



FORESTRY

Investment **Fiji**

SECTOR PROFILE

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?

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 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.

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.



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 \$7 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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