

(c) to eliminate barriers to trade between Australia and New Zealand in a gradual and progressive manner under an agreed timetable and with a minimum of disruption; and
(d) to develop trade between New Zealand and Australia under conditions of fair competition.

Article 2

Free Trade Area

1. The Free Trade Area (hereinafter in this Agreement called "the Area") to which this Agreement applies consists of Australia and New Zealand.

2. In this context New Zealand means the territory of New Zealand but does not include the Cook Islands, Niue and Tokelau unless this Agreement is applied to them under Article 23 and Australia means those parts of Australia to which this Agreement applies under Article 23.

3. "Goods traded in the Area" or similar expressions used in this Agreement shall mean goods exported from the territory of one Member State and imported into the territory of the other Member State.

Article 3

Rules of origin

1. Goods exported from the territory of a Member State directly into the territory of the other Member State or which, if not exported directly, were at the time of their export from the territory of a Member State destined for the territory of the other Member State and were subsequently imported into the territory of that other Member State, shall be treated as goods originating in the territory of the first Member State if those goods are:

(a) wholly the unmanufactured raw products of the territory of that Member State;
(b) wholly manufactured in the territory of that Member State from one or more of the following:

(i) unmanufactured raw products;

(ii) materials wholly manufactured in the territory of one or both Member States;

(iii) materials imported from outside the Area that the other Member State has determined for the purposes of this Agreement to be manufactured raw materials; or

(c) partly manufactured in the territory of that Member State, subject to the following conditions:

(i) the process last performed in the manufacture of the goods was performed in the territory of that Member State; and

(ii) the expenditure on one or more of the items set out below is not less than onehalf of the factory or works cost of such goods in their finished state:

A. material that originates in the territory of one or both Member States;

B. labour and factory overheads incurred in the territory of one or both Member States;

C. inner containers that originate in the territory of one or both Member States.

2. The factory or works cost referred to in paragraph 1(c)(ii) of this Article shall be the sum of costs of materials (excluding customs, excise or other duties), labour,