



CER-ASEAN Integration Partnership Forum  
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# **CER Cooperation in the Market for Goods – Australian Perspective**

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# New Zealand – Australia FTA

- NAFTA – entered into force 1 Jan 1966
- Only covered goods
- Positive list approach:
  - initial commitments – 60% of total trade
  - did not address quantitative restrictions
- Efforts to improve it had little success – limited liberalization achieved



# ANZCERTA

- Australia New Zealand Closer Economic Relations – Trade Agreement
- Entered into force 1 January 1983
- Negative list – but significant exceptions
- Initial focus goods but:
  - Covered government purchasing (only federal level in Australia)
  - Broad review to be held in 1988



# ANZCERTA- New Approach



- Both NAFTA and ANZCERTA – aim to establish a GATT consistent FTA
- But ANZCERTA - important differences:
  - Linked to outward looking approach to trade
  - More extensive coverage & better liberalization dynamic; addressed quantitative restrictions
  - Accepted that adjustment & more efficient use of resources essential for the gains from trade



# ANZCERTA – Article 12



- Other trade distorting factors
  - Matters such as standards, technical specifications, testing procedures, domestic labelling
  - Examine scope to harmonize requirements; and
  - Where appropriate encourage bodies to work towards harmonization
  - Consultation when trade distortions





# 1988 Review - 1

- Acceleration of liberalization: all tariffs and quantitative restrictions on goods eliminated by 1 July 1990
- Anti-dumping removed: competition policy
- Restrictions on use of export incentives and bounties/subsidies
- Harmonization of quarantine administrative procedures





# 1988 Review - 2

- Major extension in coverage - Trade in Services Protocol: entered into force 1 January 1989
- Initiatives launched to:
  - reduce technical barriers to trade
  - harmonize business law
  - extend government procurement coverage to Australian States



# 1990 Agreement

- 1990 Agreement on Standards, Accreditation and Quality
  - Eliminate differences in standards
  - Promote common interpretations of standards
  - Promote alignment with international standards
  - Work towards a unified accreditation system
  - Between Australia, New Zealand, and Australian States and Territories





# Mutual Recognition

- Trans-Tasman Mutual Recognition Arrangement (TTMRA) – commenced operation in 1998
  - a good legally sold in one country can be sold in the other
  - right to practice an occupation in one country if registered to practice in the other country
- Built on the (Australian) Mutual Recognition Agreement (commenced 1993)



# Innovative Approaches - 1



- Challenge to economic integration presented by important role of States and Territories in economic regulation in Australia
- Taking models developed between Australian Commonwealth and State Governments as basis to extend to New Zealand
  - TTMRA and government procurement
  - Continuing New Zealand involvement in policy dialogue and other cooperation between agencies



# Innovative Approaches - 2



- Establishment of joint bodies to reduce regulatory impediments to trade
  - Joint food standards developed and administered by Food Standards Australia New Zealand (FSANZ): initial agreement 1996
  - Joint Accreditation System of Australia and New Zealand (JAS-ANZ): 1991 and 1998 agreements
- Participation of New Zealand Ministers in a range of Australian Ministerial Councils



# Single Economic Market



- Adopted as policy objective in 2004
- But reflected reality of post-1988 reform agenda
- 1990 Joint Statement of the two Prime Ministers:  
“We want Australians and New Zealanders each to be able to regard the other economy as an extension of their own”



# ANZCERTA – Importance - 1



- Disappointing history of FTAs for most of the post-World War II period
  - Many initiatives to form FTAs
  - Most involved developing economies
  - Little liberalization – most FTAs stalled
  - Governments more focused on import substitution
  - EFTA – more successful but poor on agriculture



# ANZCERTA – Importance - 2



- One of the first successful FTAs
- Comprehensive in scope
  - Goods – no exceptions; addressing non-tariff measures
  - Services – an early pioneering agreement
- Innovative initiatives to address non-tariff measures – remains a pioneer in this area
- Broad vision of economic integration
  - E.g. business law harmonization agenda





# ANZCERTA's Context

- Poor economic performance in both economies in 1970s
  - Search for new solutions: recognition of need to be more outward looking (Nareen Declaration)
- 1980s a period of significant economic reform and market opening in both economies
- ANZ active in promoting international trade reform in Uruguay Round of multilateral trade negotiations (e.g. Cairns Group)



# ANZCERTA - Unique Features

- ANZCERTA treaty relationship addressed core liberalization commitments
- Also providing framework and impetus for important and pioneering initiatives but these often not formally incorporated in the treaty
  - E.g. TTMRA
- Limited formal institutions – but extensive dialogue and cooperation across government



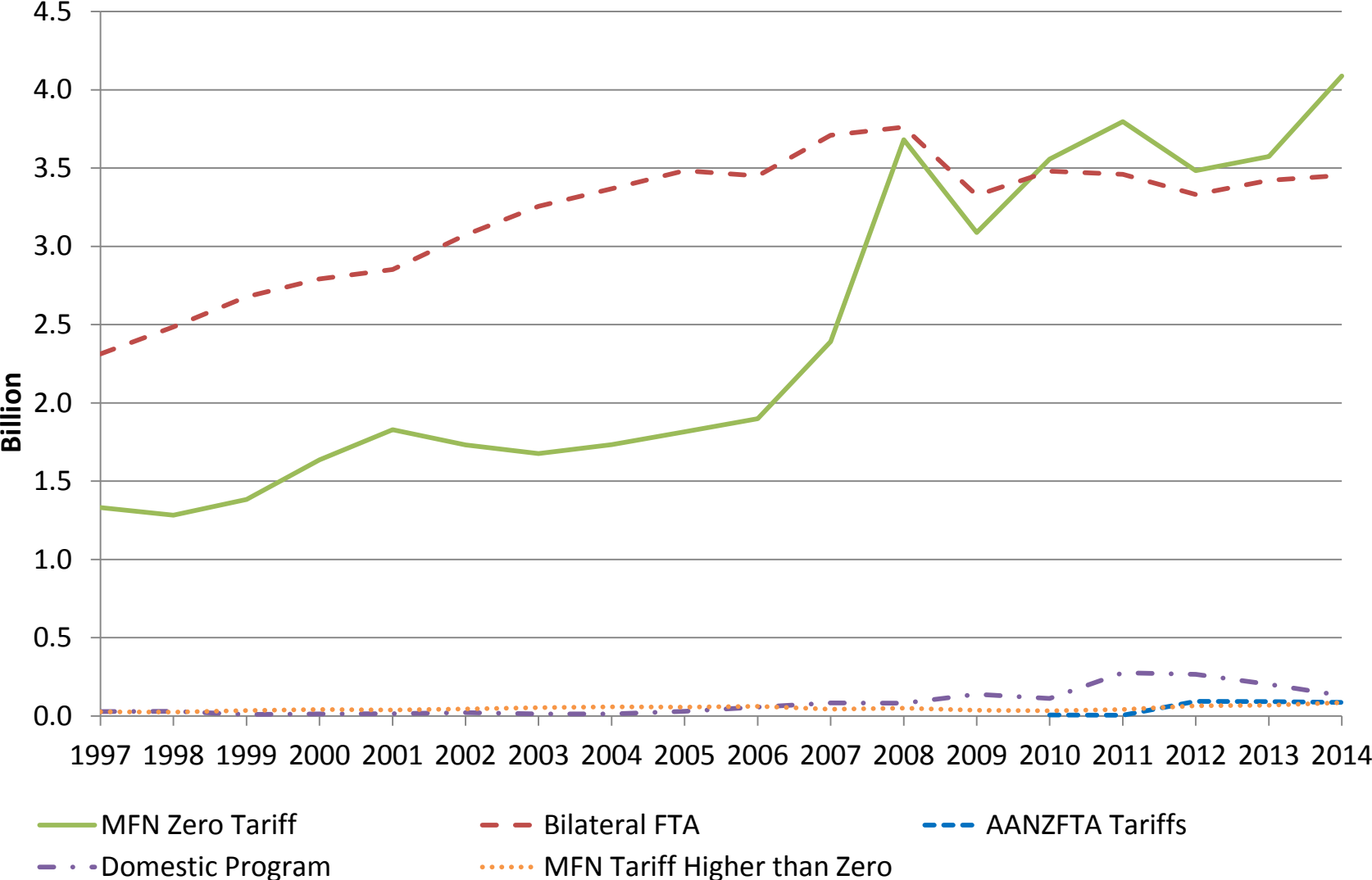
# ANZCERTA – Why Successful?



- Strong political and community relationships
- Historical/cultural affinities
- Learning from NAFTA experience
  - In many ways NAFTA was anti-adjustment
- Broader economic reform agendas in both countries in 1980s
  - Key role of 1988 review and its follow-up
- Continuous evolution and innovation



**Chart 1: Import Clearances into Australia from New Zealand (A\$ value), 1997- 2014**



**Table 1: Value of Import Clearances into Australia from New Zealand, 2009 - 2014**

	2009	2010	2011	2012	2013	2014
<b>MFN Zero Tariff</b>	3,088,851,885	3,556,285,903	3,795,949,265	3,484,178,753	3,573,627,246	4,087,855,651
<b>Bilateral FTA</b>	3,326,397,259	3,479,800,574	3,460,526,052	3,330,679,040	3,420,991,693	3,452,441,115
<b>AANZFTA Tariffs</b>		7,176,159	4,275,214	93,163,130	92,313,738	86,814,285
<b>Domestic Program</b>	139,436,410	112,084,915	276,113,782	265,729,286	203,167,629	130,499,900
<b>MFN Tariff Higher than Zero</b>	36,690,145	32,885,794	41,329,095	65,511,815	68,021,140	85,846,606

**Table 2: Percentage of Import Clearances into Australia from New Zealand, 2009 - 2014**

	2009	2010	2011	2012	2013	2014
<b>MFN Zero - Duty-Free</b>	46.9%	49.5%	50.1%	48.1%	48.6%	52.1%
<b>Bilateral FTA</b>	50.5%	48.4%	45.7%	46.0%	46.5%	44.0%
<b>AANZFTA Tariffs</b>	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Domestic Program</b>	2.1%	1.6%	3.6%	3.7%	2.8%	1.7%
<b>MFN Higher than Zero - Dutiable</b>	0.6%	0.5%	0.5%	0.9%	0.9%	1.1%

# ANZCERTA and Today's Trade Challenges

- ANZCERTA agenda retains considerable relevance:
  - continued integration and SEM objective— a source of greater strength in each economy
  - significance of ANZCERTA experience and its innovations makes it a source of fertile ideas of wider relevance internationally
  - basis for ANZ policy dialogue and cooperation in regional and international forums







**ASEAN - Australia - New Zealand FTA**

# CER-ASEAN Integration Partnership Forum

*Economic integration and the standards and  
conformance infrastructure: challenges and  
opportunities*

