

- (B) on labour, factory overheads and inner containers that are of Member State origin, or
- (C) partly on such material and partly on such other items of factory cost, is not less than one-half of the factory or works costs at the time of exportation.

2. Notwithstanding the provisions of paragraph 1 of this Article, the Member States may agree to treat particular goods or classes of goods as originating in a Member State provided that, in the case of manufactured goods, the process last performed in the manufacture was performed in the territory of the exporting Member State.

Article 5

Excepted goods

Notwithstanding the provisions of Article 3 of this Agreement,

- (a) the goods specified in Schedule A to this Agreement, when imported into Australia from Papua New Guinea, shall be subject to the rate of import duty specified from time to time in the Australian Customs Tariff as being applicable to Port New Guinea goods;
- (b) the goods specified in Schedule B to this Agreement, when imported into Australia from Papua New Guinea, shall be subject to the rate of import duty and to the other regulations, if any, specified in Schedule B as being applicable to those goods;
- (c) the goods specified in Schedule C to this Agreement, when imported into Papua New Guinea from Australia, shall be subject to the rate of import duty specified from time to time in the Papua New Guinea Customs Tariff as being applicable to Australian goods; and
- (d) the goods specified in Schedule D to this Agreement, when imported into Papua New Guinea from Australia, shall be subject to the rate of import duty and to the other Regulations, if any, specified in Schedule D as being applicable to those goods.

Article 6

Revenue duties

Nothing in this Agreement shall preclude the imposition by either Member State of sales taxes or other revenue duties which are levied equally on both imports and domestic products.

Article 7

Most favoured nation treatment

1. Each Member State shall accord to the other Member State treatment no less favourable than that accorded to any third country in respect of all matters concerning:

- (a) customs duties and charges of any kind imposed on, or in connexion with, the importation or exportation of any goods, or imposed on the international transfer of payments for imports or exports;
 - (b) the method of levying such duties and charges;
 - (c) the rules and formalities connected with the importation or exportation of goods;
 - (d) all internal taxes or other internal charges of any kind imposed on, or in connexion with, imported goods;
 - (e) all laws, regulations and requirements affecting internal sale, offering for sale, purchase, distribution or use of imported goods within its territory;
 - (f) restrictions or prohibitions on the importation or exportation of any goods;
 - (g) the allocation of foreign exchange; and
 - (h) the administration of foreign exchange restrictions affecting transactions involving the importation or exportation of any goods.
2. The provisions of paragraph 1 of this Article shall not apply to:
- (a) advantages accorded by either Member State to adjacent countries to facilitate frontier traffic;
 - (b) tariff preferences or other advantages granted by either Member State consequent on the membership of that Member State in another free trade area or a customs union, or on an interim agreement leading to the formation of another free trade area or a customs union;
 - (c) tariff preferences accorded by either Member State to a third country in view of that country's status as a developing country; or
 - (d) such measures as either Member State may take pursuant to a multilateral international commodity agreement or arrangement.

Article 8

Other exceptions

Provided that such measures are not used as a means of arbitrary or unjustifiable discrimination, or as a disguised restriction on trade between the Member States, nothing in this Agreement shall prevent the adoption or enforcement by a Member State of measures:

- (a) necessary for the protection of its essential security interests;
- (b) necessary to protect public morals;
- (c) necessary for the prevention of disorder or crime;