



**TRADE POLICY REVIEW**

REPORT BY

VANUATU

Pursuant to the Agreement Establishing the Trade Policy Review Mechanism (Annex 3 of the Marrakesh Agreement Establishing the World Trade Organization), the policy statement by Vanuatu is attached.

---

Note: This report is subject to restricted circulation and press embargo until the end of the first session of the meeting of the Trade Policy Review Body on Vanuatu.

**Contents**

<b>1</b>	<b>MACROECONOMIC PERFORMANCE.....</b>	<b>3</b>
<b>2</b>	<b>TRADE POLICIES AND PRACTICE.....</b>	<b>4</b>
<b>3</b>	<b>TRADE POLICIES BY SECTOR.....</b>	<b>4</b>
<b>4</b>	<b>TRADE POLICY – INSTITUTIONAL FRAMEWORK.....</b>	<b>7</b>
<b>5</b>	<b>TRADE POLICY IMPLEMENTATION .....</b>	<b>8</b>
<b>6</b>	<b>ECONOMIC ENVIRONMENT AND FACTORS INFLUENCING TRADE .....</b>	<b>8</b>
<b>7</b>	<b>CONCLUSION.....</b>	<b>9</b>

## 1 MACROECONOMIC PERFORMANCE

1.1. Vanuatu's economic growth in 2017 was revised upwards by 0.2 percentage point from 4.3% in budget to 4.5% in April 2018. The economy is estimated to expand by 3.4% in 2018 followed with a further 3.2% growth in 2019 before normalizing to 2.6% growth in 2020.

1.2. The current projection show that 2018 growth will be driven by services sector with a contribution to growth of 2.0% followed by a 0.8% growth contribution from the industry sector with the agriculture sector expected to contribute growth of around 0.5% to 2018 projected Gross Domestic Product (GDP).

1.3. Expectations for copra and kava to maintain production momentum after surge in 2016 due to supply shocks and improved demand conditions driving prices higher. Recently, copra prices have weakened due to improved global supply conditions having direct feed into the domestic supply chain.

1.4. Despite decline in global copra prices, closely traded commodities such as cocoa, coffee, kava and beef production are expected to partially offset possible loss of foreign earning inflows. Given the increasing and unpredictable impact of natural disasters in the country, domestic production is likely to be very volatile thereby imposing strains on policy making especially on the productive sector. The Government has shifted attention towards the productive policy to assist farmers to produce disaster resilient crops

1.5. Vanuatu experienced a construction boom since 2016 which has contributed in sustaining the economy. The overwhelming support from development partners combined with stability in the Government has restored confidence and at the same time reinforced implementation of infrastructure development projects. This has created much needed employment in the industry sector; with spillover effects felt throughout the economy. This is very important as the Government continues to embark on infrastructure development policy to facilitate trade and at the same time safeguard Government policy on inclusive and sustainable infrastructure development.

1.6. The services sector has recovered after the impact of Tropical Cyclone Pam. Tourism arrivals have been driven by day arrivals with persistent challenges with air arrivals. The gradual increased in air arrivals is however inconsistent with the occupancy rates at Vanuatu's hotels and accommodations.

1.7. A noticeable trend is slowly emerging with more air arrivals visiting friends while others returning home, especially foreigners with properties in Vanuatu. In addition, an increase in Foreign Direct Investment has been noted boosting growth in the real estate and finance and insurance sector. With all these developments, the sector is projected to expand by 3.1% in 2018 before normalizing at average 2.3% over the 2019-2020 periods.

1.8. The Reserve Bank of Vanuatu gradually tightened its monetary policy stance in May 2018. The Bank's policy rate was increased from 2.85% to 2.90% and its Statutory Reserve Deposits ratio increased from 5.00% to 5.25%. The Liquid Asset Ratio continued to be maintained at 5.0%. The gradual tightening in monetary policy stance was necessary given the accumulation of excess liquidity in the banking system and the expected build up in inflationary pressures.

1.9. Macroeconomic stability was achieved in 2017 through to the first three months of 2018, as the two main objectives of monetary policy; foreign reserves and inflation remained within targets. Foreign reserves is currently sitting at over 8 months of projected import were well above the minimum threshold of 4 months of import cover.

1.10. The banking system's liquidity continued to remain at elevated levels reflecting the continuous built up in excess reserves. The accumulation of excess reserves was associated with easing monetary policy stances, subdued economics conditions as portrayed by the persistent weak growth in private sector credit and net inflows of foreign reserves to the Reserve Bank of Vanuatu (RBV).

1.11. Money growth was steady throughout 2017 to the first three months of 2018, driven mainly by net foreign assets and slight pickup in domestic credit. The slight pickup in domestic credit reflected to a large extent liquidity injection created by the fiscal authority, increase in domestic credit and to a lesser extent, the pickup in credit extended to individual and households.

1.12. Vanuatu's inflation remained well within the target of 0-4% range in December quarter 2017. An increase in domestic food prices specifically fruits and vegetables led to increased food prices, and the slightly stronger fuel prices contributed to increased prices of transport and utilities with year on year inflation recording 3.5% in the September quarter and 3.2% in the December quarter of 2017. Year on year headline inflation is forecasted to increase in 2018 above the target band of 0-4%, pushing beyond 5.0% for the March quarter of 2018 before receding to above 4 % by December quarter 2018 and lower in 2019.

1.13. The inflation is primarily driven by the on off effect of the increase in public salaries and wages on demand. On the downside, the expected weakening in demand driven construction activities related to ongoing donor funded infrastructure projects has reduced the output gap. The recent increase in import commodity prices and slightly higher fuel prices are upside risks to inflation forecast.

## **2 TRADE POLICIES AND PRACTICE**

2.1. Vanuatu is an island archipelago located in the South Pacific and consisting of 80 islands stretching over a distance of about 1,300 km. Vanuatu's climate ranges from hot humid tropical in the north to sub-tropical and almost temperate in the South.

2.2. Vanuatu is classified as a Least Developed Country (LDC), mostly due to its high vulnerability to natural shocks. As tragically reminded by the events linked to the 2015 Tropical Cyclone PAM, Vanuatu is one of the most cyclone-prone counties on earth. Earthquakes and tsunamis are also frequent, and active volcanoes are found on several islands. A recent global risk analysis found that Vanuatu's capital Port Vila is the world's most exposed city to natural disasters. Despite this, Vanuatu has managed to achieve relatively good levels of economic development.

2.3. Looking at Vanuatu from a trade perspective, it is evident that, a services based economy has emerged and growing. Services contribute for around 69% to the GDP and provide decent employment opportunities to the increasing urban population –although estimates are sometimes conflicting, services sector employs between 30% and 40% of the local population.

2.4. The crucial role of services is also evident observing how, during the past decade the increasing deficit in merchandise trade was offset by the growing surplus of the services account - 80% of which was due to exports of tourism services. During the past 10 years "information and communication", "transport" and "retail trade" were the fast-growing service sub-sectors. The performance of the last two sub-sectors, as well as of "accommodation and food" services, was clearly boosted by the positive trends in tourism arrivals.

2.5. To exploit the significant opportunities provided by regional and international markets, the government embarked on an ambitious "trade mainstreaming" program aimed at ensuring that trade-related policies can inform the decision-making process of all the entities whose decisions influence the country's development agenda.

## **3 TRADE POLICIES BY SECTOR**

3.1. Commodity export price and external demand continues to drive the production sector in 2016 and 2017. The production in this sector is estimated to increase by 4.9% in 2016 following the recovery efforts made after Tropical Cyclone Pam and EL Nino's impact in 2015. Growth in the sector is expected to remain solid at 4.7% in 2017, 3.1% in 2018 and maintain a stable growth of 2.9% in 2019 and 2020 respectively. Despite these developments, the agriculture sector continues to experience challenges in production including climate change events and other external shocks.

3.2. Crop production is mainly driven by gardens and root crops. Copra, kava, cocoa, and coffee production continues to remain solid given their strong domestic demand and stable export prices thus boosting farmer's spending power within the domestic economy. The solid commodity price

---

continued to fall in 2017 but production is expected to grow at 5.0 % driven mostly by the growth in kava exports.

3.3. Kava production has been an increasing demand both domestically and externally due to supply shortage that continues to drive prices upwards. Recent surveys show a high kava replanting rate in most kava producing islands due to its consistent domestic and export markets. This has resulted in higher income for farmers and is also expected to boost its production over medium term.

3.4. A high stable export price of copra is the main driver of production and prices are expected to remain solid over the medium term as forecasted by IMF. In recent years, coconut replanting programs have been addressed by the Government due to a declining trend in production, following ageing coconut trees. Cocoa production was grown by 12.0 % in 2016; however growth declined in 2017 following impacts from Tropical Cyclone Dona in early 2017.

3.5. The Government strategy for alleviating the proportion of the population living under poverty is expressed in the vision of the Overarching Productive Sector Policy which states that "through substantial increase in primary production, processing and value adding there will be good jobs and income for a very significant number of Ni- Vanuatu".

3.6. Copra is Vanuatu's main agricultural export commodity outweighing the contribution of cocoa and kava by a large degree. Despite this dominancy, there is a general observation that in all the major copra producing islands, coconut rehabilitation programs have remained stagnant over the last 30 years with only a very small percentage of farmers engaging in coconut replanting programs.

3.7. Over the last 10 years, world prices for cocoa have greatly increased and on the domestic market the demand for kava has remained very high. The production of kava is still very high while cocoa has declined over the last 10 years. The local consumption of kava is huge although a definitive figure has never been given to this market sector. However, it is estimated that local sales value is about three times the value on export. This trend is likely due to the current high demand in the domestic market for vegetables and other short-term crops (to supply a growing tourism sector) and is causing a notable shift in agricultural crops used. These short-term crops are also beneficial for addressing food insecurity and other risks associated with traditional longer growing crops.

3.8. Decline in production is also related to factors such as access to land, lack of improved farming skills, soil infertility, climate vulnerable varieties of crops and difficulties associated with accessing credit. The amount of credit approved by the Vanuatu Agriculture Development Bank (VADB) in recent times for farm development constituted 33% of total funds. Of this amount 55% credit applications were approved for cattle farming. Of the portion of credit granted to agricultural initiatives, a large percentage was intended for investment in traditional cash crop (copra, kava and cocoa). This may be an indication that financial institutions in Vanuatu regard medium or large agricultural investment carry a much higher risk or that financial literacy and access to credit can be improved to take advantage of potential and profitable markets.

3.9. Expanding into new cash crop markets requires increased knowledge, improved farming skills and a consistent supply of sufficient seeds and planting materials to sustain production. Research field work conducted by the Vanuatu Agriculture Research and Technical Centre (VARTC) and locally-based researchers into varieties of taro and yam on major producing islands have found that Vanuatu is facing conservation and genetic improvement issues. If taro and yam are promoted as cash crops, the loss of genetic diversity may become a barrier for increasing production.

3.10. Vanuatu's inability to increase and sustain agricultural production is exacerbated by the negatives effects of climate change and climate variability. With temperatures increasing, seasonal rainfall patterns shifting, and extreme events more frequent and severe, the incidence of heat, water, pest/disease and soil fertility stress are drastically hampering already risk prone production. While agricultural climate adaptation programs are now widespread (e.g. via SPCGIZ, the World Bank and others) there is still a severe deficit in climate knowledge, information, technology and implementation for vulnerable farmers.

3.11. Vanuatu recognizes the priority need for fisheries management, and advancing small-scale sustainable domestic fisheries and aquaculture developments using local operations around its provinces. In addition, Vanuatu acknowledges the need for larger commercial fishing ventures that promote employment and improves livelihoods, and ensure food and nutrition security. About 80% of Vanuatu's population live in rural areas and depend heavily on coastal fisheries for their livelihood and food security. Vanuatu policy seeks to promote community-based and co-management approaches to coastal fisheries. As Vanuatu's human population continues to grow, diversification of fishing activities and development of alternative food and livelihood opportunities are critical to support increased production.

3.12. Vanuatu continues to expend its efforts to work closely with private and business sector interests to increase possible opportunities in fishing, fisheries and aquaculture. Vanuatu embraces a balanced approach fisheries and biodiversity through sustainable conservation, management and development. The Policy focuses on improving fisheries governance and sustainable and economically viable fisheries and aquaculture, access to finance: improved infrastructures, market access, seafood safety and value-adding and sustainable growth, employment, food security and livelihood.

3.13. A Vanuatu National Industry Policy (NIP) provides the broad guidelines as to how industries and local manufacturing industries are developed and supported. It also sets out the framework supporting promotion and protection of infant manufacturing industries in Vanuatu.

3.14. In year 2013, the Government of Vanuatu has developed a National Energy Road Map (NERM) with a view to energizing Vanuatu's growth and development through the provision of secure, affordable, widely accessible, high quality, and clean energy services. At that time, the NERM identified five priorities for the energy sector: access, petroleum supply, affordability, energy security, and climate change. It sets out objectives, targets and actions to achieve these priorities and contribute to the NERM's overall vision. Differences in energy access match the differing levels of development in urban and rural areas.

3.15. The sector is regulated by the Telecommunications and Radiocommunications Regulation Act No. 30 of 2009. In accordance with the Act, a Telecommunications and Radiocommunications Regulator (TRR) was established in 2009 to be the sector regulator issuing licenses to telecommunication and radio-communication service providers. In 2015 the Consumer Protection Regulation came into force. Any person, local or foreign, may apply for a telecommunications licence. Current practice sees licences are valid for 15 years and are subjected to renewal, where required, and approved by the Regulator and in accordance with section 15 of the Telecommunications Act, 2009. TRR charges a licence fee which is part of the licensee's obligation and is set at a rate of 2.25% of the Licensee's quarterly gross revenue. This licence fee is payable by all registered licensees (domestic or foreign owned) on a quarterly basis.

3.16. Vanuatu has 29 airports. Airports Vanuatu Limited (AVL), a corporate set up and fully owned by the Government and oversighted by the Civil Aviation Authority Vanuatu (CAAV), operates the three international airports at Port Vila (Bauerfield), Luganville (Pekoa), and Tanna (Whitegrass). The Vanuatu Terminal Services Limited (VTSL), a subsidiary company under and fully owned by the AVL, provides, *inter alia*, international terminal cargo and freight forwarding services and aircraft ground handling services.

3.17. The Vanuatu Maritime Sector Regulator bill was passed in parliament in 2016 thus the power to establish the Office of the Maritime Regulator (OMR). The office of the Maritime Regulator was formally opened on the 1<sup>st</sup> of July 2017. The focus is to promote safety and security within Vanuatu waters, and to improve access to its port infrastructure and services.

3.18. The law governing government procurement requires is based on the Vanuatu Tenders Board Act. The Tenders Board Act requires that government procurement must follow the principles of seeking the best value for money, and seeking to promote open and effective competition. Government procurement is grouped into two types: low-value procurement (the value is below VT 5 million), and high-value ones (the value is equal to or above VT 5 million). In Vanuatu, under the Government Contract and Tenders Act, there is no discriminatory/preference clause for preferences to procurement from domestic suppliers. Domestic and foreign suppliers are all treated the same.

3.19. There are currently seven active State-Owned Enterprises (SOEs) to locally as commercial government business enterprise (CGBEs), operating in Vanuatu and those are Air Ports Vanuatu LTD, Air Vanuatu, National Bank of Vanuatu, Vanuatu Agriculture Development Bank, Vanuatu Broadcasting and Television Corporation, Vanuatu Post and National Housing Corporation. According to the IMF, Commercial Government Business Enterprises (CGBEs) play an important role in the economy; they account for about 7-8% of the total stock of fixed capital, and dominate several sectors including banking, broadcasting, post services, and transport. In 2014, the CGBEs contributed 2% to GDP. Among the seven CGBEs, the three largest ones are National Bank of Vanuatu, Air Vanuatu (Operations) LTD, and Airports Vanuatu LTD) comprised 96% of total CGBEs assets.

3.20. In 17 April, 2017, the Bureau of Standards Act No.14 of 2016 entered into force. In August 2017, the Vanuatu Bureau of Standards was established under Ministry of Tourism, Trade, Industry, Commerce, and Ni-Vanuatu Business. The functions and the role of the Bureau of standards are to oversee the development and adoption of standards, conformity assessment of traded goods and processing facilities, manufacturing of goods and the accuracy of weights and measures used in trade.

3.21. Vanuatu's Biosecurity Department under the Ministry of Agriculture, Livestock, Forestry, Fisheries and Biosecurity (MALFFB) was formerly known as the Vanuatu Quarantine and Inspection Services until 2013. Its two main offices are located in Port Vila and Luganville, with outposts located at the "approved Ports of Entry. The Ports of Entry were certified and approved by the Council of Ministers and it is where foreign vessels are allowed entry and exist. International disciplines and standards are adhered to by the Biosecurity Services Department.

3.22. Vanuatu's competition policy is the approach taken to promote market structures, conditions and conduct that will foster economic growth and total welfare by facilitating regulatory barriers to competition, pro-competitive procurement and enforcement of such measures.

3.23. Information and communication technology (ICT) development in Vanuatu faces a number of challenges, particularly geographical and topographical challenges as the population is diffused across numerous islands. Alongside this line, the Government launched Universal Access Policy (UAP), with a target of making ICT available to 98% of the population by 2018. As part of the ICT policy, both the private and the public sectors have been implementing projects to further enhance the ICT sector. These include the Government Broadband Network (which connects all provinces), the Integrated Government (iGov) initiative, and the E-Government Strategic Roadmap.

3.24. Tourism is a significant contributor to the country's GDP with tourism related activity estimated to contribute 20% of GDP supporting jobs. Both air and cruise ship passengers are important markets for Vanuatu. Just under 90,000 air arrivals were recorded in 2015, a decline of 17%. This decline was primarily due to the impacts of Cyclone Pam. Data indicated that the market has declined in 2016 as a result of reduced air services from Australia and New Zealand but now is now showing some growth.

#### **4 TRADE POLICY – INSTITUTIONAL FRAMEWORK**

4.1. Trade in Vanuatu is guided by the Trade Policy Framework, which is the overarching sector policy for Trade. The objectives of the Vanuatu Trade Policy Framework are to: mainstream trade into Vanuatu's national development strategy; enhance development through increased exports of goods and services; guide and inform the workings of Vanuatu's National Trade Development Committee; inform trade negotiations; and facilitate increased inflows of Aid for Trade (AFT). Policies on trade in services are current for Energy Services, Tourism Services, and Education Services where they impact on the export of services by Vanuatu.

4.2. Trade formulation and coordination of Vanuatu's international trade policy is under the authority of the Ministry of Foreign Affairs, International Cooperation and External Trade and is responsible for bilateral, regional and multilateral trade and investment negotiations.

4.3. Other ministries, departments and agencies involved in trade-related activities include: the Ministry of Trade, Tourism, Industries and Ni-Vanuatu Business; the ministry of Finance and Economic Management; the Ministry of Agriculture, Livestock, Forestry, Fisheries and Biosecurity;

the Ministry of Infrastructure and Public Utilities; the Ministry of Lands and Natural Resources; the Ministry of Climate Change and Natural Disaster; the Reserve Bank of Vanuatu; and the Vanuatu Investment promotion Authority.

4.4. Vanuatu is party to some reciprocal regional trade agreements (RTAs), and it also benefits from some non-reciprocal preferential trade arrangements (PTAs) including the Generalised System of Preferences (GSPs) offered by some WTO Members. Australia and New Zealand provide duty-free and quota-free market access to Vanuatu exports under SPARTECA, while the European Union provides duty-free and quota-free access to Vanuatu exports under the Everything-But-Arms (EBA) regulation and GSP.

## 5 TRADE POLICY IMPLEMENTATION

5.1. On 24 August 2012, Vanuatu became the 157<sup>th</sup> Member of the WTO. Vanuatu committed that it would fully apply all WTO provisions from the date of its accession, and did not require recourse to any transitional period except on intellectual property and on the publication of trade information. Vanuatu bound all of its tariff lines, and the average final bound rate is 40.2%. It grants at least MFN treatment to all its trading partners. Vanuatu made specific commitments on 10 services sectors.

5.2. The 2018 tariff schedule comprises 5,502 tariff lines at the eight-digit level. The tariff nomenclature is based on the Harmonized Commodity Description and Coding System (2017). The only non-*ad valorem* tariff rates concern two tariff lines at the eight-digit level and involve specific duties; *ad valorem* equivalents were provided by the authorities. The simple average applied MFN rate increased slightly during the review period, from 9.2% in 2012 to 9.3% in 2018.

5.3. 26% of all tariff lines are duty free. Around 24% of all tariff lines carry an MFN rate of 5%, some 16% have a rate of 10% duty rate, and around 23% have a tariff rate of 15%. The highest *ad valorem* rates, of 75%, 55%, and 40%, apply on 56 tariff lines comprising tobacco products and alcoholic and non-alcoholic beverages. Tariff escalation exists between semi processed and fully processed goods.

5.4. A value-added tax of 15% applies on all goods and services unless otherwise exempted or zero-rated. The VAT amounted rate to 15%. This domestic tax applies to imported and domestically produced goods alike. On imports, VAT applies on the c.i.f. value of goods plus customs duties. VAT on imported goods is payable at the same time as customs duty. Imports are not charged with VAT if they are valued at VT 10,000 or less.

## 6 ECONOMIC ENVIRONMENT AND FACTORS INFLUENCING TRADE

6.1. Vanuatu's economy has been hit hard in 2015 after Tropical Cyclone Pam including the el-Nino effects which have redirected policy makers to refocus on policy priority that will assist with the recovery, rehabilitation and reconstruction over the medium term. The agriculture sector (mainly fruit trees, root crops, cocoa, coffee and forestry) had severely affected farmer's income in both medium and long term.

6.2. On the upside the favorable external conditions of commodity prices in early 2016 continue to add value to domestic production with incentives to raise production for export. The government had help in implementation of priority policy measures roll out in late 2015 and 2016 going forward to address sectors affected by the natural disasters through the national sustainable development plan goals and objectives (2016-2030).

6.3. With these developments, the agriculture sector is expected to grow by 0.9 and 0.3% in 2016 and 2017 respectively and return to normalcy in 2018 – 2019. As normalcy in business cycle starts to gather momentum, correction in market forces are expected at play supported with stable domestic demand that should drive domestic production going forward.

6.4. Vanuatu's policy document Vision 2030 sets its target of achieving a stable, sustainable and prosperous country within the next 15 years (from 2016 to 2030), through, *inter alia*, encouraging trade, promoting investment, and providing economic opportunities for all members of society.

6.5. It aims to, *inter alia*, increase trade and investment opportunities and reduce barriers, including through the use of Aid-for-Trade; increase access to markets for Vanuatu exports; require all new trade agreements to demonstrate tangible benefits in the national interest; and stimulate economic diversification to spread the benefits of growth and increase economic stability.

6.6. Vanuatu will reach its six (6) years of membership in August 2018 after acceding to the WTO on the 24th August 2012. Since its accession, Vanuatu has not been involved in any WTO dispute settlement cases either as complainant, respondent, or as a third party.

6.7. Vanuatu continues to strongly support its commitment to the multilateral system and that Vanuatu rejects the unilateralism that is being permeated by some countries. Vanuatu voiced that by joining the WTO, it is joining the international community to support a rules based system covering international trade and commerce and rejecting a law of the jungle scenario.

6.8. As an LDC with impending graduation from LDC status and as a recipient of Aid for Trade, Vanuatu maintains its call on the WTO community to continue to support Vanuatu on Aft needs. The call also includes EIF funding support for Vanuatu to continue long after LDC graduation. As an LDC, Vanuatu enjoys the Special and Differential Treatment, which means that the country is able to take on obligations which are much less stringent and also enjoy benefits that would not otherwise be accorded.

6.9. An aim for Vanuatu, post LDC graduation, is that once preferences are taken away and more stringent international obligations are imposed, Vanuatu will continue to access the support and assistance from the international community for development needs and that the Special and Differential treatment can apply.

## 7 CONCLUSION

7.1. Vanuatu's development aspirations are based on a vibrant cultural identity underpinning a peaceful, just and inclusive society and that it is supported by responsive and capable state institutions delivering quality public services. It recognises maintaining a pristine natural environment on land and at sea that serves food, cultural, economic and ecological needs with enhanced resilience and adaptive capacity to climate change and natural disasters. A stable economy that is sustainable and equitable creating income earning opportunities to all people in rural and urban areas.

7.2. The government of Vanuatu will continue to undertake reforms, improve service delivery and promote investment and business friendly environment that will enhance economic growth and at the same time promote service delivery, in a way that is financially sustainable and does not jeopardize future economic growth.

7.3. The government of Vanuatu remains committed to support the productive Sector as the country prepares trade agreements it has negotiated and as Vanuatu works towards graduation from LDC status. Support to the productive sector is aimed at increasing production and promoting value addition for primary products that have comparative advantage in both the domestic and export markets. This will lead to greater employment opportunities in rural areas of Vanuatu, increase investment and boost tax revenue to support the domestic economy.

7.4. Land issues such as disputes had been an obstacle for investments in the past but the focus in the cultural identity underpinning the development agenda will allow the government to continue embark on land reform and dealings to boost public investment in future with good focus on the Ni-Vanuatu and their lands. The government wants to continue to create an enabling environment to encourage more Public Private Partnerships and Joint Ventures in order to spread economic development and benefits throughout Vanuatu.

7.5. Vanuatu Trade Policy Review preparatory work which began on 15 November 2017, has given us opportunity to identify our constraints and opportunities for trade development. This will enable us to reform our trade policies and create a trading environment for the private sector to get maximum economic benefits from reforms and adjustments made to our trade development policies.

7.6. Since Vanuatu is a member of WTO in August 2012 and became 157<sup>th</sup> members, Vanuatu is committed to continue to make modifications to existing laws and regulations, and implements various measures to assure compliance with its commitments in the WTO.

---