

# TINOPAI FARM

Tonga



**Investment  
Case Study**

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# TINOPAI FARM

## Country

Tonga



## Sector

Agriculture



## Type

Local Investment



## Background

Pousima Afeaki grew up in Tonga and in Wellington, New Zealand, travelling between the two countries with his parents and brothers, between 1962 and 1979. He studied Commerce at Victoria University in Wellington, and had a varied career in New Zealand, before returning to Tonga in 1993, with his wife and family. Pousima wanted his children to have a similar experience and grow up in Tonga, to learn Tongan language and to know their family and culture. After returning to Tonga in 1993, Pousima realised there was an opportunity to conduct commercial farming on the family land at Vaini, and explore niche crops which could be sold locally and to foreign markets. This led to the establishment of Tinopai Farm as a business.

He began by growing produce for local sale and squash for commercial export to Japan in 1993 and 1994. In 1995, Tinopai started exporting coconuts, cassava, taro and yams to New Zealand and Australia. In 2000, the Commonwealth Secretariat rec-

ognised Tinopai Farm's efforts to make a significant contribution to Tonga's economic development and approached Pousima to develop a range of coconut products. In the same year, Tinopai Farm began manufacturing coconut oil and three years later, created a coconut-based moisturising cream. Pousima also established a subsidiary company called Lau Lava in 2001, to develop taro for the high value Japanese market.

Operating for more than twenty years now, Tinopai Farm has become one of Tonga's leading growers and exporters and the Kingdom's largest overseas supplier of fresh coconuts. Today the Farm plants an array of produce such as taro, cassava, vanilla, pandanus, kumara, yams, coconuts, Japanese taro (satoimo) and coffee. The business grows local produce and exports an assortment of sustainably grown fresh and frozen produce to New Zealand, Australia and Japan. Tinopai's stand out exports in New Zealand and Australia, are mature brown coco-

nuts which are exported all-year-round, to ensure consistent supply for consumers of fresh coconuts. The office is located in Tofoa in Nuku'alofa, Tonga.



### Tinopai Products

Source: Image sourced from <http://truepacific.com/producers/tinopai-farm/>

## Background of the Investment

Pousima's vision for Tinopai Farm is to find long-term, sustainable ways for Tongan farmers to grow and earn income from high-quality produce grown for local supply and export. Pousima wanted to enable more Tongans to earn a decent and steady income without having to emigrate. He realised that this could be achieved with the right technical expertise and financial investment. Pousima has invested more than TOP\$1million into Tinopai since it started trading in 1994. Most of the funding has been invested into market development and increasing production capacity. Tinopai has worked with a Samoan coconut exporter since 1995, to ensure coconut supply for the Australian market.

## Facilitating Factors of Investment

A number of factors facilitate investment in the agricultural sector in Tonga. According to Pousima, Tonga has fertile soil for growing, a semi-tropical climate which allows both tropical and temperate crops to be grown, good farmers, and a good labour force for farming. Tonga also has plenty of unused farmland available for farming – only 50% of Tongan farmland is currently being farmed actively according to the 2016 Agricultural Census. During the ongoing investment process over the past 20 years, Pousima has received support from government, his bank, Pacific regional organisations and donor agencies. Tinopai Farm has other links in Tonga such as family ties with Tongan families and commercial connections with farmers and crop suppliers. Local knowledge and networks assisted the Tinopai Farm investment as frequent advice was received from family members, Tongan growers and farmers. Pousima also conducted his own market research through self-study and international visits which further aided his agricultural and export investment.

## Benefits of Investment in Agriculture

Besides earning foreign exchange for Tonga, key benefits of the Tinopai Farm investment include employment, providing income to local farmers and corporate social responsibility advantages. Tinopai Farm has employed up to 16 full-time staff and provides a sustainable income source for up to 200 small-scale farmers throughout the three main island groups of Tonga, i.e. Tongatapu, Ha'apai and Vava'u. Pousima believes in paying the best wages possible to his workers. Tinopai's experienced, full-time workers earn a set rate of TOP\$45 per day, as well as sick leave, annual leave, and pension payments, which Pousima proclaims is, "much better than government wages for manual workers". For

10 years, between 2001 and 2010, when Tinopai Farm was producing coconut oil and moisturiser products, five women were employed to make oil and moisturiser. Pousima is a committed advocate of corporate social responsibility and he makes positive contributions to local Tongan and foreign communities. Tinopai Farm supplies water to local Tongan villages and donated a shipment of 6 tonnes of satoimo (Japanese taro) to Japanese residents who suffered from the 2011 earthquake and tsunami. Pousima is Vice-Chair of the Agricultural Sector Growth Committee and Co-Chair of the Tonga Market Access Working Group.

## Challenges of Investment

For Tinopai Farm, at times the investment has faced many challenges. Unpredictability of demand in overseas markets, unpredictability of supply for export, natural disasters (hurricanes, droughts, pests and diseases), fluctuations in prices, access to markets, ever-increasing and stricter quarantine and market compliance requirements, lack of information, weakening supply chains, and climate change impacts have posed problems for Tinopai Farm. Pousima states that sea transportation is

“always challenging” as Tonga is far from external markets and it is costly to transport goods over such vast distances. Compliance with importing requirements to overseas markets continues to be another substantial challenge for Tinopai Farm and other Tongan exporters, as compliance with quarantine and quality standards into countries like New Zealand, Australia and some Asian markets is difficult and expensive to achieve. To comply with food safety and quality requirements for imported food, Tinopai was the first Tongan agricultural exporter to achieve HACCP certification in 2013, under FSANZ (Food Safety of Australia and New Zealand), and has undergone and passed annual audits since then.

The reason why Pousima undertakes his own research by making direct overseas visits is to learn about different farming techniques, how to target market trends, meet specific requirements, and see innovations. Pousima believes Tonga needs a coconut-replanting scheme, to replace ageing coconut trees and ensure future supply for local consumption, processing and exports. Pousima is also noticing the impacts of climate change and changing weather patterns which are affecting the supply of coconuts and other produce for local supply and



Source: Image sourced from [http://www.madeintonga.com/products/supplier\\_id/47](http://www.madeintonga.com/products/supplier_id/47)

export. The 2-year El Nino drought that ended in June 2016, reduced coconut supply available for export, by 80%, between November 2016 and March 2017. This was the first time in living memory in Tonga, of such an occurrence, and was the most difficult challenge that Tinopai has ever faced and overcome.

## **Growth and Development**

When asked if Pousima would describe his investment as a success, he responded, "its yes and no". Over the past 20 years, Tinopai has succeeded in establishing itself as a premium-value supplier, and in establishing Tongan coconuts as a premium-value product in the New Zealand and Australian markets. Along the way, there have also been costly failures with ventures into other products and markets. Pousima is optimistic about the future of Tinopai Farm. In terms of opportunities, he plans to diversify and expand farming, processing and exports with a commitment to provide steady and increasing incomes for Tinopai's workers and its associated farmers. Pousima believes the future challenges that Tinopai Farm will face will include, climate change, natural disasters, market compliance, quarantine and strengthening supply chains (of coconuts for export) in a sustainable manner. Pousima is also of the opinion that continuing and increased government incentives will be helpful in stimulating more investment in agriculture in Tonga. The advice that Pousima would give to a new investor in Tonga's agricultural sector would be to look very closely at existing markets and compliance issues, available supply, competition, financing, etc., as any worthwhile investment advisor would advise. In particular, to recognise that farming is a high-risk business and that exporting is also high-risk - the combination of the two is extremely high-risk and not for the faint-hearted.