

PACER PLUS

PACIFIC AGREEMENT ON CLOSER ECONOMIC RELATIONS PLUS



Investment

PACER Plus is the first agreement for the Pacific island countries with developed countries to address investment. Its outcomes are win-win for Australia, New Zealand and the Pacific island countries: the Agreement will increase awareness of investment opportunities, while reinforcing legal protections for investors (both domestic and foreign). For the Pacific island countries, increased inflows of direct foreign investment will help to meet their needs for capital in developing their rich 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 Party.

Parties' 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, so that each Party designates specific sectors in its national schedule, indicating what type of access and what type of treatment for each sector a country is prepared to offer investors from other countries. The positive listing provides flexibility to include only those sectors or parts of sectors Parties deemed 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 Party to regulate investment flows.

Key commitments include:

- national treatment provisions in line with those for services: a Party 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 Party is required to extend automatically to other Parties 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 Party is required to treat investors from other Parties no less favourably than its own investors or investors from other Parties or non-parties in the event of armed conflict, civil strife or state of emergency
- expropriation and compensation: a Party 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: Parties 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 entry-into-force of the Agreement.

PACER Plus does not include investor state dispute resolution provisions.

Capacity building and development assistance

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 Party to regulate investment flows.

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 Parties are yet to work out details, this assistance may include capacity building and training for the Pacific island countries 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.