

# THE PACIFIC AGREEMENT ON CLOSER ECONOMIC RELATIONS PLUS

## Services, Investment and Visa access for business people

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.

PACER Plus includes a set of rules concerning cross-border trade in services and investment that are designed to create a level playing field for service suppliers and investors in the region. Modern services and investment rules help to provide a stable and certain environment that will make it easier to do business in the region.

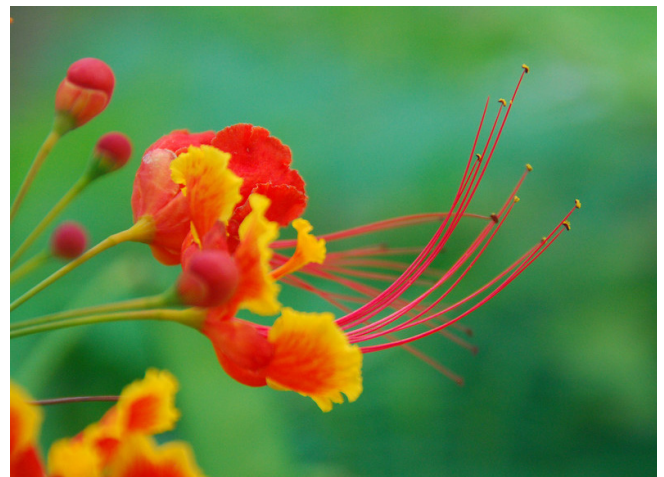
### Improved market access for service suppliers

PACER Plus will give New Zealand service suppliers and investors rights beyond those that nationals from non-parties are entitled to: access to PACER Plus markets, and equal treatment to domestic service suppliers and investors, across specified sectors (unless exceptions apply). For the eight PACER Plus Parties that are not members of the World Trade Organisation (WTO), these commitments are wholly new. They have made commitments across the main trade in services categories but have focussed mainly on business and transport services. For the four Forum Island Countries participating in PACER Plus that are part of the WTO, the scope and quality of commitments go beyond what we are currently entitled to as WTO members. Australia has also improved on its WTO services commitments. Additional commentary about the benefit for New Zealand is set out in the National Interest Analysis. For the full details of each country's commitments please see their services and investment schedules at [www.mfat.govt.nz/pacer](http://www.mfat.govt.nz/pacer)

### The first treaty framework for investor protection in the region

PACER contains the first treaty-level framework of investment rules operating in the region. It includes rules that will ensure New Zealand investors in the region:

- benefits from strong core disciplines on national treatment and most-favoured-nation treatment;



- receive a minimum standard of treatment based on customary international law;
- are protected against arbitrary expropriation of their assets; and
- are able to transfer the funds necessary for their investments, including investment returns.

These disciplines apply to both pre-and post-establishment measures.

New Zealand has not offered any investment market access commitments that will limit the government's ability to change the investment screening regime as part of PACER Plus. New Zealand has bound in its current investment regime but set the threshold for seeking approval to commence business operations or acquire existing businesses at \$10million.

PACER Plus reflects the traditional approaches to land ownership in the Pacific. These mechanisms are critical in order for Pacific Island communities to maintain the diverse cultural traditions which underpin their identity within the region. This is about recognising culture as an authentic commercial enabler. Consequently, the Pacific Island Country Parties have bound in their existing investment regime which allows investors from other PACER Plus parties to lease but not own land. They have also bound in existing policies designed to foster domestic industries. This means that there will be some restrictions on the participation of foreign companies in key sectors of their economies. These limitations are appropriate for an agreement that is looking to support the development of Pacific countries that have a limited economic base and their own social and cultural concerns.



## Better visa access for business people

The PACER Plus Parties commit to visa access to temporary entrants in various categories including investors, intra-corporate transferees and installers and servicers. In addition, rules in the agreement oblige Parties to provide streamlined and transparent processes for visa application. This will make it easier for New Zealand businesses to take up commercial opportunities in the region.

## Fair and transparent administration of regulations affecting trade

The Trade in Services Chapter of the agreement obliges parties to administer domestic rules and policies that affect trade in services in a reasonable, objective and impartial manner. This covers rules and policies such as qualification requirements and procedures, technical standards and licensing requirements. This will help to ensure that these rules and policies do not become an undue burden to New Zealanders doing business in the region.

## Future benefits

The most-favoured-nation obligation for services and investment will mean that New Zealand services suppliers and investors continue to receive benefits into the future. PACER Plus Parties are obliged to extend benefits agreed under future free trade agreements with other countries to service suppliers and investors from PACER Plus parties. This means that as Pacific Island countries that are part of PACER Plus continue to develop and negotiate more ambitious trade agreements with others, New Zealanders will also get the benefits of those agreements.

## Want to find out more?

Visit the Trade section of the Ministry for Foreign Affairs and Trade website [www.mfat.govt.nz/pacer](http://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.