Evolving supply linkages of Pacific DMC’s exports

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Report prepared for ADB project “Evolving linkages of the Pacific Economies”
• Pacific DMCs comparative advantage is in natural resources (e.g. niche commodities) and tourism and this is where focus should lie

• There is growing interest in promoting sustainable trade and tourism in the region due to increasing global demand for sustainable and organic products

• Potential linkages exist between production of goods for export and fast-growing tourism sectors.

• Small size of Pacific economies and remoteness
Niche exports

• A niche market is a small but different part of overall market for a product.

• Many successful value chains in Pacific built around niche markets

• Pacific niche products – small in volume and producers often suffer from lack of investment and downstream supply constraints

• High trade/transport costs can be mitigated by focusing on high value, low volume commodities

• Central to all niche products is need to market product of highest quality to build reputation for brand and origin
Barriers to trade in Pacific

- Infrastructure constraints – roads required for delivery; lack of electrification for refrigeration; water supply; require good ports and airports with regular shipping services; telecom; internet infrastructure

- Sanitary and phytosanitary requirements: SPS and TBT can be major obstacles to access Australian, New Zealand and other markets – eg papaya exports for Nature’s Way to access Aust and NZ despite HACCP and HTFA treatment; biosecurity risks for ginger exports to Aust; post-harvest facilities for bio-treatment, quarantine laboratories and HACCP labs

- Transport costs – internal and external transportation costs. Lack of economies of scale in transportation due to smallness and remoteness
Policy environment

• Instrumental in developing successful niche markets is institutional financial involvement and private sector investment

• Cooperation between government agencies, NGOs and regional and multilateral institutions often required to finance projects and provide technical assistance and capacity building

• For example: DFAT/AUSAid; NZAid; ACTIV; FSA; Vanuatu Spice Network; SPC; Pacific Trade and Invest; PIPSO; PHAMA; FAO; IFAD; IFOAM; POETCom; IACT; ACIAR; PARDI; ECF

• All play role in capacity building & technical assistance, improving infrastructure and identifying new markets
Case studies: Niche markets

- Niche products differentiated through origin, organic or Fairtrade certification, or focusing on a selling point such as flavour or pristine, untainted environments.

- Farmers succeed in bringing goods to market by efficient value chains and key individuals or intermediaries and agri-businesses who pull the products through the chain.

- Niche markets often associated with private sector partnerships where value chain extends to the end user and producer receives a higher price.
Examples of successful niche products

• Vanuatu
  Organic/certified Cocoa, Venui Vanilla, beef
  Tanna coffee, Volcanic Earth
  Virgin coconut oil

• Fiji
  Fiji Spices, Pure Fiji, Fiji Water, Fiji Pearls