



USING SAMOA'S NATURAL ADVANTAGES

DRYING COCONUT.

Strong export potential and a pressing need for import replacement make Samoa's agriculture and fisheries sectors suitable for incoming investment, and technology transfer.

Agriculture and fisheries are two of the traditional mainstays of the Samoan economy, providing livelihoods to many working in Samoa's large informal sector, and also making a significant contribution to the country's balance of payments through exports.

Samoa's warm climate, reliable rainfall and clean, fertile soils give it many advantages in agriculture.

'You look here at how green and lush this place is; my view is if you stood in one place for too long you would take root, the land's that fertile,' smiles Jason Green, General Manager of Westpac Bank Samoa.

The preponderance of small-scale growers also means the sector has an in-built flexibility that can allow it to respond to commercial stimulus. There is also a strong awareness and adoption of organic certification, which is allowing Samoa to access organic and 'fair trade' networks around the world.

KEY AGRICULTURAL PRODUCTS

Key Samoan agricultural exports include coconut products, nonu fruit and juice, taro, papaya, bananas, nuts, breadfruit, cocoa and vegetables. Products with potential include oil seeds, perfumes, flowers, beef and herbs. Export markets include the United States, Australia, New Zealand, Japan, Fiji and neighbouring American Samoa.

In addition, Samoa's fishing industry contributed around 66% of non-tourism export earnings to the local economy in 2007 (see page 22).

MEETING THE TOURISM CHALLENGE

While the overall volume of agricultural produce is currently increasing (according to the latest figures from the Central Bank of Samoa), there is still a gap between supply and demand, especially as Samoa's tourism sector takes off and the number of international visitors to Samoa increases. Larger accommodation operators such as Aggie Grey's Hotels Limited reportedly are only able to source half of their fruit and vegetables locally.

Samoa's Deputy Prime Minister Misa Telefoni Retzlaff described the situation succinctly at the recent launch in Apia of AusAid's Pacific Economic Survey, when he said that Samoa's agricultural producers 'have not met the challenge posed by the tourism sector.'

DEVELOPMENT OPPORTUNITIES

With export markets waiting and the tourism sector expanding, there would certainly appear to be an opportunity to develop areas of Samoa's agricultural sector along more solid commercial lines, perhaps with know-how developed elsewhere in the Pacific region.

Given the Samoan Government's eagerness to kick-start this sector, it is also likely that attractive investment proposals would receive strong Government support.

COCONUT INDUSTRY OFFERS INVESTMENT OPPORTUNITIES

Of all Samoa's agricultural products, arguably the most important and promising is coconut. Coconut is Samoa's largest renewable resource and provides the country with the opportunity to participate in established international commodity markets for copra and coconut oil.

Coconut also offers opportunity for value-added exports: not only coconut oil, but coconut cream, desiccated coconut, coconut fibre (coir) and shell products. According to the Samoan Ministry of Commerce, Industry and Labour, current potential investment projects in this sector include an integrated industrial coconut processing plant, a coconut oil mill, cold-pressed virgin oil, copra production and coconut cream.

One company already involved in pure virgin coconut oil is The Pure Coconut Oil Company (PCO), an initiative supported by Samoa's Women in Business Development Inc, an organisation established to strengthen the viability of village economies. PCO's oil is organically certified by the National Association for Sustainable Agriculture Australia (NASAA). PCO markets coconut oil-based products such as cooking oil, moisturiser, scented oils and even insect repellent under the Ta'ale brand. ■

AGRICULTURE & FISHERIES

INVESTMENT OPPORTUNITIES IN SAMOAN AGRICULTURE

- Coconut, including
 - Integrated industrial coconut processing plant
 - Coconut oil mill
 - Cold pressed virgin oil
 - Copra production
 - Coconut cream
- Cocoa
- Cattle
- Edible ginger
- Kava
- Banana
- Cut flowers

Source: Ministry of Commerce, Industry and Labour (MCIL)

CASE STUDY: THE BODY SHOP SOURCES SAMOAN COCONUT OIL

Samoa's coconut oil producers received a filip earlier this year with the announcement that international cosmetic retailer The Body Shop would source organic Samoan coconut oil for use in its bestselling global range of shower gels, lotions, body butters and soaps.

The landmark deal was a triumph for Samoa's Women in Business Development Inc, an organisation established with the assistance of NZAID and Oxfam NZ to develop income-earning activities in Samoa's villages. It also demonstrates just what can be achieved in Samoa's agricultural sector.

'In 1998 we established a program to get organic certification for Samoan produce, to add more value,' explains Executive Director Adi Maimalaga Tafuna'i. 'The Body Shop first made contact with us last year, via United Nations Development Program in Fiji. This is their first involvement in the Pacific Islands. We are initially shipping three tonnes of high-grade virgin coconut oil to the UK every other month.'

With its excellent growing conditions and clean environment, organic farming—which tends to achieve higher prices for its produce, which in turn is often suitable for sale through fair trade networks—is a natural fit for Samoa. Nor is the opportunity limited to coconut oil.

'We have many organic products apart from coconut, including coffee and bananas.' Adi Maimalaga Tafuna'i told *Business Advantage*. There are currently about 200 certified organic farmers in Samoa, and Tafuna'i expects the number to increase, along with the country's processing capacity: 'Funding from the European Union Micro-

Projects Program is already approved and we are setting up 16 new production sites with it. We expect to expand our capacity by up to 200% in order to meet The Body Shop's full demand.'

Samoa's coconut oil is expected to start appearing in The Body Shop stores around the world in the first half of 2009. In the meantime, traditional village life in Samoa—long under threat from the attractions of town life—is already benefiting from the increased economic activity.



CREDIT: WTBSD INC

PURE COCONUT OIL .



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APIA'S FOOD MARKETS.

SAMOA'S FISHERIES SECTOR

Samoa may have the smallest fishing grounds in the region but that has not stopped its fishing industry developing into an important foreign exchange earner.

At 124,000 square kilometres, Samoa's Exclusive Economic Zone (EEZ) is the smallest among the Pacific Island Forum countries, but due to its favourable location and sound management the industry has achieved much since the mid-1990s.

Export earner

Today the industry contributes around 66% of non-tourism export earnings to the local economy. Given the migratory behaviour of tuna and the impact of weather patterns such as El Niño, the fishing industry in Samoa is very cyclical and suffered a downturn in 2003–4. While volumes are currently at healthy levels, the recent weakness of the US dollar has been unhelpful (nearly all Samoan fish exports

are priced in US dollars) and the high cost of fuel has forced some of the smaller operators out of business.

Apia Export Fish Packers handles 80% of Samoa's fish exports, consisting mainly of frozen albacore tuna that is supplied to a Korean-owned cannery in American Samoa. There is some symmetry in this arrangement as most of the cannery's workforce—about 3000 in total—is actually Samoan. Fresh chilled fish is also supplied to the USA and other markets.

Solid investment opportunities

According to Apia Export Fish Packers' John Luff, significant business opportunities exist in the sector, both 'in the provision of modern, efficient, larger fishing vessels and also in terms of adding value in-country' (see below).

INVESTMENT OPPORTUNITIES IN THE FISHERIES SECTOR

- Growing milkfish as bait for tuna longline fishery
- Smoked seafood
- Farming prawns for the local and export market
- Tuna loining for export
- Farming Philippine green mussels

Source: Ministry of Commerce, Industry and Labour (MCIL)



“Promoting the interests, well-being and growth of the Private Sector as the *Engine of Development* of the Economy of Samoa”

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