

Understanding the “Beche de Mer” Value Chain (Fiji and Tonga)

Asia-Pacific Tropical Sea
Cucumber Aquaculture
Symposium

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Theo Simos – my background

- 35 years experience operating in food & beverage value chains in international markets.
- Grew up on a fruit orchard and trained in food processing, management, food exporting and marketing.
- Manufacturing, Business development, Sales & Marketing, Export management and Industry development.
- Now a Value Chain Analyst representing The University of Adelaide



PARDI

- The Pacific Agribusiness Research for Development Initiative (PARDI) is a partnership involving the Secretariat of Pacific Communities (SPC), the University of the South Pacific (USP) and a consortium of Australian Universities, funded by the Australian Centre for International Agricultural Research (ACIAR).
- 4 year program.
- Investing in livelihood development outcomes for the forestry, fisheries/aquaculture and crop-based sectors in the South Pacific.
- Fiji, Tonga Kiribas, Samoa, Solomon Islands & Vanuatu.
- Undertake supply chain and market-driven evaluations to identify researchable constraints impeding economic development,
- Implement research-based projects that develop the technologies, products and/or skill based solutions.
- Adelaide University Value Chain group in this project works closely with James Cook and Southern Cross University marine component leaders and scientists

Our Task

Support our scientists and use Value Chain Analysis as a tool to better understand the Beche der mer chain in Tonga & Fiji

- *Review secondary research and literature currently undertaken in the Asia Pacific to identify gaps in our understanding of the whole value chain*
- *Analyse and map the existing value chain from harvesting processing export distribution to consumption.*
- *Identify key partners and stakeholders (public & private) willing to co invest and contribute to the research process (willingness to participate in the implementation of change and improvements)*
- *Gap analysis across the chain to direct and implement further research*
- *Conduct additional primary research*
- *Identify improvement projects with chain participants*
- *Support and oversee implementation*

Value Chains ..many interpretations

- The term '**Value Chain**' was first used by Michael Porter in his book "Competitive Advantage: Creating and Sustaining superior Performance" (**1985**).
- Value chain analysis describes the activities within and around an organization, and relates which value each particular activity adds to the organizations products or services.
- Organizations are more than a random compilation of machinery, equipment, people and money.
- Only if these things are arranged into systems and systematic activates it will become possible to produce something for which customers are willing to pay a price.
- Porter argued that the ability to perform particular activities and to manage the linkages between these activities is a source of **competitive advantage**.

Today

Lack of consumer insight and market intelligence are major impediments

“Search for value in the eyes of the consumer”

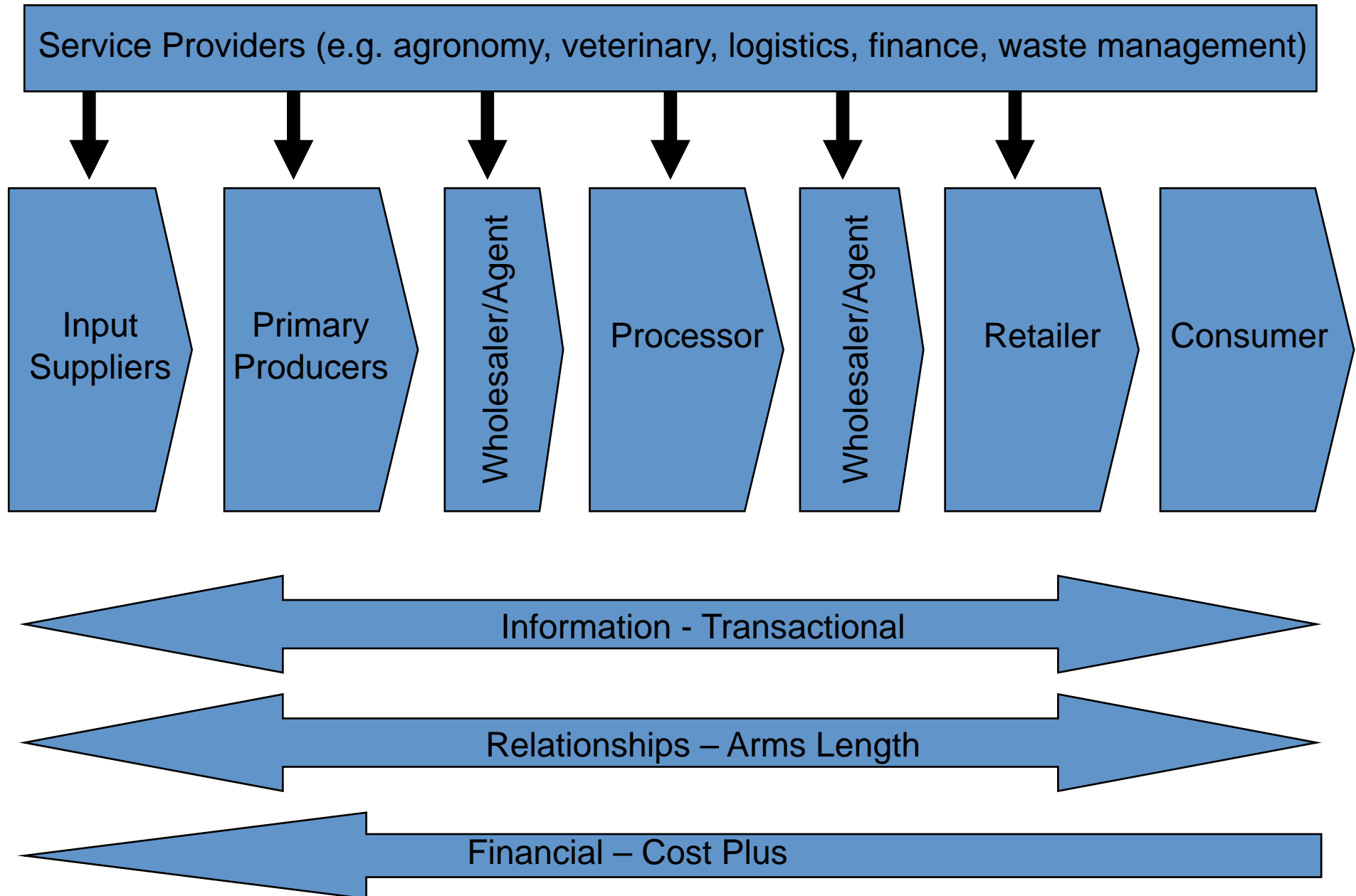
- Apply diagnostic tools....how well is the patient?
- Use value chain analysis to identify opportunities for (Process, products and services) improvements within organisations and across the entire chain
- Critical that we work to identify chain participants collaborate and co invest in innovations along the value chain

Credit to Professor Andrew Fearne

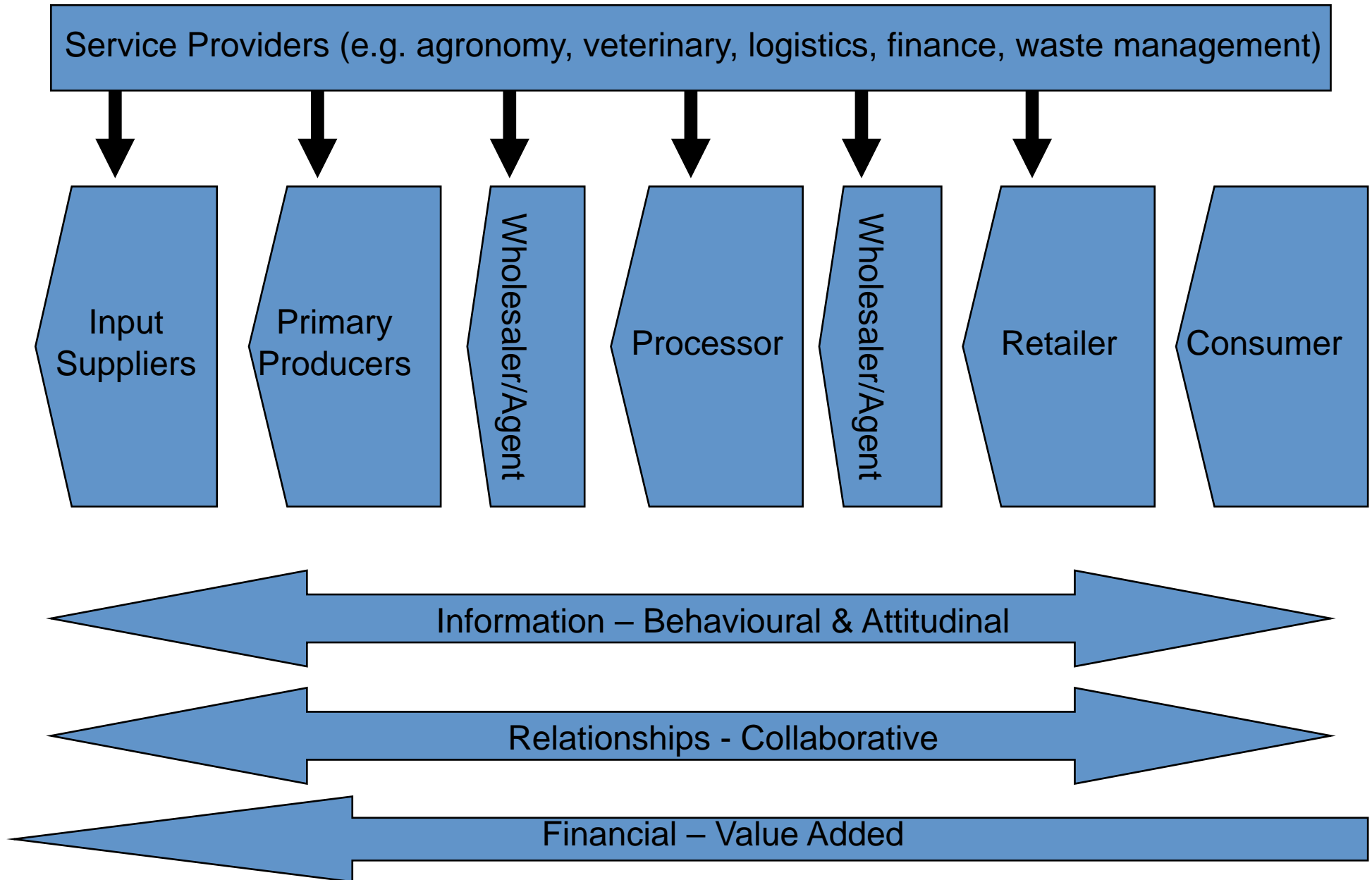
Paradigm shift in thinking (supply chains to value chains)

- **Supply chains**
 - Production ‘push’ orientation
 - Logistics and operations management
 - Compliance
- **Value chains**
 - Demand ‘pull’ orientation
 - Sales, marketing, innovation (NPD, R&D)
 - Value adding
- **Focus on identifying three key flows
(information /relationships /finances)**

Supply Chains



Value Chains



Results in Value Chain Thinking

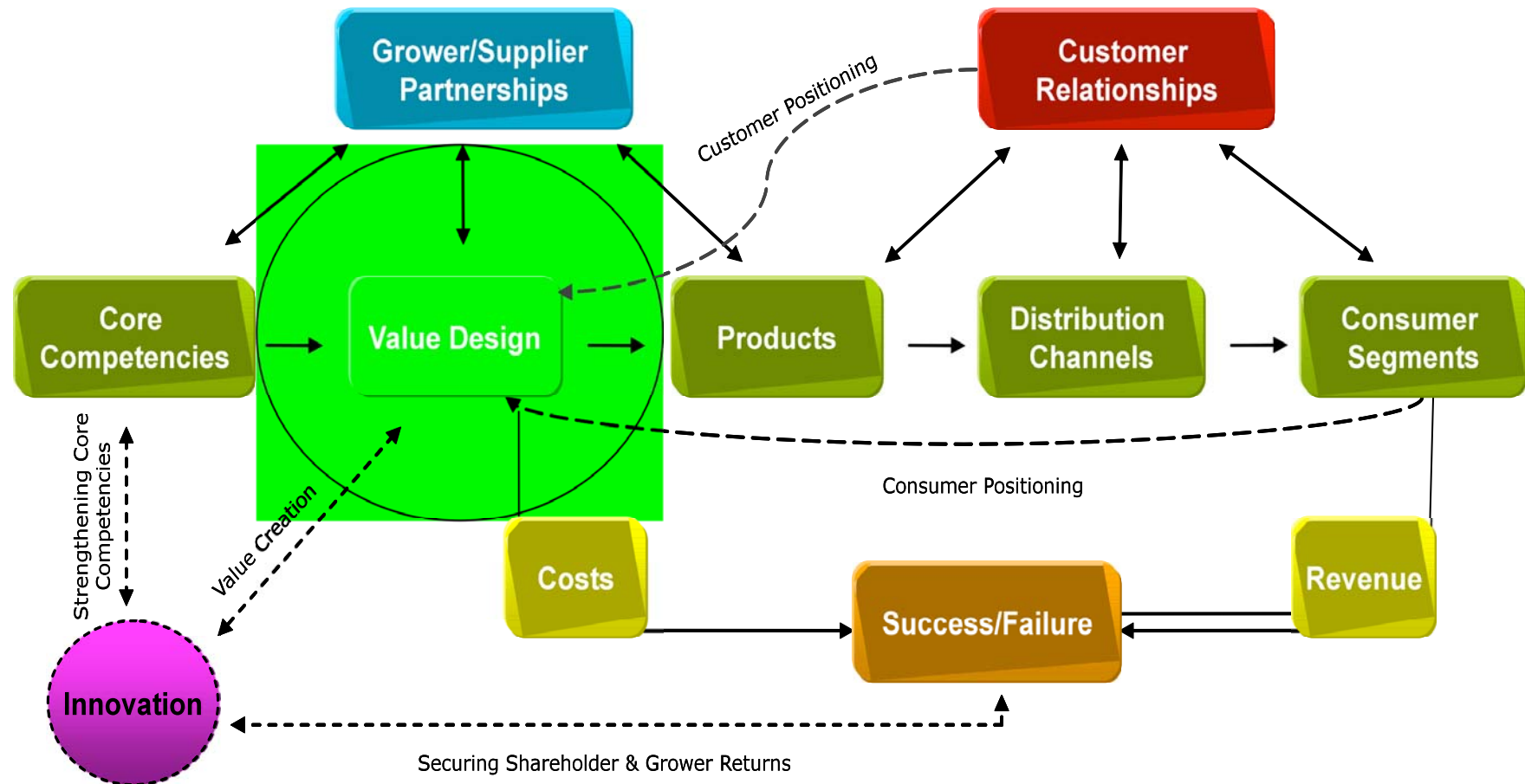
- **Holistic**
 - cross-functional, multi-disciplinary
 - complex (get help!)
 - hard to copy
- **Business philosophy**
 - Process orientation (not what but how)
 - robust
 - Resilient
- **Business structure**
 - Can't do this alone
 - horizontal collaboration
 - vertical co-ordination

Leads to Value Chain Management

Collaborative allocation and management of resources within and between businesses in the value chain, the purpose of which is to improve the competitiveness of the value chain as a whole.

- Process improvement for existing products/ services beyond business boundaries
 - How we do it = input
- Development of new (value added) propositions for distinct customers and targeted consumer segments
 - What we do = output

Dynamic Value Chain Management



Adapted from Osterwalder & Pigneur, 2005

Our approach in PIC`s is to start with Tonga/Fiji first.

- Scope for improvement ‘everywhere’ but often hard to see (particularly when nobody is looking!)
- Need to find ways to draw the attention of different stakeholders to the opportunities for improvement at different stages in the supply chain
- Value chain analysis to extend our **“line of sight”**
 - Analytical tool
 - Communication tool
 - Catalyst for change
 - ‘Seeing the whole’

FIRST CUT

Mapping the Beche de mer chain

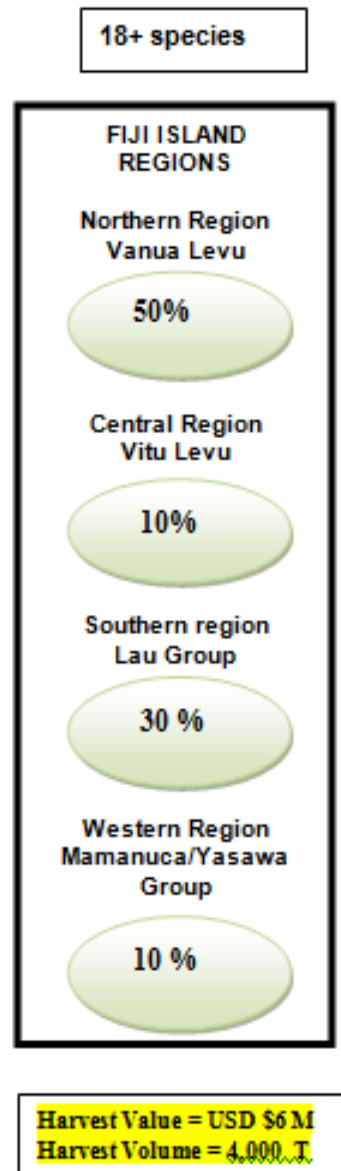
Developing an understanding of the key components of the Fiji & Tonga BDM is work in progress and based on published literature

To derive an accurate understanding will require walking the chain interviews and in-market research.

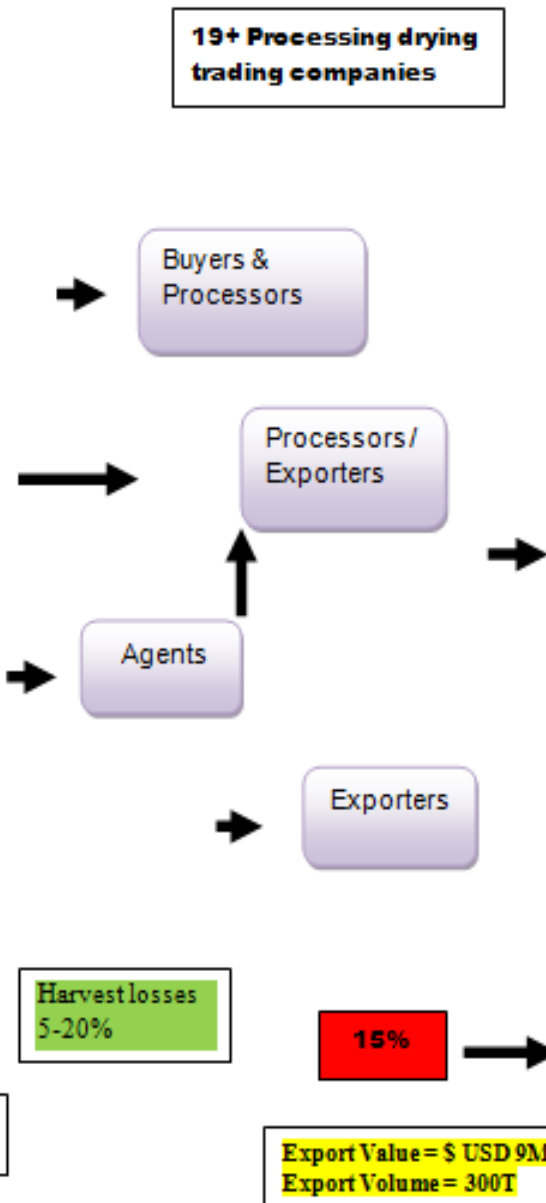
.....We have some way to go!

FIJI CHAIN MAP “Beche De Mer”

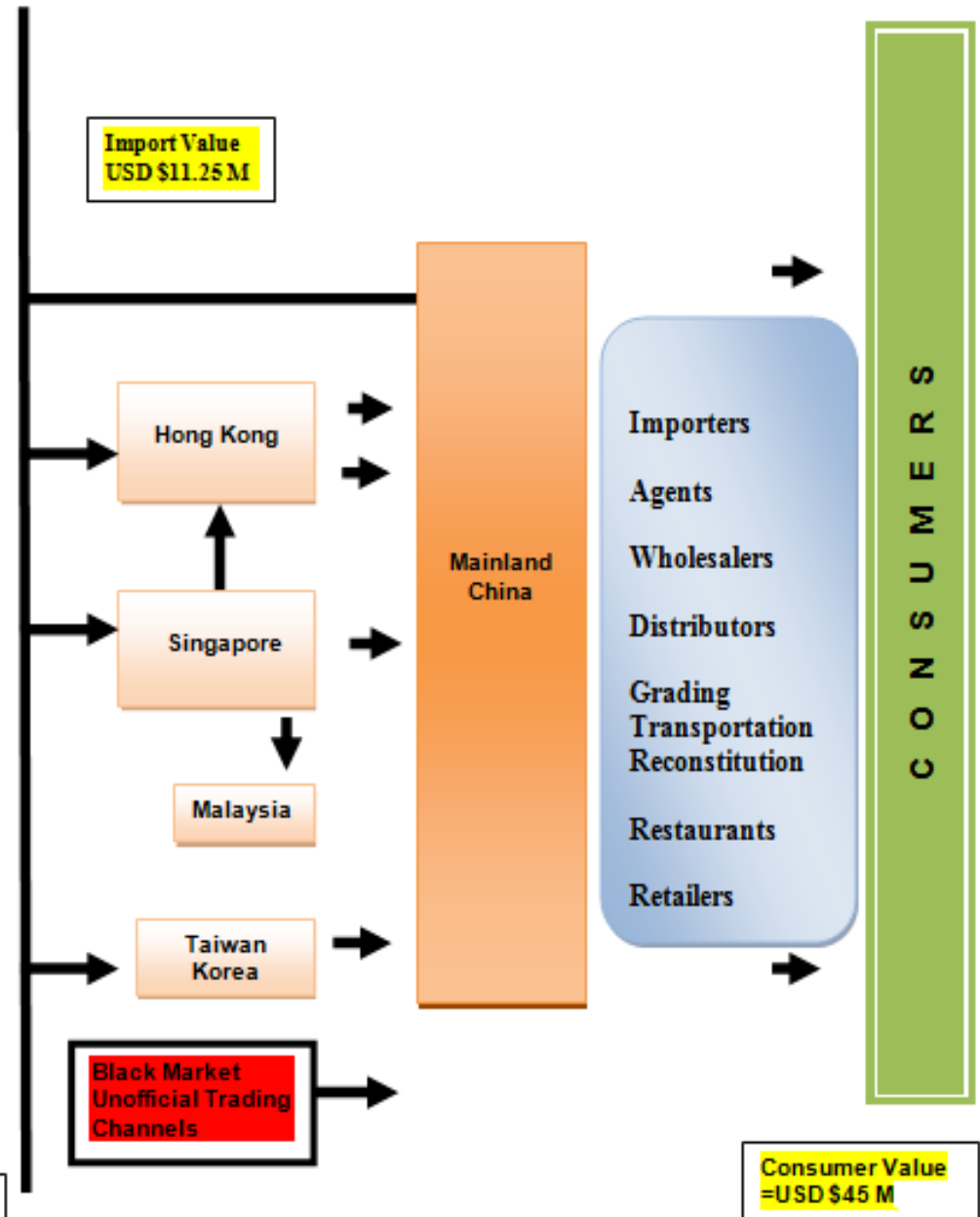
HARVESTING



BUYING & VALUE ADDING



EXPORT TRADING



TONGA CHAIN MAP “Beche De Mer”

HARVESTING

20+ species

TONGA ISLAND
REGIONS

Nuas Group

1%

Vava'u

24%

Ha'apai Group

20%

Tongatapu

55%

Harvest Value = USD \$6 M
Harvest Volume = 4,000 T

BUYING & VALUE ADDING

1 licence
Holder
Processor

8 licensees
Processors/
Exporters

8 Licensees
Processors/
Exporters

8 Licensees
Processors/
Exporters

Harvest losses
5-20%

10%

Export Value = \$ USD 9M
Export Volume = 300T

EXPORT TRADING

Import Value
USD \$11.25 M

Hong Kong

Singapore

Malaysia

Taiwan
Korea

Black Market
Unofficial Trading
Channels

Mainland
China

MARKET CHANNELS

Importers
Agents
Wholesalers
Distributors
Restaurants
Retailers

C O N S U M E R S

Consumer Value
USD \$=45Million

What does the early diagnostic show?

From a Chain perspective

- The “patient” is not well but not atypical of other food and beverage chains.
- No consumer or customer insight.....”the blind are leading the blind” ...no line of sight!
- Resource owners and fishers are powerless and marginalised and not able to get an equitable financial return.
- Power and influence rests with overseas buyers and exporters.
- The depletion of the natural resource is unsustainable.

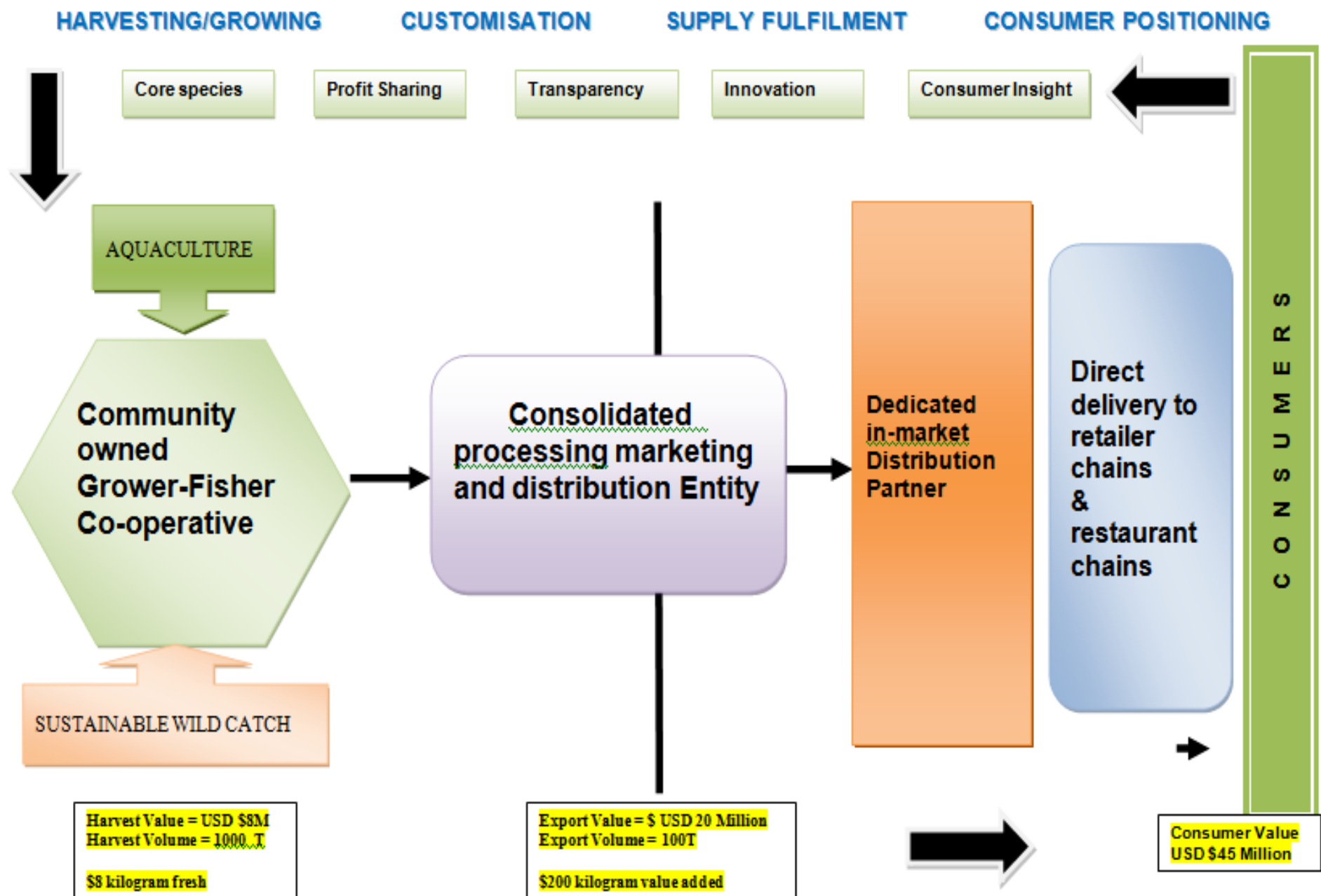
From the supply side

- Data ...gaps “Battling the Data”
- No research on livelihood returns/ benefits/ impacts
- Some initial research has identified high waste..collection to processing
- Processing techniques are rudimentary outdated, unclear, and undocumented
- Understanding domestic structures, players, systems for monitoring and measurement.
- Gaps in governance & enforcement

However there are exciting opportunities ahead

- BDM is high demand and derives high value
- Significant market growth in Asia & China
- Opening up of modern consumer markets
- Segmentation of markets opens up new opportunities for small niche suppliers
- Market channels are more transparent and logistically accessible
- There are new models that can be developed to deliver sustainable competitive advantage

Sustainable Community Owned Value Chain Model



Conclusions

The Beche de Mer industry In Tonga and Fiji (and other PICs) are on a journey... to where?

PARDI future investment will be a cautious and deliberate process and work closely with our local partners to understand the potential of this industry.

I look forward to sharing with you the results of our discovery process sometime in the future.

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