



## VFIPA Project receives Highest Level Government Delegation Visits

(By Peter Napwatt, CEO VAC & Howard Aru, CEO)



(L-R) Mr Robert Osborne (owner of TPL), Hon Prime Minister Bob Loughman, Mrs Marian Loughman, and Mr Peter Napwatt, CEO VAC

The Honourable Prime Minister of Vanuatu Hon Bob Loughman Weibur made a call in August of 2020 “to explore ways to grow Vanuatu’s economy by using our Land and Water resources.”

On Monday 15th February the Prime Minister and his entourage were treated to the reality of one such undertaking on Santo, a Passionfruit farm owned by Tropical Plantations Ltd (TPL).

Incidentally not many people have seen a Passionfruit operation of this scale ever in Vanuatu. As Mr Robert Osborne clearly explained to the Prime Minister, with over 40,000 plants overladen with fruits ready to harvest, the current farm holds 10% of the total production of Australia. Maturing fruits and the flowers are appearing more aggressively in response to the prevailing weather conditions.

Following the PM’s visit, the Hon Minister of Trade Hon James Bule and his delegation also paid a visit on Thursday 18th February to TPL. He was extremely impressed with this huge investment.

Earlier, on Sunday 7th February the Ministry of Agriculture represented by the First Political Advisor, the DG and all the Directors under MALFFB visited TPL to see first-hand the operations and where line departments could intervene to assist the farm diversification programs that will address preparations for new and emerging markets to boost Vanuatu’s Agriculture economy.

The presence of the PM and his delegation on Monday 15th February and the Hon Minister responsible for Foreign Investments added more impetus to the preparations leading to a possible export of the first fruit off TPL towards end of March 2021.

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# Regulations underway for the new Foreign Investment Act no. 25 of 2019

(By Francesca Grillo, Deputy Chair, VFIPA Board)

The new Foreign Investment Act (FIA) that has come into effect last 15th of January 2020 requires for Regulations to prescribe (sec. 68) matters that are:

- (a) required or permitted by the Act;
- (b) necessary or convenient to be prescribed for carrying out or giving effect to the Act;

and without limiting on the points above, Regulations may provide for:

- (a) the Forms to be used in connection with the Act;
- (b) the Fees Payable;
- (c) notifications to the VFIPA CEO of investment activities recorded in the Register;
- (d) penalties for offenses against the Regulations.

VFIPA has engaged the assistance of the Asian Development Bank (ADB) and other consultants to assist with the drafting of the regulations and the work done is now ready to be submitted to the State Law Office for its review and final advice to the Minister.

The new FIA aims at simplifying the vetting of foreign investment activities by the Agency and switching from an 'approval' of foreign investments based on certain criteria to a 'registration' of them, provided they do not involve carrying out a prohibited activity, an activity reserved to citizens or a restricted activity outside the thresholds permitted by the FIA.

The registration of foreign investment activities is done for the following purposes:

- (a) ensuring that no prohibited or reserved activity is carried out;
- (b) ensuring that no restricted activity is carried out without a certificate of registration detailing the conditions which must be complied to (threshold);

(c) ensuring that foreign investors benefit of the guarantees provided by the FIA on expropriation, no less favourable treatment, free transfer of funds and investment disputes;

(d) ensure that foreign investors are able to benefit from the facilitation services and support of the Agency; and

(e) facilitate the Agency's monitoring of the carrying out of foreign investments.

The new Vanuatu Foreign Investment Promotion Agency (VFIPA) established under the FIA has the function of advising the Minister and COM on policies and regulatory framework regarding foreign investment in Vanuatu, promoting and registering investments activities, providing information and assistance to foreign investors on obtaining permits, licenses and approvals from other State departments and agencies and monitoring the implementation of investment activities in accordance to national investment policies.

The Regulations to give effect to the FIA of 2019 have been carefully drafted to ensure that the registration, implementation and variation of foreign investment activities is clear and easy for both the investors and the VFIPA processing officers and that the information collected and provided through the various forms are limited to what is necessary and convenient to easily monitor and facilitate their implementation.

This work alone is a relevant step to enable the functions of the Agency and to ensure that Vanuatu offers a friendly and easy access to genuine foreign investors, with a clear pathway for the starting and implementation of any business, as well as compliance with the regulatory framework in place.

The regulations will provide a better guide to foreign investors both new and existing.

## Summary of Regulations

The following are key areas to take note of once the Regulations are in place.

There will be further in depth awareness on the Regulations once they are effective in order for all investors to understand and appreciate the processes that will now exist for their investments.

- All applications must be processed within 15 working days. Any application that takes longer than this period must have had a notice by the office of the CEO to inform the investor on why the process will take longer than 15 working days.
- All Foreign Investment Approval Certificates (FIACs) will be issued once without renewals only Annual Surveys.
- Annual Surveys are submitted to the Agency by the 28th of February each year. Failure to lodge an Annual Survey on the due date will incur high late penalty fees and cancellation of the certificate of registration if the Annual Survey is not filed within 3 months from the due date.
- Variation application applies in the case where an investor wishes to add to or change their investment activity and change the ownership structure of the investment.
- The investor can apply to the ask for a review of the Board's decision to reject their investment application based on an error of law.
- The Reserved List of Activities will be reviewed every 2 years commencing in 2022.



(cont. from pg1)

Mr Osborne also delineated to the Prime Minister and his delegation the preparation work underway to cater for the export of Sliced bananas, Pineapples and Passionfruit and how Vanuatu's farming community stands to benefit from the export market this venture will open up.

The Prime Minister also responded by stating he would also like to be part of the Banana Supply chain to the factory in Santo. Honourable MP Joshua Pikioune who was present during the PM's visit also made it his duty to help his electorate venture into production of raw materials to supply TPL as everyone was made aware that Vanuatu has succumbed to the burdens of servicing markets we adopted from our colonial Masters like copra.

Vanuatu is forty years into its development with a recent change of status to a developing country, we must seize the opportunity to develop New Markets for products where we can establish our brand and the edge to penetrate high end market.



(L-R) Ms Beatrice Apablaza Velasquez (wife and partner of Mr Robert Osborne), PM Loughman and Mrs Loughman

## New proposals on land reforms will be positive for FDI



VFIPA Management Team meeting with Mr Nari

A discussion with the lands expert Mr Russell Nari at the VFIPA office saw the presentation of key land reforms that may be made to the current Customary Land Management Act and the tedious process that currently exists to acquire new land leases.

Mr Nari's presentation is the product of continuous consultations that have taken place by his team to ensure that the process to acquiring new land leases is actually made possible providing further development opportunities for both the land owner and the developer. As it stands, the current Land Management Act has only brought to effect 5 new land leases out of over 1000 applications that have been submitted to the Customary Land Management Office (CLMO).

These 5 leases mainly were for the development and or establishment of clinics, health centers or schools.

Any application for a new land lease has not come into effect yet being stuck in the current process of acquiring.

The active process involved in the acquiring of a new lease takes

approximately 632 days however current records show that it takes far more time to acquire than what is already in place.

"The current and biggest challenge that this process hosts is the fact that it is three separate processes that have been amalgamated into one process," said Mr Nari.

The new proposal cuts down processing time from 632 to 445 days however more importantly enables each process to be transparent and less costly.

The proposals will be part of the bill that will most likely repeal the current Land Management Act should it be passed by Parliament later on this year.

The VFIPA CEO and Management were very happy with the discussions and are eager to be part of the wider consultations that Mr Nari and his team will be carrying out in the next months as their awareness to the key stakeholders of the new proposals and the new proposed bill.

### Annual Survey Reminder

All investors are reminded that the Annual Surveys are due on the 28th of February before COB .

Investors are reminded that submitting your Annual Surveys late will incur high fines.

Ensure that you attach copies of your last 12 months VAT returns, VFSC name registration, VNPF Employer Certificate and your VNPF Active Employee list.

## Update on Remote Workers Scheme

*By Howard Aru, CEO*

Finally, after several months since we started formally discussing the concept of Remote Workers (or 'Digital Nomads') on Wednesday 21st Oct 2020 as an opportunity to generate 'fresh money' into the economy, we've reached a point where a Council of Ministers (COM) paper is on its way to COM in due course.

The concept has undergone intensive and numerous fora – the high-level consultation meetings (HLC) between the private sector and the Hon Prime Minister and his team of senior Ministers, the Ministry of Internal Affairs, the VFIPA Board, VTO, Covid-19 Advisory Team, and numerous meetings with other stakeholders.

Once the concept is cleared through COM, a Remote Workers Implementation Group will be set-up to work on the finer details and drive the idea forward.

We are mindful of the risks, challenges, marketing and funding requirements. But as with all new initiatives, these challenges are to be expected.



Eventually, out of all the hard work and our combined efforts (both within the Government and the private sector), we should be able to come up with a 'long-term strategy

to attract high value tourists' to our shores and embrace our humble but workable and exciting dream of the '52-Week Tourist' for Vanuatu in the years to come.

Imagine if we had 200-500 remote workers come and live in Vanuatu per year starting 2022. They'd rent houses, spend in shops, purchase fuel, utilise our domestic air and shipping services, visit our island sand remote but very beautiful touristic destinations and cultural sites, etc, and breath some fresh air into our ailing local economy.

That's our dream. As Singapore's former Prime Minister Lee Kuan Yew once challenged his officials, 'Dare to dream, and dare to do what you dream'. So, we've decided to also dare to dream, and dare to do what we dream. Slowly but surely, we will get there!

## VFIPA part of the Dubai Expo Committee

Despite current global travel restrictions putting a lockdown on many of the world's global events, the Dubai World Expo will happen.

The World Expo 2020 was postponed after world leaders voted on its deferral will now be welcoming participants commencing October 2021 until 31st of March 2022.

In-country preparations by Vanuatu began in 2019 and into 2020 until the COVID 19 disruptions to travel slowed down preparations.

Nevertheless, the private sector has been working tirelessly to ensure that its products will make the containers in time for the first shipments in March. VFIPA is also part of the Committee and

is working towards investment information that can be displayed and disseminated throughout the 6 month long event.

An important milestone that was achieved by the Committee was the signing of contracts for services and products totaling VT1.5 million by the Government to each participating private sector entity which total 5 businesses.

A historic achievement in private



sector participation in international expos as this has never happened in the past.

VFIPA's participation will ensure sufficient information is provided to showcase Vanuatu's investment climate and the possibilities of FDI opportunities that may draw interest from possible clients that will be present at the world expo.



*The Vanuatu Expo Committee*

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## Funding Support to Enterprises in the Productive Sector

*By Howard Aru, CEO*

The Department of Industry (DoI) has been granted some funding to manage a number of schemes in support of the private sector, beyond the bounds of the good old 'duty exemption' process which has served the private sector pretty well over the past 20+ years.

The current Government wants to see more support accorded to our enterprises as part of its policy of boosting support to the productive sector. If you are an enterprise in the productive sector this is your golden moment to seek support.

These funding schemes will become operational by end of March 2021 at the very latest. But you need to start talking to the DoI now to better understand and prepare in advance. The facilities, in brief, are as outlined below.

### **Commodities Support Scheme (CSS)**

The program has been designed to support exports and their

associated domestic transport and logistics. This scheme will be coordinated by the Ministry's Aid-for-Trade (AFT) Management housed under the DoI.

In addition, the DoI will be formulating a National Export Development Program for the period 2021-2025. This will be completed by April/May. The program will set strategic and practical directions on developing the existing and emerging export priorities of the primary/productive sector.

### **Industry Development Fund (IDF)**

The IDF is designed to support investment proposals by enterprises in the private sector. The funding criteria and procedures will be made available soon.

### **Industry Support Fund (ISF)**

This funding scheme is already available. It is more focused on supporting value addition and export operations in the private

sector.

### **HACCP Accreditation**

The Australian Government through the Governance for Growth (GfG) program has made funding available to support related needs.

This funding though is managed by the Vanuatu Chamber of Commerce and Industry (VCCI). You can obtain further information about this from the Ms Astrid Boulekone, General Manager, VCCI, PO Box 189, Tel: +678 27543, Email: [generalmanager@vcci.vu](mailto:generalmanager@vcci.vu).

Should you require any further information on the other schemes, contact:

Mr Jimmy Rantes  
Director, Department of Industry  
Private Mail Bag 9106  
Tel: 23606  
Email: [jrantes@vanuatu.gov.vu](mailto:jrantes@vanuatu.gov.vu)

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### Annual Survey by 28 February

All foreign investors approved to invest in the country are required to complete an Annual Survey and submit to the Vanuatu Foreign Investment Promotion Agency (VFIPA) by the 28th February of each year.

This obligation is provided for under Section 33 of the new Foreign Investment Act No. 25 of 2019 that became effective on 15th January 2020. The process for annual survey aims to gather information from all existing investors to ensure that a meaningful investment is established within a reasonable time frame in adherence with the laws of the country.

This year, due to the fact that many of the existing businesses are affected and some are no longer in operation due to COVID-19, as part of our aftercare-service role, the call for annual survey is tailored towards gathering information and obtaining evidence on difficulties that are encountered which negatively affected the implementation and operation of the current businesses.

Last year, there were 861 existing investments altogether (Port Vila- 758 & Luganville- 103) that have completed and submitted an Annual Survey. This year, from January to date, we received just over 276 Annual

Survey applications.

Existing foreign investors are encouraged to complete and submit an Annual Survey on the implementation progress of their investment and report the difficulties they encountered for informed decision-making purposes.

The key staff to contact for any Annual Survey enquiries and other application related enquiries can be directed to:

**Mr Gelpen Silas**  
Manager CID  
E: [gsilas@investvanuatu.vu](mailto:gsilas@investvanuatu.vu) or  
**Mrs Lolleth William**  
Certification Officer  
E: [lwilliam@investvanuatu.vu](mailto:lwilliam@investvanuatu.vu)

You can be part of our monthly newsletter to update everyone on how your investment is doing.  
Contact us through the following ways:

Vanuatu Foreign Investment Promotion Agency  
PMB 9011  
Port Vila  
Vanuatu

E: [mbani@investvanuatu.vu](mailto:mbani@investvanuatu.vu)  
T: 24441/24096  
W: [www.investvanuatu.vu](http://www.investvanuatu.vu)



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