Buried treasures fund growth

PNG’s mining industry is forecast to grow by 60 percent in 2014 and power the country’s GDP growth over the coming decades.

In October 2013 in Washington D.C., PNG’s Prime Minister Peter O’Neill announced a speech to high-profile audience at the 2013 Annual Meetings of the World Bank Group and International Monetary Fund (IMF) where he explained how the government is committed to ensuring each growth results in a better quality of life for its citizens.

“The PNG economy continues to grow strongly and confidence remains high with the major investments not only to the petroleum sector with the PNG LNG project progressing on time, and on schedule for completion and delivery of the first cargo,” he said.

“The strong growth in being further reflected in increased business confidence, higher employment growth, stronger investment and higher business profile. We need to ensure that the significant revenue streams from the LNG petroleum sector over the next decade are properly managed and reinvested in other growth sectors to generate more long-term, broad-based and sustainable growth.”

Minister Polye underlined the point that PNG’s annual economic growth had increased each year since the turn of the millennium and that this prosperity upward trajectory shows no signs of fading anytime soon.

“The government is committed to continuing this trend and will retain its dollar-GDP ratios from 30 percent to below 50 percent from 2013, creating a fiscal buffer for future global, regional and domestic economic shocks,” he said. “Ensuring this growth transforms into tangible economic benefits for our people remains a great challenge, the government has reviewed its

Significant service delivery mechanisms to improve service delivery at the provincial and district levels. There will be increased investment in the mining sector to diversify the economy with a commitment to increase sustainable growth.”

Minister Polye acknowledged that PNG’s mineral sector is leading growth, as production levels continue to be undertaken to strengthen and support in ensuring economic growth and development outcomes.

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The PNG LNG construction phase and lowering of FDI in the mineral sector, fund stimulus being applied to boost activity in the mining sector, notably the construction sector, with spending on projects expected to pick up during the second half of 2013.

“From small businesses to large enterprises, all are expected to benefit from the positive impacts of the government’s fiscal stimulus and provide for alternative employment streams required due to decline in the PNG LNG construction phase.”

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Funding future growth must be contained to maintain macro-economic stability.”

have the unique and historic opportunity to recreate our rich cultural heritage, our robust democracy, and the tremendous trade and investment opportunities we offer,” he said.

There is the largest and most exciting existing natural gas deposit; the PNG LNG, the island nation is one of the few that already possesses LNG from the $10 billion state-owning entity for the past decade of 2014.

With more than 1,500 local businesses employed in the rural and offshore oil projects to now return to the PNG government for resources and national investment opportunities, the country’s GDP growth translates into tangible economic benefits for our people.

A decade rich in profiles, natural beauty, it will take your breath away.
One of the key challenges facing the PNG government as it strives to achieve economic growth is the country’s tough, mountainous terrain and tropical climate that continue to make the construction of new roads difficult, and means individual and business operators utilize air or water transport-based services.

Green given its composition of hundreds of islands, PNG uses boats and barges to transport freight and passengers, with its main airports, including Port Moresby, Madang, Wewak, Rabaul, Kairi, and Wabag. PNG has 22 airports and the main international gateway to the world is the two-terminal Port Moresby International Airport (JPG), although smaller airports at Lae and Mount Hagen also handle international flights. Other major airports include Buka, Gereina, Hollandia, Kimbe, Monom and Tari.

According to official government data, PNG has one of the world’s lowest road densities in the country is the two terminal Port Moresby International Airport (PNG), although smaller airports at Lae and Mount Hagen also handle international flights. Other major airports include Buka, Gereina, Hollandia, Kimbe, Monom and Tari.

According to official government data, PNG has one of the world’s lowest road densities in the country is the two terminal Port Moresby International Airport (JICA) to develop this network. “We are upgrading Lae Port and relocating Port Moresby Port, this will cost about 780 million kina. Lae Airport and Port Moresby Airport will be upgraded for increased international and domestic flights. The total funding available to upgrade Port Moresby will be $200 million to improve economic growth in the rural areas. This will also facilitate government services like health, care and education.”

Connectivity is key to growth. One well-known organization that is helping fund key infrastructure projects in the transport sector and other areas in the ADB’s, whose president, Japikke Tsubohiku Nakar, gave a keynote address on June 23 this year to the Port Moresby Chamber of Commerce. He highlighted the importance of an efficient transport network for national socioeconomic development. “The government must use revenue effectively to motivate and upgrade the national infrastructure network,” he said. “It must ensure that different parts of the PNG economy are well connected and that the benefits of economic growth are shared equally. Connectivity facilitates the availability of technology, know-how and other services. It helps to make goods cheaper and increases widely available. It also weakens the grip of local monopolies, and promotes competition. For this reason, ADB will continue to support the government’s renewed effort to improve the overall quality of its transport infrastructure.”

By the end of 2013, we expect to have an active lending portfolio reaching $1 billion, and 75 percent of this will be directed to enhancing road, civil aviation, shipping and port infrastructure networks.”

ADB’s flagship Highlands Road Improvement Program is one of the most important examples. The program is investing up to $76 million in rehabilitating 1,400 kilometers of the Highlands Region Core Road Network by 2015.

“Promoting and facilitating investment in Papua New Guinea

Established in 1992 to promote and facilitate investment in Papua New Guinea, the Investment Promotion Authority (IPA) is the prime source of opportunities to the international business community. Although Papua New Guinea’s economy is bydefinition booming, there are areas where investors need assistance. Papua New Guinea’s natural resources in abundance include fish, kine, cocoa, coffee, coconuts, palm, pineapples and further agricultural commodities. In order to reach out to the largest investor pool, we need investors that can be contacted these industries and add value in the form of processing and manufacturing. The country is noticing about development and offers a business-friendly environment with high returns. The IPA will therefore provide a full and professional service to guide investors through the necessary channels.

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Tropical paradise is a tourist magnet

Foreign travelers are flocking to PNG in record numbers to sample its spectacular scenery, lush rain forests, diverse flora and fauna, rich cultural heritage and mouth-watering cuisine.

Where to begin? That is the intriguing question facing tour operators looking for the vacation of a lifetime in a country that has something for everyone, whether they want to relax on golden beaches, explore virgin forest, fish magnificent mountain streams or visit unique spring-fed hot spring pools.

Often described as a colorful patchwork landscape, rich with culture and character, PNG’s unique attractions are not just restricted to its natural assets, with its indigenous inhabitants showing the country’s many languages, cultures, styles and cuisines to newcomers.

Part of a great arc of mountains stretching from Asia through Indonesia and into the South Pacific, PNG consists of four regions, the Eastern Highlands, the Southern Highlands, the Western Province and the National Capital District, each with their own distinctive character and culture.

Untouched by time, many tribes live in remote villages scattered throughout the tropical paradise, with the country home to 304 different languages and 603 different cultures.

Meanwhile, the country’s historical connections with Japan can be seen in wonderful old relics that document Japan’s involvement in the island during World War II. These include the largest Japanese war relics that document Japan’s involvement in the war during World War II. These include the largest Japanese war relics and the National Capital District, each with their own distinctive character and culture.

To make matters worse, PNG’s tourism has not been developed to its full potential. “The country has a very strong tradition and history, and stands on the same plate as the original PNG,” says Air Niugini CEO Simon Foo.

Last year, the airline refurbished all its 60 aircraft, on international flights to PNG with Air China, THAI, Thai Airways, Air New Zealand and the luxurious new Japanese businessmen and tourists who travel to PNG Ann Pal, Minister for Transport.

“The airline operates regular flights to Tokyo, and is looking to increase its schedule to Japan,” says Ann Pal, Minister for Transport.

Air Niugini is the face of PNG in the outside world and I have always looked upon its professionalism in the cabin crew, captain and service. We have just completed a full cabin ref in our state-of-the-art A330 and a 5-star service …”

“Come to the land where nature made beauty and Japan made history.”

A world away from the daily stresses and strains, yet close enough for a comfortable break, Papua New Guinea should feature on every traveler’s wish list. Vast, crystal clear waters, beautiful natural surroundings, hospitable people, and relics from Japan’s involvement in World War II all contribute to making this one of the Asia-Pacific’s most awe-inspiring destinations.
PNG is eager to sow the seeds for future socioeconomic success by inviting foreign investors to take advantage of its broad range of cash crops that are among the most organic in the world.

Exports of fresh agricultural produce are the natural driving force behind commercial agricultural activities in PNG, with the country’s strong cash crop potential, including coffee, cocoa, coconut (copra), oil palm, and rubber. According to the EPA, investment opportunities can be found in all these agricultural activities, which thrives a little too close to a moderate tropical climate featuring high levels of seasonal rainfall, as well as minor export commodities like teas, coffee, and rubber.

Prime Minister O’Neill acknowledges agriculture is one area that has yet to achieve its full potential.

“We have a very small agricultural sector in PNG,” he says. “However, we believe that the government by taking the lead in providing access to credit and better support in terms of management and accounting, we can significantly grow the agricultural industry.”

O’Neill’s Cabinet colleague, Minister of Transport and Works, Boto Gaupu, adds: “I would like the Japanese to consider PNG as a place to offer the agricultural sector. They have knowledge and technical expertise, and can offer their know-how to grow 40 million to 50 million tonnes of rice. Agriculture has the potential to bring in huge revenues, so that will drive our country’s needs. We have plenty of land, yet we have been exporting rice for the last 47 years. We have 3 million hectares of land that can be developed immediately; we only used 118 hectares to satisfy our domestic need. We also have the capacity to export 1.5 million tons a year of rice.”

**Soybean quality cocoa**

The nation’s second-largest agricultural cash crop after coffee, cocoa is largely grown by smallholder farmers and is essential for the development of PNG’s rural economy. The government has set a target of 500,000 tons of cocoa by 2020, an ambition outlined considering the country only produced around a third of that figure in 2012.

While PNG only produces 1 percent of the world’s cocoa, the Cocoa Board of PNG believes with further public and private sector investment that figures could jump sharply and PNG become a larger presence on the world cocoa map.

Established in the early 1950s and empowered to provide both leadership and services to the PNG cocoa industry, the Cocoa Board aims to maintain a competitive position on the world cocoa market through ensuring quality standards are observed with the utmost diligence as to maintain financial returns to all stakeholders. Both Gaupu, Cocoa Board CEO, says PNG cocoa enjoys free status as the beans are grown in a pristine environment that is essentially that organism as there are no pesticides or fertilisers used in its production. Readers provide a valuable insight into just how important the industry in both directly and indirectly to the lives of hundreds of thousands of people throughout the country.

“There are 25 provinces in the country of which 15 are producing cocoa,” he says. “Out of these 15 provinces, an estimated 1 million people depend on cocoa for their livelihoods. Because cocoa in PNG is produced organically by smallholder farmers and who do not use fertilizers, chemical inputs or hire workers, the country’s cocoa production has no additives and is considered organic.”

Highlighting the success of government investment, a competitive environment, and concessional funding, PNG enjoys some of the best cocoa beans in the world that are grown under other countries.

Indonesia began producing cocoa relatively recently and in foreign exchange, although we have been growing 300 million to 350 million cocoa beans a year. Home to a huge variety of marine life and resources, PNG boasts some of the world’s finest fishers in the world, with Japanese fishermen among the many species caught, processed, and exported to states and restaurants across the Asia-Pacific region.

“Our cocoa is 100 percent natural, a product of fine flavor, and is produced by smallholder farmers.”

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**PNG-Japan bonds tighten**

PNG citizens now qualify for multiple-entry visas to Japan, whether they are visiting for business or leisure purposes.

The strong bonds between Japan and PNG were strengthened even further in 2013 following Prime Minister O’Neill’s visit to Tokyo in March and the introduction of new visa requirements in November for short-term stays for PNG citizens who reside in their home country.

Valid for up to three years and for up to 90 days, the new visas are available to PNG citizens who fulfil certain criteria and possess a machine-readable passport on an ordinary or diplomatic passport.

**“The further development of Japan-PNG exchanges is expected as a result of the issuance of multiple-entry visas, including increases in the number of tourists from Japan, the mobilisation of Japanese technical experts, and the enhancement of the ease of business transactions between the two countries.”**

Our Japanese colleagues playing a key role in the further development of bilateral cooperation in this area, relation and PNG’s socio-economic development is the JICA.

Over the past 25 years, the agency has provided a wealth of funding, experience and help through initiatives such as grant assistance, Japanese yen, loans, technical cooperation and grants for technical cooperation training programs in Japan and East Asia.

Since his re-election in 2012, Prime Minister O’Neill has been a strong advocate of increased cooperation when talking to his Global Insight. “Our strategy is to develop trade, and investments, and encourage further cooperation in education, and health. This includes the valuable support we receive from JICA, and other Japanese institutions, and companies.”

“Fundamentally, we are able to build on what we already have.”

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**PNG’s mineral and petroleum wealth**

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**Open for partnership**

The NMMA chief also highlighted some of the maritime areas where Japanese investors are welcome to invest, in new business or joint ventures and he urged Japanese or companies to bring their state-of-the-art technology and valuable knowledge to PNG.

“Both our cultures are closely linked to the sea and a lot of trade is taking place between the two nations,” Rupen says. “Technical assistance is important and PNG is facing a high priority in our organisation, particularly in areas like ship inspection and servicing.

“There’s a pressing need to develop more test building as people go out to certain places and bring in boats that do not meet minimum standards and safety requirements.

“There is a lot of money currently being lost into ships that are out of standards.”

“We are implementing a small craft not new in partnership with 31 coastal provinces. They need to take care, register the boats, licence the boats, and actually regulate it.

“It is a difficult and a big challenge for us and we would welcome assistance.”

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