

# Papua New Guinea independence day

## Opportunities abound for investors, tourists

Gabriel J.K. Dusava  
AMBASSADOR OF PAPUA NEW  
GUINEA

On this auspicious occasion, I have the greatest honor to extend my heartfelt greetings to Their Imperial Majesties Emperor Akihito and Empress Michiko, the Imperial family, the government and the friendly people of Japan.



Congratulations, "Oro Oro," "Dabainamona" and "Wuro Wuro" also to my fellow Papua New Guineans in Japan, and greetings to you, the readers of The Japan Times.

Throughout these 37 years of independence, Papua New Guinea has enjoyed a stable democracy with powers devolved to and in the people through a system of provincial and local level governments.

Parliament, however, still remains as the supreme and premier institution of the people and the state.

Many will know that the last 12 months or so has been a trying time for Papua New Guinea when our Westminster system of parliamentary democracy and its relevant institutions were tested. But the resolve of the people to allow due process to run its course resulting in the staging of the recent national elections "has provided a natural healing process" for the country.

The Hon. Peter O'Neill, whose Peoples National Congress (PNC) Party returned the most number of seats of our 111-seat Parliament in the national elections held in July this year, was re-elected prime minister on Aug. 10 and has formed a coalition government of reconciliation, unity, stability and prosperity.

The O'Neill government's immediate priorities include legislative reforms for political stability and independence of

the three branches of government, as well as a review of the five-year Medium Term Development Plan (MTDP) under Papua New Guinea's national dream, Vision 2050, to provide more focus on education, health care, infrastructure development, law and order and public sector reform, among others.

### Development assistance

But Papua New Guinea still needs a lot of support from development partners for its socio-economic development plans and programs.

In that respect, Papua New Guinea deeply values the assistance provided by the Japanese government through its various official development assistance (ODA) programs, Japan International Cooperation Agency (JICA) and related technical and volunteer assistance, especially in education.

Much of Japan's ODA is channeled toward 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.

But focus should not only be on the Japanese government's ODA programs for infrastructure development. There is an abundance of natural resources ranging from agriculture, fisheries and forestry in the renewable sector to minerals as well as oil and gas deposits both on land and on the sea bed.

Vast arable land with year-round tropical weather presents opportunities for agricultural development. Tropical rain forests teeming with flora and fauna, steep mountains and gorges with rapids and waterfalls, pristine waters, sandy beaches and tropical reefs all hold out potential for ecotourists such as mountaineers, trackers, bird watchers, surfers, divers and other adventurers.

Papua New Guinea, therefore, needs assistance in develop-



The Hon. Peter O'Neill, CMG,  
prime minister of Papua New  
Guinea

ing human resource capacities, management and other skills and technological knowhow to be able to sustainably develop these resources with minimal environmental and cultural impacts. In addition, Papua New Guinea encourages investors to engage in these sectors.

### Investment incentives

Papua New Guinea recognizes the importance of providing a conducive environment for foreign direct investments. To that end, tax incentives, tariff reforms and wage subsidies for companies manufacturing new products, have been in place for a number of years.

For instance, in the agriculture and fisheries sector, accelerated depreciation up to 100 percent in the first year for new plants and equipment used in production are granted to investors in these sectors.

In the tourism sector, incentives offered include exemptions from the goods and services tax for hotel accommodations for tourists, provided these are secured prior to arrival in Papua New Guinea. In addition, a concessional tax rate of 20 percent over 10 years is granted for new investment in tourist accommodation facilities costing over \$10 million. Furthermore, accelerated depreciation up to 55 percent on the cost of capital equipment is

granted to those involved in this industry whether they are hoteliers, restaurant owners, tour, diving or sport fishing operators.

In the manufacturing sector, industrial plants not previously used in Papua New Guinea are eligible for accelerated depreciation 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

In addition to the fisheries and forestry resource endowments, Papua New Guinea has vast deposits of minerals, petroleum and gas, some known while others remain largely unknown and untapped.

Opportunities for upstream exploration activities therefore abound with assured potential for continuing participation onto the next phase of such ventures.

Currently operating mines in Papua New Guinea include Ok Tedi (gold and copper), Pogera (gold), Lihir (gold), Kainantu (gold), Tolokuma (gold), Sinivit (gold) and Simberi (gold).

But gold and copper are not the only minerals. There are known deposits of iron oxide and the other metals — magnesium, chromium, titanium, and vanadium — that coexist with iron oxide.

Opportunities, therefore, abound in these areas for Japanese investors to be involved, from exploration and feasibility studies to the construction, development and marketing of end products.

### The PNG LNG Project

This is Papua New Guinea's first liquefied natural gas project. Operated by ExxonMobil, the construction phase of this project will be completed by the end of 2013 and the first shipment of gas scheduled for 2014.

The PNG LNG Project, currently valued at \$18 billion, is the single largest investment since independence. And Japan's involvement in this project is substantial. JX Nippon Oil is a partner in this project while Chiyoda Corp. and Japan Gasoline Co. (JGC) are the major contractors for the construction phase.

In addition, up to 50 percent of the total production of LNG from the PNG LNG Project will be taken up between Tokyo Electric Power Co. (Tepco) and Osaka Gas, while Mitsui OSK Lines is subcontracted as the LNG carrier for the project.

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

### The Gulf LNG Project

This is the second LNG project, led by InterOil Corp., and will be based in the Gulf Province of Papua New Guinea. Discussions on this project are continuing and InterOil is expected to announce its strategic development partner soon.

The Gulf LNG Project will utilize InterOil's gas discoveries at the Elk/Antelope fields in the interior of the country, estimated to produce 10.8 million cu. meters of gas per day.

Already some leading Japanese corporations have shown great interest in participating in this project. All these present tangible opportunities for Japanese companies, investors and funding agencies to engage with Papua New Guinea in a relationship that can only be constructive and mutually beneficial.

### 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 positive growth is expected to continue into the future.

This positive growth reflects the investor confidence in the



Special attractions: Papua New Guinea draws tourists from around the world with its natural landscapes, such as at Ambua Lodge (above), which boasts magnificent views of the Tari Valley, and well-preserved traditional culture, such as the Lakatoi (above right), a large canoe of the Motu people of Port Moresby, and the ritual fire dance of the Baining people in Rabaul. AIR NIUGINI



successive government's ability to rise above internal challenges and to maintain an environment conducive for foreign investments to flourish.

### 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, machineries and spare parts.

### Endless opportunities

What sets Papua New Guinea apart is the diversity of its people, with over 1,000 different ethnic tribes who speak well 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 alone.

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 array 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 Hanenamo Quest in Port Moresby.

For diving enthusiasts, there is no shortage of options to choose from. Diving resorts and facilities in Port Moresby, Alotau, Tufi, Madang, Kimbe, Rabaul and Kavieng offer among the best diving locations in the world.

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 tracking. This trail holds great significance for the Japanese and the Australians as thousands of lives were lost and blood was

shed on this track during World War II. An increasing number of visitors and locals alike walk the track not only as an endurance feat, but also for its rugged beauty and its breathtaking natural environment. Others do so as a tribute to relatives who fought and died on this track.

In conclusion, let me extend a warm invitation to you to visit Papua New Guinea and experience the rich diversity of the country and its people and cultures, savor the natural beauty and explore business opportunities.

It is merely six hours by air from Narita with Air Niugini, the national carrier, which operates a direct weekly Saturday service to Port Moresby.

Finally, I extend my most sincere appreciation and gratitude to The Japan Times for according this opportunity and generous space to speak to Papua New Guinea's Japanese friends and partners, particularly the key "drivers" in all aspects of PNG-Japan relations, and all the sponsors of the advertorial columns on this page of the highly regarded The Japan Times.

## Looking forward to further strengthening of friendly relationship

Katsuo Yamashita  
CHAIRMAN, JAPAN-PAPUA NEW  
GUINEA ASSOCIATION

On behalf of the Japan-Papua New Guinea Association, I would like to express my sincere congratulations to the government and people of Papua New Guinea who celebrate the 37th anniversary of its independence today.

I am happy to note that we continue to enjoy the close and friendly relations between Ja-



pan and Papua New Guinea in various fields, including the government-to-government official business as well as people-to-people exchange between our countries. It is still fresh in our memory that the government and people of Papua New Guinea had expressed their sympathy to Japan by extending a big amount

of donations to victims of the March 11, 2011, earthquake and tsunami disaster in the Tohoku area.

I take this opportunity to convey my deep appreciation again to the government and people of Papua New Guinea for their kind gesture of friendship to Japan.

Our association feels deeply happy and proud that we could continue various activities for the purpose of deepening the friendly relations between our two countries, namely, the scholar-

ship program for PNG university students, organizing the gathering of academic, social and cultural purposes for the association members, the visitors from PNG and business circles both from Japan and PNG.

In addition, our association supported the execution of our members' friendship programs, such as the donation of school desks, chairs and stationery from high schools in the Tohoku area to schools in PNG, and also the building of primary school class-

es by our members to one of the primary schools in PNG.

In May this year, we planned a big welcome reception for PNG Prime Minister Peter O'Neill, who was expected to come to Japan for his first official visit to attend the sixth Pacific Islands Leaders Meeting between Japan and the members of the Pacific Islands Forum held in Okinawa. Regrettably, we had to cancel the said reception because the prime minister could not leave Papua New Guinea to come to Japan,

under the unavoidable domestic circumstances.

We the association together with the business circles of Japan, earnestly hope that the PNG prime minister of the new government that was formed as the result of the parliamentary elections held in July and August this year, can make his first official visit to Japan, which I believe undoubtedly could contribute to the further strengthening of the close and friendly relationship between Japan and PNG.

## Congratulations to the People of Papua New Guinea on the 37th Anniversary of Their Independence Day



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email: info@airniugini.co.jp

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