



1ST VANUATU NATIONAL WORKSHOP ON THE MSG GREEN TRADE PROJECT

GRAND HOTEL, PORT VILA

03 AUGUST, 2022



INTRODUCTION

The Department of Industry

- The Government of Vanuatu (GoV), through the Ministry of Tourism, Trade, Commerce, and Ni-Vanuatu Business (MTTCNVB) under the Department of Industry (DOI), is responsible for the development of the manufacturing sector by designing activities to promote sustainable value-adding in Vanuatu.
- The National Industrial Development Strategy (NIDS) was launched in 2018 and provides the policy directives to develop the Manufacturing (Value Addition) sector from 2018 - 2022.
- The NIDS is focused on improving the economic diversification in Vanuatu's economy by supporting businesses to move up the value chain.
- The policy recommendation was based on the understanding that supporting processing and marketing of high-quality products is better suited for Vanuatu's cost structure than bulk export of raw or light processed agricultural products, and demand for such products tends to be much less price sensitive.



INTRODUCTION CONTINUE...

Copra and coconut oil export in Vanuatu

- Coconut Industry represents almost 90% of farming activities throughout Vanuatu, where most are engaged in copra production.
- Exporting raw copra before transforming it into oil and copra meal is a significant loss for the Vanuatu economy in terms of net value and employment. There are around 90 MVUV of lost per year and 200+ jobs. The table below presents the agricultural share and export value in 2019 and a simulation if the copra was transformed locally:

Product	December 2019		If copra transformed locally	
	GDP (%)	Value (M° VUV)	GDP (%)	Value (M° VUV)
Kava	53%	308	46%	308
Copra	15%	87	0%	0
Other products	10%	58	9%	58
Coconut oil	8%	46	28%	188
Cocoa	6%	35	5%	35
Fish	5%	29	4%	29
Beef veal	2%	12	2%	12
Coconut Meal	1%	6	6%	38
Total		581 MVUV		668 MVUV (+15%)



CHALLENGES

- I. Not enough supply of Copra. Farmers shift priorities from coconut to high value products such as Kava.
- II. No support from Government to burn Coconut oil in Vanuatu
- III. Less promotion of local copra meal
- IV. Coconut Rhinoceros beetle is a threat to coconut plantations
- V. Oil Millers are facing difficulties competing with raw copra exporter in terms of price
- VI. TC Harold affected half of production
- VII. RSE plays a role also in decreasing production of copra



The need for Millers' associations

- Coconut associations perform particular functions for the coconut industry as a whole. This era of the globalized market environment has opened up many issues for debate which relevant coconut associations can thoroughly study and discuss with the member.
- Policymakers generally prefer to deal with associations; they recognize that associations make for an ideal venue for policy discussions and facilitate communication and policy formulation. Frequently associations perform oversight functions when policies are implemented. This provides the metrics on the effectiveness of policies and is a helpful tool in addressing gaps between policies and implementation.
- Associations take on an important role in advocacy, be it:
 - on policy/legislative proposals
 - on the benefits of certain products
 - on issues restrictive to trade and other unfair trade practices
 - on promoting product standards, among others.



Over all Objective and Purpose For Millers Association



- The aims of the Association are:
- To protect the Coconut Milling Industry from unfair competition
- To develop and exchange problem-solving ideas
- To present a regular lobbying position for negotiation with governmental agencies
- Ease the information and access to development funds
- Ease the sharing of knowledge (processes, technical and practical aid,...)



LIMITATIONS



1. Decrease supply of quality copra to millers
2. Number of old producing coconuts is high, needs to look into opportunities for coconut timber etc
3. A high number of Virgin Coconut Oil cottage industries with difficulties to access markets.
4. Few coconut oil millers are yet to install their machineries. Sourcing technical assistance for installation purposes is minimum.
5. Few millers are seeking financial support in start up of their milling operations for biofuel etc.
6. No waste management strategies in place to diversify coconut water for economical use.
7. Grouping of farmers and millers into cooperatives is another challenge
8. The containments of Coconut Rhinoceros Beetle (CRB) came a challenge since the covid lockdown. The spread is imminent and disastrous to young coconut trees.



WAYFORWARD AND RECOMMENDATION

1. Copra Subsidy – Government to intervene in subsidising both copra and oil production. This will increase buying price for copra as well as coconut oils from small VCO producers (fermentation & Direct Micro Expellers). Subsidising coconut oil will be a win-win for both small and large coconut oil mills as well as spreading the spill overs to coconut farmers and copra cutters.
2. Coconut Oil Production Subsidy -URA to endorse usage of Coconut oil for Electrification in Main urban centres-Compromise with UNELCO
3. Coconut Day School Program – Coconut Replanting Strategy and DARD to consider supply of seed nuts to schools for the replanting program.
4. Scoping study to identify potential avenues to use other oils for power generation
5. VARTC to undertake further research on Vanuatu Tall varieties and other varieties for DME operations. The findings will enable DARD to identify varieties for higher yield of coconut oil productions and improved copra quality.
6. INAC to organise coconut producers' cooperatives and improve supply chain to a centralised facility to meet major market export requirements/buyers.





7. Copra Subsidy – Government to intervene in subsidising both copra and oil production. This will increase buying price for copra as well as coconut oils from small VCO producers (fermentation & Direct Micro Expellers). Subsidising coconut oil will be a win-win for both small and large coconut oil mills as well as spreading the spill overs to coconut farmers and copra cutters.
8. Coconut Oil Production Subsidy -URA to endorse usage of Coconut oil for Electrification in Main urban centres-Compromise with UNELCO
9. Coconut Day School Program – Coconut Replanting Strategy and DARD to consider supply of seed nuts to schools for the replanting program.
10. Scoping study to identify potential avenues to use other oils for power generation
11. VARTC to undertake further research on Vanuatu Tall varieties and other varieties for DME operations. The findings will enable DARD to identify varieties for higher yield of coconut oil productions and improved copra quality.
12. INAC to organise coconut producers' cooperatives and improve supply chain to a centralised facility to meet major market export requirements/buyers.





Company Name	UNELCO ENGIE
Location	Efate
Monthly Demand for Coconut Biofuel (MT/L)	<ul style="list-style-type: none"> Estimated of 1.2MT of CNO per month
Annual Demand for Coconut Biofuel (MT/L)	<ul style="list-style-type: none"> On an average, UNELCO usually uses 13 million litres of ADO per year. This would mean, with a 100% shift to CNO an estimated annual volume of 14 million litres of CNO per year.



THANK YOU

QUESTIONS?

