



PHAMA

Pacific Horticultural & Agricultural
Market Access Program
An Australian Government Initiative

Bringing PNG's quality products to export markets

April 2017

PNG's Agricultural Export Sector

Agriculture is an important part of Papua New Guinea's economy and life, with 85% of the population involved in some way in farming and agriculture. Agricultural activities contribute to a quarter of the country's GDP. In 2015, PNG registered K23.3 billion in total exports (Bank of PNG statistics), with oil and gas generating K12.4 billion, mining K7.0 billion and agriculture K2.4 billion or 10.2%. Agricultural exports mostly consisted of palm oil (35%), coffee (17%) and cocoa (11%). Forestry products (primarily round logs) generated K1.05 billion in exports and marine products K0.5 billion. PNG Government policy for agriculture is to promote and increase agricultural export revenues as well as improve sustainable domestic supply.

PHAMA's Objectives

Pacific Horticultural and Agricultural Market Access (PHAMA) is an Australian Government export development program, co-funded by the New Zealand Government. PHAMA aims to create and protect jobs, and increase rural livelihoods, by identifying opportunities to access new markets or improve returns from existing markets. The program provides assistance to producers, exporters and government agencies so that they can take advantage of these opportunities, and so that existing export pathways can be maintained in the face of increasing buyer requirements and international competition.

Public-Private Partnerships

Central to PHAMA's approach is the promotion of strong public-private partnerships on export development. To provide strategic direction to the Program's PNG activities, PHAMA has established a Steering Committee including exporters, processors and production groups from various industries and relevant government agencies. To broaden and deepen engagement with the private sector, PHAMA has also established Industry Working Groups (IWGs) specific to the cocoa, coffee, coconut, and fresh produce industries. IWG membership includes representatives from private sector and the relevant commodity boards and regulatory agencies.

PHAMA's activity focus in PNG

Cocoa

PNG currently exports approximately 31,000 tonnes per year of cocoa (K256 million, 2015) predominantly to the bulk market. Global cocoa demand is expected to continue to grow strongly, including increasing demand for high quality, "single origin" chocolate. Quality is an important industry issue. To increase income and returns for farmers and exporters, PHAMA is: improving understanding of market opportunities in higher end boutique chocolate markets; facilitating linkages with buyers; and assisting producers to meet market requirements.

PHAMA has completed a market study to explore export opportunities for PNG specialty cocoa and outline clear export pathways for suppliers. A series of trade visits with cocoa buyers from Europe, UK and USA has also been completed, resulting in new buyer relationships and improved pricing. A focus for the Cocoa IWG has been growing these new and improved buyer-supplier relationships. PHAMA has also completed survey work of PNG cocoa cooperatives to understand their capacity to meet market needs and identify opportunities to link small producers direct to boutique buyers.

Coffee

PNG currently exports approximately 43,000 tonnes per year of coffee (K394 million, 2015). The vast majority of exports are as green beans rather than value added coffee products – an issue that the PNG industry wants to address through its Tree-to-Cup policy. Quality is an important industry issue if export returns are to be increased. PHAMA's objective is to: improve understanding of market requirements and opportunities in specialty coffee markets and for direct exports of value roasted coffee beans; improve capacity to monitor export quality; develop value adding capacity; and assist producers to market their products.

PHAMA has co-funded a National Coffee Competition with the Coffee IWG and Coffee Industry Corporation aimed at developing market/buyer linkages and promoting understanding of quality. PHAMA has also strengthened quality testing capacity (Q-grading) to assist with export grading of beans, and supported a

series of training courses on coffee roasting to build the capacity of local industry.

Coconut

PNG currently exports 48,000 tonnes of coconut products per year worth K84 million, mainly copra and coconut oil. Higher value coconut products (HVCPs, ie virgin coconut oils, cosmetics) make up a very small proportion of exports. To increase export returns through value adding, PHAMA is: identifying market opportunities for increased HVCPs exports; assisting industry to meet market requirements on quality; and assisting producers to market their products.

PHAMA has completed a market study to explore opportunities for increased HVCPs exports to Australia, New Zealand, China, US and Japan, and is now focused on assisting exporters to get HACCP (food safety) certification and providing them with marketing support.

Forestry

PNG forestry product exports such as sawn timber and wood products are valued at K10 million/year (2015). This represents a very small percentage in comparison to the value of round log exports. International wood markets increasingly require assurance of legal production and sustainable forest management for the wood products that are being traded. PHAMA has completed a scoping study examining the current legality frameworks and market opportunities for community timber producers. This has found that PNG's very strong domestic market means that opportunities for export development work with small and community producers are currently limited.

Fresh Produce

PNG has substantial production capacity in fresh horticultural and agricultural produce, and these are important domestic value chains. However, despite this potential, export of these products is currently negligible. PHAMA's objective has been to assess the viability of exporting specific horticultural and agricultural products, and then provide targeted assistance to develop export pathways of any viable products.

PHAMA has completed a market study reviewing the feasibility of existing and potential new export pathways to Australia, New Zealand and neighbouring Melanesian countries. This work identified a small number of opportunities: asparagus, chilli, sweet potato and fresh coconuts, all of which require value chain development. Initial follow up work has begun for the development of the asparagus value chain in association with industry and government partners.

Spices

PNG produces high quality spices, although only vanilla is currently exported commercially. PHAMA is working with existing export ready processors to confirm market access requirements and test pathways to Australia as a suitable market for high end processed spices. It is then disseminating this information to all spice producers who may wish to export. With assistance from PHAMA, Paradise Foods Limited (PFL) has undertaken successful trial shipments of ground ginger, white pepper, black pepper, turmeric and nutmeg to Australia, with positive market feedback on quality. Small scale commercial exports of those products are now ongoing. PHAMA is undertaking further work on a broader range of spices with PFL, including considering development of quality testing capacity in PNG.

Fisheries

PNG is a significant exporter of tuna and other seafood products (total export value K497 million in 2015). The majority of exports are tuna (whole, loins and canned) to Asia and Europe. Other exports include lobsters, prawns and finfish. PHAMA's objective is to clarify market opportunities for PNG's seafood products, and then provide appropriate assistance to enable exporters to meet market requirements.

PHAMA has undertaken a market survey for a selected range of seafood products to Australia and New Zealand. Survey findings indicate that there are a range of opportunities, mainly to Australia, for canned tuna, prawns and finfish. The findings have informed scoping of follow up activities on market access for prawns and potential quality assurance support for selected fish processors (HACCP). Support for examining the feasibility of a Port Moresby seafood processing facility is also under consideration.

Handicrafts

PNG produces a diverse range of quality handicrafts. Tourism to PNG is growing, including increasing cruise ship visits, and represents a market for these products. Surveys of cruise ship passengers have revealed that tourists are reluctant to buy handicrafts for fear of confiscation by biosecurity authorities back home. They want better biosecurity information about what handicrafts they can and cannot take back. PHAMA has produced a video (for cruise ships and airplanes) and a handicrafts vendor guide to inform tourists, with the aim of increasing sales. The guide will be used as the basis for training of producers and vendors, and will be provided to tourism operators and agencies for distribution.



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