



Background briefing on the Pacific Island Countries Trade Agreement (PICTA) and the Temporary Movement of Natural Persons (TMNP) scheme

Trade and immigration have often been viewed as distinct areas of policy, but the two are increasingly intertwined. For many countries access to overseas labour markets for their workers is just as important as access to overseas markets for the goods they produce. In the Pacific, Forum Island Countries (FICs)¹ are seeking to increase the ability of people to move and work in other FICs through the PICTA trade in services negotiation process.

What is the purpose of this note and who is it for?

This briefing provides background information to the development of the TMNP scheme and the related PICTA trade in services negotiations. It has been developed to support PIDC member immigration departments in the 14 Forum Island Countries in engaging in discussions at the national and regional level. It will be of particular interest to heads and directors of immigration, as well as those with policy responsibility, who were unable to meet the TMNP consultants during their regional consultation exercise.

What are the origins of the proposed TMNP scheme?

In 2001, the FICs signed PICTA in order to promote regional integration and as a stepping stone to facilitate wider integration with the global economy. PICTA therefore needs to be seen in the context of other agreements, including the Pacific Agreement on Closer Economic Relations (PACER) between FICs and Australia and New Zealand, the decision to launch PACER-plus negotiations, Economic Partnership Agreements with the European Union, and trade agreements amongst the Melanesian Spearhead Group.

The stated objectives of PICTA are to:

- a. strengthen, expand and diversify trade between the Parties;
- b. promote and facilitate this expansion and diversification through the elimination of tariff and non-tariff barriers to trade between the Parties in a gradual and progressive manner, under an agreed timetable and with a minimum of disruption;
- c. develop trade between the parties under conditions of fair competition;
- d. promote and facilitate commercial, industrial, agricultural and technical cooperation between the Parties
- e. further the development and use of the resources of the Pacific region with a view to the eventual creation of a single regional market among the Pacific Island economies in accordance with the respective social and economic objectives of the Parties, including the advancement of indigenous peoples; and,
- f. contribute to the harmonious development and expansion of world trade in goods and services and to the progressive removal of barriers to it.

Also in 2001, Trade Ministers decided to broaden the scope of PICTA to cover trade in services. Included in the concept of trade in services is the cross-border movement of people (termed natural persons to make the distinction from legal persons, such as companies and organisations). Included in the Trade Ministers' decision was the need to explore options for a scheme for the temporary movement of natural persons (TMNP).

These decisions have been affirmed by Forum Economic Ministers who, at their meetings from 2005-2007, have, amongst other decisions, continuously recognised the need to prioritise improvements in support of regional labour mobility. The inclusion of the temporary movement of labour in trade agreements has been part of the Pacific Plan initiative, as approved by the Forum Leaders.

During the early trade in services negotiations, FICs set limits to any TMNP scheme. In March 2009, the Forum Secretariat engaged a team of consultants to develop a comprehensive framework for a scheme within these limits. A first stage report was presented at the third round of PICTA trade in services negotiations in April 2009. This was followed by in-country consultations with all 14 FICs and the development of a final report that was presented at the fourth round of PICTA trade in services negotiations in March 2010.

What are the benefits of increasing regional labour mobility?

For some countries, workers are key assets who can provide services abroad, develop skills and earn foreign currency to the benefit of their home economy. For other countries, welcoming foreign workers into their labour market helps to fill job vacancies and provide new skills, boosting business, enterprise and services.

The development of a TMNP scheme is intended to enable FICs to source labour from a larger pool of people in the region and ensure that FICs are able, as much as possible, to meet skills shortages from within the region. A successful scheme would stimulate skills transfer and development in the region as well as retain skilled workers within FICs.

It is important to remember that the movement of workers in any scheme would be two-way. A TMNP scheme would seek to make it simpler for nationals of your country to work in other FICs, and nationals of other FICs to work in your country. Just as there is a single job market in each FIC where workers can apply for jobs and move from one town to another without restriction, a TMNP scheme could do something similar on a regional basis. The European Union and the Caribbean Community are examples of regions that have removed restrictions on the movement of labour for the purposes of creating a single market. The consultancy team's stage one report (May 2009) provides further examples.

What are the negative aspects of doing this?

The management of borders is often seen as a key part of defining a country's sovereignty. Consequently, any policies that relate to immigration can be sensitive. Policy concerns frequently associated with greater labour mobility focus on the potential loss of skilled workers overseas, and fears of an influx of workers from overseas supplanting a country's own workforce.

However, the limits set by FICs and which a TMNP scheme would need to work within are intended to meet these concerns. They include, only opening the scheme to professionals and other skilled workers or trades people, using quotas, and requiring advance job offers.

What is the role of PIDC?

PIDC is acting in an advisory capacity to the Forum Secretariat and to the consultancy team developing the TMNP scheme. PIDC members are the experts on immigration processes nationally and regionally and just as members will be providing their views in national discussions, so too will the PIDC Secretariat seek to represent those views in discussions at a regional level.

The PIDC Secretariat will keep members up to date with developments. If you have any questions please contact the PIDC Policy Leader, Matthew Capper by email at mattcapper@pidcsec.org or by phone on +679 322 0361.

¹ The 14 FICs are: Cook Islands, Federated States of Micronesia, Fiji, Kiribati, Nauru, Niue, Palau, Papua New Guinea, Republic of the Marshall Islands, Samoa, Solomon Islands, Tonga, Tuvalu, and Vanuatu.