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Melanesian Spearhead Group | Le Groupe Fer de Lance Mélanésien

Study on Selected MSG Export Products

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FINAL REPORT

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1. EXECUTIVE SUMMARY

The Terms of Reference is an initiative by MSG Secretariat to conduct a Study on MSG export products so as to increase exports of Pacific Island Products and increase investment in the region. The Study covers Fiji, PNG, Solomon Islands and Vanuatu as well as the Front de Liberation Nationale Kanak Socialiste (FLNKS) Party of New Caledonia in her observer status under the Trade Agreement.

The Study focuses on a few products that are deemed to be of comparative and competitive advantage for each member country, with the aim of developing capacity for the existing potential MSG exporters to effectively enhance export competitiveness and facilitate subregional trade. The Report looks forward from previous Studies in related areas, and assumes a familiarity with the material contained in them.

Although there are a number of regional trade agreements operating in the Pacific, stakeholders that were interviewed regarded the MSGTA2 as the principal trade agreement in the region.

Stakeholders from government, non-government organisations and the relevant export industries were consulted in the preparation of the Report.

Fiji

Government officials advised that the current priority is to work towards finalising and implementing a fully-fledged, comprehensive MSGTA3. NGOs raised concerns about shipping costs as well as frequency of regular services and the transparency of the Customs regime in the MSG region. There was also a desire for more private sector consultation in trade negotiations.

Virgin Coconut Oil is an important component of the Fijian economy with exports made to Australia and New Zealand. There are no current exports to other MSG countries. Export potential is seen for the MSG region as well as Australia, New Zealand, Europe, Malaysia, ASEAN and Taiwan.

There are two major manufacturers of **sweet biscuits** who export to MSG and other Pacific based countries as well as Australia, New Zealand, UK, USA and Canada. The industry sees potential to increase exports to other MSG countries and beyond, subject to resolving issues around shipping costs and port congestion, inconsistencies in Customs administration and quarantine issues.

Yoghurt production is largely confined to the domestic market apart from some limited catering needs on international flights. There have been no exports of this product to date, nor are there immediate prospects of sales to other MSG countries because of high levels of air freight rates, and the fact that production is completely oriented towards the domestic market.

New Caledonia

Government officials noted a number of factors that mitigate against increased exports to MSG countries. These include problems in product promotion, language barriers, high freight costs and competition from other off-shore suppliers. Discussions with NGOs concentrated more on inward trade rather than available export opportunities.

There is one niche producer of **tunnels and soilless crops systems**, used for cultivating fresh vegetables in glasshouses. There have been some exports to Vanuatu and Wallis and Futuna, with more limited exports to New Zealand. The industry faces heavy competition from Australia and New Zealand, but sees possible export opportunities in Vanuatu, Fiji and PNG.

Scorie or cinder ash is the waste material that arises from the three nickel smelters that are a very important part of the New Caledonian economy. The industry is in a competitive tender for a major contract in Tahiti, and sees some potential in the wider Asian and Pacific regions.

Roof-mounted solar water heaters have been manufactured in New Caledonia for some time. Exports have been made to a large number of French overseas territories, Australia and Fiji. The industry believes there is export potential to other MSG countries, but that a three year timeframe will be required to achieve this. Potential markets in the ASEAN region have also been identified.

Papua New Guinea (PNG)

The Government's objectives in the trade sector are to rebalance exports away from the extractive sector and encourage investment and employment in the non-extractive sector. The Manufacturers Council noted that the ability to increase exports is mitigated by severe competition in PNG from low cost imports, high internal transport costs and port charges, and lack of treatment facilities for SPS matters.

The majority of the industry's production of **ox and palm corned beef** is for the domestic market, with a small balance currently being exported to the Solomon Islands and Vanuatu. Other product is exported to Australia, Samoa and Tonga.

The industry highlighted a number of barriers to increasing exports and although there are potentially lucrative markets in Fiji, the Philippines, Brazil and France, strong competition from overseas suppliers and other regulatory barriers in these markets have made it difficult to win this business to date.

Traditionally **bilum** is known as the bag, however the product is now extending to such things as ties, i-pad covers, pouches, scarves, hats, dresses etc. Making bilums is a very time intensive process using natural fibres and is still a cottage/subsistence industry operated by women living in remote villages. A strong attempt is being made to establish a genuine export industry by bringing a greater level of organisation to the manufacturing process so that there is consistency of supply and distribution channels. There have been no exports to date, although some product is selling on line in Australia.

The industry's intention is to market the products as high end fashion items which suggests that sales in other MSG countries will be limited. The target markets are the more affluent economies which can sustain a sufficiently high price point to return a profit to the local industry.

The industry producing **biscuits and snacks** is locally owned and currently exports to the Solomon Islands, with small volumes to the Marshall Islands. Barriers to increasing exports are seen as GST differential rates in the major export market, poor shipping routes and high freight costs.

There was no indication that the industry's export strategy involves increased exports to other MSG economies. Australia, New Zealand, Singapore and Japan are seen as priority export markets.

Solomon Islands

Government officials advise that the development of export trade from the Solomon Islands continues to be restricted by the cost of electricity and water, the land issues that are detrimental to development production and export, and that although crops are grown organically, they are not certified as such and there is therefore no beneficial effect on price or volume. An urgent need for a multi-purpose laboratory and a heat treatment facility was identified.

Processed timber (vitec and rosewood) is exported to Australia and New Zealand for use in furniture manufacture and construction. Consultations were held with two small family owned companies, one of which does not export. Information has not yet been supplied by the larger processed timber companies.

Barriers to exports include high fumigation costs and a lack of kiln drying facilities which would enable value to be added in the Solomon Islands. Australia and New Zealand will continue to be the major export markets for this industry.

The industry producing **roasted coffee beans** is small and has no current interest in exporting. It identified a lack of equipment, supply of raw product, expensive packaging and price competition by other countries as barriers to overcome if exports are to be considered.

Tuna is a major export industry, with 80 percent of its production being exported either as cooked loins or canned product. Current export markets for canned tuna are Fiji, Vanuatu and PNG and the industry advises that the ability to increase volumes is restricted by current manufacturing capacity. The industry is clear that its present priority is the domestic market and the MSG regional export market. The ability to export to other markets, particularly the EU, will depend upon increased manufacturing capacity and introduction of provisions that will enable global sourcing of fish for the EU market.

The **Virgin Coconut Oil** industry is growing quickly, is well managed and has ambitious plans for growth. Currently the product is exported in bulk predominantly to Australia, with limited domestic sales in retail packages. The industry has the capacity to grow its production volumes and sees opportunities in the other MSG

Vanuatu

Government officials identified a number of issues facing Vanuatu's exports including production capacity, reliability and sustainability of product, failure to adapt to changing consumer preferences in target export markets, and a high domestic cost structure and low productivity.

The **cocoa** industry is small and to date has exported fermented and dried cocoa beans to Singapore and Germany. The industry did not identify any MSG countries to which its product could be exported, but sees Samoa, Singapore, Australia and New Zealand as potential export markets.

The **Sandalwood** industry produces small quantities in log form. Small volumes have been exported to Singapore, but there have been no exports to other MSG countries. The industry sees this situation continuing in the medium term, with some potential for export to Asian markets, particularly China.

Sandalwood oil has been exported in small quantities to Australia, EU and the United States, and notes Fiji as a potential market. Supply side constraints currently limit the ability to increase export volumes, in addition to the highly competitive nature of other export markets.

There is a stable industry producing **beef** both for the export and domestic markets. Beef products are currently exported to PNG, the Solomon Islands, New Zealand and Japan but endeavours to export to Fiji have been unsuccessful. The industry has no current plans to increase its export volumes to other MSG countries and wishes to consolidate for at least two years before considering whether to seek export growth.

There is a large industry in Vanuatu producing a range of **kavas** ranging from chips and powder to liquid kava in retort pouches. Kava has been, and is currently being, exported to China, Fiji, New Caledonia, Europe, USA and Australia. There are a number of barriers to increasing the exports including the cost of inter-island shipping, SPS and TBT requirements and cost of packaging and labelling. Kava products are being considered for export to existing and new international markets.

Transport linkages were identified by stakeholders in all countries as a key concern or subregional trade. Concerns were expressed about the high cost of freight rates within the MSG region, as well as the lack of frequency of scheduled direct shipping services.

With the exception of CEMA in the Solomon Islands, the government Food Technology Laboratory in Vanuatu and the intention to establish a similar body in New Caledonia, the member countries have not seen the necessity to create a specialised unit to facilitate and assist exporters. The risk of spreading this responsibility amongst a variety of agencies is that there are gaps in the service and the potential lack of communication to the exporters.

Government policy and strategy requirements for the MSG member countries have been identified as follows:

- Well-coordinated and coherent subregional policies and initiatives of exporting.
- Strategies to strengthen export capabilities of export oriented enterprises in MSG countries.
- Accurate up to date and accessible information on export opportunities in the MSG region for the benefit of exporters.
- Visible and relevant trade and market information, including a network system, housed within the MSG Secretariat, with a staff member expected to update it.

Export trade data from the four member countries has been analysed and separate matrices prepared for each country.

Matrices have been developed of indicative products that each of the participating countries could offer to or buy from its subregional counterparts in MSG. A similar matrix has been prepared identifying products that could be offered to potential international markets. There is a lot of potential for exports from Vanuatu to New Caledonia. However, the market requirements are trade prohibitive for fresh commodities even in the absence of SPS issues.

Most of the selected industries are concentrating on consolidating their domestic markets together with developing a small and manageable export market. In this respect, there was much more comfort in developing this business within the MSG subregion rather than seeking markets further afield. There were exceptions to this with some industries successfully exporting to Australia, New Zealand, other Pacific Island Countries and the European Union.

Recommendations

A. GENERAL

Priority Products

- Market Survey reports be prepared for value added products produced in more than one MSG country e.g. virgin coconut oil. (We understand that this will be covered by a subsequent Market Intelligence Study.)
- These reports should focus on the biggest export market for each product selected and may involve the assistance of off-shore PT&I offices.
- A market survey report be prepared on the potential for service industry delivery within the MSG region.

Shipping and Transport Linkages

- An MSG transport strategy be developed as a matter of urgency in collaboration with the SPC Economic Development Division given the concerns raised in discussions with producers in the region who expressed concern about the infrequency of scheduled shipping services as well as high freight costs and port charges within the MSG region.

Trade Statistics

- The need for a statistical resource within the MSG Secretariat be assessed in collaboration with either ITC or SPC with a view to ensuring that an appropriate MSG statistical data base both for regional as well as global

trade be developed and a link to the appropriate statistical material be listed on the MSG website.

Procurement and Employment

- The need for a procurement and employment resource within the MSG Secretariat be assessed by considering that a link to opportunities for public and private sector contracting and employment opportunities currently existing on the ITC Trade Map site and/or the SPC PRISM site be listed on the MSG website;

Industry Assistance

- The MSG Secretariat should consult with PIPSO and their constituent groups to ensure that the private sector is more closely consulted by officials with respect to the various trade negotiations that are being undertaken. These consultations should take place in addition to any discussions that are presently undertaken with trade groups representing individual industries/companies;
- Consideration be given to the establishment of appropriate specialist export focused bodies in each country to coordinate policy and assistance for export industries. From a cost consideration point of view, MSG might consider co-locating staff in the regional or country offices of SPC, PIFS or PIPSO;
- Assist industries to access the appropriate levels of government to take advantage of trade legislation and policy that will assist the industry to compete with low cost or illegally traded imported competition.

Trade Representation

- A resource be established within the MSG Secretariat, possibly in collaboration with SPC, to develop trade promotional opportunities within and outside of the MSG region;
- Consideration be given to the appointment of an MSG Trade Commissioner who could pursue export opportunities for MSG producers within New Zealand and Australia and that discussions be held with the SPC on the possible location of such a Trade commissioner within an appropriate PITI Office;
- Consideration be given to the appointment of MSG Honorary Trade Advisors in Australia, New Zealand and other markets that are considered to be important for the promotion of MSG products and services;
- Consideration be given to the establishment of an MSG Business Council with chapters in both Australia and New Zealand that promote bi lateral business linkages;
- Consideration be given to the establishment of an Advisory Governance Board to provide governance assistance to the MSG Secretariat in undertaking and overseeing these functions
- There is a separate case for the revitalisation of a New Caledonia NZ Business Council if two way trade is to grow.

Accreditation and Certification Services

- In-country facilities be developed for testing MSG grown produce as well as manufactured goods to ensure that crops meet appropriate international standards requirements, eg multi-purpose laboratories and heat treatment facilities. Development of these facilities should take into account current government facilities including those provided by SPC (IACT) and USP.

Customs procedures

- An updated model Customs Act be prepared by the Oceania Customs Organisation to determine if common customs procedures and methods of valuation could be introduced within the MSG region.

The Consultants are aware that the final two recommendations have featured frequently in previous reports undertaken by various organisations and consultants. They are raised for completeness, but also in light of frequent comments on these issues by the parties that were interviewed.

B. COUNTRY SPECIFIC RECOMMENDATIONS**Fiji**

- Government to form a Trade Association representing producers of VCO;
- Introduce a transit permit in Fiji for onward shipments to other countries in the region;
- Develop a Paper that sets out the specific responsibilities of the Department of Agriculture and Biosecurity Agency;
- Develop trade linkages between Melanesia and Micronesia.

New Caledonia

- MSG Secretariat to develop a simple list of products traded within the area to supplement the data available from published trade statistics;
- Consider establishment of New Zealand-New Caledonia Business Council;
- Establish one stop export agency.

Papua New Guinea

- Harmonisation of standards and procedures within the region;
- Improve treatment facilities to address SPS requirements;
- Negotiate better access for low volume high value boutique products like spices to Australia.

Solomon Islands

- Provide kiln drying facilities for processed timber;
- Ensure that the appropriate training programmes are in place to develop expertise in the export industries;
- Establish multi-purpose laboratory and heat treatment facility.

Vanuatu

- Implement the DTIS recommendations with respect to the cocoa industry;
- Enable the beef industry to import live cattle;
- Establish Government laboratory for kava industry;
- Increase the number of drying machines for the kava industry.

2. BACKGROUND

2.1 Terms of Reference (TOR)

The TOR is an initiative by MSG Secretariat to conduct a Study on MSG export products so as to increase exports of Pacific Island products and increase investment in the region. The Study covers four MSG member states: Fiji, PNG, Solomon Islands and Vanuatu, as well as the Front de Liberation Nationale Kanak Socialiste (FLNKS) of New Caledonia in her observer status under the Trade Agreement.

The aim of the Study is to develop capacity for the existing potential MSG exporters to effectively enhance export competitiveness and facilitate subregional trade.

The Study focuses on a few products that are deemed to be of comparative and competitive advantage for each member country. The identified national products in each instance need to be “existing”, “already established” or “exportable” MSG products with some level of export or potential to export.

2.2 Previous Studies

There have been a number of previous Studies in related areas. In particular, comprehensive diagnostic trade integration studies have been conducted for the Solomon Islands (2009) and Vanuatu (2008). In addition, formal Trade Policy Frameworks have been developed for Fiji, the Solomon Islands and Vanuatu.

Much of the background and underlying information relating to this Study is contained in those reports, and it is not the Consultants’ intention to repeat this. This Study looks forward from those reports and the recommendations they make, and assumes a familiarity with the material contained in them.

2.3 Country Trade Profiles

MSG membership comprises Fiji, Papua New Guinea, Solomon Islands and Vanuatu. The Front de Liberation Nationale Kanak Socialiste (FLNKS) party of New Caledonia is also a member with observer status. Indonesia has recently obtained an associate membership (as of June 2015 MSG Summit) to represent the provinces of West Papua in the MSG region. Indonesia is not part of this Study due to the timing of the TOR.

2.3.1 FIJI

Fiji is an open economy, generally classified as the middle income country. Fiji strategically located as the hub of the Pacific. Fiji’s total land is over 18,000 square kilometres spanning over 300 islands. The population is 837,271 (2008 census) and a real gross domestic (RGDP) per capita of FJ\$6,246., Fiji is one of the developed economies in the Pacific based agriculture, manufacturing and a thriving tourism industry

The Fijian economy is predominantly made up of services (70%) followed by the industry sector constituting 15% and the primary sectors (including agriculture, forestry and fisheries) representing 14%. Since independence in 1970 that the Fijian

economy has been growing at an average rate of 2.4% until 1999, but from 2000 to 2009 the economy had an average growth rate of 1.1%. Between 2010 and 2014 the economy grew on average by around 3% achieving a level of 4.7% in 2013 and a provisional growth rate of 5.3% in 2014. (Source: Fijian Trade Policy Framework)

2.3.2 NEW CALEDONIA

New Caledonia is an overseas territory of France which under 1999 constitution has had enhanced self-governing status under the French constitution. Throughout the past decade various statutory powers have been transferred to the New Caledonia Congress and provincial assemblies and a referendum will be held in 2018 to determine whether New Caledonia becomes an independent state or remains in some way affiliated to France.

New Caledonia covers an area of some 19,103 sq. km and has a population of some 268,767 persons (2014). Its principle exports are nickel and nickel products (93%). The New Caledonian economy grew by 6.9% in 2010 but lower growth rates were experienced in 2012 of 1.6% and in 2013 1.9%. Tourism is an important contributor to the economy with over 107,187 visitors in 2014.

FLNKS currently has observer status under the MSGTA -2 Agreement.

2.3.3 PAPUA NEW GUINEA (PNG)

PNG's population is 7.5 million (2014) has a land area of 463,000 sq. km and a GDP of USD17.7 billion (2014).

The PNG economy has performed strongly since mid 2000s. Economic growth is forecast to be 9% in 2015 as a result of the country's natural resource boom, cementing its place as the Pacific's fastest growing economy. The PNG LNG project has injected \$19 billion into the economy during its development phase (2008-2013) and will contribute over \$90 billion in export revenues through its projected life (2014 -2037). A rebound in the mining sector is expected.

PNG's main imports are sourced from Australia, Japan, the US, Singapore, NZ, the UK, China and Hong Kong. The main destinations for PNG's major exports of oil, gold, copper, logs, palm oil, coffee, cocoa and fish are Australia, Japan, South Korea, China, Germany, the US, the UK and Singapore. Some 12-17% of the world's tuna is caught within PNG's exclusive economic zone. Fish is one of PNG's leading revenue earners and the Pacific Tuna Forum estimates that the yearly catch is worth \$1.3 billion. Major overseas markets include Japan, the US, and the EU, and access agreements are in place with China, the Philippines, Taiwan and South Korea.

PNG has an Economic Partnership Agreement (EPA) with the EU, which also covers Fiji (ratified in 2011). This allows duty free, quota free access to the European market for PNG made goods, which would otherwise be subject to the EU's Rules of Origin.

2.3.4 SOLOMON ISLANDS

The Solomon's population is 0.562 million, it has a land area of 27,500 sq. km and it has a nominal GDP of USD1.2 billion (2014).

The three largest export commodities are timber, gold and fish. Logging comprises 60% of exports, 15% of government revenue and 32% of foreign exchange earnings. It is also the largest source of formal employment other than the government, providing 5000 jobs. The likelihood that natural forest resources will soon be exhausted means that other sources of export growth will need to be found in addition to mining. Almost all exports are unprocessed commodities. Other export items are palm oil and kernels, timber, cocoa, copra and coconut oil.

China is Solomon Islands' top export partner followed by Australia. The main outstanding export trend has been a major shift towards developing Asia and China away from the European Union.

There is a shortage of supply capacity to be able to export in sufficient quantities and consistency to international markets. The principal ingredients required to build a productive capacity are linkages, infrastructure, finance, land, energy and water. The decline in the logging industry is the most pressing macro-economic and environmental challenge facing the country. Agriculture and fisheries will remain major contributors to economic and trade growth.

Sanitary and phytosanitary measures (SPS) constrain the export of a number of agricultural and fisheries products. Local quarantine administrations are severely capacity and resource constrained, and standards and conformance bodies in the Solomon Islands are either non-existent or at the early stages.

While 9% of Solomon Islands imports came from MSG countries in 2007, only 2.3% of exports went to MSG markets. This is partially due to bigger manufacturing bases in PNG and Fiji, and their more proactive utilisation of the trade agreement. This also reflects general supply side constraints in the Solomon Islands.

2.3.5 VANUATU

Vanuatu has a population of over 275,000, a land area of 12,000 sq. km and a GDP of USD852 million (2014).

The majority of Vanuatu's population is engaged in rural subsistence farming. Agricultural Products are copra, coconuts, cocoa, coffee, taro, yams, fruits, vegetables, beef, fish. Vanuatu's economy is narrowly based on tourism, real estate, construction and agriculture with the main industries being food and fish freezing, wood processing, meat canning. Vanuatu's economy grew at 2 percent in 2012 underpinned largely by tourism. However it remains depended on the international donor community.

Export commodities (VT\$6.15 billion) are copra, beef (12%), cocoa (18%) timber, kava (39%) and coffee. Principal export markets are Australia, New Caledonia and New Zealand. There are also exports to Thailand, Japan, Canada, India and Poland.

Import commodities (VT\$27,454 million, 2012) are machinery and equipment, foodstuffs, fuels, chemicals, beverages and tobacco. Principal import countries are Australia, New Zealand and China. As a member of the Africa Caribbean and Pacific Group, Vanuatu enjoys preferential trade links with the EU.

2.4 Relevant Trade Agreements

Regional Trade Agreements criss-cross and weave among the Pacific Island economies like spaghetti, some conflicting, others overlapping, and still others complementing each other. They include the Melanesian Spearhead Group Trade Agreement 2 (MSGTA2), the Pacific Island Countries Trade Agreement (PICTA) which includes all fourteen Island Countries, the Interim Economic Partnership Agreement (IEPA) with the EU and the current negotiations with Australia and New Zealand on PACER Plus. More detailed commentary is provided in Section 5.

For the purposes of this Study the MSGTA2 has been regarded by the stakeholders as the principal trade agreement in the region. The TOR does not seek comment on the merits or commercial opportunities afforded by each trade agreement, and therefore this analysis has not been carried out.

What is relevant to note is that for export trade outside the MSG region, MSG exporters will be subject to other regional (and in some cases international) trade agreements which will have a variety of impacts, including Rules of Origin (ROO), SPS provisions, market access arrangements etc.

2.5 Trade Statistics

In July 2010 the Overseas Development Institute, London, produced a paper entitled *Trade and Trade Policy, a Guide for Commonwealth Parliamentarians in the Pacific Region*.

The paper noted one of the major difficulties facing Pacific legislators to be the absence of good data for many of the States on their pattern of trade in a form that allows comparisons to be made and conclusions drawn. Fiji, Samoa, the Solomon Islands and Vanuatu reported their trade to the main international database, the UN's COMTRADE in any year later than 2005. Some of the other States had good data on their own trade available nationally – and this provided part of the picture needed to assess trade performance and prospects.

The Consultants were fortunate to find that all of the countries were able to provide relevant and up to date trade statistics which enabled the preparation of matrices summarising trade in the products covered by the Study, as well as other significant export goods.

3. PURPOSE AND OBJECTIVE

The TOR requires the Study to fulfil the overall objective of promoting growth of MSG economies to improve the living standards of their people.

The specific objectives sought by the Study are as follows:

- To implement a strategy to improve the capabilities of export and related sectors, industries and enterprises to export products of potential and common interest to MSG members;
- To improve the ability of the private sector to engage in the process of trade policy development and to access export opportunities from implemented trade agreements.

4. METHODOLOGY AND LIMITATIONS

The Consultants devised a methodology, approved by the MSG Secretariat, that is designed to achieve the Objectives set out in the TOR.

The TOR referred to assumptions and risks that may detract from the outcome of the Study. The Consultants found that not all identified stakeholders in the MSG countries engaged fully in the Study and the quality of information provided was variable. In general however, there was good engagement from stakeholders and the material provided was of a satisfactory nature.

The Consultants took steps to mitigate any limitations by reviewing the meeting schedules in-country, and undertaking an extensive follow up process regarding the return of questionnaires and the provision of additional explanatory information.

At the outset, detailed questionnaires were prepared and circulated to all people with whom there was an intention to meet. (Appendix 1)

Following initial desk research, the Consultants visited each country, accompanied by a staff member of the MSG Secretariat, to carry out interviews and collect data from all relevant stakeholders. This included exporters, government officials and NGOs. The full Lists of Attendees are attached as Appendix 2.

A Draft Report was prepared for consideration by the MSG Secretariat, and following various comments and amendments, it was circulated to member countries prior to the Validation Workshop in New Caledonia.

Following submission of the Draft Report to the Secretariat, it was circulated amongst member countries ahead of a Validation Workshop held in Noumea on 12 and 13 November 2015. The consultants made a PowerPoint Presentation which is attached as **Appendix 3**.

Following verbal comments, subsequently followed up with written submissions, relevant amendments were made to the Draft Report in order to produce the Final Report.

5. RELEVANT TRADE AGREEMENTS

There are a number of Trade Agreements operating in the Pacific which either currently impact on the goods subject to this Study, or have the potential to do so. During their country visits, the Consultants received some comments from various exporters regarding these impacts. Generally speaking however, the role of Trade Agreements did not feature heavily in either their current or proposed export strategies.

The Melanesian Spearhead Group Trade Agreement 2 (MSGTA2) is a revised version of the original MSGTA which was signed in 1993 governing the three Melanesian States of Vanuatu, PNG and Solomon Islands. Fiji signed the Agreement in 1998. MSGTA2 (2005) established a Free Trade Agreement among members. Tariffs were to be eliminated on all products exported from other parties with the exception of individual members' negative lists. Currently the expansion of the MSGTA3 to trade and services, investment and labour mobility is under negotiation.

The Pacific Island Countries Trade Agreement (PICTA) was signed in 2001, although not all Forum Island Countries have ratified it. It is not as comprehensive or precise as many modern preferential trade agreements, and interest in its implementation may reduce with the successful conclusion of the PACER Plus negotiations.

The South Pacific Regional Trade and Economic Cooperation Agreement (SPARTECA) entered into force in 1981 and requires Australia and New Zealand to provide non-reciprocal preferential access to the Forum Island Countries. It has restrictive Rules of Origin and challenges related to quarantine and productive capacities have made it difficult for Forum Island Countries to take advantage of the Agreement.

The Pacific Agreement on Closer Economic Relations (PACER) provides a broad framework for regional integration among the Forum Island Countries, Australia and New Zealand. The Agreement contains no obligations on market access, but in certain circumstances requires the parties to commence negotiations on a Free Trade Agreement.

Those negotiations have now commenced under **PACER Plus**. These negotiations have been in progress for some time and there is an indication that there may be a conclusion some time in 2016.

An **Economic Partnership Agreement** is currently being negotiated between the Pacific Island Countries and the European Union (EU). These negotiations are a successor to the Cotonou Agreement, and currently some Pacific Island Countries are trading with the EU under the Everything But Arms (EBA) arrangement which provides the same level of market access as the Cotonou Agreement did, albeit with more restrictive Rules of Origin. PNG ratified the Interim EPA and is currently implementing while Fiji has provisionally applied the Interim EPA and awaiting full ratification.

It was clear to the Consultants from the various discussions held that the MSGTA2 is the Trade Agreement that is seen as most relevant to the region and there was little awareness amongst exporters of other Trade Agreements or pending negotiations.

6. MARKET ACCESS AND TRADE AGREEMENTS

The TOR requires an assessment of the capability of the export oriented enterprises, and addresses supply side constraints and market access issues being: import tariffs on MSG exports, technical barriers to trade (standards, packaging and labelling), import quotas, sanitary and phytosanitary measures, import licences, trade distortion measures, Rules of Origin, safeguard measures, trade facilitation, any other requirements for MSG exports to gain access to high value product markets, and standards.

The authority for these regulatory barriers are found in the Trade Agreements referred to in Section 5. Some were regarded as more prominent than others by the exporters, particularly sanitary and phytosanitary (SPS) measures. The consultations revealed a number of other market access issues relating to infrastructure, business environment, productive capacity and supply side issues, education and training. Examples of these are provided in the Country Reports that appear later in this Report.

7. PROFILES OF PRODUCTS IDENTIFIED IN THE STUDY

The TOR requires market/product profiles for each potentially marketable and exportable product describing the characteristics, traceability and product composition, product variety and name product line by sector and geographic area to present key opportunities offered for export by MSG.

7.1 Fiji

In Fiji the Consultants visited producers of sweet biscuits, Virgin Coconut Oil (VCO) and yoghurt.

Sweet biscuits are a small baked consumer product that can be marketed as hard digestive or Bourbon Cream biscuits or soft baked biscuits such as chocolate chip cookies. There are at least two major producers in Fiji that manufacture a wide range of sweet biscuits both for local and export markets.

VCO is an edible oil that is extracted from the kernel or meat of mature coconuts harvested from coconut palms. It can be produced from fresh coconut milk, meat or residue and it can be marketed commercially both by large millers and smaller SMEs. It is used for cooking or medicinal purposes and can be sold in both bulk containers or in small bottles.

Yoghurt is a food formed by bacterial fermentation of milk. It is nutritionally rich in protein and calcium and contains various levels of fat content. It is used extensively with breakfast cereals and may reduce the incidence of high blood pressure. It is sold commercially in both sweetened and unsweetened as well as in flavoured forms

and is generally marketed to consumers in small plastic containers which are available at supermarkets or in convenience stores.

7.2 New Caledonia

In New Caledonia the Consultants visited producers of tunnels and soilless crop systems, roof mounted solar water heaters as well as parties who would like to be involved in the international sale of scorie or cinder ash.

Tunnels and soilless crop systems are cultivation systems that are used within glass houses to assist to cultivate crops in an air controlled environment. Such crops e.g. lettuces do not lend themselves to out-door cultivation in New Caledonia due to the extremity of summer temperatures. The flow of water through the plastic pipes that keep the crop roots moist is enhanced through the addition of fertiliser mixes.

Roof-mounted solar water heaters involve the conversion of sunlight into renewable energy for water heating using a solar thermal conductor. The New Caledonian producer uses a horizontally mounted storage tank above the solar conductor and delivers hot water for most of the year in tropical climates.

Scorie or cinder ash is a waste material arising from nickel smelting that can be used for harbour and port reclamation. It is a bulk material and is available for such use both on export as well as domestic markets. The material if traded internationally would have to be shipped by bulk cargo carriers and loaded and offloaded from bulk carrier to land by barge transport.

7.3 Papua New Guinea (PNG)

In PNG the Consultants visited producers of biscuits and snacks, ox and palm corned beef and bilums (string bags).

Biscuits are breakfast crackers which are a single serve bread substitute in retail packages. They are produced in a variety of flavours and are designed to be consumed “on the run”. **Snacks** are extruded products and potato chips which are designed to be consumed between meals. They are also packaged for retail sale.

Ox and Palm Corned Beef is a canned product produced from Australian beef in a range of sizes for retail sale under various brands.

Bilums (String bags) are manufactured entirely by hand using natural fibres from vines or bark, or roots of tree which are twisted and looped into rope. The rope is dyed before twisting and then manufactured into bags worn on the shoulder. The bilums come in numerous colours and styles, and in fact the technique has been extended to cover the manufacture of other items such as ties, pouches, scarves and hats.

7.4 Solomon Islands

In the Solomon Islands the Consultants visited producers of processed timber, coffee, canned tuna and Virgin Coconut Oil (VCO).

Virgin Coconut Oil (VCO) is produced from coconuts grown and harvested in the rural communities. The bulk product is exported in plastic bladders inside cardboard boxes, while some product is sold domestically in retail bottles. The range of products includes body fragrance oil, therapeutic/massage oil and baby oil.

Canned Tuna may be processed to be chunked or flaked. It is canned in edible oils, in brine, in water and in various sauces. Tuna is typically gutted and the loins are pre-cooked for prescribed times before cleaning, filleting, canning and sealing. The sealed can is then heated under pressure (retort cooking) for two to four hours. The cans are produced in a range of sizes and brands for retail sales.

Processed Timber is produced from Vitex, rosewood and kwila which are sourced from independent growers in rural areas. The timber is supplied in block form which is rough-sawn to buyer specifications prior to export. One of the exporters resizes, moulds and dresses the timber prior to export.

Coffee product is the roasted bean which is originally purchased as a green bean from independent but dedicated farmers. It is cleaned, dried, sorted by colour, destoned and roasted. The product manufactured in the Solomon Islands is Solomon Gold Coffee, roasted coffee beans.

7.5 Vanuatu

In Vanuatu the consultants visited producers of kava, sandalwood (timber and oil) and beef. We were unable to visit the cocoa producers, but did receive a questionnaire from them.

Kava (*Piper mythicum*) is produced from the kava bush which takes approximately 5 years to mature. The bush is harvested by pulling it from the ground, after which the roots and stem are used in the manufacturing process. Kava may be either sun dried or dried by machine. The final product may be chip, root, powder or in a liquid form in retort pouches.

There are a variety of noble kavas as well as a variety known as “two day kava”.

Raw **cocoa** beans are fermented and dried before export. The cocoa bean, also cocoa bean or simply cocoa or cocoa, is the dried and fully fermented fatty seed of the *Theobroma Cocoa* from which cocoa solids and cocoa butter are extracted. The wet beans from a cocoa pod are fermented and dried either under the sun or by using artificial heat. Sun dried is preferable to drying by artificial means as no extraneous flavours such as smoke or oil are introduced which may otherwise taint the flavour.

Beef is produced in a wide range of cuts including tender loin, strip loin, cuberoll rump, topside, outside, KNK, clod, chuck, ne brisket, pe brisket, diced and 85cl trim. They are individually packed after shrink wrapping is completed and then packed

into a carton to a weight of about 20kg. All beef is grass fed, but is not organic, and comes from cattle raised in Vanuatu.

Sandalwood is the main of a class of woods from trees in the genus *Santalum*. The woods are heavy, yellow and fine grained, and unlike many other aromatic woods, they retain their fragrance for decades. Sandalwood oil is extracted from the woods for use. Both the wood and the oil produce a distinctive fragrance that has been highly valued for centuries.

Producing commercially valuable sandalwood with high levels of fragrance oils requires *Santalum* trees to be a minimum of 15 years old, the age at which they will be harvested. Sandalwood is expensive compared to other types of woods, therefore to maximise profit it is harvested by removing the entire tree instead of sawing it down at the trunk close to ground level. This way wood from the stump and root, which possess high levels of sandalwood oil, can also be processed and sold. Sandalwood is exported in log form.

Sandalwood oil has a distinctive soft, warm, smooth, creamy and milky precious-wood scent. It imparts long-lasting woody based perfumes and is used widely in the cosmetic industry. It is distilled in a four step process incorporating boiling, steaming, condensation and separation. The process is known as steam distillation.

8. COUNTRY STUDIES

8.1 Fiji

Overview

The Consultants visited Fiji from 5 October to 9 October. The visiting programme was organised by a leading Government Agency (Fijian Ministry of Industry, Trade and Tourism) and involved a round table meeting with six Government Agencies as well as a separate meeting with another Government Agency, meetings with three private sector organisations as well as meetings with producers of the following products – virgin coconut oil, sweet biscuits and yoghurt.

Government Officials and NGOs

The meetings with Government Officials were useful in that they were held against the background that Fiji has recently published a Trade Policy Framework 2015-2025 (TPF). This TPF acknowledges that Fiji should work towards finalising and implementing a fully-fledged comprehensive Melanesian Spearhead Group Trade Agreement and promote and enhance the competitiveness of Fijian products by organising at least one dedicated trade and investment mission to current or potential markets each year and deploying Trade Commissioners to at least 2 key potential markets for Fijian products and services by 2016. Interestingly the Fijian Official recently appointed by the Fijian Government to PNG accompanied the Consultants on their visits to some of the producers of the three priority products.

The discussions in Fiji highlighted that shipping costs as well as the frequency of regular services was a major area of concern to Fijian Government officials. Interestingly it was noted that quite apart from the study to be commissioned by the

MSG Group on shipping within the region there was also work being undertaken that could involve licences being issued for specific routes within the region.

A further trend identified by discussions with Government officials in Fiji was the importance that they placed on services development within the region. As in New Caledonia the officials considered some service areas such as labour mobility, legal services and medical services to be areas of potential development within the MSG region.

Fiji values its imports on a CIF basis as opposed to the traditional FOB valuation used in other jurisdictions. This may be an area for potential development arising from this Study to establish whether some commonality of approach to Customs valuation could be adopted within the MSG region.

The Consultants met with three NGOs, and a number of interesting issues were raised. First there was a view that more could be done to ensure that the private sector is adequately consulted in MSG trade negotiations. Secondly an opinion was expressed that other industries such as apparel and electrical cable could have been nominated as priority products for the purposes of the Study. Third there may be some scope to look to align trading between Melanesia and Micronesia as the latter area operates a Micronesian Trade and Economic Commission that could provide some useful direction towards the future direction of trade within the MSG area.

The discussions with the NGOs also traversed the more general concerns discussed with Fijian officials around shipping within the region. Concerns were expressed about how Customs documentation was interpreted in the different MSG countries and this confirmed that a review may be warranted to ensure a more transparent Customs regime is established within the MSG region.

VIRGIN COCONUT OIL

Local Industry

The coconut oil industry is clearly a very important component of the Fijian economy with exports of the main traditional coconut products totalling some FJD7 million to Australia, Europe and Korea in 2012. Whilst no separate production statistics are available it was noted that the non-traditional value added coconut niche products such as virgin coconut oil and body cream are mainly exported to the Australian, New Zealand and USA markets (Source: Fijian Presentation to a Forum on expert Consultation on Coconut Sector Development in Asia and the Pacific Islands, Bangkok 30 October to 1 November 2013).

According to this presentation the Fijian industry comprises about ten coconut oil mills but also many SMEs including married couples and retirees, women's organisations etc. It was clearly not possible to visit a wide range of producers in the time allowed for field visits by the Consultants but consultations were held with two parties. An interesting idea was floated around the value added concept of the use of the "whole of a coconut" rather than only specific parts of a coconut. This aspect is discussed in more detail elsewhere in this Report.

Historic and Current Exports

Discussions with the industry established that exports are made by Fijian producers of both crude coconut oil and virgin (refined) coconut oil. The Consultants were informed that the industry exports sizable quantities of crude coconut oil to Taiwan and Malaysia but VCO exports are also made to Australia and New Zealand for consumer purchase and personal use as a medicament or as a sunscreen agent.

Barriers to Exports

Impediments identified to increased exports by the industry included the fact that they were unable to meet total market demands in Fiji due to low coconut tree replanting in Fiji, high freight costs, competition from other lauric or vegetable oils and the volatile world market price for coconut oil. No specific regulatory barriers were however identified as an impediment to regional or international trade.

Government Assistance

The only assistance identified to the Consultants was a FDB export financing loan facility that is available to the industry.

The investment incentives offered by the Fijian Government is one of the best in the region and is extended to all sectors. Some of the incentives include;

- i) Low Corporate Taxes – Fiji has one of the lowest Corporate Taxes in the region, which is a flat 20%, reduced to 17% for companies that open their regional headquarters in Fiji and even lower to 10% for companies that register on the South Pacific Stock Exchange (SPSE).
- ii) The Fijian Government recently launched the Fijian Trade Policy Framework, which amongst other things articulates Government policy and direction as well as provides overall guidance on trade, investment and industrial development.
- iii) Tax Free Regions – The Fijian Government introduced tax holidays of up to 13 years in specified tax free regions in Vanua Levu, Maritime Islands and Tavua to Korovou.
- iv) Income tax incentives – Fiji has a streamlined income tax rate at 20% (which is our highest band).
- v) Duty suspension Scheme - The Fijian Government allows goods into Fiji free from payment of import duties and taxes on condition that the imported goods are intended for manufacturing and processing then exported with the exception to sugar and mining industry.
- vi) The Fijian Government also offers no duty or duty concession to businesses who import capital good such as plants, machines and vehicles to be used in business as part of reducing business startup cost.
- vii) The Fijian Government is reviewing and strengthening the Foreign Investment Act and Regulations so that an enhanced transparent business environment prevails. Recently, Government has removed the minimum investment threshold of \$250,000.
- viii) Open Policy to Foreign Investment - The Fijian Government continues to remove barriers to investment, streamlining processes, making available online registration for investors.
- ix) Supporting infrastructure - The Fijian Government is making unprecedented investments in improving road network (especially trade related market access roads), improving main ports and bridges, extension of international airports, cheaper utilities cost and improving port efficiency.

- x) The Fijian Government has also harnessed technology in improving the access to IT and communication (for example, 4G coverage in main city centres and soon to be introduced digital television).
- xi) Skilled & Mobile Labour Force - The Fijian Government has heavily invested in creating a smarter Fiji by providing free education. This investment is part of Government's plan to create a competent and competitive workforce. In 2014 alone, the Fijian Government spent 19% or \$541.5million of the budget on education.
- xii) Export Income Deduction rate will be increased from 40% to 50%.

New incentives to be implemented from 2016

- i) Value Added Tax (VAT) will be reduced from 15% to 9%.
- ii) TFR incentive will be extended from Nausori Airport side of the Rewa Bridge (excluding township boundary) to the Ba side of Matawalu River.
- ii) 150% tax deduction will be available for capital expenditure incurred for the set-up of the HQ relocation to Fiji.
- iii) Waiver of stamp duty for SME on all instruments.
- iv) Zero duty on all raw materials and packaging materials. Accordingly, Duty Suspension Scheme (DSS) will be removed.

Engagement in Trade Negotiations

The Consultants were informed that the industry has had no direct involvement in trade negotiations.

Export Potential to Other MSG Countries

The Consultants were informed that the industry did not currently export to other MSG countries. However future potential was seen within the area if the current difficulties identified above could be overcome.

Export Potential to Non-MSG Countries

Export potential was seen in the Australian, New Zealand, European, Malaysia and the ASEAN and Taiwanese markets.

SWEET BISCUITS

Local Industry

Sweet biscuit production is also clearly an important industry for Fiji not only for the domestic but also for the export markets. A web search identified that major investment by a leading producer estimated that 50% of its future output would be exported to seven regional countries including New Zealand (Source: www.islandbusiness.com).

Historic and Current Exports

The Consultants were informed that the Fijian industry currently exports to both MSG and other Pacific based countries as well as Australia and New Zealand, the UK, USA and Canada.

Barriers to Exports

The industry expressed concerns over regulatory quarantine controls in New Zealand and quota and labelling restrictions in New Caledonia. Industry concerns about trade

with MSG countries included shipping costs, security concerns in PNG as well as inconsistencies in dealing with the Customs authorities in the MSG region.

Government Assistance

The industry stated that taxation can be remitted on 50% of its exports sales. The industry also participates in the Fijian Made Campaign but it was interesting to note that most of the ingredients used in biscuit production in Fiji are imported.

Engagement in Trade Negotiations

The industry has had minimal contact with the officials with respect to trade agreement negotiations. The Fijian Government, through the Ministry of Industry, Trade and Tourism has consulted the private sector have promoted their interest during various trade negotiations.

Export Potential to Other MSG Countries

The industry saw its biscuit range had the potential for increased sales in MSG markets. However as stated the industry identified problems affecting exports to the MSG region as including shipping costs and port congestion, inconsistent dealings with Customs in the various jurisdictions, and internal security problems in some markets such as PNG.

Export Potential to Non-MSG Countries

The industry saw factors mitigating the export potential to the wider world included quarantine issues, shipping schedules, offshore strikes and congestion, Asian competition and the market purchasing power of some buyers e.g. major supermarkets.

YOGHURT

Local Industry

Yoghurt production in Fiji is largely confined to the domestic market apart from some limited catering needs on international flights.

Historic and Current Exports

The Consultants were informed that there have been no exports of Fiji produced yogurt as production is directed totally towards the domestic market.

Barriers to Exports

No specific barriers were identified to the Consultants apart from the limited shelf life of the yoghurt produced in Fiji. It was pointed out that for other agricultural products exported by the industry included a mandatory requirement that export consignments had to be accompanied by health and quarantine certification.

Government Assistance

No specific Government assistance was identified to the Consultants as being available to the industry.

Engagement in Trade Negotiations

Whilst the industry did not comment on any specific involvement in the trade negotiation process they did mention that their relationship with the MSG and Pacific Island Forum Secretariat was good.

Export Potential to Other MSG and Non MSG Countries

There seems no immediate prospect for yogurt sales to the other MSG countries due to the high levels of air freight rates and the fact that production was totally oriented towards the domestic market in Fiji.

OTHER PRODUCTS

Aside from the priority products encapsulated in the study, Fijian government officials identified sugar and agricultural products as having export potential within the MSG. Other products that could be offered to wider export markets included kava to Australia, dairy products to Australia and New Zealand and fruit and vegetables to Australia and the USA. As far as other products that Fiji could buy from MSG countries the officials identified meat, coconut milk, coconut water, copra as having import potential.

Other products to have export potential within the MSG Group included flour, noodles, chips (dale, cassava and potato) as well as cardboard packaging. It stated additionally that its chips range had export potential in most other offshore jurisdictions.

8.2 New Caledonia

Overview

The Consultants visited New Caledonia from 29 September to 2 October. The visiting programme was coordinated by a leading Government Agency (New Caledonia Regional Cooperation and External Relations Department) and during the five days the Consultants held discussions with four Government agencies, two NGOs as well as with three producers of the following priority products: tunnels and soilless crop systems, scorie or cinder ash and solar water heaters as well as another manufacturer of roofing profiles.

Government Officials and NGOs

The meetings with Government officials were useful as they highlighted the closed nature of the New Caledonian economy to imports from offshore as well as a traditional reliance of the New Caledonian economy on the nickel industry which in turn has recently been subject to significant volatility in international exchange rates and prices.

Imports into New Caledonia face high protective barriers with a combination of import duties, tariff quotas and import licences severely affecting competition from offshore suppliers. A number of specialised import taxes are also levied on goods imported into New Caledonia. However the officials believed that some products from the MSG countries could find a market niche in New Caledonia including coconut feed, wood and coffee.

The officials pointed out that four factors mitigate increased exports to MSG countries. These include problems in product promotion, language barriers, high freight costs and competition from other offshore suppliers. Similar barriers were also identified with exports to other Pacific countries but competition particularly from Australia was highlighted as a mitigating factor.

Perhaps the most significant aspect of the discussions with Government officials and NGOs in New Caledonia was the importance placed on the future development of services as distinct from physical goods in the future development of the economy in New Caledonia. Tourism is currently recognised as an important sector of the economy but other service sectors highlighted for future development included renewable energy, wind farms, wave farms and solar energy. The importance of innovation was also stressed. Joint ventures with offshore companies are also important including a joint fishing venture with a company based in New Zealand.

It was interesting to note that a new one stop export agency is proposed to be established in the near future in New Caledonia. Further details are not yet available but it is clear that a single agency rather than a proliferation of different Government departments being responsible for differing aspects of the exporting path is seen to be a much more efficient use of resources within New Caledonia.

The meetings with three NGOs to a certain extent concentrated on inward trade to rather than outward trade from New Caledonia. Nevertheless, the meetings were useful as they again highlighted the importance of the services trade to New Caledonia with the NGOs stressing the potential for linkages in a variety of services fields including innovation and medical research. In consultation with FLNKS, work is taking place on the possibility of arranging a meeting with the Port Authorities in November, during or before the trade meetings, as this consultation did not take place despite their critical role in New Caledonia exports.

TUNNELS AND SOILLESS CROP SYSTEMS

Local Industry

The Consultants met with a niche producer of horticultural greenhouses and soil less crop systems. Viewed simply the product is used for cultivating fresh vegetables in glasshouses which are unable to grow in outside gardens due to the harsh summer climate in New Caledonia. The producer can custom-make its product line to meet specific end-user requirements.

Historic and Current Exports

Some exports of these goods have been made to Vanuatu and Wallis and Futuna with more limited exports to New Zealand.

Barriers to Exports

There were no specific regulatory difficulties identified in exporting offshore.

Government Assistance

No Government assistance is offered to market these products offshore.

Engagement in Trade Negotiations

The industry has had no specific involvement in trade negotiations.

Export Potential to other MSG Countries

The industry faces heavy competition from competitive systems from Australia and New Zealand to exporting to offshore markets. However notwithstanding this, the industry sees possible export opportunities in Vanuatu, Fiji and PNG.

Export Potential to Non-MSG Countries

No specific comments were offered on this aspect.

Other Products

The industry identified the following products as having export potential to a range of international markets: Agro greenhouse Kits, Agroponic Table Kits, Dosatron Pumps, UV and Bio UV disinfection kits.

SCORIE OR CINDER ASH

Local Industry

“Scorie” is the waste material that arises from the three nickel smelters that are a very important part of the New Caledonian economy. The product has been used successfully for reclamation and road construction in Noumea and the groups visited in Noumea were hopeful export opportunities could arise in other export destinations, particularly within the other French territories in the Pacific.

Historic and Current Exports

As stated above the parties met in New Caledonia were hopeful of success of “scorie” being used for reclamation in a major hotel development in Tahiti. However competitive tenders had been submitted by two other parties and aside from that an American company was currently seeking to purchase the total “scorie” deposits available from the Noumea smelter.

Barriers to Exports

The parties visited said that the chief problem was lack of knowledge and information about markets in the MSG and wider Pacific region as well as Australia and New Zealand. They were of the view that some form of tender and/or consulting registry should be established by the MSG Secretariat both within the MSG region as well as with other agencies such as the ADB, PIFS etc.

Government Assistance

There is no Government assistance provided for the export of “scorie” from New Caledonia.

Engagement in Trade Negotiations

The parties visited have links to FLNKS, the independence movement in New Caledonia, which has observer status under the MSGTA.

Export Potential to Other MSG Countries

This product is only suitable for transport in bulk carriers that would be arranged under specific contracts. Contractual negotiations and the basis of sale would dictate whether that was a seller’s or buyer’s responsibility.

Export Potential to Non-MSG Countries

As stated above the parties are primarily interested in a specific contract in Tahiti. However, they added that there could be potential interest for the product in the wider Asian and the Pacific regions.

SOLAR WATER HEATERS

Local industry

The producer visited in New Caledonia has a lengthy history involved in the domestic production of roof mounted domestic water heaters in New Caledonia. It has domestic competition but seems to have successfully developed a niche market both for the domestic market as well as offshore markets.

Historic and Current Exports

The industry has exported solar water heaters to a large number of French overseas territories and departments including Mauritius, Seychelles, Madagascar and West Africa. Exports are also made to Queensland, Australia. As far as the MSG countries are concerned the industry has generated some business in Fiji.

Barriers to Exports

The industry sees the chief problem in generating greater business in the MSG countries is a lack of information available about MSG countries, the lack of serious business contacts, the very heavy Australian influence in the Melanesian region, the lack of visibility of New Caledonia in offshore jurisdictions and the high cost of shipping as well as formidable port charges in the region. A further factor identified were the differing tariff levels applied in various MSG countries for these products given that New Caledonia is not a full member of the MSGTA.

Government Assistance

No subsidies are received by the industry from the New Caledonia Government to foster offshore sales but some assistance has been given to facilitate offshore representation at trade fairs within the MSG region.

Engagement in Trade Negotiations

The industry has not been involved in any direct trade negotiations with the MSG countries.

Export Potential to Other MSG Countries

As stated above the industry has established a satisfactory level of export penetration in a large number of offshore jurisdictions, but it has the potential to develop greater linkages with MSG countries provided more detail could be made available on the markets and regulatory barriers within the region. However it takes time to generate export sales and a timeline of three years was identified during the in country discussions.

Export Potential to Non-MSG Countries

The industry sees potential for the export of its products to the ASEAN region.

Other Products

The industry identified solar panels as having some export potential.

8.3 Papua New Guinea (PNG)

Overview

A comprehensive series of meetings was arranged for the Consultants by the Department of Foreign Affairs. The question was posed to the Consultants as to how it is possible to reconcile trade cooperation, which exists within the MSG region with the more competitive elements of trade outside the MSG.

The major issues for export products are the inadequacy of market chain infrastructure and technical market access for non-processed products. Comment was also made that in relative terms PNG is isolated from major shipping routes and hubs, and therefore freight costs are very expensive.

Government Officials and NGOs

Government officials noted that the challenge for the PNG Government is to nurture the private sector and develop the spirit of entrepreneurship. It was noted that trade is not an inherent attribute of the PNG people.

The government's objectives in the trade sector were summarised as follows:

- Rebalance exports away from the extractive sector and encourage investment and employment in the non-extractive sector.
- Develop MSGTA2 as the preferred trade agreement.
- Realise the potential to export beyond the MSG region.
- Government consults with industry through the Manufacturing Council.
- Government facilitates exports and provides export incentives.

Officials advise that one of the largest problems faced is the cost of doing business in PNG with lengthy requirements/conditions for lodging applications and the turnaround for processing documents being slow. The inadequate capacity to consistently supply the product is a barrier to exporting agricultural goods.

The Manufacturers Council is the prime lobbying and advocacy body for domestic manufacturing in PNG. It perceives a lack of government assistance for domestic manufacturing, noting the severe competition from low cost imports and the lack of effective regulatory measures to deal with these. For example, the dumping legislation in PNG was repealed some years ago.

The Manufacturers Council identified the strategies necessary to increase exports within the MSG region to include reduction of internal transport costs and port charges, harmonization of standards and procedures, better compliance with regulation (eg Rules of Origin), lack of treatment facilities for SPS matters, and the requirement for better analytics, viz trade data.

The Manufacturers Council highlighted potential export products to include fish, timber products, agricultural products, arts and crafts, rota moulded products and cleaning products.

OX AND PALM CORNED BEEF

Local Industry

The local industry manufactures a wide range of corned beef, as well as dripping in 20 litre pails. The majority of the industry's production is for the domestic market, with a small balance being exported.

Historic and Current Exports

The industry commenced manufacturing when the MSGTA was signed and since that time has exported, and continues to export to the Solomon Islands and Vanuatu. In addition, lamb tongues and hamper corned beef are exported to Australia and dripping to Samoa and Tonga.

Barriers to Exports

Corned beef is banned from Fiji due to a variety of technical trade barriers imposed to protect the local industry. There is a similar prohibition in New Caledonia while there are labelling and halal meat issues in the West Papua market. The industry identified excise in Vanuatu and higher VAT in the Solomon Islands as barriers to its trade in those countries.

The industry noted that the Pacific markets are supplied by Australia and marketed by New Zealand. The freight from PNG is very expensive and appears to be the main factor constraining any increase in exports.

Government Assistance

The industry advised it receives no government assistance.

Engagement in Trade Negotiations

The industry advised it does not engage with officials with respect to the negotiation of trade agreements. This activity is undertaken on its behalf by the Manufacturers Council. The industry has had limited engagement on MSGTA.

Export Potential to Other MSG Countries

Fiji has previously been mentioned although shipping costs and the frequency of sailings from PNG could be problematic.

Export Potential to Non MSG Countries

There is a potentially large market in the Philippines which is currently serviced by other suppliers. There is potential in the EU market which is currently serviced by product from Brazil and France. There are opportunities in the Thai market but this would require displacing existing Fijian imports.

BILUMS (STRING BAGS)

Local Industry

The industry is very much a cottage/subsistence industry operated by women living in remote villages. The PNG Bilum Promotion Export Association (BPEA) has been established under the leadership of Sharlene Kylie Gawi, funded by AusAID. The BPEA has been formed to develop the industry beyond its current level to enable export potential. Manufacture takes place at a village level and is all done by hand.

The BPEA is endeavouring to establish distribution channels and more consistent supply of product for export markets. The Sampling Record Sheet (Appendix 4) is an example of some of the techniques being introduced to develop the industry commercially.

Traditionally bilum is known as the bag, however the product is now extending to such things as ties, i-pad covers, pouches, scarves, hats, dresses, etc.

Making bilums is a very time intensive process using natural fibres from vines or bark or roots of trees which are twisted and looped into rope. The product can also be produced from acrylic precoloured fibre.

The International Trade Centre (ITC) conducted the Baseline Survey of Bilum producers in Goroka and Mt Hagen during April 2015. The commissioning of the survey was to collect, collate and record the social and financial situation as well as the production capacity of a selection of sixty women bilum producers. The Synopsis of this Survey is attached as Appendix 5.

Historic and Current Exports

There have been no exports to date, but several overseas buyers have acquired items and are selling on line in Australia.

Barriers to Export

To date, as there have been no exports, no barriers have been identified. It is likely though that consistency of supply will be an issue and it is also recognised that the products will require fumigation before being accepted into export markets.

Government Assistance

There has been significant assistance to this industry from AusAID (Australia) directed through the International Trade Centre (ITC). This funding is scheduled to conclude by the end of 2016.

Engagement in Trade Negotiations

There is no current engagement with officials regarding trade negotiations.

Export to Potential to Other MSG Countries

It is intended to market the products as high end fashions items, which suggests that sales in other MSG countries will be limited.

Export Potential to Non MSG Countries

As part of the export strategy the following needs to happen:

- A marketing campaign needs to be unique stressing the bilum technique.
- Markets need to be identified.
- It is important that a sufficiently high price point is established.
- Strategies are required to address challenges in production and export markets.

This industry is very obviously in its infant stage and requires a lot more work and investment until it is a viable export industry with certainty of supply. The Project

Director seems to have the skills to do this but will require funding. The current funding programme ends at the end of 2016.

BISCUITS AND SNACKS

Local Industry

The industry is owned locally and all profits stay within PNG. Its core product is the breakfast cracker, a single serve bread substitute. This constitutes 80% of the industry's production. The industry also manufactures sweet biscuits and snacks (extruded products and potato chips). It is just commencing manufacture of chocolate and spices from locally grown raw ingredients.

The main competition in the PNG market for snacks comes from Australia. Fiji provides the main import competition for biscuits.

Historic and Current Exports

The majority of the industry's exports are to the Solomon Islands, with some to the Marshall Islands.

Barriers to Export

The major barrier to export of the industry's breakfast cracker to the Solomon Islands is the GST differential that exists. Local product in the Solomon Islands incurs a 10% GST while imports must pay 15%. The industry advised that this differential is significant in its ability to compete. Comment was also made on the poor shipping routes in and out of PNG, and the consequent freight costs.

Government Assistance

The industry did not advise of any specific government assistance that it receives.

Engagement in Trade Negotiations

The industry does not engage with government on trade negotiations. This activity is carried out on behalf of manufacturers by the Manufacturers Council.

Export Potential to MSG Countries

The Solomon Islands will continue to remain a significant export market for the industry. There was no indication that the industry's export strategy involves increased exports to other MSG economies.

Export Potential to Non MSG Countries

The industry's expansion plans are prioritised as being Australia and New Zealand (because of ease of shipping), Singapore and then Japan.

OTHER PRODUCTS

PNG exports a number of products outside those included in this Study. Significant agricultural exports are palm oil, coffee, cocoa and copra. At present, all of PNG's cocoa production is exported. PNG is one of the world's foremost secondary producers of palm oil and presently accounts for one percent of global exports.

A significant portion of the world's tuna catch is caught in PNG waters, and the majority of the country's annual timber harvest is exported in log form, mainly to China. Processed timber is exported to Australia and New Zealand.

8.4 Solomon Islands

Overview

Discussions held with the producers of the identified products indicated that processed timber, canned tuna and VCO are currently exported and had genuine potential for this business to be increased. The sole coffee producer has had no success with endeavouring to export, and this is no longer part of his short or medium term strategy.

Government Officials and NGOs

Officials advised that the development of export trade from the Solomon Islands continues to be restricted by the expense of electricity and water, that land issues are detrimental to development, production and export, and that although crops are grown organically, they are not certified as such and there is therefore no beneficial effect on price or volume. An urgent need for a multi-purpose laboratory and a heat treatment facility was identified.

Government endeavours to assist export promotion through the Commodities Exporting and Marketing Authority (CEMA) which is the marketing and export promotion division of the Ministry of Commerce, Industry, Labour and Immigration. It issues export licences, sets standards and monitors export crops such as coconut, copra, cocoa and spices.

Support of a more practical nature is provided to industry by the Pacific Horticultural and Agricultural Market Access Program (PHAMA), an Australian and New Zealand Government funded aid-for-trade program. It runs a variety of industry working groups which keeps it close to the exporting business. The working groups feed up into the Solomon Islands Market Access Working Group (MWG).

PROCESSED TIMBER

Local Industry

The Consultants met with two small family owned companies, but consultations with the larger timber processing companies were unable to be arranged. Of the companies we interviewed, one supplied to the domestic market only.

Processed timber (vitec and rosewood) is exported to Australia and New Zealand for use in furniture manufacture and construction.

The Value Added Timber Association (VATA) is an NGO that assists exporters to find overseas markets. In addition, VATA operates its own timber yard which handles exports of its own product (purchased from local processors), and other exporters. VATA noted that the Solomon Islands processes rough sawn timber, but noted there is room to add value with kiln drying and dressing which would produce higher prices.

VATA, a charitable body, was established in February 2005, when 133 members were given one year's free membership. Membership increased steadily to 514 by May 2008, a significant proportion of whom are concentrated in Honiara. Its mission is to develop a strong sector in value-added products based on high quality natural and plantation species. It seeks to help landowners and traders maximise the benefits derived from forests by value addition. VATA's objectives are as follows:

- Organize those who are currently traders or intending to be involved in the value-added timber industry, covering products from rough sawn timber to high value end use goods;
- Facilitate the development of the value-added timber industry in Solomon Islands;
- Represent the interests of the value-added timber industry both locally and internationally.

Historic and Current Exports

Import statistics supplied by the National Statistics Office indicate reasonable volumes of wood have been previously exported. The main exports currently are rosewood and viter, with overall export volumes being approximately 12 containers per month. 80% of this product goes to Australia and New Zealand, with the balance to the Philippines, Singapore and China. There are small volumes exported to Vanuatu, Kiribati and New Caledonia, for use in furniture and construction. The main competitors for the Solomon Islands in these export markets are Indonesia, South America and Africa.

Barriers to Exports

Processed timber requires fumigation, and these costs are said to be high. There are no other regulatory barriers to export. Solomon Islands processes rough sawn timber but there is room to add value with kiln drying and dressing which would produce higher prices. There is a lack of kiln drying facilities.

VATA sees the issues for the industry as follows:

- Regulation of plantations under the Forest and Timber Utilisation Act. (Maybe a new Act altogether is required.)
- Build value add facilities to get better prices. (This could include a new kiln at a cost of SBD6 million.)
- Electricity prices are too high.
- Transport costs are too high, particularly with government no longer subsidising inter-island freight.
- When the teak and mahogany plantation wood comes on stream, markets will need to be found.

The industry identified a need for more capital to improve machinery, additional training for machine operators, cheaper internal freight and more reliable shipping, and better fumigation facilities.

Government Assistance

Advice is provided by VATA, which in some instances buys and exports processed wood. There appears to be little other government assistance for exporters,

although responses from the four largest timber companies may indicate something to the contrary.

Engagement in Trade Negotiations

The two companies we met have had no involvement with government officials regarding negotiations on various trade agreements. Many significant activities in this area, are carried out through the Solomon Islands Timber Export and Processing Association run through the PHAMA programme.

Export Potential to other MSG Countries

The companies interviewed by the consultants see little export potential at this time. An improvement in internal transport costs and services and improved fumigation services may cause them to reflect on this position. An interest was expressed in exporting kwila, but currently the price is too low to justify the expense and the resources required.

Export Potential to Non-MSG Countries

The majority of exports continue to go to Australia and New Zealand, and these are still seen as the major markets for development. The sawn timber trade between the Solomon Islands and New Zealand is valued at around NZD4 million (SBD23 million) having grown in the past ten years. Under an Agreement signed by the Solomon Islands sawn timber industry and New Zealand Imported Tropical Timber collaboration on a number of initiatives will take place to develop a system of third party legality assurance over the next two years. A new independent organisation will also be set up to audit sawn timber production to ensure that the source and legal production of timber can be demonstrated. This is seen as an important step towards sustainable forest management.

The members of the Solomon Islands Timber industry hosted a New Zealand delegation of buyers of Solomon Islands sawn timber, members of the New Zealand Imported Tropical Timber Group (NZ ITTG) including timber importers, retailers, conservation organisations such as Greenpeace last month and agreed to work with producers to actively seek and develop sources of sustainably managed tropical timber.

Although Australia implemented strict rules surrounding the importation of illegal timber several years ago, New Zealand followed similar practices but have yet to formalise arrangements. The agreement however, reflects the sentiments of New Zealand consumers who want assurances that the timber products they buy have been sourced from legally and sustainably managed forests. Australia and New Zealand are two main markets for sawn timber from the Solomon Islands and both are now on a par requiring some form of legality assurance for market entry.

NZ ITTG said, "New Zealand has imported Solomon Islands timber for many years and we have a very good relationship. However, the market internationally is changing and we need all our suppliers including Solomon Islands to meet international requirements on legal origin and sustainability. We are committed to working with our partners to that goal and we will need to see solid progress to ensure Solomon Islands timber can continue to be imported into New Zealand."

COFFEE

Local Industry

The industry purchases the green beans from independent, but dedicated, farmers, and cleans, dries and roasts. It produces Solomon gold coffee, roasted coffee beans packaged in a foil gold pouch with a one-way valve.

Historic and Current Exports

Small quantities have been exported to Australia and Fiji, and there has been some interest from Japan. The lack of exports was confirmed by information provided by the National Statistics Office and also by PHAMA which manages the horticultural working group, which includes coffee.

Barriers to Export

Because the industry has no current interest in exporting, it was unable to comment on any potential barriers to export. The industry identified supply side constraints being insufficient supply of green coffee beans to meet demand and the requirement for organic and fair trade certification. Further, there is no coffee bean colour sorting machine, no de-stoner machine, no proper processing tables and cardboard cartons are expensive.

If the company is to reconsider exporting, the biggest issues it faces will be buyer security requirements, price competition by other countries (PNG, Vanuatu and Australia) and product packaging.

Government Assistance

The company advised that it receives no government assistance.

Engagement in Trade Negotiations

The company advised that it has no engagement with officials on trade negotiations.

Export Potential to Other MSG Countries

The company has no interest in exporting and has therefore not identified this potential.

Export Potential to Non-MSG Countries

The company has no interest in exporting and has therefore not identified this potential.

CANNED TUNA

Overview

The Consultants met with the Forum Fisheries Agency (FFA) to receive an overview on the tuna fishery and industry in the Solomon Islands. The FFA provides advice and technical support to member countries in the areas of tuna fisheries management, development, monitoring control and surveillance. With respect to the domestic market, support is provided to national Competent Authorities responsible for seafood safety and the control of IUU fishing. There is also investment in facilitation, training and capacity building in food safety and

investment appraisal. On the international front, advice is provided to government on relevant aspects of its trade negotiations.

The FFA advised that the Solomon Islands receives revenue by way of licences sold to Japan, Korea, Taiwan and the US. There is a USD8,000 per day per vessel threshold price and the FFA has been successful in raising the revenue generated from licences from 4 percent of the catch value in 2008 to in excess of 10 percent now. There are no catch quotas. The FFA commented that there is currently an oversupply of tuna because there are too many boats. The EU no longer fishes in the Pacific.

Local Industry

The industry supplies 90% of the local market requirements. 80% of the industry's production is exported. Of this volume, 70% is cooked loins and 30% is canned product.

There is strong competition in the domestic market from canned tuna from Thailand. The local product has a 24% duty advantage on the imported product. The comment was made that much of the Thai product is manufactured from MSG sourced fish, and often duty preference is incorrectly claimed.

Historic and Current Exports

Canned tuna is exported to Fiji, Vanuatu, and PNG.

Barriers to Export

The main barriers to export for this product are food safety (certified by the Ministry of Health), and IUU regulations which ensure legality and sustainability of catch. In December 2014 the Solomon Islands received a "yellow card" from the EU, and this will be reviewed every six months until the agreed Action Plan is completed. (PNG also received a yellow card, which was lifted in October 2015.)

The largest barrier to export is the provision in the IEPA which prevents global sourcing of tuna for processing in the Solomon Islands. If this provision can be amended, then global sourcing would enable product processed in the Solomon Islands to qualify for preferential entry into the EU, regardless of where the fish is caught.

The Fiji market has been affected by the imposition of price control in 2014 which lifted the price from FJD1.50 to FJD1.90 per can. The industry has the advantage of duty free access, whereas non-MSG countries face a duty of 35%.

Government Assistance

The only assistance received from the government is by way of its efforts to negotiate a trade agreement with the EU. There is also the funding of the FFA which has the responsibility of managing the fishing resource in the MSG region. The company has involvement with PHAMA through the Seafood Industry Working Group.

Engagement in Trade Negotiations

The industry has had limited engagement with officials with respect to the various trade negotiations taking place. The FFA has been involved in the IEPA negotiations but has had no involvement in PACER Plus nor with MSGTA3 ROO negotiations.

The industry believes that PACER Plus will make no difference to the way in which it conducts business, nor will the new ROO proposed in MSGTA3.

Export Potential to Other MSG Countries

Currently the industry's main exports are to Fiji and Vanuatu. The ability to increase volumes is dependent upon increasing the capacity in the factory. This will require a huge investment and options are being considered.

Export Potential to Non-MSG Countries

The industry was clear that its business priorities are to the domestic market, followed by the regional market and finally the rest of the world market. Some exports are made to Kiribati, the Marshall Islands and Australia, and enquiries have been received from Asia and the EU. Albacore loins are exported to the US, and the Consultants were advised that the industry is working on exports to New Zealand.

VIRGIN COCONUT OIL (VCO)

Overview

The Consultants observed an excellent export industry with ambitious plans for growth. It appears well managed, has no supply side constraints, few if any SPS issues, and produces a unique product which is in high demand. It may be that consideration needs to be given to ensuring there is a clear distinction in the marketplace between copra oil and VCO. Should the current dispute regarding the RIPEL plantation be resolved, the additional source of supply would provide a further boost to the VCO industry.

Local Industry

The industry produces VCO in bulk for the export market and in retail packages for the domestic market. It produces eight different ranges of body fragrance oil and seven ranges of body soaps. Production volume has escalated rapidly and the industry advises that this is expected to continue.

The industry believes that its technology to extract VCO is its point of difference, and maintains that its oil is of a superior quality to the copra oil produced in PNG and Fiji. The village-based system of extracting the oil provides absolute traceability of the finished product.

Historic and Current Exports

The industry exports 95% of its production volume. To date this has been entirely to Australia, but in the week of the Consultants' visit, the first container was shipped to the EU. There are currently no exports to other MSG countries.

Barriers to Export

All exports have to be fumigated, and these costs are significant. Fumigation must meet Australian/EU standards and shipments must be accompanied by a packing declaration and phytosanitary certification as well as a Certificate of Origin.

The industry is aware that to retain and expand its export markets, it must have a constant supply of certified oil to meet its clients' demands.

Government Assistance

The industry receives no government assistance for its activities.

Engagement in Trade Negotiations

The industry has no engagement with officials regarding trade negotiations. The company believes that the current and projected trade agreements being negotiated within the region (and with the EU) have no effect on its ability to export.

Export Potential to MSG Countries

Import statistics show reasonable volumes of coconut oil being exported, but they do not appear to distinguish between copra oil and VCO. Although the industry does not currently export to other MSG countries, it sees this as an opportunity in the future. Key issues to address will be securing markets, packaging and labelling.

Export Potential to Non-MSG Countries

This is currently where the industry sees its future. It has a confident and optimistic view, and is endeavouring to reach a stage where it can undertake its own marketing.

OTHER PRODUCTS

Potential export opportunities have been identified in previous studies to include the following:

- Branded goods: SolBrew beer, mineral water and herbal treatments;
- Certified organic foods: rice, beef, poultry, milk, fruit extracts and juices, cassava flour, processed or un processed taro, banana, potato and cassava;
- Handicrafts: handmade jewellery, baskets, mats, bags, paintings and sculpture;
- Manufacturing: furniture-making and ship-building using local tropical hardwoods, textiles, canning, solar stoves, solar water heating;
- Mining: phosphates, nickel, bauxite, cobalt and nickel, copper, gold.

The Ministry of Agriculture and Livestock produced the attached schedule of Solomon Islands Commodities Overseas Countries wants to Import (Appendix 6). The Consultants were advised that this is a preliminary list for which funding will be sought to develop further.

8.5 Vanuatu

Overview

Officials arranged a comprehensive schedule of meetings for the Consultants. In addition to the industries identified in this Study, a selection of government officials and NGOs were also consulted. Due to budgetary constraints, only exporters located in Port Vila were consulted. The Cocoa Growers Association from the island of Malekula could not be met however, they submitted their response to the questionnaire for consideration into this Study.

Subsequent to the Validation Workshop, the MSG Secretariat was able to arrange a meeting with ACTIV Association, an NGO which uses the trading or brand name Aelan Chocolate Makers. They also completed a Questionnaire.

Government Officials and NGOs

The Government officials confirmed that the major issues facing exports in Vanuatu were market access, access to finance, standards and fumigation (SPS). There is no equity market in Vanuatu and businesses must rely on banks for finance.

The economy in Vanuatu consists of 70-80% subsistence farming in rural areas, with the remaining 20% being larger producers with some prospect of export.

It was claimed that there are better government incentives available in Fiji and PNG, but a Producer Corp is being relaunched in Vanuatu in October 2015. There is a legislative imperative to add value to export products.

Officials were supportive of the MSGTA2 which they claimed developed cooperation and brotherhood. This compared with other Trade Agreements in the region which they claimed were directed more to competition amongst the Pacific Island Countries.

Officials summarised the key needs as follows:

- Producer cooperatives are important.
- Further private sector and donor funding is required.
- TBT issues are critical and require further work; there are supply side constraints.
- Further market assistance is required in export markets.

Officials advised us that their expectations of this Study were for MSG to consider the role Department of Industry has played and continue to identify support services needed by the Vanuatu manufacturing industry sector to enhance the private sector's access to finance, technical assistance, technology transfers, FDI and partnerships and markets, and upscale efforts that aim at attracting foreign investments, promoting more competitive domestic markets and exports.

They summarised the issues facing Vanuatu's exports as follows:

First, Vanuatu's exports of goods and services are, mainly, constrained by supply (due to the capacity and productivity of economic sectors), rather than access to

and/or demand from foreign markets; Second, reliability and sustainability due to sharp supply fluctuations; Third, failure to meet minimum quantity, quality and/or SPS and bio-security requirements in overseas markets; Fourth, failure to adapt to changing consumer preferences in target export markets; Fifth, high cost structure, lack of economies of scale and low productivity reduce the competitiveness of Vanuatu exports, particularly compared to other PICs, south and south-East Asia, South America and the Caribbean, with somewhat similar export profile; Sixth, inadequate marketing and branding experience and efforts.

At the Validation Workshop officials stressed the need to have a linkage with the MSG PSD Strategy. They reiterated that resource mobilisation and allocations for the Secretariat are key concerns to member countries. Concern was expressed about possible duplication of responsibility between proposed recommendations for the MSG Secretariat and existing programmes in other institutions. Officials also expressed unease on the low uptake by MSG countries, except for Fiji, of the assistance provided to companies from IACT, and recommended that trade related services offered by SPC should be utilised by MSG companies.

Officials advised that there were a number of other issues which would be raised in response to the Draft Report. At the time of completing the Final Report, nothing further had been received from the officials in Vanuatu.

Consultations were also held with Melanesian Solutions, which has been recently incorporated as a public company to be the commercial arm of the MSG Secretariat. It will endeavour to generate revenue by acting as a trading house to wholesale and retail MSG products. It was advised that Melanesian Solutions will manage the commercial outcome of this Report as well as the Private Sector Development Strategy to be finalised in November.

COCOA

Local Industry

As the number of small-holder cocoa producers increased, government regulation of the industry decreased. As a result, funding from France and the European Union resulted in the formation of the Cocoa Growers Association (CGA) of Vanuatu, which purchases cocoa directly from the cooperatives and provides farmers with previously unavailable research and development tools. For example, the CGA provides regular training initiatives in how to increase cocoa bean quality, learn about the international cocoa market and current prices, and receive education on better farm and business management, all of which help growers develop cocoa beans of a higher quality and thus command higher prices from foreign companies.

The CGA was established in 2005 and operates a factory in Port Vila, Island Chocolate (ACTIV) with a buying capacity of 15 metric tonnes per annum. It employs two permanent staff and two temporary labourers. ACTIV produces fermented and dried cocoa beans.

Historic and Current Exports

To date, fermented and dried cocoa beans have been exported to Singapore (2007-2013) and Germany in 2010 and 2013

Barriers to Exports

The industry identified the following as barriers to exports:

- Limited resources for better publication of the product exported to regional counterparts.
- Competition with big local exporters.
- Small scale of cocoa processing plant.
- No proper legislation or regulations and implementations thereof.
- Strict quarantine regulations in export markets.
- High levy costs (commission) from government regulatory body (VCMB).

Government Assistance

The industry advised that it receives no government subsidies or assistance. It receives financial support from SPC on specific areas as well as the multiplication of the selected planting, nursery, the sanitation programme and the building of a new system for the drying process facility. There was an EU revolving credit fund for purchase of cocoa beans from 2006 to 2008.

Engagement in Trade Negotiations

The industry advised that it has had no involvement in the government's negotiations of trade agreements.

Export Potential to MSG Countries

The industry did not identify any MSG countries to which its product could be exported.

Export Potential to Non MSG Countries

The industry identified Samoa, Singapore, Australia and New Zealand as markets for fermented/dried cocoa beans.

The Consultants were unable to meet with the cocoa producers and could only rely on information provided via their completed questionnaire, and comments from VCMB who noted that a fermentation meeting/workshop was planned for the first week in November, and that it is building a drier for the cocoa industry.

The MSG Secretariat was able to meet with ACTIV Association, an NGO which manufactures chocolate under the Aelan brand. The company manufactures dark chocolate, consisting of 70% cocoa and 30% sugar.

Details of the product range are as follows:

- Aelan Dark Chocolate from Santo (labelled yellow)
- Aelan Dark Chocolate from Malekula (labelled pink)
- Aelan Dark Chocolate from Epi (labelled blue)

Currently the business produces for the domestic market as it is unable to purchase sufficient volume of cocoa beans for export manufacture. Furthermore, additional equipment is required to increase production capacity.

ACTIV Association stopped exporting cocoa beans in 2010 and is now concentrating on value adding cocoa beans into chocolate. It buys fermented cocoa beans from

five different producer groups in Santo, Malekula and Epi and processes chocolate into bars using local sugar. In addition to its domestic sales, sales are made to visiting cruise ships.

Whereas most industry players are buying and exporting beans, ACTIV Association is going a step further to value add into chocolate. Chocolate processing requires more electrical energy, and the cost of this is very high.

ACTIV Association identified the need for further research and development, development of standards and accreditation laboratories, and additional capital equipment if its export business is to develop.

It is interesting to note that the Vanuatu Diagnostic Trade Integration Study Report 2008 recommended that the cocoa sector should be given priority on the grounds that Vanuatu Cocoa is an established commodity on world markets. Given improved and standardised quality, policy reform and the removal of the de facto buying monopoly, the development prospects appeared positive. Furthermore, it was noted that cocoa is the major cash crop for many of Vanuatu's rural population and increased exports at high relative prices should have a significant impact on poverty reduction. It is not clear that those recommendations have been fully implemented.

SANDALWOOD LOGS

Local Industry

Although Vanuatu has a 200 year history of exporting sandalwood, an export revival only began 20 years ago. Stocks are diminishing, but 250,000 trees have been planted on the island of Tanna. The industry volume, which was 120 tonnes per annum 10 years ago, is now down to 30 tonnes per annum.

The wood is used for carving, with the main demand coming from China. Sandalwood oil, extracted from the wood, is used in both cosmetic and pharmaceutical products. It is the signature product in a range of oils, including coconut, Tahitian lime and mandarin oil.

The industry produces sandalwood in log form in small quantities. It will suffer from short supply of logs until 2022 when its own plantation harvest commences.

Historic and Current Exports

There are no exports to other MSG countries. The only exports that have been made recently are small volumes to Singapore.

Barriers to Exports

There is no market for sandalwood in log form in the other MSG countries. There are serious supply side constraints, while access to capital is also constraining the industry. Australia is the world's largest producer of sandalwood, and only imports small amounts of oil. New Zealand is not seen as a market.

Sandalwood requires an export permit, issued by the government.

Government Assistance

The industry is critical of government attempts to impose more regulation on industry through the APRA Bill. Its preference is to have freedom to run its own business without interference from regulation. In fact, the industry notes that if the Industrial Development Act is not repealed and if the APRA Bill is enacted, it will cease new investment in Vanuatu, which will jeopardise a proposed JV which would result in the planting of 100,000 trees per annum. ACIAR has assisted in research through the Forestry Department.

Engagement in Trade Negotiations

The industry has no engagement with officials on the various trade agreements being negotiated by the MSG countries.

Export Potential to Other MSG Countries

The industry sees no potential for exports of sandalwood in log form to the other MSG countries.

Export Potential to Non MSG Countries

The company sees some potential for export to Asian markets, particularly China.

SANDALWOOD OIL*Local Industry*

Sandalwood oil is a body product made from distilled or cold pressed Vanuatu commodities. The product covers head to toe with signature sandalwood as the key point of difference.

Historic and Current Exports

There have been small exports to Australia, EU and the United States. Product is also sold to tourists and through the company's web shop.

Barriers to Exports

Inputs are sometimes difficult to source. The industry has not identified any regulatory access issues to export markets.

Government Assistance

The industry receives no government assistance except for zero rating for VAT of exports.

Engagement in Trade Negotiations

The industry has had little involvement with government officials on the various trade agreements being negotiated by the MSG countries.

Export Potential to Other MSG Countries

The industry noted Fiji is a potential market, but it is small, and analogous products are produced domestically.

Export Potential to Non MSG Countries

Supply side constraints currently limit the ability to increase export volumes. Export markets are highly competitive with many body products available.

General Comments

The industry noted the following needs that it feels would result in both products being more competitive internationally:

- Requires legislative change to allow planting without government regulation.
- Would like to participate in Joint Ventures to plant 100,000 trees per annum. Would pay growers 1000 Vatu per tree per annum to maintain.
- Land issues need to be resolved to allow more land to be planted.
- Better genetics will reduce the time for economic return from the current 20 years to 10-12 years.
- Further capital needed for the industry.
- Would like to establish a brand such as Fiji Water.
- 1000 extra people employed growing trees will multiply into 20,000 extra jobs.

BEEF

Local industry

The local industry comprises two companies, but the Consultants were only able to visit one of these. Local cattle are sourced for the industry which exports 50% of its product and toll processes the balance for the local market.

Historic and Current Exports

Beef products are currently exported to PNG, the Solomon Islands, New Zealand and Japan. Endeavours to export to Fiji have been unsuccessful.

Barriers to Export

The main inhibitor of export growth is supply, caused by transport costs in getting cattle from the outer islands. Also, imports of live cattle, for breeding or slaughter, are banned.

Government Assistance

The only government assistance the industry receives is from officials endeavouring to negotiate with China and Korea for export certification. The government also has removed duty on carton packing imported from Fiji.

Engagement in Trade Negotiations

The industry has no involvement with officials negotiating the various trade agreements on behalf of Vanuatu.

Export Potential to Other MSG Countries

The industry has no current plans to increase its export volumes to other MSG countries. Apart from the supply side constraints referred to, it believes its current model is providing a sufficient return to its shareholders.

Export Potential to Non MSG Countries

Price stability in the Australian and New Zealand markets is seen as a deterrent to increasing exports any further, while there is currently no market access to the European or ASEAN markets.

General Comment

The industry appears comfortable with its current mix of local and export business. It does not seem desperate to increase export and wishes to consolidate for at least two years before considering whether to seek export growth. It would consider increasing exports if there was adequate government assistance to address supply side constraints and SPS issues. The industry noted that its current facilities could handle double the current throughput.

KAVA

Local Industry

There is a large industry in Vanuatu producing a range of kavas ranging from chips and powder to liquid kava in retort pouches.

The Vanuatu Commodities Marketing Board (VCMB) is a statutory body which was the sole buyer/exporter of kava. Its powers have now been reduced to regulating the quality and price, and issuing export licences. The governance of this organisation has only been in office for two months.

VCMB is a supporter of the APRA Bill which it believes will address the gap between farmers and central government, and will assist exporters to find markets. It believes it gives power to farmers to make the Board accountable. The VCMB notes that a major difference between the two pieces of legislation is that the VCMB Act inspects products at the port, while the APRA legislation will inspect products at the farm gate.

The VCMB concluded that price and quality regulation is required, organic certification is necessary, private sector marketing is required, and improvement is required in the welfare of farmers.

The views of the different kava producers that we interviewed differed quite markedly. There was support for the free market and removal of any government assistance or intervention in the industry. It was stated that regulation will not lift the standard of the industry and will homogenise the product. Another view was that the VCMB needs to improve its level of service and that it should control the price in the marketplace. Assistance is required to identify market opportunities and they claim that field assistance is required from the government for farmers.

Historic and Current Exports

Kava has been and is currently being exported to Vanuatu, USA and Australia.

Barriers to Exports

A major barrier to export is the cost of inter-island shipping. The lifting of the ban against the importation of kava into Europe has provided a positive opportunity for the company. The industry is also faced with consistency supply constraints due to a lack of finance. Also, there needs to be significant investment into machinery and warehousing. High domestic costs in producing kava make competitive exports to MSG counterparts difficult.

SPS and TBT requirements to comply with in Vanuatu and overseas, including bio-security requirements, import duties and taxes, excise taxes, import quotas in

overseas markets, Vanuatu Food Technology Development Centre, standards, packaging and labelling, and export licences are all seen as barriers to exporting kava overseas.

A further barrier to export business was identified as being that prices are set by the importer rather than the exporter.

Government Assistance

The industry felt that little assistance was provided to it by government. One of the companies identified government funding for a food technologist, but otherwise no subsidies or assistance were identified.

Engagement in Trade Negotiations

There was a request for greater public awareness and consultation around the negotiating of trade agreements.

Export Potential to Other MSG Countries

Fiji, New Caledonia, PNG and the Solomon Islands are seen as potential export markets.

Export Potential to Non MSG Countries

There are potential markets for kava powder and kava chips in New Zealand, Australia, Europe, the ASEAN countries and the USA.

OTHER PRODUCTS

Other products that were identified by officials as potential exports included chocolate, noni juice, copra, and seaweed.

9. ANALYSIS OF EXPORTING INSTITUTIONS IN EACH COUNTRY

The TOR requires the Consultants to identify the structural and other weaknesses of the exporting institutions in each country with the view to recommending best structures and systems for their effectiveness. These have been referred to in the Country Reports, and can be summarised as follows:

9.1 Fiji

Fiji's export initiatives are primarily led by the Ministry of Industry, Trade and Tourism. However, other Departments, such as the Ministry of Agriculture and Investment Fiji are also involved in trade facilitation, and private sector involvement in the international trade field is led by the Fiji Export Council which was established in 2002. There seems to be reasonable cohesion between the respective agencies but the Consultants believe there is a case for examining closer links in the trade promotion as distinct from the trade policy field with consideration being given to an annual Conference to raise the profile of the exporting in Fiji.

9.2 New Caledonia

A proliferation of different government departments are responsible for different aspects of export policy and promotion, and there was no single organisation that drew these strands together. The Consultants were advised that there is an intention to establish a new one-stop export agency, but no further details were able to be provided at present.

9.3 Papua New Guinea (PNG)

The development and implementation of trade (and export) policy lies with the Department of Foreign Affairs and the Ministry of Trade, Commerce and Industry. The Consultants observed an individual approach by each Department, which although not inconsistent, carried a different approach and emphasis. Within the Department of Trade, Commerce and Industry sits the Investment Promotion Authority (IPA) which advised that although trade is not its mandate, its export promotion unit facilitates exports. The IPA Board has asked for a report on exports which has been completed and is currently sitting with the Board.

The Consultants were advised that although the Government facilitates exports, it provides no financial assistance.

9.4 Solomon Islands

The Government endeavours to assist export promotion through the Commodities Exporting and Marketing Authority (CEMA) which is the marketing and export promotion division of the Ministry of Commerce, Industry, Labour and Immigration. Its current mandate is to issue export licences, set standards and monitor export crops such as coconut, copra, cocoa and spices. CEMA also administers export documentation and translates FTAs to the private sector. It is in the process of preparing a Draft Export Guide which is due in early 2016.

It appeared to the Consultants that CEMA is well intentioned, and by virtue of its membership of the National Trade Development Council, has an avenue through to the policy makers in Government. At a practical level, it claims to need more resources to enable it to provide the assistance to the export industries that it thinks is needed.

9.5 Vanuatu

Government policy and implementation with respect to trade and export lies with a number of departments and ministries. There appears to be cohesion amongst these groups, but a need has not been seen to establish a single coordinating body with the prime objective of facilitating and enhancing export growth. This may have been the remit of the VCMB (with respect to the relevant products) when it was established, but recent changes have removed its ability to perform this function.

9.6 Conclusion

With the exception of CEMA in the Solomon Islands and the intention to establish a similar body in New Caledonia, the member countries have not seen the necessity to create a specialised unit to facilitate and assist exporters. The risk of spreading this responsibility amongst a variety of agencies is that there are gaps in the service and a potential lack of communication to the exporters. The Consultants are of the view that consideration should be given to establishing a specialised unit in each country.

10. GOVERNMENT POLICY AND STRATEGY REQUIREMENTS

The TOR seeks recommendations on government policies and strategies to achieve the specific objectives of the Study. These are detailed below.

10.1 Well coordinated and coherent subregional policies and initiatives on exporting.

The Consultants endorse the need for well-coordinated and coherent policies to foster exporting within the MSG region but are of the view there is more merit in concentrating upon a more limited approach in the short term to try and engender short term gains rather than a totally inclusive approach that is designed to produce more general outcomes. It was noted during the consultations that there were calls for the development of products which used Pacific ingredients or components rather than raw materials imported from outside the region, and, as an illustration there was a recognition in Fiji for a "whole of nut approach" to the cropping and use of coconuts.

The Consultants consequently recommend that the MSG Secretariat consider specific export policy development initiatives that are directed towards the development of value added products which may in turn foster the concept of an MSG brand for particular products. It is recommended that market survey reports be prepared for such products as the second stage of the development of an export strategy for MSG markets.

The Consultants are aware that 'services industries' are becoming more important in the MSG region across a broad range of professions such as engineering, accounting, business advisory services and so on. Whilst such service industries are outside the scope of the priority products outlined in the terms of reference the Consultants consider a market survey report is also desirable to identify and quantify the service industries operating in the MSG region given that services are included within the scope of the MSGTA3 negotiations. We accordingly recommend that such a study be undertaken in tandem with the market survey reports for value added industries outlined above.

10.2 Strategies to strengthen export capabilities of export oriented enterprises in MSG countries.

The Consultants note that the MSG countries are currently signatories to the MSGTA2 and that it is likely that an extended MSGTA3 will be signed before the end of 2015. It is noted that the broad objectives of trade policy development are reflected in this Agreement but that the Agreement is devoid of specific objectives to foster trade promotion within the MSG region. The Consultants have consequently reflected upon developing some ideas that are designed to strengthen the MSG's role in the trade promotional area.

As members of the Pacific Island Forum Secretariat (PIFS) the four members of MSG have access to the Pacific Island Trade and Invest (PITI) network with respect to the marketing of their export products. The Consultants were advised that for a number of industries visited, this relationship was not active. Work should be undertaken to reinforce access for the export industry to the PITI network as a conduit to export markets both within the MSG region and in the wider Pacific.

The Consultants believe there is merit in the MSG group looking to create its own Trade Commission that could specifically concentrate on maximising export opportunities for producers located within each MSG country. A more limited trade promotion organisation located within the MSG Secretariat could in the Consultants view produce more meaningful results for producers in each MSG country than the services are currently offered by a Secretariat located within the forum that looks after the interests of exporters of its 18 members.

The Consultants recognise that there would be a need to undertake a comprehensive cost benefit analysis should such a proposal be seen to have merit. However the Consultants are of the view that the proposal should be adopted in principle and that a fuller evaluation should be considered as the next stage of the current export facilitation project.

Notwithstanding these comments we believe such an evaluation could alternatively consider whether such an Office could be located within the Pacific Trade and Invest (PITI) office in Auckland. We gather that space is available there but it would clearly come at a commercial cost. Nevertheless the support of the staff of that office could materially assist the MSG Trade Commissioner to achieve his specific KPIs given their ongoing knowledge of and involvement in Pacific related trade activities.

The Consultants believe if this idea is adopted and a Trade Commissioner is appointed to represent MSG producers then consideration could also be given to the appointment of Honorary Trade Advisors (HTAs) in key markets to work with the MSG Trade Commissioner to foster linkages with importers in offshore jurisdictions. It is noted for instance that the Thai Department of International Trade Promotion has global HTAs who work with their regional Thai Trade Centres to facilitate specific trade linkages, assist to encourage attendance at international trade fairs and assist with appointments with outbound and inbound trade missions. Generally such HTAs are chosen for their commercial contacts within the country in which they are appointed as well as their specific business abilities and experience.

Additionally, the Consultants believe that there is merit in examining the creation of an MSG Business Council with specific chapters in both New Zealand and Australia. There are already in the case of New Zealand at least two such organisations representing business people or organisations which have an interest in generating business linkages with the South Pacific countries as well as a number of bi lateral Business Councils including Fiji and PNG. However a separate organisation concentrating specifically on fostering linkages with the MSG Group of countries could in the view of the Consultants magnify specific business contacts with producers within the MSG region and indirectly foster increased flows in trade in goods and services that will be possible once the MSGTA3 treaty is signed and ratified. As an add on it may be that the MSG Trade Commissioner could assist to reactivate a New Caledonia connection.

A further suggestion is to establish an MSG Advisory Board of commercial representatives selected from each MSG country to work with an MSG Trade Commissioner. We gather that such a Board has recently been established to assist the PITI office in Auckland and we can see merit in principle in such a similar Board being established for any appointed MSG Trade Commissioner.

10.3 *Accurate up to date and accessible information on export opportunities in the MSG region for the benefit of exporters.*

There was some concern about the lack of information from the MSG Secretariat on contracting opportunities available within each MSG country and from international agencies that undertake projects within the MSG countries or the South Pacific region. We were informed that in some cases that the outcome of a specific tender is known even before such a tender is publicly advertised in the media.

Consequently the Consultants also recommend the establishment of an appropriate staff resource within the MSG Secretariat whose responsibility would be to seek out and disseminate information on tendering or contracting opportunities in each MSG country and list such opportunities on the MSG website. This could extend to keeping abreast of tenders offered by international agencies such as the Asian Development Bank and listing the links to such tenders on the MSG website.

10.4 *Visible and relevant trade and market information, including the network system, housed within the MSG Secretariat, with a staff member expected to update it.*

Consultations with producers during the country visits identified a lack of visible information on current trading trends or flows between each MSG country and between the MSG Group of countries and the rest of the world. There seemed to be no readily available resource within the MSG Secretariat on bi lateral trade between each of the four MSG countries as well as with New Caledonia. There also seemed to be no consistency in the availability of trade statistics from the Statistical agencies located in each MSG country.

Consequently the Consultants believe there is merit in looking to the establishment of an appropriate staff resource within the MSG Secretariat whose responsibility would be to coordinate the availability of appropriate international trading statistics from each MSG country and to list and update such data on the MSG website.

If the recommendations are considered to have merit there would be a need to undertake a cost benefit analysis of the specific proposals as the next stage of this trade facilitation project.

11. ANALYSIS OF TRADE STATISTICS

Export trade data was provided to the Consultants by the National Statistics agency in each country. Five separate matrices have been developed accordingly and are attached as Appendix 7

SPC has a separate website (PRISM), that holds individual country trade statistics. However, this information is recorded at a two digit level (HS Tariff), which in most cases is not sufficient to specifically identify the products subject to this Study.

At this stage there has been no attempt to reconcile information given to the Consultants by various exporters with the official trade data. We recommend that the National Statistics agency in each country be authorised to undertake such an exercise on the basis that the confidentiality of commercial information of each exporter is maintained.

12. TRANSPORT LINKAGES

The Consultants held discussions with both producers and Government agencies throughout the region on transport services as part of their consultations.

In brief concerns were expressed both about the infrequency of scheduled direct shipping services as well as the high costs of freight rates within the MSG region. One producer, for instance, said that it takes four to six weeks for its merchandise to be shipped from Fiji to the Solomons and to New Caledonia. Another producer in New Caledonia stated that it can take up to four months to get a container from New Caledonia to the Solomons due to transshipment being required in the absence of direct shipping services.

Concerns were also expressed about the cost of, and delays in, the internal movement of cargo in the region, particularly in PNG between Lae and Port Moresby where, in the opinion of the producer, internal distribution costs were higher than the actual shipping freight rates.

Given these concerns, which were also evident in the other countries visited, the Consultants consider that an MSG transport strategy should be developed as a matter of urgency. It is pleasing to note that some work has already been started with the PNG Prime Minister agreeing to fund an MSG Shipping and Air Service Study. It is understood that funding a financial review of the costs involved in this study is being undertaken by the South Pacific Commission and that terms of reference are currently being prepared for the study.

It is recommended that an appropriate Transport Strategy for the region should be developed in tandem with this separate review and that this work should be completed as a matter of urgency.

13. A MATRIX/DATA BASE OF INDICATIVE PRODUCTS THAT EACH OF THE PARTICIPATING COUNTRIES COULD OFFER TO OR BUY FROM, ITS SUBREGIONAL COUNTERPARTS IN MSG

Table 1 contains information about the Study products that each of the participating countries could offer to its subregional counterparts in MSG and to non-MSG countries. Based on the interviews undertaken by the Consultants and additional material provided in the Questionnaires, the potential or likelihood of exports of the indicative products are rated.

It is interesting that the significant export potential lies more in manufactured products area such as sweet biscuits and canned tuna which are both sold extensively not only in the area but also on wider international markets. The former industry used primarily imported material but the latter industry utilises a resource available within the Pacific region.

The Consultants believe that that MSG could make a difference if it concentrated on prioritising those products for export such as VCO and kava where producing countries could add value to a product rather than exporting the raw material in its crude state. A Fijian producer for instance referred to the optimum approach of utilising a “whole of nut” approach to the use of coconuts grown in Fiji rather than simply processing a part of a coconut. If this approach was followed the Consultants consider it may be feasible to develop an MSG brand that reflects products both grown and processed in the region.

Table 2 is a summary of indicative products that each of the participating countries could buy from its subregional counterparts in MSG. Although the Questionnaires specifically asked for this information, there was only limited success in obtaining meaningful replies. The Consultants note that further follow up will be required to complete this table.

14. A MATRIX/DATA BASE OF INDICATIVE PRODUCTS THAT EACH OF THE PARTICIPATING COUNTRIES COULD OFFER TO POTENTIAL INTERNATIONAL MARKETS

Table 3 is a preliminary summary of indicative products outside those which are the subject of this Study that each of the participating countries could offer to potential international markets. As above, the Consultants have not sought to prioritise the industry which should receive assistance (if any) from their governments, as this will be a decision for those governments based on wider trade policy and economic issues.

15. VALIDATION WORKSHOP

Following submission of the Draft Report to the Secretariat, it was circulated amongst member countries ahead of a Validation Workshop held in Noumea on 12 and 13 November 2015. The consultants made a PowerPoint Presentation which is attached as Appendix 3.

Following verbal comments, subsequently followed up with written submissions, relevant amendments were made to the Draft Report in order to produce the Final Report.

In summary, the amendments required were relatively minor, except for the Recommendations section where the comments made by SPC in its Peer Review were endorsed by the member countries. As a result, these comments were included in the amended Recommendations section.

16. CONCLUSIONS

The Consultants undertook this Study against the background of numerous previous Studies and Reports relating to similar or complementary issues in the MSG countries. These detailed reports have been consistent in many areas, and it has not been the intention of the Consultants to revisit the matters covered in any detail. For example, most industries we spoke to made reference to infrastructure deficiencies, transport costs and availability, lack of facilities to meet SPS obligations, supply side constraints etc.

The selection of products was interesting, as some industries met by the Consultants had an expectation of very low volume of exports or a desire to concentrate on their domestic market only. In many instances, they advised that rectification of the issues mentioned above may cause them to reassess their export strategy.

Because of this situation, the Consultants found that most industries were concentrating on consolidating their domestic market together with developing a small and manageable export market. In this respect, there was much more comfort in developing this business within the MSG subregion, rather than seeking markets further afield. There were exceptions to this, with some industries successfully exporting to Australia, New Zealand, other Pacific Island Countries, and the European Union, but the majority had a more conservative outlook.

Of the various Trade Agreements that are in operation in the Pacific, or are being negotiated, there was an overwhelming view that the MSGTA2 (to become MSGTA3) was the preferred option. There appeared to be little engagement by industry with officials in the trade agreement negotiation process.

Most of the meetings and interviews were conducted by the Consultants prior to receiving completed Questionnaires. The interviews were conducted against the expectation that much of the detail sought in the Questionnaires would be subsequently provided. In many cases, this did not happen and the Consultants believe that this information, if provided, would enable them to improve parts of the

Report. In particular, very little feedback was received regarding export opportunities with non-MSG countries, and the options to buy products from MSG partners.

The Consultants were also conscious of keeping the focus of this Draft Report on the products which are the subject of this Study. Although the Terms of Reference seek comment on other products, and in fact the Questionnaires and interviews sought this information, there was little information forthcoming. The Consultants are not in a position to make recommendations about any products outside those listed in the Terms of Reference.

Overall, a number of the industries interviewed are currently exporting successfully, and have the attitude and desire to increase their export business. This will require substantial assistance from their respective governments, both at a technical level in removing market access issues, and also in a more practical financial sense in terms of making the business environment more efficient and assisting individual industries with capital, training and infrastructure requirements.

On a regional level, the recommendations contained in Section 16 outline a number of actions that could create an MSG trade unit that would assist in many of these matters. The current lack of specific export focus bodies in the various countries could be remedied by the establishment of the appropriate resource within the MSG Secretariat that could be relied upon by exporters in the region.

17. RECOMMENDATIONS

A. GENERAL

Priority Products

- Market Survey reports be prepared for value added products produced in more than one MSG country e.g. virgin coconut oil. (We understand that this will be covered by a subsequent Market Intelligence Study.)
- These reports should focus on the biggest export market for each product selected and may involve the assistance of off-shore PT&I offices.
- A market survey report be prepared on the potential for service industry delivery within the MSG region.

Shipping and Transport Linkages

- An MSG transport strategy be developed as a matter of urgency in collaboration with the SPC Economic Development Division given the concerns raised in discussions with producers in the region who expressed concern about the infrequency of scheduled shipping services as well as high freight costs and port charges within the MSG region.

Trade Statistics

- The need for a statistical resource within the MSG Secretariat be assessed in collaboration with either ITC or SPC with a view to ensuring that an appropriate MSG statistical data base both for regional as well as global trade be developed and a link to the appropriate statistical material be listed on the MSG website.

Procurement and Employment

- The need for a procurement and employment resource within the MSG Secretariat be assessed by considering that a link to opportunities for public and private sector contracting and employment opportunities currently existing on the ITC Trade Map site and/or the SPC PRISM site be listed on the MSG website;

Industry Assistance

- The MSG Secretariat should consult with PIPSO and their constituent groups to ensure that the private sector is more closely consulted by officials with respect to the various trade negotiations that are being undertaken. These consultations should take place in addition to any discussions that are presently undertaken with trade groups representing individual industries/companies;
- Consideration be given to the establishment of appropriate specialist export focused bodies in each country to coordinate policy and assistance for export industries. From a cost consideration point of view, MSG might consider co-locating staff in the regional or country offices of SPC, PIFS or PIPSO;
- Assist industries to access the appropriate levels of government to take advantage of trade legislation and policy that will assist the industry to compete with low cost or illegally traded imported competition.

Trade Representation

- A resource be established within the MSG Secretariat, possibly in collaboration with SPC, to develop trade promotional opportunities within and outside of the MSG region;
- Consideration be given to the appointment of an MSG Trade Commissioner who could pursue export opportunities for MSG producers within New Zealand and Australia and that discussions be held with the SPC on the possible location of such a Trade commissioner within an appropriate PITI Office;
- Consideration be given to the appointment of MSG Honorary Trade Advisors in Australia, New Zealand and other markets that are considered to be important for the promotion of MSG products and services;
- Consideration be given to the establishment of an MSG Business Council with chapters in both Australia and New Zealand that promote bi lateral business linkages;
- Consideration be given to the establishment of an Advisory Governance Board to provide governance assistance to the MSG Secretariat in undertaking and overseeing these functions
- There is a separate case for the revitalisation of a New Caledonia NZ Business Council if two way trade is to grow.

Accreditation and Certification Services

- In-country facilities be developed for testing MSG grown produce as well as manufactured goods to ensure that crops meet appropriate international standards requirements, eg multi-purpose laboratories and heat treatment facilities. Development of these facilities should take into account current facilities provided by SPC (IACT) and USP.

Customs procedures

- An updated model Customs Act be prepared by the Oceania Customs Organisation to determine if common customs procedures and methods of valuation could be introduced within the MSG region.

The Consultants are aware that the final two recommendations have featured frequently in previous reports undertaken by various organisations and consultants. They are raised for completeness, but also in light of frequent comments on these issues by the parties that were interviewed.

B. COUNTRY SPECIFIC RECOMMENDATIONS

Fiji

- Government to form a Trade Association representing producers of VCO;
- Introduce a transit permit in Fiji for onward shipments to other countries in the region;
- Develop a Paper that sets out the specific responsibilities of the Department of Agriculture and Biosecurity Agency;
- Develop trade linkages between Melanesia and Micronesia.

New Caledonia

- MSG Secretariat to develop a simple list of products traded within the area to supplement the data available from published trade statistics;
- Consider establishment of New Zealand-New Caledonia Business Council;
- Establish one stop export agency.

Papua New Guinea

- Harmonisation of standards and procedures within the region;
- Improve treatment facilities to address SPS requirements.

Solomon Islands

- Provide kiln drying facilities for processed timber;
- Ensure that the appropriate training programmes are in place to develop expertise in the export industries;
- Establish multi-purpose laboratory and heat treatment facility.

Vanuatu

- Implement the DTIS recommendations with respect to the cocoa industry;
- Enable the beef industry to import live cattle;
- Establish Government laboratory for kava industry;
- Increase the number of drying machines for the kava industry.

ACRONYMS

ADB	Asian Development Bank
ASEAN	Association of Southeast Asian Nations
AusAID	Australian Agency for International Development
CEMA	Commodities Exporting and Marketing Authority
CGA	Cocoa Growers Association of Vanuatu
CIF	Cost Insurance Freight
EBA	Everything but Arms
EPA	Economic Partnership Agreement
EU	European Union
FFA	Forum Fisheries Agency
FLNKS	The Front de Liberation Nationale Kanak Socialiste Party of New Caledonia
FJD	Fijian Dollars
FOB	Free on Board
GDP	Gross Domestic Product
HTA	Honorary Trade Adviser
IACT	Increasing Agricultural Commodity Trade
IEPA	Interim Economic Partnership Agreement
ITC	International Trade Centre
IUU	Illegal, Unreported and Unregulated
MAL	Ministry of Agriculture and Livestock
MCILI	Ministry of Commerce, Industries, Labour and Immigration
MFAET	Ministry of Foreign Affairs and External Trade
MFAT	Ministry of Foreign Affairs and Trade (NZ)
MITT	Ministry of Industry, Trade and Tourism (Fiji)
MSG	Melanesian Spearhead Group
MSGTA2	Melanesian Spearhead Group Trade Agreement 2
NGO	Non-Governmental Organisations
NTDC	National Trade Development Council
NZITTG	New Zealand Imported Tropical Timber Group
OCO	Oceania Customs Organisation
PACER	Pacific Agreement on Closer Economic Relations
PHAMA	Pacific Horticultural and Agricultural Market Access
PICTA	Pacific Islands Countries Trade Agreement
PIFS	Pacific Islands Forum Secretariat
PNG	Papua New Guinea
PT&I	Pacific Trade and Invest
ROO	Rules of Origin
SBD	Solomon Bokolo Dollar
SPARTECA	South Pacific Regional Trade and Economic Cooperation Agreement
SPC	Secretariat of the Pacific Community
SPS	Sanitary and Phytosanitary
TPF	Trade Policy Framework
VAT	Value added Tax
VATA	Value-Added Timber Association
VCMB	Vanuatu Commodities Marketing Board
VCO	Virgin Coconut Oil

TABLE 1

Matrix of Indicative Products that Each of the Participating Countries could offer to its Subregional Counterparts in MSG and to Non-MSG Countries

Country and Product	MSG Countries			Non-MSG Countries		
	No Export Potential	Limited Export Potential	Significant Export Potential	No Export Potential	Limited Export Potential	Significant export Potential
Fiji						
Virgin Coconut Oil		x			x	
Sweet Biscuits			x			x
Yoghurt	x			x		
New Caledonia						
Tunnels and Soilless Crop Systems		x			x	
Scorie or Cinder Ash		x			x	
Solar Water Heaters			x			x
Papua New Guinea						
Ox and Palm corned Beef			x			x
Bilums (String Bags)		x			x	
Biscuits and Snacks			x		x	
Solomon Islands						
Processed Timber		x			x	
Coffee	x			x		
Canned Tuna		x				x
Virgin Coconut Oil		x				x
Vanuatu						
Cocoa		x		x		
Sandalwood Logs		x		x		
Sandalwood Oil		x			x	
Beef			x			x
Kava		x			x	

TABLE 2**Summary of Indicative Products that Each of the Participating Countries could buy from its Subregional Counterparts in MSG**

Country	Products
Fiji	Meat Coconut milk Coconut water Copra
New Caledonia	Kava Beef Coffee
PNG	Chocolate Wine Kava
Solomon Islands	PET bottles Labels Carton boxes Manufactured goods Beef Drinks and other food items
Vanuatu	Wholesale items Warehouse items Agricultural items Hardwood timber Tuna Fish Rice Cement Biscuits Drinks Sugar Nuts Salt Flour Solid fuels manufactured from coal

TABLE 3

Preliminary Summary of Indicative Products outside those which are the subject of this Study that each of the participating Countries could offer to potential International Markets

Country	Products
Fiji	Sugar Agricultural products Kava Dairy products Flour Noodles Chips Packaging products
New Caledonia	Solar panels
PNG	Ice cream Cocoa Coconut Coffee Copra Palm oil Fish Timber products Agricultural products Rota moulded products
Solomon Islands	Body soap Palm oil Minerals Fruit and vegetables Beer Mineral water
Vanuatu	Taro Cassava Tamarin Nangai Chocolate Noni juice Copra Seaweed

Information provided for this study will be collated by the researchers.
Individual responses will not be made available to any third party without your authority.

<p>MSG Secretariat</p> <p>Study on MSG Export Products</p> <p>FIJI QUESTIONNAIRE</p> <p>Government Departments and Agencies</p>
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1.	<p>Contact Details</p> <p>1.1 Government Ministry/Department/Agency</p> <p>.....</p> <p>1.2 Address</p> <p>.....</p> <p>1.3 Main Contact Person</p> <p>.....</p> <p>1.4 Telephone</p> <p>.....</p> <p>1.5 Mobile</p> <p>.....</p> <p>1.6 Email</p> <p>.....</p> <p>1.7 Website</p> <p>.....</p> <p>1.8 Fax</p> <p>.....</p> <p>1.9 Skype</p> <p>.....</p>
2.	<p>Profile</p> <p>2.1 What is the main role of your department or agency?</p> <p>.....</p> <p>.....</p> <p>2.2 What services does your agency provide to encourage or support domestic and export trade?</p>

CONFIDENTIAL

Information provided for this study will be collated by the researchers.
Individual responses will not be made available to any third party without your authority.

Domestic	International													
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<p>3. Exports</p>														
<p>3.1 What is the biggest problem your country faces in growing exports to your <u>regional counterparts</u> in MSG?</p> <div style="border-bottom: 1px dotted black; height: 15px; margin-bottom: 5px;"></div> <div style="border-bottom: 1px dotted black; height: 15px; margin-bottom: 5px;"></div>														
<p>3.2 Rank each of the following 1-6 in terms of difficulty, with 1 being not difficult and 6 being very difficult:</p> <table style="width: 100%; border-collapse: collapse;"><tr><td style="width: 60%; vertical-align: top;"><ul style="list-style-type: none">• Transportation (air freight/shipping) being;<ul style="list-style-type: none">- International Air/Shipping- Domestic Air/Shipping• Investment• Access to Finance and credit• Access to land• Technical requirements, eg quarantine• Market information• Establishing business contacts• Marketing and promotion• Product/service quality• Ability to maintain supply• Receiving payment</td><td style="width: 40%; text-align: center; vertical-align: top;"><table border="1" style="border-collapse: collapse; width: 100%;"><tr><td style="height: 20px;"></td></tr><tr><td style="height: 20px;"></td></tr><tr><td style="height: 20px;"></td></tr><tr><td style="height: 20px;"></td></tr><tr><td style="height: 20px;"></td></tr><tr><td style="height: 20px;"></td></tr><tr><td style="height: 20px;"></td></tr><tr><td style="height: 20px;"></td></tr><tr><td style="height: 20px;"></td></tr><tr><td style="height: 20px;"></td></tr><tr><td style="height: 20px;"></td></tr></table></td></tr></table>		<ul style="list-style-type: none">• Transportation (air freight/shipping) being;<ul style="list-style-type: none">- International Air/Shipping- Domestic Air/Shipping• Investment• Access to Finance and credit• Access to land• Technical requirements, eg quarantine• Market information• Establishing business contacts• Marketing and promotion• Product/service quality• Ability to maintain supply• Receiving payment	<table border="1" style="border-collapse: collapse; width: 100%;"><tr><td style="height: 20px;"></td></tr><tr><td style="height: 20px;"></td></tr><tr><td style="height: 20px;"></td></tr><tr><td style="height: 20px;"></td></tr><tr><td style="height: 20px;"></td></tr><tr><td style="height: 20px;"></td></tr><tr><td style="height: 20px;"></td></tr><tr><td style="height: 20px;"></td></tr><tr><td style="height: 20px;"></td></tr><tr><td style="height: 20px;"></td></tr><tr><td style="height: 20px;"></td></tr></table>											
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<p>3.3 What is the biggest problem your country faces in growing exports to other <u>Pacific Island Countries (non-MSG)?</u></p> <div style="border-bottom: 1px dotted black; height: 15px; margin-bottom: 5px;"></div> <div style="border-bottom: 1px dotted black; height: 15px; margin-bottom: 5px;"></div>														
<p>3.4 Rank each of the following 1-6 in terms of difficulty, with 1 being not difficult and 6 being very difficult:</p> <table style="width: 100%; border-collapse: collapse;"><tr><td style="width: 60%; vertical-align: top;"><ul style="list-style-type: none">• Transportation (air freight/shipping) being;<ul style="list-style-type: none">- International Air/Shipping- Domestic Air/Shipping• Investment• Access to Finance and credit• Access to land• Technical requirements, eg quarantine• Market information• Establishing business contacts</td><td style="width: 40%; text-align: center; vertical-align: top;"><table border="1" style="border-collapse: collapse; width: 100%;"><tr><td style="height: 20px;"></td></tr><tr><td style="height: 20px;"></td></tr><tr><td style="height: 20px;"></td></tr><tr><td style="height: 20px;"></td></tr><tr><td style="height: 20px;"></td></tr><tr><td style="height: 20px;"></td></tr><tr><td style="height: 20px;"></td></tr><tr><td style="height: 20px;"></td></tr><tr><td style="height: 20px;"></td></tr></table></td></tr></table>		<ul style="list-style-type: none">• Transportation (air freight/shipping) being;<ul style="list-style-type: none">- International Air/Shipping- Domestic Air/Shipping• Investment• Access to Finance and credit• Access to land• Technical requirements, eg quarantine• Market information• Establishing business contacts	<table border="1" style="border-collapse: collapse; width: 100%;"><tr><td style="height: 20px;"></td></tr><tr><td style="height: 20px;"></td></tr><tr><td style="height: 20px;"></td></tr><tr><td style="height: 20px;"></td></tr><tr><td style="height: 20px;"></td></tr><tr><td style="height: 20px;"></td></tr><tr><td style="height: 20px;"></td></tr><tr><td style="height: 20px;"></td></tr><tr><td style="height: 20px;"></td></tr></table>											
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- Marketing and promotion
- Product/service quality
- Ability to maintain supply
- Receiving payment

3.5 What is the biggest problem your country faces in growing exports to Australia?

3.6 Rank each of the following 1-6 in terms of difficulty, with 1 being not difficult and 6 being very difficult:

- **Transportation (air freight/shipping) being;**
 - International Air/Shipping
 - Domestic Air/Shipping
- Investment
- Access to Finance and credit
- Access to land
- Technical requirements, eg quarantine
- Market information
- Establishing business contacts
- Marketing and promotion
- Product/service quality
- Ability to maintain supply
- Receiving payment

3.7 What is the biggest problem your country faces in growing exports to New Zealand?

3.8 Rank each of the following 1-6 in terms of difficulty, with 1 being not difficult and 6 being very difficult:

- **Transportation (air freight/shipping) being;**
 - International Air/Shipping
 - Domestic Air/Shipping
- Investment
- Access to Finance and credit
- Access to land
- Technical requirements, eg quarantine
- Market information
- Establishing business contacts
- Marketing and promotion
- Product/service quality
- Ability to maintain supply
- Receiving payment

3.9 What is the biggest problem your country faces in growing exports to ASEAN countries:

3.10 Rank each of the following 1-6 in terms of difficulty, with 1 being not difficult and 6 being very difficult:

- **Transportation (air freight/shipping) being;**
 - International Air/Shipping
 - Domestic Air/Shipping
- Investment

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- Access to Finance and credit
- Access to land
- Technical requirements, eg quarantine
- Market information
- Establishing business contacts
- Marketing and promotion
- Product/service quality
- Ability to maintain supply
- Receiving payment

3.11 What is the biggest problem your country faces in growing exports to the Europe?

3.12 Rank each of the following 1-6 in terms of difficulty, with 1 being not difficult and 6 being very difficult:

- **Transportation (air freight/shipping) being;**
 - International Air/Shipping
 - Domestic Air/Shipping
- Investment
- Access to Finance and credit
- Access to land
- Technical requirements, eg quarantine
- Market information
- Establishing business contacts
- Marketing and promotion
- Product/service quality
- Ability to maintain supply
- Receiving payment

3.13 What is the biggest problem your country faces in growing exports to the rest of the world?

3.14 Rank each of the following 1-6 in terms of difficulty, with 1 being not difficult and 6 being very difficult:

- **Transportation (air freight/shipping) being;**
 - International Air/Shipping
 - Domestic Air/Shipping
- Investment
- Access to Finance and credit
- Access to land
- Technical requirements, eg quarantine
- Market information
- Establishing business contacts
- Marketing and promotion
- Product/service quality
- Ability to maintain supply
- Receiving payment

3.15 Where are your country's main competitors for the products identified in the Study, eg other PICs, Australia,

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New Zealand, ASEAN, etc? List in Order of Importance with the biggest competitor on top:

Product	Virgin Coconut Oil	Kava	Yoghurt	Other Products	Related
Country competition					

3.16 Provide a list of indicative products that your country could offer to your subregional counterparts in MSG.

Product Description including HS code	Country

3.17 Provide a list of indicative products that your country could buy from, your subregional counterparts in MSG.

Product Description including HS code	Country

3.18 Provide a list of indicative products that your country could offer to potential international markets.

Product Description including HS code	Country

3.19 Provide a list of indicative products that your country could buy from potential international markets.

Product Description including HS Code	Country

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4	Other Agencies 4.1 Provide details of other Government Agencies with whom you interact with respect to exports. <table border="1"><tr><td>Domestically</td><td>Internationally</td></tr><tr><td> </td><td> </td></tr></table> 4.2 Provide details of other Agencies outside your country with whom you interact with respect to exports, eg PITI, PIFS, SPC, OCO, etc? <table border="1"><tr><th>Name of Agencies</th><th>Specific Details of Assistance</th><th>Details of any Established working relationship</th></tr><tr><td> </td><td> </td><td> </td></tr><tr><td> </td><td> </td><td> </td></tr><tr><td> </td><td> </td><td> </td></tr></table>	Domestically	Internationally			Name of Agencies	Specific Details of Assistance	Details of any Established working relationship									
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Name of Agencies	Specific Details of Assistance	Details of any Established working relationship															
5.	Government Assistance for Exports 5.1 Do you have an Export Development Strategy Document? Please provide copy? 5.2 Provide details of subsidy programmes you administer for export industries? <table border="1"><tr><th>Type of Subsidy</th><th>Products</th><th>Years of Subsidy</th><th>Status</th></tr><tr><td> </td><td> </td><td> </td><td> </td></tr><tr><td> </td><td> </td><td> </td><td> </td></tr></table> 5.2 Provide details of research and development programmes you administer that are available to export industries. 5.3 Provide details of other Government assistance administered by you for export industries. 5.4 Provide details of funding provided by other Governments to your export industries, which you administer. 5.5 Provide details of funding provided by NGOs to your export industries, which you administer.	Type of Subsidy	Products	Years of Subsidy	Status												
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	<p>5.6 Provide details of funding provided by any other institutions to your export industries, which you administer.</p> <p>.....</p> <p>.....</p>
6.	<p>Trade Agreements</p> <p>6.1 How effective are the Trade Agreements operating in the region with respect to the goods identified in the Study?</p> <ul style="list-style-type: none">• Melanesian Spearhead Group Trade Agreement - MSGTA2.....• Pacific Islands Countries Trade Agreement - PICTA.....• South Pacific Regional Trade and Economic Cooperation Agreement - SPARTECA.....• Interim Economic Partnership Agreement - IEPA.....• World Trade Organisation - WTO.....• Other Bilateral and Plurilateral Agreements.......... <p>6.2 What is your view on the extent to which PACER Plus will facilitate exports from your country?</p> <p>.....</p> <p>.....</p> <p>6.3 Comment on the level of support of the MSG Secretariat and the Pacific Island Forum Secretariat towards exporters on:</p> <ul style="list-style-type: none">a) MSGTA2.....b) MSGTA3.....c) PICTA.....d) IEPA..... <p>.....</p>

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7.	Competition				
7.1. Comment on the competition for your company's locally manufactured/produced goods arising, if any, from goods imported from the following:					
Australia		New Zealand		China	Other
.....					
.....					
.....					
7.2 Comment on the ability of your exports to compete in overseas markets with products sourced from the following:					
Australia		New Zealand		China	Other
.....					
.....					
.....					
8.	General				
8.1 Comment on the effectiveness of shipping and air links within the MSG region and the impact on exports from your country.					
	Turnaround Time	Cost per Unit	Handling Cargo	of Customer Service	Insurance
Shipping					
Airfreight					
.....					
.....					
8.2 Comment on the effectiveness of shipping and air links outside the MSG region and the impact on exports to other export markets.					
	Turnaround Time	Cost per Unit	Handling Cargo	of Customer Service	Insurance
Shipping					
Airfreight					
.....					
8.3 What is your expectation of this study?					
.....					

Thank you very much for your assistance with this review.

Information provided for this study will be collated by the researchers.
Individual responses will not be made available to any third party without your authority.

MSG Secretariat
Study on MSG Export Products
FIJI QUESTIONNAIRE
Exporters

1.	Contact Details 1.1 Company Trading Name 1.2 Address 1.3 Main Contact Person 1.4 Telephone 1.5 Mobile 1.6 Email 1.7 Website 1.8 Fax 1.9 Skype
2.	Profile 2.1 When was your company established? 2.2 How many people are employed?

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2.3 Provide details of any factories you have in your regional counterparts in each MSG country.

.....

.....

.....

2.4 Is your company owned locally, or does it have overseas investment?

.....

.....

2.5 If locally owned, what was your source of fund?

Cash	Loan	Both Cash and Credit
------	------	----------------------

2.6 If Overseas Investment, is it:

Public	Private
--------	---------

3. Products

3.1 Provide details of the product range you manufacture/produce including its 6-digit HS code if known.

.....

.....

3.2 Provide details of your products, brands, name, labelling and other qualities that qualify the product for export.

.....

.....

.....

3.3 Provide details of constraints that exist for your company if any under:

a) supply side constraints

.....

b) production and processing constraints

.....

c) capacity constraints

.....

4. History of Exports

4.1 Provide details of your export history to all markets.

Product Line	Market	To what Quantities	Time Range (Month /Year)

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4.2 Provide details of products that you have attempted to export, maybe failed, but have potential to become strong export products given your natural comparative advantage and competitive edge.

Product name	Failures encountered	Time Range (Month/Year)	Market	Current Status

5. Current Exports

5.1 Provide a list of those products which are exported to MSG counterparts.

Product	Destination Country	Time Range	Quantities
Virgin Coconut Oil			
Kava			
Yoghurt			
Other Related Products			

5.2 Provide a list of those products which are exported to non-MSG countries in the Pacific Islands.

Product	Destination Country	Time Range	Quantities
Virgin Coconut Oil			
Kava			
Yoghurt			
Other Related Products			

5.3 Provide a list of those products which are exported to Australia.

Product	Destination Country	Time Range	Quantities
Virgin Coconut Oil			
Kava			
Yoghurt			
Other Related Products			

5.4 Provide a list of those products which are exported to New Zealand.

Product	Destination Country	Time Range	Quantities
Virgin Coconut Oil			
Kava			
Yoghurt			
Other Related Products			

5.5 Provide a list of those products which are exported to ASEAN countries.

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Product	Destination Country	Time Range	Quantities
Virgin Coconut Oil			
Kava			
Yoghurt			
Other Related Products			

5.6 Provide a list of those products which are exported to Europe.

Product	Destination Country	Time Range	Quantities
Virgin Coconut Oil			
Kava			
Yoghurt			
Other Related Products			

5.7 Provide a list of those products which are exported to the rest of the world.

Product	Destination Country	Time Range	Quantities
Virgin Coconut Oil			
Kava			
Yoghurt			
Other Related Products			

5.8 What is the biggest problem your company faces in growing exports to your regional counterparts in MSG?

.....

.....

5.9 Rank each of the following 1-6 in terms of difficulty, with 1 being not difficult and 6 being very difficult:

- **Transportation (air freight/shipping) being;**
 - International Air/Shipping
 - Domestic Air/Shipping
- Investment
- Access to Finance and credit
- Access to land
- Technical requirements, eg quarantine
- Market information
- Establishing business contacts
- Marketing and promotion
- Product/service quality
- Ability to maintain supply
- Receiving payment

5.9 What is the biggest problem your company faces in growing exports to other Pacific Island Countries

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(non-MSG)?

5.10 Rank each of the following 1-6 in terms of difficulty, with 1 being not difficult and 6 being very difficult:

- **Transportation (air freight/shipping) being;**
 - International Air/Shipping
 - Domestic Air/Shipping
- Investment
- Access to Finance and credit
- Access to land
- Technical requirements, eg quarantine
- Market information
- Establishing business contacts
- Marketing and promotion
- Product/service quality
- Ability to maintain supply
- Receiving payment

5.11 What is the biggest problem your company faces in growing exports to Australia?

5.12 Rank each of the following 1-6 in terms of difficulty, with 1 being not difficult and 6 being very difficult:

- **Transportation (air freight/shipping) being;**
 - International Air/Shipping
 - Domestic Air/Shipping
- Investment
- Access to Finance and credit
- Access to land
- Technical requirements, eg quarantine
- Market information
- Establishing business contacts
- Marketing and promotion
- Product/service quality
- Ability to maintain supply
- Receiving payment

5.13 What is the biggest problem your company faces in growing exports to New Zealand?

5.14 Rank each of the following 1-6 in terms of difficulty, with 1 being not difficult and 6 being very difficult:

- **Transportation (air freight/shipping) being;**
 - International Air/Shipping
 - Domestic Air/Shipping
- Investment
- Access to Finance and credit
- Access to land

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- Technical requirements, eg quarantine
- Market information
- Establishing business contacts
- Marketing and promotion
- Product/service quality
- Ability to maintain supply
- Receiving payment

5.15 What is the biggest problem your company faces in growing exports to ASEAN countries?

5.16 Rank each of the following 1-6 in terms of difficulty, with 1 being not difficult and 6 being very difficult:

- **Transportation (air freight/shipping) being;**
 - International Air/Shipping
 - Domestic Air/Shipping
- Investment
- Access to Finance and credit
- Access to land
- Technical requirements, eg quarantine
- Market information
- Establishing business contacts
- Marketing and promotion
- Product/service quality
- Ability to maintain supply
- Receiving payment

5.17 What is the biggest problem your company faces in growing exports to Europe ?

5.18 Rank each of the following 1-6 in terms of difficulty, with 1 being not difficult and 6 being very difficult:

- **Transportation (air freight/shipping) being;**
 - International Air/Shipping
 - Domestic Air/Shipping
- Investment
- Access to Finance and credit
- Access to land
- Technical requirements, eg quarantine
- Market information
- Establishing business contacts
- Marketing and promotion
- Product/service quality
- Ability to maintain supply
- Receiving payment

5.19 What is the biggest problem your company faces in growing exports to Rest of the World?

--

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5.20 Rank each of the following 1-6 in terms of difficulty, with 1 being not difficult and 6 being very difficult:

- **Transportation (air freight/shipping) being;**
 - International Air/Shipping
 - Domestic Air/Shipping
- Investment
- Access to Finance and credit
- Access to land
- Technical requirements, eg quarantine
- Market information
- Establishing business contacts
- Marketing and promotion
- Product/service quality
- Ability to maintain supply
- Receiving payment

5.21 Where are your company's main competitors for the products identified in the Study, eg other PICs, Australia, New Zealand, ASEAN, etc? List in Order of Importance with the biggest competitor on top.

5.22 Provide a list of indicative products that your company could offer to, your subregional counterparts in MSG.

Product Description including HS code	Country

5.23 Provide a list of indicative products that your company could buy from, your subregional counterparts in MSG.

Product Description including HS code	Country

5.24 Provide a list of indicative products that your company could offer to potential international markets.

Product Description including HS code	Country

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5.24 Provide a list of indicative products that your company could buy from potential international markets.

Product Description including HS Code	Country

6. Government Subsidies and Assistance

6.1 Provide details of any Government subsidies that you receive for exporting your products.

.....

.....

Established Government Subsidies	
Ad Hoc Requested Government Subsidies	
Other	

6.2 Provide details of research and development funding that you receive with respect to your export business.

.....

.....

Technical Assistance (Research)	
Development Funding	

6.3 Provide details of any other Government assistance that you receive for exporting your products.

.....

.....

6.4 Provide details of funding your company receives from other Governments to assist your exports.

.....

.....

7. Competitors

7.1 Provide details of your competitors in your country emanating from:

a) MSG counterparts

.....

b) other Non-MSG countries

.....

7.2 Provide details of your competitors in your export markets emanating from:

a) MSG countries

.....

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	b) Other International countries	<div style="border-bottom: 1px dotted black; height: 1.2em; margin-bottom: 2px;"></div> <div style="border-bottom: 1px dotted black; height: 1.2em; margin-bottom: 2px;"></div> <div style="border-bottom: 1px dotted black; height: 1.2em;"></div>
8.	Regulatory Barriers	<p>8.1 What are the regulatory barriers applicable to your products in your export markets?</p> <div style="border-bottom: 1px dotted black; height: 1.2em; margin-bottom: 2px;"></div> <div style="border-bottom: 1px dotted black; height: 1.2em; margin-bottom: 2px;"></div> <div style="border-bottom: 1px dotted black; height: 1.2em;"></div> <p>8.2 Topical market access issues include the following:</p> <ul style="list-style-type: none">- Import tariffs on MSG exports.- Technical barriers to trade (Standards, packaging and labelling).- Import quotas.- Sanitary and phytosanitary measures.- Import licences.- Trade distortion measures.- Rules of Origin.- Safeguard measures.- Trade facilitation.- Any other requirements for MSG exports to gain access to high value product markets. <p>8.3 Provide details of how any of these apply to your products exported to MSG counterparts.</p> <div style="border-bottom: 1px dotted black; height: 1.2em; margin-bottom: 2px;"></div> <div style="border-bottom: 1px dotted black; height: 1.2em; margin-bottom: 2px;"></div> <div style="border-bottom: 1px dotted black; height: 1.2em; margin-bottom: 2px;"></div> <div style="border-bottom: 1px dotted black; height: 1.2em; margin-bottom: 2px;"></div> <div style="border-bottom: 1px dotted black; height: 1.2em;"></div> <p>8.4 Provide details of how any of these apply to your products exported to non-MSG countries in the Pacific Islands.</p> <div style="border-bottom: 1px dotted black; height: 1.2em; margin-bottom: 2px;"></div> <div style="border-bottom: 1px dotted black; height: 1.2em; margin-bottom: 2px;"></div> <div style="border-bottom: 1px dotted black; height: 1.2em; margin-bottom: 2px;"></div> <div style="border-bottom: 1px dotted black; height: 1.2em; margin-bottom: 2px;"></div> <div style="border-bottom: 1px dotted black; height: 1.2em;"></div> <p>8.5 Provide details of how any of these apply to your products exported to Australia.</p> <div style="border-bottom: 1px dotted black; height: 1.2em; margin-bottom: 2px;"></div> <div style="border-bottom: 1px dotted black; height: 1.2em; margin-bottom: 2px;"></div> <div style="border-bottom: 1px dotted black; height: 1.2em; margin-bottom: 2px;"></div> <div style="border-bottom: 1px dotted black; height: 1.2em; margin-bottom: 2px;"></div> <div style="border-bottom: 1px dotted black; height: 1.2em;"></div> <p>8.6 Provide details of how any of these apply to your products exported to New Zealand.</p>

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	<p>.....</p> <p>.....</p> <p>.....</p> <p>.....</p> <p>8.7 Provide details of how any of these apply to your products exported to ASEAN countries.</p> <p>.....</p> <p>.....</p> <p>.....</p> <p>.....</p> <p>8.8 Provide details of how any of these apply to your products exported to Europe.</p> <p>.....</p> <p>.....</p> <p>.....</p> <p>.....</p> <p>8.9 Provide details of how any of these apply to your products exported to the rest of the world.</p> <p>.....</p> <p>.....</p> <p>.....</p> <p>.....</p>
9.	<p>Trade Agreements</p> <p>9.1 How effective are the Trade Agreements operating in the region with respect to the products you export.</p> <p>.....</p> <ul style="list-style-type: none">• Melanesian Spearhead Group Trade Agreement - MSGTA2 <p>.....</p> <ul style="list-style-type: none">• Pacific Islands Countries Trade Agreement - PICTA <p>.....</p> <ul style="list-style-type: none">• South Pacific Regional Trade and Economic Cooperation Agreement - SPARTECA <p>.....</p>

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- Interim Economic Partnership Agreement - IEPA

- World Trade Organisation - WTO

- Other Bilateral and Plurilateral Agreements

9.2 What is your view on the extent to which PACER Plus will facilitate exports by your company?

9.3 Comment on the level of support of the MSG Secretariat and the Pacific Island Forum Secretariat towards exporters on:

a) MSGTA2.....

b) MSGTA3.....

c)
PICTA.....

d)
IEPA.....

10. Competition

10.1 Comment on the competition for your company's locally manufactured/produced goods arising, if any, from goods imported from the following:

Australia	New Zealand	China	Other

10.2 Comment on the ability of your exports to compete in overseas markets with products sourced from the following:

Australia	New Zealand	China	Other

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	<p>.....</p> <p>.....</p> <p>.....</p>																																										
11.	<p>General</p> <p>11.1 Comment on the effectiveness of shipping and air links within the MSG region and the impact on exports by your company.</p> <p>.....</p> <p>.....</p> <table border="1"><thead><tr><th></th><th>Turnaround Time</th><th>Cost per Unit</th><th>Handling Cargo</th><th>of</th><th>Customer Service</th><th>Insurance</th></tr></thead><tbody><tr><td>Shipping</td><td></td><td></td><td></td><td></td><td></td><td></td></tr><tr><td>Airfreight</td><td></td><td></td><td></td><td></td><td></td><td></td></tr></tbody></table> <p>.....</p> <p>11.2 Comment on the effectiveness of shipping and air links outside the MSG region and the impact on your exports to other export markets.</p> <p>.....</p> <p>.....</p> <table border="1"><thead><tr><th></th><th>Turnaround Time</th><th>Cost per Unit</th><th>Handling Cargo</th><th>of</th><th>Customer Service</th><th>Insurance</th></tr></thead><tbody><tr><td>Shipping</td><td></td><td></td><td></td><td></td><td></td><td></td></tr><tr><td>Airfreight</td><td></td><td></td><td></td><td></td><td></td><td></td></tr></tbody></table> <p>11.3 What is your expectation of the study?</p> <p>.....</p>		Turnaround Time	Cost per Unit	Handling Cargo	of	Customer Service	Insurance	Shipping							Airfreight								Turnaround Time	Cost per Unit	Handling Cargo	of	Customer Service	Insurance	Shipping							Airfreight						
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Shipping																																											
Airfreight																																											
	Turnaround Time	Cost per Unit	Handling Cargo	of	Customer Service	Insurance																																					
Shipping																																											
Airfreight																																											

Thank you very much for your assistance with this review.

**Lists of Attendees
at
Consultation Meetings**

LIST OF MEETINGS AND ATTENDEES

DATE	ORGANISATION	NAME	POSITION	CONTACT DETAILS	QUESTIONNAIRE RESPONSE (Y/N)
FIIJ					
5 October	PIPSO	Mereia Volavola	CEO	mereia@pipso.prg.fj	No
6 October	FMF Foods	Ramn Bajekal	CEO	ramb@fmf.com.fj	Yes
6 October	Ministry of Trade	Sovaia Marawa	Deputy secretary Trade and Investment	Sovaia.marawa@gmail.com	Yes
6 October	Fiji Revenue and Customs Authority (Met with FMOT)	Jitoko Tikolevu Kumar Sami Goundar	CEO National Manager Revenue Collection	jitikolevu@frca.org.fj kgoundar@frca.org.fj	Yes
6 October	Fiji National Centre for Small and Micro Enterprises Development (met with FMOT)	Ravi Chand	CEO	rchand@ncsmed.org.fj	Yes
6 October	Biosecurity of Fiji (met with FMOT)	Xavier Riyaz Khan	Executive Chairman	www.baf.com.fj	Yes
6 October	Investment Fiji	Ritesh Giosai	Investment Facilitation Manager	ritesh@investmentfiji.org.fj	No
6 october	Fiji Export Council	John Cavubati	CEO	fec@connect.com.fj	No

7 October	Copra Millers of Fiji Ltd	John Deo	Manager Administration and Finance	Cmfi_finance@coconut.org.fj	yes
8 October	Jilva Lailai Coconuts	Mere Wagalala		www.coconut.org.fj	Tes
8 October	Department of Agriculture	Paula Waqain Abete	Senior Economic Planning officer	fijiagtrade@connect.com.fj	Yes
8 October	Ocean Customs Organisation	Ioane Alama	Operations Manager	loaneA@ocosec.org	No
9 October	Foods Pacific	Neetesh Singh Karishma Patel	Marketing coordinator Managing Director	neetesh@foodspacific.com.fj karishma.patel@foodspacific.com.fj	Yes
9 October	Fiji Dairy	Sundeeep Kumar Balia	General Manager	Sundeeep.kumar@fijidairy.com.fj	Yes

LIST OF MEETINGS AND ATTENDEES

DATE	ORGANISATION	NAME	POSITION	CONTACT DETAILS	QUESTIONNAIRE RESPONSE (Y/N)
NEW CALEDONIA					
29 September	Sunray Industries	Williams Danger Alban Goullet Allard	Managing Director Export Business Development Manager	williams@sun-ray.fr export@sun-ray.fr	Yes
29 September	Regional Cooperation and External Relations Department Cabinet Office	Sandrine Bellier M.Jean-Raymond Postic	Chargee de mission Directeur de cabinet du vice-president	Sandrine.bellier@gouv.nc Jean-raymond.postic@gouv.nc	Yes
30 September	Adecad	Lain Chung Wee	Senior Investment Officer	Alain.chung-wee@adecal.nc	Yes
30 September	Medf	Daniel Ochida Catherine Wehbe	President Directeur	Direction-medef@medef.nc	No
30 September	Profile Plastics and Profiles	Arnaud Gosse	Directeur/Manager	PPP.gosse@lagoon.nc	Yes
30 September	Agrilogic	Joel Despujols		agrilo@lagoon.nc	Yes
30 September	Kelevata/kouveta	Emile Levy Eugene Togna	Attache Administratif	Sasketeveta.dumbea@hotmail.fr lognoeeugene@yahoo.fr	Yes

2 October	New Caledonia Customs	Sandrine Keravec	Redactrice a la reglementation	Sandrine.keravec@douane.financesgouv.fr	No but provided written statement	
2 October	SOCCOA	Nilma Lal	Economic Statistician	MilimaL@spc.int	No	
2 October	Flnks	M.Yvon Faua M.Michael Forrest	Member of Political Bureau Secretaire permanent de la cellule relations exterieres	Yvon.faua@hotmail.fr m.forrest@loyalty.nc	No	
2 October	Avex	Cherita Linossier Carold Vassilev Alban Goullett Allard	Vice President Directeur General Avenir Export	direction@cgpme.nc carpold.vassilev@teeprint.nc secretariat@avec.nc	No	

LIST OF MEETINGS AND ATTENDEES

DATE	ORGANISATION	NAME	POSITION	CONTACT DETAILS	QUESTIONNAIRE RESPONSE (Y/N)
PAPUA NEW GUINEA (PNG)					
7 October	Department of Foreign Affairs	Samson Yabon Clarissa Naing Morea Onno Martinez Wasuak	Director for Asia Multi-lateral Division, Aid, WTO Foreign Service Officer Foreign Service Officer	moreaonno2@gmail.com mawasuak@gmail.com	N/A
8 October	Department of Trade, Commerce and Industry	Raphael Uranguai Anthony Korau	Director-Trade Development and Promotion Branch Acting Principal Trade Officer	+675 3238781/3239578 Raphael.uranguai@dci.gov.pg +675 3256099/6080 Anthony.Korau@dci.gov.pg	Y
	National Agriculture, Quarantine and Inspection Authority (NAQIA)	Waizea Orapa D Thomson	GM of Operations	+675 3112100 worapa@naqia.gov.pg +675 3112100 dthomson@naqia.gov.pg	Y
	Hugo Canning Limited	Greg Stevens	CEO	+675 73735500 info@oxpalm.com.pg	Y
	Paradise Foods Limited	Grant Porteous	CEO	+675 3250000	N

DATE	ORGANISATION	NAME	POSITION	CONTACT DETAILS	QUESTIONNAIRE RESPONSE (Y/N)
PAPUA NEW GUINEA (PNG)					
9 October	Investment Promotion Authority (IPA)	Daroa Peter Daure Kiromat Stewart Rom Kamis Yalakun	Manager-Investment Promotion Senior Marketing Officer – Promotion Marketing Officer	+675 3217311 daroop@ipa.gov.pg +675 3217311 dkiromat@ipa.gov.pg +675 3217311 stewartr@ipa.gov.pg	N
12 October	PNG Bilum Promotion Export Association (BPEA)	Sharlene Kylie Gawi Maria Kalap	Project Manager Small Business Development Corporation – WIB Coordinator	+675 73912581 +675 76 34828 sharlene.gawi@gmail.com +675 3235816 mkalap@sfdc.gov.pg	N
	PNG National Statistical Office	Roko Koloma Henao Kari Blaise Vaninara	National Statistician Assistant National Statistician Statistician	+675 3250155 rkoloma@gopng.gov.pg +675 3250257 hkari@gopng.gov.pg bvaninara@gmail.com	N/A
	PNG Manufacturers Council	Chey Scovell	CEO	+675 3217144 chev@pngmade.com	Y
	Department of Foreign Affairs	Barbara Age	Acting Direct General Bilateral Relations Division	+675 7120 8005 +675 7389 7655 agrigolo@gmail.com	N/A

LIST OF MEETINGS AND ATTENDEES

DATE	ORGANISATION	NAME	POSITION	CONTACT DETAILS	QUESTIONNAIRE RESPONSE (Y/N)
SOLOMON ISLANDS					
30 September	Ministry of Foreign Affairs & External Trade	William Soaki Jack O'oi	Deputy Secretary Deputy Director	+677 21250/21251 William.Soaki@mfaet.gov.sb +677 21250 jooi@mfaet.gov.sb	N/A
	Ministry of Commerce, Industries, Labour & Immigration	Geoffrey Hou'ua	Director	+677 22856/7564309 GHouua@commerce.gov.sb	N
	Ministry of Finance & Treasury, Customs & Excise Division	John Peter Lagi	Team Leader Trade, Tariff and Valuation and PCA	+677 21267 +677 68790 llagi@customs.gov.sb	Y
	Ministry of Commerce, Industries, Labour & Immigration, Immigration Division	Jeffrey Deve		+677 25907 +677 7820577 Jeffrey.deve@commerce.gov.sb	Y
	Department of Biosecurity	Max Kolubalona	Chief Biosecurity	mkolubalone@biosecurity.gov.sb	N
	Department of Immigration	Mason Fugui	Deputy Director	mason.fugui@commerce.gov.sb	
1 October	Lagoon Eco Timber	Ridol Gebe Robert Mesa	Owner General Manger	+677 39994 +677 7639538 lets@solomon.com.sb	Y
	Value Added Timber Association (VATA)	Julius Houria Eric Etollilalo	Director Utilisation Yard Manager	+677 24505 +677 2559300 juliushouria@gmail.com	N

LIST OF MEETINGS AND ATTENDEES

DATE	ORGANISATION	NAME	POSITION	CONTACT DETAILS	QUESTIONNAIRE RESPONSE (Y/N)
SOLOMON ISLANDS					
1 October	Ministry of Finance National Statistics Office	Joachim Gaifura Henry Risoni		igafura@mof.gov.sb hrisoni@mof.gov.sb	N/A
2 October	Timol Timbers Ltd	Nanette Tutua Kevis Harry	Owners	+677 30027	N
5 October	Ministry of Commerce, Industries, Labour & Immigration Marketing & Exports Promotion Division	Cornelius Donga	Director	+677 21207 Cornelius.donga@commerce.gov.sb	Y
	Forum Fisheries Agency (FFA)	Len Rodwell Justin Ilakini	Fisheries Dvlpment Adviser	leonard.rodwell@ffa.int justin.ilakini@ffa.int	Y
	Varivao Holdings Limited	Duddley Lonamei	Manager	+677 30868 variholdings@gmail.com	Y
	Soltuna Limited	Kenwood Harry Adrian Wickham	Marketing Manager Managing Director	+677 21664 kharry@soltuna.com.sb	N
6 October	Koconut Pacifica Limited	Bob Pollard	Managing Director	+677 28026 kpsibob@gmail.com	N
	Ministry of Agriculture and Livestock Development	Noel Roposi	Director	+677 22145 Ext 215 +677 7402370/8685433 Noel.roposi@sig.gov.sb	N
	Solomon Islands Chamber of Commerce & Industry (SICCI)	Greg Terrill	CEO	+677 7719599 +677 39543 ceo@solomonchamber.com.sb	N
	Pacific Horticultural & Agricultural Market Access Programme (PHAMA)	Andrew Sale	National Market Access Coordinator, Solomon Isds	+677 22384 +677 7495736 a.sale@phama.com.au	N










LIST OF MEETINGS AND ATTENDEES

DATE	ORGANISATION	NAME	POSITION	CONTACT DETAILS	QUESTIONNAIRE RESPONSE (Y/N)
VANUATU					-
23 September	MSG Secretariat	Peter Forau	Director-General		N/A
24 September	Department of Industry	Wensi Naki	Acting Principal Manufacturing Officer	+678 33415 / VOIP 4016 wwnaki@vanuatu.gov.vu	N
	Ministry of Tourism, Trade, Commerce and Ni-Vanuatu Business	Mary Narfi Navaika	Executive Officer	+678 25674/26220 mnnavaika@vanuatu.gov.vu	Y
	Department of External Trade	Sumbue Antas	Director	+678 7774880 santas@vanuatu.gov.vu	N
	Vanuatu Investment Promotion Authority	Andrina Thomas Gelpin Silas	CEO Manager	+678 24096 athomas@vipa.org.vu gsilas@vipa.org.vu	Y
	VCCI	Francois Kavirere		fkavirere@gmail.com	N
	Vanuatu Direct	Cornelia Wylie	Director	+678 7724720 vdiceocw@gmail.com	Y

DATE	ORGANISATION	NAME	POSITION	CONTACT DETAILS	QUESTIONNAIRE RESPONSE (Y/N)
VANUATU					
25 September	Huhu Gaituvwa Association Vanuatu Kava Growers Store	Keithson Liu	Manager	+678 5966402 Tabwagororani007@gmail.com	Y
	Vanuatu Commodities Marketing Board (VCMB)	Ian Wilson Jacob Bani	Chairman Vice-Chair	Roger Kee rkee@vanuatu.dov.vu	Y
26 September	Bruns Kava Farmers Association	Joseph Brun	Managing-Director	+678 7766126 brunservicesvanuatu@yahoo.com brunsexport@gmail.com	Y
	Summit Sandalwood Plantation and Products	Jim Batty	CEO	+678 5573675 jim.batty@thesummitvanuatu.com	Y
28 September	VAL Pacific	Paul Smith	General Manager	+678 7752899 manager@vanuatu.beef.com	Y
	VNSO (Statistics)	Ben Lenge Ben Tokal	Senior Statistician Statistician	+678 22111 or 22110 blenge@vanuatu.gov.vu +678 22111 or 22110 btokal@vanuatu.gov.vu	N/A
	Melanesian Solutions	John Pierre Nirua	Interim Managing Director	+678 27791/24537 (ext 116) jp.nirua@msg.int	N/A
	New Zealand High Commission	Georgina Roberts	High Commissioner	+678 22933 Georgina.roberts@mfat.govt.nz	N/A
29 September	OCTA	Edwini Kessie Adeshola Odusanya	Chief Trade Adviser Legal Adviser (Trade)	+678 25003 ekessie@octapic.org +678 25003 aodusanya@octapic.org	Y
27 November	AELAN Chocolate Makers	Sandrine Wallace		+678 22554 +678 5470172 activassociation@hotmail.com	Y


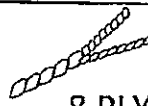






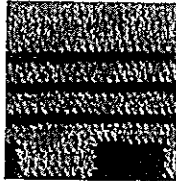

SAMPLING RECORD SHEET

START DATE	
DEADLINE	
MANAGER'S NAME	
LOCATION / GROUP	
MAKER'S NAME	
STYLE NAME & CODE	
NUMBER OF SAMPLES	
EXTRA / TRIMS / /ACCESSORIES	
SURFACE PATTERN (PLEASE DRAW OR WRITE)	

ROP / YARN TYPE (PLEASE CIRCLE)		
 STOA ROP / LEPA	 TULIP (A QUALITY)	 TULIP (B QUALITY))
 BABY JOY (ACRYLIC)	 NYLON STRING	 MAMBU (BAMBOO)
 RECYCLE (KOLSHET)	 SIP SIP ROP (WOOL)	 KAPOK ROP (COTTON)

SAMPLING RECORD SHEET

COLOURS		
1. Colour: Black Code: BABYJOY # 250g x 4 Sample: ≈	2. Colour: Code: _____ x _____ Sample:	3. Colour: Code: _____ x _____ Sample:
4. Colour: Code: _____ x _____ Sample:	5. Colour: Code: _____ x _____ Sample:	6. Colour: Code: _____ x _____ Sample:
7. Colour: Code: _____ x _____ Sample:	8. Colour: Code: _____ x _____ Sample:	9. Colour: Code: _____ x _____ Sample:

YARN PLY (PLEASE CIRCLE OR WRITE):	 4 PLY	 8 PLY
TUMBUNA ROP PLA (NATURAL FIBRE PLY) (PLEASE CIRCLE):	 EXTRA FINE (8 ROP LEPA)	 FINE (16 ROP LEPA)
	 NORMAL (28 ROP LEPA)	 THICK (32 ROP LEPA)
	 CHUNKY (56 ROP LEPA)	 EXTRA CHUNKY STOA ROP
GUIDE (TENSION) (PLEASE CIRCLE):	 NO GUIDE	 <div style="display: inline-block; vertical-align: middle;"> _____ mm/cm GUIDE </div>

SAMPLING RECORD SHEET

TWISTING TIME (PLEASE COLOUR IN CIRCLES)												
DAY:	1	2	3	4	5	6	7	8	9	10	11	12
HOUR:												
LOOPING TIME (PLEASE COLOUR IN CIRCLES)												
DAY:	1	2	3	4	5	6	7	8	9	10	11	12
HOUR:												
DATE DELIVERED												
SIGNATURE												

SYNOPSIS

The International Trade Center (ITC) conducted the Baseline Survey of Bilum Producers in Goroka and Mt Hagen during the month of April 2015. The commissioning of the survey was to collect, collate and record the social and financial situation as well as the production capacity of a selection of sixty women bilum producers.

It is evident given the results of the survey that the education level of the bilum producers surveyed is extremely low. It could be stated with confidence that the focus group is an illiterate group of women struggling to survive and care for their families with the only income generating skill that they possess, that is the production of bilum products.

This economic activity is transacted in a domestic market that is already proliferated by bilum products nationwide. With minimal entrepreneurship training, the bilum producers surveyed forge ahead on a daily basis in an effort to carve out their market share. They have no other option.

Costing of their product for sale in the local market is not taken into consideration; the buying market determines the price of the product. Given this scenario, it is difficult, almost impossible to increase the selling price point in the domestic market as both creator/seller and buyer would resist a price increase to the true value of inputs and labour cost of bilum production.

The pricing of bilums for sale in the domestic market is further diminished by the lack of knowledge of the production costs and hours undertaken to twisting of the fibre and the weaving of bilum bags. This situation is glaringly obvious by the responses recorded by four (4) bilum producers out of a group of sixty (60) women.

It is a true statement that the bilum producers of Goroka and Mt Hagen are marginalized women who are faceless to those who are not ensconced within their communities and therefore are deemed to have no real value in the formal economy.

SOLOMON ISLANDS COMMODITIES OVERSEAS COUNTRIES WANTS TO IMPORT:

NAME OF COUNTRY	NAME OF COMMODITY	CONTACT INFORMATION
Australia	<ul style="list-style-type: none"> • Dried chillie (bird eye chillie) • Dry coconut • Green (fresh) coconut • Frozen cassava • Frozen taro • Fresh taro • Fresh pineapple • Dried powdered kava 	<p>PHAMA (Pacific Horticulture & Agricultural Market Access Program). Suite 227, Hyundai Mall. PO Box 27, Honiara, Solomon Islands. Tel: 677 22385 & 22365. Mobile: +677 7495736.</p> <p>Market Access, Quarantine Division, Ministry of Agriculture and Livestock. PO Box G13, Honiara, Solomon Islands. Tel: (677) 24657/24658. Email: irenenanau@ymail.com or trevorloloito@gmail.com</p>
New Zealand	<ul style="list-style-type: none"> • Fresh Pineapple fruit • Frozen slippery cabbage • Robusta and Arabica coffee • Green (fresh) coconut • Frozen cassava • Frozen taro • Fresh taro • Dried powered kava 	<p>Dr. Shiroma Sathyapala, Manager, Fresh Produce Imports. Pastoral House, 25 The Terrace, PO Box 2526, Wellington 6140, New Zealand. Telephone: +64-4- 894 0480; Mobile: +64-29-894 0480; email:shiroma.sathyapala@mpi.govt.nz web:www.mpi.govt.nz</p> <p>Nacanieli Waqa, Fresh Produce. Pastoral House, 25 The Terrace, PO Box 2526, Wellington 6140, New Zealand. Telephone: +64-4- 894 0479; Mobile: +64-29-894 0479 email:nacanieli.waqa@mpi.govt.nz web:www.mpi.govt.nz</p> <p>For coffee: David and Mariene Nunn, Pacific charitable trust Koha. Cell: 022 1505 500; home: 06 215 0550. Email: damar@vodafone.net.nz</p> <p>Market Access, Quarantine Division, Ministry of Agriculture and Livestock. PO Box G13, Honiara, Solomon Islands. Tel: (677) 24657/24658. Email: irenenanau@ymail.com or</p>

		trevorloloito@gmail.com
Vanuatu	<ul style="list-style-type: none"> • Kava • Copra • Timber • Artifacts • Coconut oil • Rattan chairs • Noni • Frozen reef fish • Snapper • King fish • Lobster tail • Sea shells • Mud crab • Frozen taro • Fresh betel nut 	<p>Frank King Junior, Proprietor, PO Box 635 Port Vila Vanuatu. Tel: +678 22885, Fax: +678 26146, Mobile: +678 77 73169. Email: kavatraders@vanuatu.com.vu</p> <p>Michael Louze, Manager, South Seas Commodities, Kava & Agricultural Products Exporter. PO Box 803, Port Vila. PO Box 360, Santo Vanuatu, SW Pacific. Tel: (678) 77 33071. Email: southseascommodities@gmail.com or louzemichael@yahoo.fr www.vanuatu-kava-wholesaler.com</p> <p>For noni: Alain Jacobe, Product Manager. Port Vila, Vanuatu, South Pacific. Tel: +678 26970; Mobile: +678 77 40467. Email: Jacobe.j@vanuatu.com.vu</p> <p>Market Access, Quarantine Division, Ministry of Agriculture and Livestock. PO Box G13, Honiara, Solomon Islands. Tel: (677) 24657/24658. Email: irenenanau@ymail.com or trevorloloito@gmail.com</p>
Fiji	<ul style="list-style-type: none"> • Sundried kava • Frozen reef fish • Timber • Tuna • Fresh pineapple fruit • Fresh/green coconut • Sun dried cocoa beans • Frozen cassava 	<p>Sam Foy Manager Waisali Farm Tel: 679 837 8874. Email: csamfoy@yahoo.com</p> <p>Market Access, Quarantine Division, Ministry of Agriculture and Livestock. PO Box G13, Honiara, Solomon Islands. Tel: (677) 24657/24658. Email: irenenanau@ymail.com or trevorloloito@gmail.com</p>

Canada	<ul style="list-style-type: none"> • Frozen cassava • Dried powdered kava 	<p>Ashwant Dwivedi Honorary Consul Consulate of Solomon Islands to Canada Email: dwivedi@siconsulate.com Tel: (+778) 300-4364 (direct)Office: (604) 638-6548 Fax: (+604) 637-9616 Suit 500 – 666 Burrard Street Vancouver, British Columbia CANADA. V6C 3P6</p> <p>Market Access, Quarantine Division, Ministry of Agriculture and Livestock. PO Box G13, Honiara, Solomon Islands. Tel: (677) 24657/24658. Email: irenenanau@ymail.com or trevorloloito@gmail.com</p>
Papua New Guinea	<ul style="list-style-type: none"> • Dried powdered kava 	<p>Market Access, Quarantine Division, Ministry of Agriculture and Livestock. PO Box G13, Honiara, Solomon Islands. Tel: (677) 24657/24658. Email: irenenanau@ymail.com or trevorloloito@gmail.com</p>
Kiribati	<ul style="list-style-type: none"> • Frozen cassava • Frozen taro • Fresh taro • Fresh slippery cabbage • Green (fresh) coconut • Fresh green banana • Fresh pineapple • Dried powdered kava 	<p>Market Access, Quarantine Division, Ministry of Agriculture and Livestock. PO Box G13, Honiara, Solomon Islands. Tel: (677) 24657/24658. Email: irenenanau@ymail.com or trevorloloito@gmail.com</p>
Nauru	<ul style="list-style-type: none"> • Frozen cassava • Frozen taro • Fresh taro • Fresh slippery cabbage • Green (fresh) coconut • Fresh green banana • Fresh pineapple • Dried powdered kava 	<p>Market Access, Quarantine Division, Ministry of Agriculture and Livestock. PO Box G13, Honiara, Solomon Islands. Tel: (677) 24657/24658. Email: irenenanau@ymail.com or trevorloloito@gmail.com</p>
Palau (FSM)	<ul style="list-style-type: none"> • Fresh pineapple • Fresh betel nut 	<p>Market Access, Quarantine Division, Ministry of Agriculture and Livestock. PO Box G13, Honiara, Solomon Islands. Tel: (677) 24657/24658. Email: irenenanau@ymail.com or trevorloloito@gmail.com</p>

EXPORT MATRICES

- ♦ Fiji
- ♦ New Caledonia
- ♦ PNG
- ♦ Solomon Islands
- ♦ Vanuatu

Export Statistics

NEW CALEDONIA - EXPORT MATRIX

PRODUCTS	TARIFF ITEM	EXPORTS PRE -2014 TO MSG COUNTRIES		EXPORTS PRE -2014 TO NON- MSG COUNTRIES		CURRENT EXPORTS (2014) TO MSG COUNTRIES		CURRENT EXPORTS (2014) TO NON- MSG COUNTRIES		PROJECTED EXPORTS (2015-) TO MSG COUNTRIES		PROJECTED EXPORTS (2015-) TO NON- MSG COUNTRIES	
		Destination	Value	Destination	Value	Destination	Value	Destination	Value	Destination	Value	Destination	Value
Part of Study Tunnels & Soiless Crop Systems			Nil		Nil		Nil		Nil		Nil		Nil
	75.03		Nil		Nil		Nil		Nil		Nil		Nil
Solar Water Heaters	84.19	Fiji	361,100	Australia	97,010,000	PNG	187,400	Australia	28,544,400	Vanuatu	4,280,700	Australia	4,981,700
		Vanuatu	4,060,300	France	8,015,300	Vanuatu	3,644,200	France	167,000	Fiji	171,000	DOM	61,474,400
				DOM	723,065,500			DOM	182,751,900			Maurice	369,400
				Maurice	24,949,600			Maurice	7,535,400			French Polynesia	61,256,700
				French Polynesia	173,628,400			French Polynesia	74,550,200				

Export Statistics

PNG - EXPORT MATRIX

[illegible]

Export Statistics

SOLOMON ISLANDS - EXPORT MATRIX

PRODUCTS	TARIFF ITEM	EXPORTS 2013 TO MSG COUNTRIES		EXPORTS 2013 TO NON MSG COUNTRIES		EXPORTS 2014 TO MSG COUNTRIES		EXPORTS 2014 TO NON MSG COUNTRIES		EXPORTS 2015 (Jan-Mar) TO MSG COUNTRIES		EXPORTS 2015 (Jan-Mar) TO NON MSG COUNTRIES	
		Destination	Value	Destination	Value SBD	Destination	Value SBD	Destination	Value SBD	Destination	Value SBD	Destination	Value SBD
Part of Study Processed Timber	4407.00.10	NewCaledonia	4,281,181	Australia	20,377,031	NewCaledonia	5,257,700	Australia	21,846,474	NewCaledonia	610,385	Australia	2,407,638
	4407.00.20	Vanuatu	2,048,951	Switzerland	94,066	Vanuatu	330,799	Belgium	10,602			China	748,460
	4407.01.00			China	6,060,009			China	4,407,898			Indonesia	143,452
				HK	689,076			HongKong	798,579			Malaysia	380,031
				Malaysia	1833,516			Indonesia	269,045			NewZealand	3,850,662
				Niue	8,000			Malaysia	1450,840			Philippines	565,450
				NZ	24,615,042			Nauru	45,479			Taiwan	211,841
				Omran	22,532			NZ	17,86,534				
				Philippines	10,660,308			Tonga	45,000				
				Taiwan	360,781			Taiwan	385,866				
Coffee	090122.00		6,330,532	Wallis & Futuna	56,76		5,587,879	Philippines	5,094,533				8,305,534
					65,125,814				51,840,870				NII
Canned Tuna	1604.00.10	Fiji	10,608,095			Fiji	16,708,857	Australia	132,119			Kiribati	307,029
		PNG	3,544,950			PNG	5,787,855	Indonesia	32,567			759,108	
Virgin Coconut Oil		Vanuatu	6,023,644			Vanuatu	4,390,727	Kiribati	401,141			430,592	
			20,176,689				25,887,439		1,755,227			4,309,862	307,929
				Australia	3,500,884			Australia	302,250				NII
				Switzerland	887,040			China	1207,236				
				NZ	1069,274								
				Singapore	760,320								
				Swaziland	1,774,080				1,588,586				
					7,991,598								

Export Statistics

VANUATU - EXPORT MATRIX

PRODUCTS		TARIFF HEADING	EXPORTS 2013 TO MSG COUNTRIES			EXPORTS 2013 TO NON- MSG COUNTRIES			EXPORTS 2014 TO MSG COUNTRIES			EXPORTS 2015 TO NON- MSG COUNTRIES			EXPORTS 2015 (JAN-AUG) TO MSG COUNTRIES			EXPORTS 2015 (JAN-AUG) TO NON-MSG COUNTRIES		
			Destination	Value (Million Vatu)		Destination	Value (Million Vatu)		Destination	Value (Million Vatu)		Destination	Value (Million Vatu)		Destination	Value (Million Vatu)		Destination	Value (Million Vatu)	
Part of Study Kava	12.11	New Cal. Fiji		201	US	134	New Cal.			347	US	179	New Cal.		87	US		16		
				258	Kiribati	67	Fiji			149	Kiribati	98	Fiji		43	Guam		21		
					China	15					China	14								
					NZ	9					NZ	2								
					Guam	6				Guam	9									
				459		231				496		302			130			37		
Beef	02.02	PNG Solomon Is		121	Japan	103	PNG			99	Japan	222	PNG		44	Japan		121		
				48	Wallis & Futuna	1	Solomon Is			85	NZ	35	Solomon Is		54	NZ		6		
											Wallis & Futuna	1				Australia		15		
				169		104					184		258			98		142		
Sandalwood Logs	44.03	Fiji		40	Hong Kong	57	Fiji			15	Hong Kong	242	Fiji		217	Hong Kong		40		
					Australia	12				Australia	27				Australia		20			
					China	23				Taiwan	2				Taiwan		1			
					Taiwan	17				Singapore	16									
				40		109				15		287		217			61			
Sandalwood Oil Cocoa	33.01 18.01			Nil		Nil				Nil		Nil		Nil				Nil		
					Malaysia	219				Malaysia	304			Nil			Malaysia		165	
					Singapore	45				Singapore	103					Singapore		4		
					Australia	3				Indonesia	9					Australia		6		
					NZ	3				Australia	1				NZ		1			
					Belgium	3				Philippines	31									
										NZ	1									
										Belgium	7							176		
						273						456						176		