

Investing in Vanuatu; Experiences of the highs and lows.

2018 marks 20 years of VIPA's existence within the Government's trade portfolio as the only marketing and promotion agency for attracting and regulating inward foreign direct investment (FDI) into Vanuatu. 20 years is enough in time of which foreign owned businesses have both flourished and floundered in Vanuatu's unique "doing business" environment. Nevertheless new foreign investment applications continue to come in each year. Since the aftermath of TC Pam in 2015 it was noted that new registered FDI into Vanuatu exponentially increased from 2015 to 2017.

This growth can be attributed to the recovery and rebuilding efforts that the Vanuatu Government along with regional and international partners have put into Vanuatu. However like many small and developing economies, Vanuatu still faces challenges in providing a robust, effective and productive doing business platform for foreign investors that should entice much needed increase in production and economic growth.

The VIPA team visited 2 businesses that have been operating in Vanuatu over the past years to explore the benefits and the challenges encountered by investors.

Business One: Pad Thai is the second business project for owner Ratchasit Piamrojaphat or Joe as he is known to many in Port Vila. After 7 years of running a similar Thai food eatery in Bangkok, Joe moved over 5000 miles from home to Vanuatu where he began working with his sister, Kerson, at her already flourishing local business, Exotic Thai and Kerson Spa. For 3 years he managed the operations of the Kerson Spa however after challenges of maintaining its own space opposite the Moorings Hotel, the spa moved to a single location at the Exotic Thai.



Through his personal observation of restaurant opportunities in Port Vila coupled with a strong business minded avidity, Joe saw the potential in opening up his own Thai diner and hence the birth of Pad Thai. Commencing its operations in October of 2017, Pad Thai offering original and authentic Thai food through eating in and a catering service quickly garnered popularity amongst both locals and tourists alike.

Getting into details of running the business itself is where Joe shares most of his concerns. He admits that the costs of doing business in Vanuatu is high and running a business like his in Vanuatu's tourism industry is also quite high.

Joe's first impression on the government's regulatory procedures before setting up an investment in Vanuatu is shared by many investors, that it is a challenging and time consuming process.

Investors are required to provide the same information numerous times as they go through each individual processes for setting up a business in the country, a process that more often detracts investor interest. In comparison, in Thailand, the process of setting up a business venture will take only 3 hours. Joe insists that this is an area of which the Government must do more to improve.

For Joe, the important element of running his business in Vanuatu lies in risk management. "Investing in Vanuatu may be easy in the beginning however maintaining your business can be challenging and expensive" he says. This is why Joe believes the Government and key stakeholders alike must develop and promote investment incentives to ensure that once an investor chooses to invest in Vanuatu they can be assured that their investments will grow in a conducive business environment.

Despite the challenges he faces, Joe is still determined to expand his business. His vision is to establish more outlets in other islands of Vanuatu, especially where the cruise tourism will bring in more visitors that are looking for a different taste in the islands. This vision extends to the region in the hopes of bringing

authentic fresh Thai cuisine to other parts of the Pacific offering another palette of Asian culinary for customers all over.



Business Two: Jacques Mamet began developing Le Life in 2013 on a coastal property in North East Efate. His property was up by 2014 however TC Pam would strike in 2015 resulting in a major renovations on the site. When VIPA went to visit the property for this story, we were discussing in the old restaurant building that now houses personal effects of Mamet's and of the resort itself. The restaurant has moved a few meters across the sandy bay and now hosts beautiful sunsets, a scenery fit for tourists all over.



Despite damages caused by TC Pam, Mamet says he is very happy with his investment and the way it has progressed. For him, the main focus that his resort has taken is engaging the local communities around him as much as possible. Mamet does agree that investing in Vanuatu is expensive and key business transactions such as shipping is very expensive, the cost involved in establishing a business is also very high.

With a strong focus on giving back to the community, Le Life Resort ensures that many of its activities carried out at the resort are beneficial for the people

of the surrounding villages of North East Efate, who make up a significant proportion of their employees. Mamet confidently states that his business principle is to run the business correctly and that is through the engagement of the community. His resort has helped the villagers in many ways from enhancing their skills and capabilities to sponsoring high school students around the villages enrolled in secondary schools from North Efate.

Originally from Mauritius, Mamet says he is used to life by the sea and sees enormous potential for tourism in Vanuatu specifically for North Efate. For tourists to really have the Vanuatu experience, he believes that there should be more done to ensure that tourists spend more time in places like Le Life and other resorts around the island in contrast to bus tours that only allow them little time to explore the islands, interact with the villagers and have an authentic experience. Food and volcano tours are some of the activities offered on Le Life and Mamet strongly believes that with a North Efate tourism strategy there can be more to develop for tourists to take part in and an added bonus for more tourism products that Vanuatu can have on offer.



But for Mamet, he is happy on the progress made, and is optimistic about the future of Le Life resort. The resort has an excellent reputation so far and both locals and outsiders alike have enjoyed spending time at Le Life and having return guests proves that the investment is doing exceptionally well.