

FOREWORD

This report reviews the market opportunities identified in the American Samoa Market Study conducted in 1997.

The review was funded under the Trade and Investment Trust Fund Facility (AusAID) and undertaken from February to April 2005. The actual visit to the market was from 21 – 24 February, 2005. The following report has been compiled by two Trade Officers within the Ministry of Foreign Affairs and Trade.

The methodology of the review included desk research, questionnaires, consultations with government personnel in American Samoa and locally, consultations with the private sector and market observations. The Internet and recent reports/publications were utilized to acquire other relevant background information.

EXECUTIVE SUMMARY

During the eight year period since the first market study was conducted in 1997, the review finds that there has been no major changes in terms of market opportunities available in American Samoa.

The Territory

American Samoa is a relatively small market with a land area of 76 square miles (48,680 acres) and a population of 60,000.

Its people are relatively affluent and consumer-oriented compared to Samoa. This is reflected in its current estimated per capita income of US\$4,357.

Like most Pacific Island Countries, the Territory has very limited natural resources on which further processing is based. The structure of the economy is such that there is a near total dependency on the Government and two tuna canneries.

Apart from tuna canning industries, production levels in all major sectors like agriculture, fisheries and manufacturing are extremely low.

The Agricultural Sector

Agricultural developments are hindered by several factors:

- 1) Lack of suitable land for agriculture
Of the total land area of 76 square miles (48,640 acres) only 19,736 acres is being used for agricultural purposes;
- 2) Negative attitude by labour force
Working in agriculture is not regarded as important relative to other professions by many people, especially the young.
- 3) Rapid increase in population
With the current population growth of 3.6% per annum, more and more of good agricultural land are being used for residential purposes.

Given the limited levels of local production, there appears to be greater opportunities for imported products. Comments from other local agents showed that there has been some improvement in Samoa's export products since the last 10 years because of trainings/workshops. For Samoan producers to take full advantage of these opportunities their products must satisfy the requirements and expectations of the American Samoa market in terms of:

- 1) Product quality and consistency;
- 2) Packaging;
- 3) Pricing;
- 4) Consistency of supplies;
- 5) Quarantine requirements.

Summarised below are our main competitors by product group.

Product	Competitors (In the Am. Samoan Market)	Strengths/Threats (against Samoan Products)
Taro	Local producers	Consistent supply Low prices
Bananas	Local producers	Non tariff barriers to limit imports - Quota
Taamu	Local producers	Non tariff barrier - Quota
Vegetables	United States New Zealand	U.S and New Zealand vegetables have good quality Competitive prices Consistent supply
Eggs	Local producers	Good quality at competitive prices
Poultry & Meat Products	United States New Zealand Australia	Use modern and sophisticated processing plants, low prices

The Fisheries Sector

The Fisheries Sector offers the best opportunity for generating high export earnings from the American Samoa market.

The market for fish in American Samoa can be divided into two segments:

- 1) The market for albacore, yellow-fin and skipjack for processing by the canneries;
- 2) The bottom fish market for local consumption and fa'alavelave.

The Canneries Market Segment

As a relatively small supplier of fish, the canneries offer an unlimited opportunity for Samoa's fishing industry. The total export of fish to the canneries in 2004 was about 6.7 million tala, a drop of 3 million tala from 9.8 million tala in 2003.

To take full advantage of this opportunity, the local fishing industry must be further developed and/or improved. Measures to be undertaken in this development process include:

- 1) Licensing of Commercial Fishermen/Vessel Owners
To ensure appropriate standards of equipment and expertise are present aboard all fishing vessels;
- 2) Licensing of Exporters
To ensure certain standards of facility, equipment, hygiene and expertise are satisfied;
- 3) Regulatory Body
To ensure standards and requirements set are adhered to and maintained, for example, Seafood Safety Council.

The Bottom Fish Market Segment

This sub-market was worth over US\$40,801 in 2002. The entry of fresh fish requires a permit issued by the Department of Agriculture.

Future Prospects

The long term future prospects of our tuna exports to American Samoa depend on the future of the tuna canning industry in the Territory. Currently, the existence of tuna canning in American Samoa relies on the following:

- The Territory's duty free access to the U.S market;
- The tax exemptions allowed by the American Samoa Government;
- The Territory's exemption under the Nicholson Act. This allows foreign-flag fishing vessels to sell their catch directly to the canneries;
- Foreign competition in the US market for canned tuna.

Changes in one of these factors will affect tuna canning industry in the Territory which in turn would adversely affect Samoa's tuna exports to American Samoa.

Manufactured Products

The level of locally manufactured products exported to American Samoa is still very low as compared to previous years.

Problems associated with Samoa's Manufactured Products

- 1) There is a perception amongst American Samoa consumers that products from Samoa are inferior in quality to those from the USA, Australia and New Zealand;
- 2) Export products are not well-developed in terms of:
 - Quality
 - Packaging
 - Labeling
 - Supply consistency
- 3) Exporters do not select the right agent or importer;
- 4) Lack of follow-up to firmly establish contacts;
- 5) Manufacturers are not export orientated.

American Samoa has a very small industrial base due to the lack of basic raw materials for manufacturing. Other than the two canneries there is very little manufacturing activity being undertaken in the Territory.

Set out below is a summary of our main competitors by product group.

Product	Competition (in the Am. Samoan Market)	Strengths (against Samoan Products)
Beer	US, New Zealand, Australia	Well known brands, competitive prices, consistent supply
Other beverages	US, New Zealand, Australia	Good promotion, competitive prices, popular brands
Furniture	US, Philippines, China, Fiji	Good quality, competitive prices, wide range
Soap	US, New Zealand	Known brands, low prices, good packaging
Snacks	US, New Zealand, Fiji, Philippines	Wide variety, good quality, attractive packaging, low prices

SECTION 1: GENERAL INFORMATION ON AMERICAN SAMOA

1. The Territory

American Samoa is an unincorporated Territory of the United States of America. This unincorporated status of the Territory has meant exemption from the Nicholson Act which prohibits the landing of fish in U.S. ports by foreign fishing vessels. With this exemption, foreign ships can land their catch directly on the cannery docks in American Samoa.

American Samoa is the only U.S territory located south of the equator and consists of five rugged, highly volcanic islands and two coral atolls.

The total land area of the territory is 76 square miles (48,640 acres) and Tutuila is the largest island. Pago Pago is the capital and is located on Tutuila.

American Samoa has its own constitution that was approved by the United States Department of the Interior in April 1960.

American Samoans are not United States citizens. They are however classified as United States nationals with free rights of entry into the U.S or become citizens if they so wish.

2. Population

American Samoa's population is approximately 60,000 with the current gross population growth of 3.6% per annum. Samoans account for 90% of the population while the remaining are Asians, Europeans and other Pacific Islanders.

3. The Economy

The structure of the American Samoa economy has changed very little over the past years. Basically it has been the Government sector and two tuna canneries that have contributed to the development of American Samoa's economy. It was only recently the American Samoan Government have tried to diversify the economy by

establishing a textile manufacturing plant as well as to improve tourist related facilities. A large portion of American Samoa's budget is funded by the U.S. Federal Government.

4. Employment

The Government and the two canneries are the major employers which accounts for 54% of the territory's total employment. The other 46% is being employed in small privately owned enterprises.

Employment opportunities have increased since 2000 with an unemployment rate of 5.2%.

Table 1: Current Employment Estimates: 2000-2002

Labour Force Status	2002	2001	2000
Employment	17,230	17,113	16,718
Government	4,187	4,134	5,000
American Samoa Telecommunication Authority	159	156	
LBJ Tropical Medical Centre	555	540	
American Samoa Power Authority	281	250	
American Samoa Community College	215	203	
Canneries	5,133	5,230	5,100
Others	6,700	6,600	6,618

Source: ASG Department of Commerce

Table 2: Employment by Occupation and Sex

Occupation	Total Labour Force		Males		Females	
	23,240		13,195		10,045	
	No	%	No	%	No	%
Managerial & Profession	3,032	13.0	1,676	13.0	1,356	13.5
Executive Administration	624	2.7	364	2.8	260	2.6
Professional Specialty	1,435	6.2	651	5.0	784	7.8
Technical, Sales, Admin Support	2,770	12.0	1,132	8.6	1,638	16.3
Technicians & Related Sales	368	1.6	296	2.2	72	0.7
Sales	760	3.3	271	2.1	489	4.9
Admin. Support Clerical	1,316	5.7	522	4.0	794	7.9
Service	1,827	7.9	1,178	9.0	649	6.5
Farming, Forestry, Fishing	240	1.0	193	1.5	47	0.5
Precision Product, Craft, Repair	1,538	6.6	1,356	10.3	182	1.8
Operators, Fabricators, Labourers	4,665	20.1	2,777	21.0	1,888	18.8
Machine Operator, Assembly Inspector	884	3.8	541	4.1	343	3.4
Transportation Material Movement	687	3.0	626	5.0	61	0.6
Handlers, Cleaners, Labourers	3,094	13.3	1,612	12.2	1,482	14.8
	23,240	100	13,195	100	10,045	100

Source: ASG Department of Commerce

5. Minimum Wages

Minimum wages in American Samoa have remained relatively stable after a slight increase in 2002 as shown in Table 3. However, wages are still high which makes the Territory uncompetitive compared to its island neighbours like Samoa, Tonga, and Fiji.

Table 3: Minimum Wage

Industry	October 2003	October 2002	October 2001
Government Employees	2.77	2.77	2.73
Fish canning & processing	3.26	3.26	3.26
Petroleum marketing	3.85	3.85	3.82
Shipping and Transportation: Classification A	4.09	4.09	4.03
Classification B	3.92	3.92	3.87
Classification C	3.88	3.88	3.83
Construction	3.60	3.60	3.55
Retailing, Wholesaling & Warehousing	3.10	3.10	3.06
Bottling, Brewing & Dairy Products	3.19	3.19	3.15
Printing	3.50	3.50	3.45
Publishing	3.63	3.63	3.58
Finance & Insurance	3.99	3.99	3.94
Ship Maintenance	3.34	3.34	3.30
Hotel	2.86	2.86	2.82
Tour & Travel Services	3.31	3.31	3.27
Private Hospitals & Educational Institutions	3.33	3.33	3.29
Garment Manufacturing	2.68	2.68	2.64
Miscellaneous Activities	2.57	2.57	2.54

Source: ASG Department of Commerce

6. Per Capita Income

Per capita income is estimated at US\$4,357. This is more than double the per capita income in Samoa.

The current median household income is US\$18,219. There are very limited statistics available as indicators for the purchasing power of the population.

7. Duty Free Access

As a Territory of the United States of America, products manufactured/processed in American Samoa with at least 30% of their value enter the US market duty free.

The Customs Code provides for duty and free access to the US market for products manufactured/processed in American Samoa that have no more than 70% (50% for textiles) of their total appraised value in

foreign materials. Eligible products must be manufactured or produced either wholly from local materials or from imported materials which are substantially transformed in American Samoa.

8. Inflation

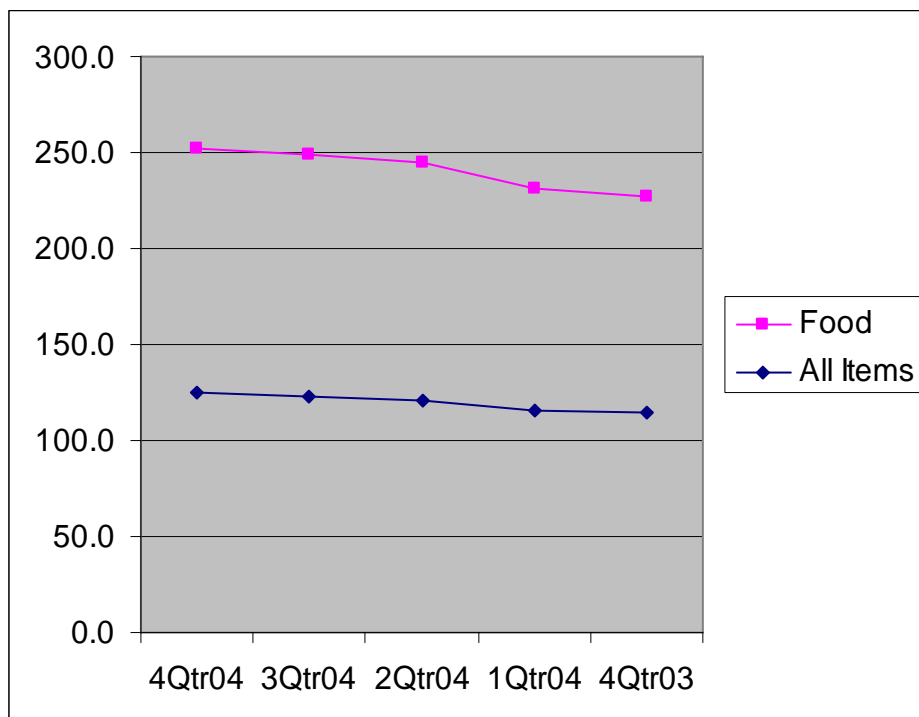
The Territory's rate of inflation at the end of the last quarter of 2004 was 8.8%. This reflects the increase in prices of imported goods mainly from the US.

Table 4: 4th Quarter 2004 – Comparative Index Analysis (Base: 1982 = 100)

Quarter	Year	All Items	Food	Housing	Clothing	Transportation	Alcohol	Miscellaneous
4	2004	124.5	127.1	112.4	103.5	135.0	142.9	120.3
3	2004	122.8	125.9	110.4	102.6	130.7	142.2	120.2
2	2004	120.7	123.7	107.1	102.5	128.9	140.8	118.3
1	2004	116.0	114.8	105.7	102.4	127.1	140.7	118.2
4	2003	114.4	112.3	104.9	102.4	124.7	142.8	117.8

Source: ASG Department of Commerce

American Samoa Consumer Price Index



9. Imports

The Territory has very little import substitution industries and consequently nearly all of products for consumption are imported.

Table 5: Total Imports by Product Group 1998-2002

Product Group	Thousands of Dollars (000)				
	2002	2001	2000	1999	1998
Food	71,068.188	66,309.541	64,977.389	47,697.528	53,166.437
Fuel & Oil	22,047.422	25,845.897	35,468.686	49,033.974	41,704.084
Textile & Clothing	7,703.138	7,339.310	6,148.828	7,136.351	13,899.921
Machine & Parts	20,869.031	23,670.301	17,860.584	19,282.226	20,675.143
Jewellery & Watches	311.502	390.547	323.450	1,422.187	164.401
Miscellaneous	80,256.195	85,365.213	77,767.940	44,888.941	95,041.110
Alcoholic, Beverages & Cigarettes	6,435.743	2,770.709	2,447.515	2,986.246	2,975.433
Building Materials	15,585.525	19,309.483	16,747.151	15,305.491	19,312.494

Source: ASG Department of Commerce

SECTION 2: AMERICAN SAMOA AGRICULTURAL SECTOR

1) Land Use

Of the total land area of 76 square miles, (48,640 acres) about two thirds is steeply sloping and inaccessible. About 19,736 acres is being used for agricultural purposes.

Given the fact that American Samoa's annual population growth rate continues to rise, there will be an increasing need for the Territory to import staple agricultural products such as taro, bananas, taamu, vegetables, fruits and coconut cream. More agricultural land will be used for residential purposes due to the increase in population.

2) The Farmers

The two latest censuses of Agriculture conducted by the U.S Bureau of Census and U.S Department of Agriculture.

Table 6: Farmers by Age Group

	1999	1990
Under 25 years	31	9
25 to 34 years	567	32
35 to 44 years	1526	81
45 to 54 years	1777	130
55 to 64 years	1493	78
65 years and over	1079	54
Not reported	-	-
Average Age	51	50

Table 7: Farmers by Years on Farm

	1999	1990
Less than 2 years	22	20
2 to 4 years	59	73
5 to 9 years	1789	69
10 years or more	318	222
Not reported	-	-

Source: US Bureau of the Census and US Department of Agriculture

The two tables show the following:

- Very few young people are involved in agriculture;
- There are fewer people in farming overall;
- Majority of people in farming are getting old.

These findings indicate the trend that most young people in American Samoa are more interested in white collar jobs. This is further proved by the domination of workers at the two Canneries by people from Samoa (about 90%).

3) The Output

Table 8 shows the trend in level of agricultural produce sold at the market by local farmers. Imported produce are sold directly from importers premises.

Table 8: Agricultural Produce Sold at the Market

Item	2001	2000	1999	1998
Vegetables (1000 lbs)	142	145	228	138
Fruits (1000 lbs)	111	181	1,173	1,142
Taro (1000 lbs)	183	183	154	48
Yams (1000 lbs)	9	9	16	10
Green bananas (1000 lbs)	654	-	74	849
Ripe bananas (1000 lbs)	43	43	7	56
Breadfruit (1000 lbs)	91	97	148	140
Other vegetables, each	-	-	-	1,995
Giant taro, each	1,504	1,504	3,044	2,071
Mature coconuts, each	164,811	164,811	204,044	186,747
Green coconuts, each	19,541	19,541	20,720	20,875

Source: ASG Department of Agriculture

Figures which are of particular interest to Samoa are vegetables, fruits, breadfruits and taro:

1. Vegetables – a decrease in vegetable production can open up the market for imported vegetables;
2. Fruits – a major reduction in output offers a great opportunity for Samoan fruits to access the market;

3. Breadfruits – a drop in breadfruit provides the opportunity for Samoan exporters to pursue the market in addition to the New Zealand market;
4. Taro – no change in output from 2000-2001. There is a great opportunity for Samoan exporters as the population continues to rise.

4) Imports

Table 9 indicates the level of imports for primary products that can be imported from Samoa both in short and long term. For more information on importation of agricultural products, please refer to Section 6 “Customs and Agricultural Requirements”.

Table 9: Agricultural Imports, 1998-2002
(in thousands of dollars)

Products	2002	2001	2000	1999	1998
Bananas	21,139	50,909	57,465	16,572	33,620
Fresh Fruits	187,172	314,441	431,035	389,414	574,571
Taamu	29,637	-	68,079	80,145	58,599
Taro	511,128	358,410	258,988	152,403	55,397
Fresh Vegetables	601,893	676,540	48,988	403,312	500,578

Source: Department of Treasury, Customs & Excise Tax Division

➤ Vegetables

Nearly all imported vegetables are from the United States and New Zealand because of consistent supply, competitive prices and good quality.

Importers are willing to import vegetables from Samoa because of its proximity to the Territory hence vegetables can arrive in a fresher condition. However, for Samoan producers to be competitive they should take the following into consideration:

❖ Improve Quality

Consumers in American Samoa are used to or expect certain standards/quality in vegetables they buy. It is important that Samoan exporters meet these requirements such as size, free from spots and blemishes. Vegetables should be harvested at the right time to avoid spoilage on arrival.

❖ Good Packaging

Good packaging protects the vegetables from being damaged or spoiled. To ensure their freshness, vegetables should be individually wrapped in plastic. Cartons must be used to avoid rough handling of vegetables and should not be tightly packed. Proper partitions must be used to avoid vegetables being squashed.

❖ Prices

The producers must properly cost their products and their prices should be competitive compared to prices of produce from USA, New Zealand and Australia.

❖ Consistent Supply

The supply of fresh produce must be consistent in order to maintain market share.

➤ Taros/Bananas/Taamu

With the mixed trend in supplies of taro, taamu, and bananas in the Territory, there is a great opportunity for Samoa's producers to meet the Territory's needs for these produce.

➤ Meat Products

With current import levels in excess of US\$8 million, there is a potential of imports from Samoa. However, we cannot take advantage of this opportunity because Samoa has not been able to satisfy the requirement of the U.S Department of Agriculture. Currently Samoa has an Export Meat Legislation that is enforced by the Ministry of Agriculture.

➤ Peanuts

There are a few Samoan producers who are supplying the Territory with this product. Even though import figures are not available there is a niche market for peanuts from Samoa.

In order to maintain and/or improve market share of this particular product there is a need to adopt better packaging and quality standards.

➤ Fruits

Given the fact that Samoan exporter/producers are now exporting papaya to New Zealand, this is also a good opportunity to penetrate the American Samoan market. Currently, only a few exporters are selling fruits to this market.

5) Import Duties

All agricultural imports are liable to a 5% Import Duty rate based on the FOB value.

6) The Competition

Given below are our main competitors in each product category and their comparative strengths and weaknesses.

Table 10: Main Competitors with Strengths and Weaknesses against Samoan Products

Product	Competitors	Strengths	Weaknesses
Taro	Local producers	Low price	Lack of agricultural land; Lack of farmers
Bananas	Local producers	Non-tariff barriers limiting imports - Quota	Low production due to limited land;
Taamu	Local producers	Non tariff barriers - Quota	Limited local production
Vegetables	Local producers, New Zealand, United States	New Zealand and US import top quality vegetables at reasonable prices	High freight cost from New Zealand and US; Delay in shipment; Limited local production
Fruits	Local producers, New Zealand	New Zealand has consistent supply and attractive packaging	High freight costs; Limited local production

7) Prospects for the Future

Agricultural development in American Samoa is hindered by various constraints as mentioned earlier in this Section. These constraints include limited arable land, high population growth and negative labour force attitude towards agriculture.

Given these constraints, there is a great potential for Samoan agricultural products for the American Samoan market. However, exporters have to ensure that specific market requirements such as quality, consistency in supply, packaging and price competitiveness are satisfied in order to take full advantage of this opportunity.

Following are comments on the market prospects of a few selected Samoan produce:

➤ Taro

Table 9 shows a continuous increase in imports of taro from Samoa between 1998 to 2002. This is due mainly to the rise in population growth because taro is the main staple food for most of the population. To take full advantage of this opportunity Samoa's taro industry must be continuously developed and expanded.

➤ Vegetables

Vegetables offer a great opportunity for Samoan exporters provided that packaging and labeling satisfy market requirements. As can be deduced from table 9, import of vegetables into the territory increased from US\$500,578 in 1998 to US\$601,893 in 2002.

➤ Fruits

Import figures for fruits have declined from US\$574,571 in 1998 to US\$187,172 in 2002. However, there is still the opportunity, for export of good quality Samoan fruits to American Samoa. One of Samoa's advantages, of course, is its proximity to the American Samoan market which means, freight costs would be relatively low and also Samoan produce would arrive in fresher conditions.

SECTION 3: FISHING INDUSTRY

The Fishing Industry offers probably the greatest opportunity in the American Samoan market.

The market for fish in American Samoa can be divided into two segments.

1. The market for yellow fin, albacore and skipjack for processing by the two canneries;
2. The bottom fish market for local consumption and faalavelave.

The Canneries Sub-market

The two canneries process about 950 tons of tuna per day (or about 22,800 tons of tuna per year) which yield about 20.5 million cases of can tuna per annum.

The Demand for Canned Tuna

The demand for tuna is dependent on the demand for canned tuna in the US market. All production of the two canneries is exported to the United States.

The following table sets out the total supply of canned tuna from American Samoa to the US from 1990 to 1994.

Table 11: Canned Tuna Shipment to the US

Years	Volume (Thousand tons)	Value (Million dollars)
1990	197.2	296.3
1991	291.4	302.0
1992	236.0	319.4
1993	243.9	307.1
1994	211.6	309.5

Source: US Department of Labour

The above table shows a mixed trend in the export of canned tuna to the US. The export volume increased in 1991 and then slightly dropped in 1992. The same situation continued for 1993 and 1994.

Fisheries in Samoa

Samoa has a relatively small exclusive economic zone of 120,000 square kilometres. In 2004, about 1,921 tons of fish was exported to the two canneries in American Samoa. Despite the drop in total export value of fish from 2002 to 2003, it is still considered as the main export. The table below shows the value of tuna exports from 2000 to 2004.

Table 12: Estimated Value of Tuna Longline Exports 2000 to 2004

Longline Exports (Tonnes)	2000	2001	2002	2003	2004
VSC Sampac Cannery	2926	3295	2850	1243	1124
Star Kist	398	753	850	351	219
Air Freight	1181	1102	933	474	578
Total Tonnes	4505	5150	4633	2067	1921
Foreign Revenue from Exports (SAT)	38,971,000	45,788,000	31,581,000	17,154,946	16,516,580

Source: Fisheries Division, Samoa Ministry of Agriculture

Fish Handling

Poor fish handling has led to rejection of tuna from American Samoa and is considered an unnecessary waste. In order to minimize the level of rejection, the Government of Samoa has put in place some quality control programmes for fish exports. These include:

- Fish exports are limited to chilled or frozen fish. The processing of fish starts onboard fishing vessel where the gut and gills are removed from the body cavity. The inner core body temperature of the fish should be reduced;
- Fish handling onboard vessels should be conducted according to the Good Hygienic Practices or the Standard Sanitation Operating Procedures. All these programmes are prerequisite to the Hazard Analysis Critical Control Point (HACCP). (Refer to Appendixes).

Table 13 shows the level of tuna exports rejected from American Samoa Canneries from 1999 to 2002.

Table 13: Estimated Value of Tuna Exports Rejected From American Samoa Canneries

Longline Rejects (Tonnes)	1999	2000	2001	2002
VCS Sampac	53	66.5	94	73
Star Kist	0	38.2	15	12
Total Tonnes Rejected	53	104.7	109	85
Value Tonnes Rejected (SAT)	286,200	706,725	817,500	489,600

Source: Fisheries Division, Samoa Ministry of Agriculture

Exporting

The role played by both the fisherman and the exporter are important to the long term survival of the industry.

The Bottom Fish Market Segment

Table 14: Bottom Fish Landed at Apolima

Months	Estimated Total (kg)	Estimated Total Value (Tala)	Average Price/Kg
October 2004	5,956.46	30,193.07	\$5.10
November 2004	3,282.72	18,566.10	\$5.70
December 2004	2,880.46	19,136.30	\$6.60
	12,119.64	67,895.47	\$5.60

Source: Fisheries Division, Samoa Ministry of Agriculture

Table 14 shows the volume of bottom fish landed at Apolima for the last three months of 2004. This table does not include bottom fish landed in other parts of Samoa. From looking at the table, it indicates that more bottom fish were landed in October than November and December.

Given that the figures above only relates to fish landed at Apolima, it therefore appears that there is great potential for an increased catch of bottom fish in Samoan waters, which could be destined for export.

Import Permits

For export of fresh fish to American Samoa, an import permit must be issued from the Agriculture Department. (Refer to Section 6 for more information on Requirements for Importing Fish and other Marine Products).

The American Samoa Fishing Industry

Fishing in American Samoa is still a subsistence sector activity with some limited expansion into commercial fishing.

The scale of the Fishing Industry in American Samoa is depicted in the following table.

This unchanged situation in fishing activities is shown in table 15.

Table 15: Local Fishing Activities, 1999 – 2002

Year	No. of Boats	No. of Fisherman	Estimated Pounds Caught
2002	47	141	8,786,914
2001	73	237	600,929
2000	53	159	936,930
1999	49	147	925,968

Source: ASG Department of Marine and Wildlife Resources

Prospects for the Future

1. The Canneries Sub-market

The canneries offer the greatest opportunity for our Fishing Industry in the long term given the fact that the future of the tuna industry in American Samoa is secure.

However, the survival of the tuna industry in American Samoa depends on the following factors:

- Duty free access to the United States;
- Allowing of foreign fishing vessels to sell their catch directly to the canneries;

- Competition from other producers for example Thailand;
- Tax exemptions by the American Samoa Government;
- Existence of the North American Free Trade Agreement (NAFTA) may mean competition from Mexican processors;
- Competition from Adeal Pact Countries (Bolivia, Columbia, Ecuador, Peru, Venezuela)
- General Agreement on Tariffs & Trade (GATT) this may prevent preferential entry into the United States of processed tuna from American Samoa;
- Minimum wage adjustments.

Changes in one of these factors can have a huge effect on the future of the tuna industry in American Samoa as well as Samoa's fish exports.

2. The Bottom Fish Sub-market

There is definitely a market for Samoan bottom fish in the Territory. The long term prospects depend on the following factors:

- Developments of the Fishing Industry in American Samoa;
- Access to overseas markets in Hawaii, United States and others.

SECTION 4: MANUFACTURED PRODUCTS

1. Background

Efforts have been made in the past to boost Samoa's locally manufactured products for exports to American Samoa. The Samoa Association of Manufacturers and Exporters Trade Fair in October 2004 in the Territory indicated that exports of Samoan manufactured products to American Samoa are still very low.

The table below indicates the total imports by American Samoa of the products list from the world. It appears from the table that there is potential for Samoa's manufacturers and exporters to capture a share of the market for these products.

Table 16: American Samoa Imports of Manufactured Products

Items	2002 (US\$)	2001 (US\$)
Biscuits	164,404	221,943
Building Materials	4,918,816	7,552,375
Beer	2,623,511	1,236,479
Cigarettes	2,051,528	1,358,421
Cocoa	114,283	33,258
Cooking Oil	3,502,846	2,678,879
Candies/Sweets	1,159,202	1,333,585
Cookies/Crackers	1,963,411	2,506,242
Lumber	1,387,270	1,324,164
Jams/Preserves	98,841	108,526
Mats - Floor	7,433	-
Mats - Laufala	25,856	83,764
Metalware	3,056,567	5,489,690
Pepper/Spices	339,943	290,620
Wearing Apparel	5,552,744	5,552,501
Woodcrafts	115,710	204,985
Furniture	1,281,461	917,343
Baskets - Laufala	1,800	-

Source: ASG Department of Treasury, Customs & Excise Tax

For Samoa's manufacturers to take full advantage of these opportunities, they must ensure that necessary requirements of the American Samoa market are met:

- Good quality – proper research and development must be undertaken to ensure acceptable shelf-life of consumable products. Various products usually do not last longer especially food items;

- Packaging – packaging of any product must be attractive and securely sealed to avoid contaminations;
- Labeling – labeling is a very important component of product presentation and marketing. It conveys to the consumer what he/she needs to know about the product. Labeling shows the consumer:
 - ❖ Ingredients and their related percentage;
 - ❖ Expiry date;
 - ❖ Volume content;
 - ❖ Storage and usage instructions.
- Supply – supply must be consistent to ensure that market demands are satisfied.
- Regular follow-up – this is required to ensure that proper distribution and monitoring of the product is carried out. It is also important to maintain contacts with importers in American Samoa.

Competition

The following table summarises our main competitors by product category.

Table 17: The Main Competitors

Product	Competition	Strengths
Beer	US, New Zealand, Australia	Popular brands, competitive price
Other beverages	New Zealand, US, Australia	Competitive price, well known brands, consistent supply
Furniture	US, Philippines,	Good quality, low price
Snacks	US, New Zealand, Fiji, Philippines	Low price, good quality, consistent supply

Samoan exporters face tough competition from existing suppliers.

SECTION 5: S.W.O.T ANALYSIS

This is an analysis of the Samoan and the American Samoa markets based on the view of exporters from Samoa.

The Samoan Market

Strengths

➤ Proximity to American Samoa

It enables our exporters to export products at low freight cost and make more regular market visits;

➤ Regular Transportation

Availability of regular transportation via sea and air, is necessary for the export of perishable goods;

➤ Labour Force

A pool of workers is available at relatively low cost as compared to cost of labour in American Samoa;

➤ Supportive Government

Government supports export development through the Government Export Guarantee Scheme. This scheme is administered by the Ministry of Commerce, Industry and Labour;

➤ Availability of Technical and Financial Assistance

Various technical and financial assistance is available to the Private Sector, through the Marketing Support Fund (MSF) and Private Sector Support Allocation (PSSA) to name a few. A copy of this Directory can be uplifted from the Ministry of Foreign Affairs & Trade;

Weaknesses

➤ Imported Raw Materials for Exports

Most of the raw materials for production of export products are imported. Fluctuating exchange rates together with the low value of the Tala can be a problem;

➤ Product Standards

Not meeting the appropriate packaging, good quality standards could endanger the ability of Samoan exporters to access the market;

➤ Limited Knowledge

Having limited knowledge on requirements and expectations of the American Samoa market is another problem;

➤ Supply Inconsistency

Products are not supplied on a regular basis.

Opportunities

➤ All commodities are accessible to the American Samoa market

All products have full market access to the American Samoa market except meat and meat products which are subject to USDA requirements;

➤ Samoa's Least Developing Country status;

Samoa being a least developing country, can export most of its products to most countries of the world duty free;

➤ Samoa's Accession to World Trade Organisation (WTO)

The accession of Samoa into the WTO would greatly facilitate the improvement of standards and conformances of export products as required by importing countries.

➤ Inclusion of US Territories in PICTA

This can be seen as a gateway to the US markets particularly the exports of meat and meat products. Assuming that American Samoa is a member of Pacific Island Countries Trade Agreement, which would create an avenue for increased exports to the territory duty free or at a reduced rate of duty;

Threats

➤ Competition

Competition from main suppliers such as US and New Zealand would make it very difficult for Samoan exporters to compete competitively.

➤ Economic Structure

The heavy dependence of the economy on both the Government and the two canneries would make it vulnerable to any changes that might adversely affect these two sectors.

➤ Non-tariff Barriers

Introduction of non-tariff barriers such as Quotas can affect Samoan exporters especially in the agricultural and fisheries sector;

➤ Change in Government

Change in Government can have a great impact on our exports because a different Government might have different priorities;

➤ Future of Canning Industry

The Canning Industry depends on the existence of duty free access to the US, tax exemptions allowed by the American Samoa Government and also allowing of foreign fishing vessels to sell their catches directly to canneries. Changes in one of these factors will affect the volume of our exports to the Territory;

➤ Natural Disasters

Natural disasters such as cyclones, pests and diseases can have a great negative impact on our exports especially agricultural products.

➤ Negative Perception

There is a perception in American Samoa that products from Samoa are inferior in quality to those from the US, Australia etc. This perception has been in the Territory for a long time and the only way to overcome such mentality is to produce good quality products at competitive prices;

SECTION 6: CUSTOMS AND AGRICULTURAL REQUIREMENTS

Import Duty Rates

Product Description	Current Rates
Alcoholic Beverages	190% of FOB
Other Merchandise for commercial Use and resale	5% of FOB

Agricultural Products

Exporters of Agricultural products must have an Import Permit from the American Samoa Department of Agriculture to import into American Samoa. These products include handicrafts, Samoan cocoa, cooked peanuts, kava, fine mats, mats, fruits & vegetables, taro, taamu, plant products etc.

The Import Permit shall detail the volume and kind of product, point of origin, method of transportation and type of treatment required, if any, at point of origin. No plants or plant material shall be permitted entry if obtained from source other than the indicated point of origin.

All plants or plant materials offered for entry shall be accompanied by a certificate issued by a competent authority of the Country of Origin, listing the components of the shipment, locality and type of treatment, if any, and stating that the plant material covered by certificate was examined and found to the best of the issuing officer's knowledge, apparently free **from injuries, pests and diseases**. The original certificate shall be presented to the Quarantine Inspector of the Department of Agriculture upon or before the arrival of the shipment at the port of entry.

Animal Products

All animal products from foreign countries except Australia and New Zealand have been banned from importation to American Samoa under the USDA Meat Inspection Restrictions.

Live Animals

Importation of live animals requires a permit from the American Samoa Department of Agriculture. Animals are not eligible for entry if shipped from any foreign port other than that designated in the permit. Permits for live animals will be issued only when requirements (Veterinary Service) are met and approved by the Director of Agriculture.

Fish and Other Marine Products

Import permit is issued by the Department of Agriculture. Final inspection will take place at the port of entry based on the information provided on the required certificate.

SECTION 7: LIST OF TRADE-RELATED ORGANISATIONS AND IMPORTERS

Department of Commerce
Pago Pago
AMERICAN SAMOA 96799
Tel: (684) 633 5155
Fax: (684) 633 4195

Contact Person:

Mr Alexander Zodiocal
Assistant to Administrator
Economic Development Division

Customs & Excise Tax Division
Pago Pago
AMERICAN SAMOA 96799
Tel: (684) 633 5656
Fax: (684) 633 2675

Contact Person:

Seresese Peniamina
Chief Customs Officer

Department of Agriculture
Pago Pago
AMERICAN SAMOA 96799
Tel: (684) 699 1497
Fax: (684) 699 4031

Contact Person:

Sene Porotesano
Chief Quarantine Officer

Department of Marine
& Wildlife Resources
P.O. Box 3730
Pago Pago
AMERICAN SAMOA 96799
Tel: (684) 633 4456
Fax: (684) 633 5944

Contact Person:

Ray Tulafono - Director

U.S Department of Agriculture
Box J
Pago Pago
AMERICAN SAMOA 96799
Tel: (684) 633 4520
Fax: (684) 633 1829

Contact Person:

Marilyn Marsh
Import Inspector

LIST OF MAIN IMPORTERS

COMPANY	PRODUCT	ADDRESS
ABC Fax	General Merchandise	<u>Fagatogo</u> Tel: (684) 633 4731
Aveina Brothers Inc	General Wholesaler Vegetables	Matuu Tel: (684) 633 5621 Fax: (684) 633 5627
Cost U Less	General Merchandise	Nuuuli Tel: (684) 699 5975 Fax: (684) 699 5977
Da Maks	Snacks/Fish	Fagatogo Tel: (684) 633 5838 Fax: (684) 633 7533
F.J & P Kruse	General Merchandise Vegetables	Leone Tel: (684) 688 7605 Fax: (684) 688 1113
Forsgren Ltd	Clothing, Material, Handicrafts	Fagatogo Tel: (684) 633 5431 Fax: (684) 633 5439
Panamex Pacific Inc	General Merchandise	Nuuuli Tel: (684) 699 1881 Fax: (684) 699 1197
Pago Plaza	Furniture	Pago Pago Tel: (684) 633 2830 Fax: (684) 633 5492
Futiga World Wide Export/Import	Fish	Futiga Tel: (684) 699 9625
Honor Marine South Pacific	Fish	Pago Pago Tel: (684) 633 2369 Fax: (684) 633 7005
S.F Paea & Sons	Handicrafts, Clothing, Agricultural Produce	Nuuuli Tel: (684) 699 1214
S & T Produce	Agricultural Produce	Malaeimi Tel: (684) 699 4184
Starkist Samoa Inc	Fish	Atuu Tel: (685) 644 4231 Fax: (684) 644 4175
VCS Samoa Packing	Fish	Atuu Tel: (684) 644 5272 Fax: (684) 644 2737
W.J Langkilde Dist Co	Fresh Produce	Pavaiai Tel: (684) 688 2019 Fax: (684) 688 2127
Pacific Sales & Marketing	Snacks, Ice Cream, Steaks	Tafuna Tel: (684) 699 9444 Fax: (684) 699 4268
Pacific Import/Export	General Merchandise	Fagatogo Tel: (684) 633 2917
J.G.C Lumber & Hardware	Furniture, Hardware	Nuuuli Tel: (684) 699 2817
Bell Mart	General Merchandise	Faleniu Tel: (684) 633 1214

SECTION 8: UNITED STATES DEPARTMENT OF AGRICULTURE REQUIREMENTS

As a Territory of the United States, American Samoa is subject to USDA regulations and requirements. This applies specifically to meat and meat related products whether for commercial or personal use.

USDA APPROVAL

Before a company can have a USDA approval, the country in which that company operates must be cleared that foot-and-mouth disease or rinderpest does not exist in that country.

As far as USDA requirements concerned, Samoa is not cleared of the existence foot-and-mouth and is not on the list of approved countries.

For any country wishing to be eligible to export meat and other meat related products to the US or its territories must lodge a formal request to:

*US Department of Agriculture
Food Safety and Inspection Service
International Policy Staff
1400 Independence Avenue, SW
Washington DC 20250-3700*

