

**Building stronger and more resilient economies in the Pacific**  
**By Simon Crean**  
**Australian Minister for Trade**

The global financial crisis may seem like a strange time to launch negotiations on a new regional trade and economic agreement. But I am convinced that Pacific Islands Forum Leaders made exactly the right decision when they agreed in August 2009 – in the darkest days of the global financial crisis – to commence negotiations on a new trade and economic agreement known as PACER Plus.

Forum Island countries have faced particularly difficult economic challenges over the past three years. The ongoing and significant long term economic development challenges, such as limited access to income earning opportunities, have been made worse by the global financial crisis. In addition, the September 2009 tsunami in Samoa and Tonga, flash flooding in Fiji and the Solomon Islands, and recent cyclones remind us how environmental factors can contribute to the Pacific region's challenges.

The events of the past year have brought home the need to build the resilience of Forum Island country economies to international shocks. This does not mean that Forum Island countries should turn their backs on the international economy. I know that does not work and I'm very encouraged to see that Forum Island country Leaders have firmly rejected that course.

Australia welcomes the opportunity for further discussions on PACER Plus at the Pacific Islands Forum Trade Ministers' Meeting on 29-30 April 2010 in Pohnpei.

Building economic resilience means, above all, strengthening competitiveness to take advantage of international trade opportunities.

International trade contributes to economic growth by creating jobs, enhancing the private sector, and raising standards of living. This is why Australia, New Zealand and Forum Island countries have pursued greater economic integration and trade liberalisation as a regional priority for decades. In August last year the Leaders of Pacific Island Forum countries once again highlighted trade as a regional priority when they agreed to commence negotiations on PACER Plus.

I strongly endorse our Leaders' decision to start negotiations on PACER Plus. Of course, trade is not an end in itself. Simply opening markets is not enough: we also need to make sure that Forum Island economies are strong enough and competitive enough to take advantage of market opportunities.

That is why Australia supports the new trade and economic agreement being crafted in a way that takes account of the individual circumstances of Forum Island Countries and incorporates a substantial focus on development outcomes. We recognise that further development assistance will be crucial to build Forum Island country capacity to take advantage of the liberalisation opportunities created by this prospective new agreement.

As with anything worth doing, trade liberalisation takes courage and commitment. A number of people are worried about "free trade". People have told me, for example,

that PACER Plus will destroy the revenue base of Pacific governments by removing tariffs on imports. This is simply not true. Forum Island country governments are already committed to reducing their tariffs as part of trade liberalisation already underway. Other trade agreements and prospective trade agreements, such as the Economic Partnership Agreement negotiations with the European Union, are already addressing tariff issues. When negotiations begin under PACER Plus for future tariff commitments, Australia will take account of the individual circumstances of different Forum Island countries. Forum Economic Ministers have tasked the Forum Secretariat to facilitate a study on improving government revenue collection, with particular reference to addressing the impact of trade liberalisation. So that when PACER Plus tariff reductions finally come into effect – years from now, after the negotiations have concluded and the agreement enters into force – Forum Island countries will not only cope, but thrive.

Australia has already begun working with Forum Island countries to provide trade capacity and development assistance specifically relating to PACER Plus. The Australian Government funded Trade Fellowships program is providing training to Forum Island country officials to increase trade negotiating capacity. Forum Island countries are also taking advantage of Australia's Trade Research Initiative, which provides \$65,000 to each country to commission independent research on trade priorities and needs for PACER Plus. Australia and New Zealand have each agreed to provide AUD 1.5 million over three years to fund the establishment of the Office of the Chief Trade Adviser to provide independent advice and assistance to Forum Island countries in the PACER Plus negotiations. The OCTA is being set up to serve the interests of Forum Island countries and will be answerable to the Forum Island countries. I am delighted that the Chief Trade Adviser, Dr Christopher Noonan, took up his appointment at the end of March.

PACER Plus provides the long term opportunity to create jobs, enhance private sector growth, raise standards of living and boost sustainable economic development in Forum Island countries.