



Enhancement of international trade and investment opportunities for Pacific Island businesses in the EU



Funded by
the European Union

An aerial photograph of a coastal city, likely Lisbon, Portugal. The city is built on a hillside overlooking a river. A large blue bridge with a yellow train crossing it spans the river. The city features dense, colorful buildings with red-tiled roofs. The title 'Pacific Islands and the European Union (EU) Market' is overlaid in white text on a blue background at the bottom of the image.

Pacific Islands and the European Union (EU) Market

In the world of business and investment, the EU market represents a promising opportunity for the Pacific Islands because of a shared history and economic relationship that spans over two centuries:

Doing business with the EU can provide the Pacific Islands with access to dynamic new markets, opening exciting avenues for growth and prosperity. It could also assist the region in diversifying its economy and reduce its reliance on certain industries, while simultaneously strengthening the economic relationship between the two regions.



What are the business opportunities for the Pacific Islands in the EU market?

The EU market presents various business opportunities for Pacific Islands companies to expand their customer base and increase revenue, specifically in the following areas:



Agricultural Products:

Farmers producing bulk cocoa and coffee that are currently sold at commodity prices have the opportunity to consider upgrading their farming techniques to produce at specialty standards and access the growing demand in the EU, in this way increasing their margins. Other commodities with clear market opportunities include kava and vanilla.

The EU has a high demand for tropical fruits, such as bananas, pineapples, mangos, and coconuts. Pacific Islands companies can tap into this market by exporting high-quality, sustainably grown agricultural products. Because freight costs can be prohibitive, Pacific Islands companies should consider further processing such as canning, drying etc.



Seafood and Aquaculture:

With its strong seafood consumption, the EU offers opportunities for Pacific Islands companies involved in fishing and aquaculture. Exporting fresh and sustainably sourced seafood, such as tuna, prawns, and lobsters, can be lucrative. Again, Pacific Island companies should consider further processing such as canning, freezing etc.



Handicrafts and Artisanal Products:

The EU market appreciates unique and culturally significant handicrafts and artisanal products. Pacific Islands companies can showcase their traditional craftsmanship and cultural heritage by exporting items like woven baskets, wood carvings, bilums, jewelry, and textiles.



Eco-tourism and Hospitality:

Many European travelers are attracted to the pristine natural environments and unique cultural experiences offered by the Pacific Islands. Developing initiatives such as eco-tourism, diving tours and hospitality services can cater to this market segment.



Natural and Organic Products:

The EU market has a growing demand for natural and organic products, including cosmetics, and food items. Especially coconut oil has witnessed continued growth in EU markets. Pacific Islands companies can offer products that are farmed sustainably in pristine environments and that are nutritionally dense due to the rich soils and perfect climate for growing plants.



Cultural Exchanges and Education:

Cultural exchanges, educational programs, and language services can be valuable business opportunities for Pacific Islands companies interested in promoting their culture, heritage, and languages to European audiences.

It is important for Pacific Islands companies to conduct market research, identify target niches, understand EU regulations and consumer preferences, and establish strong distribution networks and partnerships to maximize their business opportunities in the EU market.



What is the EU-Pacific interim Economic Partnership Agreement and how can it benefit Pacific Island businesses?

The EU-Pacific interim Economic Partnership Agreement (iEPA) is a trade agreement between the EU and Pacific Island countries. It aims to improve the economic and social development of the Pacific Island countries by providing duty-free access to the EU market and improved rules of origin in key areas such as fisheries. The agreement creates new opportunities for Pacific Island countries offering their high-quality and fairly traded products such as palm oil, coconut oil and spices. It also supports fisheries export, canned tuna and other marine products to Europe.

Key benefits to companies in the Pacific Islands include:

1. Duty-Free and Quota-Free Market Access:

Under the iEPA, Pacific Island countries can export a wide range of products to the EU market without paying import duties. This preferential access allows companies to be more competitive by offering their products at lower prices compared to non-iEPA countries.

2. Increased Export Opportunities:

The iEPA helps to expand export opportunities for Pacific Island companies by reducing barriers to trade with the EU. It provides a platform to diversify exports beyond traditional commodities and explore new markets for products such as agriculture, fisheries, handicrafts, and processed goods.

3. Enhanced Business Environment:

The iEPA includes provisions to improve the business environment and facilitate trade between the Pacific Islands and the EU. It promotes transparency, simplifies customs procedures, enhances intellectual property rights protection, and encourages cooperation in areas like standards and regulations, which can benefit companies in terms of reduced transaction costs and smoother trade operations.

4. Capacity Building and Technical Assistance:

The iEPA also provides support for capacity building and technical assistance to strengthen the capabilities of Pacific Island companies. This assistance can include training programs, workshops, and knowledge-sharing initiatives to enhance competitiveness, productivity, and product quality.

5. Economic Diversification and Sustainable Development:

By expanding trade opportunities with the EU, the iEPA contributes to the economic diversification and sustainable development of the Pacific Islands. It encourages companies to adopt sustainable practices, invest in value-added production, and create employment opportunities, leading to improved livelihoods and economic growth.

It is important for Pacific Island companies to familiarize themselves with the specific provisions and requirements of the iEPA, leverage the benefits it offers, and actively engage in trade promotion and capacity-building activities to fully harness the potential advantages of the agreement. You will find a list of business support organizations that can assist later in this document.



Which countries are in the EU market?

The EU market is a political and economic union that was established in 1993. It operates as a single market with the free movement of goods, services, capital, and people between member states. It currently has 27 member states and holds possibilities for the Pacific Islands in the following countries. Austria, Belgium, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, and Sweden.

Established
1993

27
Member
states



Images sourced from https://european-union.europa.eu/easy-read_en



What is the potential for Pacific Island countries to increase their exports to the EU market?

Pacific Island countries have a unique value proposition with niche products such as kava, noni and products that have an international reputation such as canned tuna, certified palm oil, cocoa and coffee.

There is significant potential to increase exports to the EU market for several reasons:

iEPA Preferential Trade Agreement:

This agreement provides duty-free or reduced-tariff access to the EU market, making exports from the region more competitive.

Rich Natural Resources:

Pacific Island countries possess abundant natural resources, including fisheries, agriculture, forestry, and minerals. These resources have the potential to meet the demand for sustainably sourced and high-quality products in the EU market.

Tourism and Services :

Pacific Island countries have attractive tourism destinations and a growing services sector. By promoting tourism services, hospitality, and cultural experiences, they can attract EU travelers and generate revenue through tourism-related exports.

Cultural Exchanges:

The cultural richness and diversity of Pacific Island countries provide opportunities for cultural exchanges and collaborations with the EU. Cultural products, traditional arts and crafts, music, and dance can find a market among EU consumers interested in cultural appreciation and diversity.

Sustainable Development Goals:

The EU places a strong emphasis on sustainable development and ethical sourcing. Pacific Island countries, known for their natural beauty and biodiversity, can leverage this demand by promoting sustainably produced goods, eco-friendly practices, and responsible tourism.

Emerging Sectors:

Pacific Island countries are exploring emerging sectors such as renewable energy, information technology, and creative industries. These sectors offer opportunities for innovation, technology transfer, and export potential to the EU market.

EU Market Size and Affluence:

The EU market represents a significant consumer base with high purchasing power. Pacific Island countries can tap into this market to increase their export earnings and drive economic growth.

What should you consider when exporting to the EU market?



Market research:

Understand the EU market's demand, competition, and consumer preferences.



Branding and marketing:

Develop a targeted branding and marketing strategy for the EU market.



Legal compliance:

Familiarize yourself with EU regulations, labeling requirements, and industry-specific standards.



Logistics and supply chain:

Ensure a reliable logistics and supply chain management system.



Certifications:

Determine if your products require specific certifications or comply with EU standards.



Intellectual property:

Protect your intellectual property rights in accordance with EU laws.



Market access:

Explore trade agreements, tariffs, and preferential schemes between the EU and Pacific Islands countries.



Financial considerations:

Assess pricing, payment terms, and financial implications of exporting to the EU.



Export documentation:

Learn about the required paperwork and procedures for exporting to the EU.



Relationship building and partnerships:

Establish relationships and partnerships with EU companies to make management of value chains sustainable and effective.

Seek guidance from trade promotion agencies and export assistance organizations to navigate the export process effectively.



Fair Trade

Fair trade products have gained significant uptake and importance in the EU market over the years. The EU has been one of the largest markets for fair trade products globally, with increasing consumer awareness and demand for ethically produced goods. While certification entails costs, fair trade products also command a price premium in EU markets.

While certification entails costs, fair trade certification offers Pacific Island companies exporting to Europe the following advantages:

Market differentiation based on ethical and sustainable production practices

Access to specialized fair trade markets and distribution networks

Increased market demand from European consumers seeking responsibly sourced goods

Potential for premium pricing due to the added value of fair trade certification

Enhanced trust and credibility with European buyers, fostering stronger relationships

Support for sustainability, resilience, and community development in the Pacific Islands

It is crucial to consult the specific fair trade certification organization or relevant regional fair trade networks for detailed guidance that specifically addresses the needs and requirements of Pacific Island companies seeking fair trade certification for the EU market.

Here are some notable fair trade certification organizations:

Fairtrade International

Fairtrade International is a global organization that sets fair trade standards and coordinates fair trade certification programs in various countries. It is well-known for the Fairtrade Mark.



Regional Fair Trade Networks

There are also regional fair trade networks that support fair trade practices and certification in specific areas. These networks often work with local producers and organizations. For example, the Pacific Islands Association of Non-Governmental Organizations (PIANGO) supports fair trade initiatives in the Pacific Islands.



Organic Certification

Organic certified products are highly important in the EU market due to increasing consumer demand for healthier, environmentally friendly options. The EU's stringent regulations, premium pricing potential, sustainability focus, and market access opportunities contribute to the significance of organic products in the EU.

Pacific Islands businesses can liaise with ACO or NCO certification organizations as both of these bodies are accredited by the EU regulation body.

→ austorganic.com/certification-and-standards/standards/acos/

→ ncocertifiedorganic.com.au

This is costly because they need to bring consultants and certifiers over from Australia and the costs are obviously not just one off due needing to meet annual compliance. As Pacific is almost all small holder farmers, organic certification is costly (but doable).





Where can we get more information about EU markets?

PACIFIC TRADE INVEST

→ pacifictradeinvest.com

PTI Europe facilitates sustainable trade and investment opportunities for export ready business across the Blue Pacific, within the European market.

PTI Europe has a particular focus on identifying the current trade trends, marketing standards, and best practices to create and maintain strong relationships with European buyers, distributors and investors.



INTERNATIONAL TRADE CENTER

→ intracen.org

The International Trade Centre (ITC) is a development agency that is dedicated to supporting the internationalization of small and medium-sized enterprises (SMEs).

ITC has developed five online tools; Trade Map, Market Access Map, Investment Map, Trade Competitiveness Map, Procurement Map, Export Potential Map and Sustainability Map.

They collectively help improve international-trade transparency and enable companies and trade support institutions to identify export and import opportunities and compare market-access requirements.





UNIDO – INVEST IN ACP

→ investment.unido.org

Invest in ACP Platform acts as a one-stop-shop for insights into investing in the 79 countries of the African-Caribbean and Pacific (ACP) region. The Platform offers detailed information on a large number of investment opportunities in a variety of value chains and also provides site-level information on industrial parks. Key statistics and analytics together with a comprehensive library containing investment guides and other pertinent resource materials support the investment attraction efforts of ACP countries.



CBI NETHERLANDS

→ cbi.eu

CBI is the Centre for the Promotion of Imports from developing countries, located in the Netherlands and supported by the Dutch Government.

CBI supports the transition towards inclusive and sustainable economies. They help small and medium-sized enterprises (SMEs) strengthen their economic, social and environmental sustainability. They do so in particular by helping exporters from developing countries with market information, with events, matchmaking services etc.

Especially relevant for exporters of; coffee, cocoa and cocoa products, spices and herbs, apparel, tourism, natural ingredients for cosmetics and health products, fresh fruit and vegetables, textiles and outsourcing, the CBI can be a great first port of call.



Ministry of Foreign Affairs of the
Netherlands



ITA COUNTRY COMMERCIAL GUIDES

→ trade.gov/ccg-landing-page

Some of the best market overviews available online are the US International Trade Administration Country Commercial Guides and Market Reports. While these were written by commercial specialists for American exporters, the information is equally applicable to any exporter anywhere in the world.



FOREIGN AGRICULTURAL SERVICE

→ fas.usda.gov

A great resource with hundreds of reports on markets and agricultural commodities. It also includes up-to-date information regulations and labeling requirements worldwide.



ACCESS2MARKETS (EU) (FORMERLY TRADE HELPDESK)

→ trade.ec.europa.eu/access-to-markets/en/home

Access2Markets allows you to obtain information such as on tariffs, taxes, procedures, formalities and requirements, rules of origin, export measures, statistics, trade barriers and much more.





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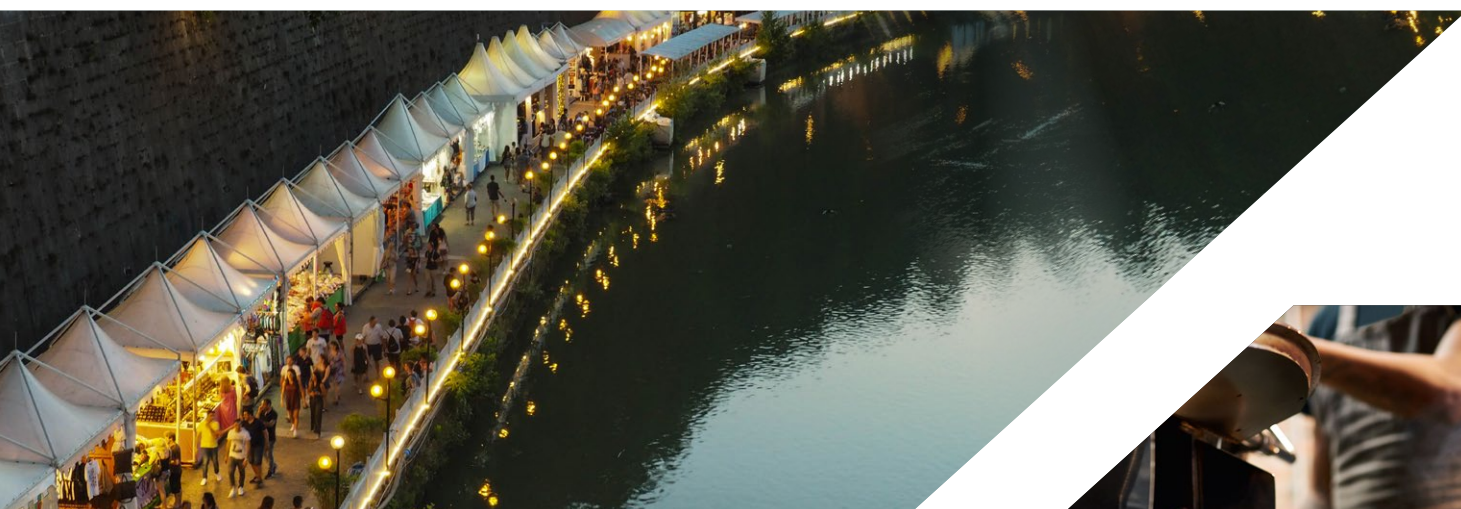
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Should we visit a trade show?

Europe hosts some of the world's leading international trade fairs, offering an excellent opportunity for gathering information, business intelligence, making initial contacts, and monitoring competitor activities. For further information on EU trade shows, please contact the Pacific Trade Invest office in Geneva, Switzerland.

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Trade at a Glance

Country	Population ¹	GDP ²	GDP Growth ³	Trade with EU ⁴	Major Goods Exports (to EU)	Major Goods Imports (from EU)
 Papua New Guinea	9.95 million	US\$26.59b	4.9%	US\$102m (I) US\$859m (E)	Palm oil; Processed fish	Machinery, mechanical appliances and parts
 Fiji	925,000	US\$4.3b	8.5%	US\$35.3m (I) US\$37.9m (E)	Raw sugar; Fish fillets	Machinery, mechanical appliances and parts
 Solomon Islands	707,000	US\$1.63b	3.0%	US\$5.99m (I) USD\$72.7m (E)	Processed fish	Pharmaceutical products; Machinery, mechanical appliances and parts
 Vanuatu (unable to access the iEPA)	320,000	US\$0.95b	4.0%	US\$9.53m (I) US\$1.24m (E)	Perfume plants	Machinery, mechanical appliances and parts; Beverages, spirits and liquor
 Samoa	220,000	US\$0.85b	2.0%	US\$2.87m (I) US\$4.52m (E)	Noni (fruit) juice; Electrical machinery and electronics	Electrical machinery and electronics; Machinery, mechanical appliances and parts
 Tonga (unable to access the iEPA)	106,000	US\$0.47	3.7%	US\$5.4m (I) US\$81,000 (E)	Organic chemicals (esters)	Electrical machinery and electronics
TOTAL PACIFIC	12.5 million	US\$36.62b		€1.981bn (I) €1.887bn (E)		

¹ World Bank Statistics, accessed March 2023

² ibid

³ Projections for 2023 from Asian Development Bank, accessed March 2023

⁴ Observatory of Economic Complexity, 2020 data



For more information

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