



What are Services?

Services play an important role in many Pacific countries, significantly contributing to gross domestic product and growth of Pacific economies. Services are also a potential source of export diversification, an important factor for many smaller island states where manufacturing capacity is limited.

Services are activities which are part of a country's economy but are not concerned with producing or manufacturing goods. Examples include tourism (such as running hotels, providing tours), banking, transport, telecommunications, retail and distribution services, education, and health care.

Services can be provided by a business from one PACER Plus country in another PACER plus country in several ways (or 'modes') as shown below:

How PACER Plus refers to this way of providing services	Way of providing services	Example
"Cross border" (known in trade jargon as "Mode 1")	A business in country A provides services to a customer in country B but without entering country B themselves (including over the phone or internet)	An IT consultant in Australia provides assistance to a customer in Samoa over the phone
"Consumption abroad" (known in trade jargon as "Mode 2")	A consumer from country A travels to country B and consumes services in country B.	A New Zealand tourist travels to Tonga and stays at a local hotel
"Commercial presence" (known in trade jargon as "Mode 3")	A service sector business from country A sets up a business inside country B to supply services in country B.	A New Zealand company sets up a bank serving customers in the Cook Islands
"Movement of natural persons" (known in trade jargon as "Mode 4")	A service supplier from country A travels to country B to supply a service	An engineer from Vanuatu visits Niue to provide advice on a construction project.

The Services Chapter of PACER Plus

The Services Chapter aims to make it easier for people and businesses from PACER Plus countries to provide services to customers in each other's countries. It does this through each PACER Plus country making 'market access' commitments to allow service suppliers from other PACER Plus countries to supply services in its territory, and through harmonised rules on the regulation of services.

Key obligations

Key obligations in the PACER Plus Services Chapter include:

Market Access: where countries guarantee they will not impose certain restrictions or limitations on the supply of services, for example quotas on the number of service suppliers or limits on foreign ownership of service sector businesses. Market Access only applies to service sectors which are listed in each country's Schedule (list) to the Services Chapter.

National Treatment: where countries guarantee to not discriminate against service suppliers from other PACER Plus countries compared to local suppliers. National Treatment only applies to service sectors which are listed in each country's Schedule (list) to the Services Chapter.

Most-Favoured-Nation Treatment (MFN): where countries guarantee to not discriminate against service suppliers from PACER Plus countries compared to suppliers from any other country. PACER Plus countries can exclude certain kinds of treatment (for example preferences between the Pacific Island Countries) from the MFN obligation.

Domestic Regulation: where countries guarantee that laws and other requirements affecting trade in services are carried out in a reasonable, objective and impartial way. Most of the rules in the Domestic Regulation obligation only apply to service sectors which are listed in each country's Schedule (list) to the Services Chapter.

Schedule of Commitments

Each PACER Plus country has a Schedule of Commitments that lists the sectors where it is prepared to make market access commitments and not discriminate against services from other PACER Plus countries.

The core market access obligations (Market Access, National Treatment) only apply to sectors which are set out in the Schedule, and subject to any limitations or conditions set out in the Schedule.

For example, many PACER Plus countries have restrictions on foreign ownership of businesses in certain service sectors. As long as these restrictions are set out in the Schedule they are not inconsistent with the Services Chapter.

Exceptions

PACER Plus contains exceptions which allow countries to impose requirements or take actions for certain kinds of policy interests including: to protect human, animal or plant life or health; to protect public morals; and to protect essential security interests.

Transparency

PACER Plus requires countries to publish their laws, regulations and procedures related to trade in services, including licensing and qualification requirements and procedures.

The PACER Plus transparency obligations make it easier to do business because people can easily find the information they need.