



# VANUATU

## FOREIGN INVESTMENT PROMOTION AGENCY

*Thinking Investment? Choose Vanuatu*

Investing in Vanuatu  
Guideline 2020



## Vision and Mission of VFIPA

Vanuatu Foreign Investment Promotion Agency-VFIPA is committed to the following vision and mission:

### Vision

“ To become the Pacific's leading IPA delivering excellent service and after-care support to our existing and potential foreign investors”.

### Mission

“Proactively attracting, promoting and facilitating foreign direct investments into Vanuatu to generate greater economic prosperity and employment opportunities for all”.

We are the point of contact , working with foreign investors who shows interest to invest in Vanuatu.

Our quality services provides you with further assistance in order for your investment approval to be granted. By taking into consideration the steps of business start up and to abide the rule of law at all times. And to achieve the Agency's Vision and Mission identified in our corporate brochure.

Regards,

Howard ARU

CEO



# Focus is on Quality Foreign Direct Investment



## Content

Introduction.....	1
Management Team- Seven step Process Setting up investment.....	1
Types of Application.....	2
Where is Vanuatu?.....	3
Why invest in Vanuatu?.....	3
Secure a land Property Potential Sites.....	3
Investment Opportunity.....	4
Infrastructure -Doing business in Vanuatu.....	5
Services Sectors.....	5
Foreign Investment Network.....	6
Friendly Investment Opportunity.....	7
Graduating from LDC Category.....	7

## Introduction

Vanuatu Foreign Investment Promotion Agency falls under the Ministry of Tourism, Trade, Industry, Commerce and Ni-Vanuatu Business (MTTICNVB). VFIPA works in accordance with the Foreign Investment Act No. 25 of 2019. To promote Vanuatu as an investment location and to established methods in assisting foreign investors in obtaining permits, licences and approvals from any particular agency. These are in line with the agency functions and to actively participate by attracting foreign investors or FDI for better sustainable economic development in the country.

Vanuatu Foreign Investment Promotion Agency key functions are conducted with in three divisions, focusing on customer satisfaction and improving doing business environment in Vanuatu. A more user friendly approach to work with foreign investors for better engagement and effective collaboration. Delivering excellent service and after care to our existing and potential foreign investors will always be the key vision for the agency. VFIPA stands as the key contact point of FDI inflow into Vanuatu with a vision to be the region's best investment promotion agency.

A more customer focussed driven by well trained and dynamics team, proven to provide transparency and professionalism services to the foreign investors. And to ensure the One Stop Shop is intended to serve as a gateway for new foreign companies looking to set up business in Vanuatu. Vanuatu Foreign Investment Promotion Agency brings together under one roof few government representatives of key line agencies that foreign investors need to deal with when setting up a business in Vanuatu.

## Management Team-Seven Steps Process Setting up Investment

In response to the changes dictated by the Foreign Investment Act No. 25 of 2019, a seven step process was developed to ensure that the changes in VFIPA Act were indeed implemented.

By undertaking this process diligently, the agency management team will take comfort in knowing the responsibilities of processing the application forms in accordance with the regulation address by the act.

New foreign investors must comply with Foreign Investment Act No. 25 of 2019 in order to carry out business in the country.

### 1. Vanuatu Foreign Investment Promotion Agency (VFIPA)

Foreign Investors must complete a New Foreign Investment Certificate Application Form which must be in line with the VFIPA Business Plan Template in order to meet full requirement to carry out business in Vanuatu. Business plan is very important as it will determine the nature of the business activity.

In order to get VFIPA assurance when applying for a New Investment Certificate, kindly noted that all applicants must follow the Law and fees is refundable once application is not process after duration specify. And to supply relevant documents to the Vanuatu Investment Promotion Authority (VFIPA) for processing.

Cost: 120,000 VT

Duration: 15 Days

Website: [www.investvanuatu.org](http://www.investvanuatu.org)

### 2. Vanuatu Financial Service Commission (VFSC)

The agency is responsible for processing company incorporation and registering business names in Vanuatu.

Cost: VT 12,000

Duration: 2-3 Working Days

Website: <https://www.vfsc.vu/>

### 3. Department of Customs and Inland Revenue-Vanuatu

Foreign Investors or companies that intends to carry out any business activity for the sole purpose of making profit must obtain a Business License (BL). Business License is administered under the Business License Act No.19 of 1998.

Cost: VT 10,000 -VT 20,000  
Duration: 5 Working Days  
Website: [customsinlandrevenue.gov.vu/index.php/en/](http://customsinlandrevenue.gov.vu/index.php/en/)

#### 4. Department of Immigration- Vanuatu

The responsive department process application forms for residency permit and must be fill by Foreign Investors. It is important that Foreign Investors must compiles in accordance with the Immigration Act No. 17 of 2017.

Cost: VT 57,600  
Duration: 2 Weeks  
Website:<https://immigration.gov.vu/>

#### 5. Department of Labour and Employment Service- Vanuatu

Vanuatu Department of Labour process application forms for work permit and must be fill by foreign investors. It is important that Foreign Investors must compiles with the Work Permit Act (CAP 187) which stipulates the types of work permit issued by the Department of Labour. Any holder of a work permit for the employer mentioned in the work permit application form must be process accordingly.

Cost: VT 350,000 (Foreign Employees) per year  
Duration: 5 Working Days  
Website: <https://dol.gov.vu/index.php>

#### 6. Department of Customs and Inland Revenue- Vanuatu

Taxable activity is any activity conducted regularly or continuously. It must be supply or intend to supply, goods or services to someone else for consideration in forms of money transaction or compensation but not necessarily for profit. Taxable activity includes activity conducted by a business, trade organization, manufacturer, professional, association or related club in forms of business.

Cost: VT 10,000 -VT 20,000  
Duration: 5 Working Days  
Website: [customsinlandrevenue.gov.vu/index.php/en/](http://customsinlandrevenue.gov.vu/index.php/en/)

7. Vanuatu National Provident Fund (VNPF)  
Employer is required to apply for registration with the Vanuatu National Provident Fund (VNPF) within seven

(7) days of starting business. It is the requirement for employer to carry out necessary responsibilities including registration of employees.

No Applicable Fee  
Duration: 2-3 Working Days  
Website:<https://www.vnpf.com.vu/>  
All applications form must be forwarded and supported with relevant documents to the Vanuatu National Provident Fund (VNPF) for approval.

## Types of Applications

For registration purposes, both new and existing foreign investors must fill in the application in order to carry out investment in the country. Registering investment activities endorsed by a valid certificate demonstrate that foreign investor is a bid by the law and to commence business after acquiring approval from license authorities. There are currently three types of application forms issued by VFIPA, both for new and existed foreign investors;

1. New Foreign Investor Approval Certificate. Foreign Investors intend to invest in Vanuatu.

Fees: VT 120,000

2. Variation Application Form. To change business ownership, location , business activity and business name.

Fees: VT 30,000

3. Annual Surveys Form. To be provided annually.

Fees: VT 15,000

## Where is Vanuatu?

With its astonishing location in the Pacific Islands Region, Vanuatu has a population of around 290, 000 people, with 83 beautiful Islands. The beautiful Islands which are made of volcanoes rocks and warm tropical waters is divided into 6 Provincial Headquarters. The Islands offer a diverse range of scenery, from towering volcanic cones and coastal plains, along with underwater ship wrecks, ancient art and dance. Along with waterfalls and blue holes, organic foods and a myriad of hidden bays and beautiful beaches. Voted twice as the Happiest Place on Earth, simply because of the unique cultures, open character and friend smile embedded within for a very long time.

## Why invest in Vanuatu?

### Tax Free

With its highly favourable investment environment, Vanuatu is more than just a holiday destination. Vanuatu is a beautiful remote and tax free tropical paradise. It is known not only for its great location and climate in the South Pacific region, but also a great destination for new foreign investors to own and operate business in the country. Vanuatu has zero percentage in this following categories;

- Corporate Tax
- Income Tax
- Capital Gains Tax
- Withholding Tax
- Gift Tax
- Personal Income Tax

Aside from the locally applied 15% VAT and imported duties, many of the major tax initiatives are not applied in Vanuatu. With such taxation regime in place for international companies and businesses, Vanuatu will always be considered the best location for investment development.

## Secure a Land Property Potential Sites

Vanuatu needs Foreign Direct Investment, not just for upgrading existing investment but to be considered the best way of modernizing the resources and finding effective collaborative approaches for investment opportunities. Investing in Vanuatu is a massive opportunity. With its undiscoverable sites destined for any investment opportunity, foreign investors are strongly encourage to come and explore firsthand what the country has to offer. Number of Foreign Direct Investment continuous to increase and Vanuatu is fortunate to have existing foreign investors operating in the country as they play an important role supporting the growth of the economic.

Acquiring land for investment purposes in Vanuatu, prices often very reasonably. VFIPA encourage investors to seek advice from Real Estate Agencies before acquiring land and to undertake all necessary steps possible through the Department of Lands. Vanuatu Foreign-Promotion Investment Agency Team will walk investors through all process to ensure a smooth transition for the investor to achieve.

# Investment Opportunity

## Priority Sectors

Vanuatu's economy is founded largely on agriculture and services sector. The services sector relates primarily to tourism which continuously dominates the list of sectors in terms of becoming a major contributor to the wealth of economic. The Government of Vanuatu encourages other sectors to contribute to the wealth of the economic. Other sectors for investment opportunity includes;

- Agriculture
- Fisheries
- Forestry
- Internet and Communication Technology (ICT)
- Manufacturing

There are untapped and potential investment yet to be discover within this sectors. Therefore, VFIPA strongly encourages new foreign investors to take this initiative into consideration for any future investment opportunity.

However, this unprecedented pandemic bring new challenges to business throughout Vanuatu. But with the supports from the government, emerging opportunities due to covid-19 can be categorised as;

- R & D
- Agro-processing
- Health
- Digital platforms

Diversification is a economic growth strategy that involves entering into a new market or industry. And this is highly encourage by VFIPA and with the supports from the government.

Vanuatu's agriculture sector key crops include kava, coconut oil, coffee, copra, beef, cocoa, coconut meal, noni juice, ta-manu oil and citrus fruits. Most of the kava is exported to New Caledonia, United States of America, Kiribati and Fiji. However, all products are contributing considerably to Vanuatu's GDP.

Around 80% of the population reside in Vanuatu's rural areas highly depend on agriculture for their livelihood and productivity. VFIPA strongly encourages Joint Venture, meaning new foreign investor in partnership with another foreign investor or local SMEs.

Vanuatu Foreign Investment Promotion Authority would like to acknowledge Vanuatu Brand's– Vanuatu Made. An annual event organised by the Department of Industry under the Ministry of Tourism, Trade, Industry, Commerce and Ni-Vanuatu Business (MTTICNVB). Another milestone achievement for Vanuatu, as it is the first time ever for Vanuatu to develop a brand to be used in our local products, developed, designed and manufactured in Vanuatu. This is an investment opportunity for any interested foreign investor who shows interest in the joint venture business. It enable foreign investors to trace products to its original producer where building of trust between the two parties begin.

Food security has brought greater attention and action for all growing sectors of Vanuatu's. There are local food manufacturing companies in Vanuatu and they are processing local nutritious ingredients. There is need for expansion within this sector in order to make local foods more competitive with imported goods. Today, most farmers sell crops at the Port Vila Market. It is important that locals continue to work together to increase production and to eat more healthy food. Farmers throughout Vanuatu are encourage to involve in both subsistence and semi subsistence farming.



# Infrastructure

## Doing Business in Vanuatu

There is a huge transformation especially in the capital city but also extending to other Islands of Vanuatu, namely, Santo Island, Malekula Island, Pentecost Island, Ambae Island and Tanna Island.

Major infrastructure development includes;

- Lapetasi International Multi-Purpose Wharf Development Project
- Vanuatu Tourism Infrastructure Project
- Vanuatu Inter-Island Shipping Support Project
- Pacific Aviation Investment Project
- Cyclone Pam Road Reconstruction Project
- Port Vila Urban Development Project
- Vanuatu Interchange Limited (Marine Cable)
- Hydro – Projects – Island of Malekula
- Airport expansions – Port Vila and Santo
- Road upgrades – Island of Pentecost and Ambae
- Vodafone Vanuatu

These developments will contribute a lot towards the economy of Vanuatu and will support investment in terms of improving logistic services both air and shipping transportation. World-renowned multinational telecommunication Brand Vodafone with the largest 4G+ network is now in Vanuatu. Easy road access and development has transformed the image of the country and that is one of the advantages for foreign investors to come and invest in Vanuatu.

Infrastructure plays a vital role for both economic and social development. It provides an opportunity for developing urban and rural areas. Operation for business companies will deliver services to the community and this is a priority for the Government of Vanuatu.

The country has progressed in improving its infrastructure and planning for which will have an impact on investment opportunity towards individual sectors. With this investment opportunity, grass roots level can benefit from such rewarding developments.

## Services Sectors

### Availabilities of Resources

Vanuatu's population is young and youth un-employment is a growing problem. The Government of Vanuatu is considering professional training, agricultural support services and to increase access to education, health, justice, sports. Infrastructure development can help most by supporting good climate resilient transport and communications (supporting market development), water supply and sanitation (supporting health), least-cost electrification (improving productivity), and other facilities supporting productive youth activities. This is very important in the government agenda in supporting all sectors for better access in the service delivery.

## Foreign Investment Network Strategy Partnership and col- laboration

Vanuatu is a member to the regional and international organizations. The main purpose of Vanuatu establishing Trade and Investment Network is for better sustainable development towards the economic growth. To enhance the capacity development for trade and investment is also considered important for better facilitation between member countries. Promoting investment within individual sectors and identifying regional and international markets is one main key aspect.

Vanuatu is a member of the Pacific Island Forum Secretariat (PIFS), Melanesia Spearhead Group (MSG) Secretariat, Pacific Island Private Sector (PIPSO), and the Pacific Community (SPC). Pacific Islands Center in collaboration with Pacific Trade & Invest for better sustainable economic development and aim in promoting and facilitating trade, investment, business companies exporting abroad and tourism into Forum Island Countries. Within this regional and international organizations, Vanuatu has established trade and investment network. Providing sustainable development and increasing economic growth is the genuine priority. This depends entirely on the cooperation and collective support between member countries.

With this Trade and Investment network, it contributes and promotes direct cooperation between Vanuatu and other member countries, exchange of information relating to Trade and Investment and better advancement. And collective efforts to achieve sustain equitable, social and economic development in consistent with the goals of the Pacific Island Countries.

The Government of Vanuatu also signed PACER Plus with the intention that sectors can benefit to its services. PACER Plus is a landmark trade and development agreement that aims to encourages sustainable economic development throughout the Pacific region. It provides a valuable opportunity to deepen regional trade and economic integration between Pacific Islands in relation to investment and labour flows also growing the private sector and raising standards of living in Vanuatu.

The new VFIPA Act and Vanuatu National Investment Policy is expected to bring about major reform within the Agency with a focus on promotion, facilitation and monitoring services. There has been multiple consultation and review with members of Vanuatu's Private Sector agreed on forming a Public Private Partnership (PPP) Group to help fast-track the process of achieving its end goal which now become an Act itself. The Act will push the organization's Board and Management to be more focused on policy advocacy matters whilst providing genuine facilitation and aftercare roles that should encourage and boost investor confidence in doing business in Vanuatu.

## **Friendly Investment Opportunity**

The environment is a national priority and commitment in ensuring a safe environment to encourage investors to invest in the country. To safeguard the national wealth, resources, food security and environment in the interests of the present and future generations. Environment is an essential pillar of economic and social development plan. Vanuatu is a small developing state and climate change remains in fact the most significant threat to sustainable development. VFIPA continuous to encourages New Foreign Investors to consider friendly investment in Vanuatu without harming the environment. Seeking support from relevant sectors and accept responsibility by adopting policies objectives and measures with a view to safeguard the environment. This is clearly highlighted and supported by the Government of Vanuatu "People's Plan 2030" which also in line with the Vanuatu National Environment Policy and Implementation Plan 2030". With foreign investors thinking of investing in Vanuatu, surely VFIPA will always be there to streamline the process along the way.

## **Graduating from the LDC Category -Vanuatu embarking a new journey- Graduation 2020**

Vanuatu became an LDC member in 2012. It completed its first trade policy review as a commitment to the WTO transparency mechanism in 2018. The Government of the Republic of Vanuatu recognises the graduation from the LDC status and is scheduled for the 4th December 2020. It will then be considered a developing country. Graduation will bring to the country opportunities and prosperity. It may also pose some challenges. Overcoming, these is critical for a smooth transition process and the long-term development prospect of the country. The opportunity goes to foster economic development and receive special attention from the international community. And are entitled to receive several benefits such as access to development finance, trade and market access, technology transfer and technical assistance. From an investor's point of view, graduation is indicative of a more investor-friendly climate. It signals that good infrastructure is available along with stable political situation and macroeconomic policy with strong commitment to sustainable development. This will improve image as a developing country in the eyes of international rating agencies. And this will put Vanuatu on the map as the main get-away for investment purposes.



## Getting in touch with us through;

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