

Why Invest in Vanuatu

Doing business in Vanuatu

1. Access to Global Markets

Established trade agreements mean your business can enjoy market access to millions of customers worldwide.

A private sector-led growth principle has been and remains the government's focus since the comprehensive reform program it undertook more than a decade ago. The government recognizes the numerous benefits foreign direct investments will offer that will directly contribute to improving the living standards of its citizens.

The recognition and trust the government has on private enterprises as the engine for economic diversification and sustainable economic growth underpins most of the current government policy initiatives. This is reflected through ongoing policy reforms and developments focusing on sectors where maximum benefits are guaranteed.

2. Strong Finance

Vanuatu's financial system is well served by a few banks that are licensed to operate in the country.

VANUATU'S FINANCE SECTOR STRUCTURE

Vanuatu's financial system is well served by banks. There are 11 banks licensed to operate in the country.

One commercial bank (the [National Bank of Vanuatu](#)) is owned by Vanuatu nationals, while three banks ([ANZ Banking Group](#), [BRED Bank](#), and [Bank of South Pacific Vanuatu](#)) are subsidiaries of foreign-owned banks. The most recent [WANFUTENG Bank](#) - a Chinese-based commercial Bank makes the banking industry more competitive. The remaining seven banks provide international banking services to the people of Vanuatu. The country also has 34 insurance companies and intermediaries as well as a pension fund.

The [Reserve Bank of Vanuatu \(RBV\)](#) serves as the primary monetary authority and regulator of financial institutions in Vanuatu.

FINANCIAL INCLUSION

Financial development is comparatively high in Vanuatu, relative to other Pacific island economies. It surpassed the regional Financial Development Index average from 2004 to 2015. For instance, the access of households to financial services, in terms of ATM availability and the number of

commercial bank loan accounts, surpasses that of most other Pacific island countries.

3. Low Tax Jurisdiction

NO INCOME AND CORPORATE TAX

With no taxes affecting individuals other than import duties (at varying rates), there is effectively no corporate and personal income tax in Vanuatu

VANUATU IS A LOW TAX JURISDICTION

And you are free to repatriate any amounts of money to your home country. With VAT at 15%, a tax on rental income over VT200,000 in a 6-month period of 15% and stamp duty on some property transactions, share transfers and some other transactions at rates of up to 1%

- No income tax: Vanuatu offers NO Income Tax
- No corporate taxes on local and offshore income: Vanuatu has zero corporate tax
- No withholding taxes: You are not limited to send out moneys to home country
- No Capital Gains taxes: Vanuatu offers NO Capital Gains Tax
- No corporate taxes on local and offshore income: Vanuatu has zero corporate tax.
- No Death Duties: Vanuatu offers NO Death Duties.

ARE THERE ANY OTHER TAXES?

Companies and individuals are exempted from direct taxes but there are indirect taxes

INDIRECT TAXES

Businesses and individuals in Vanuatu only pay indirect taxes which include:

VAT (Value Added Tax) at the rate of 15%

Import duties (at varying rates)

Tax on rental income over VT200,000 in a 6-month period of 15%

Stamp duty on some property transactions

Share transfers and some other transactions at rates of up to 1% (minimum VT2,500)

4. Government Supportive Policies

Government policies that enhance a business environment with opportunities for growth and profits have made Vanuatu an attractive competitive investment destination in the region.

This is why;

- fostering an open, transparent and conducive national policy environment for investment and
- promoting coherence in national and international investment policy making

remains a key objective for the Vanuatu Government.

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comprehensive reform program it undertook more than a decade ago. The government recognizes the numerous benefits foreign direct investments will offer that will directly contribute to improving the living standards of its citizens.

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Liberal Equity Policy

There is no restriction in business ownership in Vanuatu. Foreign investors are allowed hold 100% of the equity in all investments in new projects, as well as investments in expansion / diversification projects by existing companies irrespective of the level of the nature of business activity.

Fostering a welcoming environment

Vanuatu has made excellent progress to ensure a welcoming and conducive business environment in the country. This effort has seen a number of policy frameworks developed and well established, thus providing foreign affiliates greater assurance and certainty in choosing Vanuatu as their investment destination.

At the national level, The National Trade Policy Framework, National Industry Policy and The Overarching Productive Sector Policy have contributed to provide confidence to existing and potential investors.

Internationally, Vanuatu has been well represented and recognized in the area of international trade and investment by key players in international market. Vanuatu became a member of the World Trade Organization (WTO) in 2012. In addition it has progressed a number of regional and international trade agreements such as the PacerPlus and the MSG Agreement. Positive results are guaranteed as a result of this commitment to these trade agreements - that being a member of such international agreements - this will see increase in the number of foreign investment.

The review and update of Vanuatu's National Investment Policy will ensure coherence in existing and future sector policies - a sure remedy for a favorable investment environment.

Economic Development Zones

The development of economic and industrial zones is a policy initiative by the Government to address difficulties to accessing land by foreign investors. The recently launched "Santo Economic Development Zone" is designed to host manufacturing industries including other light services industries. For the first time the Government has established an economic development zone aimed at enhancing its economic performance. The majority of the FDI projects are located in the capital - Port Vila. The establishment of this zones is in line with the national Government's decentralization policy. Espiritu Santo is Vanuatu's largest island boasting the longest road

networks in the country, hosting the longest wharf in the Pacific, acts as the hub for the country's northern region and is the main export base of Vanuatu. Santo EDZ is strategically located to capitalize on the island's strengths and with a potential to achieve high growth performance.

National Educational Institutions

Ensuring a workforce with the right and quality skills is a key determinant for foreign inward capital flows. The Government's commitment to strengthening the education sector have seen the introduction and establishment of key institutions critical to improve Vanuatu's labour skills.

The [Australian and Pacific Technical College \(APTC\)](#) to provide specialized training to the people of Vanuatu. For example the Hospitality Program was introduced to address the demand for quality services in the tourism industry. To date this program alone claims the highest number of enrollments each year compared to other programs.

The APTC was designed as a centre of training excellence, helping country citizens to gain Australian-standard skills and qualifications for a wide range of vocational careers throughout the Pacific – careers where skilled employees are in high demand. The Australia-Pacific Technical College (APTC) is an Australian Government initiative announced at the Pacific Islands Forum in October 2006 and welcomed by Pacific Island leaders. The APTC is funded by the Australian Government and managed through the Department of Foreign Affairs and Trade - Australia Aid.

The [Technical and Vocational Education and Training \(TVET\)](#) Strengthening Program is an Australian Government funded Program which aims to support economic development through targeted skill development services. The Program encourages a more responsive and better quality training system that is able to meet the skill demands of the productive sectors in provincial communities.

TVET Centres have been established in Sanma, Malampa, Torba and Tafea provinces which coordinate a range of demand-driven training and business development support services. The TVET Centres have now been formally integrated within the structure of the Ministry of Education and Training.

With around 70% of the Vanuatu population aged under 25, enabling access to skill development services to increase employment opportunities and educational pathways is a priority area for the TVET Centres.

The [Vanuatu Agriculture College](#) was created in 2005 by an act of Parliament (The Vanuatu Agriculture College Act, NO. 51 of 2005). Originally just teaching livestock, however over the years new courses such as agri-business, horticulture, aquaculture, forestry, communications and IT have been added. Vanuatu Agriculture College among other institutions will continue to implement some of the processes of educating business oriented farmers who can transform subsistence agriculture into commercial production. Whilst maintaining crucial features of Vanuatu's traditional mixed cropping practices. These methods can be then improvised through research and integrated into small commercial farming enterprises.

Vanuatu's Infrastructure

AIR TRANSPORT

Vanuatu international airport Bauerfield has recently undergone serious improvements – the completion of its new cargo terminal and the extension of its runway to cater for larger aircrafts. The runway is currently ranked C and talks are underway to commence on an upgrade to category D which will see taking long haul flights.

In 2007, Santo's Pekoa airport was upgraded and now handles international flights. According to current Governments agenda, one of its priority will be to expand the Pekoa airport including other improvements. This is important as the Government starts to shift developments to the northern part of the country.

SEA TRANSPORT

The Ports of Port Vila and Luganville have recently undergone significant improvements and expansion to cater for standard and large-size containers (20-foot). With funding through the US Millennium Challenge Corporation, the Port Vila wharf has been upgraded including the purchase of two tugboats. Currently, both ports have undergone major upgrade; the Port Vila port known as the Lapetasi project funded by the Japanese Government and the Santo port supported by the Chinese Government.

A total of seven overseas shipping lines provide both container and general cargo international services to and from Vanuatu.

ROAD TRANSPORT

The completion (in 2010) of a tar-sealed road around the islands of Efate and Santo through the assistance of the US Government-funded Millennium Challenge Corporation has significantly enhanced access to areas outside Port Vila and Luganville. There is now a lot of opportunities for tourism-related developments to expand into the rural areas of the two major tourist destination islands of Vanuatu. For example, Havana Resort has recently been developed in the northern part of Efate and a few more developments are in the pipeline and should be in progress soon.

More recently, more than 50 kms of tar sealed roads have been developed on 2 main islands of the Malampa and Tafea Provinces. Tanna Island of the Tafea province has been well known through the world for its volcanic scenery and adventures tour. With a tar-sealed road through half of the island, outlook for more developments looks really strong.

People and Culture

BI-LINGUAL, TRAINABLE AND SEMI-SKILLED READILY AVAILABLE WORKFORCE

Vanuatu is a bi-lingual society, a feature contributing to why a big smile is hard not to see in all corners of the country. A smile from a typical Ni Vanuatu is an expression of hospitality. From a business relationship perspective, a smile from a local is a demonstration of confidence and trust - we can communicate with you in both English and French.

Vanuatu operates a bi-lingual education system of curriculum based on English and French. This is something unique about Vanuatu, although in some other Pacific Countries, French is also learnt on a part-time basis.

Education and Policy Developments

Calling for an "Educated Society" remains a priority focus for the Governments' education sector. Ensuring well talented and skilled labor force is good ingredient for foreign direct investment. Therefore the Ministry of Education aims to create an education system, which provides good conditions for knowledge, skills and values development, with the view of enhancing a harmonious and peaceful society, conducive to the promotion of a sustainable Way of life in Vanuatu.

VERY FRIENDLY PEOPLE

The people of Vanuatu are renowned for their smiles, friendliness, high level of hospitality and a wide range of culture and traditions. These attributes combined with the natural beauty of this island nation have been the key factors in attracting tourism and foreign investors to Vanuatu.

WORK FORCE

The Government is placing more emphasis in building a strong human resource base through high budget allocation to the Education sector and encouraging more technical and vocational schools to be established.

- Friendly, trainable and readily available semi-skilled workforce
- Well educated and experienced workers are English and French speaking citizenry
- According to 2009 Population and Housing Census:
- Labour Force Participation Rate was 70.9%
- Employment-Population ratio was 30.3%
- Unemployment Rate was 4.6%

Perfect Location

STRATEGIC LOCATION

Commonly known and described by many as a land of welcoming smiles and voted the happiest place on earth twice, you won't regret your choice of choosing Vanuatu as your investment destination. Its strategic location offers excellent opportunities suitable for your investment plans.

Imagine being the hub to more than 10 million consumers and coupled with access to number of free trade agreements, your investment plans cannot be any more easier.

The Center of the Melanesian Block – Geographically positioned in the center of the Melanesian countries and coupled with the countries friendly tax regime, Vanuatu provides excellent exporting zone opportunities. Small to medium scale value addition industries of the country's high value products for export to niche market can be your opportunity. Imports for re-exports is fast becoming a significant component of the country's international trading activity.

Tropical climate all year-round – the all year-round warm tropical climate is one of Vanuatu's key strength in maintaining its high standard of organic status. Such climate has given rise to soils maintaining their richness, thus enabling all crops to achieve quality and high yields free of fertilizers.

Organic-Volcanic Mix – Vanuatu is globally recognized for its organic status and continuous efforts to maintain this common view. However, it is also known for its active volcanoes which claims the some of the world's spectacular scenes. Very few knew about the benefits of the mix between being organic and the volcanic ashes to crops and forests. Recent studies have indicated this mix could give rise to a new breed or improved yields in some new plant species.

Proximity to main international markets – with an average flight time of around 3 hrs to Vanuatu's main markets of Australia and New Zealand, visitors are ever welcoming to this country. You are assured to be part of the Global Value Chain if you are producing for external markets.

The upward trend in the number of cruise ships calling to Port Vila and Luganville is a clear demonstration of Vanuatu's strategic location. According to current reports, cruise ship calls to Vanuatu will increase 25 % over the next two years..

Gateway to Australia for international students – The friendly tax regime and low cost of studying in Vanuatu has the potential for providing access point to Australia for students in the Asian countries.

***For further information please contact Sherry Sun**

sherry.sun@pacifictradeinvest.org.cn