INTRODUCTION

The development of the tropical fruit and vegetable industry through hydroponics farming to meet local consumption and export markets is a lucrative opportunity. The potential for hydroponics farming is enormous and is in demand to sustain production at a reliable and consistent level.

The pristine environment and availability of resources such as water, and other hydroponic farming input are added bonus to the establishment of such venture. Supplies from such technologies will no doubt meet the growing demand for vegetable commodities by hoteliers, an industry with increasing import bill on vegetables. This indicates the need for quality local vegetables from such technological venture.

TYPE OF INVESTMENT REQUIRED

Capital investment is needed on infrastructure that can be accessed locally. These include facilities for greenhouse design, irrigation systems, energy producing technology, testing units, computer systems, eco-friendly mobile machines which are available with leading suppliers and dealers around the country. For imported hydroponics related capital equipment, a written approval has to be sought from the Department of Agriculture prior to an application to the Fiji Islands Revenue and Customs Authority for duty concessions.

Fully serviced industrial lots covering electricity, water, telecommunications, etc is available in many parts of Fiji. Potential areas for the setting up of hydroponic farms include Savusavu, Nadi, Navua, Sigatoka Valley and Labasa. These areas have established their logistical status with the market.

It is estimated that a 6 x 600 meter piping setup, will need an infrastructure set up cost F$150,000 with additional operational production cost of F$50,000 per annum for 8,000 plants (lettuce).

A 60 x 13 metre piping setup, will require capital investment estimated at F$200,000 with an estimated production cost over F$50,000 for 8,000 plants (lettuce) and a profit of F$2,800 per crop realised in the first year. (Source: Department of Agriculture1)

POTENTIAL COMMODITIES FOR HYDROPONIC FARMING

---

1 Actual value may vary depending on macro-fiscal policy (currency valuation), inflation, choice of material, etc, which should be expected.
A wide range of commodities can be grown through hydroponics technology, which complements the need to harness the “too hot” and “too wet” weather of tropical Fiji. However, the most favourable vegetables and fruits that will fetch higher returns for nursery stock include the following:

- **Vegetables:**
  - lettuce (all variety); cabbage (all types); tomatoes; carrots (all variety); zucchini; cucumber; chillies; pepper; beans (all type); broccolis; cauliflower; artichokes; eggplants; sprouts; spinach; celery; asparagus; squash; capsicum; eggplants, and okra.

- **Fruits:**
  - Papaya, mango, breadfruit, coconuts, cocoa and citrus.

**MARKET OPPORTUNITIES**

- **Local market**
  - Through hydroponics farming, opportunities exist for fruits and vegetables in the local market and the tourism industry which is largely dependent on quality. The local domestic market is better suited to lower quality and cheaper priced commodities. Moreover, the lowest grades can be used in processing and value adding. The increasing urban population allows a viable and sustainable local demand for the fresh fruits and vegetables.

- **Tourism Industry**
  - The tourism industry also presents a market opportunity for hydroponics produced vegetables. The industry demands high quality produce and is currently responsible for a large amount of imported fruits and vegetables due to the inconsistent supply and low quality from local producers.

- **Exports**
  - Foreign markets also exist within the Pacific region, especially among the low lying atoll islands, with shipment berthing at an average of twice a month to these islands.

- **Processing and Value Adding**
  - The lower quality produce that cannot be exported or sold in the local markets can be processed. A number of companies have sought to process local fruits and vegetables available for both domestic and overseas markets. Foods Processors (Fiji) Ltd is currently the largest processors of vegetable products in Fiji, which specialize in canning produce, with 60% of products exported to Pacific Islanders living abroad in Australia, New Zealand and USA. Products include canned tomatoes, Grain Sorghum Stalk (duruka), chestnut (ivi), breadfruit, frozen taro and cassava, honey, and chili sauce.
  - Other enterprises are also in the processing industry, but very few large companies to operate on economies of scale. Examples of these companies include NGO’s, such as FRIEND, who make purees, jams and chutneys, Kai Ming, who operates a very successful ginger processing facility, Herbex Ltd. and Royal Noni, both in Lautoka, who are large noni juice processors.

**TAX INCENTIVES**
Government has endorsed a **200% deduction on capital expenditure** which is available to all investors engaged in agricultural activity for a period of 5 years, beginning 2006. The activities and capital goods under this incentive will include items under paragraph 32 of Part V of the Depreciation Schedule.

Additionally, any agricultural business activity where substantial transformation of the natural resources is carried out may claim a **deduction investment allowance of 40%** on the purchase of capital assets of not less than $50,000 per annum. Capital assets do not include land, buildings, passenger motor vehicles or trading stock.

**Commercial Agriculture & Agro-processing Incentives** - A **10 year tax holiday** will be granted to companies undertaking new projects in agricultural farming & agro-processing on the following conditions:

(i) Any new activity approved and established between 1 January 2009 and 31 December 2009 shall be exempted from tax as follows -

(a) capital investment from $250,000 to $1,000,000, for a period of 4 consecutive fiscal years; or

(b) capital investment from $1,000,000 to $2,000,000, for a period of 7 consecutive fiscal years; or

(c) capital investment above $2,000,000, for a period 10 consecutive fiscal years.

(ii) Any new activity approved and established from 1 January 2010 to 31 December 2014 shall be exempt from tax for 10 consecutive fiscal years with a capital investment of $2,000,000 or more

To qualify for the 10 year tax holiday, the new project/activity should provide an employment to 30 local employees.

Investors are accorded these incentives and concessions upon the written approval from Fiji Islands Revenue & Customs Authority (FIRCA). FIRCA officials are available to provide investors with guidance on applying for such concessions. For more information: [http://www.frca.org.fj](http://www.frca.org.fj)

**Foreign Investment Access**

Investment in the agriculture sector (inclusive of hydroponics farming) is open to foreign investment provided the requirement of F$250,000 in owners contribution or paid-up capital in the form of cash from the operational date is to be fully brought into Fiji within the implementation period of the business. More information is available on [http://www.ftib.org.fj](http://www.ftib.org.fj)