

# PACIFIC ISLANDS EXPORT SURVEY REPORT 2016

Export dynamics in  
the Pacific Islands



Pacific Trade Invest  
Australia



Australian Government  
Department of Foreign Affairs and Trade



PACIFIC ISLANDS  
FORUM SECRETARIAT



## INSIGHTS INTO PACIFIC ISLAND EXPORTERS

The Pacific Islands Export Survey is an important window into the activities and opinions of exporters from the Pacific Islands.

Supported by Australian Aid and conducted by ACA Research the 2016 Pacific Islands Export Survey is the second survey we've conducted. It builds upon the results of the inaugural 2014 survey providing a clearer picture of the outlook and challenges that exporters from the Pacific Islands face.

A lack of private sector data from the Pacific Islands increases the importance of the survey results. The survey findings provide a valuable snapshot of export dynamics.

It's extremely encouraging to see that business confidence has grown among Pacific Island exporters and although they are exporting to fewer countries the total number of exports has risen in comparison to 2014.

Private sector led growth in the Pacific Islands is important and although the region is spread across 22 countries the survey shows that many of the obstacles faced by exporters are similar across Pacific Island countries. This survey aims to provide Government's, associations and the private sector with quantitative data and insights that can assist in stimulating growth in Pacific Island exports.

Pacific Trade Invest (PTI) Australia is pleased to share with you the 2016 Pacific Islands Export Survey Report.



Caleb Jarvis  
Trade and Investment Commissioner  
Pacific Trade Invest Australia



## ABOUT THIS REPORT

The Pacific Export Survey 2016 is the second bi-annual survey of Pacific Island exporters. The findings of this report will provide a greater understanding of exporting businesses in the Pacific Islands.

The report is based on an online survey conducted in mid-2016 which resulted in the collection of 200 internationally active Pacific Island country businesses, from 12 Pacific Island countries operating in over 30 international markets.

The Pacific Export Survey 2016 was commissioned by PTI Australia with the support of our partners, Australian Aid and the Pacific Islands Forum Secretariat. The survey was conducted by ACA research, North Sydney, Australia.



## KEY FINDINGS

### **This report outlines some of the key insights from the Pacific Islands Export Survey 2016**

- The Pacific Islands Export Survey is currently the only major survey of internationally active Pacific Island exporters.
- The Pacific Islands Export Survey 2016 reports on the views of 200 Pacific Island business from 12 countries operating in more than 30 international markets.
- In comparison to 2014 there is a higher proportion of new exporters (exporting for three or less years) and businesses exporting agricultural products.
- 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.
- Export confidence is very positive and continues to grow with three in four businesses predicting that their export orders will increase over the next 12 months.
- Exporters still face numerous barriers. A major challenge for exporters is obtaining finance/capital with two in three exporters stating this as a concern, this issue is more prevalent for newer exporters.
- The proportion of business benefiting from Free Trade Agreements and Closer Economic Partnerships has increased since 2014.
- With multiple challenges impeding export activities there are many opportunities to provide assistance to encourage export activities in the region through initiatives aimed to reduce costs and increase revenues for businesses.

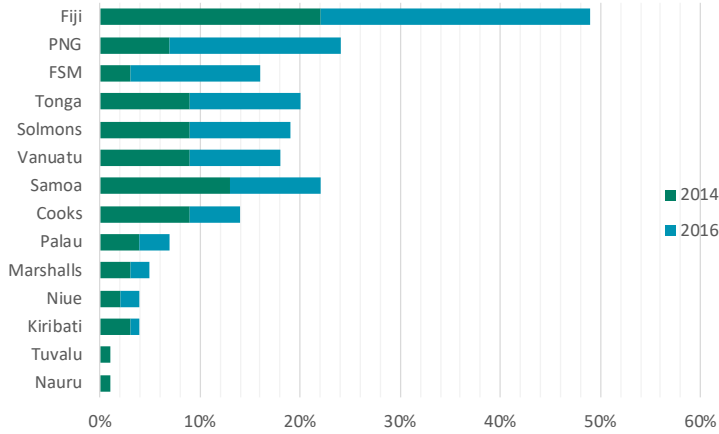
## THE EXPORTERS

200 export companies from 12 Pacific Island countries, operating in more than 30 international markets participated in the export survey. The participants represent a diverse range of industry sectors, business size, maturity and annual turnover.

Business that have been exporting for three years or less tend to be smaller with younger proprietors. Women proprietors are 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.



FIGURE 1. EXPORTER LOCATION



NB. There is a significantly higher representation of exporters from PNG and FSM compared to 2014

FIGURE 2. GENDER OF PROPRIETOR

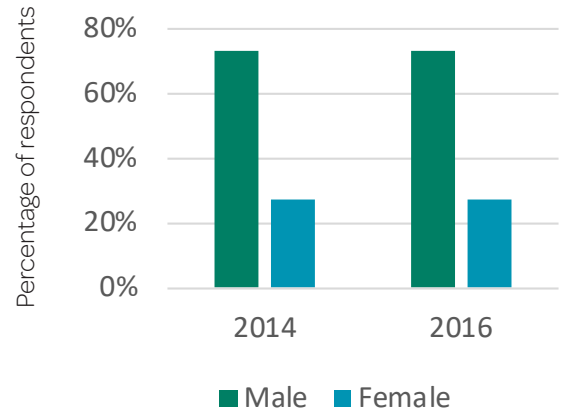


FIGURE 3. PERCENTAGE OF REVENUE FROM EXPORTS

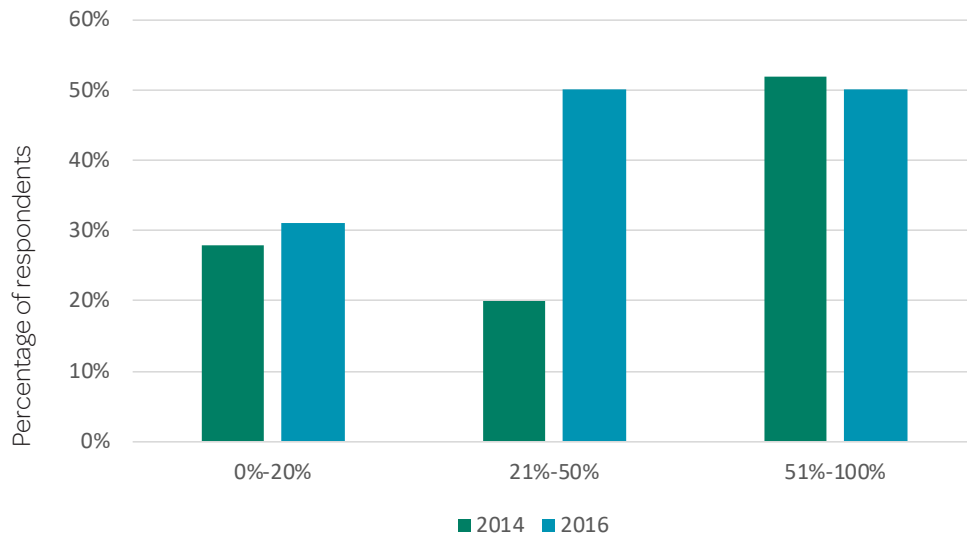


FIGURE 4. OWNERSHIP STRUCTURE

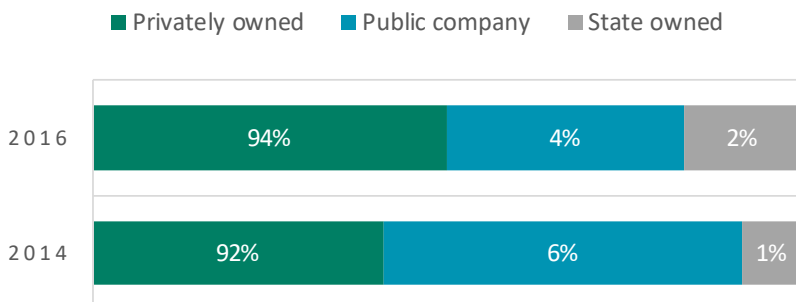


FIGURE 5. NUMBER OF YEARS EXPORTING

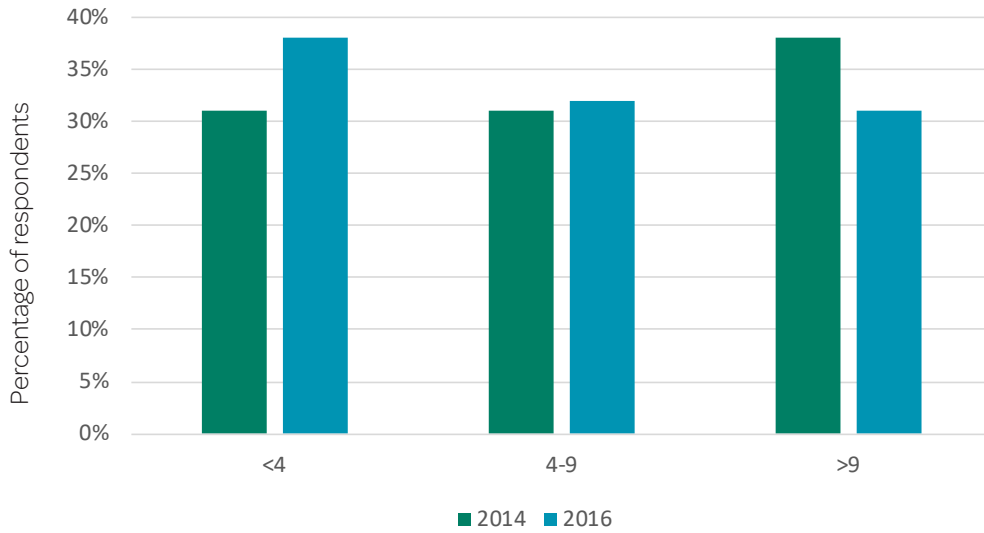


FIGURE 6. NUMBER OF EMPLOYEES

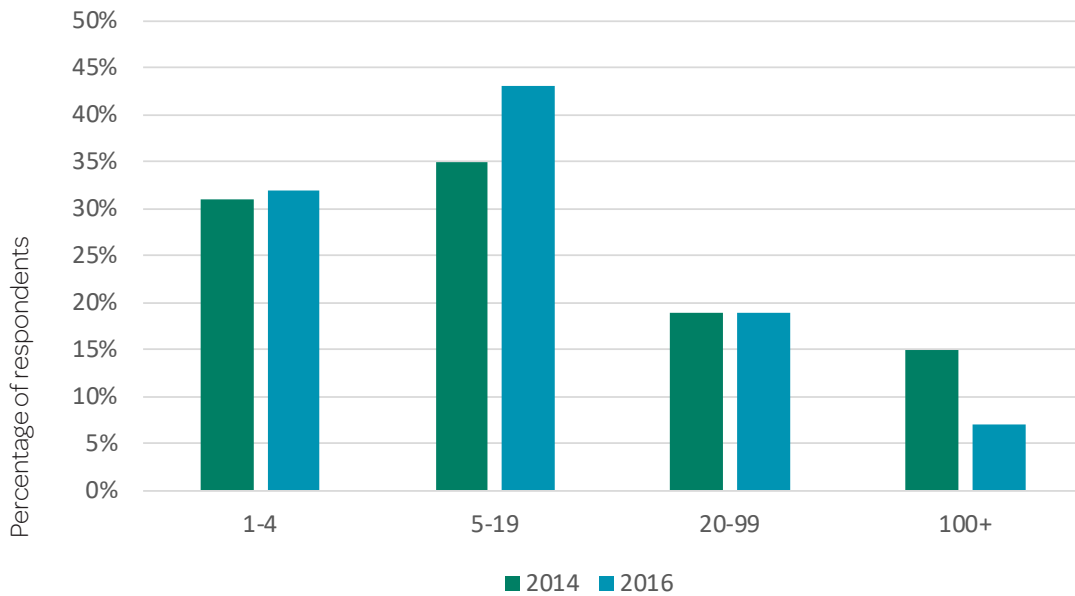
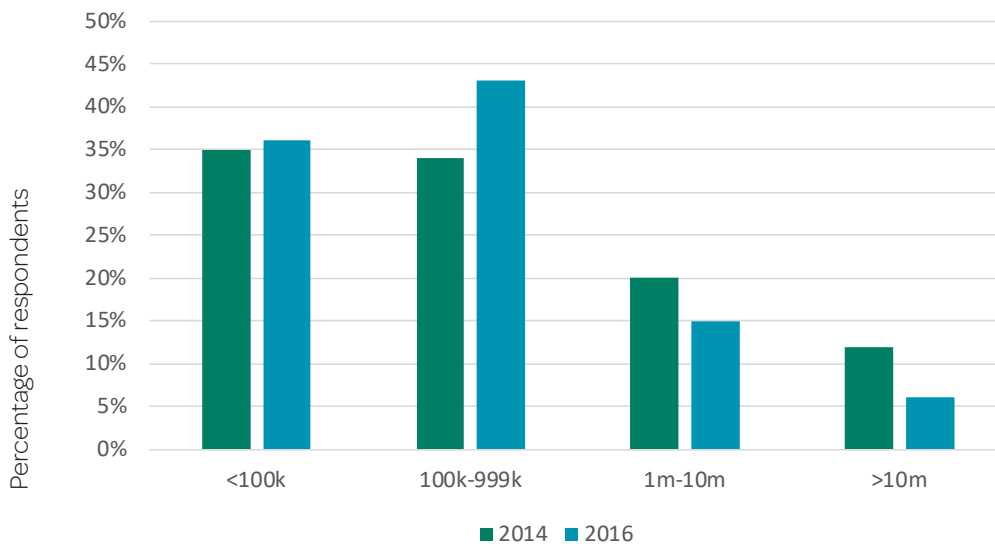


FIGURE 7. ANNUAL REVENUE (AUD)





## EXPORT MARKETS

Exporters operate in over 30 international markets, as in 2014, almost all businesses (92%) export to regions outside of the Pacific Islands.

Exporting within the Pacific Islands continues to be important with half of exporters targeting at least one other Pacific Island country. Fiji, Vanuatu, PNG, Samoa, Marshall Islands and the Solomon Islands are important export destinations.

Australia and New Zealand remain key target markets outside of the Pacific Islands region.

The majority of exporters (86%) are planning to enter a new market over the next three years. With Asia (38%) and North America (26%) a major focus.

Agricultural businesses export to fewer countries in general compared to other industry sectors.

There has been a decline in the percentage of exports to most regions, across all industry sectors with the exception of Asia and North America.

FIGURE 8. ENTERING NEW MARKETS OVER THE NEXT 3 YEARS

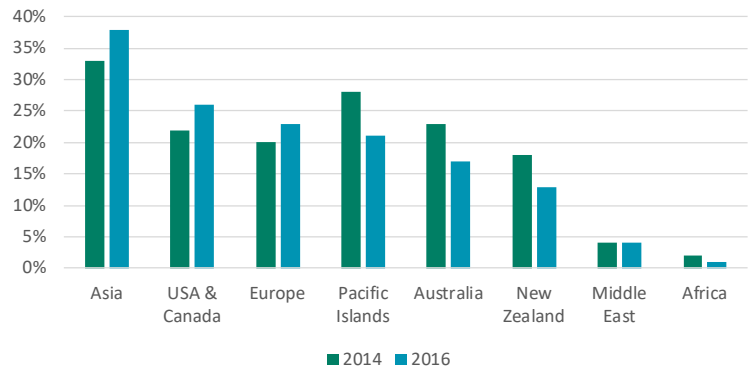


FIGURE 9. PERCENTAGE OF BUSINESS EXPORTING TO OTHER PACIFIC ISLAND COUNTRIES

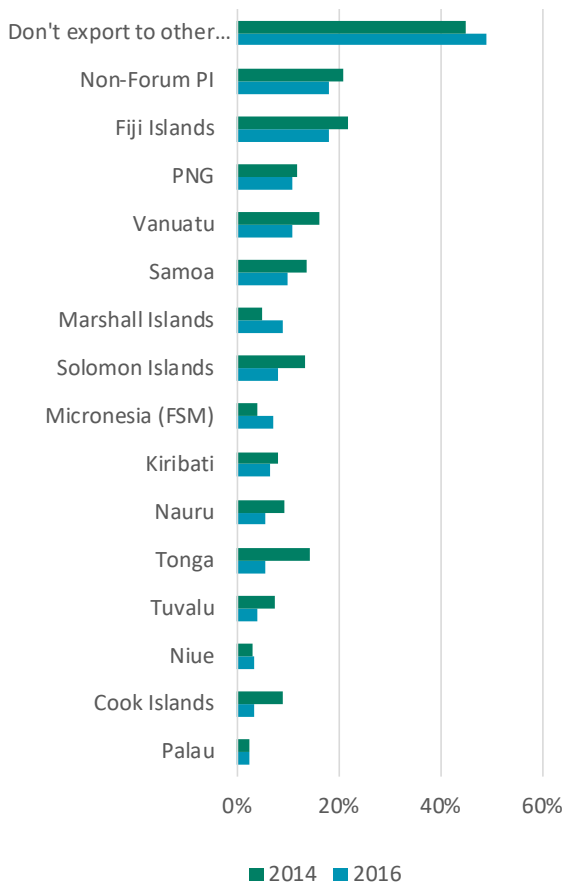


FIGURE 10. EXPORT DESTINATIONS OUTSIDE OF THE PACIFIC ISLANDS

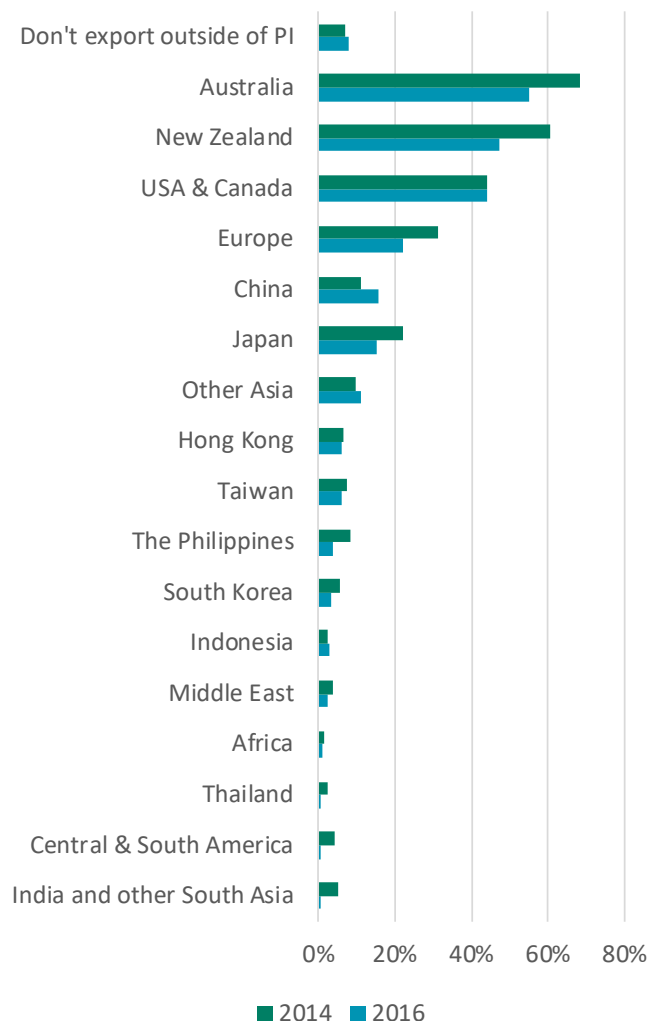
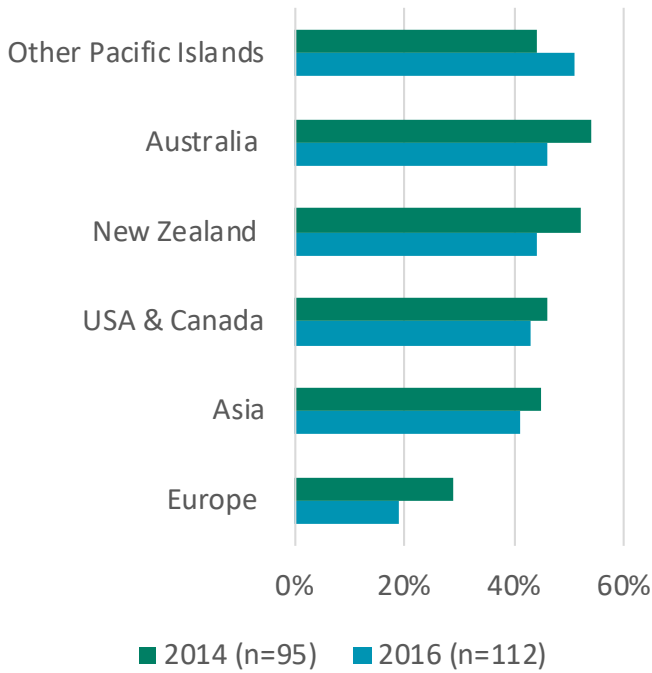


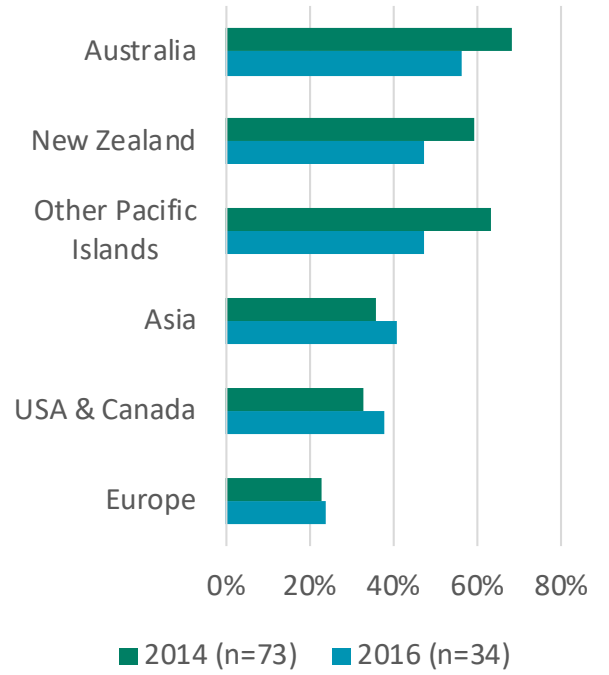
FIGURE 11. EXPORT PRODUCTS BY REGION



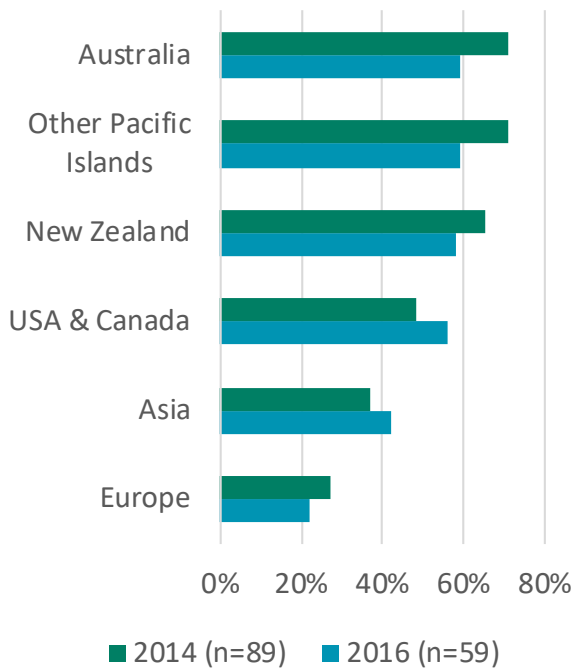
**Agricultural - 56%**



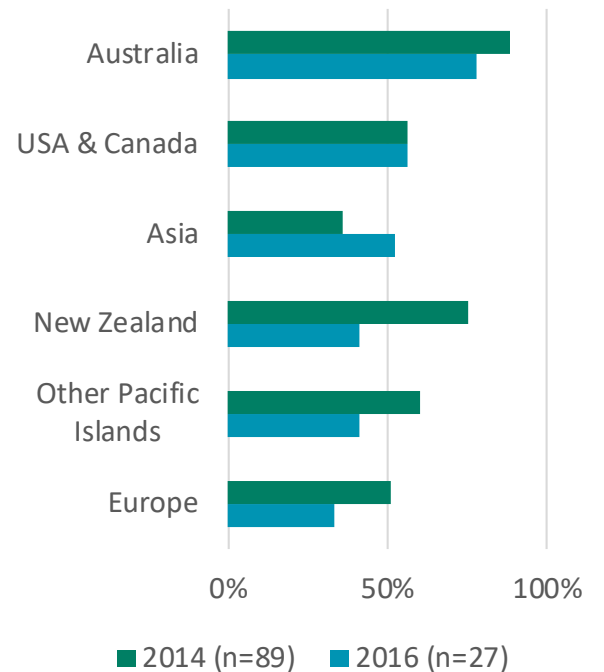
**Services - 17%**



**Manufactured Goods - 30%**



**Tourism - 14%**



## EXPORTER CONFIDENCE

Exporter confidence is very high with three in four businesses (73%) predicting an increase in their export orders over the next twelve months. This was a significant increase from 2014 (57%). While the increase in confidence is mainly driven by newer exporters and those exporting agricultural products there is an increase across exporters at all stages of maturity and industry sectors.

The increase in confidence is inline with an uplift in actual export orders (across all industries) over the past 12 months compared to 2014.

In comparison to 2014 there has been an increase in the proactivity of businesses driving growth in export orders especially in the following areas:

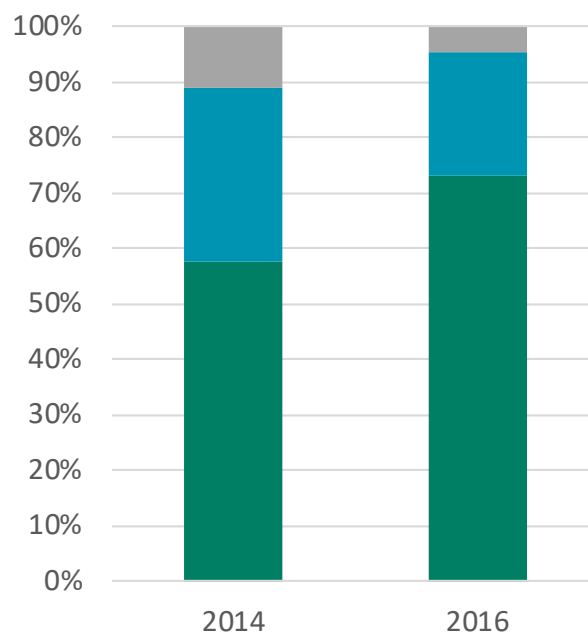
- Developing new products/services for export markets (44% vs 36% in 2014)
- Improving speed of delivery (32% vs 21% in 2014)
- Implementing new technology platforms (27% vs 20% in 2014)

FIGURE 12. EXPORT ORDERS OVER THE LAST 12 MONTHS



■ Increased ■ Stayed the same ■ Decreased

FIGURE 13. EXPORT ORDERS OVER THE NEXT 12 MONTHS



■ Increase ■ Stay the same ■ Decrease



## EXPORTER CHALLENGES

Access to finance/capital, rising costs and capacity constraints continue to be the biggest factors in restraining growth.

As in 2014 a large proportion of exporters find it difficult to obtain finance for either general (65%) or exporting (63%) activities. Smaller businesses and newer exporters have the most difficulty.

While newer exporters are the least likely to have received some level of foreign investment (13% vs 20% total), they are the most interested in considering foreign investment (60% vs 55% total).

Attracting foreign investment into the Pacific Island region is challenging. The top 5 key disadvantages of the Pacific Island region identified by participants are:

- High cost of doing business (61%)
- Poor transport infrastructure (55%)
- Pacific Islands being too small (54%)
- Rate of ROI too small (45%)
- Political instability (41%)

Apart from access to finance, other key barriers exporters are facing include:

- Rising fuel and energy costs (42%)
- Capacity constraints (34%)
- Government policies (26%)
- Labour issues (24%)
- Ongoing effects from natural disasters in the Pacific Islands (23%).

*"We need capital for our website but we haven't had any luck, we are too small according to the banks" - FSM, Agricultural Products, 1-4 Employees*

FIGURE 14. DIFFICULTY OBTAINING FINANCES FOR GENERAL BUSINESS

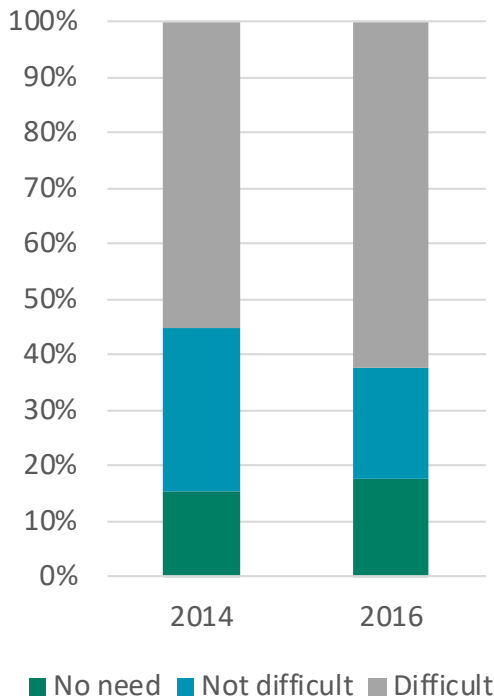
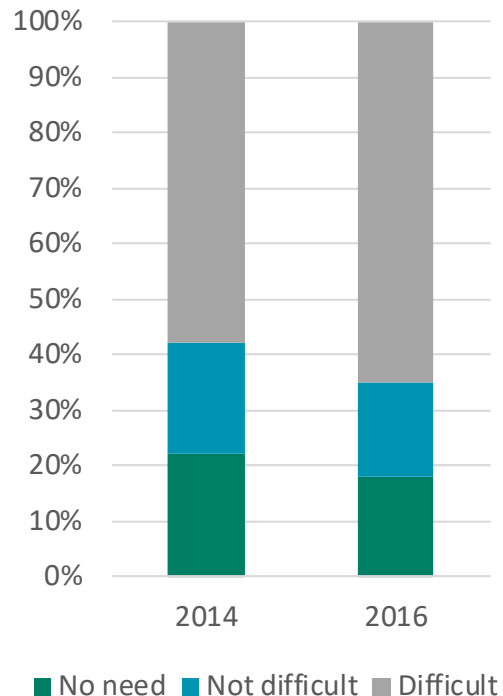


FIGURE 15. DIFFICULTY OBTAINING FINANCES FOR EXPORTING ACTIVITIES



## REDUCING BARRIERS TO EXPORT GROWTH

Consistent with the 2014 survey due to the majority of businesses finding it difficult to access finance/capital, the main areas identified that exporters need assistance with relates to reducing costs and increasing revenue:

- Mechanisms or policies to reduce transport costs (52%)
- Export grants (44%)
- Introductions to overseas customer (40%)
- Introductions to overseas agents/ distributors/VCs (39%)

Over a third of exporters identified the need for support with marketing activities

- Better marketing of the Pacific Islands (38%)
- Assistance with marketing business (37%)
- Market research (36%)

The proportion of business benefiting from Free Trade Agreements and Closer Economic Partnerships has increased since 2014. However, awareness is still low and needs to be strengthened to increase the number of business who can benefit from these partnerships.

FIGURE 16. MAIN BARRIERS OF EXPORTING

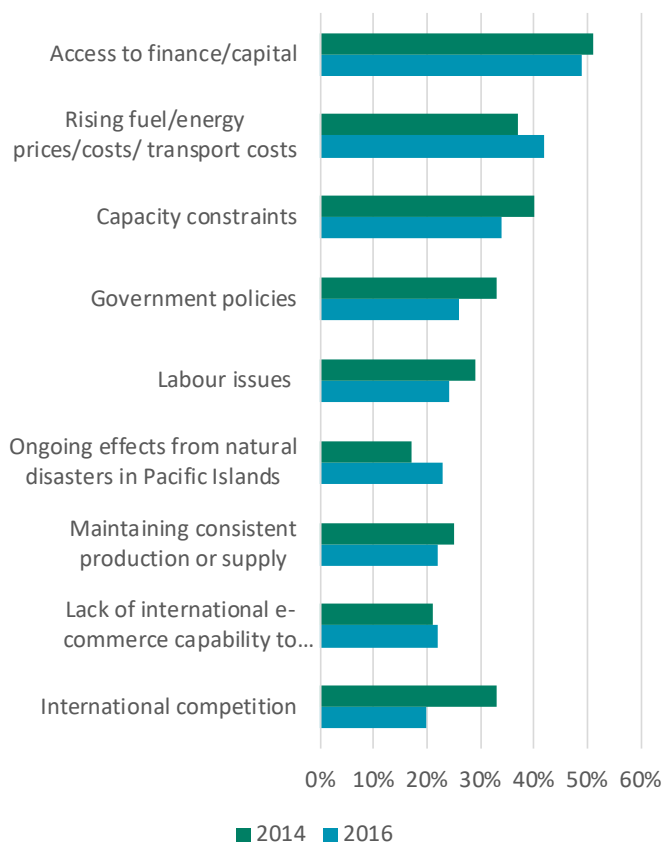


FIGURE 17. TOP AREAS OF ASSISTANCE REQUIRED

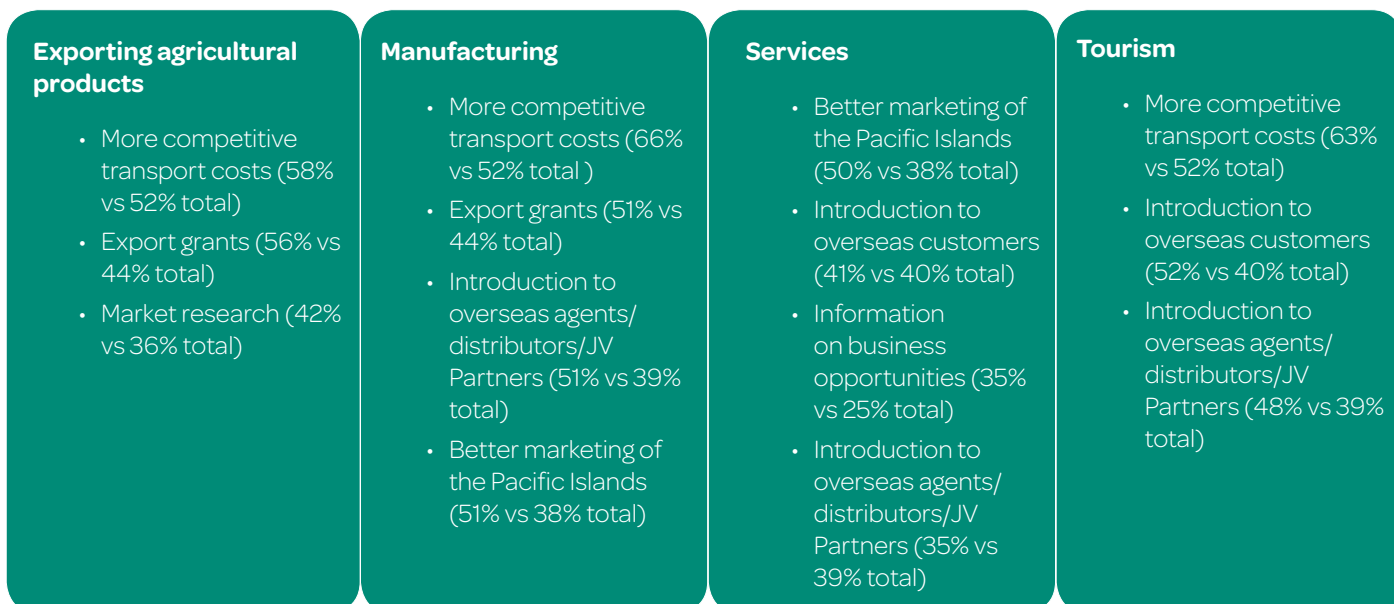


FIGURE 18. ASSISTANCE NEEDED TO ENCOURAGE EXPORT ACTIVITY

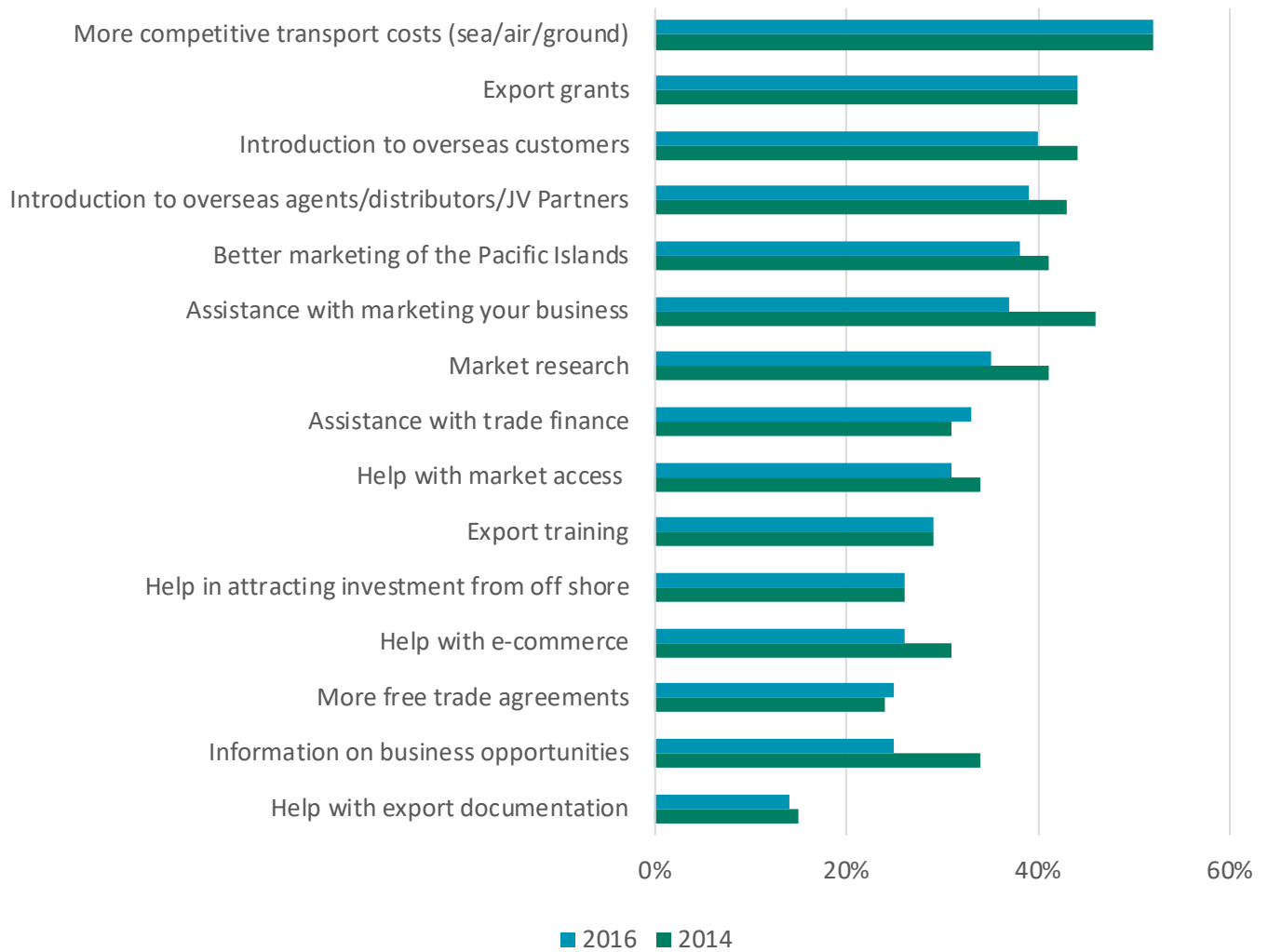


FIGURE 19. AWARENESS OF FTAs\* OR CLOSER ECONOMIC PARTNERSHIPS ON BUSINESS

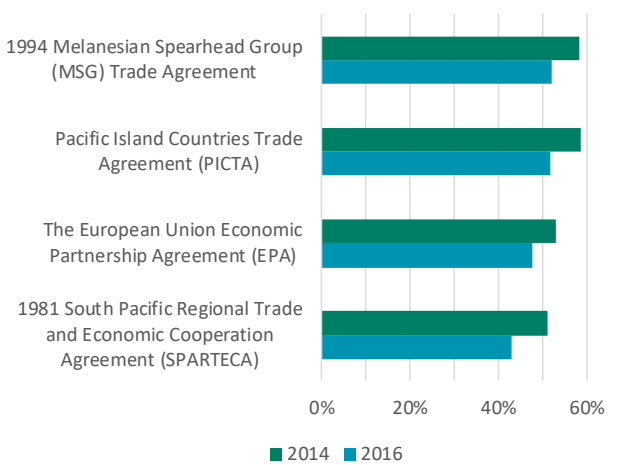
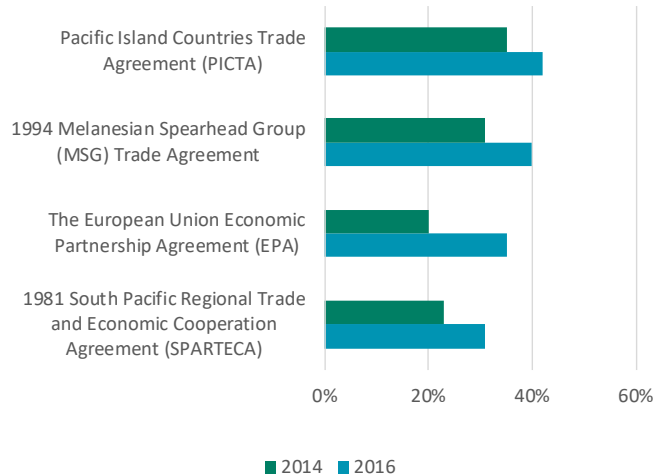


FIGURE 20. BENEFIT FROM FTAs\* OR CLOSER ECONOMIC PARTNERSHIPS ON BUSINESS



\*Free Trade Agreements (FTAs)

The Pacific Islands continue to have a varied range of exporting businesses and export confidence is continuing to grow. However, despite the high export confidence there are many challenges being faced by businesses that impede their activities. This presents many opportunities to provide assistance and increase export activities in the region.

## METHODOLOGY

### Who responded

A total of 200 surveys were completed in 2016

All respondents are key decision makers or influencers for business decisions in organisations in the Pacific Islands which export or sell products or services to overseas customers (excl. government agencies)

### How

Quantitative online research methodology

### When

Surveys were conducted between 14th July – 31st Aug 2016 by ACA Research of North Sydney, NSW.

## ACKNOWLEDGEMENTS

PTI Australia and survey partners would like to thank the many Pacific export companies that took part in the survey and made it a success.

## ABOUT PACIFIC TRADE INVEST AUSTRALIA

An agency of the Pacific Island Forum Secretariat, PTI Australia is the lead export and investment facilitation agency in the Pacific Islands region.

[www.pacifictradeinvest.com](http://www.pacifictradeinvest.com)

### CONTACT DETAILS

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### DISCLAIMER

The information presented in this report is based on information received from a survey which was conducted in July – August 2016.

