

PACER PLUS

PACIFIC AGREEMENT ON CLOSER ECONOMIC RELATIONS PLUS



PACER Plus at a Glance

PACER Plus is a regional development-centred trade agreement designed to support Pacific island countries to become more active partners in, and benefit from, regional and global trade, as well as to provide commercial benefit to Australian businesses. The negotiations were concluded in Brisbane on 20 April 2017 by 14 members of the Pacific Islands Forum: Australia, Cook Islands, Federated States of Micronesia, Kiribati, Nauru, New Zealand, Niue, Palau, Republic of the Marshall Islands, Samoa, Solomon Islands, Tonga, Vanuatu, and Tuvalu.

PACER Plus entered into force on 13 December 2020. Eight countries are Parties to the Agreement: Australia, Cook Islands, Kiribati, New Zealand, Niue, Samoa, Solomon Islands and Tonga.

PACER Plus covers trade in goods (rules of origin and verification procedures, customs procedures, biosecurity measures, and standards and conformance), trade in services, investment, temporary movement of natural persons, development and economic cooperation, institutional arrangements, transparency, and consultation and dispute settlement. Schedules of commitments cover tariffs, services, investment and movement of natural persons.

Opportunities for Australian business

PACER Plus will improve the business environment in Pacific island countries for Australian exporters and investors in a range of sectors. Opportunities for businesses will increase over time as the provisions of the agreement lead to more open and transparent policies, and as wider relationships are built regionally and beyond.

A development-focussed agreement

PACER Plus commits all Parties to economic cooperation and development. A key objective is to support Pacific island countries to become more active partners in, and benefit from, regional and global trade. This in turn will create opportunities for growth, jobs and increasing living standards.

Pacific island countries face a range of development challenges including small domestic markets and narrow production bases, weak regulatory and private sector capacity, low savings and investment rates, as well as high trade and business costs. They also have young, fast growing populations that need opportunities and jobs.

Parties' commitments on tariffs, services and investment will foster greater flows of goods, services and investment between Australia, New Zealand and the Pacific island countries. Pacific island countries will liberalise at a pace that takes into account their levels of development and unique challenges as small island developing economies. In implementing PACER Plus, Pacific island countries will work to simplify regulations, which will benefit consumers and businesses across the region. Pacific island countries will be assisted to do this. Collectively, these initiatives will create greater certainty resulting in increased business confidence and new opportunities for growth, jobs and rising living standards.



To support Pacific island countries to meet these challenges, PACER Plus:

- builds a framework of international rules that will, over time, increase predictability, transparency and stability in the regional business environment, especially in areas in which Pacific island countries trade.
- delivers targeted and responsive technical assistance to help Pacific island countries benefit from trade.

Goods

On entry-into-force of the Agreement, Australia and New Zealand bound (guarantee) all tariffs on all Pacific island countries goods imports at zero. Pacific island countries have committed to liberalise tariffs and more information is available in the [Trade in Goods](#) fact sheet.

Pacific island countries will benefit from modernised rules of origin ([ROO](#)) and flexible product specific rules (PSR), allowing Pacific island country producers to obtain inputs from a range of external as well as domestic sources and still qualify for duty-free entry to Australia and New Zealand. This flexibility will boost opportunities for more domestic value adding.

PACER Plus will support Pacific island countries to modernise their customs processes and procedures, in turn reducing the cost of importing and exporting and increasing opportunities for intra-Pacific island country and inter-regional trade.

PACER Plus commits Parties to prepare and apply regulations, standards or procedures based on the World Trade Organization (WTO) Agreement on Technical Barriers to Trade, but only to the extent of their capacity for non-WTO Members. Meeting these standards will increase opportunities for Pacific island countries in the global trading system, which is increasingly reliant on international standards and quality assurance.

Under PACER Plus, Australia and New Zealand will assist Pacific island countries to improve their sanitary and phytosanitary ([SPS](#)) capabilities, so that they can convert access opportunities in Australian and New Zealand markets into actual trade gains.

Services and Investment

PACER Plus is the first trade agreement for the Pacific island countries to include commitments on services and investment in sectors such as agriculture, fisheries, manufacturing, tourism and energy. Services are the single biggest component of Pacific island country economies and the principal source of jobs. Services are central to micro, small and medium enterprise participation in regional trade. PACER Plus will create more transparent and predictable operating conditions for domestic and foreign service providers.

PACER Plus investment outcomes are win-win for Australia and all Parties. Commitments under PACER Plus will increase investor confidence in the Pacific island countries. For Pacific island countries, increased inflows of direct foreign investment will help to meet their needs for capital and technology in developing their rich agricultural, mineral and marine resources, as well as developing niche offerings in services, especially tourism and manufacturing. More information is available in the [Trade in Services](#) and [Investment](#) fact sheets.

Movement of Natural Persons (MNP)

PACER Plus will facilitate the cross-border movement of skilled workers through targeted commitments on temporary entry and stay, of specific service suppliers. The [MNP](#) fact sheet provides further information.

Labour Mobility Arrangement

In keeping with global FTA practice, PACER Plus does not include treaty-level commitments on unskilled and semi-skilled workers. Australia, New Zealand and the Pacific island countries have agreed on a separate non-binding Labour Mobility Arrangement establishing a regional framework to enhance and promote labour mobility cooperation, including through the Pacific Labour Mobility Annual Meeting. More information is available in the [Labour Mobility Arrangement](#) fact sheet.

Development Assistance

Dedicated assistance from Australia and New Zealand will be critical to ensuring Pacific island countries' improved access to international markets. To this end, PACER Plus includes a Chapter on Development and Economic Cooperation and an accompanying implementation arrangement. These provide a framework through which Parties will work together to identify needs for assistance, prioritise activities and evaluate progress. The PACER Plus Joint Committee, consisting of representatives of the Parties, will act as the governing board for this work.

Australia is providing up to \$4 million of Official Development Assistance (ODA) to assist Pacific island countries to prepare to ratify and implement the Agreement, and \$19 million to support implementation of the Agreement. Negotiating Parties have already identified immediate needs, particularly in modernising Pacific island countries' customs processes and procedures. New Zealand is co-funding these activities with a further contribution of \$3.7 million and \$6.5 million towards the two ODA packages respectively.

Australia has also committed to an Aid for Trade funding target of 20 per cent of Pacific ODA to help address supply-side constraints and build Pacific island countries' capacity to trade. In 2016-17, total ODA to the Pacific is estimated to be up to \$1.1 billion. This broader trade- and investment-related assistance will help address needs identified by Pacific island countries at regional and bilateral levels, including through existing Aid Partnerships. New Zealand has committed to a funding target of 20 per cent of its total ODA to Aid for Trade in the Pacific.

Transparency

PACER Plus has a strong emphasis on transparency and accountability. This is in response to concerns from business that unnecessarily complex and opaque regulatory processes in the Pacific impose significant costs that weigh heavily on small and medium-sized enterprises. PACER Plus contains obligations to ensure that laws, regulations, procedures, and administrative rulings in relation to the Agreement are publicised quickly. It also contains obligations to notify other Parties when introduced measures affect them.

Institutional Arrangements and Forward Agenda

Nauru, Tuvalu and Vanuatu have signed but not yet ratified the Agreement. PACER Plus will enter into force for them sixty days after the date on which they notify the Depositary of their ratification.

PACER Plus has review processes to provide an opportunity for Parties to assess progress against expected outcomes and refresh the Agreement. Parties will review PACER Plus three years after entry-into-force and then every five years after that. This will occur across-the-board, as well as in specific elements like services, investment, MNP and development cooperation.

The Agreement is open to other countries to join. Negotiating parties commend the Agreement to the other members of the Pacific Islands Forum, as well as to other major trading partners.