

SAMOA

1. Economic Statistics

Population: 170,700 (2000)
Land Area: 2,800 square kilometers
Exclusive Economic Zone: 120,000 square kilometers
Political Status: independent democratic government since 1962
GNP: US\$270 million (2002)
Major Industries: agriculture, fisheries, tourism, light industry
Merchandise Exports (FOB): US\$14 million (2000)
Major Exports: fish, garments, noni, taro, ,
Merchandise Imports (CIF): US\$77 million (2000)
Major Imports: food and live animals; machines, transport and equipment; manufactured goods; and mineral fuels etc.
Currency: Tala
Average Foreign Exchange: US\$1 = T3.2864 (2000)

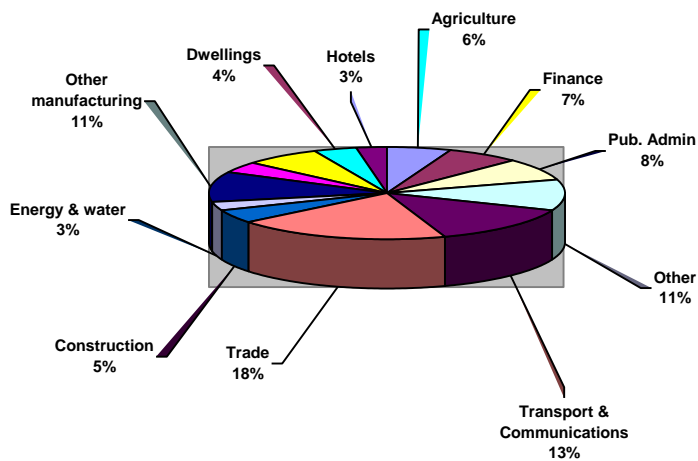
2. Economic Profile and Performance

After two years of robust performance, the Samoan economy weakened in 2002. The slowdown in the economy reflects a decline in investments as well as the drop in exports mainly in the fisheries sector. This was due to uncertainty in overseas markets and as well as the Samoan economic vulnerability to an unstable global economy. However, according to the Government, the economy's performance in 2002 should be viewed in light of extraordinary high growth in the previous two years.

Total GDP at current prices was at ST\$890.4 million (US\$270 million) in 2002 up from 4.9% from the previous year.

Agriculture and Fisheries being the backbone of the Samoan economy has declined further in 2002 with a combined negative contribution of 1.3% which is of concern especially the strong linkages of the sector to food security as well as its significance to the village economy.

**GDP by Industrial Origin (%) Calendar Year 2002
(At Current Market Value)**



Source: Samoa Ministry of Finance April 2003

3. Agriculture

Small-scale farmers who grow a range of root crops taro and taamu, bananas, breadfruit, kava, etc dominate the agriculture sector in Samoa. The taro industry was a significant exporter prior to the blight that struck the crop in the early 1990s. Samoa has extensive coconut plantations and these provide the raw materials for the coconut oil mill, the recently established desiccated-coconut factory and for the companies exporting canned coconut cream. Pure coconut oil is also produced as basic income for the grassroots level and is also exported. Kava, which also contributed to the agricultural export sector, declined substantially; as a result of the ban from the European markets. Organic farming has been promoted in the coconut and noni plantations throughout the country.

Only limited quantities of fruit and vegetables are grown in Samoa most are imported from New Zealand and Australia. The beef industry remains underdeveloped and there is no abattoir in the country.

Being vulnerable to international prices, the fall in copra prices had impacted the coconut industry leading the Samoan government to impose a price stabilization subsidy on the copra produced.

The Ministry for Agriculture takes a leading role in the research and development and facilitating the development of plantations in the country.

4. Forestry

Samoa has only limited forest reserves and there are no substantial plantations of introduced species. Five companies are involved in the harvesting and milling of local timber – primarily the Taun hardwood (*Pometia pinnata*) – but sales to date have been restricted to the local market. The government is now planting exotic species of hardwood catering for high value added products for the local and export markets.

5. Fisheries

5.1 Status of Development

The fishing industry is already a significant contributor to Samoa's social and economic development. It has become an important source of employment opportunities, has attracted considerable foreign and domestic investment capital, and introduced new technology and skills into the country. The total value of the contribution of the fisheries sector in 2001 was ST\$70.9 million Tala accounting for 8.3% of total GDP and contributed 0.5 percentage points to real GDP growth for the year.

The growth in offshore commercial fisheries in particular has been significant. However, the alia fleet has declined from around 350 in late 90's to around 120 in 2003. The main reasons for this has been identified as; poor efficiency in long line operations, inefficient and costly in terms of fuel use, limited onboard iced-storage capacity and hence poor quality of fish and competition from larger vessels.

Estimated tuna longline catch (Metric ton) from 1996 – 2002

Year	Vessels Active	Catch exported	Catch not exported	Catch rejected by exporters	TOTAL Tuna Catch
1996	90	2092	272	105	2369
1997	170	4872	633	215	5720
1998	200	5072	609	304	5985
1999	175	4407	529	176	5112
2000	155	4505	541	225	5271
2001	149	5150	618	412	6180
2002	214	4633	495	252	5360

Source: Fisheries Division 2002

Estimated Value of tuna longline fleet total catch in Tala Thousands ('000)

	1996	1997	1998	1999	2000	2001	2002
Exports	13844.4	27476.4	29581.4	27531.4	38971	45788	31581
Not Exported	805.1	1873.7	1802.6	1565.8	1601.4	1829.3	1465.2
Rejects from exporters	543.9	1117.2	1684.1	950.4	1782	3090	1336.3
Total Value	15193.4	30467.3	33068.1	30047.6	42354.4	50707.3	34382.5

Source: Fisheries Division 2002

Fisheries exports accounted for 63% of total exports in 2002 with a value of ST\$29 million Tala. The improvement in fish exports resulted from investment in new boats. The corresponding figures for 2001 were 60% and ST\$36 million respectively.

The industry estimates that it provides work to about 1000 fishermen and factory workers, and additional work in supply and service industries.

Existing market shares for Fish Exports 2000-2002

Country	2000	2001	2002
Am Samoa	19,148,666	24,057,525	17,411,766
USA	5,436,263	11,187,421	10,665,076
Hawaii	124,521	709,692	623,188
NZ		47,616	50,565
Japan	28,613	0	82,860

Source: Central Bank of Samoa Bulletin September 2002

5.2 Key Issues and Challenges facing the Industry

The Strategy for the Development of Samoa (2002-2004) identifies commercial fisheries as a 'high growth target activity' during the strategy period which would be supported by the following priorities:

- A fisheries policy to meet the industry needs
- Improved safety, licensing, certification and quality control
- Improved infrastructure with the establishment of a marina, and
- Improved market information

The industry is supportive and appreciative of the various initiatives the Government has taken in recent times to respond to the needs of the industry either specifically or through policy reforms and institutional strengthening projects in other sectors of the economy.

The rapid development of the fishing industry in recent years has highlighted some important policy and infrastructure issues which must be addressed responsibly by the industry and Government to meet the following objectives:

- Long term sustainability of the industry
- Commercial fisheries will remain one of Samoa's largest export industry
- The industry to enhance its position as a major contributor to Samoa's social and economic development

5.3 Quality Standards

National Seafood Safety Council - Government recently announced the establishment of a Council to develop standards and regulation guidelines for fish exported from Samoa to overseas markets. This council will need to work closely with industry members who have invested considerable resources to comply with the quality standards set by their key markets and have taken the necessary steps to have their facilities, operations and products meet those requirements.

The industry, especially the exporters, already have a good understanding of HACCP (quality assurance) requirements of other key markets. The Government through the Fisheries Division and the industry will need to ensure that the quality and standards required in

the key export markets, including those set by the cannery operations in American Samoa, are strictly complied with. There needs to be vigilant monitoring by the fish exporters of the quality of fish purchased from the local fishing fleet.

5.4 *Fishing in International Waters*

Samoa's limited EEZ and the increasing fleet in Samoan waters has led some fishers to register to fish in other EEZs. Some vessels have been caught fishing illegally in territorial waters thus bringing disrepute to the industry as well as to Samoa's respect for international law.

There are now vessels fishing in international waters as well as registering to fish in the Cook Islands waters. The catch is brought back to Samoa and is exported to overseas markets. The International Law of the Sea according to the Fisheries Division requires these boats to declare their catch and pay trans-shipment fees upon unloading their catch at any port. Hence when the foreign registered boats enter the Samoa fishing zone and offload at the ports, they must pay trans-shipment fees. The current trans-shipment fee is ST\$10 per ton of fish brought into Samoa. Furthermore, these foreign registered boats operating out of Apia are subject to customs and immigration laws and are required to pay the fees and duties imposed on any products coming into the country. The industry is keen on Government agencies to assist in facilitating the trade by simplifying procedures and by not imposing additional costs through the levying of trans-shipment fees and other port charges. The industry is requesting the Government to consider a policy to exempt Samoan fishers from the duties to bring in their catch fished in other fishing zones. This leads to another policy matter which could address the issue of many fishing vessels fishing and competing for resources within Samoa's EEZ.

5.5 *Bilateral agreements with neighbouring EEZs*

The Fisheries Division has prepared a proposal for Government to negotiate reciprocal fishing agreements with Cook Islands, Niue, Tokelau, Fiji and Tonga. However this has been put on hold until the taxation issues relating to such agreements could be resolved.

6. **Food Sector**

6.1 *Current Status of Development*

The food industry within Samoa mostly comprises agricultural farming and small-scale food processing facilities, the latter mostly catering for the domestic market, but some such as coconut cream and desiccated coconut has successfully expanded to create strong export markets. The main agricultural and food production sectors within Samoa are fisheries, coconut cream and oil, fresh and processed fruits and vegetables, bakery and biscuits, cocoa, beverages, and dairy products.

Food and agricultural exports play a strong role in the country's gross domestic product and in 2002 contributed approximately 90% of the total export earnings, valued at approximately ST\$42 million. The most important export commodities are currently fisheries (58% of export earnings), beer (10%) coconut cream (9%), desiccated coconut (6%) and taro (3%). The fisheries sector has grown enormously within 5 years and the coconut cream industry growing and demonstrates high export potential. The noni juice industry has developed recently and has established export markets. There is an increasing trend to produce organic fruits and vegetables in Samoa and this has helped in securing niche export markets. The main destinations of Samoan food and agricultural exports are American Samoa, New Zealand, Australia and other PICs.

The food industry in Samoa is heavily dependent on the importation of foods, ingredients and packaging materials. Imported foods contribute approximately 30% of total imports, and of these, processed and canned foods (fish and beef), frozen poultry, rice and flour are major imports. Most of the processed food and ingredients used in the domestic industry are imported from Australia and New Zealand. There is an increasing trend to import from Asian countries.

Most of the food processing that occurs in Samoa is on a small scale and without integrated quality assurance or HACCP systems, although many have pest control, sanitation and hygiene programs. Quality assurance and HACCP is most developed within the fisheries sector that has developed and implemented comprehensive fish processing and export regulations that include quality and safety standards and procedures, largely a result of overseas market requirements.

6.2 *National capabilities to meet importing country food safety requirements*

With respect to modern food safety systems, the following issues were identified:

- In general, the application of good manufacturing practices within food industries in Tonga focus on pest control and general sanitation programs and few industries would meet international standard requirements in terms of process control and risk-based preventive food safety programs such as HACCP.
- Resource capacity within Government to develop risk based food standards and a comprehensive understanding and knowledge around the requirements for their enforcement is limited.
- Little awareness of and training in the requirements of non-tariff technical barriers to trade exists within the private sector.

The exception here is the seafood industry. This sector, in collaboration with government has developed a strong export market, has established HACCP systems and built up expertise and infrastructure to satisfy technical market requirements.

With respect to SPS and quarantine (animal and plant health), personnel within the Ministry of Agriculture have some understanding of the technical requirements to undertake import risk analyses for animal and plant health, but recognize that they need additional resources and expertise to undertake independent import risk analyses if a country was to request market access for a new animal or plant commodity. Quarantine technical assistance and aid has been received from Australia and/or New Zealand and to improve and update bio-security legislation. New legislation has recently been approved by the Attorney General and is expected to go to Cabinet by the end of 2003.

With respect to demonstrating freedom from specific diseases to facilitate export of plant-based products, there is some capability and infrastructure to establish and maintain procedures and systems that demonstrate freedom from diseases, but greater expertise and resources are needed. The establishment of plant quarantine protocols has been facilitated through assistance and information from SPC. Additional assistance is received from importing countries when establishing export requirements on a specific commodity basis.

The beef industry within Samoa is expanding but is disadvantaged in that there is no centralized abattoir that conforms to quality management systems. Nor is there an established disease inspection and monitoring system to demonstrate freedom from specific diseases. This is currently seen as a particular disadvantage for exporting beef to American Samoa who will not accept Samoa's beef until quality management systems for slaughter and disease monitoring are established. Samoa is not currently a member of the OIE but is seeking to join.

6.3 Deficiencies in institutional and legislative frameworks

There are no domestic food safety or quality standards currently within Samoa. The safety of the food supply in Samoa is currently covered in the Health Ordinance (1959), the Food and Drug Act (1967) and the Poisons Act (1968). These enable health inspectors within the Ministry of Health (MOH) to condemn any food they believe to be contaminated and to make regular visits to food processing plants, restaurants and street vendors to ensure food is prepared in a hygienic manner. Health inspectors usually rely on visual inspection to judge whether food is fit to eat, as there is no routine testing for microbiological or agricultural contamination of foods. The focus of enforcement is on sanitation and food hygiene requirements.

The Food and Drug Act makes provisions for regulations that control food ingredients and food additives, but no regulations have been drafted. The Food and Drug Act also cover the safety of the drinking water.

The lack of safety (e.g. microbiological, additives), labeling or quality (compositional) standards for foods and the lack of a food-testing laboratory make it difficult for inspectors to objectively support their findings.

Through a World Bank funded technical support program, the MOH is currently reviewing health legislation in conjunction with the National Food and Nutrition Policy.

Fish processing and Export Regulations (2002) have recently been enacted in Samoa under an amendment to the Fisheries Act (1988) to provide a system for the regulation of processing and trade of fish and fish products. The development of the standards and the associated upgrades to infrastructure required to implement the system were funded through New Zealand aid money. The regulations apply only to exported products and were developed through the establishment of the Samoan Seafood Standards Council. The Council is a collaborative Government and Industry body that sets standards and regulations for seafood products and advises government on their implementation and enforcement. Officers within the Fisheries Department undertake the certification of export products and the auditing of exporters.

6.4 Institutional framework

Health

The Environmental Health Unit within the Ministry of Health performs random hygiene and sanitation inspections on all food premises in the city area. However, under the current legislation the MOH does not have the power to approve food premises prior to them gaining a license.

Institutional issues identified were the following:

- MOH has only three trained health inspectors (one of these has received training in the Fiji School of Medicine) within the food area and lacks the resources and expertise to extend inspection activities beyond that of basic food hygiene and sanitation inspections.
- Although there is a basic understanding of HACCP and process control, environmental health officers lack the training and expertise to provide advice to industry on the establishment of HACCP-based food safety systems and their audit and enforcement.

- Currently there are no established food safety training programs for the food industry and the knowledge of safety and hygiene within the food industry is poor.

Agriculture/Fisheries

The Ministry of Agriculture has insufficient well-trained agricultural officers that are able to advise farmers and the agricultural industry on technical standards and good agricultural practice systems. There are several new development programs being implemented that will train additional agricultural field officers to assist farmers in sustainable management and on how to better utilize appropriate farming technologies and other varieties of crops.

The Fisheries sector has invested heavily in the training of competent officers who can advise the industry on modern quality and safety systems and their audit. The Fisheries Department now has four officers that have been trained through the Agri-quality training course in New Zealand. Three of these are certified HACCP auditors.

6.5 Codex activities

Samoa has a national codex committee that is chaired by the Ministry of Commerce, Industry and Labour. The Committee has not been effective in terms of establishing Codex-based standards for food.

Samoa has a competent authority based in Fisheries that certifies the exports of fisheries products as conforming to the requirements of the Fish Processing and Export Regulations 2002.

6.6 Harmonization of national standards and regulations

There are currently no domestic food standards in force within Samoa. Although there are hygiene and sanitation requirements for food businesses and processors under the Health Ordinances and provisions to control food ingredients and additives under the Food and Drug Act, comprehensive food safety and quality regulations and standards are still required. In the domestic market, lack of assurance against quality and safety of food, for example mislabeled and expired foods, is common and potentially results in reduced consumer protection. This is particularly important, as the confidence in the domestic food supply is a vital ingredient also necessary to attract tourism. A failure to comply with the safety and quality requirements of food for exports leads to considerable loss of importing country's confidence in Samoa's food supply and a potential loss of market.

Fish processing and export standards and regulations were passed in January 2003. The standards and regulations establish quality and safety procedures and parameters for which fish processing establishments intending to export must comply. Controls and procedures apply to all stages of the fishing continuum from the boat through to shipping of the final product. The standards take a preventive risk-based approach and target key processes such as adherence to temperature control. In this way, they are consistent with SPS requirements. The approval of export establishments, their certification for export and requirement for auditing adheres to TBT requirements. Qualified fisheries personnel carry out certification and audits.

Internationally, there is a requirement for food businesses and the processing industry to apply process controls at all steps of the food production and handling process (e.g. receipt, storage, processing, packaging, display and distribution) to ensure food quality and safety. Other than the seafood export sector, this does not occur in Samoa. This means that there is a greater risk that food will become unsafe or unsuitable. The high dependency on imported ingredients for food processing and the lack of appropriate inspection and testing at the border makes the local food industry vulnerable to low quality and potentially unsafe imported ingredients.

6.7 Adequacy of national food analytical and inspection services

Although Samoa has a public health laboratory, this is only used for water analysis and chemical or microbiological analysis of food samples is not currently performed. An absence of routine testing of foods results in:

- An inability to objectively assess compliance against food standards.
- The food industry having a difficult task to develop added value products.
- A failure to facilitate the development of plant and product certification systems, which would help in export promotion.

There is currently no inspection or analysis at the border for imported processed and packaged foods and ingredients.

Trained officers using official protocols and checklists carry out quarantine inspection of animal and plant-based products at the border. The system is based on that of Australian and New Zealand quarantine import risk analyses and enhancements to quarantine infrastructure have been facilitated through aid programs. There is some technical capacity within Samoa to assess the quarantine risk posed by animal and plant products. They are assisted in this area by databases supplied SPC, but recognize the need to improve their technical capacity in plant and animal health risk assessment.

6.8 Lessons from recent experiences and barriers to expanding Samoa's export markets

In the mid 1990s Samoa's seafood industry suffered high rejection rates in its tuna exports to American Samoa. In addition to this, reports from New Zealand during the same period linked two episodes of histamine poisoning to fish exported from Samoa. The industry recognized that it had to be proactive and develop quality and safety systems for the industry to safeguard its viability and reputation on export markets. The Samoa Seafood Standards Council was developed to guide the establishment of seafood standards and regulations and advise government on their implementation and enforcement. Importantly, it was ensured that the Council was a collaborative Government and Industry body with strong consultative mechanisms. As a result of this work, new fish processing and export regulations were enacted in Samoa in early 2003 under an amendment to the Fisheries Act (1988). They provide a system for the regulation of processing and trade of exported fish and fish products. The development of the standards and the associated upgrades to infrastructure required to implement the system and train Government and the industry were funded through New Zealand aid money.

The system takes a "gate-to-plate" approach to the management of food safety hazards and assurance of quality and presents a model to other sectors and countries on how an internationally compliant food safety and quality system can be successfully developed. Officers within the Fisheries Department undertake certification of export products and the auditing of exporters.

There are a number of agricultural crops including taro, coconut and breadfruit, and their value-added derived products, that have the potential to grow, diversify into import substitution and produce additional export earnings for Samoa. Growth is constrained by numerous factors including:

- Inconsistent supply of agricultural products in terms of quantity and quality
- High international freight costs
- Lack of skilled labour and high turnover of personnel
- High set up and maintenance prices (energy, utilities) for small businesses
- Lack of storage and processing facilities for downstream production and value adding of agricultural crops
- The lack of integrated quality management in production and processing systems that could potentially facilitate and optimize the comparative advantages of Samoa
- Lack of post-harvesting food technology expertise and investment both within Government and industry to develop value added food processing.

Exports of desiccated coconut to New Zealand have recently encountered access problems due to the detection of metal fragments in some consignments. The industry has had a difficult task to convince the New Zealand market that this was an isolated problem and not more widespread to their products. The company has not apparently in the past, manufactured under a quality assurance or HACCP system and therefore did not have process controls in place to prevent the risk from physical hazards such as metal fragments. This issue emphasizes the need to implement preventive and risk based food safety systems that target the control of specific processes.

7. Trade Policies

Samoa applied to become a member of the WTO in April 1998 and is now processing its accession process. The process that Samoa adopted in its accession process is the involvement of most stakeholders from the beginning of the accession process. This application coincided with the economic reforms in 1998 where Government drastically reduced its tariff regime to encourage private sector development as the engine to growth. This opened up Samoa's local market and many foreign products entered the market squeezing some of the local producers within the domestic market.

Samoa currently applies tariffs ranging from 0%, 8% and 20% with minimal exceptions. The tariff revenue impact from the reforms was not as bad as was expected and with the Value Added Goods and Services Tax (VAGST) at 12.5% and this has assisted Government in revenue earning.

Samoa is a member of the PICTA and PACER agreements and is one of the countries sitting in the Rules of Origin committee under the agreements.

Samoa would benefit from WTO membership in the following areas:

- Gain protection from any trade discrimination
- Improve market access to markets imposing non tariff barriers on exports - Samoan banana chips are not allowed into the Australian market and protection provided by the WTO may help in getting the right justification from Australia
- The need to protect intellectual property rights especially in trying to protect folklore and traditional knowledge
- Promote Samoa as a foreign investment destination with a more liberal and transparent investment environment

- Improved legislation and regulations – particularly raising the standards of the local products to the international level where export market opportunities are available. This would also assist the Government in restricting any imports that do not meet the local standards
- Improved trade facilitation policies and implementation strategies

Challenges

- Reduction of tariffs on finished products implicates the survival of the local industries especially in agricultural food processing
- Implications on any further subsidies or grants given to the agricultural sector
- The challenges to Government of the process of accession and the need to build capacity within the agencies involved in the WTO process. The Government also cannot afford being represented in Geneva.

8. Recommendations

- (i) Coordinated efforts to be improved – all stakeholders involved in the agricultural sector such as the farmers, exporters, the non-governmental organizations and the government must coordinate efforts in developing products which have greater potential in the export markets. For instance the growth of noni exports has salvaged the negative impact of kava and for noni to survive in the international markets, all stakeholders must be involved in looking at research into the noni and noni by-products, market information, potential health risks and the trends in demand. Being proactive in maintaining success for an export product would greatly facilitate any potential risks of problems.
- (ii) Improving marketing information – market prices on products and market trends provide useful information for farmers and exporters. There are already agencies established internationally which provide such information on a regular basis for farmers.
- (iii) Promoting organic certified products – with the falling international prices, the promotion of organically certified products aiming for niche markets is the way to go for farmers to obtain high margins. Support for the organic certification organizations would facilitate the development of such products.
- (iv) Establishment of an abattoir – the beef industry in Samoa is in great need of a quality-accredited abattoir. Such an establishment would assist in raising standards across the food sector in general.
- (v) Establishment of enquiry points for SPS within the Ministry of Agriculture similar to the role of the FAO National Correspondents would facilitate the administration of WTO matters on agriculture and SPS relating to Samoa.
- (vi) At present most of albacore caught by domestic fleet is exported for canning. Improved handling of such fish on-board, would facilitate landings of quality tuna suitable for value added processing. Encourage land-based export-processing of value-added tuna products including fresh/ frozen loins.
- (vii) Establishment of a modern domestic fish processing/ marketing network with increased focus on production of value added seafood for domestic market, to help import substitution and improved domestic consumption of fish.
- (viii) Strengthening of the seafood inspection system including quality assurance of exports through capacity building and implementation of appropriate HACCP-based process control measures, through effective collaboration between industry and Ministry of Fisheries (designated Competent Authority for EU).
- (ix) Improved vocational/ technical training in fishery related activities including fishing, fish handling, processing and marketing.
- (x) Control of imported foods - The implementation of a system for the inspection and testing of imported foods and ingredients would be beneficial for Samoa in preventing mislabeled, low quality and potentially unsafe foods from entering and/or being dumped onto the domestic market and therefore better protecting the consumer. It would also give assurances to food processors, most of who rely heavily on imported ingredients for their food manufacturing. In order to implement a system that is compatible with WTO/ SPS and TBT requirements, domestic food standards must first be established and a greater capacity developed for their enforcement.

- (xi) Quality management systems - Very little of the food industry within Samoa currently operates under quality assurance and/or HACCP systems. The major exception to this is the export seafood industry. Government in partnership with the Chamber of Commerce, processed food associations and the agricultural industry needs to take a proactive approach to facilitate the development of integrated quality management systems in food and agricultural production.
- (xii) Food hygiene training - The Health Ordinance takes an inspectorial approach to the control of food premises such that the hygiene standards observed in premises preparing and selling food depends on the vigilance of the inspector. There is currently no onus on the operator to have skills or experience or any obligations to develop and maintain a safe process. The Government needs to develop proactive training programs in food hygiene for food operators so that food is produced safely and the consumer is protected. A good reputation for safe food and water is also an important element in attracting tourists to the country. Knowledge of and training in the evaluation of quality assurance HACCP food safety systems is required within the health sector.
- (xiii) More training and awareness programs on the WTO - Although there have been workshops undertaken on WTO matters, ongoing training and awareness programs must be developed for all stakeholders involved to be aware of the latest developments and how to develop strategies to take advantage of the multilateral trading system.