



REPUBLIC OF THE MARSHALL ISLANDS
NATIONAL INVESTMENT
POLICY STATEMENT

JULY 2023

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1. Rationale and Objective

The Government of the Marshall Islands recognizes the need to progressively integrate into the global economy. This National Investment Policy Statement¹ (NIPS) underscores the value of private sector development and investment necessary to meet national development goals and provide improved livelihood for all Marshallese. As such, foreign investment aligned with the confirmed goals of the National Strategic Plan 2020-2030 (NSP) is encouraged and supported.

The objective of this Investment Policy Statement is to provide transparent guidance for attracting, retaining and expanding investment in the Republic of the Marshall Islands (RMI). To this end, the Government of the RMI is committed to: investment protection; transparent regulatory practices; ensuring environmental and social safeguards; and facilitating investment (foreign and domestic) and private sector development.

The NIPS promotes and facilitates investment in the RMI providing information in three critical areas:

- Investment priorities and opportunities;
- Investment facilitation and incentives;
- Investment requirements and regulations.

A. Rationale for the National Investment Policy Statement

The foundation for the NIPS is based on Government policies and strategies including the National Strategic Plan (NSP), the Economic Policy Statement (EPS) and relevant sector strategies and plans.

I. Marshall Islands Economic Policy Statement

The RMI approved an updated Economic Policy Statement in November 2021² and is updated annually in coordination with the annual budget. The EPS outlines a clear vision for the RMI to have a resilient, prosperous, and inclusive economy. The EPS acknowledges that this requires building human and financial capital, leveraging and conserving natural and cultural resources, and creating opportunities for all Marshallese.

The EPS provides direction for the RMI government in designing and implementing economic policies. These policies are focused on, among other areas, public financial management, civil service reforms, development partner cooperation, financial sector development and investment and private sector development.

The objective of this Investment Policy Statement is to provide transparent guidance for attracting, retaining and expanding investment in the Republic of the Marshall Islands.

¹ Prepared by the Office Commerce, Investment and Tourism, in consultation with the Office of Chief Secretary and relevant national stakeholders, with technical support from the United Nations, Economic and Social Commission for Asia and the Pacific.

² www.rmieppo.org

In this context, the EPS³ states:

A better business climate is critical for private sector development. A healthy, self-reliant economy can be sustained through a flourishing private sector. We recognize the need for a vibrant private sector for creating jobs, raising the choices of products and services available at more affordable prices, and generating revenues which could be used for delivery of public services.

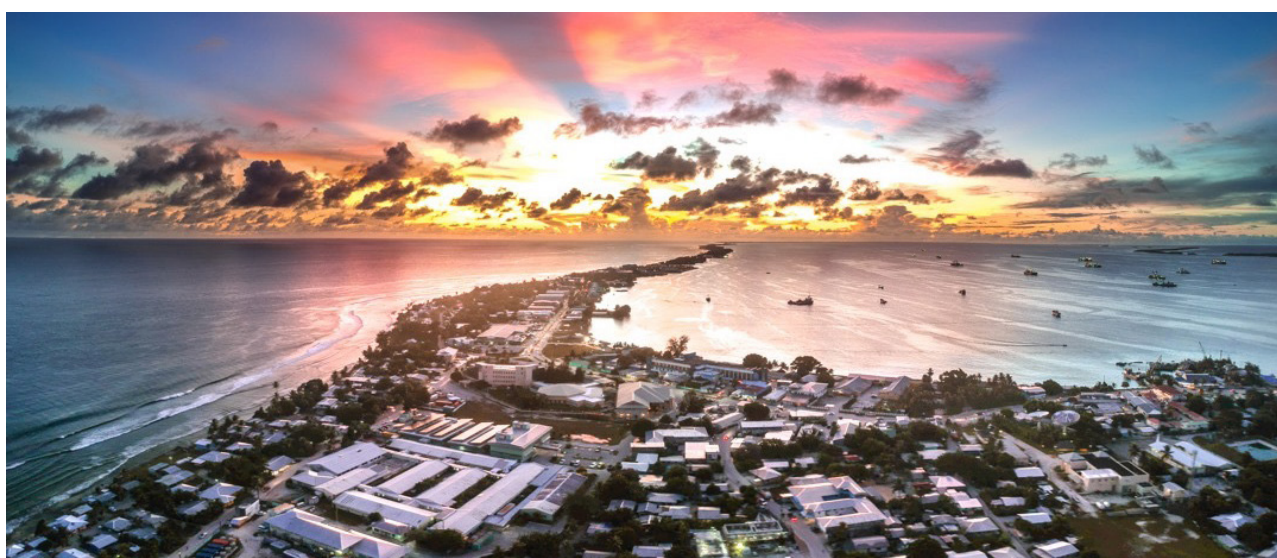
The EPS makes a provision that the preparation of an updated National Investment Policy Statement will include appropriate incentives and opportunities, to enable improved investment decisions and promote domestic and foreign investment in targeted areas. The EPS concludes that the government will work to align the mandates of all government departments with an updated NIPS.

II. National Strategic Plan⁴

The National Strategic Plan⁴ is the result of a national consultative process among government ministries and agencies, non-governmental organizations (NGOs), the private sector and all relevant stakeholders, and provides a broad consensus on the necessity for Marshallese to clearly define the future of the country. Private sector development and investment forms an integral part of the strategy to achieve the vision and objectives of the NSP.

The NSP is expressed around five Pillars, comprising twenty-four Strategic Areas in total. This National Investment Policy Statement looks to Pillar 4 (Economic Development) of the NSP to provide a foundation and rationale for the NIPS with a specific focus on investment.

Fourth Pillar of NSP	Strategic Areas
Economic Development	4.1 Land
	4.2 Agriculture
	4.3 Marine Resources
	4.4 Trade, Investment and Tourism
	4.5 Financial Sector and Services



³ RMI Economic Policy Statement 2021-2022

⁴ RMI National Strategic Plan (www.rmieppso.org)



2. Institutional Support for Trade and Investment Facilitation

A. Office of Commerce, Investment and Tourism (OCIT): Investment Promotion, Facilitation and Implementation

The Government understands that some investors, particularly non-citizen (i.e. foreign) investors, may need assistance to establish operations in the RMI. OCIT serves as the initial point of contact for investment facilitation and registration for any non-citizen.

OCIT's functions combine the roles of an investment and trade promotion agency, and a government investment corporation to encourage and develop investments and to operate business enterprises on behalf of the government. It is empowered to perform these functions alone or in conjunction with other government agencies and private enterprises.

OCIT's mission⁵ is to enable economic growth through investment facilitation, promotion of products and services, including tourism attractions.

B. Ministry of Natural Resources and Commerce: Division of Trade and Investment

The Trade and Investment Division of the Ministry of Natural Resource and Commerce (NRC) leads on trade⁶ and investment policy matters. The Division oversees the implementation of the Trade Policy Framework,⁷ the National Export Strategy (NES)⁸ and the National Agriculture Strategy,⁹ which includes policy components regarding investment in agriculture.

3. Guarantees

The Government recognizes the investment risks taken by investors, particularly, non-citizen investors. It is for this reason that the Government guarantees that it will not expropriate non-citizen investments, or take measures that will have a similar effect, except for a public purpose and on a non-discriminatory basis and against the prompt payment of adequate and effective compensation. This guarantee for the protection of persons and their property is enshrined in the Constitution. It forms an integral part of the Government's assurance to all investors that their investments are protected within the limits of the laws of the country.

Furthermore, the Government is committed to an independent and transparent judiciary system. The judiciary system is equally accessible to both non-citizen and citizen investors for the purpose of settling disputes or protecting their interests without state interference. Legislation, entitled the Arbitration Act 1980,¹⁰ is in place to provide a system for settling disputes.

⁵ <https://www.rmioct.org>

⁶ In liaison with the Ministry of Foreign Affairs and Trade, particularly in relation to bilateral and multilateral trade negotiation.

⁷ RMI Trade Policy (Ministry of Natural Resources and Commerce (+692-625 3206/4030))

⁸ National Export Strategy (Ministry of Natural Resources and Commerce (+692-625 3206/4030))

⁹ RMI National Agriculture Strategy (<https://www.facebook.com/rmi.nrc.agri/>)

¹⁰ http://rmi.parliament.org/cms/images/LEGISLATION/PRINCIPAL/1980/1980-0021/ArbitrationAct1980_1.pdf

4. Investment Priorities and Opportunities

RMI investment priorities are categorized into two areas:

- A. Goods and Services;
- B. Utilities and Transport Development.

There are other investment opportunities that are welcomed by the RMI including wholesale and retail trade services and financial services. While these areas are also important to the economic growth of the RMI, those areas listed in the table below have been identified as priority areas by the Government.

Goods and Services	Utilities and Transport
<ul style="list-style-type: none">• Fishing and Transshipment• Tourism (including related infrastructure)• Agriculture	<ul style="list-style-type: none">• Renewable Energy and Energy Efficiency• Water Transportation Services

A. Goods and Services

I. Fishing and Transshipment

Current Situation

The RMI is a signatory to the Parties to the Nauru Agreement Treaty (PNA). Our partnership with the Parties to the Nauru Agreement has changed management of the purse seine fishery to the benefit of the island resource owners, increasing 10-fold the financial benefits to the Marshall Islands over the past decade and leading to implementation of PNA's effective, multi-layered management system known as the Vessel Day Scheme.¹¹

The Marshall Islands Marine Resource Authority (MIMRA) is the relevant regulatory agency. It is currently: finalizing the establishment of a Competent Authority (CA) to facilitate access to the European Union (the world's largest seafood market); establishing a corporate entity to pursue opportunities in the tuna value chain that complement the CA while extending the reach of the RMI into other areas of the tuna value chain.¹² Currently the Marshall Islands is partnering with The Nature Conservancy and a major retailer to improve the return from the tuna value chain.

The PNA requirement of in-port transshipment for purse seine vessels licensed to fish in PNA waters, coupled with Majuro's location and the services offered, has led to Majuro becoming the busiest tuna transshipment port in the world since 2015.¹³ Currently, MIMRA has issued close to 200 domestic licenses for bunker and fishing vessels to operate in the RMI EEZ. Recently, MIMRA shifted the license processing onto PNA financial management information system to increase operational and functional use.

¹¹ MIMRA Annual Report 2019 (<http://www.rmimimra.com/>)

¹² MIMRA Annual Report 2020 (<http://www.rmimimra.com/>)

¹³ IBID

MIMRA continues to work on establishing a CA in order to enable exports to the European Union (EU). Without the CA, the RMI has limited opportunity to enjoy tax-free access to the world's largest seafood market available to other African, Caribbean and Pacific (ACP) countries. The groundwork for establishing a CA began in 2019. This included:

- Drafting of a National Control Plan, in line with the EU requirements for organization of a CA;
- Development of Industry Standards. These are the requirements equivalent to EU and international standards related to processing and export of tuna;
- Development of Fish Processing and Export Regulation.

The RMI is currently in the process of establishing EU accreditation. Once this accreditation is established, interested international investors from the EU will be provided market access to the Marshall Islands. For full details of the accreditation process and timeline please visit the MIMRA website (www.rmimimra.com).

Other MIMRA developments include:

- A CA web presence as part of MIMRA's website, was created where relevant CA information, reports, and photos are available to access;
- A new health certificate template¹⁴ and online certification for both industry and CA was developed.

Public-Private Partnership - Adding Value to the Tuna Supply Chain

A door to a new part of the multi-billion-dollar global tuna value chain opened for the Marshall Islands in late December 2020, offering a potentially lucrative new source of revenue for the country. An American mega-retail store, approved its first order of canned tuna from a Marshall Islands company — an order that launches the entities monthly purchase of container shipment loads of canned tuna sourced through the Marshall Islands — using tuna caught sustainably throughout the Parties to the Nauru Agreement region in the central and western Pacific.

This order was the result of five years of collaboration by the Marshall Islands Marine Resources Authority and the United States based conservation organization, The Nature Conservancy, to promote the dual goals of developing new opportunities in the tuna value chain, while promoting sustainable and socially-responsible fishing operations.

In the PNA, commercial tuna fishing mostly involves selling value chain licenses to distant water fishing nations and more recently, selling fishing days to domestic and foreign fleets to fish in Marshall Islands waters.

Private sector-led processing and transshipment operations are available in Majuro. However, all these activities are focused at one end of the tuna value chain. The deal with the American retailer is a step for the Marshall Islands into a totally new area of the value chain.

¹⁴ IBID

Coastal Fish Collection and Distribution Program

The MIMRA Coastal Division and its many community-based programs benefit from numerous partnerships. This approach empowers and enables different members of society (men, women and youth) to take charge in managing their resources and become responsible and active members of the community.¹⁵

Aquaculture

Aquaculture has been identified as a sector for growth in the RMI. The aim is to increase the availability of marine products in the local market, contribute to food security, and enhance livelihoods through job creation and income generating opportunities.

Opportunities

Export and Tuna Value Chain Opportunities

Tuna value chain investment. The RMI is committed to maintaining our marine resources primarily to ensure food security. Tuna is the only resource for which industrial-scale fisheries is promoted. Along the lines of the public-private partnership (PPP) described earlier, increasing the tuna value chain is considered a high priority. The PPP opportunities are available to both international and local investors who are interested.

Aquaculture and Food Security Investment Opportunities

Investment in livelihoods. MIMRA programs continue to target communities regarding the expansion of livelihood programs including giant clam and fish farming that address food security issues. Currently, MIMRA supports two clam hatcheries in the outer islands (Likiep and Arno) and two multispecies hatcheries in Majuro. Additionally, the establishment of the Protected Area Network (PAN) Office provides for the assessing of technical support opportunities focusing on : protected areas; sustainable livelihoods; capacity building and; education and awareness.¹⁶ As such, this provides for a more coordinated effort to conserve and protect marine and terrestrial resources, opening and focusing on opportunities for PPPs in Research and Development, investment in fish farming, food security and other related areas.

Coastal Fishing Opportunities in Coordination with Local Atoll Governments

Investment in local fishing. Through the network of fish centers in the RMI, the neighboring islands fishermen have an opportunity to sell their catch to the public. In FY2020, the MIMRA Coastal Division added two new atolls to the supply chain to the Majuro market through the Outer Islands Fish Market Center (OIFMC). This brings the total number of atolls to eight that are currently providing fish for sale through OIFMC.¹⁷ Opportunities to expand the reach and capacity of the fish centers is a priority investment opportunity.

Guidance

- Marshall Islands Marine Resource Authority (<http://www.rmimimra.com/>)
- Marshall Islands Conservation Society (<https://www.atollconservation.org/>)
- Ministry of Culture and Internal Affairs (Local Government Division) (+692 625-8240/8718)

¹⁵ MIMRA Annual Report 2020 (<http://www.rmimimra.com/>)

¹⁶ IBID (<http://www.rmimimra.com/>)

¹⁷ IBID (<http://www.rmimimra.com/>)



II. Tourism

Current Situation

The RMI currently has a Strategic Tourism Development Plan¹⁸ which provides guidance on issues and the opportunities available in the sector. The top tourism source markets for the Marshall Islands are the United States (US), Japan, and other Pacific Island countries. The presence of the US military base in Kwajalein helps to explain the high numbers of arrivals from the US.

Notably, the RMI has twenty-four inhabited islands which have been categorized into geographic groups¹⁹ which offer a diverse range of opportunities. These are:

- Two “urban” atolls of Majuro and Kwajalein (Ebeye);
- A “near” group of three islands which have relatively easy access to Majuro;
- A group of five “serviced” islands which benefit either from special trust funds or are sub-regional centers;
- The remaining fourteen “neighboring islands” which have been classified as either “typical” or “isolated”. These neighboring islands comprise eleven atolls with lagoons and three which are single reef islands;
- Bikini atoll while not counted as one of the twenty-four inhabited islands could be considered attractive as a “destination dive” opportunity.

While investment in the RMI tourism sector is focussed on Majuro, the neighboring islands present unique opportunities for tourism, especially targeting eco-tourism and/or enticing those visitors interested in unexplored destinations.

Opportunities

Tourism investment opportunities can best be prioritized for both the near group of three islands and the five serviced islands. Collaboration with the local governments concerning private-public partnerships and joint ventures can be an option, specifically with regards to investment opportunities detailed below.

Aviation

Investment in aviation infrastructure. This provides a leading investment opportunity. Without a first-class aviation infrastructure, it is challenging to get tourists to destinations in the neighboring islands. This opportunity includes planes and helicopters (in coordination with Air Marshall Islands and/or private sector partners), as well as, destination infrastructure opportunities (runway, airport terminal buildings and other facility enhancements). The opportunity, in this regard, would be to invest and develop public-private partnerships with a focus on tourism infrastructure development. Investment in aviation can support environmentally friendly and niche market tourism destinations throughout the RMI.

¹⁸ <https://www.rmiciot.org>

¹⁹ RMI Vulnerability Assessment 2015 (EPPSO +692-625-3802/03) (www.rmiepsso.org)

Accommodation (hotels/resorts including expansion of current capacities)

Investment in expanding capacity. Given limited growth in room capacities over the past decade, great opportunity for hotel/resort development exists in both Majuro and the neighboring islands. RMI can design incentives for enticing local businessmen to develop more hotels and resorts and improve the existing ones. Such development should be ideally focused on preserving the environment, through “high impact, less volume” niche type tourism, while blending in with local culture (each atoll has a unique culture to be appreciated). This approach would also see opportunities for investments in connectivity and environmentally friendly utility upgrades (wind/solar) to accommodate the niche markets.

Cruise Travel

Investment in inter-island cruising infrastructure. Opportunities for cruise travel align along the same approach as accommodation, a high impact, less volume approach. Rather than focus on large commercial cruise ships, the RMI seeks investment opportunities in small, inter-island cruising, where investors can focus on mid-size inter-island passenger vessels and upgrading infrastructure including docks, and environmentally friendly docking areas. Such investment will facilitate inter-island cruising services, and support tourism activities.

Live Aboard Dive

Live-aboard boats have provided services to the RMI in the past. This opportunity aligns with the marketing of tourism and the development of the neighboring island destinations. Bikini atoll remains a “dive destination.” Investment in a live aboard operator can impact both the transportation and accommodation issues associated with diving Bikini and other neighboring island destinations.

Marketing and Promotion of Events and Culture

RMI government can coordinate with interested investors to develop opportunities for tourism packages focused on under-tapped, including countries in the South Pacific and Japan. Investment partnerships can be pursued with regards to annual tourism events. This can begin with promoting increased investment in the current annual sports fishing tournaments (All Micronesian Tournament) and the periodically hosted Micronesian Games.

Guidance

- Ministry of Culture and Internal Affairs (Local Government Division) (+692 625-8240/8718)
- Ministry of Transportation Communication and Information Technology (+692-625-8869)
- Air Marshall Islands (<https://www.airmarshallislands.net/>)
- OCIT (<https://www.rmioct.org>)



III. Agriculture

Current Situation

The Marshall Islands Agriculture Sector Plan 2021–2031²⁰ acknowledges that primary production, processing, storage, and marketing are essentially private sector activities. The Plan aligns with the NSP National Goal of “Ensuring broad-based growth and food security through a cross-cutting approach”. The Plan outlines several areas for possible investment including:

- Sustainable small-livestock production systems;
- Sustainable crop production systems (including handicrafts);
- Biosecurity and marketing;
- Improved capacity of agriculture sector stakeholders.

Opportunities

Promoting effective partnerships amongst all stakeholders including governmental, non-governmental and community-based organizations with links to regional and international networks, where appropriate, is critical to promote agricultural growth and opportunities.

Sustainable Small-Livestock Production Systems

There are limited choices for livestock production on atolls. The most common are smaller animals such as pigs and poultry. The traditional breeds of small animals raised on atolls are disappearing. Traditional knowledge of how to raise domestic animals is also eroding.

Various investment opportunities exist, including in the areas discussed below.

Investment focusing on introduction of breeding stock. Improving local breeds is a priority. The crossing of breeds that can adapt to conditions in the RMI, while taking into consideration the potential impacts of climate change provides opportunities for investments in the neighboring islands.

Investment in livestock feeds. Livestock feeds are very expensive, making the cost of livestock production prohibitively high. Public-private partnerships regarding local feeds are encouraged. Production that includes a combination of local and imported materials that can be marketed domestically and regionally across the Pacific is encouraged.

Investments in animal pest and disease control. Appropriate strategies could be coordinated with regional and international organizations (and programs), remains a priority investment area.

Sustainable Crop Production Systems

One of the greatest challenges facing the RMI is how to produce enough good quality food for domestic consumption and drive export potential. Various opportunities exist, including those discussed below.

Investment partnership opportunities in crop diversity. Focusing on varieties that are more adaptable to harsh atoll conditions and potential climate change impacts of increased temperature, drought, and seawater intrusion will ensure the development of more sustainable production. Sustainable production can fuel the development of domestic and export markets.

²⁰ RMI National Agriculture Strategy (<https://www.facebook.com/rmi.nrc.agr>) (+692-625 3206/4030)

Investment in the supply of raw materials. Such materials are needed for handicrafts production and sustainable crop production systems. As part of the implementation of the RMI National Export Strategy,²¹ investment opportunities are focused on the sustainable management of pandanus and coconut as related to handicraft production for export markets.

Investment in improved pest and disease control. This provides investment partnership opportunities with local and regional organizations. Improving management of pests leads to increased agriculture sustainability and production.

Guidance

- Ministry of Culture and Internal Affairs (Local Government Division (692-625-8240/8718)
- Ministry of Natural Resources and Commerce (+692 625-3206/4020)
- RMI National Training Council (<https://www.ntcinfo.org/>)

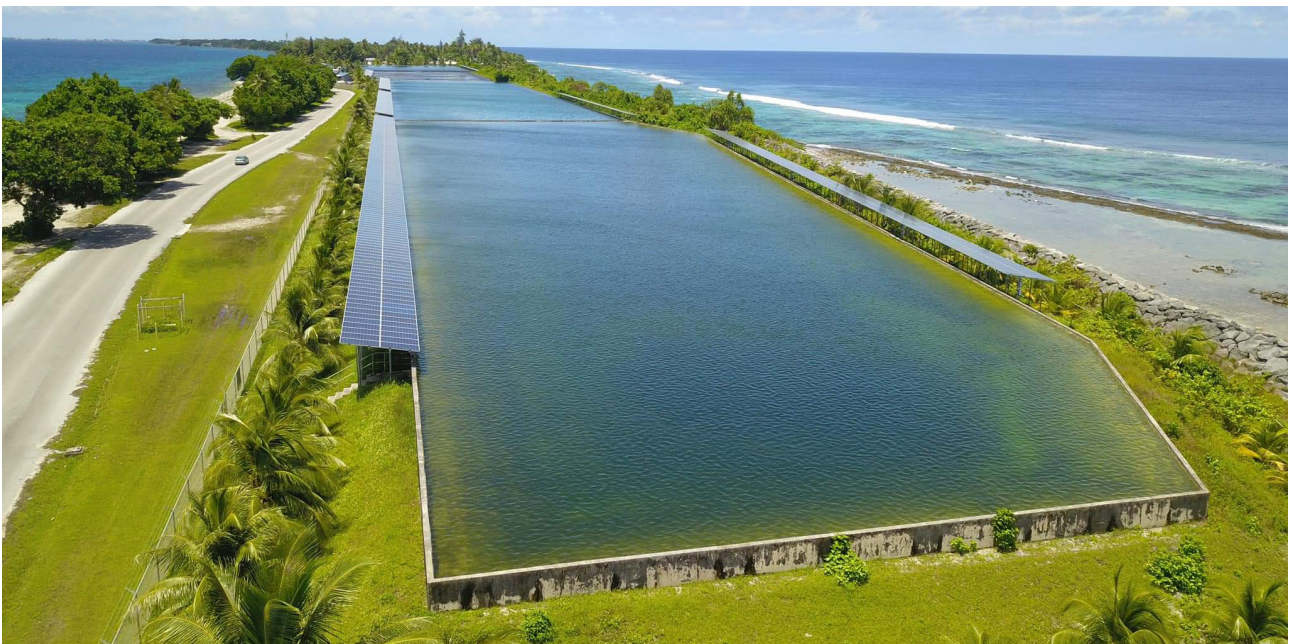
B. Utilities

I. Energy

Current Situation

The RMI Energy Roadmap²² provides a strategic framework for the electricity sector. This Roadmap allows the RMI and development partners to work together to achieve common objectives including:

- Technology pathways (including renewable energy and energy efficiency);
- Human resource strategies.



²¹ RMI National Export Strategy (Ministry of Natural Resources and Commerce (+692-625 3206/4030)

²² RMI Energy Roadmap 2018 (<https://www.rmienergyfuture.org/>)

Opportunities

Renewable Energy

The Roadmap focus on technology pathways which includes renewable energy, embracing wind, solar and associated technologies. Over the past fifteen years, progress has been made in developing renewable energy in the RMI. Almost all households on the neighboring islands, previously without electricity supply, now have solar home systems, and several larger solar projects totaling around one megawatt (MW) have been built on Majuro.

Investing in renewable energy systems in the neighboring islands. Investment focusing on establishing reliable renewable energy grids is encouraged, including network upgrades, maintenance, and retaining essential diesel generation. This will not only promote additional economic development in the neighboring islands but will contribute to the improvement of the national economy.

Energy Efficiency

The Roadmap includes a focus on energy efficiency. Reducing supply losses and demand on energy resources by promoting energy efficiency will reduce the amount of investment required for energy generation. Investment partnerships with Marshalls Energy Company, the National Energy Office and development partners will assist with higher levels of energy efficiency. Investment in “dispatchable renewables” that can generate power on demand, will provide energy supply to promote neighboring island development.

Guidance

- Marshall’s Energy Company (<http://www.mecrmi.net/>)
- Climate Change Directorate/National Energy Office (<https://www.rmienergyfuture.org/>)

II. Telecommunication Services

Current Situation

As of 2023, the National Telecommunications Authority (NTA) remains the single service provider in the RMI. Investment opportunities within the telecommunications sector could be explored in consultation with relevant national stakeholders.

Guidance

- National Telecommunications Authority (<http://www.ntamar.net/>)
- Ministry of Transportation, Communications and Information Technology (+692-625-8869)

III. Water Transportation Services

Current Situation

Water transportation services are provided primarily by the Government owned Marshall Islands Shipping Corporation (MISC). Water transportation services provide a clear opportunity for private sector investment, including:

- Charter boats (including charters through tour/dive operators);
- Live-aboard boats to dive sites;
- Public water transportation systems.

Opportunities

Charter Boats

While charter boats are available, cost and reliability remain an issue. Investment and partnerships with locally established charter boat operators provide the opportunity to offer upgraded services, and establish improved inter-island connectivity, while expanding the local economies of the neighboring islands.

Public Transportation

Investment in water transportation to ferry passengers as an opportunity. Majuro is in close proximity to three near group of atolls, which provides opportunities for economic and tourist development in Arno, Mili and Aur. Regularly scheduled trips in and around Majuro as part of a public transport service, could also be an opportunity.

Guidance

- Ministry of Transportation, Communication and Information Technology (+692-625-8869)
- Marshall Islands Shipping Corporation (+692-625-7447/8)
- Local Operators (<http://www.billfishclub.com/>)



5. Investment Facilitation and Incentives

A. Investment Facilitation and Incentives

RMI understands that some investors, particularly non-citizen (i.e. foreign) investors, may need assistance in meeting the requirements specified in different elements of our legislation. The Office of Commerce, Investment and Tourism is available to facilitate investment. Any investor, non-citizen or citizen, may request assistance for obtaining information on:

- Investment conditions and data on the cost of doing business in the country;
- Investment related authorization procedures;
- Facilitation assistance in arranging meetings with government officials;
- Identifying local private consulting, accounting and legal services to assist investors comply with the various approvals required in order to establish and operate their business activities;
- Following-up with government officials to ensure that investment related applications are processed efficiently;
- Facilitation assistance in arranging meetings with potential local partner(s).

I. Investment Incentives

To help meet private sector objectives, investments in selected sectors are offered exemptions from paying certain taxes and duties. The exemptions are equally available to both non-citizen and citizen investors and can be applied for by submitting a letter to the Minister of Finance, Banking and Postal Services.

Gross Revenue Tax Exemption

Investors intending to establish business investment in the following export-oriented sectors can be exempted from paying gross revenue tax for a five-year period:

- Off-shore or deep-sea fishing;
- Manufacturing for export, or for both export and local use;
- Agriculture;
- Hotel and resort facilities.

In order to qualify for an exemption, investors currently must make an investment of at least US\$1 million, or provide employment and wages in excess of US\$150,000 per annum to citizen workers.²³

II. Importing and Exporting

RMI applies duties on all imported goods as a mechanism for raising revenues. To minimize the burden of administering the import duty system, the Government maintains a tariff structure with a limited number of categories and relatively low rates. No duty exemptions are offered except for exemptions on staple food products, including rice, flour, sugar. There are also a number of items

²³ In the future these numbers could be adjusted for inflation so investors are advised to check with the OCIT website for updated information (www.rmioct.org).

exempted from duty tax such as renewable energy vehicles, renewable energy as well as energy efficiency equipment. The complete tariff structure can be obtained from the Ministry of Finance, Banking and Postal Services.²⁴ RMI supports and encourages all export-oriented investments. RMI does not apply any tax on the export of any goods or services. All exporters, however, are required to complete an export declaration form identifying the contents and destination of the export.

III. Access to Financing

Investment Borrowing

The Government does not impose any restrictions on non-citizen investors borrowing domestically, or on citizen investors borrowing from abroad.

Foreign Exchange Availability

The RMI uses the US dollar as its currency. No restrictions are imposed on domestically based banks making foreign exchange available to their customers.

Repatriation of Funds

RMI encourages all investors to reinvest capital and profits in the country. It recognizes, however, that some investors may need to repatriate profits and capital to meet corporate goals. All investors, therefore, are free to repatriate profits, dividends and investment capital acquired through the operation or disposal of their investment.

All banks in the Republic of the Marshall Islands are required to report transfers of funds from the country over a 24-hour period, that are in excess of US\$10,000. This requirement is a result of the Government's international money laundering commitments. The Banking Commission²⁵ monitors this information and has the authority to investigate the financial records of individuals or businesses, as it considers necessary.



²⁴ MOFBPS, (+692-625 8311/8835)

²⁵ RMI Banking Commission <http://www.rmibankingcomm.org/>

IV. Access to Land

Land is limited in its extent and is almost entirely customarily owned. Non-citizen investors wishing to access land for development must negotiate lease agreements directly with customary groups, or in the case of alienated land, with Marshallese citizens that own the land. In most cases there is a twenty-five-year limit for government leasing land. Annual lease rates are negotiated between the parties based on prevailing market conditions. In recognition of the complexities of customary land ownership in the country and the difficulties for investors to acquire land for investment purposes, the Government established the Land Registration Authority in March 2003.²⁶ The Authority:

- Maintains a voluntary register of customary land;
- Oversees the legal framework for recording all documents related to land, and registering ownership rights, leases, easements and mortgages;
- Imposes a standard land lease agreement that can be used by interested parties.

In addition, the Government has expanded the land interests to include the ownership interest in land, as well as leaseholds. Opportunities to expand the amount of available land in the country also exist. This can be achieved through land reclamation.

V. Access to Utility Services

RMI is committed to providing the business community in all parts of the country with reliable telecommunications, electricity, and water and sewage services at a reasonable price. Private companies, majority-owned by the government, currently have exclusive rights to provide these services. Where feasible, competition is encouraged along with private investment in the provision of these services.

Vi. Access to Transportation Services

The Government currently owns and operates most shipping and all domestic air services within the country and is committed to enhancing the business community's access to frequent, reliable and affordable transportation services both within the country, and with the rest of the world.

The RMI is a member of the Central Pacific Shipping Commission and the Micronesian Shipping Commission. These commissions manage (cargo) shipping within the greater Pacific region and the more focused Micronesian region respectively. While the Government understands that increasing the number of shipping lines calling on the country will bring about competition, other important factors need to be carefully considered and weighed. One such factor is the limited customer base.

RMI, being included with the other members of the Micronesian region, as part of the Commission, increases the potential volume of cargo available for local companies. The Micronesian Shipping Commission ensures that shipping lines operating within the region are committed to meeting the interests of all its member countries.

²⁶ http://rmiparliament.org/cms/images/LEGISLATION/PRINCIPAL/2003/2003-0092/LandRecordingandRegistrationAct2003_1.pdf

6. Investment Requirements and Regulations

The RMI continues to review all processes related to investment so that start-up costs are kept to a minimum. The OCIT continues to focus on reviewing, updating and designing policies to improve the efficiency and effectiveness of the cost of investing in the RMI.

A. Investment Requirements and Regulations

I. Registration of a Foreign Business

The Government requires non-citizen investments to incorporate as a resident domestic or authorized foreign company in the RMI.

Incorporating a resident domestic company is considered following the attainment of a Foreign Investment Business License (FIBL).²⁷ Once an FIBL has been issued, the potential investor proceeds to submit Bylaws and Articles of Incorporation and/or an operating agreement (depending on what it is registering as i.e. corporation, limited liability company, partnership, etc.) The document is submitted to the Registrar of Resident Domestic and Authorized Foreign Corporations in the Office of the Attorney General.

Investors that do not wish to incorporate domestically are required to apply to the Registrar of Non-Resident Corporations to register their enterprise as a foreign entity i.e. corporation, limited company, partnership, sole proprietorship. The application must be submitted using a prescribed form. The corporations and FIBL registers are administered for monitoring, planning and statistical purposes.

II. Foreign Investment Business License

The Government requires all non-citizen investments to obtain a Foreign Investment Business License (FIBL). After receiving the FIBL license, the FIBL holder would then apply for the Majuro Atoll Local Government (MalGov) Business License. A non-citizen investment is defined as having any level of its equity held by a non-citizen (i.e. foreign citizen, corporation, joint venture, partnership or other legal entity).

Pursuant to Public Law P.L. 2005-30 as amended regarding the Foreign Investment Business License (FIBL) Act, the Ministry of Finance, Banking and Postal Services provides the FIBL procedures as outlined below.

Application Procedures

1. Obtain and complete a FIBL application from the FIBL Unit, Division of Taxation and Revenue of the Ministry of Finance, Banking and Postal Services, Amata Kabua Boulevard, Delap, Majuro RMI.²⁸

²⁷ Detailed guidance on FIBL and a flowchart of the processes involved is available at www.rmiciot.org/investment

²⁸ Ministry of Finance +692-625-8311/8835

2. Upon completing the FIBL application (in duplicate), a \$250.00 nonrefundable FIBL fee payable to the Secretary of Finance, must accompany the application. The application fee must be paid at the Treasury Division, Ministry of Finance, Banking and Postal Services whereby a receipt will be provided. The receipt of payment and color copy of passport(s) of applicant(s) are required for processing of the FIBL.
3. For clearance and validation purposes of the application, the FIBL Unit will seek advice with the relevant authorities. See administrative procedures Annex 1.
4. Upon submission of comments from the relevant authorities (including Immigration Division), the FIBL Unit shall determine if all requirements are met.
5. Once the above actions are completed and to the satisfaction of the FIBL Administrator, the FIBL application will be submitted to the Attorney General (AG) for a legal opinion, and if the AG has no legal objections to the application, it is submitted to the Registrar (the Secretary of Finance) for his signature and approval. It should be noted that all Corporations must be incorporated with the Registrar of Incorporation at the Office of the AG.
6. If all requirements are met (see Annex 1), approval is granted by the Registrar and the FIBL shall be granted.
7. To receive the granted FIBL, an Employer Identification Number (EIN) and a Foreign Investor Work Permit (FIWP) are required for the FIBL Unit to release the original license. The EIN is issued by the Marshall Islands Social Security Administration and the FIWP (work permit) is issued by Labor Division of the Ministry of Justice, Immigration and Labor.
8. Upon presenting the EIN and work permit, it is required to collect the FIBL from the Revenue and Taxation Office for business registration and orientation of tax issues.
9. Normally, it takes at least five to a maximum of fifteen working days to process the FIBL and seek advice from other agencies. In some cases, it may take more than fifteen working days. If the process is longer than fifteen days, the FIBL Unit shall do a follow up with the relevant agencies to speed up the process.

Technical Notes

Once issued, the Registrar can only modify, suspend or revoke an FIBL under certain, specific circumstances e.g. the application is found to contain false or fraudulent information or the applicant bribed the Registrar or other government officials.

The FIBL provides a non-citizen investor the right to invest in the Marshall Islands as long as the investment does remain within the scope of the business activity (or activities) for which it is granted. Once obtained, the non-citizen investor must comply with all the laws and regulations of the country, the same as any citizen investor. It should be noted, however, that after obtaining an FIBL, a non-citizen investor must then be incorporated by the Registrar of Resident Domestic and Authorized Foreign Corporations pursuant to the Associations Law.

III. Employment of Non-Resident Workers

The RMI has a primary objective of creating employment for and enhancing the skill levels of its citizens. All investments, non-citizen and citizen, are encouraged to employ citizens whenever possible. The Government is aware, however, that the citizen workforce does not necessarily include people with appropriate skills and experience in all the areas that investors may require.

Consequently, the Government grants work permits to non-resident workers to occupy highly skilled professional and technical positions. A non-resident worker refers to any person who is or intends to undertake employment and is not a citizen of RMI.

Non-resident Work Permit

Work permits are required for non-resident workers regardless of the term of their employment contract. The Government requires investors to follow a three-step process in obtaining work permits for non-resident workers:

- The investor must notify the Director of the Division of Labor under the Office of the Attorney-General by letter of their desire to employ a non-resident worker for a particular position;
- The investor must make an effort to hire a citizen for the position, including advertising the position in a local newspaper and on the radio;
- If efforts to hire a citizen worker are unsuccessful, the investor can apply, using a prescribed form, to the Director of Labor requesting a specific non-resident worker to fill the position.

Submission of the application must wait at least thirty days following the initial advertisement for the position. In their application, the investor must show evidence of their efforts to hire a citizen worker. They also must demonstrate that the proposed non-resident worker has the skills and experience to effectively fill the position, does not possess any communicable diseases and does not have a police record. Every effort is made to provide the applicant with a decision regarding their application within twenty-one days of submission.

A work permit is issued for a specific non-resident worker for a period of two years. The permit must be renewed at the end of the calendar year and can be renewed for a total of one year. Pursuant to the Labor (Non-Resident Workers) Act, 2018, all investors employing non-resident workers are required to:

- Cover the cost of repatriating non-resident workers to the place from which they were hired;
- Hire, or have already hired, and train one or more citizen workers to perform the work for which the non-resident worker is employed.

As per the Nonresident Workers (Fee) Act 1987, investors must pay a levy of US\$250 per quarter for every non-resident worker. The levy is paid to the National Training Fund under the National Training Council Act, 1991.

Work Permit Exemption

Citizens of the United States, Federated States of Micronesia and Palau do not require work permits to be employed in the Marshall Islands. Non-citizen investors and nationals of the above-mentioned countries, however, are legally required to register with the Division of Labor.²⁹ The information is used solely for statistical reasons.

The Government may exempt investors from paying the Nonresident Workers fee if they can demonstrate their investments will provide substantial economic benefits to the country. Such exemptions are limited to export-oriented investments. Applications must be submitted to the Director of Labor.

Entry Visa Permit and Alien Registration

The Government requires all non-citizen investors and non-resident workers, along with their immediate families or legal dependents, to obtain a valid visa that should be accompanied by an entry authorization letter if first time entry into the Republic on a long-term visa. After arrival into the Republic, the investor who has been granted entry with a business visa must proceed to the Immigration headquarters within seven days to have the appropriate business visa stamped onto the passport and also collect the Alien Registration Card. An Alien Registration Card is issued to a person who intends to reside in the country for more than six months and who also has been issued with a long-term visa including business visa. An approved business visa is valid for up to two years or for the period as stated in the investor work permit issued by the Labor Division. The Non-Citizen Registration or the Alien Registration Card is a yearly registration that expires on every December 31st, and can be renewed between November 1st to December 31st for each calendar year. Penalties and fines are imposed for late renewal/extension of visa and late renewal of the Alien Registration Card.

Visa or entry permits and alien registration cards are obtained once the Director of Immigration is satisfied that an applicant has met all the visa criteria accordingly, i.e. is of an acceptable standard of character and acceptable standard of health (free of any known communicable disease declared by the public health authorities), is not a stowaway and has valid travel documents (six months validity). A business visa applicant must already have an approved work permit and an FIBL License when applying for a business visa and be granted a visa before proceeding to the Republic. A checklist of requirements for the business visa is available.³⁰

A decision regarding the application is often made within twenty-one days of submission. A decision whether or not to grant a visa shall be made by the Immigration Director within twenty-one working days of the receipt of the complete application. The Director of Immigration shall state reasons why a visa application is denied.

²⁹ Labor Office (+692-625-2753)

³⁰ Immigration Office

Non-resident workers must obtain entry permits and alien registration cards (new entry) prior to their arrival in the country. Employers can facilitate visa documentations required by the Immigration Division. However, employers are not permitted to sign a visa application on behalf of the applicant. All required documents must be original or certified copy of the originals. Once visa is approved, the employer may collect entry authorization notice and further provide a copy to the traveler/non-resident worker.

IV. Taxation

There are two levels of government within the RMI with authority to impose taxes, the National Government and Local Governments. Taxes are used in both cases to raise revenues for government operations. For the purposes of taxation, both levels of government treat non- citizen investments and workers the same as their citizen counterparts.

National Government

The Government requires all investors to pay tax on the gross revenues they earn from their operations in the RMI. Investors are also required to make mandatory contributions on behalf of each worker they employ in order to support the country's social security and health insurance systems.

The Government requires investors to make an application, using a prescribed form, to the Marshall Islands Social Security Administration to register their business and obtain an Employer Identification Number. The register is used to monitor the payment of taxes.

The Government has not signed double taxation treaties with any countries. However, under the Compact of Free Association with the United States, US citizens may be relieved of their liability to pay tax in the United States on income earned in the RMI. To be eligible they must have resided in the Marshall Islands for at least one-hundred and eighty-three (183) days of the taxation year.

Local Government

Local governments have the authority to levy sales taxes. They also issue business licenses for businesses operating in their areas of jurisdiction. Each local government determines its own rates and administration procedures. Investors must contact the local government office to determine the sales tax and business licensing requirements in their area. Non-citizen investors are also required to obtain an FIBL before applying for a local government business license.

V. Environmental Protection

The Government recognizes the unique and fragile nature of the country's terrestrial and marine environments. It is committed to ensuring that investment activities do not negatively affect their continued health.

As such environmental assessments are required for all new development projects. This requirement applies equally to both citizen and non-citizen investors. All investors are required to notify the Environmental Protection Authority (EPA) prior to commencing any development to determine what level of environmental assessments is necessary.

All investors are required to obtain permits for earthmoving and management of solid and liquid wastes. Authorizations can be obtained by making enquiries to the RMI EPA. Additionally, RMI is party to multiple International Multilateral Environmental Agreements (MEAs) that may also need permits, restrict importation or require prior permit from the Authority before certain industrial goods/items/chemicals are imported into the RMI.

VI. Reserved Areas

In general, non-citizen investment from all countries is equally welcome and unrestricted in the Republic of the Marshall Islands. Certain sectors, however, have been reserved for citizen investment. These sectors are specified below. These exceptions mainly relate to small-scale retail and service activities, and agriculture and mari-culture activities targeted at the domestic market and include:

- Small scale agriculture for local markets;
- Small scale mari-culture for local markets;
- Bakeries and pastry shops;
- Motor garages and fuel filling stations;
- Land taxi operations, not including airport taxis used by hotels;
- Rental of all types of motor vehicles;
- Small retail shops with a quarterly turnover of less than US\$10,000.00 (including mobile retail shops and/or open-air vendors/take-outs);
- Laundromat and dry cleaning, other than service provided by hotel/motels;
- Tailor/sewing shops;
- Video rental;
- Delicatessen of deli shops or food take-outs.

The Foreign Investment Business License Act also provides a guarantee where the activity for which the FIBL was issued is subsequently added to the Reserved List. Under these circumstances, the Registrar cannot revoke or cancel an existing FIBL if the non-citizen investment has already commenced.

7. Further Details

The Office of Commerce, Investment and Tourism has wide-ranging functions and powers, designed to enable and facilitate economic and social development in RMI.

Office of Commerce Investment and Tourism (OCIT)

P.O. Box 898 Majuro MH 96960

Delap-NRC-Building

Tel: 692-625-4624

Email: ourteam@rmiocit.org

www.rmiocit.org



Annex 1: FIBL Administrative Requirements

Immigration Requirements	Labor Division Requirements	Department of Public Safety Requirements
• Alien Registration	• Work Permit	• Local and Interpol Clearance
• Entry Permit	• Working Visa	• Conduct
• Certificate of Conduct	• Work ID	• Criminal Activities

Note, an application interview is conducted by the Foreign Investment Unit Administrator. Offices/ agencies which the Foreign Investment Business License unit seeks review and input, include:

- i) Office of Registrar
 - Requires other information and financial statement, where applicable.
- ii) Ministry Natural Resources and Commerce
 - Where applicable, in respect of the RMI Reserved List, the FIBL Unit shall seek advice from the Secretary of the Ministry of Natural Resources and Commerce.
- iii) Office of the Attorney General
 - The Attorney General shall make the final opinion regarding all legal matters.

Please note, the Registrar based on advice from relevant authorities shall either issue a letter of approval or decline.

Note, detailed guidance and a checklist for application of FIBL is available at www.rmioct.org/investment.





