

Email received from Ms Shona Hawkes on 30 July 2009

Dear DFAT,

I am writing to express my concerns regarding PACER Plus, a proposed regional free trade agreement between Australia, New Zealand and 14 Pacific Island countries. PACER Plus, which will cover trade in goods, services and investment, will have serious and lasting implications for Pacific Island economies and societies. This includes:

Undermining a key source of revenue for Pacific governments through the removal of tariffs. A 2007 report commissioned by the Pacific Islands Forum Secretariat indicates that with the removal of tariffs on Australian and New Zealand imports under PACER Plus, Fiji, PNG, Samoa and Vanuatu stand to lose at least \$10 million dollars in annual government revenue; while other countries such as Cook Islands, Kiribati, Samoa, and Tonga stand to lose at least 10 per cent of their annual government revenue.

Closure of local businesses and loss of jobs. Few Pacific businesses or producers are ready for open competition with Australian and New Zealand companies or imports. Dr Wadan Narsey, Economics Professor at the University of South Pacific, predicts that PACER Plus could lead to the closure of about 75 per cent of Pacific manufacturing, resulting in the loss of thousands of jobs.

Loss of policy space for Pacific governments. Obligations under PACER Plus will likely limit the policy choices Pacific governments can pursue to develop their economies such as favouring local firms and suppliers, and regulating provision of services in the public interest. Furthermore, once the agreement is signed, obligations entered into under PACER Plus will be difficult, if not impossible to reverse.

Pacific governments and civil society organisations have emphasised the need for a program of national consultations and thorough research in Pacific Island Countries on the implications of PACER Plus, prior to beginning negotiations.

The Australian government has ignored these requests and is instead pushing to fast-track PACER Plus negotiations. As part of this push, the Australian government has been making promises of more aid. While aid can make a valuable contribution to Pacific Island economies and communities, the provision of aid must not be contingent on advancing PACER Plus negotiations.

If Australia is genuine about its commitment to helping promote sustainable development in the Pacific, then it must allow sufficient time for independent assessments of the potential implications of PACER Plus so that Pacific countries and communities can determine what type of trade arrangements are in their interest.

Pressuring Pacific governments to rush into negotiations without having undertaken national consultations and sufficient analysis of potential impacts would pose serious threats for Pacific Island economies, businesses and communities.

I urge the Australian government to refrain from commencing PACER Plus negotiations until national consultations and independent research has taken place in the Pacific Island countries.

Yours sincerely,
Shona Hawkes

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