The Forestry Sector is an integral primary sector in Fiji and apart from contributing to economic growth; one of its objectives is to ensure the conservation, sustainable utilization and management of forest resources. Fiji is blessed with a forest cover of 1.1 million hectares (ha) which covers 60% of our total land area and contributes around $544 million annually in terms of ecosystem services; and with the right plans and policies in place, it will continue to support increased export earnings, foreign & local investment, increased employment and economic growth, and support future generations.

The Forestry Sector plays a vital role in Fiji’s economic, social and environmental wellbeing; and contributes 0.6 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 (small, medium and large). It is also a vital source of energy, employment, livelihood and ecological integrity. The Forestry sector in Fiji provides employment to a workforce of over 3,000 people, which include those employed in the logging industry, sawmills & treatment plants and those involved in the manufacturing of wood products & furniture.

Export earnings for the Forestry Sector stood at $100 million in 2015 and had been increasing by an average of 20% for the last 3 years. It is ranked 5th as Fiji’s principal domestic export commodity after Sugar, Mineral water, Garments and Gold. Major contributors to this increase in exports are Pine Woodchips, Sawn Timber and Value-added timber commodities such as Mahogany components. Fiji Mahogany has made its mark in the International market because of its quality, durability and it’s resistance to wood rot. Our major export markets for forest commodities include Japan, USA, Dominican Republic, China, New Zealand and Australia.

**RESOURCES AVAILABLE**

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 (Swietania 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 37,244 cubic meters per annum between 2011 and 2015. The total log production for Pine and Mahogany were averaged around 370,261 and 62,948 cubic meters respectively per annum for the same period.
POTENTIAL FORESTRY INVESTMENT OPPORTUNITIES

Cocowood
The Forestry Sector in Fiji offers other great opportunities for budding businesses and investors. One of which is investing into Cocowood. Fiji has extensive coconut palm plantations and more than 30 years of experience in processing and utilizing coconut palm wood from over-aged palms. Cocowood has good environmental credentials, because it is sourced from senile plantations, originally planted and managed for coconut and copra crops. Value adding into cocowood-veneer is one of the Projects that the Forestry Department is currently working on with ACIAR and there is great potential for this high-valued commodity to thrive in Fiji.

Teak
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. Teak is valued highly because of its ability to resist termites & decay and can be used in exposed places without the need to be refinished. It provides great hardwood flooring options and can even be used for boat construction or installed in kitchens & bathrooms due to its rotting resistance. The largest plantation for Teak is located in the Ra province of Viti Levu.

Utilisation of Waste Wood
A project under the Ministry of Forests that researches into waste wood and creates product development guidelines for the utilization and enhancement of waste wood (crown, roots, branches and stump which are usually left behind after harvesting) into finished wood products. Findings are usually disseminated during awareness and consultations conducted to various stakeholders to boost SMEs and local production.

Sandalwood
As part of the Government’s initiative to revive and revitalize the Sandalwood Trade in Fiji, the Sandalwood Project under the Ministry of Forests continues to carry out more work in seed collection; researching on sandalwood germination, propagation and distribution; sandalwood technology transfer; sandalwood soil analysis; sandalwood field establishment (reforestation of Yasi); nursery refurbishment for sandalwood research and etc in order to provide sound advice and assistance to those who wish to venture in the Sandalwood trade. Sandalwood is a great source of income, especially for communities, as it now fetches higher prices than it was many years ago. An advantage in Investing into Sandalwood is that its production and harvesting process is simpler when compared to Mahogany which normally requires heavy machineries. Sandalwood only requires simple tools for harvesting and thus creates less damage to the environment.

Biomass Energy
With the Nabou power plant edging towards completion, investing into Biomass energy is not only an income generating business opportunity, but it also ensures the generation of renewable, carbon-free energy, anticipated to reduce Fiji’s reliance on imported diesel & fuel. Communities and Resource Owners now have the opportunity to plant short rotation crops/trees that mature in less than 3 years and sell to the Power Plant. Sawmillers will also be able to sell the wastes (barks, branches, etc) which are usually discarded after processing their main commodities such as timber and woodchips. This Power Plant will supply power to Fiji Electricity Authority as part of their Power Purchase Agreement.
**FINANCIAL ASSISTANCES**

**Forest Subsidy**
Regulated by the Ministry of Forests, the Forest Subsidy Program supports income generating forestry projects through subsidy – specifically targeting minor forest produces, wood waste utilization, community driven forest base production and provide assistance to other small scale wood industry. Application criteria can be obtained from the Ministry of Forests.

**SCARF**
The Seed Capital Revolving Fund (SCARF) is a joint equity financing scheme of the Ministry of Forests and the Fiji Development Bank (FDB). It is regulated by the Ministry of Forests and managed by FDB (co-financer). Main objective of SCARF is to assist resource owners and support communities who wish to harvest their forests and trade logs or even convert into timber to enable trade with local timber retailers. Ministry of Forests vets applications before submission to FDB who have their own requirements. Project proposal should not exceed $250,000.00.

**INCENTIVES**

**Tax Incentives**
100% of the amount of investment as a deduction for investing in food processing as well as forestry. Re-investment will also be allowed for expansion purposes. In order to qualify, the investor should utilize 50% of local produce in its production process.

**Specialized machineries directly used for forestry purposes**
The importation under concession is subject to the condition that a letter of approval is issued by the Department of Forests in relation to goods under concession.
- Fiscal Duty – Free
- VAT – 9%

**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 $250,000.

**Tax Exemptions Available**
The income of any new activity approved and established between:

(i) 1 January 2009 to 31 December 2018 for Rotuma, Kadavu, Levuka, Lomaiviti & Lau
(ii) 1 January 2014 to 31 December 2018 for East of Vitilevu (Korovou to Tavua region)
(iii) 1 January 2016 to 31 December 2018 from the airport side of the Rewa Bridge excluding the town boundary of Nausori, up to the Ba side of the Matawalu River shall be exempt from tax as follows:

- capital investment from $250,000 to $1,000,000, for a period 5 consecutive fiscal years; or
• capital investment from $1,000,000 to $2,000,000, for a period of 7 consecutive fiscal years; or
• capital investment above $2,000,000 for a period of 13 consecutive fiscal years.

Foreign Investment Regulations for Forestry Sector in Fiji
Under the 2009 Foreign Investment Regulations (FIR) and Foreign Investment (Amendment) Regulation 2013 the following activities are reserved for Fiji Citizens only:

- Plant Nursery and Care; and
- Handicraft.

Under the 2009 Foreign Investment Regulations (FIR) and Foreign Investment (Amendment) Regulation 2013 the following activities are Restricted as follows:

Business Venture in Forestry (Plant management & logging)
Foreign investor engaged in plant management and logging business must have at least $500,000 in owner’s contribution or paid up capital for companies in the form of cash from the operational date, to be fully brought into Fiji within the implementation period.

In addition, all other Forestry activities do not have a minimum investment requirement.