Pacific Horticultural and Agricultural Market Access Program (PHAMA)

Technical Report 24: Accreditation of Samoa Copra Meal Facility for Export to Australia – Initial Report

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<th>Description</th>
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<tr>
<td>APCC</td>
<td>Asia Pacific Coconut Community</td>
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<tr>
<td>AQIS</td>
<td>Australian Quarantine and Inspection Service</td>
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<tr>
<td>CIF</td>
<td>Cost Insurance Freight</td>
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<tr>
<td>DAFF</td>
<td>Department of Agriculture Fisheries and Forestry</td>
</tr>
<tr>
<td>EPC</td>
<td>Electric Power Corporation</td>
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<tr>
<td>FOB</td>
<td>Free On Board</td>
</tr>
<tr>
<td>GAS</td>
<td>Giant African Snail</td>
</tr>
<tr>
<td>ICON</td>
<td>Import Conditions Database</td>
</tr>
<tr>
<td>MAWG</td>
<td>Market Access Working Group</td>
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<tr>
<td>PHAMA</td>
<td>Pacific Horticultural and Agricultural Market Access Program</td>
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<tr>
<td>PPS</td>
<td>Petroleum Product Supplies</td>
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<tr>
<td>QA</td>
<td>Quality assurance</td>
</tr>
<tr>
<td>SIAQS</td>
<td>Solomon Islands Agricultural Quarantine Service</td>
</tr>
<tr>
<td>SOPs</td>
<td>Standard operating procedures</td>
</tr>
<tr>
<td>STA</td>
<td>Short-Term Advisers</td>
</tr>
<tr>
<td>TSE</td>
<td>Transmissible Spongiform Encephalopathy</td>
</tr>
<tr>
<td>URS</td>
<td>URS Australia Pty Ltd</td>
</tr>
<tr>
<td>USA</td>
<td>United States of America</td>
</tr>
<tr>
<td>USD</td>
<td>United States Dollar</td>
</tr>
<tr>
<td>WST</td>
<td>Western Samoa Tala (1 WST = 0.45 USD)</td>
</tr>
</tbody>
</table>
Executive Summary

The export of coconut products is an important commodity trade for Samoa. The trade has gone through fluctuations after peaking in the 1980s. In recent years, coconut oil exports have increased again on the back of price increases. There is now only one copra processor in Samoa. This is Petroleum Product Services (PPS), which exports coconut oil to Malaysia and Singapore, and copra meal to New Zealand and the United States of America. Exports of both products by PPS have been increasing significantly in the past two years. PPS now wishes to gain accreditation to the Australian market to avoid reliance on its current meal markets and to maximise seasonal market opportunities.

With reference to Australian standards, the Pacific Horticultural and Agricultural Market Access Program (PHAMA) conducted an assessment of the following areas:

- Phyto-sanitary regulatory controls;
- Conditions for on-farm processing of copra supplied to PPS;
- Conditions for transport of raw product to the facility;
- PPS’s processing operations; and
- Export container handling arrangements.

The findings were that PPS’s facility does not currently comply with Australian standards in two main areas:

- Contamination risks in its process due to cross-contamination issues; and
- Lack of quality assurance procedural documentation.

Recommendations have been made to PPS in regard to the physical changes and documentation development required. Guidelines have been provided to assist with the documentation development. With implementation of the recommendations it should be achievable for PPS to reach the required Australian standards, although it will require a degree of investment and alteration to work practices.

Going forward, PPS needs to complete a submission package for a desktop audit by the Department of Agriculture, Fisheries and Forestry (DAFF). PHAMA Short-Term Advisers (STA) will provide technical assistance to PPS to facilitate the accreditation process.

A DAFF audit visit is proposed for June 2012. DAFF has confirmed potential availability of an auditor for the visit but will not confirm dates until the submission for the desktop audit has been received and processed. In order for the June visit to occur, development of the recommended documentation and completion of the required DAFF questionnaires by PPS will need to occur by early April 2012.

Should PPS be approved for Australian export, there may be an opportunity to discuss with DAFF implementation of a compliance reporting system using Samoa Quarantine, to allow a reduction in the current required two-yearly DAFF revisits to maintain accreditation.
1 Background

In 2011, the Samoa Market Access Working Group (MAWG) identified the need to investigate the potential for processors of copra meal to secure accreditation for export to Australia.

The specific technical tasks set by the Samoa MAWG were to examine copra processing facilities standards in Samoa and:

- Identify any facility areas that would not meet Australian accreditation standards;
- Provide advice on improvements to meet Australian accreditation standards, if required;
- Facilitate communications between the facility, Samoa Quarantine and Australia to enable an audit visit to be conducted;
- Ensure that Samoa Quarantine staff actively participate in the audit and verification visit; and
- Facilitate discussions between industry and Samoa quarantine on Australian compliant processing and handling requirements.

Following this tasking by the Samoa MAWG, a visit to Samoa was conducted from 14 to 20 February 2012 by PHAMA short-term personnel. This report summarises the findings of that visit and recommends steps forward to progress accreditation.
2 Current Situation

2.1 Industry and Trade Overview

The coconut industry has always formed a significant part of Samoa’s economy and way of life. Although the industry has declined in economic importance in recent decades, it remains Samoa’s most widespread production system, with approximately 28,000 hectares of land in cultivation with coconuts. Production has been steadily declining in recent decades as an increasing proportion of the trees progress towards senility. In an attempt to address this issue, the Ministry of Agriculture and Fisheries has an active replanting program among small landholders and farmers.

Coconut products such as copra and coconut oil have been major export commodities historically, peaking with a boom in the 1980s (1983 exports of 3,175 metric tonnes copra, 12,207 tonnes coconut oil). Exports of raw copra subsequently ceased in the early 2000s. Coconut cream exports, particularly to markets such as New Zealand, have been of significance, peaking in the late 1990s (1996 exports of 1,400 metric tonnes, value WST 2.9 million), but have declined sharply in the past 10 years, with increasing price competition from Asian supplies and branding issues. The last producer of coconut cream in Samoa ceased operations in 2011. More recently, exports of other coconut products such as drinking coconuts and virgin coconut oil have increased but remain a small trade.

Overall, the value of coconut product exports has begun to increase again in the past two years, mainly as a result of increasing oil exports. Total annual value of coconut products exported in 2010 was approximately WST 5.7 million, while exports reported for 2011 increased to WST 8.2 million. A full table of coconut commodity volume and value exports for the period 1994–2011 is provided in Appendix A. A summary for the main products is provided below in Table 2-1 below.

Table 2-1 Value of coconut oil, coconut cream and copra meal exports 2005–2011 (’000 Tala)

<table>
<thead>
<tr>
<th>Year</th>
<th>Coconut Oil</th>
<th>Copra Meal</th>
<th>Coconut Cream</th>
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<tbody>
<tr>
<td>2005</td>
<td>1,198</td>
<td>85</td>
<td>2,276</td>
</tr>
<tr>
<td>2006</td>
<td>53</td>
<td>0</td>
<td>2,387</td>
</tr>
<tr>
<td>2007</td>
<td>51</td>
<td>0</td>
<td>2,336</td>
</tr>
<tr>
<td>2008</td>
<td>54</td>
<td>52</td>
<td>2,069</td>
</tr>
<tr>
<td>2009</td>
<td>1,950</td>
<td>329</td>
<td>1,401</td>
</tr>
<tr>
<td>2010</td>
<td>3,652</td>
<td>468</td>
<td>991</td>
</tr>
<tr>
<td>2011</td>
<td>6,979</td>
<td>440</td>
<td>0</td>
</tr>
</tbody>
</table>

Source: Samoa Bureau Statistics

Coconut oil and copra meal production has experienced fluctuations in line with the volatility of world pricing, which saw major declines in prices for copra and coconut oil through the late 1990s; production had decreased sharply by the mid-2000s. There is now currently only one facility processing coconut oil and meal in Samoa, operated by Petroleum Product Supplies (PPS), based in Apia. This company began operations in 2008 after taking over the facilities of several previous processing companies. The focus of its business is the production of coconut oil for export. PPS currently produces approximately 700–1000 tonnes of coconut oil per month and approximately 300–600 tonnes per month of copra meal. Both products are exported bulk packed in shipping containers.

1 Samoa National Agriculture Census 2009.
The oil is exported principally to Malaysia and Singapore. A small amount of oil (50–70 tonnes) is sold locally to the Electric Power Corporation (EPC) for mixing as biodiesel for power generation. The meal is currently exported to New Zealand and the United States of America. A small amount is sold locally to a domestic feed manufacturer, Farmtech.

PPS’s operation has experienced strong growth in the past 2–3 years in terms of volumes processed and exported. This growth appears likely to continue in 2012 as both demand for coconut oil and its pricing remain strong on the international market. International pricing of coconut oil is currently USD1445 per metric tonne (CIF Rotterdam). Pricing of meal is unqualified but the export price of copra meal from the Philippines and Indonesia could be used as the reference since the two countries hold the biggest share of export in the world market. From January–April 2011, the average price of copra meal at seller point ranged from USD221 to USD279 per tonne in the domestic market of the Philippines. Indications from PPS are that they currently receive approximately USD250 per metric tonne FOB for exports to the USA and New Zealand.

PPS’s involvement with fuel distribution means it is well positioned to take up any opportunities that may arise for biofuel production on a commercial scale in Samoa. A study has recently been completed with a positive view of the feasibility of biofuel production. However, PPS management currently consider that the scope for development of any significant level of biofuel production or distribution remains limited at present, and their intention for the foreseeable future is to remain focused on oil product for export.

PPS reports that the supply of nuts from farmers has been increasing, particularly in the past 12 months from Savaii. Although overall coconut production continues to decline in Samoa, supply of nuts for processing should remain favourable in the medium term.

PPS continues to install additional processing equipment and storage capacity. PPS intends to establish the processing facility as a separate standalone business unit within the group of businesses that PPS operates. PPS wishes to gain accreditation to the Australian market for its copra meal to avoid reliance on its current meal markets and to maximise any market opportunities with changes in pricing for stock feed in Australia.

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4 APPC Newsletter, Price of coconut oil and competing products, February 2012.
5 APPC Newsletter, May 2011.
6 Cloin, Jan. Feasibility study into use of coconut oil in EPC power generation, SOPC 2008.
3 Australian Accreditation of Copra Meal Exports

3.1 Australian Import Requirements for Copra Meal

Import conditions for copra meal into Australia are published on the Australian Department of Agriculture, Fisheries and Forestry (DAFF) ICON (import conditions) database\(^7\) under *Stock Feed of Plant Origin*.

The requirements for entry into Australia can be summarised as:

- An importer must make an application for an import permit that includes submission of information relating to their manufacturing process and export pathway. The application is subject to a desktop audit, followed by a physical onsite inspection visit. The import permit is granted specific to a processing premise site. The permit is required to be renewed every two years.
- Imports are to be accompanied by a manufacturer’s declaration in relation to specified time and temperature parameters, and in relation to there being no contamination with material of animal origin (e.g. cross contamination with meat meal or fish meal during processing).
- Imports are to be accompanied by an official phytosanitary certificate attesting to origin and inspection of the container for Giant African Snail (GAS).
- Upon arrival, the containers are inspected inside and out and a sample of the meal is taken for visual examination for contaminants such as seeds, soil or infestation with insects.
- Should any contaminant be found that is deemed to be of quarantine concern (such as viable seeds, presence of insects, or suspicion of presence of animal material), then a series of measures for further identification, testing and/or treatment (such as fumigation) are defined.

The requirements are straightforward. Essentially, if the documentation is compliant and the meal (and the container in which it is imported) is visually free of contamination – particularly of insects, seeds, and animal material – then entry will be granted. There is no requirement for any form of pre-export diagnostic testing for any quality or safety parameters such as aflatoxin levels, nor is any testing for these parameters conducted upon arrival as part of the biosecurity clearance process. There is no requirement for pre-export fumigation, although Australia does actually encourage exporters to pre-export fumigate.

The requirements are based on biosecurity risks from exotic pests, viable seeds\(^8\), and contamination with animal material as a possible animal health risk\(^9\) (Foot and Mouth Disease, Avian Influenza and Transmissible Spongiform Encephalopathies), and the fact that these types of containerised plant product meals represent a potential pathway for entry. Australia considers that the stockfeed or stockfeed ingredients could be exposed to these risks prior to export through:

- Contamination or substitution of the raw copra prior to processing;
- Contamination during production/processing of the meal;
- Contamination of the processed meal during storage/packaging;
- Contamination during transport to the point of export; or
- Contamination on board ship.


\(^8\) AQIS (1999), *Quarantine Requirements for the Importation of Processed Stockfeeds and Stockfeed Ingredients of Plant Origin*

The DAFF accreditation process is structured around checking the likely risk of contamination at each step along the export pathway from farm to mill and on to the port, and that acceptable measures to mitigate those risks to acceptable levels are maintained by the processor/exporter.

### 3.2 Overview of Accreditation Process

In order for a processing facility to export to Australia and an import permit to be granted for its product, it must undergo an accreditation process by DAFF. The steps in that process are:

1. An exporter must complete a submission to DAFF based on a defined questionnaire[^10]. The submission includes full information regarding the processing facility and equipment, standard operating procedures, and quality assurance monitoring that is in place to ensure compliance with Australian standards.
2. A desktop audit is conducted by DAFF to consider if there is sufficient evidence to show that the facility could potentially be compliant with required standards and sufficient documentation in place to support a physical audit.
3. An on-site audit is conducted of the processing facility, including verification of the documented procedures and records. The scope of the visit may also include inspection of a number of copra farms supplying the facility, transport arrangements, storage facilities and handling arrangements for export shipping containers.
4. If an audit is successful and the facility is deemed to be compliant, DAFF will grant approval. However, this can be dependent on particular issues being corrected before approval becomes complete. A summary of DAFF findings and any conditions for approval are issued in an audit report.
5. Based on the approval being granted, any importer in Australia who wishes to import copra from the approved facility can apply for an import permit from DAFF.

It is likely to take a minimum of 6 weeks from submission of the initial information package before an in-country visit can be arranged. Any visit schedule is dependent on availability of DAFF auditors to travel. If export approval for the facility is granted, an import permit can be issued to any importer applying in Australia within approximately 10 days of the approval date.

### 3.3 Pre-visit Assessment Findings and Recommended Actions

With reference to the Australian standards, PHAMA conducted an assessment of the following aspects of PPS’s operations:

- Phyto-sanitary regulatory controls;
- Conditions for on-farm processing of copra supplied to PPS;
- Conditions for transport of raw product to the facility;
- Processing operations; and
- Export container handling arrangements.

The findings under each area and recommended actions are summarised as below.

[^10]: AQIS, Stockfeed Audit Form for Product Exported in Bulk or in Bags in Shipping Containers.
3.3.1 Regulatory Controls

The assessment showed that there are currently minimal regulatory controls on the phytosanitary standards for processing of copra meal for export. There is no legislation that requires approval, licensing or monitoring of quality or sanitary aspects for copra processing facilities. The only department that has engagement is the Quarantine Service, which inspects each container of copra meal prior to export, conducts methyl bromide fumigation, and issues phytosanitary export certificates. It was noted that in the Quarantine (Biosecurity) Act 2005 (the current legislation under which the Quarantine Service operates), there is no provision for the regulation of exports. The Act is currently under review. An Export Control Bill (2008), which may have some relevance to regulation of meal exports, is currently still in draft.

Apart from the issue of a phytosanitary certificate for export, Australia does not specifically require that there be additional regulatory structures in place to monitor copra meal processing, so the current regulatory situation is likely to be considered acceptable by DAFF.

However, it should be noted that under current DAFF policy, maintaining accreditation of a facility is subject to a two-yearly revisit, which imposes a significant cost on the processor. Should Samoa establish a system for monitoring phytosanitary standards for copra meal processing and communicating regularly with DAFF on the outcome of that monitoring, there may be an opportunity to negotiate with DAFF a reduction in the frequency for revisits, thereby reducing compliance costs for the industry. Following the recent successful PHAMA-facilitated audit of Solomon Islands copra processing facilities, the possibility of establishing a system for Solomon Islands was raised with DAFF. The intention was to assist Solomon Islands Agricultural Quarantine Service (SIAQS) to establish regular audits of copra facilities against agreed standards and provide regular reports to DAFF. Preliminary feedback from DAFF has been encouraging; however, as it would require a policy change by DAFF, it will require further technical discussion before any commitment from DAFF could be gained. Should Samoa also gain accreditation for Australia, then this may add weight to the discussions.

Recommendation:

- Should Australian accreditation be secured by PPS, then the possibility of establishing a compliance system to reduce the frequency of the two-yearly accreditation revisits should be discussed with DAFF. It would appear that Samoa Quarantine, as the phytosanitary export certification agency, would be the appropriate choice for engagement in this system.

3.3.2 On-Farm Processing

Copra is heat dried on racks over wood fired drying units. Dried copra is stored on-farm or moved to a consolidation point nominated by PPS for purchasing and collection.

The assessment showed that the standards of processing and storage on farms supplying PPS are likely to be considered acceptable by DAFF during an audit visit.

3.3.3 Transport

The assessment showed that in general the standards maintained by PPS for the transport of the product it collects using its own trucks are likely to be considered acceptable by DAFF during an audit visit. However, some transport arrangements observed for local farmers bringing their own product to...
PPS could be improved, although it is unlikely that this will be a critical issue with DAFF during any audit.

**Recommendation:**

- *PPS to establish documented transport guidelines for farmers.*

### 3.3.4 Processing

Experience gained by PHAMA in relation to DAFF standards during the recent audit visit of Solomon Islands copra meal processors showed that the areas of the process that DAFF is particularly interested in include:

- Inspection of the raw copra on arrival at the mill to ensure it is not contaminated with risk items such as animal materials or seeds;
- Integrity of the process (Is it an enclosed process? If not, where could contamination occur?);
- Processing of the meal to 85 degrees Celsius for at least 3 minutes;
- Protection of the processed meal from any contamination;
- Inspection of the processed meal to ensure it contains no whole seeds or contamination;
- Cleanliness of containers used for export of the finished meal;
- Protection of the meal from contamination during loading and shipping;
- Construction and layout of the processing facility to prevent entry of birds and other pests; and
- Documentation describing the standard operating procedures (SOPs) and quality assurance (QA) records for the facility.

The assessment against these criteria showed that the PPS operation does not currently comply with standards expected by Australia and requires improvement in several areas relating to the processing facility itself and the documentation.

The issues identified can be summarised under two areas: contamination risks and the lack of quality assurance documentation.

**Contamination Risks**

Certain aspects of the facility layout, the flow of product through the facility and the processing equipment result in an unacceptable level of risk of contamination. These risks are as follows:

- The facility is partly open and does not exclude the entry of birds from the areas in which product is stored;
- The entry of vehicles and staff from the unsealed yard area carries heavy soil contamination into the storage and processing areas;
- The use of the front-end loaders to drive up onto the copra stack carries soil onto the raw product;
- Raw product transported in by farmers appears in some cases to be unprotected during transport;
- There is not adequate enough separation of raw and finished product storage and handling to prevent cross-contamination;
- Loaders are used for handling both raw and processed product;
- There is no protection of the processed meal from potential contamination while in storage;
- The area used for container loading is subject to cross-contamination from raw product areas; and
- Sections of the processing conveyors are not fully enclosed.
These issues were identified to PPS management and expected outcomes and potential solutions discussed. All issues are relatively straightforward to correct but will require a degree of investment and alteration of work practices.

Recommendations:

- **Physically separate flows of raw and processed product.**
- **Establish a load-in area dedicated to receive raw product.**
- **Dedicate loaders to either only inside or only outside use at the facility.**
- **Improve drainage for the yard area and cover with crushed coral or similar material.**
- **Dedicate inside loaders to handling of either only raw or only processed product.**
- **Enclose all augur conveyers and replace belt conveyors for finished product with enclosed augurs.**
- **Establish an enclosed storage/handling area for processed meal.**
- **Establish a dedicated load-out area for loading of containers.**

**Lack of Quality Assurance Procedures**

There are currently no documented procedures in place to describe operations and record processing and quality inspections. Australia requires as part of the initial submission that processors provide copies of the SOPs and records generated that show how the processor maintains expected standards in terms of transport cleanliness, quality inspections, process integrity and temperature/time parameters, and ensures adequate cleanliness of the facility/equipment and export containers.

PPS does not have these sorts of SOPs in place, although there are some records generated. There is a buying inspection record in place and farmers are made aware of buying criteria. However, the records kept do not specify criteria for inspection for potential contamination and rejection criteria. No documented checks are made on finished product quality.

The required time/temperature processing parameters of 85 degrees Celsius for 3 minutes are not monitored or recorded. A hand-held temperature probe has previously been used but it is no longer operational.

The scope and format for SOP development was discussed with PPS management. Guidelines for the format and content of the systems and associated checklists were provided and discussed. PPS management has considerable experience in procedure development due to its involvement in the petroleum industry, so development of the new systems should be achievable.

Recommendations:

- **Establish a set of documented procedures based on the scope and format guidelines provided by PHAMA.**
- **Purchase a handheld infrared temperature probe to monitor and record meal temperatures in conveyors and expellers on a 24 hourly basis.**
- **Document the time taken for the pre-cooking and expelling processes to be completed.**

**3.3.5 Export Container Handling Arrangements**

PPS own their own container-handling yard and have access to a side-lifter truck for moving containers. Containers are stored at their facility near the wharf. The facility has washing facilities in place for containers. Fumigation is conducted at this area by Samoa Quarantine staff.
There are no issues with these arrangements and it is likely that DAFF will consider them acceptable. It is worth noting that all containers of copra meal currently exported by PPS to the USA and New Zealand are pre-export fumigated with methyl bromide by Samoa Quarantine. Unlike New Zealand, Australia does not require mandatory pre-export fumigation. Samoa may wish to consider not conducting pre-export fumigation for exports to Australia.
4 Way Forward

4.1 Completing the Accreditation Process and Visit Arrangements

The basis for all recommendations has been discussed with PPS management. PPS has confirmed a willingness to proceed with accreditation and a tentative target of June 2012 has been proposed for hosting a visit by DAFF to Samoa. DAFF has confirmed that they potentially have an auditor available to conduct the proposed audit visit; however, DAFF is unwilling to commit to any dates until the desktop audit has been completed. Given that Samoa is a new market for Australia, and there is no prior compliance history, DAFF has also expressed a preference that an import application be lodged by a potential importer to confirm interest in the trade prior to DAFF committing resources to the accreditation process. PPS have confirmed they have an importer interested in lodging an import permit application.

Looking forward, it is up to PPS to set the pace for the accreditation process. With a potential June visit in mind, and the 6–8 week delay from submission of the desktop information package to hosting the visit, it will be necessary to lodge the submission by early April. The physical changes to be made should also be finalised by PPS at least at the time of submission, although final completion of any construction could be delayed as long as it occurs before the June visit. Once the submission is lodged and a permit application made, DAFF will be able to confirm visit dates.

Steps forward are:

1. Finalisation by PPS of physical changes to be made in product flow and facility arrangements. PHAMA Short-Term Advisers (STA) to facilitate discussions with DAFF to clarify acceptability of construction options.
2. Development by PPS of a set of SOPs. PHAMA STA to provide technical assistance as necessary and facilitate discussions with DAFF to clarify standards.
3. Completion by PPS of DAFF questionnaire and information package. PHAMA STA to provide technical assistance as necessary and facilitate submission to DAFF of completed package.
4. Complete exchanges with DAFF on any clarifications arising from desktop audit process. PHAMA STA to provide technical assistance as necessary and facilitate discussions.
5. Finalise visit dates and arrangements. PHAMA STA to confirm involvement of Samoa Quarantine staff in visit and provide briefing materials.
6. PPS to sign Service Delivery Agreement with DAFF.
7. PPS to host DAFF visit. Possible need for PHAMA STA staff to facilitate visit and subsequent discussions with DAFF regarding potential establishment of acceptable monitoring system by Samoa Quarantine.
5 Limitations

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The methodology adopted and sources of information used by URS are outlined in this report. URS has made no independent verification of this information beyond the agreed scope of works and URS assumes no responsibility for any inaccuracies or omissions. No indications were found during our investigations that information contained in this report as provided to URS was false.

This report was prepared during April 2012 and is based on the conditions encountered and information reviewed at the time of preparation. URS disclaims responsibility for any changes that may have occurred after this time.

This report should be read in full. No responsibility is accepted for use of any part of this report in any other context or for any other purpose or by third parties.
### Appendix A  Annual Trade Data for Coconut Product Exports

Annual exports of coconut products by volume (metric tonnes) and FOB value ('000 Tala).

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Source: Samoa Bureau Statistics