and New Zealand to assess thoroughly the impact of the 2007 revised Rules, and further to explore the scope to liberalise them in a manner that supports both Governments' desire to enhance the international competitiveness of their economies. To that end, they agreed that the review should be completed in time for the 2009 CER Forum, to enable Ministerial consideration of the outcomes.

Ministers recognised that it was important for each government to remain abreast of economic reform initiatives in either country so as to ensure that these were consistent with, and supported, the wider relationship. In that context, they noted the potential implications of the **Council of Australian Governments' reform agenda**, including its Business Regulation and Competition Working Group (BRCWG), for the single trans-Tasman economic market. Ministers accordingly acknowledged New Zealand's interest in those processes, recognising that New Zealand had a particular interest in the BRCWG review of food standards given the joint food standards system, and that New Zealand would provide early input into this process. Ministers noted that negotiations were soon to commence on amendments to the **Joint Food Standards Treaty**. Ministers confirmed their commitment to the Treaty and their strong preference for joint food standards to be adopted in the Food Code, rather than separate standards or opt-outs.

Ministers welcomed the revised **Australia New Zealand Government Procurement Agreement**, which came into effect in January this year.

In taking stock of the relationship, Ministers reaffirmed the centrality of the **Trans-Tasman Mutual Recognition Agreement (TTMRA)** as a foundation for a seamless trans-Tasman market. They noted that the current review of the TTMRA by Australia's Productivity Commission was a valuable opportunity to ensure the agreement remained contemporary and relevant to the Australasian market. New Zealand noted that it would make a submission to the review.

Ministers noted it would be important to address the issue of beef certification requirements as soon as possible, and that Australia would respond quickly to New Zealand's proposal on this.

Ministers noted that achievements under the **single economic market (SEM)** work program were contributing significantly to the goal of a seamless trans-

Tasman business environment by reducing transaction costs, enhancing productivity and increasing international competitiveness.

They welcomed two recent achievements on the SEM agenda: the **Treaty on Trans-Tasman Court Proceedings and Regulatory Enforcement**, [signed in Christchurch on 24 July 2008], which will enable resolution of trans-Tasman civil disputes more effectively and at lower cost; and the **Trans-Tasman Mutual Recognition of Securities Offerings Regime** which entered into effect on 13 June 2008, which will create opportunities for businesses to raise capital on both sides of the Tasman at lower cost.

Ministers also welcomed the progress being made in other areas of the SEM agenda, including the trans-Tasman arrangement for **retirement savings portability** and the re-negotiation of the **Australia-New Zealand Double Taxation Agreement**. Ministers noted New Zealand's desire to work with Australia toward the **mutual recognition of imputation and franking credits**, and affirmed that New Zealand should make a submission on the issue to Australia's Future Tax Policy review.

Finally, on the SEM, Ministers recalled that the Australian Treasurer and New Zealand Finance Minister had announced on 17 July an extensive forward work program on business law harmonisation under the Memorandum of Understanding on **Business Law Coordination**, including co-ordination on intellectual property issues relating to patents, mutual recognition of auditors and coordination of trans-Tasman consumer policy issues.

Ministers held productive discussions on **biosecurity and quarantine** market access issues, emphasising the importance of minimising negative trade impacts through timely resolution of outstanding issues, on the basis of sound science. On New Zealand apples access to Australia, Ministers noted that the issue was now being dealt with through the World Trade Organisation's dispute settlement process. Australian Ministers welcomed legislative changes, made in April 2008, to New Zealand's Hazardous Substances and New Organisms Act and Biosecurity Act, urging an expeditious completion of New Zealand's review of its honey Import Health Standard. Australian Ministers briefed the meeting on the Australian Quarantine and Biosecurity Review currently underway.

Ministers agreed that further work on the **Trans-Tasman Options for Institutional Cooperation Framework** (TTCF) would be helpful, with a view to the further development of a framework assessing the benefits and constraints of various forms of cooperative mechanisms. This work would offer starting points and guidance to support regulators' choices from the spectrum of possible regulatory cooperation options, including joint institutional frameworks.

Ministers underscored the importance of achieving a comprehensive, effective and fair global agreement that will see all major greenhouse gas emitters take emission reduction actions. Recognising that the diffusion of low-emissions technologies will be an important part of global efforts to address climate change, Ministers agreed to work cooperatively within the WTO and regional forums,

including APEC, to achieve increased liberalisation of trade in environmental goods and services.

Ministers acknowledged the strategic significance for Australia and New Zealand of **climate change and other environmental challenges**, which can have profound economic implications. Ministers agreed that actions to respond to these issues should be consistent with the ongoing commitment from both countries to maintaining open and international markets for continued economic prosperity. Ministers asked to produce a stocktake of these issues from the perspective of the objectives underpinning the CER and SEM processes, citing cooperation in water and energy efficiency labelling as particular examples. Ministers also instructed officials to identify areas of potential future cooperation.

Ministers welcomed the close dialogue underway around initiatives to counter **illegal logging** in the region and agreed to deepen the engagement between Australia and New Zealand on this issue.

In the sustainability context, Ministers emphasised the importance both countries placed on reducing greenhouse gas emissions from vehicles. New Zealand Ministers reported on the progress being made towards the implementation of **fuel economy standards for light vehicles**, while Australian Ministers noted the significance of the New Zealand market for Australian car producers and their desire for appropriate transitional arrangements to enable Australian exporters to adjust to new New Zealand standards. Ministers agreed that the two countries should work collaboratively to address market access concerns as far as possible, and, more broadly, that ongoing consultations between Australia and New Zealand on approaches to reducing vehicle emissions would be useful.

Australian Ministers provided an update on the **Australian Innovation Review** currently underway, noting their appreciation for New Zealand's submission to the Review, which set out a process for both countries to strengthen linkages between their innovation systems where these would be of mutual benefit.

Ministers expressed their disappointment at the failure to secure an outcome at last month's WTO Ministerial Meeting in Geneva on the **Doha Round**. However, they noted substantial progress was made at the meeting, with only a few issues unresolved, and that it was imperative to lock in the gains made. Ministers agreed to work together so that the negotiations could be resumed as soon as possible.

Ministers affirmed their commitment to further strengthening **APEC**. They welcomed the adoption of APEC's examination of the feasibility of a Free Trade Area of the Asia-Pacific and recent adoption of the APEC Investment Facilitation Plan (IFAP). They also agreed on the need to develop APEC's structural reform agenda further and to integrate it better with the trade and investment agenda. On regional FTAs, Ministers also commended the work undertaken by the East Asia Summit's Track Two Study Group examining a Comprehensive Economic Partnership in East Asia (CEPEA).

Ministers welcomed the progress being made in negotiations towards a **free trade agreement with the Association of South East Asian Nations (ASEAN)** and expressed their commitment to resolving the remaining issues. They also noted that Australia and New Zealand have collaborated very closely and constructively in their first jointly-negotiated FTA. Ministers also exchanged perspectives on other FTAs Australia or New Zealand are negotiating.

Ministers drew attention to the productive cooperation between Australia and New Zealand in promoting trade and economic integration in the Pacific, notably through advancing discussions on a **PACER Plus** free trade and economic integration agreement.

Australian Ministers briefed the meeting on the progress of the **Australian Trade Policy Review**. They registered their appreciation of New Zealand's involvement in the early stages of the review, particularly the sharing of New Zealand's experience around initiatives like Export Year 2007, and the value of ongoing dialogue on trade policy issues.

In conclusion, Ministers welcomed the extensive high-level interaction between Australia and New Zealand this year, a highlight of which was the Australian New Zealand Leadership Forum in Wellington in June, attended by six Australian Ministers and four New Zealand Ministers. Ministers also noted Prime Minister Rudd's visit to Auckland on 18-19 August which will reciprocate Prime Minister Clark's visits to Australia in February and April this year.

MELBOURNE
15 August 2008

Senator the Hon Kim Carr
Minister for Innovation, Industry
Science and Research

The Hon Tony Burke
Minister for Agriculture,
Fisheries and Forestry

Senator the Hon Nick Sherry
Minister for Superannuation and
Corporate Law

Hon Lianne Dalziel
Minister of Commerce
Minister for Food Safety
Associate Minister of Justice

Hon Jim Anderton
Minister of Agriculture
Minister of Forestry
Minister of Fisheries
Minister for Biosecurity