

Papua New Guinea national day

Papua New Guinea invites business

Gabriel JK Dusava, CBE
AMBASSADOR OF PAPUA NEW
GUINEA TO JAPAN

On the occasion of Papua New Guinea's 39th Anniversary of Independence on Sept. 16, I would like to take this opportunity on behalf of the government and people of Papua New Guinea, including the Embassy of Papua New Guinea in Tokyo, to extend warm goodwill greetings to their Imperial Majesties, Emperor Akihito and Empress Michiko, the Imperial Family, and the government and people of Japan. I also extend goodwill greetings to all Papua New Guineans in Japan, friends of Papua New Guinea and readers of The Japan Times.

Since independence in 1975, Papua New Guinea has enjoyed a vibrant democracy. Under Prime Minister Peter O'Neill, who was elected in August 2012, various reforms have been undertaken to improve opportunities for citizens to have better access to health and education. Government initiatives have created an environment conducive for businesses to feel confident investing in the country and in this way grow the economy and create employment opportunities. Social sector reforms, infrastructure development, law and order support, public sector institutional reforms and so forth are geared to improving social and economic environment.

Highlights of 2014

There are several highlights to note in PNG-Japan relations in 2014.

• Delivery of PNG LNG to Japan

The Exxon-Mobil-led US\$19 billion PNG LNG project was



Papua New Guinea's Prime Minister Peter O'Neill welcomes Prime Minister Shinzo Abe in the capital Port Moresby on July 10. EMBASSY OF PAPUA NEW GUINEA

completed in May 2014, well ahead of schedule. The first shipment left was received by Tokyo Electric Power Co. the next month at its Futtsu terminal.

Osaka Gas received its first early cargo from the PNG LNG project in July 2014.

The early completion of the project is a credit to Chiyoda Corporation and Japan Gas Corporation, the major contractors for the project.

Prime Minister Peter O'Neill led a delegation of elected officials to Japan in June. He met with CEOs of major corporations to discuss investment projects in PNG.

• Shinzo Abe visits Papua New Guinea

Prime Minister Shinzo Abe visited us in July, along with officials from major Japanese

businesses of all sectors. This was only the second visit by a Japanese prime minister in 29 years.

During his visit, Abe publicly apologized for the loss of PNG lives and destruction at the hands of the Japan's Imperial Army.

It was a very significant recognition by a Japanese prime minister of Papua New Guinea's part in the war and of the current program of recovering the remains of the war dead.

• Joint Statement

The two leaders released a joint statement in their summit meeting. They acknowledged the importance of a safe and stable energy supply and recognized PNG as an important investment destination for Japanese companies. They welcomed the start of the

PNG-Japan Investment Promotion and Protection Agreement (IPPA) and the establishment of a Joint Committee of officials.

They also recognized the need for a double taxation agreement.

The two leaders agreed to cooperate on sustainable development programs with a new three-year commitment by Japan. They noted the importance of promoting people-to-people exchanges and reaffirmed the need to establish a reciprocal visa relaxation arrangement. They further agreed to support efforts to recover Japan's war dead remains in PNG.

The two leaders noted the importance of cooperation through various mechanisms, and PNG's support for Japan's

permanent membership in the United Nations Security Council. Other regional and global security issues, including that of secure regional shipping were also discussed.

• Japanese interest in development

The Embassy of PNG in Tokyo has been very pleased to observe the growing number of Japanese companies seeking information about the PNG business environment as well as policies and processes.

Thanks to positive encouragement by the embassy, Japanese companies now are willing to take risks in sectors such as PNG's hydrocarbon exploration and development sectors.

Development Cooperation

Development assistance is an important feature of the PNG-Japan bilateral relations. Japanese assistance to PNG consists of concessional yen loans, grant aid and technical cooperation.

Papua New Guinea deeply values the assistance provided by Japan through its various aid programs, especially in education.

Much of Japan's overseas development assistance is channeled towards infrastructure projects such as roads and bridges as well as schools and hospitals where they are needed most and therefore continues to make a real impact and difference in the lives of our people.

During Prime Minister Abe's visit in July 2014 a three-year commitment of ¥20 billion was made, which will help improve economic and social infrastructure.

Investment

Japan is an important investment partner for PNG. During his visit to PNG, Prime Minister Abe encouraged Japanese companies to consider PNG as an important investment des-

Attractive investment opportunities abound

Kazunori Tanaka,
CHAIRMAN, JAPAN-PAPUA NEW GUINEA
PARLIAMENTARY LEAGUE



On behalf of the Japan-Papua New Guinea Parliamentary League, I wish to extend my sincere congratulations to the government and people of Papua New Guinea who celebrate their 39th anniversary as an independent state on Sept. 16.

The year is only a little more than halfway through, but we have already witnessed monumental developments in the bilateral relation between our countries.

The first was the import of the first shipment of PNG LNG, attended by PNG Prime Minister Peter O'Neill at Futtsu Port in June.

The PNG LNG Project, led by Exxon-Mobil, began in 2010 and has cost a total of ¥900 billion, with a capacity to produce around 6.9 million tons of LNG a year. This is an economic milestone for Papua New Guinea — and Japan, which is in need of safe and diversified sources of energy. It is certain that PNG LNG will deepen our relationship.

The second development was Prime Minister Shinzo Abe's visit to Papua New Guinea in July, the first visit by a Japanese prime minister since 1985.

As chairman of the Japan-Papua New Guinea Parliamentary League, I accompanied Prime Minister Abe with two parliamentary colleagues. We were welcomed in a warm and friendly manner at every stop,

with Papua New Guinean songs and Sing Sing dancers.

Prime Minister Abe and Prime Minister O'Neill issued a Joint Statement at their summit meeting July 10. It encouraged further exchange and collaboration in various fields such as economics, development, people-to-people exchanges, recovery of the remains of Japanese war dead, and regional and global cooperation.

In the same spirit, I encourage more Japanese companies to take the challenge and invest in Papua New Guinea. Foreign investment and tax regimes in Papua New Guinea are among the most competitive anywhere. Those who persist in PNG will certainly reap handsome profits.

I am satisfied that Japanese development assistance to Papua New Guinea continue to be appreciated by the Papua New Guinea government and people. In fact, most Japanese development assistance is focused in the social and economic infrastructure sectors and they have real impacts.

I commend the Japanese government and Japan International Cooperation Agency for its development assistance efforts in Papua New Guinea and urge them not only to continue their good work, but also to increase programs to cover more areas in Papua New Guinea.

For our part, I wish to mention that the Japan/Papua New Guinea Parliamentary League reaffirms its commitment to promote even closer relations between our two countries by lobbying and advocating for increased engagement by Japan with Papua New Guinea in all sectors.

offered to entice hoteliers, restaurant owners, tour, dive or sport fishing operators.

To facilitate travel of both business and tourists, visa requirements have been reformed. Tourist/visitor visas are free and can be obtained at any PNG embassy prior to arrival or obtained on arrival. Business visas can be single or multiple. Multiple visas enable businessmen to travel to PNG as many times as they want within the course of one year.

In the manufacturing sector, industrial plants not previously used in Papua New Guinea are eligible for accelerated depreciation of up to 100 percent of the costs, provided the plant has a life exceeding five years.

In the mining and petroleum sectors, the tax incentives include the phase-out of mining levies, reduction of income tax from 35 percent to 30 percent, royalties at 2 percent and reductions in the dividend withholding tax from 17 percent to 10 percent.

Natural Resources

Papua New Guinea is lucky to have vast natural resources of forestry and fisheries as well as has huge deposits of minerals, petroleum and gas. The potential for more exploration to identify new deposits for development is what get many companies excited.

We have many operational mines extracting gold, copper, nickel and cobalt, and more mines will soon come online to extract gold, silver, copper and molybdenum.

There are known deposits of iron oxide, magnesium, chromium, titanium, and vanadium.

Large quantities of limestone are also found throughout the country.

PNG's large geothermal resource is an area with a huge potential that needs to be developed to supply badly need-

ed electricity. Currently only the Lihir Gold Mine taps geothermal power for its power needs. Japan has technological know-how in this field.

In fisheries, PNG is known to have the richest waters for tuna. Japanese companies operate offshore fishing under license. Interest in this area is growing with newcomers from Japan entering to harvest the tuna potential. There are currently three foreign-owned tuna canneries in PNG.

Japanese companies involved in the forestry sector are presently benefitting from early wise decisions to go into sustainable forestation so that they are now harvesting logs of their own and replanting at the same time.

The PNG LNG project

As stated above, the PNG LNG Project, valued at US\$19 billion, is the single largest investment since independence. Japan's involvement in this project is substantial. JX Nippon Oil and Marubeni are partners with others including Exxon Mobil in this project while Chiyoda Corporation and Japan Gas Corporation (JGC) are the major contractors for the construction phase.

In addition, up to half the total production of LNG from the PNG LNG Project will be taken up between TEPCO and Osaka Gas while Mitsui OSK Lines and Nippon Yusen Kaisha (NYK) are contracted as the LNG carriers for the Project.

This makes the relations between PNG and Japan all the more significant and intensifying.

The Gulf LNG Project

The second LNG project based in the Gulf Province of PNG, previously led by InterOil Corporation of Canada, is now operated by TOTAL SA of France.

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Mitsubishi Corporation

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Opportunities and attractions

CONTINUED FROM PAGE 4
Discussions to determine the final shares among partners on this project should be finalized this year.
The project will utilize InterOil's gas discoveries at the Elk and Antelope fields in the interior of the country, estimated to produce 382 million cubic feet of gas per day.
Already some leading Japanese corporations have shown great interest in participating in this project.

Economic Growth
Over the last decade, Papua New Guinea's economy has had a steady, uninterrupted and positive growth, reaching 7 percent in 2010 and 9 percent in 2011, driven largely by developments in the mineral, oil and gas sectors. This growth is expected to continue into the future.
This positive growth reflects investor confidence in successive governments' ability to rise above internal challenges and to maintain an environment conducive for foreign investments to flourish. It also reflects the confidence the international and multilateral funding institutions have on Papua New Guinea to be able to fund multibillion-dollar projects in the country.

Trade Relations
Japan remains Papua New Guinea's second-largest trading partner, with major exports to Japan being metal ores, crude oil, coffee, fisheries products and timber products while imports from Japan include motor vehicles, machinery/equipment and spare parts.
Trade between PNG and Japan is expected to grow exponentially in the next few years.


‘Endless’ opportunity
What sets Papua New Guinea apart is the diversity of her people with over 1,000 different ethnic tribes, speaking over 800 distinctly different languages (not including dialects). Some expert linguists and sociologists estimate that up to one-third of the world's indigenous languages are spoken in Papua New Guinea.
Within these distinctly different languages is the cultural heritage.
Papua New Guinea has

some of the most authentic and original cultures untouched by modernization and expressed in various art forms, songs and dances. A rich variety of traditional costumes varies from tribe to tribe and from province to province, and is as distinct as the languages spoken by the people.
Visitors can have a glimpse of this and experience the unique, colorful and diverse cultures at various cultural shows and events around the country, including at the Mount Hagen and Goroka Cultural Shows, the Rabaul Mask Festival, the Canoe Festival in Milne Bay Province and the Hiri Moale Festival in Port Moresby.

For diving enthusiasts, there is no shortage of options to choose from. Dive resorts and facilities in Port Moresby, Aotau, Tufi, Madang, Kimbe, Rabaul and Kavieng offer some of the best dive locations anywhere. Surfers enjoy sunny, clean, uncrowded locations in PNG.

Tropical rain forests with teeming flora and fauna, steep mountains and gorges with rapids and pristine waterfalls await the adventure oriented eco-tourist.
The wartime Kokoda Trail, which crosses the Owen Stanley Range from Popondetta in the north to Port Moresby in the south, has in recent times become extremely popular for trekking. This trail holds great significance for Japan and Australia as thousands of lives were lost here during the World War II. Increasing number of visitors and locals alike walk the track not just for the challenge but also for its rugged beauty. Others do so as a tribute to relatives who fought and died here.

In concluding, let me extend a warm invitation to you all to visit Papua New Guinea and experience the rich diversity of the country and her people and cultures, savor the natural beauty and explore business opportunities.
Air Niugini, Papua New Guinea's national airline, operates a direct weekly service every Saturday from Narita to Port Moresby.
Finally, I extend my most sincere appreciation and gratitude to The Japan Times and our sponsors on these pages.:



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