

# PACER PLUS

## PACIFIC AGREEMENT ON CLOSER ECONOMIC RELATIONS PLUS



## Trade in Services

PACER Plus offers better access and greater certainty for Australian, New Zealand and Pacific island country service suppliers, potentially delivering significant gains in the sector – the single biggest component of all our economies and the principal generator of jobs. Services are central to facilitating global and regional value chains and enhancing participation of micro-, small- and medium-sized enterprises in those chains.

For Australian service providers, PACER Plus offers better access in areas like professional services, financial services, telecommunications, and tourism-related services, as well as in education, environmental services and transport. Service suppliers will also benefit from improved legal protections for services delivered via direct investment, and services linked to strengthened commitments on cross-border movement of skilled workers.

Pacific island countries that are Members of the World Trade Organization (WTO) – Samoa, Solomon Islands, Tonga, Vanuatu – have improved on their services commitments under the General Agreement on Trade in Services (GATS). And non-WTO Members – such as Cook Islands, Kiribati, Nauru, Niue, Tuvalu – have made legally-binding commitments to Australia and New Zealand and each other for the first time on services, with the quality of commitments equivalent to, or better, than their commitments under the Pacific Island Countries Trade Agreement (PICTA).

See the [Schedule](#) of service commitments by each Pacific island country Party.

In addition to benefitting from each other's services commitments, Pacific island country service providers will gain better access to Australia and New Zealand in a range of services including business services, communication services, construction and related services, financial services, tourism, travel and related services.

See Australia's [Schedule](#) of service commitments.

## Scope

PACER Plus is consistent with WTO GATS rights and obligations.

Key provisions include:

- national treatment, where a PACER Plus Party must treat local and other PACER Plus service suppliers equally where there are like circumstances for services sectors listed in its schedule
- commitments on a positive list basis, so that each Party designates specific sectors in its national schedule, indicating the type of access and treatment for each sector and for each mode of supply it is prepared to offer service suppliers from other Parties. Positive listing provides flexibility to include only those sectors or parts of sectors for liberalisation that Parties deem appropriate for their stage of development
- most-favoured-nation (MFN) treatment, where a Party must extend immediately and unconditionally to other Parties treatment no less favourable than what it provides to non-Parties, unless it schedules an exemption. This will safeguard Parties' interests vis-à-vis future trade partners in areas where they were unable to schedule services or investment commitments at entry-into-force under PACER Plus



- advanced transparency requirements relating to the publication of licencing requirements, technical standards and international agreements impacting on services trade between the Parties. Emphasis on transparency responds to regional business concerns that unnecessarily complex and opaque regulatory processes impose significant costs that weigh especially heavily on small- and medium-sized enterprises, and
- exploring opportunities to facilitate the cross-party recognition of educational qualifications or experience of service providers, and licensing and certification arrangements of service providers.

In line with their individual situations and capacities, Pacific island countries' commitments on services, as well as on investment, reflect existing legislation. Some Pacific island countries have noted in their Schedules on Services and Investment that they will consider revising these schedules to reflect any new or improved rules or regulations on services or foreign investment after entry-into-force of the Agreement.

### Coverage of services commitments

PACER Plus commitments encompass all four of the GATS modes of supply for delivering services:

- Mode 1: cross-border trade where a user receives services from abroad through its telecommunications or postal infrastructure (for example, consultancy or market research reports, tele-medical advice, distance training, architectural drawings)
- Mode 2: consumption abroad where nationals of a country have moved abroad (for example, tourists, students or patients etc.) to consume services
- Mode 3: commercial presence, where a service is provided by a supplier from another country via a locally-established affiliate, subsidiary, or representative office of a foreign-owned and -controlled company (for example, bank, hotel group, construction company, etc.), and
- Mode 4: movement of natural persons, where a service supplier from one country provides a service in another (for example, intra-corporate transferees or contractual service suppliers).

Australia has made commitments in 11 out of 12 services sectors that comprise the WTO General Agreement on Trade in Services for modes 1-3.

Australia and Pacific island countries have made mode 4 commitments under the Movement of Natural Persons Chapter.

Pacific island countries' commitments range from 9 to 11 sectors and are in sectors like financial services, telecommunications, education services, environmental services, and transport that are critical to their economic development and are of commercial interest to Australia.

## Capacity building

Australia and New Zealand have committed to provide capacity building and training to assist the Pacific island countries to adapt and improve regulations affecting services trade and respond to reductions in barriers to services trade. This assistance may include:

- developing and strengthening qualifications frameworks in consultation with relevant competent agencies
- exploring possible recognition of qualifications in sectors of comparative advantage between national competent bodies in Parties to PACER Plus

- strengthening capacity to regulate services according to international standards and benchmarks, particularly in the financial and telecommunication sectors, and
- building capacity for compiling and analysing trade in services data.

### Knowledge economies and Pacific island countries

Continuing advances in information and communications technology (ICT) offer the potential to partly compensate for Pacific island country disadvantages arising from small populations, lack of economies of scale and geographical isolation.

While the Pacific island countries have historically lagged behind other regions in using ICT to connect distant buyers and sellers, significant investments by the Asian Development Bank and the World Bank – in part funded by Australia – to improve connectivity across the Pacific will open up new possibilities.

By providing better access and greater certainty for service suppliers and investors, PACER Plus will help Pacific island countries make the most of these technological advances. Potential exists for cross border service trade to improve public services (such as e-government, e-learning, remote health diagnostics) and government-to-business interactions (improving trade facilitation); to strengthen government-to-government processes (including in border processing), to increase company-level opportunities (such as call centres, data entry, even design and research), and to introduce potential research applications (e.g. centres for marine and ocean science).

Digital tourism is an example of the benefits that are beginning to flow from the knowledge economy. Tourism is one of the world's fastest growing industries and is a key driver of economic growth and employment in the Pacific. Tourists often use the internet as their primary source of information on accommodation options and what to see and do. Many tourists also prefer to book and pay for travel experiences online. ICT developments have increased the availability of online booking and payment facilities, enabling Pacific island countries to compete effectively with other tourist destinations.