



Mutual Recognition in the trans- Tasman Single Economic Market

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The Aim

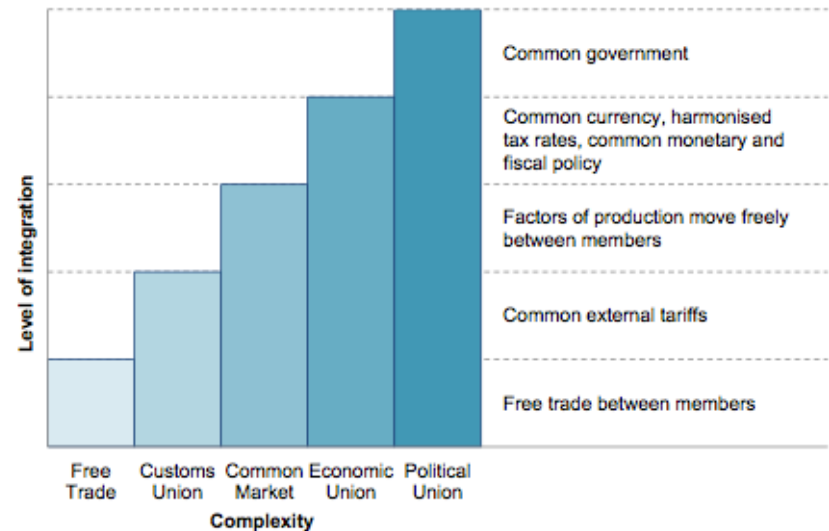
- *to outline the institutional framework which underpins the trans-Tasman single market*
- *to explain how mutual recognition has been institutionalized between Australia and New Zealand*

One Path to Single Market?

CER vs. EU

- Europe followed these steps
- Australia & NZ did not

Figure 5 Five levels of economic integration



Source: Rodrigue (2012).

Emerging TT SEM

Figure 3: Key measures toward creating a single trans-Tasman market

	Goods	Services	Labour	Capital
1970s			Trans-Tasman Travel Arrangement 1973	
1980s	ANZCERTA 1983 ANZCERTA Quarantine Protocol 1988 MoU on technical barriers to trade 1988 (updated 1992) Minute on state government purchasing 1988 Harmonisation of customs policies and procedures 1988	ANZCERTA Services Protocol 1988 MoU on harmonisation of business law 1988 (updated 2000) Minute on state government purchasing 1988 MoU on air services 1988 (updated 1989, 1992)	Reciprocal Health Care Agreement 1988	MoU on harmonisation of business law 1988 (updated 2000)
1990s	Agreement on Standards, Accreditation and Quality 1990 Cooperative arrangement on customs 1992 (updated 1996) Development of joint food standards system 1995 (amended 2001, 2002) Establishment of food inspection programme 1996 Government Procurement Agreement (ANZGPA) 1997 Establishment of Joint Accreditation System 1991 (replaced 1998) Trans-Tasman Mutual Recognition Arrangement (TTMRA) 1998	MoU between the securities commissions 1994 Single Aviation Market Arrangements 1996 ANZGPA 1997 TTMRA 1998	Agreement for avoidance of double taxation 1995 TTMRA 1998	MoU between the securities commissions 1994
2000s	Revised rules of origin 2007	'Open Skies' MoU on air services 2000 Agreement on Air Services 2002	Agreement on Social Security 2001	Cooperation Protocol for Merger Review 2006 Mutual Recognition of Securities Offerings 2008
2010s				ANZCERTA Investment Protocol 2011

Note that Figure 3 does not include ALL measures in trans-Tasman integration.

Sources: Lloyd, 1991; New Zealand Ministry of Foreign Affairs and Trade, 2003; Australian Department of Foreign Affairs and Trade, 2011.

The trans-Tasman Single Economic Market

- 'Behind borders' integration (1988 Review)
- Focus: problem solving, outcomes
- **Diversity:**
 - No single instrument (ANZCERTA, TTSEM, TTOIG...)
 - Different coordinating mechanisms

Problem: Uncertainty

As integration progresses...

- 'at' vs. 'behind' borders issues
 - 'at borders' (e.g. tariffs) - transparent
 - 'behind borders' (e.g. labour qualifications)
 - protecting consumers or producers?

Managing uncertainty: institutions

Functions

- interpreting obligations
- monitoring compliance
- enforcing compliance/resolving disputes
- legislating new obligations

Who provides these services?

Choice about design?

Institutional design

Options:

- Actors: 'inside' or 'outside' member states?
- Policy competence: 'general' or 'issue specific'?

Institutional Design			
Location of policy-making capacity			
	inside member states	international agencies	
Type of policy-making capacity	issue-specific	CER	WHO(?)
	general	treaties	EU

Trans-Tasman institutions: domestic & decentralized

Hybrid:

1. A few joint (international) agencies
 - issue-specific
 - JASANZ, FSANZ, ANZTPA
2. 'Pooled' sovereignty arrangements
 - ministerial councils of Council of Australian Governments (COAG)
 - 'inside' member states
 - issue-specific (portfolio based)

TTMRA in practice

- Council of Australian Government (COAG) Ministerial Councils
 - Domestic & trans-Tasman institutions entwined
 - NZ membership increases over time
- TTMRA: Ministerial Councils have powers to resolve disputes over standards

TTMRA in practice

Shadow of vote

- Failure to settle disputes at lower levels may trigger vote in Ministerial Council
- decisions on MR: two-thirds majority
- NZ representatives vote equally with Commonwealth, State and Territories (Article 6.3)
- Rules governing Councils revised to reflect trans-Tasman decision making.

Coordinating Mechanism: Mutual Recognition or Harmonisation?

Pros and cons

1. Mutual Recognition:

- pro: low negotiating costs
- con: disputes over 'equivalence'

2. Harmonisation:

- con: high negotiating costs
- pro: monitoring compliance

Both create uncertainties, require institutional support

Occupations and Qualifications: two approaches

- CER
 - Focus on occupational **registration**
 - TTMRA uses mirror legislation in 10 jurisdictions
 - Use of institutions within the nation state to resolve disputes
 - Does not preclude harmonisation
- The EU
 - Focus on **qualifications**
 - Directive 2005/36/EC
 - Three tiered approach: harmonisation of certain qualifications, recognition of certain experience, remainder national authorities decide
 - Supranational institutions embedded in the process

Conclusions

- Trans-Tasman experience: more than one path to 'single market'
 - institutions are necessary for deep integration, *but*
 - multiple institutional designs possible
 - Not 'one size fits all' across regions or issues
- *Paper available on the IPF website*