

Pacific Exporters and the Challenges

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Overview

In a recent Export Survey, Pacific Trade and Invest (PT&I) has outlined some findings on export dynamics from the standpoint of Pacific Islands exporters in 2016. The survey was carried out as a follow through from their 2014 survey, providing a more clear picture of the challenges and outlook for the exporters in the Pacific and the changes over trends over the last two years.

The survey looked at 200 export companies from 12 countries with export markets extending to over 30 international markets. The participants represent a diverse range of industry sectors, business size, maturity and annual turnover. And while it is challenging to obtain information from such a wide range of companies, PT&I managed to get there with assistance from chambers of commerce and other regional as well as national agencies.

Such a survey aims to identify the opportunities that can be properly enhanced and challenges faced by the exporters that need to be addressed in the Pacific so efforts can be directed to the right places.

Key Findings

In comparing the survey results with the 2014 survey, there was clearly an increase in new exporters where they had started exporting within the last three years and businesses exporting agricultural products.

The importance of trans-Pacific trade was evident in half of the exporters that targeted at least one Pacific Islands country as their export destination. These were generally bigger economies such as Fiji, Vanuatu, PNG and Solomon Islands but also included Samoa and Marshall Islands. While Australia and New Zealand remained the main export destinations beyond the Pacific Islands region, majority of exporters were aiming to enter newer markets such as Asia and North America over the next three years. Interestingly, a decline was noted in the percentage of exports to most regions across all industry sectors except for Asia and North America.

Exporting within the Pacific Islands Business that have been exporting for three years or less tend to be smaller with younger proprietors. Women proprietors were the most common in this group (32% vs 27% in total) showing a higher participation of women in the sector in the more recent years.

The Pacific Islands continue to have a varied range of exporting businesses across all industry sectors (including agriculture, manufactured goods, tourism and services) and across various business sizes, maturity and annual turnover. Although the total volume of exports has grown from the 2014 survey, the number of countries exported to has decreased.

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Export confidence remained very positive and continues to grow with three in four businesses predicting that their export orders will increase over the next 12 months. While there was an increase in the businesses benefiting from Free Trade Agreements and Closer Economic Partnerships since 2014, the survey also noted the need to enhance these partnerships as the awareness of the benefits it could bring to exporting businesses was still quite low.

Challenges and How to Tackle them?

According to the Report, there were many barriers to exporting, access to finance/capital ranking as one of the most common one. This was worse for smaller businesses and new entrants in the export arena. Attracting foreign investment is proving to be more difficult for such export businesses not only because of high cost of doing business, but also due to lack of scale, proper infrastructure and in some cases political instability.

Apart from financing issues, rising fuel prices, capacity constraints, labour issues, government policies and as seen in recent cases with Vanuatu and Fiji, effects of natural disasters were also amongst the key concerns for exporters.

In trying to reduce some of these barriers to exporting, areas of focus now include mechanisms or policies of reducing transport costs, facilitating export grants and introducing exporters to overseas agents/distributors.

Exporters also highlighted the need for assistance in the marketing, market research, trade finance, market access, e-commerce and further training in export related areas.

PT&I have continued to provide such information which in turn helps focus assistance and support for some of these exporting business in the Pacific in a more effective way. Governments are also able to use such information to better assess their priorities areas and policy reforms to help boost the exporting industries.

For any specific questions relating to exporting businesses within the Pacific Islands region, feel free to contact us or PT&I directly.

Contact

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