

Aotearoa New Zealand's Framework for Aid for Trade in the Pacific

VISION: Pacific countries are well placed to trade with the world, attract investment and generate wealth and employment for Pacific peoples.



What is Aid for Trade and why we do it?

Aid for Trade is support for developing countries to strengthen trade, recognising the role that trade can play in development.

Under the Pacific Agreement on Closer Economic Relations Plus (PACER Plus), Aotearoa New Zealand committed to aiming to spend 20% of our development assistance on Aid for Trade in the Pacific for 2020 to 2025. This applies to all Pacific countries we partner with.

During the COVID-19 pandemic New Zealand reshaped our support to Pacific partners to respond to emerging priorities. Our Aid for Trade support is now rebounding towards our target.

Aotearoa New Zealand's significant increase in Climate Finance support to the Pacific can have co-benefits for Pacific trade outcomes, as Climate Finance may enable projects aligned to Aid for Trade.

We also invest in activities that enhance labour mobility opportunities for Pacific partners.

Aid for Trade Engagement Principles

Because how we engage is as important as what we engage on.

Tātai Hono The recognition of deep and enduring whakapapa connections

We encourage Pacific trade, recognising and building on our long shared Pacific trading history and the interconnectedness that flows from this across our shared moana.

Tātou Tātou All of us together

We work with development partners to encourage coherence, co-investment and co-design with local people for local conditions. We support women, youth and disadvantaged enterprises to increase their economic empowerment.

Whāia te Taumata Ōhanga Journey towards a circular economy

We support partners in our shared pursuit of sustainable economic resilience and growth - informed by their national trade priorities, towards a circular economy.

Turou Hawaiiki Navigating together

We are guided by Pacific countries' intentions through listening and consulting, and will act in partnership. We work towards supporting the intentions of current and potential Pacific traders through a whole ecosystem approach.

Arongia ki Rangiatea Focus towards Excellence

Our investments will be generationally focused, innovative, fit-for-purpose and implementable. We will focus on building on existing Pacific strengths.

Aotearoa new Zealand's delivery of Aid for Trade in the Pacific

Strategic Alignment: How Aid for Trade support fits with other priorities.

This framework sits within the broader Cabinet mandated policies that guide Aotearoa New Zealand's development cooperation: the International Cooperation for Effective Sustainable Development Policy Statement; and the Pacific Resilience Approach. These policies guide our International Development Cooperation programme, and our engagement in the Pacific region, respectively.

Key areas of strategic alignment with other organisations and strategies include the Pacific Islands Forum Aid for Trade Strategy 2020-2025, PACER Plus, and the UN Sustainable Development Goals.

Aotearoa New Zealand's Aid for Trade support, alongside the promotion of human rights, gender equality and climate resilience, are mainstreamed across our International Development Cooperation programme for developing countries, with a particular focus on the Pacific.

The Ministry of Foreign Affairs and Trade is responsible for managing Aotearoa New Zealand's International Development Cooperation Programme. We commit to investing a minimum of 60% of our development funding within the Pacific region. We manage the delivery of a range of Aid for Trade programmes with a range of partners, including other Public sector agencies, multilateral and regional institutions, partner governments, non-governmental organisations and the private sector.

Aid for Trade Goals and Outcomes: The impact we want to have

MFAT will report annually on these Aid for Trade outcomes through monitoring at the activity and 4 year plan levels. This will inform MFAT 4 year plans, as they are refreshed.

GOALS			
	Pacific governments increase Pacific access to international trade opportunities and its benefits.	A diverse private sector drives sustainable and inclusive growth.	Trade-related infrastructure is economically and environmentally resilient and sustainable.
OUTCOMES	Pacific governments have increased capacity and capability to develop trade strategies, negotiate trade agreements, and implement them to increase market access.	Pacific businesses are more connected, have increased business know-how and attract increased foreign investment.	Pacific countries have the necessary infrastructure to trade internally, regionally and globally.
	Pacific governments deliver increased regulatory consistency, certainty and transparency for a strong business enabling environment.	Pacific exporters meet increasing market standards (quality, safety, ethical and environmental).	Pacific people and businesses have access to affordable and sustainable energy, connectivity and transport.
	Pacific governments participate in and benefit from regional mechanisms to increase trade, such as PACER Plus.	Pacific exporters strengthen their competitive advantage to benefit from value added, diverse and well marketed exports.	Pacific infrastructure is well maintained, reliable and resilient to disruption from natural disasters.

What challenges do Pacific countries face?



Cost

There is a serious lack of investment in the Pacific region, with small/weak domestic capital markets, limited access to international markets, legal and regulatory barriers



Isolation

The Pacific region comprised of small markets, and has high energy costs and high transport costs



Investment

The Pacific region is vulnerable to natural disasters (cyclones, earthquakes, tsunamis), the impacts of climate change and external economic shocks



Vulnerability

Not only are the countries within the Pacific region isolated, most also have small populations/markets, land mass and limited economies of scale



Small size

The Pacific region is geographically isolated. It is logistically challenging to access the region and transport goods within the region and to other markets

The Pacific faces challenges to growing trade given limited supply capacity, small domestic markets and distance to larger markets. At the same time, each country has its own unique strengths and challenges.

What strengths do Pacific countries have?



Natural Beauty

Pristine beaches, lush rainforests, and stunning landscapes foster sustainable industries. This beauty isn't just a sight to behold; it's an economic engine driving sustainable growth.



Diverse Cultures

The Region's unique cultures offer a rich tapestry of traditions, arts and practices. Diverse cultural backgrounds foster innovation and creativity, creating distinct products and services that produce diversified trade.



Maritime Connectivity

Connection to Te-Moana-nui-a-Kiwa is the lifeblood of Pacific countries'. The Pacific Ocean is the backbone of their trade, from lucrative fishing industries, to driving sustainable development and connection to the world.



Closeness to NZ and AUS

Pacific countries' closeness to New Zealand and Australia is a powerful catalyst for trade. NZ and AUS provide robust markets for Pacific exports, facilitating access to the global trade landscape.

Priority Sectors: How we will focus our efforts

Public Sector

Capability support

Trade policy and administration management

We support Pacific countries to develop, strengthen and implement their trade policy and regulation, to support sustainable and broad-based investment and export led growth.

Regional Trade Agreements and Multilateral Trade negotiations

We support Pacific governments' effective participation in trade negotiations through capacity development including on negotiation skills and trade agreement implementation.

Trade Facilitation

We support Pacific countries to simplify and harmonise their import and export procedures, both for regional and global trade.

Trade education and training

We support public and private sector training and development.

Capacity support

Trade related adjustment

We provide financing support for trade specific outcomes for Pacific countries.

Private Sector

Banking and Financial services

We engage with international and regional partners to support the Pacific banking sector and its enabling architecture to maintain access to international payment channels, improve remittance flows and support financial inclusion. We support the development of capital markets and financial institutions to facilitate access to finance and investment, particularly for SMEs.

Business and other services

We support the development of sustainable, local business advisory services to stimulate the growth of Pacific SMEs. We also support a range of business partnerships and enablers to increase business capability to trade. We support Pacific private sector organisations to coordinate delivery of support services and to increase outreach to harder-to-reach groups, such as women, youth, indigenous and rural businesses.

Agriculture

We invest along agricultural value chains – from farm to fork – to support Pacific farmers and exporters to produce good quality, high value food that consumers in overseas markets want to buy. We support sustainable farming methods that help farmers to adapt and build resilience to climate change, and meet consumers' growing demand for ethically and sustainably sourced food products.

Fisheries

We support Pacific fisheries industry to better capitalise on value chain opportunities, improve market linkages and infrastructure for shipping and processing, and critically, respond to the impacts of climate change. We support initiatives that promote safe working conditions in fisheries to ensure trade is equitable.

Tourism

We support sustainable Pacific tourism development and the delivery of services to visitors to increase the economic benefits from tourism. We invest in interventions to enhance destination competitiveness, performance and sustainability.

Digital

We support development of digital infrastructure (hardware, software and services) to provide government, businesses and communities with access to safe, reliable, fast and affordable internet and online services. We also support businesses and communities to build capacity in areas such as digital marketing, e-commerce and digital payment systems, so that they can take full advantage of overseas market opportunities.

Infrastructure

Transport

We invest in transport infrastructure in land, maritime and aviation sectors in a number of Pacific countries to improve transport connections, safety and security to support trade.

Communications

We support communication initiatives that improve connectivity, reduce costs and offer opportunities for Pacific countries to facilitate higher innovation, income generation and increased trade.

Energy generation, distribution and efficiency

We invest in Pacific energy infrastructure and services to expand access to affordable, reliable and clean energy, recognising that energy is critical enabler for productive industry and commerce.