



15 October 2003

Rules of Origin Study
Productivity Commission
P O Box 80
BELCONNEN ACT 2616

Dear Sir or Madam,

**RE: CALL FOR SUBMISSIONS – RULES OF ORIGIN – AUSTRALIA-NEW ZEALAND
CLOSER ECONOMIC RELATIONS (CER) TRADE AGREEMENT.**

Thank you for providing Coles Myer Ltd. (CML) with the opportunity to provide comments regarding the Rules of Origin, part of the Australia-New Zealand CER.

We understand that the Rules of Origin under the CER are intended to offer preferential entry of New Zealand-produced goods into Australia, and vice versa.

CML exchanges a small amount of goods, virtually all foodstuffs, between the two countries involved in the CER. We are happy to report that, on the whole, very few issues are experienced; as such, the Rules of Origin in their current form (ie, promoting preferential entry) do not currently pose a substantial burden upon us. However, we have encountered problems with demonstration of conformance to maximum residues and contaminants in some foods.

Some time ago, we were asked to provide a test certificate for aflatoxin levels in Australian produced, chocolate-coated peanuts being imported into New Zealand. This was surprising, as we believed that the mutual recognition arrangements under the CER meant that food produced in Australia that complied with Australian regulations could be offered for sale in New Zealand without needing to conform to New Zealand food regulations. Further inquiry determined that residues and contaminants were specifically excluded from the mutual recognition agreement. While similar foodstuffs from other countries must also comply with this requirement, it is obviously not supporting preferential entry of the Australian product into New Zealand, over other countries not involved in the CER.

Another of our experiences suggests that the Rules of Origin might operate to disadvantage consumers. CML imports inexpensive crockery of good quality from a number of countries outside the CER region. While this process is relatively straightforward for Australia, the regime of tests, acceptability of test certificates and frequency of testing requested by New Zealand Customs means that the importation of this type of crockery into New Zealand is virtually unviable. The outcome is that our New Zealand customers are denied access to a source of value-priced, good quality crockery.

We trust the above will assist in the Commission's deliberations regarding Rules of Origin; please feel free to contact me should you require any clarification.

Yours sincerely,

ANDREA CURRIE
QUALITY CONTROL SERVICES MANAGER
QUALITY CONTROL DEPARTMENT

cc: Ted Moore, General Manager Regulatory & External Affairs
Fiona Greaves, National Manager Quality Control