



# Advanced Trade in Goods Workshop

trade  worthy



# Trade in Goods: Strategic Implications

trade  worthy

# Trade in Goods & PACER Plus Economies

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In this section, we will cover:

- **Overview of P+ Goods Trade**
- **Moving beyond implementation**
- **Prospects under PACER Plus**



**Discussion Point**

## Notes on Trade Data from the Pacific

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- Lack of reliable trade data is a problem in the Pacific
- Data is easily skewed for big single exports/imports – resale of boats, major machinery
- Year on year changes (showing trends) are particularly difficult to identify and build on
- Even trade databases do not agree on exports and imports in the Pacific

# Trade in Goods & PACER Plus Economies



**Total Exports**

**Top Export Partners**

**Top Exports**

**Total Imports**

**Top Import Partners**

**Top Imports**

**\$26.2m**

**Japan  
France  
Thailand**

**Fish, Boats,  
Equipment**

**\$168m**

**NZ (50%+)  
Italy, Fiji**

**Boats, Petrol,  
Cars**

**\$115m**

**Thailand,  
Japan,  
Indonesia,  
Malaysia, Fiji**

**Fish (frozen),  
boats, copra**

**\$191m**

**Taiwan,  
China,  
Australia**

**Ships, petrol,  
rice**

**\$508m**

**China, India,  
Italy, Australia**

**Timber,  
processed  
fish, palm oil**

**\$701m**

**China, Singapore,  
Malaysia, Aus, NZ**

**Petroleum, fresh  
fish, iron  
structures**

**\$37.6m  
(2023)**

**Oceania  
Amer. Samoa**

**Fresh fish,  
coconut oil,  
taro**

**\$436m**

**NZ, Fiji, Aus**

**Fuels, Meat,  
Ships**

# Trade in Goods & PACER Plus Economies



**Total Exports**

**\$1.1m**

**Top Export Partners**

**China, India, Italy, Aus**

**Top Exports**

**Minerals, vegetables, prepared foodstuffs**

**Total Imports**

**\$19.6m**

**Top Import Partners**

**NZ**

**Top Imports**

**Food, minerals & machinery**

**\$13.1m (2023)**

**NZ, US, AUS**

**Kava, Fish, Root Crops**

**\$262.9m**

**NZ, SG, China**

**Minerals, Food, Machinery**

**\$72.1m**

**Thailand, Croatia, Philippines**

**Frozen fish, boats**

**\$98.3m**

**Singapore, Lebanon, Aus, NZ**

**Ships, fuels**

**US\$222m**

**Aus, China Fiji**

**Fish, oil seeds, cocoa**

**US\$425m**

**Singapore, Aus, China**

**Fuels, machinery**

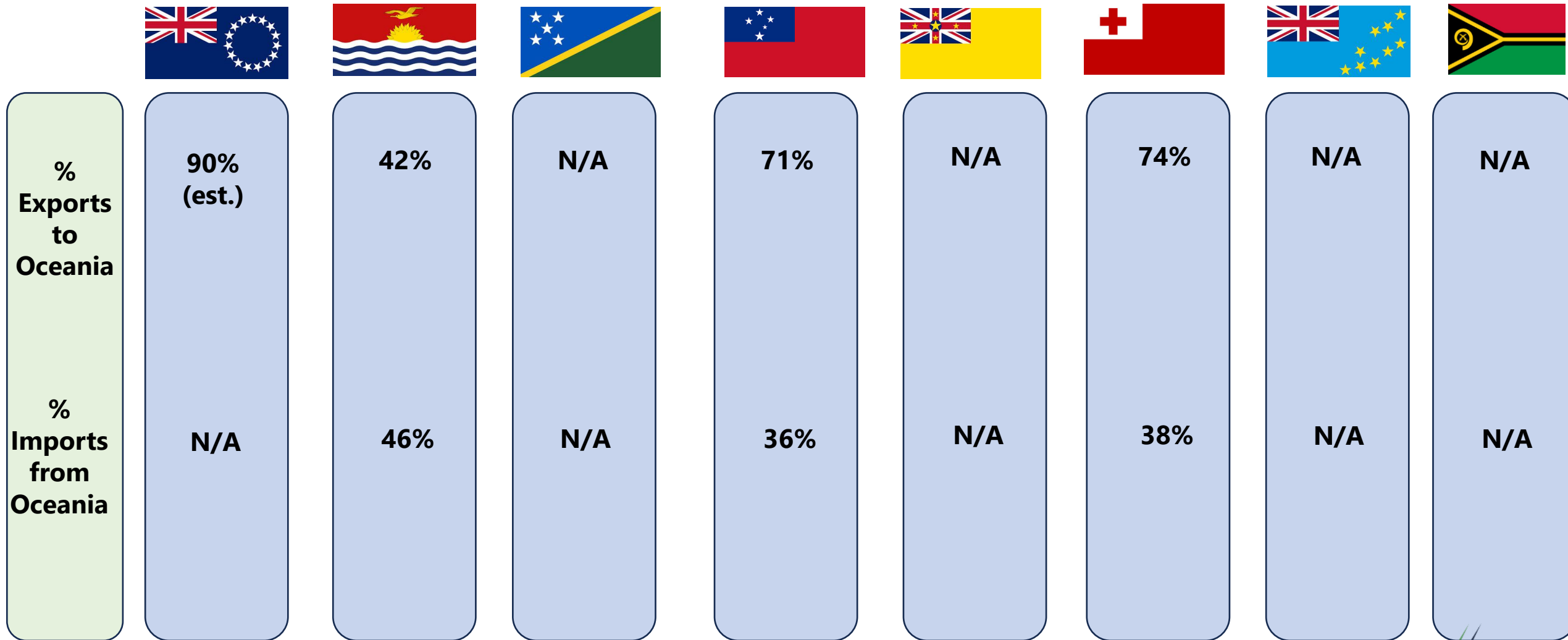
## Key Observations on PACER Plus PICs

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### Some observations on Trade in Goods among PACER Plus PICs:

- Export dominated by Solomons (\$508m) and Vanuatu (US\$222m)
- Fish (frozen and fresh) most consistent top export
- Aus, NZ and other PACER Plus countries are consistent top export destinations (more on this below)

# Trade in Goods & PACER Plus Economies





## Key Observations on PACER Plus PICs – Oceania Trade

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Some observations on Trade in Goods in the Oceania region among PACER Plus PICs:



- 40% to 90% of exports from PACER Plus PICs are to the Oceania region
- 36% to 46% of imports from PACER Plus PICs are from the Oceania region
- Economic Theory suggests stronger trade among regional neighbours
- Shorter distances, strong trade ties, diaspora and cultural links

## Moving beyond P+ implementation

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***P+ can be an engine for economic growth but only if Parties move beyond mere 'implementation' to realising the benefits***

### How can this be achieved?

- Lifting P+ Utilisation 
- Focus on Trade Facilitation 
- ROO support for FDI and economic diversification
- Pro-development aspects of P+ for Trade in Goods

# Lifting P+ Utilisation

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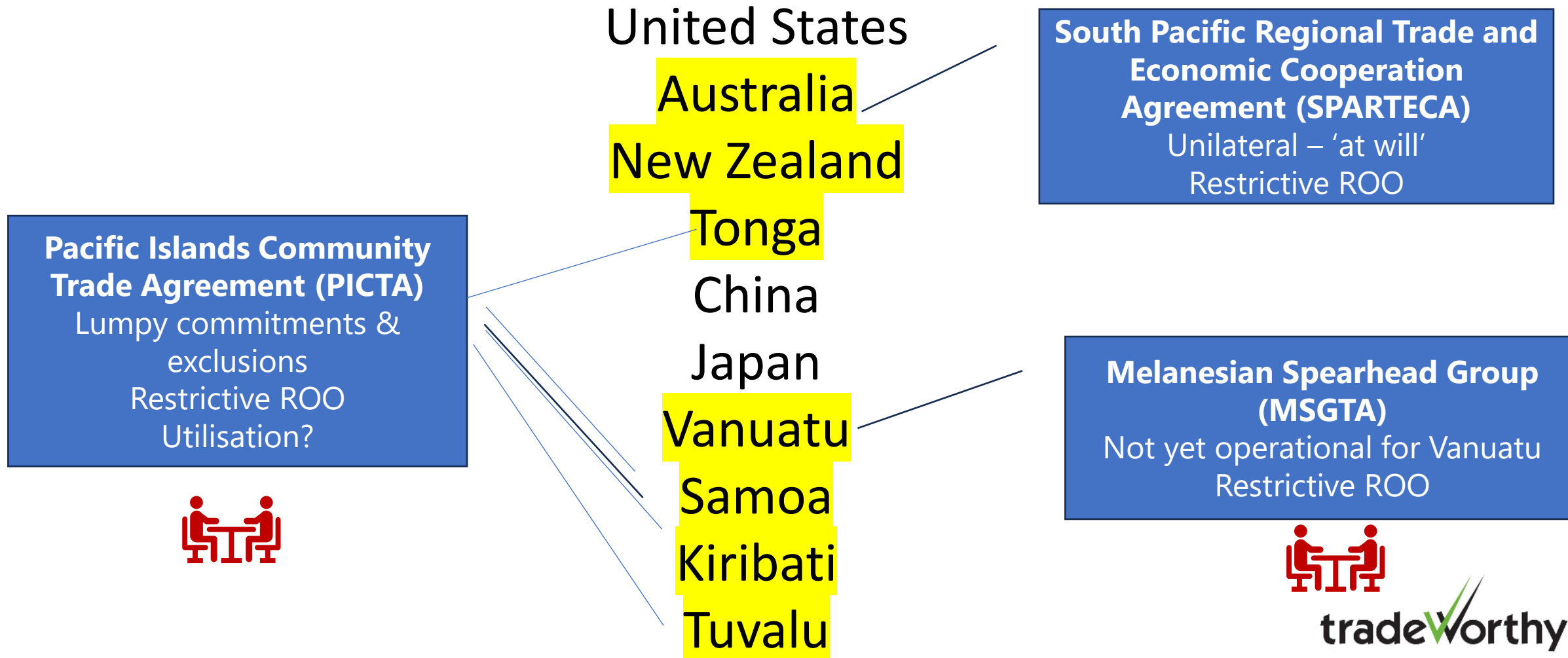
## *What are rates of utilisation of Pacer Plus?*

- How many producer, manufacturers or traders use PACER Plus?
- How well do they understand the Rules of Origin requirements?
- How well do they understand the formalities for ensuring preferential tariffs?
- **Some studies in ASEAN show rates as low as 30%**
- **2021 UN Study showed more liberal ROO lead to higher Utilisation Rates**
- **P+ Rules of Origin are the most liberal in the Pacific (next slide)**



# How do Trade Agreements in the Pacific compare?

## Major Regional Two-Way Trading Partners



## Lifting P+ Utilisation

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**PACER Plus, with the most liberal Rules of Origin regime in the Pacific region, should naturally encourage utilisation.**

**But,**

**What is role of Customs and Commerce/Trade Ministries to support awareness and utilisation of PACER Plus?**

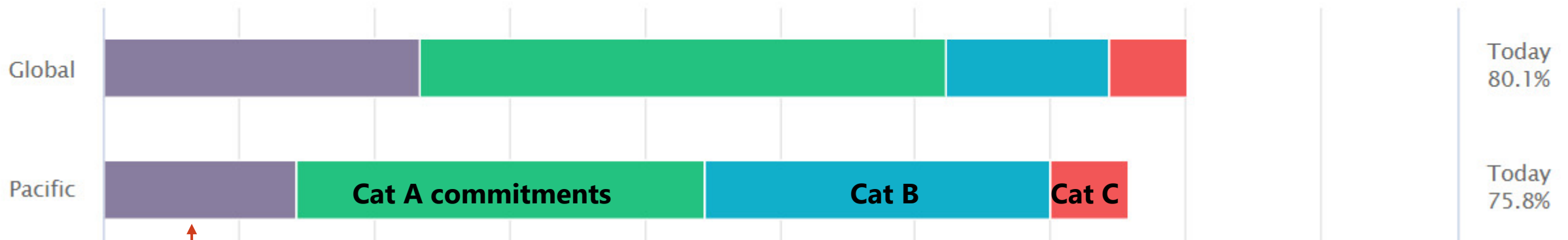


# Focus on Trade Facilitation

*Estimates show that the full implementation of the WTO Trade Facilitation Agreement (TFA) could **reduce trade costs by an average of 14.3%** and boost global trade by up to \$1 trillion per year, with the **biggest gains in the poorest countries** (WTO)*

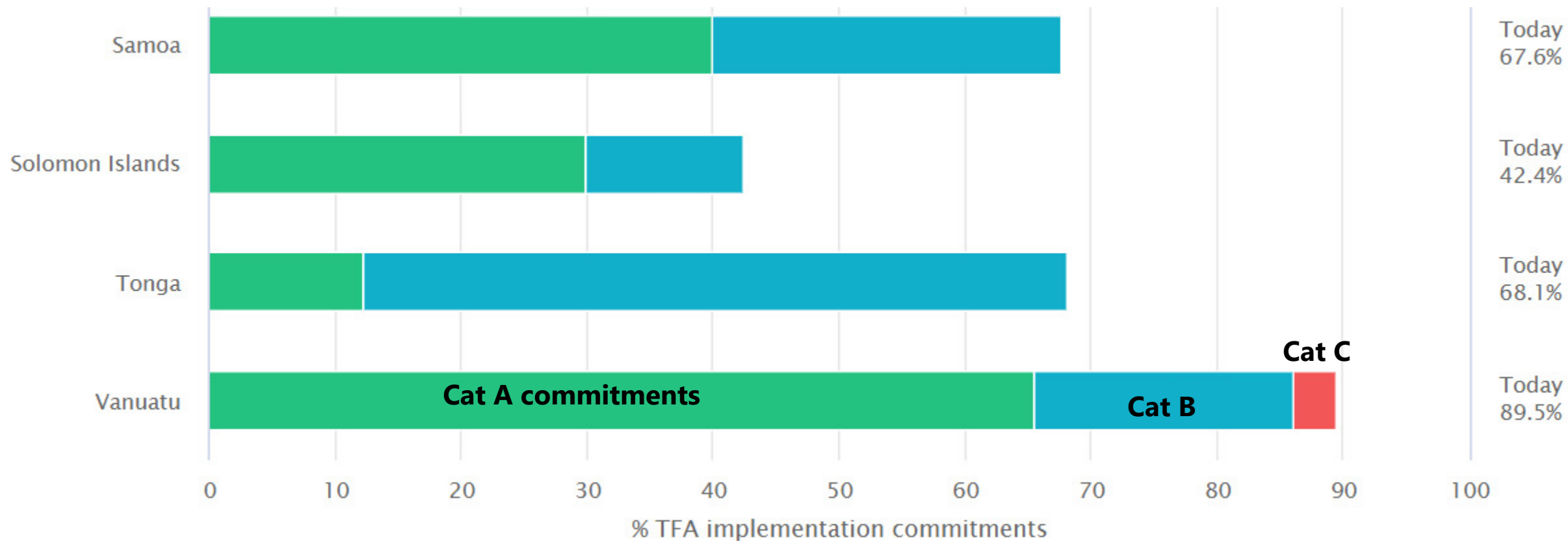
## Progress on implementation commitments

### Trade Facilitation Agreement



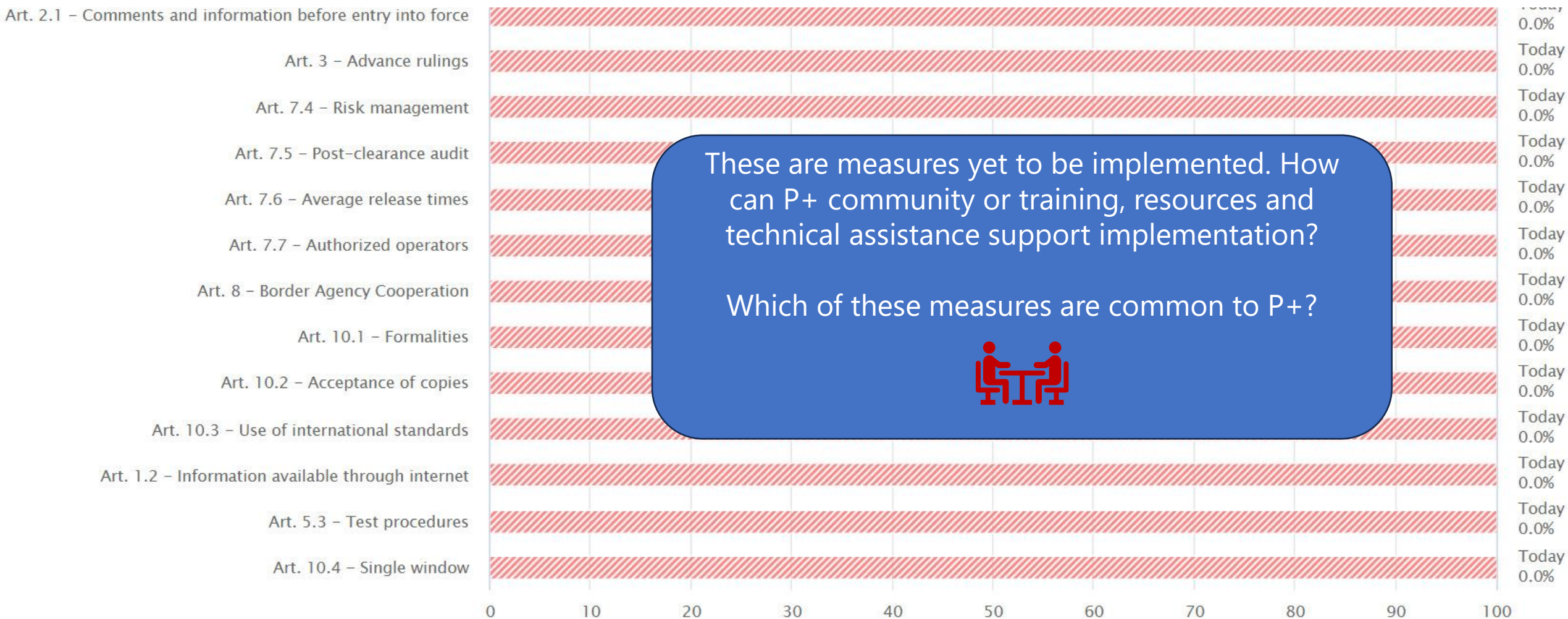
Developed Countries  
adopt all measures from EIF

# Focus on Trade Facilitation



*What are elements holding back P+ Countries in achieving global average (or better) in implementing TFA commitments?*

# Focus on Trade Facilitation – Example of Tonga





# How do ROO Support FDI and Diversification?

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***PACER Plus has the most flexible Rules of Origin in the Pacific. These provide incentives for Foreign Direct Investment and Global Value Chains.***

Companies looking to set up in the region to access a bigger market with preferential tariff treatment

Companies looking to locate sourcing and production across the market where it makes most sense

Companies looking to source and process products across the region, avoiding internal tariffs

Company A from Europe wants to set up a coconut oil production factory in Samoa to service the Pacific + Australia and NZ markets at zero tariff rates

Company B from Solomons wants to source fragrant plants from Tonga and distil their essence in Solomons, for export to Australia

Company C from the US wants to source crustaceans from Vanuatu and process/package them in Aus, for export to the US

### **PACER Plus ROO are designed to support deeper regional economic integration:**

- Encourage intra-regional and extra-regional FDI (as above)
- Supports business case for outsourcing of stages of production
- Flexible PSRs generally allow 2-3 alternative pathways for manufacturers to achieve origin
- ROO 'Declaration' procedure is extremely user friendly

# Using PACER Plus Pro-Development Tools for Trade in Goods

| Area                      | Flexibility  |
|---------------------------|--|
| <b>Tariff Commitments</b> | <p>Pacific island countries can renegotiate their tariff commitments through provisions for compensated modification or withdrawal of tariff concessions if they experience difficulties in implementing them before or after final implementation of scheduled tariff reductions</p> <p>Pacific island countries can pause their tariff reductions – or even raise tariffs temporarily – for the purpose of industry development if certain criteria are met.</p> |
| <b>Agri-food Products</b> | <p>PACER Plus has special commitments to allow PICs to maintain a list of priority agri-food products for which special assistance will be offered by Australia and New Zealand.</p>   |
| <b>TBT</b>                | <p>Commitments on TBT go well beyond WTO standards by establishing a new mechanism for consultations on technical standards affecting trade.</p>   |

**PACER Plus is now a maturing Trade Agreement, but utilisation and awareness could be improved.**

PACER Plus Party Governments can:

- Support greater awareness and utilization
- Adopt policies (esp. on investment) that leverage the most liberal Rules of Origin in the Pacific
- Focus on trade facilitation – reduce red tape and increase transparency by cooperation on common issues?
- Maximise PACER Plus pro-development tools

