

AGREED EXCHANGE OF LETTERS CONCERNING TRADE IN DAIRY
PRODUCTS 1988

17 August 1988

Hon John Kerin
Minister of Primary Industries and Energy
Parliament House
Canberra ACT
AUSTRALIA

Dear Mr Kerin

I refer to our discussions in Cairns after the meeting of the Australian Agricultural Council on Thursday 14 July 1988 concerning trans-Tasman trade in dairy products.

At Christchurch we agreed that from 1 July 1990 trade in dairy products between Australia and New Zealand will be free and fair in all respects consistent with the provisions and objectives of the ANZCERTA.

In Cairns we agreed that we would seek to develop a set of common understandings under which we would expect trade in dairy products between our two countries to be conducted in the period after 1990. These understandings, covering the period until 31 December 1992, have been developed by our officials since the Cairns meeting and are set out in the attached document.

I confirm that this attached document is acceptable to me as representing our common understandings on this matter. I would be grateful for your confirmation that it is acceptable to you.

Yours sincerely

[signed]

COLIN MOYLE

ATTACHMENT

TRADE IN DAIRY PRODUCTS BETWEEN AUSTRALIA AND NEW ZEALAND

It has been agreed that from 1 July 1990, the Memorandum of Understanding on dairy products between the Australian and New Zealand dairy industries will cease to be part of the ANZCERTA; and as from that date, trans-Tasman trade in dairy products will be governed by the provisions of the ANZCERTA and subsequent protocols. The two Governments therefore expect that the trade will be conducted on the basis of the following understandings:

A. Both countries will work towards the development of a single and integrated market for dairy products, consistent with the principles of free trade and fair competition contained in the ANZCERTA.

B. From 1 July 1990, in keeping with the above objective, the New Zealand dairy industry will be expected to act, in relation to sales into Australia, in the same way as it does when selling in the New Zealand domestic market.

C. From 1 July 1990, concerns arising in either country as to the pricing and other marketing practices of the dairy industries in each other's markets, should be addressed through the respective competition and trade practices legislation. In this regard, it is noted that both Governments envisage that their competition and trade practices legislation will be further harmonised by 30 June 1990 to achieve greater consistency of application in an increasingly integrated market.

D. It is noted that s15 of the NZ Dairy Board Act 1961 provides for the New Zealand Government to direct the Dairy Board in matters of trade policy and that such powers will be, if necessary, drawn up to give effect to these understandings in respect of trans-Tasman dairy trade in a manner consistent with the ANZCERTA.

E. Similarly it is noted that s17 of the NZ Dairy Board Act 1961 provides for the Board to authorise traders other than the Board to export dairy products and that the Board may exercise this power to allow traders, other than the Board, to export to Australia.

F. The Australian and New Zealand dairy industries will cooperate in appropriate circumstances in respect of trade in third markets.

G. In the interests of greater confidence between the Australian and New Zealand dairy industries and also of ensuring greater transparency of trans-Tasman trade in dairy

products, there should be regular formal industry-to-industry consultations and, as necessary, inter-governmental consultations.

17 August 1988

The Hon Colin Moyle MP
Minister for Agriculture and Fisheries
Parliament House
WELLINGTON NEW ZEALAND

Dear Mr Moyle

I confirm that the attachment to your letter to me of 17 August 1988 concerning trans-Tasman trade in dairy products is acceptable to me as representing our common understandings on this matter.

In this context, I also welcome the statements you have made both in the New Zealand Parliament on 22 June 1988 and in your Address to the New Zealand Dairy Industry Conference on 23 June 1988.

Yours sincerely

[signed]

JOHN KERIN