

The PACER-Plus trade negotiations: A quick update



Wesley Morgan. Canberra. June 27, 2013

Answering a series of questions

- PACER-Plus: What is it?
- Where did PACER-Plus come from?
- What do the Forum Island Countries want?
- What are Australia and New Zealand offering?
- Where to from here?



Disclaimer: Only so much can be said in 10 minutes

Q: PACER-Plus: What is it?



‘PACER Plus is not just a trade agreement: it is fundamentally concerned with developing the capacity of the Pacific region.’
Australian Trade Minister Simon Crean. February 2009.



PACER-Plus is ‘a waste of time’ – PNG Trade Minister, Richard Maru. May 2013.

A: Opinions diverge

Q: Where did PACER-Plus come from?

‘We feel that the free trade area option is the best way for our members to deal with the many issues being raised by globalisation.’



General Secretary
of the South Pacific
Forum, Noel Levi.
1999

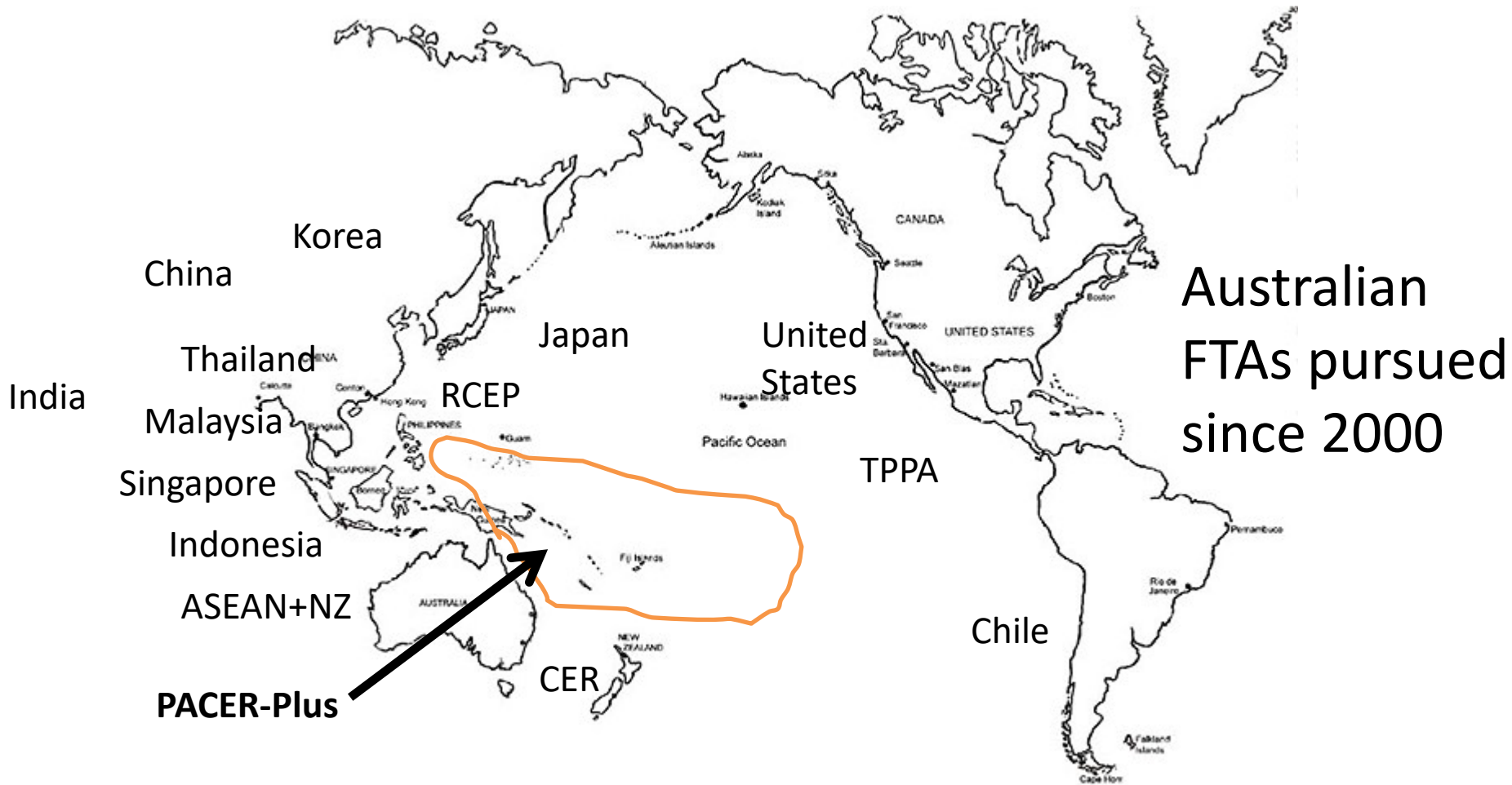


PACER ‘protects Australian interests in the event that Forum Island Countries begin negotiations for a free trade agreement or offer improved market access to another country’.

Alexander Downer. 2003

A: Australia *reacted* defensively to Pacific and EU proposals

Q: Where did PACER-Plus come from?



A2: Pursuing FTAs in the Asia-Pacific region is DFAT policy

Q: What do the Forum Island Countries want?

“Unfortunately, studies have shown that there is likely to be a permanent wedge between the cost of production in the Pacific and the world price in both manufacturing and services, making it difficult for the islands to compete in all but a few niche markets”

World Bank 2009

A: Recognition of their unique circumstances

Q: What do the Forum Island Countries want?

‘Pressure to negotiate reciprocal FTAs with developed country partners has thrown into sharp relief **the relatively small contribution to PIC development that can be expected from a conventional FTA** ... this has led in turn to intensified efforts on the part of the PICs to identify dimensions with a greater potential development contribution that could be included in these agreements.’



Professor Rob Scollay.
University of Auckland.

A: Recognition of their unique circumstances

Q: What do the Forum Island Countries want?

- Additional access to Australian and New Zealand labour markets
- Development assistance to help develop trade capacity
- Improved rules of origin to expand range of export
- Measures aimed at facilitating investment and reducing costs of finance
- Possibly measures intended to improve quarantine assessment for island produce



Based in Port Vila, the OCTA is key for developing Pacific island proposals.

A: The island states are still developing proposals

Q: What are Australia and New Zealand offering?

- Funding for the OCTA (reluctantly / strings attached)
- Training for Pacific trade officials to engage negotiations
- Few concessions on changes to rules of origin
- *Possible*: an annexed 'work program' to help implement agreement
- *Possible*: an annexed commitment to improved labour mobility arrangements

A: A standard FTA



I think at the moment there is a need for Australia and New Zealand to decide what to put on the table. **At the moment there is really nothing of value** for the Forum Island countries.

Chris Noonan. Pacific Chief Trade Advisor (2009-2011)

Q: Where to from here?

- May drag out for some time
- Little sign of political engagement from the Australian government
- Island states increasingly disaffected
- Best ideas are being pursued elsewhere
- Linked with the broader politics of regional cooperation in the Pacific
- Commitment to regionalism currently under strain



A: Difficult to say – but signs are not good

Thank you



**The Political Economy Dynamics of Regionalism in the Pacific:
Challenges and Opportunities in the 21st Century**

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