

PACER+PLUS

OUTCOMES: INVESTMENT

PACER Plus is the first agreement to address investment between the Pacific island countries and developed countries to address investment. The Agreement will increase awareness of investment opportunities, while reinforcing legal protections for investors (both domestic and foreign). For the Pacific island countries, increased flows of direct foreign investment will help to meet the need for capital. Investment is expected to be targeted towards agricultural, mineral and marine endowments, as well as developing niche offerings in services, especially tourism, and manufacturing. Around the world, carefully-targeted inflows of direct investment have produced positive development outcomes by raising productivity, creating jobs, strengthening skills and promoting institutional development.

See the Investment [Schedule](#) by each PACER Plus member country.

Member commitments cover five areas: agriculture, hunting and forestry; fishing; mining and quarrying; manufacturing; and electricity, gas, and water supply. Australia's commitments are in line with our [foreign investment framework](#).

As with services, commitments are on a positive list basis. Each member country designates specific sectors in its national schedule, indicating the type of access and treatment the country is prepared to offer investors from other countries. The positive listing provides flexibility to include only those sectors or parts of sectors members deem appropriate for their stage of development.



Scope

PACER Plus draws on provisions in international investment agreements to encourage the creation of a stable and predictable environment for investment subject to national policy objectives and the right of each member to regulate investment flows.

Key commitments include:

- + national treatment provisions in line with those for services: a member must treat local and foreign investors equally where like circumstances exist for economic activities listed in its investment schedule
- + most-favoured-nation (MFN) treatment: each member is required to extend automatically to other members the most favourable treatment it provides to third countries, unless it has an exemption in its MFN schedule
- + minimum standard of treatment: foreign investors/ investments are treated in accordance with customary international law, including fair and equitable treatment and full protection and security
- + compensation for losses: a member is required to treat investors from other member countries no less favourably than its own investors or investors from other members or non-parties in the event of armed conflict, civil strife or state of emergency
- + expropriation and compensation: a member is required not to expropriate or nationalise a covered investment unless undertaken in a non-discriminatory manner, for a public purpose and upon payment of prompt, adequate, and effective compensation, and
- + senior management and board of directors: members are prohibited from requiring the appointment of particular nationalities to senior management positions in businesses that are covered investments.

Pacific island countries' commitments on investment, as well as on services, reflect existing legislation. Some Pacific island countries have noted in their Schedules on Services and Investment that they will consider revising these schedules to reflect any new or improved rules or regulations on services or foreign investment after commencement of the Agreement.

PACER Plus does not include investor state dispute resolution provisions.



Capacity building and development assistance

Australia and New Zealand have committed to provide capacity building and training to assist the Pacific island countries to adapt and improve regulations to support, and potentially deepen, investment linkages. While members are yet to work out details, this assistance to the Pacific island countries may include help to:

- + enhance their capacity to facilitate investment flows, including through the private sector,
- + undertake legislative reforms that enhance the investment and business operating environment, including with regard to public enterprises, and
- + assess and improve the investment climate with the involvement of the private sector.