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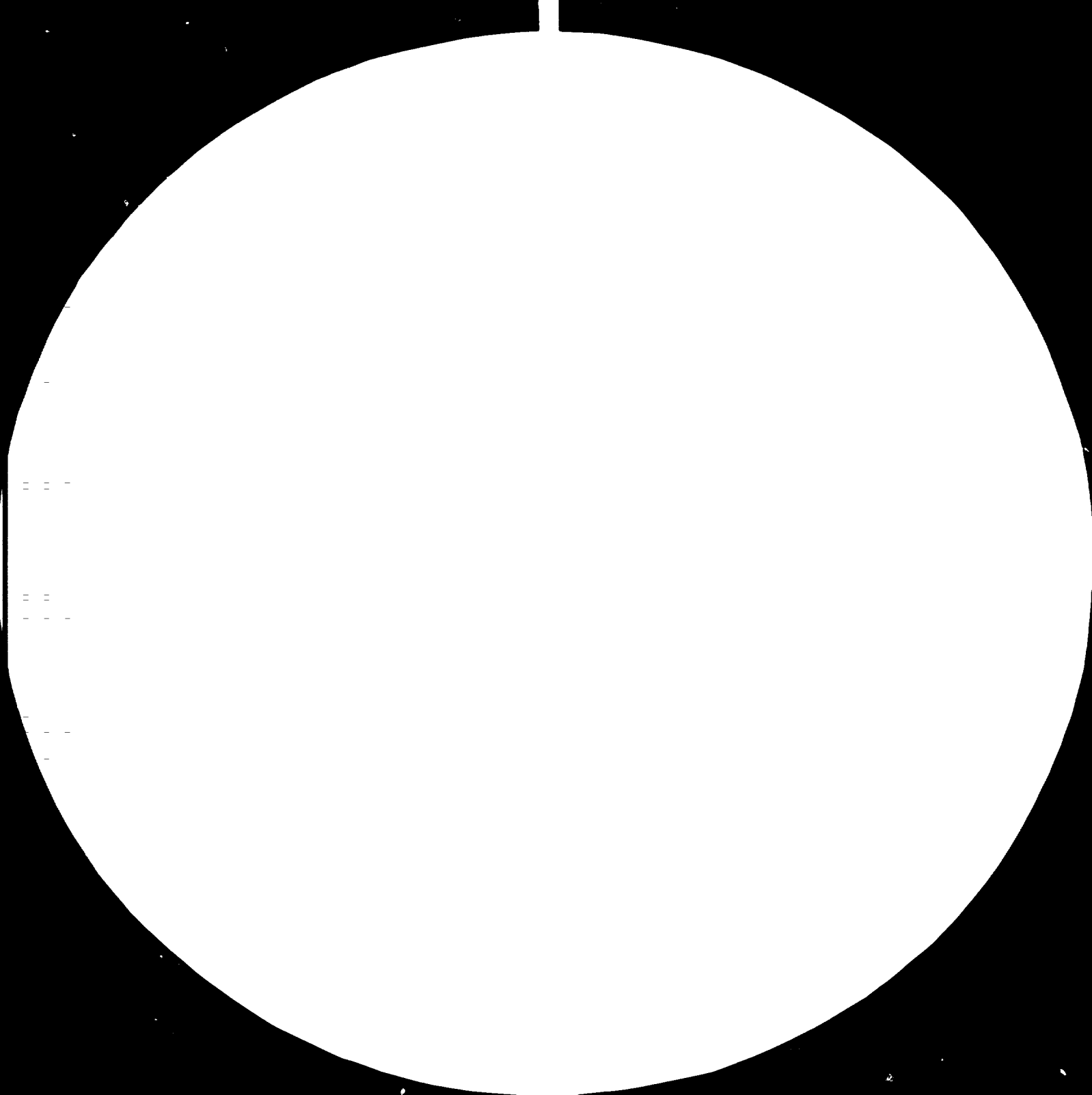
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ENGLISH

REVIEW OF THE VEGETABLE OILS AND FATS INDUSTRIES SECTOR OF THE
PACIFIC REGION^{1/}

DP/RAS/79/031

COUNTRY REPORT ON NAURU .

Prepared for the Government of Nauru by the United Nations
Industrial Development Organization in co-operation with
the International Trade Centre UNCTAD/GATT.

Based on the work of J. R. Santhiabillai and G. P. Yeats.

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RECOMMENDATION

- 1) Nauru because of its very high GDP per capita and small size would find it difficult to have any viable industries apart from perhaps the fishing industry.

In any event it is recommended that greater attention should be paid to maintain statistics particularly as regards imports.

INTRODUCTION

1.

1. Project Background and Justification

The first consultation meeting on the Vegetable Oil and Fats Industry was held in Madrid from 12 to 16 December 1977.

This meeting convened by UNIDO in pursuance of the Lima Declaration and Plan of Action and General Assembly Resolution 3362, is part of its efforts to promote co-operation in raising the overall level of industrial production in developing countries. The meeting made a series of follow-up recommendations relating, inter-alia, to global policy for increased international and technical co-operation between the developed and the developing countries and among the developing countries themselves, and for specific follow-up action, both short-term and long term.

UNIDO decided to carry out, through expert services, evaluation studies of the potential of the vegetable oil industries sector in a selected number of developing countries. This evaluation country study was to assess and evaluate the existing situation in the countries to be covered with regard to the availability and utilisation of oil-bearing materials (including the raw material potential), the domestic market situation (present demand) in vegetable oils and protein cake/meals and the present status of the vegetable oil industry. In fulfilment of the above decision, a UNIDO consultant on edible oils made a study of Western Samoa from November 20 to December 4, 1978.

Since the Pacific region is agronomically suitable for production of oil producing species, coconuts and oil palm, such raw materials offer one of few available possibilities for integrated agro-industrial development; vegetable oils and fats, detergents, cosmetics, protein cake/meals, livestock feed and further spinoffs and linkages with the agricultural sector.

It was agreed during the UNDP/ESCAP/SPA/SPEC Inter-Country Programming Meeting held in Suva in February 1979, that this type of study should be made into a Regional Pacific Project.

SPEC would like to see the exercise accord recognition to the concept that effective regional co-operation could be a positive means of reducing costs and rationalising development in the Pacific.

2. Objectives

Development Objectives: The long term objectives of this regional project is the promotion of regional self-sufficiency in production, processing and related agro-industrial development of vegetable oils and fats.

The study is to assess and evaluate the existing situation with regard to the availability and utilisation of oil bearing raw material potential, the domestic market situation demands for a vegetable oil industry, protein/cake and the status of the vegetable oil industry at present in operation with a view to its further technical technological, and alternative development. It should provide specific long range recommendations towards improving the export of vegetable oils and fats, and provide marketing strategies in relation to present export patterns.

Immediate objectives: The immediate objectives is to recommend methods that can be applied for improving local production and distribution and to provide a marketing diagnosis which will stimulate better export strategy which can be implemented in the immediate future.

Whenever applicable, the study should also consider evaluating oils and fats from animal sources and the possibility of developing viable productions and import substitutions.

3. Project

In fulfilment of the above, two consultants

a) Joe R. Santhiapillai - Team leader and vegetable oil industry specialist from UNIDO b) George Yeats - Marketing Analyst from ITC, visited Fiji, Kiribati, Tonga, Western Samoa, Niue, TTPI, Papua New Guinea, Solomon Islands, Cook Islands, Nauru, Vanuatu and Tuvalu and prepared twelve country reports with tables, annexes and assessments made and based thereon. In addition the experts produced a summary of the regional study. The project was for a duration of six months.

4. Acknowledgements

Our sincere thanks are due to all the people we had met during our visits to the different countries. If not for their considerable help and co-operation this project would not have been a success. A list of those people principally involved in discussions is given at the end of the report.

During the project we were based at SPEC, Suva and our special thanks are due to the Director, Deputy Director, Administration Officer and Mr. John Franklin, Trade and Marketing Officer and all at SPEC for their invaluable help and co-operation. Our thanks are also due to Mr. Dello Strologo, SIDFA and all at the UNDP office in Suva for their help in innumerable ways.

MAURU

Population 1978 : 7000

G.D.P. per capita 1977 : A\$19560

Land Area : 21 sq. km.

Sea Area : 320,000 sq.km.

Geography : Consists of one island

Agricultural Production : Coconut is the main agricultural crop but no copra is produced.

Statistical Information

No statistics could be obtained as regards imports or exports. As regards exports the only item exported is phosphate and apart from local foodstuffs everything is imported into the country.

This situation is not likely to change till the phosphate deposits run out which is estimated to be in about 10/15 years.

The only industry possible might be the fishing industry. The Govt. should ensure that the coconut trees are replanted so that in the later years there will be sufficient coconuts for consumption as otherwise that too would be imported.

CONSUMPTION OF FATS AND OILS AND FUTURE MARKET TRENDS

Unfortunately the relevant statistics on consumption of fats and oils were not available in Nauru so it is difficult to quantify the situation. Nevertheless it is worthwhile listing the relevant factors.

Coconuts are widely grown around the island and extensively used for fresh consumption. No figures or opinions were available on fresh coconut consumption but it is likely to be less than most of the rest of the region. Thus, the consumption of fats, and oils, which is already assumed to be higher than most of the rest of the region, in line with the higher incomes occurring here, probably comes mainly from imported sources, and is likely to be more so in the future. This source is presently mainly animal fats and vegetable oils from Australia. Canned dripping and vegetable oil in bottles, and packaged butter were seen in Nauru shops. Coconut oil soap from the Solomons was also available.

In the region, therefore, Nauru can mainly be seen as a market for fats and oils rather than as a producer.

SHIPPING

Nauru occupies a very isolated position in the region, both from a location point of view and because of very few shipping links with the rest of the island countries. (Phosphate shipping will not be considered here). The Nauru Shipping Line has two ships, one owned by the government of Nauru, and one on charter from the Trust Territory of the Pacific Islands. These service two main routes: one from Nauru through Micronesia to the west coast of USA; the other from Nauru north to Micronesia and south to Australia (Melbourne). Calls are made at other Pacific Island ports from time to time. No copra is carried although one of the vessels could take copra in a hold; the other ship is fully containerised.

No information was obtained on policy of operation of the line.

Nauru may be thought of as a small but important market for the area, but as yet it is oriented towards the USA and Australia for its imports.

Freight rates from Nauru - Melbourne are low, \$A45.90/t general cargo and \$A66.70/t refrigerated cargo, and no indication could be obtained as to whether these are likely to be continued, but they should probably not be taken as an indication of the cost of service that Nauru could provide throughout the region.

REGIONAL CO-OPERATION

Nauru's position as a wealthy nation in terms of per capita income means that to some extent it is isolated from the rest of the Pacific which has a low per capita income with a high dependence on subsistence agriculture, fishing and hunting. This high income status does mean, however, that Nauru has become a consumer market out of proportion to its population size and has an importance in this study even for that reason alone.

Nauru's income position has also given it a manoeuvrability to undertake a special interest in regional affairs. This is only natural also considering the small population of the republic, and the extent to which it is dependent on outside trade and investments. It is likely therefore that Nauru will be a strong supporter of moves to increase trade within the region.

