



Investment **Fiji**

SECTOR PROFILES



WHY INVEST IN FIJI?

Fiji's renowned culture of hospitality and resourcefulness delivers exceptional value for investors. There are many examples of commercial success resulting from investment ventures by international partners. Fiji offers a compelling investment proposition and has a stable political environment that encourages economic growth and development. Continued investment in infrastructure, education and training have implications not only for the attractiveness of Fiji as a location to investors, but also for the quality of inward investment. Investment Fiji is witnessing a growing interest from large multinationals.

Economic stability is essential for attracting significant inward investment; with Fiji having both low levels of inflation and positive GDP growth

since 2010. There has been a sharp rise in confidence of the domestic private sector and foreign investors with new bank lending for investment purposes rising consistently. Fiji is also the regions foremost trading hub with excellent shipping routes across the Pacific Islands. Fiji has \$11 billion worth of road infrastructure and 1,200 bridges, 47 jetties, 5 commercial ports, 25 local and 2 international airports.

Fiji has a business friendly tax structure that supports innovation and investment with 20% corporate tax and a lower rate of 10% for companies listed on the South Pacific Stock Exchange. The Fijian Government has announced a number of incentives and pro-growth policies to attract investments and encourage economic growth that is stable and sustainable. Government plans to increase per capita income by fourfold over the next 20 years.

The continuous enhancement of infrastructure, growth of our tourism industry, advantages of a young population, a first class English-speaking workforce, natural flair of services, conducive business environment and low entry costs are key ingredients of Fiji's continued success.

INVESTMENT

FIJI

Investment Fiji was established as the Economic Development Board (EDB) in 1980 and is guided by the Foreign Investment Act. A statutory organization, Investment Fiji operates independently as the marketing arm of the Fiji Government, providing services and assistance to promote, and stimulate investments and exports. As such, Investment Fiji carries out three primary roles, Investment Promotion, Investment Facilitation and Export Promotion.

The Investment team provides in depth market intelligence, identifies potential investment projects and assists investors and delegations by arranging suitable meetings and introductions - in addition to promoting Trade and Investment opportunities overseas.

The purpose of the Investment Facilitation team is to provide post-establishment after-care facilitation services enabling and assisting both foreign and local Investors in establishing their business and providing information, support and assistance during the growth phases - and through to developmental support to retain investment, encourage follow-on investment and achieve greater economic impact.

The purpose of our Trade and Export team is to increase exports in general, but particularly of entities, whose products and services add value, allow for import substitution and contribute to employment.



POSITIVE
ECONOMIC GROWTH SINCE 2010



94%
LITERACY RATE



40 & UNDER
69% OF TOTAL POPULATION



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LAUTOKA

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Lautoka

LABASA

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Suite 1 LTD Building
Damanu Street
Labasa

AGRICULTURE SECTOR

Agriculture has an immense potential in Fiji, our virgin soils and tropical climatic conditions allow for myriad of opportunities, targeting the domestic, local hotel industry and export markets.

Fiji has approximately 497,787 hectares or 28% of land available for agricultural purposes. Agricultural land use is broken down into temporary crop land, fallow land, permanent crop land, pastures, coconuts, natural forest, planted forest and non-agricultural land. The highest percentage of actual land use (37%) is for permanent crops followed by pastures (19%) and natural forest (17%).

The crop sub-sector is mainly driven by the root crops and horticulture industry. The major commodities are taro, ginger, papaya, pineapples and Bilateral Quarantine Agreement (BQA) commodities such as eggplant, okra and breadfruit. Taro and

cassava are the most planted root crops with taro geared mainly for the export market. The livestock subsector is dominated by beef and dairy production.

Fiji has existing trade agreements and favourable quarantine arrangements that allow the trade of agricultural produce with countries such as Australia, NZ, US, Europe, Canada, China and neighbouring Pacific Island countries. The domestic market, particularly the tourism industry, offers the biggest opportunity for expansion in the agricultural sector. Agriculture contributes 8% of GDP.

To meet the growing demand, the majority of tourism operators are importing fruits and vegetables from Australia and New Zealand as local producers are unable to supply the required quantity and quality of such commodities. Volatility in production levels and inconsistency in quality have also hindered the development of value-adding industries in the country. This has resulted in increased reliance on imported raw materials.

The Value of Crop and Livestock domestic export for both fresh/chilled and value added product has increased significantly from \$146.23 million in 2009 to \$195.02 million in 2016 with a 4.8% average annual growth rate. Fiji's current value of import of Crop and Livestock is \$646.02 million and is increasing at an annual average rate of 5.6%.





OPPORTUNITIES

- Up to 497,787 hectares of land suitable for agriculture.
- Opportunities for foreign investors to lease or buy land.
- Very low entry cost in agriculture business when compared to other countries.
- Landholders willing to engage investors or develop partnership arrangements.
- Potential development projects including organized systems of producing, processing, and marketing crops, livestock, and aquaculture products.
- Cultivation of a variety of vegetables primarily eggplant, okra, rourou (taro leaves), cabbage, bean, pumpkin, tomato, capsicum, and amaranthus.
- Pawpaw, pineapple, and banana are considered as the major fruit commodities in Fiji.
- Fiji imports an average of close to 34,000 tons of rice annually to meet domestic consumption.
- Fiji's dairy production averages from 11-18 million litres annually compared to domestic demand of 80 million litres.
- Fiji is producing an average of 2,495 tons of fresh/chilled beef and importing an average of 2,290 tons of fresh/chilled beef and 250 tons of prepared meat (corned beef) annually.
- Our 884,887 residents and nearly 800,000 tourists create a lucrative domestic market of over 1.6 million people.
- Tax exemption is offered for new commercial agricultural farming and agro-processing.



INCENTIVES

COMMERCIAL AGRICULTURE AND AGROPROCESSING

The income of any new activity in commercial agricultural farming and agro-processing approved and established from 1 January 2015 to 31 December 2028 shall be exempt from tax as follows;

- Capital investment from FJD\$250,000 to \$1,000,000, for a period of 5 consecutive fiscal years; or;
- Capital investment from FJD\$1,000,000 to \$2,000,000, for a period of 7 consecutive fiscal years; or;
- Capital investment above FJD\$2,000,000 for a period of 13 consecutive fiscal years.

BIO - FUEL PRODUCTION

Tax holiday is available to a taxpayer undertaking a new activity in processing agricultural commodities into bio-fuels as approved by the Commissioner from 1 January 2009 to 31 December 2028. To qualify, the taxpayer must have;

- Capital Investment from FJD\$250,000 to FJD\$1,000,000 for a period of 5 conservative fiscal years; or
- Capital Investment from FJD\$1,000,000 to FJD\$2,000,000 for a period of 7 conservative fiscal years; or
- Capital Investment above FJD\$2,000,000 for a period of 13 consecutive fiscal years.
- Employ 20 local employees or more for every income year.
- Duty free importation of plant, machinery and equipment for initial establishment of the factory. Duty free importation of chemical required for biofuel production.
- The Importation of all agricultural items will be subject to zero duty.

AUDIO VISUAL SECTOR

FIJI is becoming one of the most sought after production locations in the world. It makes good business sense to shoot in Fiji and for film-makers to take advantage of the beautiful diverse locations and the best incentive in the world, the 75% Film Tax Rebate.

Fiji is well known for its islands and its sea life, but as many more film makers are finding out, there so much more to the locations. There's mountainous terrain, jungles, rivers, spectacular waterfalls, savannahs, lakes, rural and urban scapes, heritage buildings and towns, and a very rich mosaic culture of i-Taukei (indigenous Fijians), Indian, Chinese, Pacific and European traditions. The literacy rate is 94% (education is mandatory and free up to high school) and our people are multi-skilled. English being the official business language is an added advantage allowing ease of communication with locals.

Film Permit

For filming purposes, you must first apply to the

Film Fiji office for a film permit. To access the film tax rebate, the applicant must write a letter of application to Film Fiji giving information required. Submission of a detailed budget and script together with your application is necessary. For F1/F2 incentives, you must apply to Film Fiji for a provisional certificate stating that a proposed audio visual production (AVP) will, when complete, be a qualifying AVP. An application form must be completed and will include a script or synopsis, budget in FJD, completion bond certificate and will be accompanied with the application fee. Production companies that want to film in Fiji but do not wish to access any of the filming incentives must fill in the Application for Filming Permit Form and the application must include passport details of cast & crew, flight details and list of filming equipment.

F1/F2 Incentives

The F1/F2 Audio Visual Production (AVP) incentives are schemes whereby a production entity can raise production finance from Fiji taxpayers. This allows Fiji taxpayers to claim a tax deduction of either 125% (F2 AVP) or 150% (F1 AVP) against their tax liability, depending on the project's ability to meet the requirements as set out under Part III of the Income Tax (Film-making and Audio-visual Incentives) Regulations 2016. The benefit is based on what is called "Qualifying Fiji Production Expenditure" or QFPE. This is otherwise known as "local spend" such as expenditures on local labour, local accommodation, the hire of local equipment.





OPPORTUNITIES

- Breathtaking, diverse locations and great tropical climate.
- Ease of access and proximity to various locations with well-established infrastructure.
- Licenced audio visual agents to assist in identifying locations and facilitation of permits and other clearances.
- Competitive minimum wage rates for local crew.
- Multilingual and multi-cultural society with English, i-Taukei and Hindi as the main languages.
- Equipment available for hire from local production companies.
- World class accommodation and recreational facilities.
- State of the art communications with Southern Cross cable providing fast and high capacity connectivity.
- Easily accessible to the rest of the world with daily international flights, stops for major cruise ships and international ports.
- 75% film tax rebate.



INCENTIVES

FILM TAX REBATE

- 75% tax rebate or credit on production costs spent in Fiji;
- Eligibility – films and television products, as per existing Income Tax (Film-making and Audio- visual Incentives) Regulations 2016.
- Minimum spend in Fiji FJD\$250,000 ;
- Qualifying spend for rebate is capped at FJD\$20 million;
- Exclusions – Where a producer has chosen to access the film tax rebate, the producer will not be able to obtain any other tax concessions under Part 2, 3 & 4 of the Income Tax (Film- making and Audio-visual Incentives) Regulations 2016.

FILM FIJI: THE FILM COMMISSION

- FILM FIJI offers the following services to production companies who wish to shoot in Fiji:
- Offers advice and guidance on how to access filming incentives;
- Acts as a liaison with other government bodies, agencies and institutions whose cooperation, clearances, or services are required;
- Provides information, advises, directories, brochures and other collateral materials on locally available talent, crew, production resources & facilities;
- Offers location assistance by developing options for locations and providing photos and other materials describing potential shooting sites;
- Always available to handle ongoing requests and/or sudden problems; and
- For additional information on how to obtain permission to film in Fiji, go to;

www.film-fiji.com

or email **info@film-fiji.com.fj**

ENERGY SECTOR

Fiji's energy situation is characterized primarily by high reliance on imported fuels. Therefore, the Government is committed to reduce the reliance on imported fossil fuels by incentivizing energy generation through renewable energy sources in the country

In Fiji, some of the major sources of energy generation are:

- Hydro, which caters for a significant demand of electricity needs
- Imported fossil fuels and
- Biomass including fuel wood and crop residues for cooking and industrial residues for power cogeneration in the timber and sugar industries.

The transport industry is the largest consumer of energy, taking up an estimated 40 percent of total energy supply, followed by the commercial, industrial and domestic sectors.

High reliance on imported fossil fuels remain a central issue for the energy sector. The potential impact on

Fiji's economy through high and volatile fuel prices and high import payments is significant, thus the need to reduce reliance on imported fuels and safeguard foreign reserves is considered key in ensuring economic stability. This provides a natural drive for Fiji to find alternative energy sources in the form of renewable and indigenous fuels for both electricity production and transport services. Any business setting up Electric Vehicle Charging Stations shall be exempt from tax for a period of 7 yrs provided the minimum capital expenditure is FJD\$3,000,000, granted a maximum 5% subsidy on capital outlay and allowed to carry loss forward to 8 years.

Due to the Fijian Government's significant investment in rural electrification initiatives over the last two decades, the majority of the population are connected to the national electricity grid. However approximately 10% of the total population is still without proper electricity supply to connect the rural population to the national grid in a sustainable manner. In addition, where electricity supply is available, issues of affordability or inequalities within communities may prevent people from maximising the benefits of modern energy supplies.

Access to electricity and share of renewable energy sources in electricity generation have increased significantly in the last 10 years. National electrification coverage was estimated at 90% (urban at 100% and rural at 80%) in 2014. Currently, over 50% of electricity generated is from renewable sources such as hydro, biomass, wind and solar energy. The government plans to increase it to 100% by 2036.





OPPORTUNITIES

- Availability of untapped renewable energy resources such as hydro, wind, biomass, solar, and geothermal which could be used for power generation.
- Readily available standards, guidelines and codes of practice for renewable energy and well established suitable renewable energy information systems.
- Reduced duty, tax and excise incentives for renewable energy efficient equipment.
- Fiji's demand for energy has been increasing.
- 10% of the total population is still without proper access to electricity.
- Fijian Government provides an enabling environment for private sector participation in the electricity sector.
- There are opportunities for replacing fossil fuels used in land transport through expanding the use of biofuels, hybrid and electric vehicles.
- Potential to reduce fossil fuel consumption in maritime transport through use of renewable energies (biofuel, solar and wind) and improved efficiency of vessels and engines.
- Opportunities for the private sector to invest in small-scale renewable energy systems.
- 5-year tax holiday is available to a taxpayer undertaking a new activity in renewable energy projects and power cogeneration.
- Duty free importation of renewable energy goods is also available.



INCENTIVES

BIO – FUEL PRODUCTION

Tax holiday is available to a taxpayer undertaking a new activity in processing agricultural commodities into bio-fuels as approved by the Commissioner from 1 January 2009 to 31 December 2028. To qualify, the taxpayer must have:-

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 - Capital Investment from FJD\$1,000,000 to FJD\$2,000,000 for a period of 7 conservative fiscal years; or
 - Capital Investment above FJD\$2,000,000 for a period of 13 consecutive fiscal years.
- Employ 20 local employees or more for every income year.
- Duty free importation of plant, machinery and equipment for initial establishment of the factory. Duty free importation of chemical required for biofuel production.
- The Importation of all agricultural items will be subject to zero duty.

RENEWABLE ENERGY PROJECTS & POWER COGENERATION

- 5 year tax holiday is available to a taxpayer undertaking a new activity in renewable energy projects and power cogeneration as approved by the Commissioner.
- Duty free importation of renewable energy goods is also available.

SUSTAINABLE ENERGY FINANCING PROJECT (SEFP)

The project aims to significantly increase the use of renewable energy and energy efficiency technologies through partial loan guarantees to encourage local financial institutions to participate in sustainable energy finance in support of equipment purchase/installation. This is a Global Environment Facility funded project implemented in the Pacific by the World Bank and the Department of Energy (DOE) is the executive agency in Fiji. Any supplier can provide equipment under this project as long as they meet certain equipment standards. Any financing institute can be approved to provide loans under this project and for which ANZ, FDB & HFC have qualified. The SEFP supports all renewable energy technologies such as Solar, Pico-Hydro, Coconut Oil Fuel, Wind, Biogas, etc. The SEFP also supports energy efficiency equipment. This loan scheme applies to everyone – individuals, communities, private, businesses (MSE), rural or urban.

FISHERIES SECTOR

Fiji's pristine ocean boasts diverse resources of marine life species that ranges from finfish products such yellow fin tuna, big eye tuna, albacore tuna, marlin, swordfish, mahi-mahi, deep water fish like snapper and reef fish species such as sea-bream, trevally, groupers, coral trout and rock cods. Aquaculture products include prawn, seaweed, giant clam and tilapia farming.

The fisheries sector plays a vital role in the overall growth and development of the country. The sector provides employment and income opportunities, access to food sources, sustainable livelihoods and if properly managed, assists in maintaining balance in the ecosystem biodiversity. The fisheries industry is the third largest natural resource based sector in the economy, behind sugar and subsistence agriculture. In 2015 the sector grew by 3.6% mainly due to increased production in offshore

marine fishing and beche-de-mer. This growth enabled the sector to contribute around 1.8% to GDP as well as 12% of total export earnings.

The main contributor to the sector is commercial fishing, especially offshore tuna catches. Other contributors include beche-de-mer, aquaculture and other aquatic-based produce. The main commercial tuna species include big eye and yellowfin. These are high value commodities that are largely destined for the Japanese and the USA markets.

Duty Exemption

Import duty exemption on the importation of raw materials, machinery and equipment (including parts and materials) required for the establishment of the business in the Tax Free Region.

Other Benefits under the TFR

Additional 5 years of income tax exemption is available to any company granted a license and having indigenous Fijian landowner equity of at least 25 percent.





OPPORTUNITIES

- Fiji has a very large Exclusive Economic Zone, which covers 1.29 million square km of sea.
- Large stocks of marine resources such as tuna species of yellow fin, skipjack, albacore, and big eye.
- Pacific Island countries in the western and central Pacific provide 54% of the world tuna catch.
- Fiji produces some of the most beautiful pearls in the world.
- Opportunities for aquaculture farming for the tourism industry and exports.
- Huge potential for value-adding and niche markets.
- A variety of seaweed is also available in the Fiji waters.
- Fiji produces high value commodities that are largely destined for the Japanese and USA market in the form of fresh and chilled tuna (sashimi market) and loin fillets.
- Our 884,887 residents and nearly 800,000 tourists create a lucrative domestic market of over 1.6 million people.
- The coastal waters, coastal mangroves and surrounding reefs have large stocks of fish, crabs, clams, shellfish, prawns, lobsters, etc.



INCENTIVES

TAX FREE REGION - WHO WILL QUALIFY FOR THIS INCENTIVE?

This incentive is available to a newly incorporated entity engaged in a new business established in the following areas: Vanua Levu – included Taveuni, Rabi, Kioa and other islands generally included for government's administrative purpose as being in the Northern Division. Also Rotuma, Kadavu, Levuka, Lomaiviti, Lau and Nausori-Lautoka region (from Nausori Airport side of the Rewa River (excluding township boundary) to the Ba side of the Matawalu River.

Any company may apply to the Minister for Finance in a prescribed form for an operating licence.

CRITERIA FOR GRANT OF LICENCE

The company is a newly incorporated entity engaged in a new business. The minimum initial level of investment should be FJD\$250,000.

TAX EXEMPTIONS AVAILABLE

The income of any new activity approved and established between 1 January 2018 to 31 December 2028 in Vanualevu included Taveuni, Rabi, Kioa and other islands generally included for governments administrative purpose as being in the Northern Division, Rotuma, Kadavu, Levuka, Lomaiviti, Lau and Nausori-Lautoka region (from Nausori Airport side of the Rewa river (excluding township boundary) to the Ba side of the Matawalu river) shall be exempt from tax as follows:

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- Capital investment from FJD\$1,000,000 to \$2,000,000, for a period of 7 consecutive fiscal years; or
- Capital investment above FJD\$2,000,000 for a period of 13 consecutive fiscal years.

FORESTRY SECTOR

Fiji is blessed with a forest cover of 1.1 million hectares (ha) which covers 60% of our total land area and contributes around FJD\$544 million annually in terms of ecosystem services. It continues to support increased export earnings, foreign & local investment, increased employment and economic growth, and support future generations.

Forestry Sector is an integral primary sector in Fiji and apart from contributing to economic growth; it ensures the conservation, sustainable utilization and management of forest resources. The Forestry Sector plays a vital role in Fiji's economic, social and environmental wellbeing; and contributes 0.75 per cent to the country's GDP. However, this does not take into account the other activities that Forestry is involved with, especially in the Value adding & Manufacturing Sector. Forestry is a viable sector which has contributed and supported the growth

of a few other sectors and industries. It is also a vital source of energy, employment, livelihood and ecological integrity.

Native forests make up about 75.0 per cent of Fiji's forest cover while Pine and Mahogany plantations make up 11.0 and 8.0 per cent respectively; and Mangroves make up 6.0 per cent of the forest cover. Softwood plantation mainly of Pine (*Pinus caribaea*), are established mainly in the Western Division while Hardwood plantation mainly of Mahogany (*Swietenia macrophylla*), have been established on logged over rainforests, mainly on the eastern and central parts of the larger islands. Native forests area is 526,453 hectares, Hardwood plantation area is 58,978 hectares, Softwood plantation area is 76,171 hectares, and Mangrove areas cover 42,601 hectares.

The national annual native forest log production was averaged at 40,961 cubic meters per annum between 2011 and 2016. The total log production for Pine and Mahogany were averaged around 338,575 and 60,161 cubic meters respectively per annum for the same period.





OPPORTUNITIES

- Fiji has standing forest cover of 1,045,419 hectares representing 56% of the total land mass.
- Mahogany plantations in Fiji are a unique resource with standing forests up to 40 years old.
- Value adding Cocowood to veneer has great potential for high-valued commodity to thrive in Fiji.
- Teak is an upcoming high-valued hardwood timber in Fiji that has the potential to do well in this country because of the climatic condition we have suited for Teak planting.
- Fiji is a signatory to international and regional environmental conventions such as the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES).
- Apart from exporting timber, higher monetary value can be obtained from adding value to the timber being processed. This can be in the form of furniture & fittings, artifacts and wood carvings.
- The tax free region offers tax free status and exemption on the importation of raw materials, machinery and equipment.
- The production of waste wood left over from harvesting can be converted to furniture and other decorative wood items.
- Great opportunities for further plantation expansion for sandalwood.



INCENTIVES

TAX FREE REGION - WHO WILL QUALIFY FOR THIS INCENTIVE?

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- Capital investment above FJD\$2,000,000 for a period of 13 consecutive fiscal years.

DUTY EXEMPTION

Approved companies under the tax free region incentives are eligible for duty concession under Code 290 of the Customs Tariff on the importation of raw materials, machinery and equipment (including parts and materials) insofar as they are required for the establishment of the business at rates of Free Fiscal, Free Import Excise and 9% VAT.

OTHER BENEFITS UNDER THE TFR

- Additional 5 years of income tax exemption is available to any company granted a license and having indigenous Fijian landowner equity of at least 25 percent.
- Additional 7 years of income tax exemption is available to any hotel developer granted a license and having indigenous Fijian landowner equity of at least 25 percent.

HEALTH SECTOR

A country's health care system consists of both the public and private sectors, with the private one increasingly complementing public services. As countries in the developing world become wealthier their citizens may choose to use private health services to address their health needs. As a result, the private health sector in emerging markets can offer attractive returns to investors – from both the commercial and social perspectives.

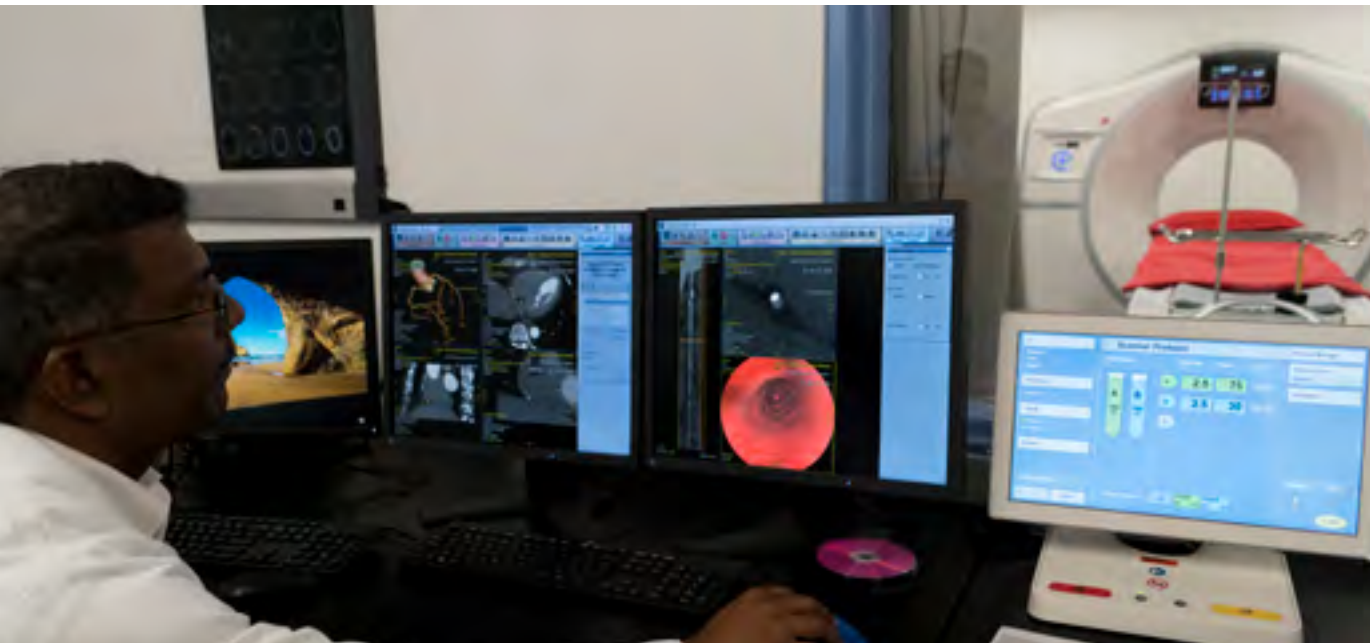
Fiji's Constitution embeds the right to health as a fundamental right for all citizens. The Constitution also imposes a duty on the State to take all reasonable measures within its available resources to achieve the progressive realisation of the right of every person to good health, to provide adequate conditions and facilities necessary to good health, and to ensure access to health care services, including reproductive health care.

Fiji's health care system consists of both the public and private sectors, with private services playing a complementary role to those delivered in the public sector. Growth in demand for privately-provided services

is expected to continue as Fiji's economy develops and the country's GDP rises.

In Fiji, as elsewhere in the developing world, life expectancy is increasing. At the same time, more people are living with long-term, non-fatal conditions such as diabetes which require ongoing monitoring and management. Demand for non-urgent (elective) surgical procedures as a result of growth in the prevalence of non-communicable diseases is also anticipated to increase. A sharper focus on disease prevention is also expected to lead to greater demand for screening as well as goods and services that support healthier lifestyles. As a result the private health sector in emerging markets can offer attractive returns to investors – from both commercial and social perspectives.

In terms of major health infrastructure Fiji has three divisional hospitals, 18 sub-divisional hospitals, 84 health centres and 98 nursing stations around the country. In addition, two specialised hospitals and two private hospitals deliver a range of primary and specialist healthcare services. The three divisional hospitals are; Colonial War Memorial Hospital (CWMH) in Suva, Lautoka Hospital and Labasa Hospital. The two specialist hospitals are both in Suva; St. Giles Hospital and Tamavua/Twomey Hospital. Incentive package available to investments in retirement villages and aged care facilities'





OPPORTUNITIES

- Our 884,887 residents and nearly 800,000 tourists create a sizeable potential market of over 1.6 million people.
- Extensive tax exemptions are offered for businesses to set up private hospitals and ancillary pathology and radiology laboratories.
- Currently most patients from Fiji and other Pacific Island countries who seek overseas specialist treatment travel to Australia or New Zealand where services can be costly. Cheaper specialized medical treatment is offered in India but the travelling time and cost is a disadvantage.
- Although Fiji has reasonably extensive private primary care services offered by general practitioners and pharmacies the extent of private sector secondary/tertiary care is currently limited with only two private hospitals in Fiji.
- Fiji offers a pristine and healthy environment for after care health services so opportunities exist for medical tourism and retirement care.
- Potential exists for pharmaceutical manufacturing plants to be set up as most products are currently imported.
- Fiji's Constitution embeds the right to health as a fundamental right for all citizens.
- Of the total population, 29% is under 15 years of age and 9% is over 60 years of age. The urban population currently stands above 56% of the total population and the fertility rate in is 2.5 births per woman which provides opportunities for wide range of health care services.



INCENTIVES

MEDICAL INCENTIVES

The income of any business setting up Private Hospitals on or after 1 January 2016:

- Shall be exempt from tax for a period of 10 years with a minimum capital investment level of FJD\$7,000,000
- 60% Investment Allowance will apply for refurbishments, renovations and extensions with a minimum capital investment of FJD\$1,000,000
- Duty Concession (Free Fiscal Duty, Free Import Excise & Free VAT) on medical, hospital, surgical, dental goods that are used and imported by the business.
- Recipients of the provisional approval for setting up Private Hospitals shall complete the project within two years from the date the provisional approval was granted
- Loss carried forward of 8 years.
- Hospitals under Private Public Partnerships (PPP) arrangements are eligible for the medical tax incentives.

The income of any business setting up Ancillary Medical Services such as Pathology Lab, MRI, other diagnostics on or after 1 January 2016:

- Shall be exempt from tax for a period of 4 years with a minimum capital investment level of FJD\$2,000,000
- 60% Investment Allowance will apply for refurbishments, renovations and extensions with a minimum capital investment of FJD\$500,000
- Duty Concession (Free Fiscal Duty, Free Import Excise & Free VAT) on medical, hospital, surgical, dental goods that are used and imported by the business.
- Recipients of the provisional approval for setting up Ancillary Medical Services shall complete the project within two years from the date the provisional approval was granted
- Loss carried forward of 8 years
- Hospitals under Private Public Partnerships (PPP) arrangements are eligible for the medical tax incentives.

ICT SECTOR

Fiji is well positioned to attract ICT investments, starting from the lower end and moving up the value chain. Fiji has managed to secure its position in attracting renowned ICT investors to locate their back offices to Fiji allowing Fiji to position itself as the hub of the Pacific.

With Fiji well established as the hub of the South Pacific, its telecommunication network are the focal point for regional business activity. Fiji provides a world-class international connectivity via the Southern Cross Cable fibre optic networks which gives it a competitive edge in the globalized on-line world. The high speed network can now deliver a 5.4Tbps (capacity of new submarine cable system) fastest, most direct and most secure international bandwidth from Australia, New Zealand and Hawaii via the Pacific to the heart of the Internet in the USA. This among other reasons has secured Fiji's position in attracting some reknowned ICT investors.

Aside from state of the art telecommunication infrastructure, Fiji also offers superb location based advantages. Located strategically (GMT+12) between Asia and the USA, Fiji provides a "timezone" business advantage, not only to East Asia and the US, but also to Eastern US and Europe. Fiji's strategic location also makes the country's location ideal for "overnight" processing.

Complementing Fiji's location is the Fijian work culture which aligns well with the contact center industry. Fijians are reputed highly for their friendliness and hospitality, and have recently been named the 'happiest people on earth'. Fijians also have a relatively neutral accent for voice-based operations, such as call centres.

From a legislative perspective, Fiji offers highly competitive tax incentives for operators in the ICT Industry. Moreover, driven by the requirement to operate 24/7, Fiji's simple hourly wage structure has become a competitive advantage in its own right.

Fiji is establishing a Modern Economic Zone with supporting infrastructure and utilities to cater for large scale ICT operations. Based on 'plug & play' concept, the zone will offer tailor made facilities that will ease setting up operations, simultaneously saving time and cost.





OPPORTUNITIES

- Fiji offers high-quality business resources and infrastructure for the ICT sector.
- The Southern Cross cable provides fast, direct and secure high capacity services between Australasia and the United States West Coast, with a landing point in Suva. It is expected that Fiji's second largest island, Vanua Levu, will also have fibre connectivity by March 2018 thereby creating further opportunities for investors and businesses.
- Good English-speaking labour force as Fiji's literacy rate is around 94%.
- Business friendly consumer policies and legislations.
- Opportunities in mobile applications and value adding service providers.
- Some well-known international back office processing companies are already operating in Fiji.
- Fiji offers an investment- friendly environment for the ICT sector with focused support from the government.
- Fiji businesses have experience in dealing with ICT products and are receptive to new and innovative products.
- Fiji is very strategically located in the Pacific and has number of headquarters for regional and international organizations.
- Young workforce with very competitive labour rates.
- Duty free importation of computer, computer parts and accessories, plant, equipment and fittings, and specialised furniture for initial establishment and during its ongoing operations to approved ICT/BPO business operators.
- Fiji won the European Outsourcing Association's Offshoring Destination of the Year Award in 2014.
- Fiji has a highly competitive Telecommunications sector and enjoys one of the highest rates of ICT penetration in the region. 95% of our population have access to mobile broadband through the use of 3G and 4G technologies and this figure is increasing. The deregulated telecommunications sector ensures value for money and access to world class ICT services for Fijians and investors alike.
- Government is heavily investing in the creation of a Digital Television Platform that will be deployed throughout the country and this will have opportunities for potential content providers and content producers.



INCENTIVES

APPLICATION DESIGN & SOFTWARE DEVELOPMENT

The income of any new operation setting up ICT businesses involved in Application designing and Software development who is granted a license from 1 January 2015 to be exempt from tax for a period of 13 years;

- Duty free and VAT exemption on the importation of all items required for the establishment of the business.

The income of any new operator who is granted a license from 1 January 2009 to be exempt from tax for a period of 13 years. The qualifying Information Communication Technology businesses include software development, customer contact centers, engineering and design, research and development, animation and content creation, distance learning, market research, travel services, finance and accounting services, human resource services, legal procedure, compliance and risk services and other administrative services (e.g., purchasing, etc.)

A 250% tax deduction is applicable on any expenditure incurred by an eligible ICT company investing in Research and Development.

ICT ACCREDITED TRAINING INSTITUTIONS

The income of any new operator setting up an internationally accredited ICT training institution who is granted a license from 1 January 2015 shall be exempt from tax for a period of 13 years. Import duty free and VAT exemption on the all items required for the establishment of the business.

SMALL ICT STARTUPS

For small ICT start-ups, a 150% deduction on all start-up costs will be made available with no employment conditions/ requirements attached"

MANUFACTURING SECTOR

Manufacturing has an immense potential in Fiji. The Fijian government is building a sustainable and globally competitive manufacturing sector through targeted assistance and a sound enabling environment for the private sector.

One of the most thriving sectors within Fiji's growing economy is the manufacturing sector. This sector includes textiles, garments, footwear, sugar, tobacco, food processing, beverages (including mineral water) and wood based industries. Value addition opportunities are also being promoted by the Fijian Government to all sectors for export purposes. For this purpose, Government offers good geological potential, transparent fiscal policies, political stability and a sound regulatory environment.

Manufacturing is a major sector in the economy, having contributed an average of 12.3 percent of GDP in 2017. The sector was forecasted to grow by 4.2% driven by higher manufacturing of food, mineral water, dairy products, poultry & meat

and the preserving of fish. Export earnings from from manufactured products contribute 6 - 7% to total domestic exports. A few of the notable Fijian Made products contributing to this increase are Pure Fiji, Fiji Water, and Pacific Green Furniture. The Fijian Trade Policy Framework articulates measures to provide greater support to manufacturers of all industries by way of securing market access, value addition promotion, trade facilitation, trade promotion, information sharing and capacity building – all with the aim of ensuring that the manufacturing sector contribution to GDP reaches 20% by 2020.

Government also recognises the importance of certifying Fiji timber produced from sustainably managed and legally operated operations in maintaining access to export markets. With assistance from Government, Fiji has registered its own “Fiji Pure Mahogany” brand in 22 countries and associated certification process for its unique and sustainable mahogany resource.

The “Fijian Made and Buy Fijian Campaign” was initiated by the Fijian Government in 2009 primarily to promote and raise the profile of Fijian made products and produce, both domestically and internationally through a national branding strategy. The focus has largely been on manufactured items, such as food (animal & vegetable products); clothing and wood made items such as furniture and handicrafts. This initiative supports Government's import substitution policy aimed at promoting production of items which are heavily imported but can be easily produced or grown in the country.





OPPORTUNITIES

- Fiji offers a 'near source', cost effective alternative to Australia and New Zealand production and is also on a similar time zone to both countries.
- Opportunities for creating premium products for niche markets.
- Agricultural commodities make up 8% of GDP and account for around 17.2% of domestic exports. Major opportunities exist in this industry by way of manufacturing of organic certified products, including coconut and fruit products and nutraceuticals which are in high demand from overseas markets.
- Fiji is also a flexible and local alternative to China and other volume sources.
- Good English-speaking labour force as Fiji's literacy rate is around 94%.
- Duty exemption on all raw materials imported for manufacturing and later exported.
- Fiji is the center of trade in the Pacific and has transformed into a hub for global communication and transportation routes.
- Availability of factories, land and buildings at reasonable rates.
- Fiji is signatory to various trade agreements which allows for better market access and provides a conducive investment climate and opportunities with other countries.
- There is also increasing business need for warehousing and storage facilities



INCENTIVES

COMMERCIAL AGRICULTURE & AGROPROCESSING

The income of any new activity in commercial agricultural farming and agro-processing approved and established from 1 January 2015 to 31 December 2028 shall be exempt from tax as follows:

- Capital investment from FJD\$250,000 to \$1,000,000, for a period of 5 consecutive fiscal years; or
- Capital investment from FJD\$1,000,000 to \$2,000,000, for a period of 7 consecutive fiscal years; or
- Capital investment above FJD\$2,000,000 for a period of 13 consecutive fiscal years.

PHARMACEUTICAL MANUFACTURING

The income of businesses investing in pharmaceutical manufacturing shall be exempt from tax as follows:

- Capital investment from FJD\$250,000 to \$1,000,000, for a period of 5 consecutive fiscal years; or
- Capital investment from FJD\$1,000,000 to \$2,000,000, for a period of 7 consecutive fiscal years; or
- Capital investment above FJD\$2,000,000 for a period of 13 consecutive fiscal years.

Import duty exemption on raw materials, plant, machinery and equipment (including spare parts) required for the establishment of the business

MINING & GROUNDWATER SECTOR

The geographical and geological setting of Fiji has attracted multinational exploration companies to invest and successfully prospect for mineral deposits including gold and mineral water.

Fiji is in the south-western Pacific and is a volcanic group of islands consisting of more than 300 islands with a fascinating geological setting within the Pacific Rim of Fire. Such setting generates various types of mineral deposit systems such as high sulphidation, low sulphidation and porphyry systems. World metal demands have escalated 17 proponents exploring on land and 1 proponent exploring offshore for certain commodities such as gold, silver, copper, alumina and manganese to cater for the market demand.

The total area explored on land is 320,484.12 Ha and 294,800 Ha is explored

offshore on the North Fiji Basin along the Triple Junction setting. High prospective areas of the regional geological settings generate 41 special prospecting licences that are viable for sustainable exploitation that is driven with the changes in commodity prices. The current active gold mine has a mineral resource volume of 4.1 million ounces of gold with current mineral reserve of 750,000 ounces of gold, which has been producing for 85 years. Two current projects have been granted mining leases with mine life of 21 years which will enhance the push for developments on the other high grade prospects in the region.

Potential for Mineral & Groundwater Resources

The potential for expansion of a mineral sector in Fiji is quite promising given its geological formation and location in the Pacific. Groundwater resources on the other hand, show significant potential for mineral water production. Fiji currently has 53 companies (2015 est.) exploring for potential mineral deposits on land covering a total area of 746,877.07 ha (2015 est.). However, the interest for evaluating offshore deep sea minerals has attracted few companies and two companies have been granted approval to conduct exploring for deep sea minerals.





OPPORTUNITIES

- Fiji is a consistent exporter of minerals, primarily gold for close to 85 years now.
- The value of mineral water exports in 2018 was FJD\$264 million while the value of gold exports was FJD\$114 million.
- The geographical and geological setting of Fiji at the edge of the Indo- Australian plate and current commodity prices (like gold) has attracted multinational exploration companies.
- The success of water exports has further given confidence to entrepreneurs to develop bottling plants indicating market growth potential for groundwater from Fiji.
- With the increasing global conscience for green productivity and renewable energy, the sector is primed for further growth with a number of international companies applying for rights to explore for geothermal resources.
- Emerging technologies for offshore or undersea mining, with companies actively lobbying government for opportunities to pioneer a new age of mineral exploration and production- minerals from the sea.



INCENTIVES

TAX FREE REGION - WHO WILL QUALIFY FOR THIS INCENTIVE?

This incentive is available to a newly incorporated entity engaged in a new business established in the following areas:- Vanua Levu – included Taveuni, Rabi, Kioa and other islands generally included for government’s administrative purpose as being in the Northern Division. Also Rotuma, Kadavu, Levuka, Lomaiviti, Lau and Nausori-Lautoka region (from Nausori Airport side of the Rewa River (excluding township boundary) to the Ba side of the Matawalu River.

Any company may apply to the Minister for Finance in a prescribed form for an operating licence.

TAX EXEMPTIONS AVAILABLE

The income of any new activity approved and established between:

1 January 2018 to 31 December 2028 in Vanua Levu- included Taveuni, Rabi, Kioa and other islands generally included for governments administrative purposes as being in the Northern Division, Rotuma, Kadavu, Levuka, Lomaiviti, Lau and Nausori-Lautoka region (from Nausori Airport side of the Rewa river (excluding township boundary) to the Ba side of the Matawalu River shall be exempt from tax as follows:

- Capital investment from FJD\$250,000 to FJD\$1,000,000, for a period 5 consecutive fiscal years; or
- Capital investment from FJD\$1,000,000 to FJD\$2,000,000, for a period of 7 consecutive fiscal years; or
- Capital investment above FJD\$2,000,000 for a period of 13 consecutive fiscal years.

TOURISM SECTOR

Fiji's renowned culture of hospitality and resourcefulness delivers exceptional value for investors. There are many examples of commercial success resulting from investment ventures by international partners.

The Tourism Industry in Fiji is largely regarded as an important driver for the Fijian economy. In 2018, approximately 870,309 visitors spent FJD\$2 billion in Fiji across an estimated 1,200 businesses. The tourism sector employs approximately 119,000 Fijians contributing above 30% of Fiji's Gross Domestic Product (GDP). Growth in the industry is becoming more broad-based with increased benefits trickling to the grassroots level, expanding eco-tourism and tourism related activities. The industry offers a wide range of services and facilities to suit the needs of its markets ranging from eco-tourism to high-end tourism products. Since 2014, investor confidence levels have increased positively, contributing tremendously to where it is today. Fiji is known to have a number of critical competitive advantage in relation to tourism options and sustainable development such as its warm tropical

climate and rich cultural diversity. The growth in international visitor arrivals anticipates conforming increase in capacity requirements and demand for new products, facilities and services, thus paving the way for local and foreign investment opportunities. Fiji offers lucrative Hotel Industry incentives via the Fiji Revenue and Customs Authority under the Income Tax (Hotel Incentives) Regulations 2016 with encouraging amendments and extension in the recent budget announcement.

Short Life Investment Package

- 4-year tax holiday for capital investments not less than \$7million.
- Import duty exemption on all capital goods (including capital equipment, plant & machinery, building materials, furnishings & fittings, equipment, room amenities, kitchen and dining room equipment & utensils, and specialized water sports equipment).

Conditions

- Short Life Investment Package (SLIP) Incentives is also available for retirement facilities and hospital resorts.
- SLIP Incentives is also available for NEW Apartments provided the length of stay is not more than 6 months.
- Recipients of the provisional approval for SLIP in 2016 shall complete the project within two years from the date the provisional approval was granted.
- There will be no SLIP from 2017 for existing hotels.
- Investors would only need to provide a sketch plan to obtain provisional approval for the investment allowance, and not necessarily a certified approval.





OPPORTUNITIES

- Tourism Areas – areas such as Vanua Levu, Suncoast and outer islands have been identified as higher yielding by visitation. In efforts to complement Governments initiative to spread benefits across the country, these areas have also been declared tax free regions whereby companies can operate without being subject to income tax.
- Accommodation – gaps in the accommodation sector note the need for higher end accommodation types such as upscale boutiques and eco-friendly resorts. Additionally, whilst Fiji has shown its capacity to attract international chains, there is still a need to encourage more accommodation properties with state of the art conference facilities to cater for the increase in MICE market.
- Attractions/Tours – in order to enhance visitor experience, there is a need for necessary investment in tourist attractions such as Culture and Heritage. For example, Museums and cultural centres to serve as anchor attractions in highly dense tourism areas such as Nadi.
- Activities – water and land based activities are common amongst tourists visiting Fiji. The provision of nature based activities particularly developing heritage sites have the potential of becoming popular tourist spots. Similar facilities can then be associated to trail networks and recreation segments such as hiking, trail walks and so forth.
- Retail – investment in high end retail shopping that looks at the development and enhancement of Fijian Made products to ensure an immersive visitor experience.
- Supporting Infrastructure - essential services and infrastructure is needed to be able to accommodate the increased demand and ensure all areas are accessible, especially outer islands. As such, opportunities exist in the development of interisland transfer boats, seaplanes, cruise/yacht terminals etc.



INCENTIVES

TAX HOLIDAY

- Tax Free for capital investment above FJD\$2,000,000 for a period of 13 consecutive fiscal years in a Tax Free Region (TFR).
- Investment allowance (in addition to ordinary depreciation) of 25% of total capital expenditure is allowed as a deduction provided there is no shift of tax revenue to other countries.
- Tax free region offer tax free status and exemption on the importation of raw materials, machinery and equipment.

STANDARD ALLOWANCE

Investment allowance of 25% of total capital expenditure is allowed as a deduction.

Conditions

- Applicable to building of new hotel including renovations or refurbishments or extensions of existing hotel and International Retiree Facilities.
- Recipients shall complete the project within two years from the date the provisional approval was granted.
- Investment Allowance can only be written-off against the income of the hotel business or income from the hotel premises.
- Losses carried forward to 8 years.
- Investors would only need to provide a sketch plan to obtain provisional approval for the investment allowance, and not necessarily a certified approved.
- There should not be any shift of tax revenue to other countries.
- There will be no Investment Allowance from 2017 for existing hotels.



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