



## **AGRIBUSINESS FORUM: LINKING THE AGRIFOOD SECTOR TO THE TOURISM-RELATED MARKETS**

**Organised by CTA, PIPSO and SPC  
Hotel Sofitel Denarau Island, Fiji, 1-3 July 2015**

This Forum is linked to the [Brussels Briefings](#) organized by CTA, the European Commission, the ACP Group and Concord on key issues related to ARD in ACP countries. It will also bring some experiences from the Caribbean through the [Intra ACP Agricultural Policy Programme](#).

### **Closing remarks**

**H.E. Roy Mickey JOY**

**Chair of the ACP Committee of Ambassadors**

**Ambassador of Vanuatu to the EU, the Kingdom of Belgium,  
French Republic & High Commissioner to the United Kingdom and Court  
of St James**

Ladies and gentlemen,

I have been very pleased to be with you these three past days and hear your concerns and voices which I can take with me to Brussels and to our ongoing discussions, within the ACP Group and with the EU, on the private sector strategy.

In view of the many fragilities which small islands face every day as demonstrated in my own country with the dramatic impact of the Cyclone Pam, I also want to state the resilience which these countries show to face adversity as well as the economic successes they have demonstrate in many sectors.

Indeed, our islands have small populations, limited resources that are already heavily stressed, small and isolated domestic markets, a high concentration on a few export products, a high dependence of intermediate imports, high transport costs and limited

public and private institutional capacity. This situation is further compounded by the greater pressure on the environment and natural resources.

In view of the above, we need smart thinking and a vision that defines where we want to be in the next 5 to 10 years. Like what has been conveyed by our Caribbean counterparts, these industries should be “for us and by us”

This first agribusiness tourism forum this week is timely and relevant. For too long our agriculture, tourism and other industries work in isolation from each. We need to explore the trade opportunities and synergies of these industries and help our companies and farmers.

According to a 2012 World Bank Report, *Acting Today for Tomorrow*, of the 20 countries in the world with the highest average annual disaster losses measured by GDP, 8 are PICs: Vanuatu, Niue, Tonga, Micronesia, Solomon Islands, Fiji, Marshall Islands, and the Cook Islands. While worldwide databases are available to account for the costs of natural disasters, the costs of climate change (including the fiscal costs), which are substantial in the Asia and Pacific small states, remain largely unestimated.<sup>1</sup>

**However, the response to these challenges should be: diversification strategies, coping mechanisms and private sector development**

Lack of diversification in the economies of small islands is an issue not only in terms of the creation of a limited export base, but also because it means that domestic demand for the products and services that are not created by the country has to be met by imports. Import dependence for a large range of essential products exposes the economies of small islands to further shocks and enhances their vulnerability. A high domestic demand for consumable goods which has to be met by imports nevertheless puts pressure on the fiscal reserves of all SIDS, thus making them all vulnerable to food price fluctuations and other types of shocks which can have an impact on their purchasing power.

**Therefore the issues you discussed in Nadi on cross-sectoral strategies between agriculture and tourism industries are key**

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<sup>1</sup> IMF 2013 Asia and Pacific Small States: Raising potential growth and enhancing resilience to shocks. Executive Summary. <http://www.imf.org/external/np/pp/eng/2013/022013a.pdf>

Agriculture has proved to be remarkably resilient, as it consistently comes up in the top three sources of exports and revenue for small island economies after services and often on par with industry<sup>2</sup>. Out of a select range of SIDS which agriculture presents the greatest share of total GDP include Papua New Guinea and Tuvalu, where agriculture made up 36% and 23% of GDP in 2011 respectively (although no data was presented for the Solomon Islands for 2011, its agricultural contribution to GDP had been 41% and 49% in 2008 and 2009).

In the Pacific, many islands also demonstrated strong variations, as Vanuatu and Papua New Guinea saw a growth in the annual average of agricultural production between 2006-2012 of 3% and 3.5% respectively. It is the Solomon Islands which topped the chart with an average annual growth of 5.9%. The countries which experienced a drop in agricultural production on average in the six year period of 2006-2012 where Fiji (-0.6%), Tonga (-1.8%) and Samoa (-2.4%). The Seychelles also saw a dramatic decrease of -3.2%.

The type of agricultural production in SIDS varies, but mainly centres on export commodities (bananas, sugar, cotton, rice, coconut) traditional/subsistence crops (roots and tubers) and fisheries. Subsequently, compared to other developing countries, the production base for most SIDS in the agricultural sector is actually quite narrow. We need to de-commoditize and aim for markets at the higher end, not only across national borders but within our own countries too.

So added-value products which target the tourism-related market as well will be beneficial in terms of diversification. Furthermore, the tourist-related markets have the characteristics of export markets (in terms of consumers) without all the stringent requirements.

### **Private Sector development : a must in looking forward**

A persistent constraint to private sector development and expansion in Pacific island and other SIDS has been the lack of access to finance to overcome the fixed costs related to doing business in a small island economy. We have to reverse this trend and work collectively to put forward regional programmes for the private sector development. We need financial support for our SMEs companies and in support product development. And I mean real support. In this context, we trust PIPSO will be sufficiently resourced to serve and deliver more services to the agricultural and tourism operators through its membership and relevant stakeholders.

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<sup>2</sup> Commonwealth Secretariat (2014) Small States: Economic Review and Basic Statistics, Volume 17

One very telling constraint in the capacity for effective government support of the private sector in SIDS is the **lack of national data on private sector activities** outside of the scope of finance. An evaluation by the Commonwealth Secretariat found a very large data gap in number of new business (limited liability company) registrations in a year; out of all the regions evaluated (Africa & Mediterranean, Asia-Pacific and Caribbean), none had a complete dataset and only six countries overall could provide data on new businesses registered (only three were small island economies: Samoa, Tonga and Jamaica). This data gap is exemplary of the sort of capacity limitations faced by SIDS, which are in need of more extensive market research and evaluation on *inter alia* their private sector.

**A robust, innovative and well regulated private sector is essential to economic growth, as a means of building competitiveness, research and innovation, and creating jobs.**

As we have heard many times here, high quality food, every day of the year, is essential to hotels, lodges and resorts. The challenges of shifting food-sourcing to local farmers are considerable, yet if it can be done in a way that meets commercial needs and customer tastes, this is one way in which tourism operations can significantly increase their contribution to local economic development. At this point, let us also consider the entrepreneurial aspirations of informal enterprises supplying goods and services to the tourism industry. They too need handholding support.

A frequent problem in increasing inter-sector linkages is often the mismatch between supply and demand and the lack of intermediary support structures that enable buyers and suppliers to come together. We believe strengthening intermediate organisations should be part of the private sector funding support.

There are numerous benefits which have been argued in favour of certification and labelling as forms of value addition for the agricultural sectors, not least the fact that there are a range of schemes which can suit the needs of specific producers or commodities and also the demands of the consumer in the importing country.

A critical component of agribusiness development will be forging strong partnerships in order to acquire much needed global financing and a better trade environment across the Pacific and amongst the ACP SIDS.

In support of the Nadi Declaration and outcomes of this Forum, I would like to highlight three areas which I will follow with the ACP Group in Brussels and partners in region.

- **Promoting with PIPSO, SPC and CTA support to private sector SMEs and companies in the region and in SIDS.** Inputs from sub-regional entities such as the **Melanesian Spearhead Group and Micronesian Trade and Economic Community** are essential as well. We should therefore be able to develop a regional project in support of agribusiness development with the financial institutions and the **European Investment Bank** and also get support of the **ACP Group in Brussels**. I believe a quick action plan in that respect by a steering committee would accelerate its development and attracting resources into the region.
- **Working with the “Chefs for Development” platform, CTA is launching with Robert Oliver and other partners and work towards serving the Commonwealth Summit in 2017 in Vanuatu.** We all agreed that Chefs are a main actor in the value chain too often forgotten and they can be instrumental in engaging the hospitality sector with the local food industry. We aim at building a strong platform which can serve the food needs of the Summit in 2017 while raising awareness amongst Heads of State on the linkages between food and cuisine and the development component. We need branding the SIDS on the values of quality food destination. This initiative should also be considered for Papua New Guinea in the lead up to 2018, when they will be hosting the Asia Pacific Economic Cooperation or APEC, which will culminate with a Summit to be attended by the Leaders of its 21 member economies.
- **Developing Agritourism policies at national and regional level.** I propose starting with Vanuatu in collaboration with CTA and IICA who will share experiences in the Caribbean which has a regional strategy. We need policy frameworks in place able to cross-sectoral linkages and build resilience.

So let me thank you all for your active participation and commitment. Some of you came from very far to share their experience and we value very much these efforts. We thank again our colleagues from the Caribbean and the Indian Ocean for being here and bringing their knowledge and experience from their countries. We felt for a long time that the “P” within the “ACP” was often forgotten, and I am happy to see that this starts changing.

We thank again the Government of Fiji for its hospitality, PIPSO, CTA and SPC for the organization of this Forum and all of you for making it possible.

Thank you very much and have a safe trip to your respective countries and homes.