

PACER Plus: why it matters now

by Alex Hawke

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Assistance to access international markets is now extended to PACER Plus parties.

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The Pacific Agreement on Closer Economic Relations Plus – or PACER Plus – entered into force on 13 December, marking the start of a new journey in which parties will determine and co-deliver their own priorities for increasing trade across the Pacific.

In a milestone for Pacific regional development, PACER Plus provides a new platform to support economic recovery. The fact that four of the eight Pacific partners that have ratified PACER Plus so far did so during the COVID-19 pandemic underscores the value they place on the agreement in these most challenging times.

As Cook Islands Prime Minister Mark Brown said, “We are certain that PACER Plus will open new trade and investment opportunities for the Cook Islands that have not existed before. As with every Agreement, however, it will be up to us to take advantage of those opportunities in the months ahead.”

PACER Plus is both a trade agreement and a development agreement. As well as covering trade in goods, services and investment, it includes A\$25.5 million to assist Pacific island countries to build their capacity to implement the agreement and take advantage of new trade opportunities. Pacific island countries stand to benefit through cheaper imports, including cheaper manufacturing inputs, and modernised, more flexible and less restrictive rules of origin, that will facilitate their exports.

Benefits so far – a more streamlined and digital Pacific

Tangible benefits have flowed to the Pacific, even before PACER Plus entered into force, with an A\$7.7 million technical assistance package from Australia and New Zealand to support ratification. Pacific island countries themselves have identified priorities for this assistance.

As a result, across the Pacific there are now nine national [trade portals](#), and one regional one. They provide up-to-date information in one place on trade processes

and procedures for each country. Traders can easily access information on export, import and business procedures, trade and investment related legislation, tariffs and contact points.

In addition to this support, a new automated system for customs data is also being rolled out in six Pacific island countries that have joined PACER Plus. Border functions are becoming more efficient and transparent, improving the accuracy of trade statistics and increasing revenue collection. Frontline customs officers use new software to process passengers, improving risk-screening and strengthening border controls. It has opened up possibilities for region-wide border clearance protocols, when our region is ready to open up again. This will support the region's economic recovery from COVID-19, particularly for those economies heavily reliant on tourism.

Supporting Pacific access to the Australian market

Notably, Australia is also investing in complementary measures to assist Pacific island countries to trade. For example, Pacific exporters are being supported to meet biosecurity and quality requirements to access key markets in Australia and New Zealand. The Pacific Horticultural and Agricultural Market Access Program (PHAMA Plus) has helped to open, maintain or improve access to Australian and New Zealand markets for Pacific exporters of beef, taro, watermelon, cooked breadfruit, ginger, copra, fresh Tahitian limes and sawn timber. Pacific exporters of coffee, cocoa, squash, kava and fish have also been able to gain access to other international markets. This assistance is now being extended to PACER Plus parties: Kiribati, Cook Islands and Niue, along with existing support for Papua New Guinea, Fiji, Tonga, Samoa, Vanuatu and Solomon Islands.

The broader regional economic picture

Growing labour mobility between Australia and the Pacific will also drive trade, investment and regional economic integration. In 2019, before the COVID-19 pandemic, 12,000 Pacific workers from PACER Plus member countries came to Australia under Australia's long-running Seasonal Worker Programme and the more recently established Pacific Labour Scheme. These workers learnt new skills and supported their families and communities at home with remittances, as well as supporting regional Australia.

Since the pandemic hit, forcing borders across our region to close, Australia has placed a high priority on recommencing Pacific labour mobility programs as soon as it has been safe and possible to do so. Over 1,000 Pacific and Timorese workers have arrived in Australia since September with more to follow. Recently, for

example, 307 workers arrived from Solomon Islands and Tonga to help address critical workforce shortages in the agriculture and meat processing sectors in regional Queensland and New South Wales.

Remittances will be vital to the Pacific's economic recovery. However, the average cost of sending remittances from Australia to the Pacific remains among the highest in the world. We are working to support accessible and affordable remittance flows to the Pacific and continue to invest in a range of initiatives to support an environment of lower-cost remittance services.

For Tongan workers, more of their earnings can now reach families and communities at home, with the launch of a secure online cashless remittances product '[Ave Pa'anga Pau](#)', almost halving the cost of sending money home. This product has been developed by the Tonga Development Bank and the World Bank's International Finance Corporation, with support from Australia and New Zealand, and will inform the design of future Pacific-wide remittance solutions.

Recognising the extent of the economic damage COVID-19 is causing in the Pacific, the Government announced in the 2020/21 budget an additional \$304.7 million two-year Pacific COVID-19 Response Package. This package will help the Pacific mitigate fiscal crisis, maintain essential health and other services, protect the most vulnerable people and re-establish and sustain air connectivity.

The Sustainable Pacific Air Connectivity Program announced by the Foreign Minister recently will underpin economic recovery and integration. A Pacific flights program, funding for the Pacific Aviation Safety Office, and support to reduce inefficiencies in the aviation sector will help reconnect Pacific island countries at this critical time. Pacific health security, stability, and economic and social recovery will rely on regular and reliable air connectivity with the rest of the world.

People are at the heart of Australia's partnerships in the Pacific. Greater economic integration will bring people closer together, underpin recovery, and build a region that is more stable, prosperous and secure – for all of us.

This post is the fourth post of the [#PACER Plus series](#). You can find the first post [here](#), the second [here](#), and the third [here](#).

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Link: <https://devpolicy.org/pacer-plus-why-it-matters-now-20201215-2/>