

THE PACIFIC AGREEMENT ON CLOSER ECONOMIC RELATIONS PLUS

Te Moana-nui-ā-Kiwa and Māori Development

The Pacific Agreement on Closer Economic Relations Plus is a landmark trade and development agreement that will lower barriers and provide greater certainty for New Zealand businesses, while raising living standards, creating jobs and increasing exports in Pacific Island countries.

What is the purpose of PACER Plus?

Pacific Island countries face unique challenges participating in international trade. They have small land masses with limited productive capacity and employment opportunities, higher cost of economic infrastructure, distant markets and vulnerability to extreme climatic events. This is a trade and development agreement designed to help overcome these challenges by making it easier for countries to trade, while creating jobs and increasing living standards and wealth for families.

New Zealand's ambition in supporting PACER Plus is to:

- improve prosperity and resilience in the region;
- make it easier for Pacific countries to trade and attract investment; and
- find innovative ways for New Zealand to benefit.

Ten countries signed PACER Plus on 14 June 2017: Australia, Cook Islands, Kiribati, Nauru, New Zealand, Niue, Samoa, Solomon Islands, Tonga and Tuvalu. Vanuatu subsequently signed on 7 September 2017. The Federated States of Micronesia, Palau, Republic of Marshall Islands are still completing their domestic approval processes.

Māori as Government's Treaty Partner

- Māori have a unique status in New Zealand as the Government's treaty partner. Engagement with Māori by the Crown is a fundamental right of both treaty partners where the duty to act reasonably and in good faith is paramount. Accordingly it is also important that we can protect Māori interests where they could otherwise conflict with trade obligations.
- All of New Zealand's free trade agreements, including PACER Plus, ensure that the unique relationship between the Crown and Māori is provided for. New Zealand's free trade agreements are designed



to ensure that they will not prevent any New Zealand Government from fulfilling its obligations to Māori, including under the Treaty of Waitangi. PACER Plus honours and upholds the same protections. PACER Plus will not impede New Zealand's current or future ability to meet its obligations to Māori, including under the Treaty of Waitangi.

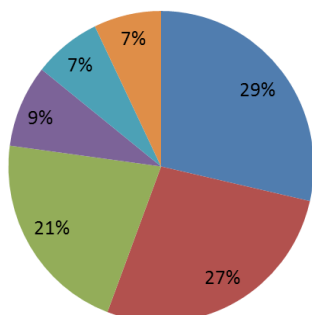
- A key feature of PACER Plus is an exception that preserves the pre-eminence of the Treaty of Waitangi in New Zealand (Article 6 of Chapter 11). The Treaty of Waitangi exception has been included in all of New Zealand's free trade agreements since 2001. This reflects the constitutional significance of the Treaty of Waitangi to New Zealand.

The Māori Economy

The Māori economy is an important and growing part of New Zealand's overall economy. It comprises around 5.6 percent (\$11 billion) of New Zealand's total GDP and has an asset base worth over \$42 billion. The Māori economy is strongly focused on primary industries with Māori collectively owning:

Māori Asset Base

■ forestry ■ fishing quota ■ lamb ■ beef/lamb ■ dairy ■ kiwifruit



The Māori economy has long been export focused, with trade pre-dating the 1830s.

Today, the shift in global growth to the Asia-Pacific will create new opportunities for the Māori export economy as consumers in emerging markets increasing look for safe food and high-quality services.

Looking ahead, the shift in global growth to the Asia-Pacific will create new opportunities for the Māori export economy as consumers in emerging markets increasing look for safe food and high-quality services. The Māori strengths of relationship building and cultural identity are highly valued in these markets. The ability for Māori to weave a rich story that is strongly linked to cultural values such as whakapapa and kaitiakitanga around their products will continue to command a high premium in some of New Zealand's key markets.

The Pacific offers a unique opportunity to cultivate authentic trade and development partnerships and models that are strongly embedded in the common whakapapa of Māori and Pacific peoples. PACER Plus parties have expressed strong interest in learning from the development of the Māori economy.

PACER Plus: What are the potential benefits to Māori?

This agreement has the potential to ignite a stronger foundation for Māori and Pacific Island Country economies looking to deepen economic relations. It builds on already strong relationships in the region and will open valuable exchanges of successful businesses based on cultural models of care, sharing best practise from building the Māori economy in New Zealand, to unlocking indigenous innovation and enterprise.

The relationship and connections between the Māori and with Pacific Island countries are deep with a long-standing history. We have a growing population of New Zealanders who identify as being of Māori and Pacific Island descent. The opportunity to work in collaboration with Māori and Pasifika communities in New Zealand can potentially improve prosperity through business to business activities, digitising indigenous language and culture, renewable energy models or by providing pathways for goods and services exports.

Fostering existing or new Māori export interests

Major new Zealand exports to the region include steel, sheep meat, dairy, petrol, wood, medicines and yachts. PACER Plus may be of less obvious commercial significance than traditional FTAs because of its development focus and long-time frames for tariff elimination. But there is potential to cultivate joint ventures or partnerships that would result in knowledge transfer and sharing. Fisheries is a crucial economic sector for Forum Island Countries, and is a sector in which Māori have a keen interest. But the avenues of productive engagement would need to be well targeted given the extensive fisheries architecture that already exists in the region.

Labour Mobility (including the Recognised Seasonal Employer scheme (RSE))

Labour mobility through already benefits Pacific Island workers and New Zealand's viticulture and horticulture industries, which in turn contribute to the New Zealand Government's ambitious export goals under the Business Growth Agenda and Trade Agenda 2030. Potential exists for Māori interests in sectors where labour mobility initiatives may be developed, particularly construction and fisheries. Initiatives already underway at regional level involving iwi, employers and potential employees that are consistent with the aims of PACER Plus with respect to labour mobility.

Development Partnerships

PACER Plus is a trade and development agreement for the region to help overcome these challenges by making it easier for countries to trade, while creating jobs and increasing living standards and wealth for families. Consequently, an area of nascent interest is developmental partnerships that build, at least in the first instance, on RSE/labour mobility interaction. This involves cultivating relationships between the iwi and villages/tribes that send or employ

workers that go beyond the commodification of their labour. There is interest in developing relationships that acknowledge their common whakapapa, foster culturally authentic interactions and lead to outcomes that deliver greater social equity in Pacific communities. Iwi development models may be of interest in the Pacific even though the experiences are not always directly transferable.

Intellectual, cultural and genetic property

PACER Plus does not have a chapter on intellectual property as questions around access to, ownership over and control of elements of intangible cultural heritage are the subject of engaged and ongoing consideration throughout the Pacific region. PACER Plus will not prevent domestic changes that might be made in the future, including in relation to the protection of indigenous flora and fauna or Treaty of Waitangi settlements.

Snapshot Statistics

- New Zealand is home to almost 296,000 Pacific peoples. Of this, 22,884 identified as being of both Pacific and Māori descent.
- Pacific peoples are New Zealand's fastest growing youth population, projected to make up 10% of the population by 2038.
- New Zealand exports around \$1 billion of goods to the Pacific a year.
- The initial eight signatories from the Pacific make up about 24.5% of the total value of New Zealand's trade in goods with the wider Pacific region.
- Around 30% of Pacific nations' exports go to Australia and New Zealand. Pacific seasonal workers in New Zealand remit up to NZ\$41 million in remittances a year.
- New Zealand and Australia are the largest source of tourists for the Pacific.

PACER Plus: What's in it?

PACER Plus covers the following:

- Trade in Services and Goods
- Investment
- Movement of Natural Persons
- Customs and Rules of Origin
- Sanitary and Phytosanitary Measures
- Technical Barriers to Trade
- Development and Economic Cooperation
- Legal and Institutional matters

PACER Plus signatories will also sign:

- Implementing Arrangement for Development and Economic Cooperation
- Labour Mobility Arrangement

New Zealand and Australia will commit to funding:

- AU\$7.7million readiness package triggered on signature
- AU\$25.5million implementation package for five years after entry into force
- A 20% aid for trade target for five years after entry into force. For New Zealand that means at least 20% of its total Official Development Assistance in 'Aid for Trade' in the Pacific region. The exact amount is yet to be determined but if the target were applied to New Zealand Aid Programme's current three year funding cycle (2015-2018) then it would amount to potential investments over NZ\$340 million in economic infrastructure and capacity building.

Want to find out more?

Visit the Trade section of the Ministry for Foreign Affairs and Trade website www.mfat.govt.nz/pacer to find out more about PACER Plus and the benefits it is designed to deliver. This website includes:

- The full text of PACER Plus;
- Factsheets on key areas for New Zealand; and
- The National Interest Analysis.