



Fact Sheet: Vanuatu Kava Export Industry

The Industry and its significance

Kava is the third largest export commodity in Vanuatu, generating an estimated VUV807 million (AUD 10 million) in annual export earnings, and providing income to over 30,000 households across many of the country's islands. Livelihood income is generated from kava through direct export of kava chips, local sale in "nakamals" (kava bars), value added products, and services along the value chain such as packaging and transportation. Most kava chips are exported to New Caledonia, Fiji, US, Guam, China, Kiribati and New Zealand. Potential increased market demand from the multi-billion dollar, international nutraceuticals market could promote further development of the industry in the future.

Market Access Issues

The main market access concern is that overseas regulatory authorities, particularly those in the European Union, place bans on kava imports due to health concerns over poor quality kava. Tudei kava is a particular concern due to its potential toxicity. By helping to improve quality and distinguishing between different kava varieties, PHAMA can reduce the risk of closure of

market access to the European and other markets. We can also help farmers and exporters get better prices and increase export volumes, and potentially examine new products for development.

PHAMA Action

- **Awareness materials:** PHAMA has provided assistance in the development of kava quality awareness materials for distribution to farmers throughout the country. These materials have since been simplified to be used by farmers in the field.
- **Quality testing:** PHAMA has provided assistance towards research into field testing tools to assist with quality control and help distinguish between noble and other varieties of kava. The testing methodology has recently been scientifically peer reviewed and validated.
- **Quality standards:** PHAMA is supporting the development of appropriate quality standards and procedures as part of a national kava standard underpinned by the amended Government Kava Act.
- **Industry development:** PHAMA is also promoting collective action in the industry. It has helped establish a Kava Industry Working Group (IWG),

PHAMA Pacific Horticultural & Agricultural Market Access Program

An Australian Government initiative



which brings representatives of the private and public sectors together. They then collaborate on identifying priority market access issues and developing an industry strategy to guide future assistance by PHAMA, government and other donor programs.

Progress

PHAMA's assistance to the Vanuatu kava industry is aimed at improving quality assurance systems and standards to ensure that market access into Europe and other markets is maintained. PHAMA's efforts have raised awareness of correct production, processing and storage at all levels of the value chain. PHAMA is not supporting any efforts to improve market access or promote kava consumption in Australia. The development of practical and economical quality testing tools will enable more effective quality assurance along the value chain. Government and industry will greatly benefit from this increased knowledge and capacity to assist decision-making processes in the development of appropriate standards.

Future Actions

PHAMA will continue to work to improve kava quality. Activities will promote awareness raising to inform the industry, including international buyers, around quality improvements. The Kava IWG will continue to be the main mechanism for engagement with stakeholders. Therefore PHAMA will prioritize activities to support the IWG's ability to function sustainably as the recognized body representing the kava industry and act as an effective forum for discussion and policy advice between industry and government. PHAMA will also continue working with Vanuatu on the development of its first ever national kava strategy.



Industry example

Company: South Seas Commodities
Exporting: Dried kava chips, roots, powder, and other semi-processed agricultural products
Markets: New Caledonia & USA (major markets), Hawaii, China, Fiji
Export Earnings: VUV100 million (AUD1.2 million)
Return to Value Chain of Small Holders, Processors: VUV70 million (AUD850,000)

South Seas Commodities is a family owned company based in Port Vila. Michael Louze (Manager) has been involved in the kava industry for over 15 years. South Seas Commodities has warehouses in Port Vila and Luganville and exports up to 300 tons of dried kava annually to various international markets. In addition, South Seas Commodities also exports a wide range of kava powder including instant kava and semi-processed agricultural products such as Tamanu oil, noni juice, cocoa, spices and virgin oil. Kava is sourced directly from over 200 selected farmers in the northern islands of Vanuatu. The company's focus is on maintaining export of noble kava as good quality kava. In doing so, current markets will be maintained and new markets will be accessed.

VIEWS ON PHAMA SUPPORT

"Through PHAMA, the Kava industry in Vanuatu has been able to voice its views and concerns as a collective group and not individuals as was previously the case. This consolidated voice is inclusive of government, private sectors and smallholders who have interest in ensuring that good quality kava is continually exported from Vanuatu. Indirectly, the grouping has seen consistent messages being shared by industry players for good quality kava, something that has only happened through involvement of PHAMA."
Michael Louze, Manager, South Seas Commodities

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