

Introducing PACER Plus



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Introducing Pacific Agreement on Closer Economic Relations (PACER) Plus

A legal agreement with sustainable development for the Pacific at its core

Trade in goods	Rules of origin & verification	Customs	Biosecurity
Standards and conformance	Training qualification recognition	Trade in services	Investment
Temporary movement of natural persons	Transparency	Development and economic cooperation	Consultation and dispute settlement

PARTIES

1. Australia
2. Cook Island
3. Kiribati
4. New Zealand
5. Niue
6. Samoa
7. Solomon Islands
8. Tonga
9. Tuvalu
10. Vanuatu

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Trade in Goods

- Goods - Preferential tariff rates for goods imported into countries that are a party
- Rules of origin which are rules that determines origins of goods that can qualify for those preferential tariffs;
- Customs procedures for claiming preferential tariff rates; and general principles for Customs procedures among the countries that are party to the Agreement.
- Sanitary & Phytosanitary Measures
- Technical Regulations, Standards & Conformance Assessment Procedure

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Tariff Commitments

- Pacific island countries have committed to liberalize tariffs under Schedule of tariff commitments by each PACER Plus Party.
- As a development agreement, Pacific island countries' tariff commitments under PACER Plus take into account their unique economic situation as small island developing economies and individual capacities including Least Developed Country (LDC) status, WTO membership and reliance on tariff revenues.
- Timeline for liberalizing tariffs to 0% over a period of 25 years from entry in force of Agreement
- Australia and New Zealand reduced tariffs to zero on entry into force
- Year 1 - Calendar year following that of the date of its graduation from LDC status or the 11th calendar year from the date of entry -2031

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Rules of Origin

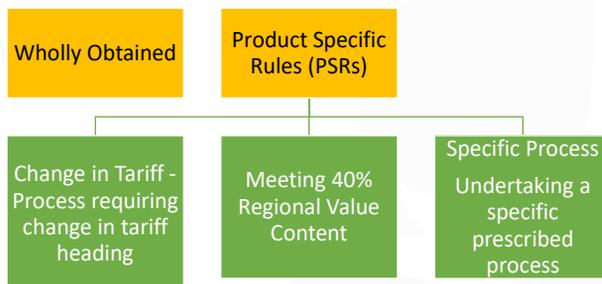


- ❑ Origin is the 'economic' nationality of goods traded in commerce. It is the origin that determines the duties and taxes apply to a product when exported abroad.
- ❑ PACER Plus follows a general approach to Rules of Origin (RoO) that is similar to other trade agreements in Pacific.
- ❑ PACER Plus has modern and flexible ROO and PSRs that will help create more opportunities for domestic value-adding for goods traded by members. This will support greater participation of the members in regional and global supply chains.

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Rules of Origin & Verification



Verification of Origin Procedures

- Article 15 of the Rules of Origin Chapter requires the use of a Declaration of Origin which must be completed by the exporter or producer or their representative
- ❖ There is no standard template.
- One can use the invoice of the goods or a separate document with company letterhead
- A DoO remain valid for 2 years from the date of signing.

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Examples

Wholly Obtained

- Good is entirely obtained, extracted and manufactured or produced in a single country without using inputs imported from other countries.
- Plants, live animals, marine goods, minerals

Change in Tariff

- “CC” - tariff classification at the 2-digit level
- “CTH” - change in tariff classification at the 4-digit level
- “CTSH” a change in tariff classification at the 6-digit level
- Fish (Chpt 03) + Ingredients = Canned Tuna (Chpt 16)

Specific Process

- HS0302-0303: Product Specific Rule
- Specific Process: Landed; gutted or cleaned and vacuum-packed

Regional Value Content

- Formula
- RVC = $\frac{V - VNM}{V} \times 100$
- V = Value of the finished good exported
- VNM = Value of Non-Originating Materials (CIF value at time of importation)
- Value of goods will be determined according to Agreement on Customs Valuation



Biscuit made in Solomon Island

Raw Material	Origin	Value
Flour (non-Originating)	China	\$1.00
Sugar (Non-Originating)	China	\$0.25
Flavor (Non-Originating)	Philippines	\$0.25
Eggs (originating)	To	\$1.00
FOB (includes costs & profits)		\$4

$$RVC = \frac{4 - (1+0.25+0.25)}{4} \times 100 = 62.5\%$$

Manufacturing Process in Solomon Island
The RVC of the biscuit is 62.5% (greater than 40%), meet the ROO requirement and therefore is an originating good of Solomon Island

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Trade Remedies & Industry Development



Trade Remedies

- Parties to impose antidumping and countervailing duties as well as global safeguard measures on a Party's product if the relevant conditions are satisfied
- Transitional safeguards also possible where a product is being imported into a Party's territory in such increased quantities and under such conditions as to cause or threaten to cause serious injury to the domestic industry that produces a like or directly competitive good.
- Remedy: Party can suspend tariff reductions or increase the level of its tariff to the MFN applied rate of duty or the general non-preferential applied rate of duty (the lesser of the two). Distinction between WTO Parties and non-Parties

Private Sector

- Possibility for Parties to impose measures for purposes of industry development
- Measure could take the form of a suspension of tariff reductions or an increase in the level of tariffs to the MFN applied rate of duty (for WTO Parties) or to the general non-preferential applied rate of duty (for non-WTO Parties) at the time request is made

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Customs Procedures in PACER Plus: Facilitation of Trade



- Reduced tariffs across the parties
- Trade facilitative regional rules of origin
- Reduced red tape and improved transparency for business.

Predictable
Consistent
Transparent

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The **purpose** of SPS Measures is to protect the health of humans, animals, plants and territories



1. Protect human life and health against food safety and disease risks e.g: additives, toxins, contaminants in food/drinks; animal-carried diseases



2. Protect animals against disease and feed safety related risks e.g: animal diseases, disease carrying/causing organisms; additives, contaminants, toxins or disease-causing organisms in feed



3. Protection of plants against pests, diseases, disease causing/carrying organisms



4. Protection of the environment against other damage caused by the entry, establishment of spread of pests

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The **purpose** of Technical Barriers to Trade (TBT) Measures are related to protecting health, safety, environment and providing consumer information

Technical Regulations

- Mandatory regulations that sets out product characteristics/process and production methods e.g: terminology, symbols, packaging, marking or labelling requirements that apply to the product, process or production method

Standard

- Same as Technical Regulation but are voluntary measures approved by a recognized body that provides rules, guidelines or characteristics for products, processes and production methods e.g: ISO standards

Conformity Assessment Procedure

- Any procedure used, directly or indirectly, to determine that relevant requirements in technical regulations or standards are fulfilled

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Trade in Services PACER Plus



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Sector coverage

"All Services in all sectors" (other than exclusions)

- Business Services
- Communication
- Construction
- Distribution
- Education
- Environmental Services
- Health Related Services
- Financial Services
- Tourism
- Recreation, Culture, Sports
- Transport
- Other Services

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Ecommerce



- ❖ E-commerce presents a sustainable development approach that overcomes our geographic development challenges
- ❖ Potential to increase Mode 1 or Cross-Border Trade in Services as a range of services would be increasingly delivered electronically
- ❖ E-commerce is crucial for MSME development; provides increased market access and participation in value chains (domestic and export)
- ❖ Opportunities to increase efficiencies in supply-chain management thereby positively impacting both trade in goods and trade in services

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Investment



- ❖ The Investment Chapter aims to encourage a stable and predictable environment to attract and promote investment between PACER Plus countries
- ❖ Most of the obligations in the Investment Chapter apply in respect of all investors and investments, regardless of whether or not the relevant sectors have been listed by a country in its Schedule of Commitments.
- ❖ Commitments cover five areas: agriculture, hunting and forestry; fishing; mining and quarrying; manufacturing; and electricity, gas, and water supply.

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Labour Mobility Arrangement



- ❖ PACER Plus recognizes labour mobility as a vital trade initiative between Australia, New Zealand and Pacific Island countries, delivering shared economic benefits across the region.
- ❖ The Arrangement on Labour Mobility is formulated to strengthen Pacific labour mobility cooperation between Participants.
- ❖ The Arrangement on Labour Mobility is predominantly concerned with labour markets for low- or semi-skilled workers, and is closely correlated with the PACER, where Chapters are in place for Movement of Natural Persons and more focused on the mobility of skilled labour and business-related travel and employment.
- ❖ Arrangement established the Pacific Labour Mobility Annual Meeting

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Measuring Performance of PACER PLUS

PFU Program Logic						
Goal	Participants utilize PACER Plus and the Arrangement on Labour Mobility for trade, investment and development and economic opportunities for inclusive economic development					
Long Term Outcome (20+ years)	PACER Plus Participants increase productivity, transparency, stability and value of trade and investment transactions in the Pacific Region		Public and private sector market actors in PACER Plus Participants benefit from targeted and responsive labour mobility strategic policy support		PACER Plus Participants benefit from targeted and responsive labour mobility strategic policy support	
Intermediate Outcomes (5 - 10 years)	Trade in Goods: Participants begin efficient & transparent implementation of Agreement commitments on WTO Customs, SPS measures, & technical regulations, standards & conformity assessment procedures					
	Trade in Services: Participants adapt, improve, & harmonize regulations for, reduce barriers to, & improve regulations affecting services trade, building on the reduction in barriers to Tourism trade in services					
Investment: Participants increase investor confidence of PACER Plus opportunities, stability & access requirements to investment, & improve the investment climate in their countries						
Labour mobility: Public and private market actors benefit from targeted and responsive labour mobility strategic policy support for Pacific workers & enhance the positive development impact of Participating Countries						
Short Term Outcomes (2 - 5 years)	ROO	OS/HS/MS	SPS	TBT	Investment	Trade in Services
	Capacity building & institutional strengthening of ROO implementation & enforcement of ROO requirements & procedures	Capacity building & institutional strengthening of OS/HS/MS implementation & enforcement of OS/HS/MS requirements & procedures	Capacity building & institutional strengthening of SPS implementation & enforcement of SPS requirements & procedures	Capacity building & institutional strengthening of TBT implementation & enforcement of TBT requirements & procedures	Capacity building & institutional strengthening of Investment implementation & enforcement of Investment requirements & procedures	Capacity building & institutional strengthening of Trade in Services implementation & enforcement of Trade in Services requirements & procedures
Outputs	Information systems to promote transparency and access	Regulatory & policy reforms to improve OS/HS/MS implementation & enforcement of OS/HS/MS requirements & procedures	Information systems to promote transparency & access	Regulatory & policy reforms to improve OS/HS/MS implementation & enforcement of OS/HS/MS requirements & procedures	Information systems to promote transparency & access	Regulatory & policy reforms to improve OS/HS/MS implementation & enforcement of OS/HS/MS requirements & procedures
	Capacity building & institutional strengthening of ROO implementation & enforcement of ROO requirements & procedures	Capacity building & institutional strengthening of OS/HS/MS implementation & enforcement of OS/HS/MS requirements & procedures	Capacity building & institutional strengthening of SPS implementation & enforcement of SPS requirements & procedures	Capacity building & institutional strengthening of TBT implementation & enforcement of TBT requirements & procedures	Capacity building & institutional strengthening of Investment implementation & enforcement of Investment requirements & procedures	Capacity building & institutional strengthening of Trade in Services implementation & enforcement of Trade in Services requirements & procedures
Activities	Participating and Economic Cooperation (Work Programme and Annual Plan)					
Inputs	Cross Cutting Elements (Communications, ROP, Climate)					
	PACER Plus Implementation Unit, PACER Plus Parties, Host team advisors, other stakeholders					

PACER Plus Participants increase predictability, transparency, stability and value of trade and investment transactions in the Pacific Region

Public and private sector market actors in PACER Plus Participants benefit from targeted and responsive trade-related technical assistance and related support

PACER Plus Participants benefit from targeted and responsive labour mobility strategic policy support

- HS
- Country of Origin
- Qty
- Mode of transport

Indicators
Quantitative and qualitative information on the implementation of the PACER Plus

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Capacity Needs — Data Collection



- Support for transposition of Harmonize System
- Support to ensure ASYCUDA can capture PACER Plus data, phased tariff liberalization and preferences
- Technical support for better data collection processes, analysis, and the reporting of quality data on services trade.
- Technical assistance to Improve data collection and information on remittances from seasonal workers overseas

- Harnessing the power of data
- Data analytics
- Harmonising the approach

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Regional Approach - Suggestion



- ❖ What are the goods of interest – trade, health, agriculture, environment etc?
- ❖ Adoption of common classification – Pacific Harmonised Commodity Description & Coding System (PACHS) 2022
- ❖ Use of common codes under Part II of Customs Tariff – for different trade agreements
- ❖ User-defined Reports for ASYCUDA World – Templates
- ❖ Training for those who input data – Customs Brokers