



Spatialising the Melanesian *Canarium* industry: Understanding economic upgrading in an emerging industry among three Pacific small island states



J. Carter¹, E.F. Smith^{*}

University of the Sunshine Coast, Australia

ARTICLE INFO

Article history:

Received 11 January 2016

Received in revised form 4 July 2016

Accepted 4 July 2016

Available online 9 July 2016

Keywords:

Economic upgrading

Pacific

Small island states

Micro-enterprise

Core-periphery relations

International development

ABSTRACT

This paper examines economic upgrading in the *Canarium indicum* (*Canarium*) nut industry in Vanuatu, the Solomon Islands and Papua New Guinea. *Canarium* is a tree that is indigenous to Melanesia, and has been the subject of several commercialisation attempts since 1988. The paper assesses the outcomes to various actors in the *Canarium* supply chain from attempts to upgrade industry products and processes by: (1) increasing the available resource in suitable locations; (2) improving nut products and processing techniques; (3) increasing actors' knowledge and supply chain coordination; and (4) establishing product standards. A two-phase data generation process was implemented. Document analysis and participant observations of industry workshops initiated a set of four economic upgrading interventions that were adaptively implemented. A second stage of workshops and 76 interviews enabled outcomes to be assessed at the project's end. Findings suggest that a small number of urban-based entrepreneurs benefit and subsequently are lead actors in industry development, but at the expense of benefits being distributed to a larger, more spatially disparate group of smallholder and small commercial growers. These economic upgrading outcomes are circumscribed by core-periphery relations in Pacific small island states and the scale of industry in each country. Thus, spatial inequalities are reproduced through the emerging *Canarium* industries. We argue that different routes to industry development are required in each country. Development initiatives that capitalise on the benefits of micro-enterprise clusters, joint action and regional institutional arrangements are proposed to overcome the impediments imposed by the particular geographies of Pacific island states.

© 2016 The Authors. Published by Elsevier Ltd. This is an open access article under the CC BY-NC-ND license (<http://creativecommons.org/licenses/by-nc-nd/4.0/>).

1. Introduction

In accordance with agricultural globalization, Pacific island states are encouraged through development imperatives to establish commercial agricultural export sectors (Storey and Murray, 2001; Murray, 2000, 2001; Connell, 2007), the outcomes of which have tended to negatively impact on rural households, and result in industries that have not been sustainable over the long term (e.g., Tongan squash pumpkin, Niuean Taro; see Murray, 2001). Subsequent development recommendations have remained export-oriented, but there is also a focus on the development of niche products (AusAID, 2009). With a few exceptions (e.g., Fiji

Water; see Jones, 2012), niche products have not featured significantly in Pacific economies and evidence of the impact on rural households is scant. Niche commodities—high quality and value-added agricultural products—may become increasingly important for Pacific island states as subsidized exports such as textiles and sugar lose government protection and market share (Connell, 2007).

Canarium indicum (*Canarium*) is a tree indigenous to Melanesia, providing edible nuts that have traditional and customary significance (e.g., nutrition, building material for canoes and other wooden items, resin for light, traditional medicines) as well as commercial potential, comparable to the international macadamia nut industry (Thomson and Evans, 2006). The development of *Canarium* as a cash crop and potential niche product is widely viewed as an effective means to improve the livelihoods of rural Melanesian households (Evans et al., 1996; Nevenimo et al., 2007; Bunt and Leakey, 2008; Wallace et al., 2012). Its industry potential arises from the abundance of *Canarium*, the commercially attractive characteristics of the nuts (e.g., thin shells, large kernels,

^{*} Corresponding author at: Sustainability Research Centre, ML28, University of the Sunshine Coast, Locked Bag 4, Maroochydore DC, QLD 4558, Australia.

E-mail addresses: jcarter@usc.edu.au (J. Carter), esmith2@usc.edu.au (E.F. Smith).

¹ School of Social Sciences, University of the Sunshine Coast, Locked Bag 4, Maroochydore DC, QLD 4558, Australia.

ease of opening, and oil content), and unmet local demand (Thomson and Evans, 2006; Nevenimo et al., 2008; Bunt and Leakey, 2008). This paper uses economic upgrading as the conceptual lens to examine the impacts on actors in the fledgling *Canarium* nut industry in the Melanesian nations of Vanuatu, the Solomon Islands and Papua New Guinea (PNG), shown in Fig. 1.

The research reported here comprised one component of an Australian overseas aid project involving the first author, implemented in the three island nations. The entire aid project involved market research about consumer preferences for various nut products (e.g., dried, salted, chocolate-coated etc.), agricultural science research into improved processing (e.g. different nut crackers, processing standards such as drying temperatures and packaging requirements for different products) and social science research into the opportunities and constraints for participation by different actors in the *Canarium* supply chain. The latter is the focus of this paper.

First, we survey the challenges of socio-economic development in small island developing states. Second, we explore the theoretical and empirical literature relating to economic upgrading in developing countries. The methods used to implement the exploratory, qualitative study are described in Section Four, and we present a country-by-country synthesis of our research findings in Section Five. Finally, in Section Six, we emphasise the influence of core-periphery relations that may be observed in Pacific small island states and their role in shaping the outcomes of economic upgrading in industries of different scales. We also propose alternative development trajectories for each country that capitalise on the benefits of micro-enterprise clusters, joint action and institutional arrangements to improve livelihoods in the Pacific. In doing so, we provide—to the best of our knowledge—the first analysis of economic upgrading in a Pacific context, and we demonstrate that upgrading efforts in a single industry produce spatially and socio-economically uneven outcomes shaped by core-periphery relations in small island developing states. Thus, the case studies reported here provide a contrasting perspective

to the extensive upgrading literature that tends to be dominated by 'success stories' (Milberg and Winkler, 2011).

2. The challenges of socio-economic development in small island developing states

Small island developing states (SIDS) contend with a range of unique socio-economic development challenges, but these challenges are not necessarily a reflection of their small size (e.g., populations less than three million) or 'islandness' (Armstrong and Read, 2003, 2006). Armstrong and Read (2003, 2006) illustrate the lack of explanatory power of these factors, explaining that states with small population sizes are disproportionately represented at the high end of gross national income per capita in comparison with large states. Instead, the development challenges faced by SIDS tend to be shaped by: (1) limited natural resources, which is partly a function of their small geographic size; (2) small domestic markets, which have limited the development of a critical mass of domestic economic activity; (3) low diversification of exports, creating high dependence on the limited number of economic activities and export markets; and (4) a high dependence on imports to satisfy domestic consumption needs, which renders low-cost trade links vitally important (Tisdell, 2002; Armstrong and Read, 2003; McGillivray et al., 2008).

These challenges are compounded for Pacific SIDS because they tend to be more distant from major global markets (e.g., Japan, USA and European Union) in comparison with the global cohort of small states. Armstrong and Read's (2006) analysis reveals that 73% of Pacific SIDS are located more than 5000 km from their nearest 'global' market compared with 37% of all small states. These spatial disparities may be viewed as corollaries of an international core-periphery dynamic in which highly developed countries are the core of economic, political and social dynamism and lesser developed nations remain peripheral (Krugman and Venables, 1995). Internal core-periphery relations may also be observed within

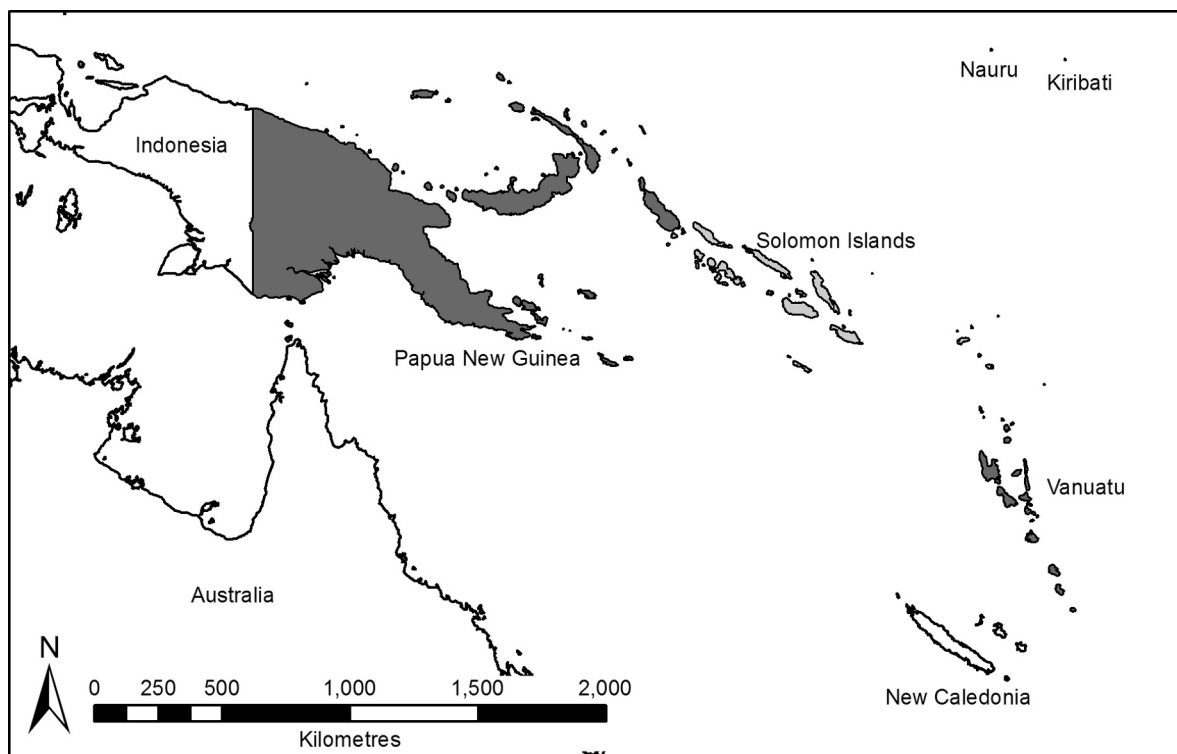


Fig. 1. The Melanesian region showing Papua New Guinea, Solomon Islands and Vanuatu.

Download English Version:

<https://daneshyari.com/en/article/5073354>

Download Persian Version:

<https://daneshyari.com/article/5073354>

[Daneshyari.com](https://daneshyari.com)