



PAGE 4: B.1) YOUR CASE STORY: TITLE AND DESCRIPTION

Q1: TITLE OF CASE STORY

The Pacific region is perhaps the most inaccessible region in the world. The geographical isolation affects the competitiveness of Pacific exports. PACER Plus offers a unique opportunity to the Pacific Island Countries to enhance their participation in international trade through enhancing transparency, improving efficiency and lowering cost of doing business.

Q2: CASE STORY ABSTRACT

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Q3: LONG DESCRIPTION OF THE CASE STORY

The Pacific Agreement on Closer Economic Relations (PACER) Plus is currently being negotiated between fourteen Pacific Island Countries (PICs), Australia and New Zealand. It is not expected to be a conventional free trade agreement, but a trade and development agreement that would respond to the unique challenges faced by the PICs and assist them to increase and diversify their trade and achieve robust economic growth and sustainable development. The Agreement is expected to lower trade costs by promoting transparency, streamlining trade laws and regulations with a view to expediting the movement of goods and services across borders.

The Office of the Chief Trade Adviser (OCTA) assists the PICs in analysing trade policy issues, developing negotiating strategies, facilitating the development and coordination of negotiating positions, building trade negotiation capacity, and helping advance the positions of the PICs during trade negotiation meetings.

The Pacific region is perhaps the most inaccessible region in the world with very limited trade routes. The islands are spread out across the Pacific Ocean and are separated from each other in several instances by thousands of kilometres. The geographical isolation makes the cost of transportation prohibitive, thereby affecting the competitiveness of Pacific exports in major markets. Data from the World Bank confirms that the cost of doing business in the PICs is among the highest in the world contributing to low levels of foreign direct investment and limited participation in international trade, even though they are beneficiaries of a number of trade agreements and initiatives, including SPARTECA, which is a non-reciprocal trade agreement between the PICs, Australia and New Zealand, and the Everything But Arms initiative of the European Union.

The Parties have been mindful of this limitation and have agreed to address it through targeted measures in a number of Chapters of the Agreement such as those on Customs Procedures, Sanitary and Phytosanitary Measures (SPS) and Technical Regulations and Standards and Conformity Assessment Procedures (TBT) and Development and Economic Cooperation. It is the expectation that these Chapters will create an enabling environment for trade and investment to flourish, lower trade costs and enhance export competitiveness of PICs' firms.

The Chapter on Customs Procedures, whose provisions mirror those in the WTO Agreement on Trade Facilitation, is aimed at assisting the PICs to reduce trade costs through streamlining customs clearance procedures and avoiding duplication of functions among relevant government offices. The provisions on

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advanced rulings, transparency, clearance of goods, risk assessment and customs cooperation should ensure the timely clearance of goods and at the same time minimise the risk of customs fraud. Australia and New Zealand have committed to provide technical and financial assistance to the PICs so that they can modernise their customs laws, practices and infrastructure. This should contribute to the lowering of trade costs and enable the PICs to attract investment into the critical sectors of their economies.

The Chapters on SPS and TBT should assist the PICs to increase their exports of foodstuffs and other primary products, which constitute 80 per cent of their exports to Australia and New Zealand. The Chapters encourage the Parties to harmonise their standards or accept each other's as equivalent when there is objective demonstration that the standards would achieve the appropriate level of protection desired by the importing country. Harmonisation and mutual recognition of standards will reduce significantly the costs borne by small producers from the PICs when they export to Australia and New Zealand and other parts of the world. In a survey conducted by the OCTA, a number of small suppliers confirmed that conformity assessment costs was one of the main reasons they were not exporting to Australia and New Zealand. The costs sometimes exceeded the narrow profit margins, making it economically unattractive for them to export. In response, Australia and New Zealand have committed to providing assistance to the PICs not only to meet their obligations under the SPS and TBT Agreements, but to assist them to comply with their applicable standards through dedicated programmes such as the Pacific Horticultural and Agricultural Market Access (PHAMA) which, since its introduction, has assisted the PICs to address market issues of a technical and regulatory nature. The long-term objective is ensure that all PICs become beneficiaries of PHAMA and the scope of assistance extended taking into account the current and potential exports of the PICs.

The Chapter on Development and Economic Cooperation envisages the provision of technical and financial assistance by Australia and New Zealand to the PICs not only to implement their obligations under the PACER Plus Agreement, but also to assist them to overcome the numerous supply-side constraints that have prevented them from taking advantage of preferences under trade agreements and other relevant arrangements. Taking into account the four broad classes of Aid for Trade, Australia and New Zealand have committed to providing assistance to the PICs to upgrade their trade-related infrastructure, which will lower trade costs, improve the attractiveness of the PICs to foreign investors and enhance the competitiveness of their firms. There is also the understanding that Australia and New Zealand would assist the PICs to enhance their productive capacity through the provision of targeted technical and financial assistance, particularly in assisting them to undertake comprehensive regulatory reform to promote competition in the services field and also to facilitate the compliance with relevant technical regulations and standards of key trading partners. There is also the commitment by Australia and New Zealand to assist the PICs to strengthen their trade policy frameworks and also provide targeted training to trade policy officials from the PICs so that they can adopt appropriate trade policies which would eventually improve the general climate for conducting business in the PICs through simplifying trade laws and regulations and reducing the costs for doing business. There is the expectation that the PICs would also be provided with adjustment assistance that would enable them to cope with the new conditions of competition likely to result from the PACER Plus Agreement.

PACER Plus offers a unique opportunity to the PICs to enhance their participation in international trade through enhancing transparency, improving efficiency and lowering the cost of doing business.

Q4: Please add here web links to project/programme materials.

<http://www.octapic.org/>

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Q5: YOUR CONTACT DETAILS	
Name:	Dr. Edwini Kessie
Ministry/Institution/Organization:	Office of the Chief Trade Adviser (OCTA) for Pacific Island Countries
Country:	Vanuatu
Email Address:	ekessie@octapic.org
Q6: FUNCTION	Other (please specify) Regional Organization - Trade Negotiation
Q7: FUNDING PARTNER Tick the appropriate box(es)	Bilateral donor, Other (please specify) European Union
Q8: Additional information	<i>Respondent skipped this question</i>
Q9: START DATE OF PROJECT/PROGRAMME	2010
Q10: STATUS OF PROJECT/PROGRAMME	On-going
Q11: DURATION OR, IF ON-GOING, EXPECTED DURATION OF PROJECT/PROGRAMME	More than 5 years
Q12: COST OF PROJECT/PROGRAMME	More than US\$20 million
Q13: Additional information	<i>Respondent skipped this question</i>
Q14: TYPE OF FUNDING FOR PROJECT/PROGRAMME	Grant

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Q15: PROJECT/PROGRAMME TYPE	Regional
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Q16: SINGLE COUNTRY/CUSTOMS TERRITORY	<i>Respondent skipped this question</i>
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Q17: REGION(If the region does not appear in the drop down menu, please enter manually.)

Pacific Islands

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Q18: MULTI-COUNTRY(Enter all countries or customs territories)

Respondent skipped this question

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Q19: CASE STORY FOCUSTick the appropriate box(es)

REDUCING TRADE COSTS FOR MERCHANDISE GOODS

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Customs reform, Tariff reform,

Support for compliance with non-tariff measures (including standards)

,

Improving access to trade finance,

REDUCING TRADE COSTS FOR SERVICES,

Working with trade partners to recognize professional qualifications

,

Removing domestic restrictions on commercial presence

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Working with trade partners to remove restrictions on movement of natural persons

,

Improving the regulatory environment for services

,

Improving skills levels in service sectors

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Q20: HOW SUCCESSFUL WAS THE PROJECT/PROGRAMME Tick the appropriate box(es)

On-going project

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Q21: WHAT WERE THE OUTPUTS OF THE PROJECT/PROGRAMME Tick the appropriate box(es)

- Officials trained,
- Customs laws amended or updated,
- New customs procedures,
- New other border agency procedure,
- Laboratory testing facilities,
- New conformity assessment procedures or processes
- ,
- New animal health measures or processes,
- New plant health measures or processes,
- New quality assurance procedures or processes,
- Agreement on professional qualifications,
- New laws, rules or regulations on services,
- Changes to rules on commercial presence ,
- Changes to rules on movement of natural persons
- ,
- Tariff reform, Reform of other fees or charges,
- Changes in tariff rates for product inputs,
- Services sector skills

Q22: Additional information(maximum 300 words)

In addition to traditional trade topics, the PACER Plus Agreement also includes topics like Labour Mobility for unskilled or semi-skilled laborers to work in Australia and New Zealand. Additionally, the Development and Economic Cooperation as promised by the trading partners (Australia and New Zealand) is expected to help the PICs in overcoming the supply-side constraints and to participate effectively in trading activities.

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Q23: WHAT WERE THE OUTCOMES OF YOUR PROJECT/PROGRAMME Tick the appropriate box(es)

- Other (please specify)
- Currently under negotiations.

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Q24: Additional information(maximum 300 words)

As the PACER Plus Agreement is still being negotiated, no concrete answer can be given for this question. However, we have already concluded our negotiations on Customs Procedures, SPS and TBT Chapters and are currently negotiating Chapters on Trade in Goods, Trade in Services, Investment, Rules of Origin and we expect that the PACER Plus will bring positive outcomes to the PICs.

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Q25: WHAT WERE THE IMPACTS OF THE PROJECT/PROGRAMME Tick the appropriate box(es)

Increase in domestic investment,
Increase in foreign investment,
Increase in employment,
Increase in women's employment,
Increase in remittances,
Export market diversification,
Import market diversification,
Increase in per capita income

Q26: Additional information(maximum 300 words)

These are expected outcomes as the PACER Plus Agreement is currently being negotiated.

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Q27: LESSONS LEARNT Tick the appropriate box(es)

Other (please specify) N/A

Q28: Additional information(maximum 300 words)

Respondent skipped this question

Q29: PROJECT OR PROGRAMME MONITORING AND EVALUATION FRAMEWORK Tick the appropriate box(es)

Other (please specify) N/A