

INTRODUCTION TO THE INVESTMENT POLICY

Making St Helena Investor-Friendly

One of the major milestones reached on the MOU 'Road Map' at the end of June was the endorsement of the revised Investment Policy by ExCo.

The main areas highlighted for reform under the MOU are land, immigration, tax, government capacity, tourism, subsidies and the labour market. It is the Investment Policy that gives focus and direction to the reform streams, underpinning their long-term goals, striving to *"open the island's economy to inward investment and increased tourism"* (the fourth condition of the MOU).

A review of the Investment Policy is a key element of the MOU, and its MOU target is *"a revised, development-friendly investment policy with supporting legislation in place, supporting principles of transparency and non-discretionary treatment – by 30th June 2011"*.

The Investment Working Group (IWG) led the review over the last year. The Investment Policy, as with the Lands and Immigration policies, was going through a review before the MOU was signed, and initial findings were presented to LegCo in October 2010. The working group's core members represent the Economy and Finance Committee, Chamber of Commerce, Tourism Association, Bank of St Helena, SHDA, SPPU, and when necessary there has been additional support from local expertise and overseas advisors. The group reviewed two key documents, the 2008 Investment Policy and the Economic Development Ordinance (EDO) from 2007, which focuses on the Approved Investment Scheme (AIS).

To reflect updated thinking the principles of the Investment Policy needed to be refined, but the fundamental concerns related to the AIS, which effectively created distinctions between types of investment (and therefore investor). The removal of barriers to investment to create an investment-friendly environment should benefit all investors, not just those "fast-tracked" under the AIS. Most small island states (Overseas Territories included) create specific incentives for investors. St Helena will no longer take this approach, adopting a more holistic approach which anticipates that those opportunities resulting from air access will act as the incentive to invest. By enabling investors to access these opportunities, investment to the island generally (not specifically), will be made easier. Rather than a single policy or process, investment-friendly principles underpin policies and legislation in all the reform areas.

The principles of St Helena's investment Strategy must therefore encourage local businesses to grow as well as ping the international business radar – St Helena is open for business!