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## **INVEST SAMOA**

### **Investment Opportunities**

The Government of Samoa welcomes investment in virtually all areas of the economy and has undertaken a series of sectoral studies to assist investors with information about the opportunities which exist.

#### **(1) Tourism Sector**

Samoa is an attractive tourism destination. It offers a range of natural and cultural attractions that appeal to visitors from a number of major international markets. Samoa's unique culture provides a friendly and relaxed environment for visitors and provides opportunities for experiencing a distinctive Polynesian cultural heritage. The country has a sophisticated tourism infrastructure, including a variety of accommodation facilities ranging from modern hotels to guesthouses, an extensive range of attractions and activities, an international airport, modern communication systems and an excellent road network. The investment climate in Samoa is healthy, with strong growth in the sector having been recorded over the last five years.

The combination of the economic restructuring which has been undertaken and the strong strategic marketing impetus which has been created for the tourism sector, means that investment in areas such as accommodation, transport, entertainment and cultural and natural attractions are now an attractive option for domestic and foreign investors. Listed below are some of the potential projects which have been identified by studies conducted within the sector:-

- *International island resort*
- *Boutique resort*
- *Aquatic resort*
- *Refurbishment of beach fales*
- *Marina complex*

#### **(2) Fisheries Sector**

Fishing has long been recognized as a major contributor to the Samoan subsistence economy, in addition to the invaluable nutritional contribution it makes by providing for dietary needs. Commercial fishing, led by the recent boom in the albacore longline fisheries, has demonstrated the substantial economic returns that can be achieved nationally through a well-coordinated industry. The growth in commercial fisheries is expected to have important implications for export earnings.

Samoa fishery resources support a wide range of fishing activities, including:

- Subsistence harvesting of inshore fish and marine invertebrates
- Domestic longline fisheries for tuna
- Commercial harvesting of deep-bottom fish
- Commercial trolling for tuna and coastal pelagic fish
- Foreign-based industrial tuna fishing
- Game fishing

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- Exploitation of miscellaneous other resources, such as beche-de-mer, lobsters and aquarium species

Investment is welcomed in any of the following areas within the fisheries sector:

- *Growing milkfish as bait for tuna longline fishery*
- *Smoked sea food*
- *Farming prawns for the local and export market*
- *Tuna loining for export*
- *Farming Philippine green mussels*

### **(3) Food Processing Industry**

The food processing industry in Samoa is an important sector of the economy and accounts for a relatively high proportion of the country's exports. The characteristics of the industry are similar to those in other small economies, viz:

- a relatively small number of medium sized companies account for a high proportion of the industry's total turn over;
- a large number of small enterprises exist, producing primarily for the local market and frequently depending on imported raw materials; and
- exports have been dominated by the processing of traditional commodities
- in Samoa's case, primarily copra, into coconut oil and coconut cream.

The industry has been constrained by a relatively restricted range of available local agricultural products and the limited small local market. Nonetheless, there remain a number of opportunities for profitable ventures with effective linkages to the supply of agricultural or fisheries input.

The investment opportunities that have been identified within the food processing industry are as follows:

- *Downstream processing of coconut oil*
- *Tuna processing for export*
- *Abattoir (beef cattle)*
- *Production of banana and taro chips*
- *Rehabilitation of animal feed mill*

### **(4) Engineering Sector**

The engineering sector includes all types of manufacturing and related services - other than those in the food processing, timber and softgoods sectors - as well as the production, maintenance and servicing of the machinery for these sectors.

Key elements of the sector currently include:

**Metal fabrication:** involving the transformation of imported metals into a range of products for the construction industry (roofing, aluminum windows/doors, fencing materials, guttering, etc), exhaust systems for motor vehicles and some fasteners and tools.

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**Plastics** companies, which produce plastics bags for domestic consumption and a limited range of other plastic products.

A **boat building** factory which caters for the substantial growth in the number of local companies producing the traditional Alia fishing vessel.

**Automotive products:** there are a number of automotive repair operations and some exhaust systems and reconditioned clutches are also produced.

**Paper Products:** essentially involving the conversion of imported paper rolls into table napkins and toilet paper

**Engineering Services:** several companies are involved in the provision of general services to the engineering sector, such as maintenance and servicing of engines and repairs and servicing of electrical equipment.

Investment in the following areas, for supply to the local market, is considered to have good potential:

- *Manufacture of motor vehicle exhaust systems*
- *Paper recycling*
- *Reconditioning of electric motors*
- *Manufacture of aluminum fishing boats*
- *Sunglasses manufacturing*

## **(5) Timber & Furniture Sector**

The timber and timber products industry in Samoa is not large by international standards and has been held back by the absence of a kiln drying facility. However, a world-class kiln drying operation has now been established in Samoa and this, along with the growing economy, provides a number of opportunities for profitable ventures by foreign investors.

Samoa has a variety of timber in its natural forests. The most commonly available timber is Tava, known as Taun in Australia. A second tropical hardwood, Ifilele (known as Merbau in Malaysia) is also harvested, although it is sometimes difficult to obtain supplies.

Samoa has embarked on an extensive replanting program, on both government owned land and land leased from village communities. A total of approximately 10,000 hectares of land is now available for replanting, with the majority of replanting being Mahogany.

There are large quantities of coconut trees in Samoa, on both community land and on large privately held plantations. The exact numbers are not known but the total would certainly be several million. An increasing proportion of these trees have passed their most productive period or are already senile and are progressively being culled. At present, the timber is not being utilized for any commercial purpose.

Investment is encouraged in any of the following areas within the timber and furniture sector:

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- *Wooden furniture production*
  - *Production of coconut timber (coco wood)*
  - *Production of various timber products*
  - *Production of mouldings and builders' joinery*
  - *Production of sawn timber*

## **(6) Coconut Industry**

The Samoan coconut industry is small by world standards and is geographically isolated from major markets. However, the coconut sector is Samoa's largest renewable resource and the Government recognizes the importance of careful consideration being given to how the resource can be used to ensure that returns are optimized.

Industrial coconut products, such as copra and coconut oil, are generally traded in international commodity markets that are well established. There is little doubt that the economic return from Samoa's coconut sector could be improved and the industry put on a more stable footing through diversification of the product range. For example, the development of industries based on coir, refined coconut oil and coconut shell products would have a significant impact on the national economy, as well as the return to coconut farmers.

Similarly, the age of Samoa's coconut palms poses a threat to the long-term sustainability of the industry. A timber industry based on milling and replanting 1000 acres would assist in keeping production at optimum levels.

Within the coconut sector, some of the potential investment projects that have been identified are:

- *Integrated industrial coconut processing plant*
- *Coconut oil mill*
- *Cold pressed virgin oil*
- *Copra production*
- *Coconut cream*

## **(7) Agricultural Industry**

The agricultural sector in Samoa is dynamic and resilient, able to adapt and change its production focus in a relatively short time in response to commercial stimulus.

There is enormous potential for further investment in the agriculture sector, particularly in the production of high value products. Samoa is well suited to the production of a wide range of tropical products, where the combination of soils and climate produce products with unique qualities. The agronomic conditions are well suited to organic production which, when marketed effectively, can be expected to take advantage of the strong growth in worldwide demand. The natural food and organic market has been growing at a rapid rate and has a seemingly insatiable demand for both fresh and processed items. Returns for quality certified organic products are usually well above those for conventional non-organic products.

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Other opportunities include the production of livestock, which offers great potential for import substitution, given the volume of meat products currently being imported on an annual basis. The introduction of new technologies and strategies for producing commercial crops is strongly supported at all levels of the agricultural sector.

Listed below are some of the identified investment opportunities within the agricultural sector:

- *Cocoa*
- *Cattle*
- *Edible ginger*
- *Kava*
- *Banana*
- *Cut-Flowers*

### **(8) Garments & Textile Industry**

Opportunities exist for investors to invest in the garment sector in Samoa, particularly in the manufacture of high quality garments for export. The garment industry is slowly emerging from its infancy stage and, in 2002, exports reached just over SAT5 million, second only to fresh fish.

The current investment environment in the sector is very attractive, with the Government committed to creating an attractive investment climate for both local and foreign investors. The country has displayed great political and economic stability over the last 10 years and, with relatively low labour costs, a favourable exchange rate and a well-managed economy, Samoa provides a highly favourable investment environment.

Investors are welcome to pursue businesses in any part of the garment and textile industry. The four manufacturing project opportunities listed below may be of particular interest:

*Men's cotton trousers*

*Men's suits (suit/trousers/jacket)*

*Denim jeans*

*Men's business shirts*

### **(9) Service Sector**

Samoa has the potential to achieve higher rates of growth. Significant opportunities exist for the development of new projects in the services sector that will be of economic benefit by providing additional employment opportunities to the local community.

Samoa has a good education system and is known for its skilled and trainable workforce. This provides a good reservoir of potential participants in new and growing businesses. Thus, Samoa offers many opportunities for individual entrepreneurs as well as business partnerships between overseas and local investors.

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Specific opportunities identified in the services sector include:

- *Computer data entry facility*
- *Offshore banking/company registration*
- *Leasing or rental finance facility*
- *Quick printing service*
- *Veterinary clinic*

The economic reforms that have been enacted recently provide a welcoming environment and simple procedures have been introduced to attract investors to Samoa.

### **(10) Ten Other Investment Opportunities**

Studies have been conducted within Samoa with the objective of identifying investment opportunities with good potential for success from the various sectors of the economy.

Outlined below are the ten investment opportunities that have been identified and are available to all investors.

- *Production and export of upholstered furniture*
- *Production and export of cocopeat (a soil substitute made from coconut husks)*
- *Supply, servicing and repair of refrigeration and air conditioning equipment*
- *Slipway for boat maintenance and repair*
- *Document storage and retrieval facility*
- *Hydroponic production of vegetables*
- *Production and export of direct micro expelled coconut oil*
- *Road maintenance venture (in conjunction with the PWD employees)*
- *Optometry services business, and*
- *Overseas Investment in Computer Services Ltd (CSL).*