

Levelling the playing field with Pacific Island horticultural market access

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Abstract

Pacific island countries have not been part of the horticultural “revolution” that has driven broadly based growth in other comparable regions (e.g., East Africa). The disappointing performance of Pacific island horticultural exports can be explained by a combination of factors, which include the inability to resolve phyto-sanitary and other market access issues. Two case studies of exports to Australia are examined: Fiji fresh taro and ginger. Both products have market access but it is not economical to ship because of the unreasonable severity of the quarantine protocols in place. The WTO/International Sanitary and phyto-sanitary (SPS) Agreement principles of consistency and equivalence in phyto-sanitary measures and their application, are seen as relevant in these cases. Yet the “tyranny” of unequal size and available resources means there is little likelihood of a small country from the Pacific island countries mounting a successful challenge. The reform of such trade barriers needs to be negotiated in a broader political and economic context. The paper makes recommendations for mechanisms to “level the playing field” to facilitate Pacific island horticulture exports.

Keywords: taro, ginger, Australia, Fiji, quarantine

INTRODUCTION

Pacific island countries (PICs) have not been part of the horticultural “revolution” that has driven broad based growth in other comparable regions (e.g., East Africa) (Ali, 2006; McGregor, 2007). The PICs horticultural exports are miniscule and dominated by Fiji's exports to NZ. With a growing population of Pacific islanders in NZ, Australia and the US there is a significant export market for the range of horticultural produce and root crops. The Nielsen 2010 customer market access survey in both Australia and New Zealand showed more than 60% of customers would prefer to buy fresh and packed Pacific produce (ITC, 2011). Fiji, in particularly well placed to take advantage of the opportunities, but has unfortunately been unable to do so- save for a small volume of limited range of products.

The horticultural export performance of the PICs is disappointingly poor considering: agriculture is crucial to livelihoods in these countries; the highly suitable agro-ecological conditions can be found; and, the relatively favourable pest and disease status of most PICs.

This poor performance can be attributed to a combination of three factors:

- Lack of organization in its agro-food value chains.
- The high cost and limited availability of air freight capacity to target markets.
- Inability to resolve phyto-sanitary and other market access issues.

The focus of this paper is on the inability to resolve phyto-sanitary issues.

CASE STUDIES OF INABILITY TO RESOLVE MARKET ACCESS ISSUES: FIJI'S FRESH TARO AND GINGER EXPORTS TO AUSTRALIA

Both fresh taro and ginger have market access, yet exports are not economically sustainable because of the unreasonable severity of quarantine protocols in place.



The taro case study

It is estimated that some 50,000 Pacific island people directly or indirectly depend on taro exports for their livelihood (McGregor et al., 2011). A far larger number depend on the income derived from taro sold on local markets and taro for food security. In contrast, the Australian taro industry is a very minor industry, with about 150 growers, mainly located in far North Queensland (Daniells et al., 2009).

Taro is the most important fresh produce export commodity from PICs, with a total annual export value of around AUD 13 million (SPC Pacific Island Trade database). Fiji is the dominant exporter, with the main importing countries being New Zealand, Australia and the United States. The main market is the Samoan community in these countries.

The taro export market is significantly undersupplied considering the combined Pacific Islander population of New Zealand, Australia and the United States exceeds 500,000 and is growing (McGregor et al., 2011). The per capita consumption of taro amongst Pacific islanders in these countries is low – only around 20 kg year⁻¹ (a fraction of taro consumption in their country of origin). If taro consumption doubled, per capita consumption would still be less than 1 kg week⁻¹. Yet, PIC taro exports have stagnated over the last decade (McGregor et al., 2011).

Pacific island taro exports have the potential to more than double if the product can be made more competitive in terms of price and quality (McGregor et al., 2011). Increased taro exports would result in significant benefits for large numbers of low-income rural people. The Fijian, Samoan, Tongan and Vanuatu taro industries offer the greatest potential, in terms of exports.

The lack of growth in taro exports can be attributed to a combination of: the high price of taro relative to other starch sources (potatoes, rice, and flour) for a relatively low income group; and, the generally poor quality of the taro available in importing countries. The unjustifiably severe phyto-sanitary requirement of some importing countries (particularly Australia) contributes significantly to this situation. The Australian market for fresh taro may no longer be economically sustainable for Pacific island exporters if the current quarantine requirement for devitalisation (to prevent propagation) remains in place. It is certainly not feasible to export significant volumes that require sea freight.

Phytosanitary issues need to be resolved to expand taro exports

In response to the high rate of rejection for Fijian taro exported to Australia during the first half of 2010 a Pacific Island taro market access scoping study was initiated by the Secretariat of the Pacific Community (SPC)/EU Facilitating Agricultural Commodity Trade (FACT) Project. The study reviewed the taro import protocols for the four major markets for Pacific taro (United States, Japan, Australia and New Zealand), together with their justifications, applications and impacts on taro imports (McGregor et al., 2011).

The major findings of the study with respect to Australian market access were:

- The current import protocol requiring devitalisation made the export of fresh taro to Australia a high risk business causing Fiji taro to become non-competitive on the Australian market and thus greatly limit market expansion.
- No scientific basis was found to justify the current taro devitalisation regulations.
- The United States (including Hawaii) and Japan have significantly larger domestic taro industries than Australia and do not require devitalisation for taro imports. The WTO/International Sanitary and Phytosanitary (SPS) Agreement principles of consistency and equivalence in phyto-sanitary measures and their application are seen as relevant in this respect.
- Fiji, Tonga and Vanuatu have a well-documented favourable taro disease status, based on the absence of virus and fungal diseases of quarantine concern. Australia, compared with the PICs, has a significantly less well documented disease status for

taro.

- There is a case for these three countries to be considered a pest free/low prevalence area under International SPS standards.
- There is evidence that devitalisation is a major underlying factor in the high incidence of corm rot recently experienced with Fiji taro exported to Australia.
- The questionable efficacy of the current devitalisation procedures in terms of preventing propagation and the spread of disease.

The essence of findings of the Scoping Study for Australia market are summarised in Figure 1. The “top tailing” protocol for exporting taro to Australia means abundant PIC supply is transformed to trickle of poor quality product.

The major findings of the study with respect to New Zealand market access were:

- The high rate of fumigation required for imported taro due to the interception of nematodes is not justified because the majority of nematodes found on Pacific island taro pose no threat to New Zealand agriculture.
- Consequently, these commonly-intercepted nematodes associated with Fiji taro need to be identified and if found to be of low or no risk, then reclassified as non-regulated pests, thereby eliminating the need for a quarantine fumigation.
- In essence, the quarantine status of PIC nematodes would return to their original pre-2005 status whereby they were accepted as non-pathogenic/saprophytic species of no quarantine concern and thus requiring no action.



“Top tailed” taro ready for airfreighting to Australia



The current Australian taro import protocol means only a trickle of poor quality Pacific island taro enters the Australian market

Figure 1. The “top tailing” protocol for exporting taro to Australia means abundant supply is transformed to trickle of poor quality product.

The Scoping Study further concluded that, while quarantine import protocol reform is a necessary requirement for expanding Pacific Island taro exports, a major expansion in exports also requires substantial improvement in production, post-harvest handling practices and export certification systems.

In 2011 Biosecurity Australia (BA) undertook a review of import conditions for fresh taro corms” (Biosecurity Australia, 2011). There were great expectations among the PIC taro export industries that this review would lead to reform of the AQIS import protocol. However, disappointingly, the BA review recommended that the existing import protocol remain essentially unchanged with the key devitalisation requirements remaining in place. The justification for continuing the devitalisation requirement was the presence in Fiji of *Taro vein chlorosis virus* (TVC). TVC causes no damage to taro in Fiji – but can potentially

mutate to a more serious virus in the 'Bobone' complex.

The taro example illustrates the very difficult market access environment in which Pacific Island horticultural exports to Australia operate. Regulators, in the face of industry pressure, can hide behind 'what if' scenarios – should they wish to do so. In the case of taro imported from Fiji the 'what ifs' are:

- What if: A taro corm imported for the Samoan community living in Melbourne/Sydney is transported to far north Queensland (some 3,000 km) (highly unlikely)
- What if: This taro was then used as taro planting material (common sense would suggest this is not plausible).
- What if: The particular corm transhipped to north Queensland will be accompanied by TVC (exceptionally low probability). There is reasonable likelihood that TVC is already present in north Queensland. However, no survey has been undertaken to determine if this is so. This situation contrasts to the Pacific Islands where extensive pest and disease surveys have been undertaken with support from the Australian Centre for Agricultural Research (ACIAR)
- What if: The TVC transmitted on the particular corm transported and planted in north Queensland mutates to a damaging virus (exceptionally low probability).

Nothing has a zero probability. However, in this particular example the probability of a damaging taro virus incursion occurring in taro grown in north Queensland resulting from taro imported from Fiji would seem to be exceptionally low. Phytosanitary restrictions on imported agricultural products should be based on reasonable risk management erring strongly on the side of caution in favour of the importing country. This has not been the case with Australian requirements for the import of Fijian taro.

The fresh ginger case study

Fiji recently obtained approval to export fresh ginger to Australia (DAFF, 2013). This approval was received nearly five years after the initial application was made. However, the import protocol conditions mean that it is unlikely that fresh ginger exports will be financially viable and sustainable. These conditions involve unnecessary and unrealistic record keeping, documentation, inspection for very small farmers together with mandatory inspection. These requirements are particularly disappointing to the Fiji industry considering at its peak Fiji was exporting, at nearly 3,000 t of fresh ginger to the US (including Hawaii – where most of the domestic ginger in the US is produced) with no such requirements (McGregor, 1989).

CONCLUSIONS

It is unlikely that market access issues, as described for Fiji taro and ginger, will be resolved by individual PICs through the normal SPS mechanism channels. The WTO/International Sanitary and Phytosanitary (SPS) Agreement principles of consistency and equivalence in phytosanitary measures and their application, are seen as relevant in such cases. However, the "tyranny" of unequal size and available resources means there is little likelihood of a small country such as Fiji mounting a successful challenge. The reform of such trade barriers needs to be negotiated in a broader political and economic context. The prolonged negotiations for PACER-Plus provides such an opportunity. Substantial on-going technical assistance input is required to level the "scientific" playing field. It was hoped that the AusAID Pacific Horticultural Agriculture Market Access (PHAMA) Project would have provided this.

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