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QUARTERLY REPORT

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VANUATU INVESTMENT PROMOTION AUTHORITY

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PREFACE

The Vanuatu Investment Promotion Authority is pleased to publish the First Quarterly report for 2006.

The first quarter of 2006 of the VIPA report indicates the continuous achievement in its products but showed a decline in the number of approved projects when compared with the previous quarter. This report attempts to address the various queries statistically to ensure that a better understanding of the overall investment projects received by VIPA is publicly available.

The information in this report includes; the number and type of project proposals received, proposed projects by what sector, proposed amount of investment, proposed number of employment, location of projects and investors by countries. Another new important feature included in this report is the number of projects received from each country investing in different sectors. While the report contains a small fraction of available statistics more detailed information on different topics and tables of interest can be obtained directly from the VIPA database.

We hope that with the changes made you will find the report interesting to read.

Should you require more information on this report, please contact our Research Division to assist you.

Smith Tebu

Acting Chief Executive Officer

26th April 2006

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Terms and Explanatory Notes

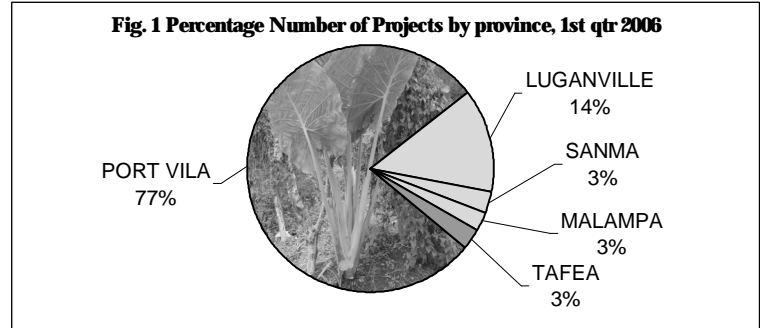
New application: Refers to new application approved by the VIPA Board and have been granted with certificate.

Private: Refers to approved application by VIPA Board to invest in a business or project already on ground or operating. The investment on ground is classified either as new (referring to business approved by VIPA Board and has operated after the formation of VIPA) or existing (referring to businesses that operated prior to formation of VIPA).

Variation: Refers to approved application by the VIPA Management (CEO) to engage in other business activities or change of location. This is actually expanding the business from one business activity to another or from one location to another. These are investors who are already on ground or operating. The investment on ground is classified either as new (referring to business approved by VIPA Board and has operated after the formation of VIPA) or existing (referring to businesses that operated prior to formation of VIPA).

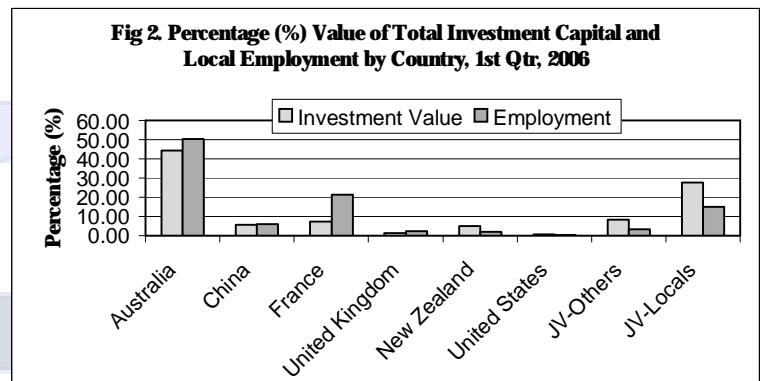
Projects

A total of 37 projects were approved by VIPA during the First (1st) Quarter 2006 of which 23 were new projects, 2 Private investors who invested in existing business and 12 were Variation. This was a decrease of 27 percent over the Fourth (4th) quarter 2005 in terms of new projects. Moreover there was a decrease of 26 percent when compared with the same quarter (1st) of 2005, in the number of new projects received. Port Vila still received the highest percentage of investment with 77 percent, followed by Luganville with 14 percent and the provinces of Malampa, Sanma and Tafea with 3 percent respectively.



Proposed Employment

During the First (1st) quarter of 2006, VIPA registered a proposal of 286 local employments from the approved projects and the foreign proposed employment figure was 22.



Proposed Investment

In the First (1st) quarter of 2006, the total value of proposed investment was over 1 billion vatu. This shows a sharp decline of 88.5 percent over the Fourth (4th) quarter 2005 and also recorded a decrease of 21 percent when compared with same quarter previous year. The highest proposed amount is in the Tourism Sector; followed by the Real Estate sector.

Investment by Country and Sector

The First (1st) quarter indicated that projects coming from Australia recorded the highest proposed value of investment of about 44.4 percent. For employment opportunities, projects coming from Australia indicated the highest number of about 50.3 percent.

Table 1. Number of Projects by Country and Sector, 2006

Sector	Australia	China	France	British	NZ	USA	JV-Other	JV-Local	Total
Agri-Export	0	0	2	0	0	0	0	0	2
Construction	1	0	0	0	0	0	0	0	1
Education, Personal & Recreation	3	0	0	1	0	0	1	0	5
Fin & Consult Ser.	1	0	2	1	0	0	0	0	4
Shipping	1	0	0	0	0	0	0	0	1
Hotel & Restaurant	2	0	0	0	1	0	0	0	3
Manufacturing	1	0	0	0	0	0	1	0	2
Real estate	3	0	0	0	1	0	0	0	4
Others	1	2	0	0	0	0	0	0	3
Tourism	0	0	0	0	0	2	0	0	3
Wholesale /Retail	5	2	2	0	0	0	0	0	9
TOTAL	18	4	6	2	2	2	2	1	37

Table 1. Indicates that most of the projects (18) come from Australia during the First (1st) quarter of 2006. The Wholesale & Retail sector receives the highest number (9), the second highest is the Educational, Personal & Recreational sector (5), the third is Real estate and Finance & Consultancy services with (4) respectively while Hotel & Restaurant, Tourism and Others came fourth with 3 each.

Table 3. Number & Type of Foreign Investment Approvals, Value (Vt) of Proposed Investment and Proposed Employment by Country

COUNTRY	Number of Projects						Proposed Investment value (VT) by application type						Proposed Employment	
	New	Private		Variation		Total	New	Private		Variation		Total	Local	Foreign
		New	Exist	New	Exist			New	Exist	New	Exist			
Australia	9	1	1	2	5	18	510,321,400	18,460,800	10,000,000	31,404,931	69,008,000	639,195,131	144	21
China	2	0	0	2	0	4	10,000,000	0	0	70,760,000	0	80,760,000	17	0
France	5	0	0	1	0	6	103,004,460	0	0	0	0	103,004,460	61	0
United Kingdom	2	0	0	0	0	2	18,500,000	0	0	0	0	18,500,000	6	0
New Zealand	2	0	0	0	0	2	70,000,000	0	0	0	0	70,000,000	5	1
United States	1	0	0	0	0	1	10,200,000	0	0	0	0	10,200,000	1	0
JV-Others	1	0	0	1	1	3	60,000,000	0	0	36,900,000	21,600,000	118,500,000	9	0
JV-Locals	1	0	0	0	0	1	400,000,000	0	0	0	0	400,000,000	43	0
TOTAL	23	1	1	6	6	37	1,182,025,860	18,460,800	10,000,000	139,064,931	90,608,000	1,440,159,591	286	22

Table 4. Number & Type of Foreign Investment Approvals, Value (Vt) of Proposed Investment and Proposed Employment by Sector

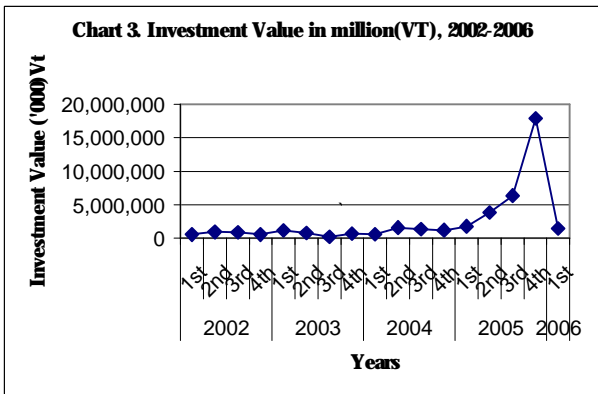
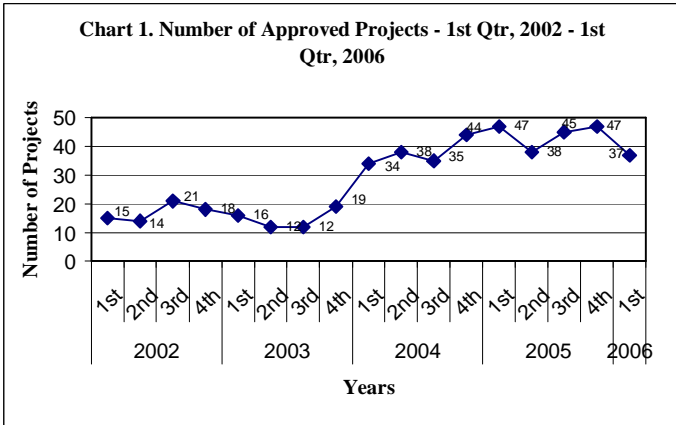
SECTOR	Number of Projects						Proposed Investment (VT)						Proposed Employment	
	New	Private		Variation		Total	New	Private		Variation		Total	Local	Foreign
		New	Exist	New	Exist			New	Exist	New	Exist			
Agri & Forestry	2	0	0	0	0	2	88,904,460	0	0	0	0	88,904,460	50	0
Construction	1	0	0	0	0	1	0	0	0	0	0	0	0	0
Edu & Health Ser.	3	1	0	1	0	5	122,500,000	18,460,800	0	23,454,931	0	164,415,731	41	20
Fin & Consult Ser.	3	0	0	1	0	4	25,300,000	0	0	0	0	25,300,000	16	0
Shipping	1	0	0	0	0	1	6,371,400	0	0	0	0	6,371,400	11	1
Hotel & Restaurant	2	0	0	0	1	3	107,400,000	0	0	0	1,808,000	109,208,000	13	1
Manufacturing	0	0	0	0	2	2	0	0	0	0	22,800,000	22,800,000	6	0
Real estate	4	0	0	0	0	4	384,550,000	0	0	0	0	384,550,000	67	0
Others	1	0	0	1	1	3	5,000,000	0	0	14,760,000	60,000,000	79,760,000	8	0
Tourism	2	0	0	1	0	3	410,200,000	0	0	36,900,000	0	447,100,000	46	0
Wholesale /Retail	4	0	1	2	2	9	31,800,000	0	10,000,000	63,950,000	6,000,000	111,750,000	28	0
TOTAL	23	1	1	6	6	37	1,182,025,860	18,460,800	10,000,000	139,064,931	90,608,000	1,440,159,591	286	22

Table 5. Number & Type of Foreign Investment Approvals, Value (Vt) of Proposed Investment and Proposed Employment by Province

PROVINCE	Number of Projects						Proposed Investment (VT)						Proposed Employment	
	New	Private		Variation		Total	New	Private		Variation		Total	Local	Foreign
		New	Exist	New	Exist			New	Exist	New	Exist			
PORT VILA	18	1	0	5	5	29	616,200,000	18,460,800	0	115,610,000	85,408,000	835,678,800	142	21
LUGANVILLE	3	0	1	1	0	5	107,030,200	0	10,000,000	23,454,931	0	140,485,131	57	1
SANMA	1	0	0	0	0	1	400,000,000	0	0	0	0	400,000,000	43	0
MALAMPA	0	0	0	0	1	1	0	0	0	0	5,200,000	5,200,000	0	0
TAFEA	1	0	0	0	0	1	58,795,660	0	0	0	0	58,795,660	44	0
TOTAL	23	1	1	6	6	37	1,182,025,860	18,460,800	10,000,000	139,064,931	90,608,000	1,440,159,591	286	22

Quarterly Comparison from 2000-2006

Number of new investment projects.
 For number of new investment project
 Chart 1. Indicated a decline of 27 percent
 over previous quarter and also a decrease
 of 27 percent over same quarter previous
 year.



Below (table 4) are the quarterly number of projects, Employment and Value of Investments from 1st quarter 2001 to 1st quarter 2006.

Creating job opportunities.
 In the 1st quarter of 2006 the number of proposed local employment as stated in Chart 2. Indicates a very sharp decline of more than 90 percent over previous quarter and also recorded a decrease of 17.1 percent over same period previous year.

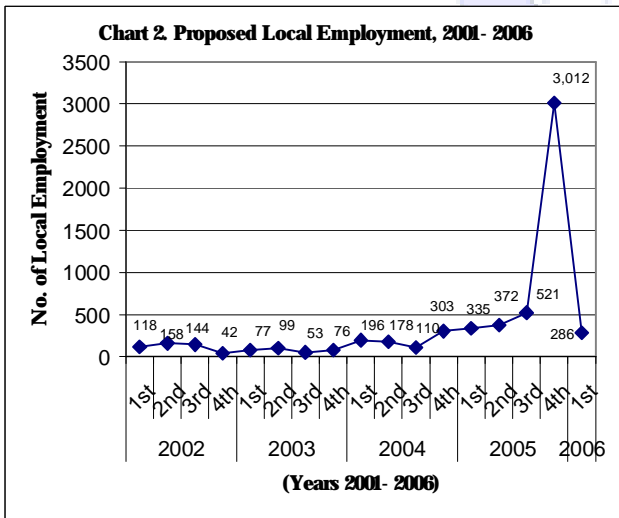


Table 4. Projects, Employment & Value of Investment, 2001 - 2006

Year / Quarter	Number of Projects	Local Employment	Investment Value (VT)
2001			
1st	15	126	1,285,967,000
2nd	13	107	1,832,160,000
3rd	11	242	1,643,610,000
4th	19	11	1,106,276,400
2002			
1st	15	118	562,593,900
2nd	14	158	928,202,320
3rd	21	144	906,871,340
4th	18	42	580,689,123
2003			
1st	16	77	1,159,785,380
2nd	12	99	784,202,128
3rd	12	53	175,900,000
4th	19	76	687,268,801
2004			
1st	34	196	610,726,461
2nd	38	178	1,597,406,986
3rd	35	110	1,357,474,358
4th	44	303	1,224,758,433
2005			
1st	47	335	1,749,361,150
2nd	38	372	3,805,815,108
3rd	45	521	6,370,737,460
4th	47	3,012	17,962,402,945
2006			
1st	37	286	1,440,159,591

Proposed Value of investments.
 The proposed value of investment in the 1st quarter of 2006 saw a very sharp decline of more than 89 percent over previous quarter and further decrease of 21.5 percent over same quarter previous year as can be seen on chart 3.

Other Activities during the 1st Quarter 2006

- NZ Pacific Trade Expo 2006, Auckland, New Zealand attended by the Senior Investment Officer, Mr Willie Saksak and the Senior Research, Reginald Tabi on 13th – 14th March, 2006. They managed the VIPA booth at the Trade Expo site
- Launching of National Promotional CD Rom by the Honorable Minister of Trades and Investment, Mr. James Bule at the Le Lagoon Conference room on 17th March, 2006.
- Howard Aru, (PIO) attended the CDE Regional Networking Meeting in Suva, Fiji on 23rd – 28th March 2006.
- A total of 3 Board meetings were convened.

Overall Remark

The First (1st) Quarter 2006 generally recorded a slide decline in terms of the number of projects received. Table 4 on page 4 shows a decrease of 27 percent in terms of the overall number of new investments over the previous quarter in 2005.

It is an indisputable fact that the growing number of private investments in terms of variation has continued to thrust the country's economy into the spotlight.

VIPA showed it was serious about Foreign Direct investments (FDI) by launching the National Promotional CD Rom at the Le Lagoon Conference Room on the 17th of March 2006 with assistance from the Private Sectors. VIPA continues to promote Vanuatu as an investment destination evident by the launching of the CD Rom to assist the Private sector in understanding better FDI issues and to be proactive in facilitating FDI into Vanuatu.

The Authority wishes to thank all line agencies for the continuous cooperation and we look forward for greater challenges in the coming quarters of 2006.

