

SUPPLEMENT to the Solomon Islands Gazette

Tuesday 23rd February 1999 S.I. No. 5

[Legal Notice No. 14]

**THE INVESTMENT ACT
(Cap. 142)**

**THE INVESTMENT REGULATIONS 1999
ARRANGEMENT OF REGULATIONS**

regulation:

1. Citation.
2. Interpretation.
3. Sectors open to foreign investment.
4. Application for foreign investment.
5. Determination of amount of foreign currency or exchange to be deposited under section 10A of the Act.
6. Form and contents of certificate of approval.
7. Amendment or variation of certificate of approval.
8. Application for technology or external agreement.
9. Local participation.
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13. Confidentiality.
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SCHEDULES.

THE INVESTMENT ACT
(Cap. 142)

THE INVESTMENT REGULATIONS 1999

IN exercise of the powers conferred by section 17 of the Investment Act, I, DANIEL ENELE KWANAIRARA, Minister for Commerce, Employment and Tourism, in consultation with the Board, do hereby make the following regulations -

1. These Regulations may be cited as the Investment Regulations 1999.

Citation

2. In these Regulations, unless the context otherwise requires -

Interpretation.

“certificate” or “certificate of approval” means a certificate of approval granted pursuant to section 5 of the Act;

“Division” means the Investment Division of the Ministry dealing with investments.

3. (1) A foreign investor may apply for a certificate of approval in respect of foreign investment other than those prescribed in Schedule I.

(2) No application in respect of a foreign investment set out in Schedule I shall be made to the Board except by a citizen of Solomon Islands.

(3) The Minister may, with the approval of the Board, amend Schedule I by notice published in the Gazette.

4. (1) An application for foreign investment by a foreign investor shall be made to the Board in the form as set out in Schedule II.

Application for Foreign Investment.

(2) Every application under paragraph (1) shall be accompanied by the appropriate fee specified in Schedule II.

5. Prior to granting of a certificate of approval the Board may, under section 10A of the Act, require a foreign investor to deposit in a commercial bank the relevant percentage of the appropriate total investment set out in Schedule IV. Deposit of foreign currency.
6. Every certificate of approval granted pursuant to section 5 of the Act shall be in the form set out in Schedule V. Certificate of approval.
7. (1) No amendment or variation shall be made to a Certificate of Approval without the approval of the Board. Amendment or variation of certificate of approval.
- (2) If a foreign investor seeks an amendment or variation to its Certificate of Approval such foreign investor shall make a written request to the Board specifying the particular term or condition which it seeks to amend and the reasons therefor.
8. (1) An application for a proposed technology or external agreement under section 19 of the Act shall be made to the Board in the form set out in Schedule II together with the appropriate fee specified in Schedule III. Application for technology or external agreement.
- (2) An application under paragraph (1) shall be accompanied by a copy of a technology or external agreement and other information relevant to the application.
- (3) In the consideration of an application under this regulation, the Board shall take into account the following -
- (a) the need for the technology agreement and its appropriateness to the proposed enterprises;
 - (b) the terms and conditions of the technology agreement;
 - (c) the duration of the agreement and the transfer of technology into Solomon Islands;
 - (d) basis of payments and benefits;

(e) relevant background information of the company and personal bio-data of parties involved in the agreement;

(f) the arrangements envisaged for the absorption of technology; and

(g) the arrangements made for training of citizens of Solomon Islands and details of localisation programmes.

Local participation.

9. Where there is local participation in a foreign investment, the Board shall at the time of approving an application consider the interests and benefits to the local enterprise or investor and the contribution such participation would make to the national economy.

Qualification for incentives.

10. (1) Any prescribed undertaking may apply to the Board for approval of incentives, provided that the application is for a new investment or an additional activity to an existing enterprise.

(2) Any new investment or additional activity referred to in paragraph (1) may relate either to expansion of capital outlay or economic activity.

(3) Applications for incentives shall be dealt with as provided for in sections 7, 8A and 9 of the Act.

Duration of incentives.

11. (1) The Board in granting incentives, shall specify the effective date and expiry date of the incentives granted.

(2) Where the period, in respect of which incentives granted expires, the investor may apply to the Board for an extension of the period and the Board shall grant or refuse such application.

Progress and annual reports.

12. (1) During the course of implementation and until the commencement of commercial operations, an enterprise shall submit to the Division progress reports quarterly.

(2) Each approved enterprise shall submit to the Division a copy of its annual audited report after the commencement of operations.

13. The Board and the Division shall maintain confidentiality of all the information coming to their knowledge in the exercise of their powers and functions under the Act and these Regulations, unless disclosure of any such information becomes necessary under legal process.

Confidentiality.

14. Any person who, not being a Solomon Islands citizen, carries on a foreign investment in Solomon Islands without the approval of the Board is guilty of an offence and on conviction is liable to a fine not exceeding twenty thousand dollars or to imprisonment for a period not exceeding six months or to both such fine and imprisonment.

Offences and penalties.

SCHEDULE I
(Regulation 3)

INVESTMENT RESERVED FOR CITIZENS OF SOLOMON ISLANDS

1. AGRICULTURE, HUNTING AND RELATED SERVICE ACTIVITIES

- 1.1 Small scale cultivation of crops for the purpose of sale and horticulture.
- 1.2 Small scale farming of animals other than poultry and piggery.
- 1.3 Small scale poultry farming (raising of broilers and egg production only).
- 1.4 Small scale cultivation of crops combined with farming of animals (mixed farming).
- 1.5 Hunting, trapping and game propagation including related activities.

1.6 Orchid growing or farming on small scale.

2. FORESTRY, LOGGING AND RELATED ACTIVITIES

2.1 Gathering of uncultivated natural products including uncultivated forest materials, blata and rubber like gums, herbs, flowers and plants, wild fruits, sap, cork, larks, resins and balsams, rattan, vegetable hair and eel grass, acorns and horse chestnuts, mosses, lichens and cut evergreens used.

2.2 Small scale sawmilling and timber processing (investment less than SBD\$300,000.00).

2.3 Small scale logging operations (investment less than SBD\$1,000,000.00).

2.4 Portable sawmill or chainsaw milling operations (Investment less than SBD\$300,000.00).

3. FISHING, OPERATION OF FISH HATCHERIES AND FISHFARMS, AND ACTIVITIES INCIDENTAL TO FISHING

3.1 Fishing on a commercial basis on coastal and inland waters (within three miles of shoreline) including rivers and lakes.

3.2 Taking of marine or fresh water crustaceans and mollusca, hunting or aquatic animal, sea squids and other tunicates, sea urchins or other echinoderms and other aquatic invertebraes, gathering of marine materials such as natural pearls, sponges, coral and algae.

3.3 Small scale pearl farming.

3.4 Small scale live fish farming, fish hatcheries and fish farms service activities.

3.5 Small crocodile farming (under 1,000 heads).

4. WILDLIFE

4.1 Hunting or collecting of non-protected fauna, including insects, reeds, root butterflies, shells, animal teeth, tusks, feathers, birds, forest animals, declared sedentary organisms and similar products living or dead.

5. MANUFACTURING

5.1 Manual screen printing.

5.2 Manufacture of handicrafts of all kinds.

5.3 Jewellery.

5.4 Commercial reproduction of artefacts.

5.5 Processing by sun drying or smoking copra.

5.6 Processing of coffee through to green beans.

5.7 Small scale food processing.

5.8 Fibreglass products.

5.9 Processing of peanuts.

5.10 All others not mentioned but with a capital investment of less than SBD\$200,000.00.

6. CONSTRUCTION INDUSTRY

6.1 Erection of fences.

6.2 Plumbing.

6.3 Electrical.

6.4 General maintenance and repair work.

6.5 Painting of buildings.

**7. CONSTRUCTION WORK RELATED ACTIVITIES
VALUED UP TO SBD\$500,000.00.**

7.1 Construction contracts including maintenance work.

7.2 Supplies services and management.

7.3 All field/activities of engineering studies, investigations, designs, project management, supervision and related consultancies.

7.4 All activities of land surveying, land development, landscaping and land valuations.

7.5 Any other activities not specifically stated here, but related to construction industry activities or engineering consultancy activities.

**8. SALE, MAINTENANCE AND REPAIR OF NEW
OR SECOND HAND MOTOR VEHICLES AND
MOTOR CYCLES, RETAIL SALE OR AUTOMA
TIVE FUEL, LUBRICANTS AND ACCESSORIES.**

8.1 Wholesale and retail sale of second hand motor vehicles and motor cycles, except by a vehicle or motorcycle dealer authorised by an overseas manufacturer to sell new motor vehicles and motorcycles and in conjunction with such an authorisation and when the wholesale and retail sale of second hand motor vehicles and motorcycles incidental to the wholesale and retail of new vehicles and motorcycles.

- 8.2 Maintenance and repair of motor vehicles and motorcycles, except by a motor vehicle or motorcycle dealer authorised by an overseas manufacturer to sell new motor vehicles and motorcycles and in connection with such authorisation and when the maintenance and repair activities are incidental to the wholesale and retail sale of new motor vehicles and motorcycles.
- 8.3 Retail sale of automotive sale, lubricants and accessories except by authorised dealers.

9. WHOLESALE AND RETAIL SALE

- 9.1 "Wholesale" includes wholesale by agents, commodity brokers and auctioneers and all other wholesalers who trade on behalf and on the account of others.
- 9.2 Wholesale and retail sale of flora and fauna.
- 9.3 Wholesale and retail sale of copra, cocoa, chillies, coffee, nuts, except by growers and processors.
- 9.4 Wholesale and retail sale of handicrafts and artefacts except through hotels, resorts.
- 9.5 Wholesale and retail sale of fresh water crustaceans and mollusca, aquatic animals, sea squids and tunicates, sea urchin or other echinoderms and aquatic invertebrates and other marine life or products such as natural pearls, sponges, coral and algae.
- 9.6 Wholesale and retail sale of non-protected fauna, including insects, shells, animal teeth, tusks, feathers, declared sedentary organisms and similar products and living or dead fauna.

- 9.7 Retail sale in general stores with a retail display area less than 200 square metres or capital investment of less than SBD\$500,000.00.
- 9.8 Wholesale of general goods with area less than two hundred square metres or capital investment of less than SBD\$500,000.00.
- 9.9 Retail sale of newspapers, magazines, books and stationery.
- 9.10 Retail sale via stalls and markets.
- 9.11 Retail sale carried out from a motor vehicle, caravan and motorcycle.
- 9.12 Wholesale and retail sale of second hand clothing and footwear and any other goods.
- 9.13 Retail sale to take-away prepared goods, cakes for immediate consumption.
- 9.14 Repair of electrical household goods when not done in combination with manufacturer or wholesale or retail sale of these goods.
- 9.15 Repair of footwear not done in combination with manufacturer or wholesale or retail sale of footwear.
- 9.16 Repair of watches, clocks and jewellery when not done in combination with the manufacture of wholesale or retail sale of these goods.
- 9.17 Hair saloons and boutiques.

10. HOTELS AND RESTAURANTS

- 10.1 Motels, Resthouses, Inns, etc. with less than 100 rooms (Hotels and Resort are excluded).
- 10.2 Sale of prepared foods and drinks for immediate consumption on the premises such as restaurants, cafes, snackbars, lunch counters, and refreshments employing less than 6 person on a full time basis, except where these facilities are operated in connection with the provision of short term lodging as specified above with 100 rooms or more of accommodation.

11. TRANSPORT STORAGE AND COMMUNICATION

- 11.1 Transport freight and passengers by land when not predominantly done as delivery of own goods or transport of own staff, or in the case of school buses, of students.
- 11.2 Coastal and inland water transport of passengers of freight in boats for maximum length of ten metres.
- 11.3 Activities of travel agencies except in conjunction with hotels or airline services.
- 11.4 Activities of tour operators with regard to bird watching, butterfly collection, wildlife watching, game fishing and dive boat operations.
- 11.5 Customs clearance and forwarding services.

12. REAL ESTATE ACTIVITIES

- 12.1 Buying, selling, renting, managing and appraising real estate on a fee or contract basis.
- 12.2 Real estate developments and house rentals.

13. RENTING OF MACHINERY AND EQUIPMENT WITHOUT OPERATOR

- 13.1 Renting without operator of all kinds of land transport equipment, for example, railroad vehicles, cars, trucks, trailers and semi-trailers, motorcycles, caravans and campers.
- 13.2 Renting without operator small machines such as lawnmowers or other grass cutters, house, boat, welding, fabrication and general work construction equipment.
- 13.3 Renting of vending and amusement machines.
- 13.4 Renting of television receivers, video recorders, video tapes and records.

14. OTHER BUSINESS ACTIVITIES

- 14.1 Sign writing.
- 14.2 Labour recruitment and provision of personnel except for recruitment and provision of foreign labour.
- 14.3 Provision to others of security guards and watch men for apartments, buildings, residence, offices, factories, construction sites, hotels and others not specified here.
- 14.4 Cleaning on a fee or contract basis of building of all types, including offices, shops, institutions and other business and professional premises and residential buildings, but excluding factories and industrial cleaning of fireplaces, furnaces, incinerator, boilers, ventilation ducts and exhaust units, etc.

- 15. **HEALTH AND SOCIAL WORK**
 - 15.1 Child day-care centres (day nurseries)
- 16. **RECREATIONAL, CULTURAL AND SPORTING ACTIVITIES**
 - 16.1 Motion picture distribution.
 - 16.2 Video cassette hire and sale.
 - 16.3 Rental of entertainment equipment.
 - 16.4 Hire of rendering and amusement machines.
 - 16.5 Amusement parlours.
- 17. **MINING ACTIVITIES**
 - 17.1 Small scale alluvial gold mining.
- 18. **OTHER SERVICE ACTIVITIES**
 - 18.1 Hairdressing and other beauty treatment.
 - 18.2 Footwear repairing (except where carried out jointly with shoe manufacturing, wholesaling or retailing).

SCHEDULE II
(Regulations 4, 7)

APPLICATION FOR APPROVAL
OF INVESTMENT/TECHNOLOGY AGREEMENT

A	BUSINESS ORGANISATION
1. Name and address of applicant: Phone No: _____ Fax No: _____	
2. Nature of business organisation for proposed foreign investment: New activity of existing enterprise in Solomon Islands <input type="checkbox"/> New enterprise to be established in Solomon Islands <input type="checkbox"/>	
3. Form of business organisation for proposed enterprise: Sole Proprietor <input type="checkbox"/> Partnership <input type="checkbox"/> Private Limited Company <input type="checkbox"/> Public Limited Company <input type="checkbox"/> Other (specify) <input type="checkbox"/>	
4. Name and address of proposed/existing enterprise in Solomon Islands: Phone No: _____ Fax No: _____	

B.	PRODUCT/SERVICES						
<p>5. Products/Services to be produced/provided: Estimates of annual production revenue at normal operating capacity</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 80%;"></th> <th style="width: 10%;">Capacity</th> <th style="width: 10%;">Value (in S\$)</th> </tr> </thead> <tbody> <tr> <td> </td> <td> </td> <td> </td> </tr> </tbody> </table>			Capacity	Value (in S\$)			
	Capacity	Value (in S\$)					
<p>6. Basis for calculating normal operating capacity:</p>							
<p>7. Specific location and Province: Area of Land required in case of Factory building:</p>							
<p>8. Commercial operations expected to commence within _____ months of approval of this application. Normal operating capacity to be reached in year _____</p>							
<p>9. If new activity of an existing enterprise, state its existing products/services:</p>							

C.	CAPITAL COST																											
<p>10. Estimated capital cost of proposed enterprise</p>																												
<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th rowspan="2" style="width: 60%;">Item</th> <th colspan="3" style="text-align: center;">AMOUNT (S\$) 1/*</th> </tr> <tr> <th style="width: 15%;">Foreign</th> <th style="width: 15%;">Local</th> <th style="width: 10%;">Total</th> </tr> </thead> <tbody> <tr> <td>(i) Land and buildings</td> <td> </td> <td> </td> <td> </td> </tr> <tr> <td>(ii) Plant, machinery and equipment</td> <td> </td> <td> </td> <td> </td> </tr> <tr> <td>(iii) Others (specify)</td> <td> </td> <td> </td> <td> </td> </tr> <tr> <td>(iv) Net working capital</td> <td> </td> <td> </td> <td> </td> </tr> <tr> <td style="text-align: right;">Total</td> <td> </td> <td> </td> <td> </td> </tr> </tbody> </table>		Item	AMOUNT (S\$) 1/*			Foreign	Local	Total	(i) Land and buildings				(ii) Plant, machinery and equipment				(iii) Others (specify)				(iv) Net working capital				Total			
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(iii) Others (specify)																												
(iv) Net working capital																												
Total																												
<p>1/* Throughout this application, foreign currency should be stated in the equivalent SI dollars at the prevailing official rate of exchange which should be specified (e.g. US\$=S\$). The total should be expressed in S\$.</p>																												

11. Description of major imported plant, machinery and equipment.				
Item	Country of Origin	CIF/Value SIS	New/ Second Hand	Productive Life

12. In case of import of secondhand machinery, explain reasons for its choice and steps taken to ascertain its residential productive life and reasonableness of value. Also, specify relationship, if any, of suppliers to any party in the proposed enterprise.

D. FINANCE		13. Financing of capital cost of proposed enterprise or investment in Solomon Islands dollars:		
		Amount (SIS)		
Item		Foreign	Local	Total
(i)	Equity of ownerships in the capital (in case of existing enterprise, its increase)			
(ii)	Loans from			
	. financing institutions			
	. investing parties			
	. suppliers' credits			
	. others			
(iii)	Other (specify)			
Total				
Name and address of the financing institutions in case of loans:				
14. Shareholding envisaged:				
		Foreign Investor %	Solomon Islands citizens %	
(i)	In case of new enterprise			
(ii)	In case of existing enterprise			
	(a) the existing position:			
	(b) position as a result of implementing proposal:			

15. Form of foreign investment:		Estimated Amount (SIS)
(i)	Foreign currency	
(ii)	Tangible assets: e.g. plant, machinery and equipment	
(iii)	Other (specify)	
Total		

E.	PARTIES TO THE ENTERPRISE
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16. Principal Solomon Islands shareholders	
Name and address	Per cent of shareholding
1)	
2)	
3)	
4)	

17. All foreign shareholders:		
Name and address	Nationality	Per cent of shareholding
1)		
2)		
3)		
4)		

F. TECHNOLOGY AGREEMENT			
18. Specify type of technology agreement (e.g. Licensing of patents, trademarks, know-how or other industrial property rights or technical, management or marketing services) proposed to be entered into with foreign parties. (Attach draft technology agreements, if available)			
Type of technology agreement	Name, address and nationality of foreign party	Duration of agreement	Amount and basis of payment

6. REVENUE AND COSTS		At normal operating capacity (SIS)		
19. Estimated revenue and costs:		Foreign	Local	Total
I. Revenue (net of all commissions and discounts)				
II. Costs				
(i) Raw materials, components and supplies				
(ii) Wages, salaries and benefits				
(a) Foreign personnel				
(b) Solomon Islands citizens				
(iii) Royalties, technical service fees and other payments associated with technology agreements				
(iv) Interest on loans				
(v) Depreciation				
(vi) Other operation costs				
Total II - costs				
Profit before tax I - II				
Taxation				
Profit after tax				

H.	MARKETING
<p>20. Describe briefly the specific arrangements envisaged for the marketing of the products in local and overseas markets.</p>	
<p>21. Are the foreign parties willing to provide export commitments? If so, give details.</p>	

I.	EMPLOYMENT AND TRAINING				
22. Give estimates of employment generation and requirements of foreign personnel at normal operating personnel at normal operating capacity:					
	Managerial	Technical Supervisory	Skilled + Administrative	Unskilled Labour	Total
Foreign:					
Solomon Islands citizens:					
23. State briefly the programme envisaged for the training of Solomon Island citizens.					

J. RAW MATERIAL REQUIREMENTS		
24. Give estimated requirements of principal raw materials, components and supplies at normal operating capacity:		
Item	Imported or locally sourced	Annual Value (CIF value, if imported)
25. Outline phased programme (if any) for local sourcing of principal imported raw materials, components and supplies.		

K. EXEMPTIONS/CONCESSIONS

26. Specify what, if any, exemption or reduction of customs duties or other taxes, or other concessions are sought for the proposed enterprises, the duration, and the reasons therefor:

[Empty response area for exemptions/concessions]

L.	OTHER RELEVANT INFORMATION
27. Any other comments in support of the application, particularly the experience or expertise of the foreign party in the relevant field.	

I hereby declare that to the best of my knowledge and belief, all the particulars furnished under this application are true.

(signature of applicant)

Date:

10 copies of this application should be submitted to:

The Secretary,
Investment Board,
Department of Commerce, Employment and Tourism
P. O. Box G26,
HONIARA,
Solomon Islands.

ATTACHMENTS WITH APPLICATION

The following attachments should be submitted along with the application for approval of a foreign investment/technology agreement set out in Schedule II.

- A. For all projects -
1. For each foreign investor in the proposed enterprise:
 - (a) If the foreign investor is a body corporate -
 - (i) Its Memorandum and Articles of Association.
 - (ii) A brief description of the operations of the company in the same or similar activities in other countries; if it is a subsidiary or part of a group, information on the ultimate parent company should be included.
 - (iii) Annual reports and/or audited financial statements, of the company and its parent company, if any, for the last two years.
 - (iv) A certificate from its principal bankers indicating its financial position within three months preceding the date of application.
 - (b) If not a body corporate (for example, individuals) -
 - (i) Personal bio-data of the foreign investor, including, inter alia, (a) Passport Number, its date and place of issue, and date of expiry, (b) country of birth, and (d) country of residence.

- (ii) Brief description of his major business interest in other countries and documents or other proof of the business capability or the marketing, technical or other expertise to be contributed to the proposed enterprise.
 - (iii) A certificate from his principal bankers indicating his financial position within three months preceding the date of the application.
 - (iv) A police clearance for each partner in the venture.
- 2. Details of other business interest, if any, in Solomon Islands.
 - 3. Details of foreign loans and credits (e.g. source, duration, repayment schedule), if available at the time.
- B.
- 1. For enterprises involving capital investments of less than SBD\$500,000, a business plan is required.
 - 2. For enterprises involving capital investment of over SI\$500,000 in addition to the above, a feasibility or project study prepared by a reputable company or consultants is required.

SCHEDULE IV
(Regulation 5)

INVESTMENT DEPOSIT

1. 8% of the total investment from \$50,000.00 to \$500,000.00
2. 6% of the total investment from \$500,001.00 to \$5,000,000.00.
3. 4% of the total investment from \$5,000,001.00 to \$20,000,000.00.
4. 2% of the total investment from \$20,000,001.00 and above.

SCHEDULE V

GOVERNMENT OF SOLOMON ISLANDS
(Reg. 8)

CERTIFICATE OF APPROVAL

THE INVESTMENT ACT 1990

Certificate No.

To:

.....

..... (the applicant)

In accordance with section 6 of the Investment Act 1990, this Certificate of Approval is hereby granted -

1. Name, description and location of the approved enterprise.
2. Full particulars of the investor(s).
3. Approved activity (and capacity).
4. Maximum total capital investment and the approved percentage of foreign investment in the equity or ownership of the capital of the enterprise.

SCHEDULE VI

THE INVESTMENT ACT

(Section 19)

GUIDELINES FOR TECHNOLOGY TRANSFER
AGREEMENTS

1. **“Technology Transfer Agreements” means any agreement relating to an enterprise involving -**
 - (a) the assignment, sale and use of foreign patents, trade marks or other property rights;
 - (b) the supply of foreign technology and technical know-how;
 - (c) foreign technical assistance, design and engineering, consultancy or other technical services in whatever form they may be supplied; and
 - (d) foreign managerial, marketing and other services.

2. **Technology Transfer Agreements between the following parties will require Investment Board approval -**
 - (a) a locally owned company and a foreign company;

or
 - (b) a foreign owned company incorporated locally and another foreign owned company incorporated locally;

or
 - (c) a foreign owned company incorporated locally and a foreign company; or

- (d) a foreign owned company incorporated locally and a locally owned company; or
- (e) a foreign entity or individual and a local entity or individual.

3. In considering an application for Technology Transfer Agreements, the Investment Board will take into account the following facts -

- (a) the net benefit of the agreement to the receiving enterprise;
- (b) the remuneration for the technology transfer and the reasonableness of the fees;
- (c) the reasonableness of duration of the agreement;
- (d) the transfer and absorption of technology;
- (e) restrictive business practices; and
- (f) any other matter relating to the technology transfer agreement that appear to be necessary.

4. The Enterprise Receiving The Technology Transfer -

- (a) the enterprise should be an incorporated company or a registered firm;
- (b) the enterprise should have the capacity to absorb the technology to be transferred; and
- (c) the control of the company receiving the technology transfer should remain with its share holders.

5. Fishing and Timber Harvesting Activities -

- (a) for fishing, timber harvesting and timber milling activities, the enterprise receiving the technology transfer

shall be an incorporated company owned by the actual owners of the resources to be harvested;

- (b) the technology receiving company must have a signed agreement with the resources owners in the form so required by the Forestry Division or the Fisheries Division, whichever the case may be; and
- (c) the signing of such agreement as in (b) above must be witnessed by a lawyer or a Commissioner of Oaths.

6. The Agreement -

- (a) the agreement must be for a fix period of time;
- (b) the agreement should be signed by the Chairman of the Board of Directors or a Director who has been duly authorised by the Chairman or Board of Directors;
- (c) the agreement should have a provision for reviews; and
- (d) the signing of the agreement must be witness by a lawyer or a Commissioner of Oaths.

7. The Technology to be Supplied -

- (a) the technology to be provided must be clearly defined in detail;
- (b) the technology must be appropriate and should match the needs of the receiver; and
- (c) in the case of management services, the number and type of expertise to be provided must be specified.

8. The Provision of Equipment -

- (a) where an agreement also includes a provision for the supply of equipment, such equipment should be clearly defined in detail;
- (b) the supply of equipment should be made on any of the following arrangements -
 - (i) a purchase by the receiver on loan or credit arrangement;
 - (ii) a lease; and
 - (iii) a purchase by the receiver on cash basis;
- (c) where the equipment is loaned and leased, the amount of money to be paid by the receiver each month and the method of payment must be clearly defined;
- (d) where the supply of equipment is made on the basis of a loan, the interest chargeable, if any, on the loan should be fair and be within current commercial interest rates.

9. The Provision of Working Capital -

- (a) where an agreement also includes a provision for the providing of working capital, the total amount of such capital must be specified clearly;
- (b) the working capital should be paid into the cheque account of the receiver;
- (c) the working capital should be provided by way of a loan to the receiver;
- (d) interest chargeable on such loans should be fair and within the current interest rates of local commercial banks; and

- (e) repayment of such loans should be made on a monthly basis.

10. The Provision of Management Expertise -

- (a) where an agreement involves the providing of a management expertise, the exact number and type of expertise to be provided must be defined;
- (b) the payment for the expertise must be made to the company providing the management services and not to the individual expertise.
- (c) the payment of the salaries of the management expertise must be made by the company supplying the management;
- (d) the amount of fee payable and the frequency and the method of payment must be defined clearly; and
- (e) the total amount of fee payable must be fair and reasonable.

11. Export Revenues -

- (a) all revenues from exports made under a Technology Transfer Agreement must be remitted to Solomon Islands;
- (b) all such revenues should be received in the name of the receiver of the technology transfer; and
- (c) all such revenues must go into the accounts of the receiver of the technology transfer.

12. Operations.

- (a) where management services is involved, the management provided should be working for the technology transfer receiver and within the bounds agreed to by the parties to the agreement;

- (b) all operation tasks, deals, contract and other requirements should be made for and in the name of the technology transfer receiver;
- (c) where an operation involves the exporting of products, all exports tasks such as market identification, contacts, contracts etc. would be expected to be part of the responsibilities of the management of the technology transfer receiving company.

13. Obligations of Parties -

- (a) all the obligations expected of the technology transfer supplier should be clearly defined in the agreement;
- (b) likewise, all the obligations expected of the technology transfer receiver should be clearly defined.

Dated at Honiara this tenth day of February 1999.

DANIEL ENELE KWANAIRARA
Minister of Commerce, Employment and Tourism