

Summary of views expressed in consultations on PACER Plus

On 6 August 2009, Pacific Islands Forum Leaders agreed at their meeting in Cairns to commence negotiations on a new regional trade and economic integration agreement, which is referred to as PACER Plus.

The first round of negotiations, which will discuss the scope and timetable for negotiations, is expected to be held no later than November 2009.

In line with the Government's commitment to ensuring Australia's trade objectives are pursued on the basis of community consultation, public consultations on Australia's participation in PACER Plus negotiations commenced on 1 July 2009.

The Department of Foreign Affairs and Trade, via newspaper advertisements, emails to stakeholders and its website, called for public submissions providing views on PACER Plus negotiations and specifically invited comment on the economic, regional, social, cultural, regulatory and environmental impacts expected to arise from Australia's participation. Reflecting the development aims of the negotiations, views were also sought on capacity building issues. The Department received over thirty written submissions from a variety of stakeholders.

Consultations were held with representatives from companies, industry bodies, academics, non-government organisations, unions and individuals, as well as State and Territory Government officials. All non-confidential submissions received will shortly be available on the Department's website.

The Australian Government welcomes all the submissions received and the views expressed during the initial consultations. These submissions and views will be considered in the formulation of our future approach to PACER Plus negotiations. The Australian Government will continue to provide an opportunity for domestic stakeholders to express their views throughout the course of the PACER Plus negotiations.

Priorities and objectives

A proportion of stakeholder views expressed indicate that there is clear support for the Australian Government's overall priorities and objectives for negotiation of a new Pacific trade and economic integration agreement with trade capacity-building and development assistance elements.

The Institute for International Trade, for example, stated that "PACER Plus has the clear potential to contribute to closer regional integration and assist in building the sustainable growth objectives of Pacific Islands Forum countries consistent with the Pacific Plan". It was also stated by the Institute that the "Pacific Island countries

could not afford to be 'left behind' by economic globalisation, and that closer integration into the region with its two developed country partners offered an important stepping stone if the long-term economic development aspirations of the Pacific Island countries were to be met.”

The Australia and New Zealand Banking Group’s submission also indicated it was “strongly supportive of Australian Government efforts to work with Forum Island Countries to build the capacity and infrastructure they require to take greater advantage of trade across the region, including through more liberal trade in goods, services and investment. A comprehensive trade pact in the Pacific will assist countries in the region to share in the benefits of increased trade and economic growth. Notwithstanding, for any trade pact to deliver meaningful outcomes for Forum Island Countries, both Australia and New Zealand will need to ensure the Forum Island Countries are provided with assistance to address supply-side constraints in key trade-supporting disciplines such as education and technical assistance.”

The National Institute of Accountants written submission was another instance of support for the negotiation of a “new trade and economic agreement between Australia, New Zealand and Forum Island Countries, known as PACER Plus, and believes it will provide further assistance to the region to promote sustainable economic development.”

The Australian Industry Group supported the “Government’s proposal to commence negotiations on PACER Plus, and its objective to include in the Agreement’s framework trade capacity building and trade development assistance to strengthen Pacific island countries' ability to trade.”

Another proportion of views expressed as part of the consultations indicate that other stakeholders had concerns about PACER Plus negotiations or were opposed to PACER Plus negotiations.

Two of the Australian Council for International Development’s recommendations were, for example, that there be: a “gradual process of regional consultation and negotiation, adopted of recent times, that avoids strict deadlines; and respects Pacific Island views relating to an appropriate negotiating pace”; and “within the focus on capacity-building and gradual negotiation, ensures that human development outcomes, in line with progress towards attainment of the Millennium Development Goals, are uppermost in mind”.

The Uniting Church’s stated that “Many Pacific Island countries face particular challenges to development associated with small size and isolation, natural resource constraints, frequent natural disasters and vulnerability to climate change induced sea-level rise. The agreements under negotiation will have significant implications for development in the Pacific. Pacific churches and civil society organisations are concerned that these agreements will curtail their governments’ ability to develop policies which are tailored to their particular development needs.”

Other stakeholders expressed concerns that PACER Plus would have serious and lasting implications for Pacific Island economies and societies, including with respect to: undermining a key source of revenue for Pacific governments through the removal of tariffs; closure of local businesses and loss of jobs; and loss of policy space for Pacific governments.

Oxfam Australia recommended, for example, in its written submission that the: “Australian Government should actively consider alternatives to PACER Plus in the context of what is likely to deliver the best sustainable development outcomes for the Pacific, particularly if Pacific Island countries put forward such alternatives.”

Enhanced private sector growth in Forum Island countries

Views expressed in the consultations held to date indicate some stakeholders support PACER Plus negotiations because it could lead to enhanced private sector growth in Forum Island Countries.

The Institute for International Trade, for example, concluded that PACER Plus negotiations offered considerable scope for the development of Forum Island Countries’ services industries, in areas such as education, transport and tourism. The Institute also cited the potential benefit that PACER Plus could allow local Forum Island Country companies and exporters access to cheaper inputs for local production or for re-export.

QANTAS expected that the region’s aviation industry could benefit from the enhanced trade links and economic activity that would undoubtedly flow from PACER Plus, leading to increased tourism and business travel. QANTAS also cited that measures to ease the movement of money and capital between Australia and Forum Island Countries may encourage more investment in the region.

The Australia and New Zealand Banking Group’s submission noted that improved access to markets through more uniform commitments and strengthened institutional capabilities in the Forum Island Countries would create local opportunities for local business to engage more in regional trade.

Other stakeholders referred to specific trade barriers adversely affecting enhanced private sector growth in Forum Island countries, such as high tariffs and discriminatory tax treatment on certain products.

Labour mobility

A range of stakeholder views were expressed as to the desirability of including labour provisions as part of the PACER Plus negotiations.

The Australian Industry Group stated “the inclusion of a labour mobility program in the PACER Plus agreement would create opportunities for Australian industry to make substantial resource investments by upskilling of Pacific island workers, and would lead to a likely increase in remittances to workers home countries”.

The Institute for International Trade remarked that the major perceived benefit of PACER Plus for Forum Island Countries was increased labour market access, particularly for low and unskilled Pacific workers.

The Australian Council for International Development recommended the extension, “in the long-term, of the Pacific Seasonal Worker Pilot Scheme to include additional Pacific Island Countries and, whilst recognising cultural and social norms of the countries involved, encourages greater gender equality amongst participants in the scheme.”

The Global Justice Network of The Grail was one example of a stakeholder opposed the inclusion of labour mobility schemes in PACER Plus.

Social/environment/cultural/gender issues

Several stakeholders emphasised the importance of social, cultural, environment and gender issues in relation to PACER Plus negotiations.

Oxfam Australia’s submission, for example, recommended: Australia should facilitate Pacific-led research on the likely social, political, economic, gender and environmental impacts of any measures being proposed before any deal is signed; allow time for a transparent process that is inclusive of men and women to enable Pacific governments to consult fully with their citizens prior to and during negotiations on issues that are likely to shape their economic future for generations to come; and PACER Plus measures or financing should not have direct or indirect negative consequences for women and children.

A number of stakeholders criticised the Australian Government for pressuring Forum Island Countries to “fast track” the start of negotiations. They urged the government to allow sufficient time for Forum Island Countries to conduct independent assessments of the implications of PACER Plus and conduct broad national consultations, including with civil society organisations.

The International Women’s Development Agency submission recommendations, for example, included: support for the gender analysis of trade policy options at a national level through direct funding provision to national governments, regional NGOs or bodies such as the Pacific Islands Forum Secretariat; support for an inclusive approach to the region’s future development that involves the input of diverse voices in civil society, faith groups, unions and government; and ensure that gender is visibly integrated into the negotiation agenda and processes.