



Investment **Fiji**

# SECTOR PROFILE

ENERGY

# 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:-

- 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.

### 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.



## 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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