

ON COURSE  
TO NEW MARKETS





# ON COURSE TO NEW MARKETS

THE AUSTRALIAN GOVERNMENT AND CARNIVAL AUSTRALIA'S PARTNERSHIP APPROACH TO MARKET ACCESS FOR NI-VANUATU BUSINESSES.

## DATES

2015 – ON-GOING

## LOCATIONS

VANUATU

## KEY STAKEHOLDERS

AUSTRALIAN GOVERNMENT DEPARTMENT OF FOREIGN AFFAIRS AND TRADE (DFAT), CARNIVAL AUSTRALIA, INTERNATIONAL FINANCE CORPORATION (IFC), A MEMBER OF THE WORLD BANK GROUP, PACIFIC HORTICULTURAL AND AGRICULTURAL MARKET ACCESS (PHAMA) PROGRAM, PACIFIC TRADE INVEST (PTI) AUSTRALIA

In Vanuatu, a partnership between the Australian Government and Carnival Australia's P&O Cruises is creating linkages between tourism and other sectors as a means to accessing markets for local businesses.

## BACKGROUND

Although Pacific Islands communities are ideally positioned to benefit from the rapid growth of the global cruise tourism sector, access to markets remains the single biggest barrier to growth for local businesses.

In 2013, the Australian Government and Carnival Australia signed a Memorandum of Understanding (MoU) for a partnership to progress development outcomes in the Pacific by working together to promote economic opportunities, skills development and employment opportunities in the region.

Under the agreement, the Australian Government's Department of Foreign Affairs and Trade (DFAT) and Carnival Australia-operated P&O Cruises agreed to address a number of priority areas including increasing direct sourcing of art work, handicrafts and produce from local suppliers in Vanuatu.

As part of the MoU, in 2014 DFAT and Carnival also partnered with the International Finance Corporation (IFC) of the World Bank Group to conduct an 'Assessment of the Economic Impact of Cruise Ships to Vanuatu'.

"The cruise industry brings hundreds of thousands of passengers to the Pacific each year. This is a strong market opportunity for local businesses to sell their products and substantially increase their customer base."

PACIFIC REGIONAL MANAGER –  
THOMAS JACOBS

In assessing the economic value on the impact of cruise tourism in Vanuatu for the first time, the IFC study also identified that an additional AU\$10 million could be delivered to the Vanuatu economy by increasing local purchasing by cruise companies and handicrafts opportunities.

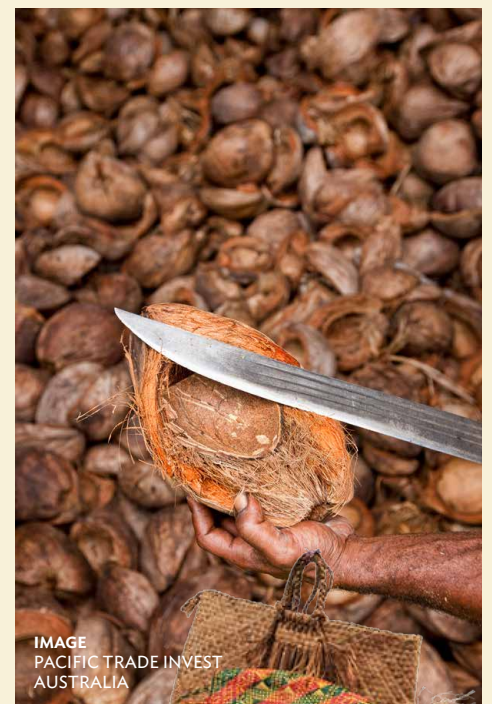


IMAGE  
PACIFIC TRADE INVEST  
AUSTRALIA

## PROJECT OVERVIEW

### PURPOSE

The Pacific Islands is the most popular cruise destination for P&O Cruises' guests, creating opportunities for local demand for products and services in a sector largely comprised of small operators and family-owned businesses.

Under the terms of the MoU, and consistent with the company's intent for communities to share the benefits of cruise tourism, the aim has been to find ways to increase direct sourcing of local products and services, including in the shore tour area.

Consistent with global trends and international standards, the procurement of food, beverages and consumables is typically managed through global supply contracts linked to home ports. Therefore the focus has been on working with DFAT to increase passenger awareness about the locally-made products that can meet Australian Government and P&O standards.

This has involved using P&O ships to assist with filming video content for the Pacific Horticultural and Agricultural Market Access Program (PHAMA) and installing cabinets on-board ships to assist passengers make choices about the products that can be brought to Australia.

In addition, P&O Cruises has been taking initial steps to find a way to trial the sale of some products made in Vanuatu on-board its ships. The challenge involves meeting required standards as part of the global supply chain.



### APPROACH

The 2014 IFC study identified the following hurdles to overcome in order to realise the project goals:

#### *Awareness*

- The need to increase passenger awareness of local handicrafts, the stories behind them and what it means to Vanuatu if they 'buy local';

#### *Access*

- The need to improve access to handicraft products through the promotion of local handicraft shopping opportunities available on the trip and increase the ease of access to handicraft markets in destination ports;

#### *Authenticity*

- The need to help purchasers establish the authenticity of handicraft products, and generate a more authentic shopping experience by encouraging the sale of local handicrafts over imported products; and

### *Quarantine awareness*

- The need to lift the awareness of purchasers and product vendors about what products are likely to comply with quarantine requirements in Australia and New Zealand to lift confidence about purchasing local products.

To address the above, DFAT engaged the Pacific Horticultural and Agricultural Market Access (PHAMA) Program and PTI Australia to partner with P&O Cruises to identify export-ready businesses and work with local producer organisations in developing the tools and training required to meet the standards required by P&O Cruises and Australian quarantine laws.

### REFERENCES

'Creating Shared Value Through Partnership' Ministerial Statement on Engaging the private Sector in Aid and Development, Department of Foreign Affairs and Trade, August 2015  
<http://dfat.gov.au/about-us/publications/aid/Pages/creating-shared-value-through-partnership.aspx>

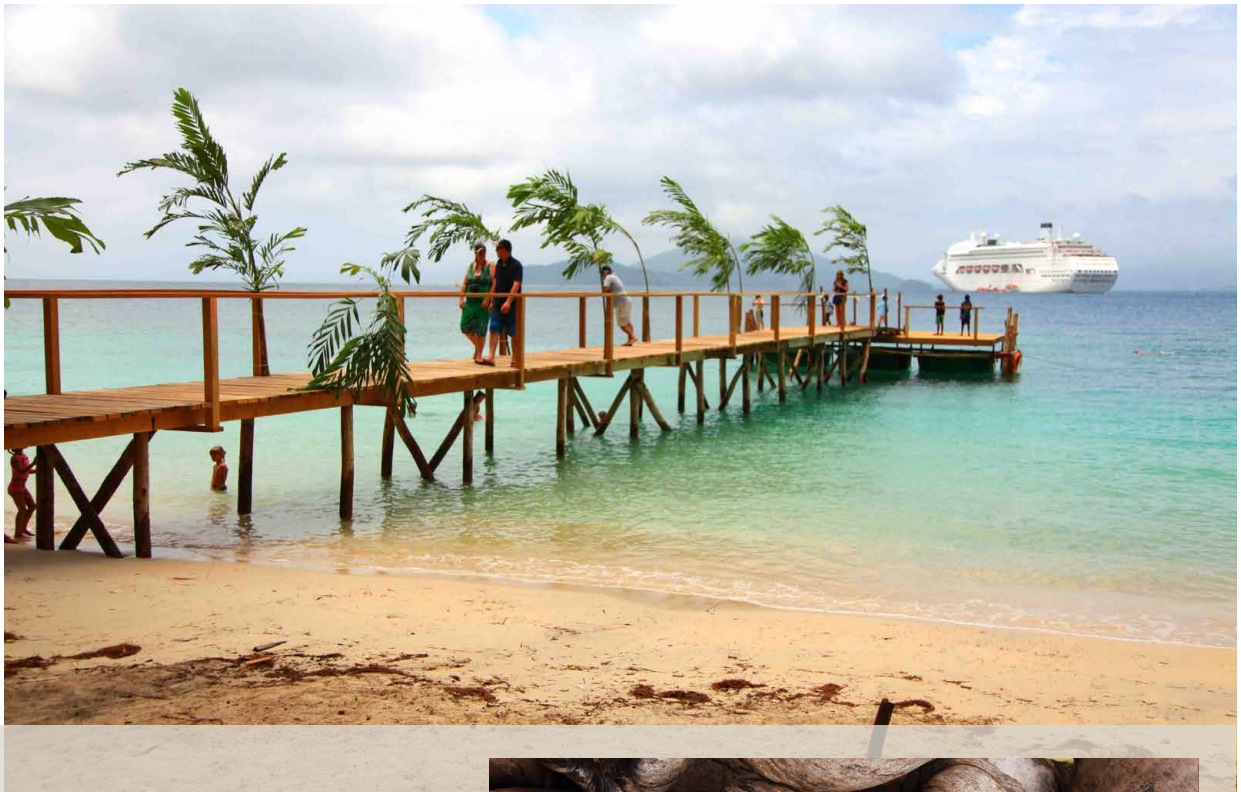
<hr style="width: 20px; margin-bottom: 10px;"/> <b>EARLY 2014</b>	<p>PHAMA installed handcraft quarantine display cabinets on-board three P&amp;O vessels, in order to inform tourists about handcraft items that they can and cannot take home.</p>
<hr style="width: 20px; margin-bottom: 10px;"/> <b>OCTOBER 2014</b>	<p>PHAMA developed and printed Handicraft Vendor Guides and awareness posters and provided training to support the sale of handicrafts in Vanuatu. This training continued in 2015 and 2016.</p>
<hr style="width: 20px; margin-bottom: 10px;"/> <b>JULY 2015</b>	<p>DFAT, Carnival Australia and IFC hosted a tradeshow and series of workshops in Port Vila in conjunction with the Australia-Pacific Islands Business Council Meeting. This included information sessions for local businesses interested in understanding the standards required to supply products to P&amp;O's fleet.</p>
<hr style="width: 20px; margin-bottom: 10px;"/> <b>MAY 2016</b>	<p>IFC and PHAMA conducted a survey of P&amp;O passengers to determine customer preferences and profitable products, as well as to understand why some tourists don't buy handicrafts and how big a factor Australian and New Zealand quarantine restrictions are.</p>
<hr style="width: 20px; margin-bottom: 10px;"/> <b>SEPTEMBER 2016</b>	<p>PHAMA and IFC published the 'Market Analysis of the Retail Sector Amongst Cruise Passengers to Vanuatu' Report highlighting the results of IFC and PHAMA survey work.</p>
<hr style="width: 20px; margin-bottom: 10px;"/> <b>DECEMBER 2016</b>	<p>Work between Carnival Australia and the IFC to develop a pilot program to offer locally-made products on-board the ships. The pilot is in the development phase.</p>
<hr style="width: 20px; margin-bottom: 10px;"/> <b>JANUARY 2017</b>	<p>PTI Australia facilitated a mission to Vanuatu, taking Carnival Australia's Director – Supply Chain to meet with ten Vanuatu enterprises to gauge capability and capacity in meeting P&amp;O Cruises procurement standards.</p>
<hr style="width: 20px; margin-bottom: 10px;"/> <b>JUNE 2017</b>	<p>PHAMA produced a series of handcraft promotional and quarantine awareness videos for PNG, Solomon Islands and Vanuatu emphasising the benefits to local people when tourists buy locally made artefacts, and explaining the types of artefacts which are currently permitted into Australia and New Zealand. They will be shown to passengers on-board Australian cruises and at strategic outlets in PNG, Solomon Islands and Vanuatu.</p>



“This (pilot program) is a very exciting opportunity for our producers and us. Around 500 women, who make these crafts and products in the outer islands, will gain extra income to help pay for school fees, as well as medical and living expenses.”

SANDRINE WALLEZ, PRESIDENT –  
ACTIV ASSOCIATION<sup>1</sup>

<sup>1</sup>ACTIV Association, a Vanuatu NGO which sources local products from villages, supplied cruise ships with woven bags and mats, as well as traditional carvings for the pilot program.



## RESULTS

P&O Cruises signed supply contracts with Tanna Coffee and Vanuatu Water. Although these contracts have ceased, the lessons learned as a result of these contracts have provided a framework for equipping Pacific suppliers to meet the expectations of P&O Cruises procurement standards.

P&O Cruises is working with the IFC to engage with a number of potential local Pacific supplier firms to identify the steps necessary to be able to stock products such as chocolate, coffee and handicrafts on P&O's Pacific ships. Achieving third-party certification for such products is essential before they can be sold on-board. Achieving this certification will contribute to providing local Pacific suppliers access to this lucrative and expanding market.

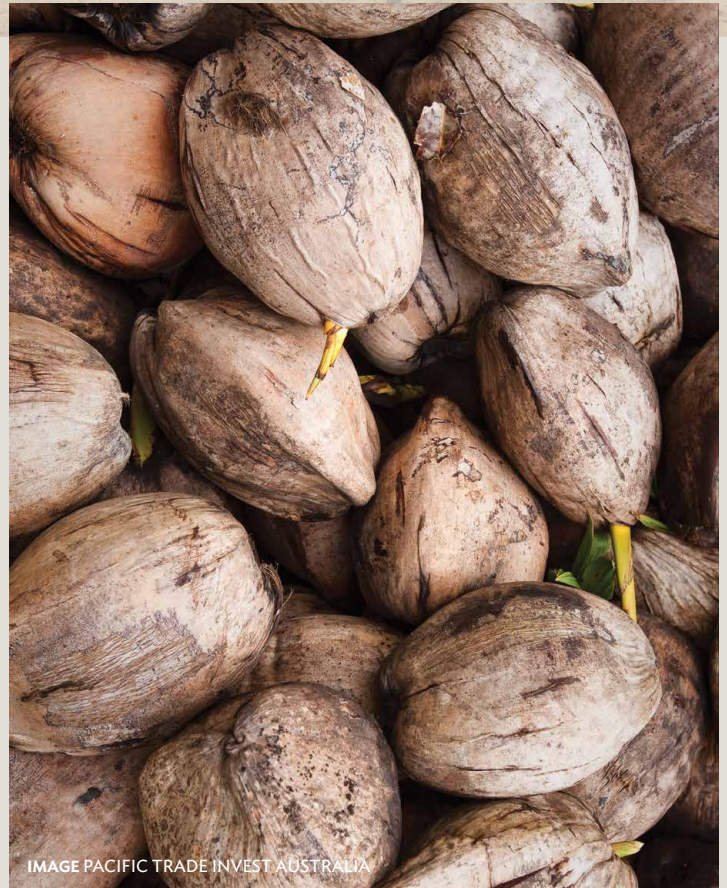


IMAGE PACIFIC TRADE INVEST AUSTRALIA

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'Creating Shared Value Through Partnership' Ministerial Statement on Engaging the private Sector in Aid and Development, Department of Foreign Affairs and Trade, August 2015  
<http://dfat.gov.au/about-us/publications/aid/Pages/creating-shared-value-through-partnership.aspx>



# PARTNERS

## THE AUSTRALIAN AID PROGRAM

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Australia's aid program promotes Australia's national interests by contributing to sustainable economic growth and poverty reduction. The aid program focuses on two development outcomes: supporting private sector development and strengthening human development. On 31 August 2015, Australia's Minister for Foreign Affairs launched the Ministerial Statement on engaging the private sector in aid and development - Creating shared value through partnership which invites businesses to work with the Australian Government to help solve our region's development challenges. The Strategy recognises the private sector as a driver of economic growth, incomes and jobs, and as a partner for government to achieve more effective and sustainable aid outcomes.

FOR MORE INFORMATION,  
VISIT [WWW.DFAT.GOV.AU](http://WWW.DFAT.GOV.AU).

## CARNIVAL AUSTRALIA

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Carnival Australia was formed in July 2004 to meet the growing demand for cruising and the number of Carnival Corporation & plc cruise companies homeporting ships from Australia and New Zealand. Since then, Carnival Australia has led the rapid expansion of the industry, which has tripled in the past five years alone and now sees well over 700,000 Australians take a cruise holiday each year. Today, Carnival Australia represents three homeported brands in Australia – Carnival Cruise Lines, P&O Cruises and Princess Cruises – as well as another four international cruise brands that visit the region annually – Cunard Line, Holland America Line, P&O Cruises World Cruising and Seabourn.

FOR MORE INFORMATION,  
VISIT [WWW.CARNIVALAUSTRALIA.COM](http://WWW.CARNIVALAUSTRALIA.COM).

## INTERNATIONAL FINANCE CORPORATION (IFC)

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IFC, a member of the World Bank Group, is the largest global development institution focused on the private sector in emerging markets. Working with more than 2,000 businesses worldwide, we use our capital, expertise, and influence to create markets and opportunities in the toughest areas of the world. In FY16, we delivered a record \$19 billion in long-term

financing for developing countries, leveraging the power of the private sector to help end poverty and boost shared prosperity.

IFC's work in the Pacific is guided by the Pacific Partnership. Australia, New Zealand and IFC are working together through the Pacific Partnership to reduce poverty in the Pacific by stimulating private sector development.

FOR MORE INFORMATION,  
VISIT [WWW.IFC.ORG](http://WWW.IFC.ORG).

## PACIFIC HORTICULTURAL AND AGRICULTURAL MARKET ACCESS (PHAMA) PROGRAM

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The Pacific Horticultural and Agricultural Market Access Program (PHAMA) provides practical and targeted assistance to help Pacific island countries manage regulatory aspects associated with exporting primary and value added products. This encompasses gaining access for products into new markets, and helping to manage issues associated with maintaining and improving existing trade.

Australia and New Zealand are markets of major interest, along with export markets beyond the Pacific. The core countries assisted through PHAMA include Fiji, Tonga, Samoa, Vanuatu, Solomon Islands and Papua New Guinea.

PHAMA is an Australian Government initiative, co-funded by the New Zealand Government.

FOR MORE INFORMATION,  
VISIT [WWW.PHAMA.COM.AU](http://WWW.PHAMA.COM.AU)

## PACIFIC TRADE INVEST (PTI) AUSTRALIA

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Founded in 1979, PTI Australia is a Pacific Island agency that creates jobs in the Pacific by facilitating trade and attracting investment into the region. With an extensive network and a deep understanding of the Pacific Islands, PTI Australia supports private sector growth to reduce aid reliance, making long-term, sustainable improvements to the region's economy and the livelihoods of Pacific Islanders.

PTI Australia is funded by the Australian Government.

FOR MORE INFORMATION,  
VISIT [WWW.PACIFICTRADEINVEST.COM](http://WWW.PACIFICTRADEINVEST.COM)