

PACER Plus: supporting trade and development in the Pacific

PACER Plus was signed in Tonga on 14 June. One of its most distinctive features is its developmental credentials of this Agreement – and the motivations behind that.

PACER Plus is not about competing or about winners and losers. It is about shared prosperity and encouraging economic development in Pacific nations. New Zealand has negotiated PACER Plus in good faith, as good neighbours and as friends. We have done so in a spirit of partnership, and as equals who share a common desire to make the lives of our respective peoples better. The agreement, the associated development and cooperation programme and the labour mobility and skills training arrangements, are deeply important to New Zealand.

New Zealand is a Pacific country, and we are committed to supporting our region to be more resilient and more prosperous. New Zealand has no closer relationship with a group of countries than with Pacific Island Nations. We have very strong personal ties with almost 300,000 Pacific Islanders calling New Zealand home and Pacific people are projected to make up 10% of our population by 2038. There is no up-side for New Zealand if the Pacific does not grow in prosperity and well-being.

So what are PACER Plus' development credentials?

- Pacer Plus is more flexible for Pacific Island countries than almost any other trade agreement New Zealand has or is likely to sign. No tariff commitments have been made in sectors that countries judged too sensitive. Reductions in tariffs can take place over as much as 35 years – far more longer than traditionally seen in FTAs – to give countries time to build up domestic industries, competitiveness and offset potential revenue loss from reduced tariffs. The industry development provisions mean that during this time if they want to adjust their tariff commitments to protect local industries that aren't already protected then they can.
- Parties who are not WTO members only have to make "best endeavours" to comply with applicable WTO agreements – this gives them policy space and time to calibrate the pace and nature of compliance.
- PACER Plus doesn't seek any changes to the land tenure systems in the Pacific. There is no requirement to allow foreign ownership as a condition of foreign investment. PACER Plus acknowledges that some jobs will be reserved only for locals.
- PACER Plus does not impair the ability of countries to make legitimate public policy. It also includes exceptions covering a wide variety of policy areas that are critical for government to preserve regulatory freedom, including health, environment, security and taxation. All services delivered as an exercise of governmental authority remain completely outside of the Agreement.

- PACER Plus improves on SPARTECA by dedicating resources to build capacity to meet New Zealand's biosecurity standards – meeting these standards creates a platform for meeting standards for markets outside of the region.
- Preparatory activities are being planned and rolled out already, rather than waiting for the Agreement to enter into force.
- New Zealand and Australia will provide direct funding comprising :
 - A readiness Package worth AU7.7 million to respond to Pacific signatories' requests for assistance to prepare for entry into force of the Agreement; and
 - AU\$25.5 million to fund a five-year Development and Economic Cooperation Work Programme. The funding will support Pacific Parties to modernise their customs and clearance systems, reduce biosecurity risks, promote Pacific exports internationally, and attract investment into local enterprises. Priorities for the Work Programme will be jointly decided by the Parties through a Joint Committee.
- PACER Plus will also drive greater coherency and effectiveness in the mobilisation of other development resources In support of sustainable economic development:
 - New Zealand's has committed to investing at least 20 percent of its total Official Development Assistance in 'Aid for Trade' in the Pacific for the first five years after entry into force. This could be used for economic infrastructure such as renewable energy and information and communications technology; productive capacity building in key export sectors such as agriculture, fisheries and tourism; and enhanced trade facilitation and labour mobility. This regional investment target will be implemented differently in each country, and will be mutually determined through bilateral development talks. This ensures countries' economic developments support rather hinder social priorities.
 - New Zealand is already responding to a number of priorities that Pacific Parties raised during the negotiations. This includes expanding our Pacific labour mobility programme and increasing training opportunities for Pacific workers while they are in New Zealand; improving tourism market research and information; increasing our support to strengthen Pacific qualifications frameworks; and renewing our investment in the Pacific Horticultural and Agricultural Market Access program.

Over the next few months, the focus will be on planning how best to mobilise those resources. Within New Zealand, we expect the key areas of work to revolve around:

- Bio security and Customs
- Labour mobility
- Targeted private sector engagement
- Maori economy
- Pasifika/Pacific onshore-off shore dynamic

- Devise meaningful trade and development indicators and a results framework that will measure the impact of PACER Plus and provide a means to further evaluate and address potential environmental and social impacts.

As you can see, signing PACER Plus doesn't mark the end of a negotiation, but the continuation of an exciting journey. Establishing productive links with private sector, non-governmental organisations, academia and with Māori and Pasifika groups will be critical to elaborate on how New Zealand can contribute to realising the collective vision that lies behind PACER Plus.