

Investment conditions

Foreign investment in any business activities is encouraged provided the activity does not fall under the prohibited and reserved areas.

1 Export requirements for foreign investors

As a matter of priority, the Government encourages investment activities which are export-oriented. However this is not a compulsory requirement for all investments. Investors can also invest in other areas which have positive impacts such as employment generation, skills transfer and improving the well-being of the people.

2 Local ownership requirement

An investor can enter into business as a wholly foreign owned investment or as a joint-venture with a local partner. The Government specifically encourages joint venture in areas where local expertise and capital is limited. **Government joint venture policy requires that it owns the majority of shares especially for fisheries joint venture operations.**

3 Requirements for local employees

Foreign investments intending to carry on business in Kiribati are required to employ locals in areas where there is available local labour force. As an employer, they are also obligated to comply with other legal requirements relating to recruiting and employing locals in their operation/service. Investment activities are expected to provide necessary training to local employees. Training can be informal (on-the-job-training) or formal (taking courses).

4 Sector investment restrictions

All sectors listed hereunder may be regulated as and when required.

i. Prohibited Sectors

The Government prohibits investment activities in areas where it could harm species and scarce resources. These investment activities are categorized below according to different sectors.

Fisheries

- Driftnet, dynamite and chemical fishing¹, SCUBA fishing
- Fishing in Conserved areas
Wild Coral Exportation
- Turtle hunting
- Wild Giant clam harvesting
- Berried female & lobster harvesting
- Fishing for endangered and marine protected species
- Shark

¹ Section 19, 20 & 21 of Fisheries Act 2010

- Sea Cucumber

Agriculture

- Logging Coconut bearing trees
- Exploitation of wildlife conserved bird species
- Millionaire salad exportation
- Coconut crab harvesting

ii. Reserved Sectors

These are the sectors being reserved for local investment activities where local expertise is demonstrated and where local infant industries are protected from foreign competition.

- Commercial fishing in Kiribati's inshore waters (up to 12 nautical miles)
- Seaweed export
- Sea cucumber harvest and processing
- Retailing
- Fuel outlet
- Handicrafts
- Ornamental fish (aquarium fish)

5 Open Sector for Foreign Investments

Fisheries²:

- Offshore Fishing (12 nautical miles and beyond)
- Processing of fish & marine products
- Export of Aquaculture production
- Farming of marine resources (pearl, sea cucumber, milkfish, sponge)
- Sea-bed mineral exploration

Agriculture:

- Fruit Processing
- All Coconut products
- Piggery farming
- Poultry farming

Information & Communication Technology³:

- Telecommunication services
- Voice Over Internet Protocol (VOIP) services
- Internet Service Provider (direct connection to satellite)

Tourism

² Comply with Fisheries Act and regulations

³ To comply with Telecommunication Authority of Kiribati

- Luxury accommodation providers (investment valued at or more than AUD\$100,000 for providers located in Line & Phoenix Islands Group). Investment in this area is open for investors operating in the rest of the outer islands.
- Cultural Centre (joint venturing is recommended)

Other investment activities:

- Domestic inter-island shipping (specific to route servicing Southern islands in the Gilbert Island Group and Line & Phoenix Group).
- Air service between the Gilbert Island Group and Line & Phoenix
- Boatbuilding for inter-island going boats/vessels for passenger and cargo only.
- Financial services, Banking & Insurance
- Wholesaling

6 Foreign investment approval process

6.1 Minimum Requirements

Applicants are required to furnish the Commission with a completed prescribed foreign investment application form together with the following documents:.

- i. a recent police clearance;
- ii. a passport front page;
- iii. a business plan;
- iv. a certificate of incorporation (if applicable); and
- v. a non-refundable administration fee..

The Commission may require additional information than those stated above.

6.2 Approval Process

- a) The investor must complete the prescribed application form with the requirements provided in 4.1 and submit to the Ministry of Commerce, Industry and Cooperatives, PO. Box510, Betio, Tarawa, Republic of Kiribati.
- b) Approved investments are required to pay the prescribed fees for foreign investment registration; and
- c) Upon approval of foreign investment, the successful applicant is required to comply with all relevant laws.

7 Investment incentives

Investment incentives in the form of a pioneer status, import duty concessions and other tax incentives are offered to investors who wish to invest in Kiribati. These incentives are not automatic and the investor has to apply to be considered for such assistance.