



Quality the key to Vanuatu export success

PHAMA

Pacific Horticultural & Agricultural Market Access Program

An Australian Government initiative

Vanuatu's export sector

Vanuatu is an archipelago of 83 islands spread over 1000 km with rich volcanic soils and generally favourable growing conditions. Of the country's annual USD \$835 million GDP, tourism (and related services) is the largest industry sector contributing approximately 60% to national income, while 26% is generated through agriculture.

Of the country's 260,000 population, approximately 75% are involved in some way with agriculture.

Approximately US \$35 million is generated through agricultural exports. Vanuatu's main export commodities include coconut products (copra AUD \$5 million, coconut oil AUD \$5 million), kava (AUD \$10 million), beef (AUD \$4 million) and cocoa (AUD \$3 million). Production of agricultural and horticultural products outside of the main commodities is primarily for the domestic market, although spices, coffee and some semi-processed products (canarium nut, tamarind, tamanu oil), and marine ornamental fish are exported. While Vanuatu has a large flagged-fishing fleet, onshore fish processing and exports are relatively limited. This may expand in the future. Handicrafts and other value-added products (natural oils and cosmetics) are proving popular among tourists and offer a 'new export pathway' for local communities.

Public-Private Partnerships

Central to the PHAMA approach is the development of strong public-private partnerships between governments and private sectors to help manage market access. Market Access Working Groups (MAWGs) have been established by PHAMA within the core PHAMA

countries. These include private sector representatives (e.g. exporters and producer groups) and relevant government agencies responsible for elements of market access (e.g. Departments of Quarantine, Trade, Agriculture, Fisheries and Forestry). To broaden engagement with the private sector, PHAMA has also facilitated the establishment of Industry Working Groups (IWGs) specific to each of Vanuatu's key export industries: kava, cocoa and beef. MAWGs and IWGs provide the link between producers, industry and government.

PHAMA successes in Vanuatu

- **IWGs** – PHAMA has established IWGs for beef, cocoa, and kava. IWGs represent the first attempt to bring together participants from the private and public sectors to further the strategic development of their respective industries. IWGs assess and prioritise PHAMA support required and their value is being recognised by government and development partners. Into the future, further development of these groups into robust and sustainable industry bodies is a key focus of PHAMA.
- **Handicrafts** – A quarantine guide has been published for handicraft vendors in Vanuatu, together with quarantine awareness posters for tourists and tourism operators. These are aimed at overcoming tourists' reluctance to buy handicrafts due to a lack of understanding of import standards (mainly for Australia and New Zealand).
- **Kava** – A field guide and posters have been produced on kava production and processing. These will be used by industry and government extension staff working with farmers to improve quality. Research is also being funded on the potential for a cheap and

simple colour test to determine kava quality. This will enable exporters and regulators to better control quality prior to export.

- **Beef** – Technical assistance from PHAMA in 2011 enabled Vanuatu to continue meeting Australian import requirements regarding the disease status of cattle for Bovine Spongiform Encephalopathy. The meat inspection capacity of Biosecurity Vanuatu was also considerably strengthened through training development.

Current focus

PHAMA's strategy in Vanuatu is to focus on improving market access for the main existing export industries kava, cocoa and beef, and to promote value-adding opportunities relating to the expanding tourism market (e.g. handicrafts). The development of IWGs is key to this approach. Current focus areas include:

- **Kava** – Kava generates at least AUD \$10 million in export earnings, and provides income for over 30,000 people. Due to its anti-anxiety properties, it is considered to have significant export growth potential as a beverage and ingredient in nutraceuticals. However, concerns over quality issues have resulted in some major market access issues. To take advantage of export opportunities, PHAMA is providing support through the Kava IWG to develop a national kava standard. This will help to improve quality and distinguish between different varieties.
- **Beef** – Vanuatu is renowned for its high quality beef, which is mainly produced by smallholders and commercial farmers on the islands of Santo and Efate. Through the Livestock IWG, PHAMA is providing assistance to the Government to progress new market access submissions for beef exports (Korea, Hong Kong), as well as improve the capacity of the beef industry to meet existing market standards. Exports are currently around AUD \$4 million per year.
- **Cocoa** – To access more lucrative markets and grow the current AUD \$3 million of exports, PHAMA is helping industry and government to improve cocoa bean quality through the Cocoa IWG.
- **Other products** – PHAMA is also assisting the Government and private sector to explore new market access opportunities, such as cut flowers and honey and to develop capacity in the private sector to meet international food safety accreditation requirements (HACCP).

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The Pacific Horticultural and Agricultural Market Access program (PHAMA) is an aid-for-trade program, funded by the Australian and the New Zealand Governments. PHAMA is implemented by AECOM.