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. 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. New Zealand, Australia, Samoa, Tuvalu, Kiribati, Tonga, Solomon Islands, Niue, Cook Islands are Parties to the Agreement, with Vanuatu’s Parliament ratifying on 24 May 2022. Nauru has signed the agreement but have not ratified.

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 is improving 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 members 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 creates 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.

Members’ commitments on tariffs, services and investment support the flow of goods, services and investment between Australia, New Zealand and 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 are working to simplify regulations, which benefits consumers and businesses across the region. 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 (guaranteed) all tariffs on all Pacific island countries goods imports at zero. Pacific island countries have committed to liberalising tariffs - more information is available in the Trade in Goods fact sheet.

Under PACER Plus, Pacific island countries 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 boosts opportunities for more domestic value adding.

PACER Plus is supporting 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 members 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 increases 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 are assisting 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 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 creates more transparent and predictable operating conditions for domestic and foreign service providers.

PACER Plus investment outcomes are win-win for Australia and all members. Commitments under PACER Plus increase investor confidence in Pacific island countries. For Pacific island countries, increased inflows of direct foreign investment 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 facilitates 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 members will work together to identify needs for assistance, prioritise activities and evaluate progress. The PACER Plus Joint Committee, consisting of representatives of the members, will act as the governing board for this work.
The Australian Government, together with New Zealand, meets these needs through the PACER Plus Implementation Package (AUD19 million + NZD7 million, 2021-25). The Implementation Package assists PACER Plus members maximise the benefits of the trade agreement.

To deliver the Implementation Package, in 2021 members established a bespoke organisation called the PACER Plus Implementation Unit – based in Apia, Samoa. As a Pacific trade centre of excellence, the Unit is the secretariat of the trade agreement and provides advisory and technical support to PACER Plus members.

These efforts build upon the successes and lessons learned from Australia’s ‘Readiness Package’ support (AUD4 million 2016-21), which provided technical support to signatories in preparation for PACER Plus’s entry into force. It is part of Australia broader Aid for Trade, private sector development and economic growth support to Pacific islands countries through our Pacific regional and bilateral development programs.

**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 members when introduced measures affect them.

**Institutional Arrangements and Forward Agenda**

PACER Plus has review processes to provide an opportunity for members to assess progress against expected outcomes and refresh the Agreement. Members 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, Movement of Natural Persons and development cooperation.

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