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New Caledonia sets up free zones



By the end of the year, New Caledonia will certainly have established free zones in at least four distinct geographic areas: Grand Nouméa, Loyalty Islands and other municipalities.



Free zone: definition and impact on the economy

The initiative to create free zones has a specific goal: to boost the economy of sparsely populated and underdeveloped Caledonian regions.

It is up to the provinces to define and the government to approve these zones within which new businesses will be entitled to be exempt from income tax. First completely, during the first year of their activity, then partially, gradually approaching the amount: 25% of tax in the second year, 50% in the third, 75% in the fourth and 100% in the fifth if the company is profitable.

Through this scheme, entrepreneurs will be encouraged to set up their own companies. They will be able to keep their first-year profits to develop their business, while creating jobs and dynamism in the region where they are located.

This economic initiative has already proven its effectiveness in the Pacific, on the Fiji Islands, where the designated free zones have experienced significant economic growth and development, particularly in Kalabu.

What do free zones mean for New Caledonia?



Creating areas with more flexible tax conditions in the early years is a way to attract businesses and encourage local investment. According to Jacques Lalié, president of the Loyalty Islands province: “We are aiming to develop the the digital sector, the development of Wé on Lifou, the processing of fish or agricultural products on Maré and the processing of copra on Ouvéa, which we absolutely want to make profitable”.

Not only will local activities, especially in relation with customary authorities, be able to develop, but the national economy will also be boosted!