

# Papua New Guinea independence day

## Unity of diverse nation leads to growth

Gabriel J.K. Dusava  
AMBASSADOR OF PAPUA NEW  
GUINEA

On this auspicious occasion of Papua New Guinea's 38th anniversary of independence, 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.



Throughout these 38 years of independence, Papua New Guinea has enjoyed a stable democracy with powers divested to and in the people through a system of national, provincial and local-level governments. The National Parliament, comprising 111 seats, however, remains the supreme and premier institution of the people and the state.

Despite difficult times the country has undergone in its parliamentary democracy and governance, Papua New Guineans maintain a respect for authority and have allowed leaders and institutions to resolve differences in a democratic way. This approach has enabled the country of over 1,000 ethnic groups and over 800

languages to maintain its unity as an independent state.

Prime Minister Peter O'Neill has formed a coalition government of reconciliation, unity, stability and prosperity. The O'Neill government's priorities include legislative reforms for political stability and independence of the three arms 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.

### Visit to Japan

The visit to Japan in March this year by Prime Minister O'Neill signifies the importance Papua New Guinea attaches to its bilateral relationship with Japan. Japan is Papua New Guinea's second largest trading and development cooperation partner and is an increasingly key investor in the oil and gas sectors.

Prime Minister O'Neill had a fruitful meeting with Prime Minister Shinzo Abe and many Japanese private corporations during his visit. While follow-ups on the outcomes of the visit are being made, tremendous private sector interest from the Japanese business

community have been generated by the visit. The future looks very promising for our two countries.

A PNG/Japan Business Council will soon be established in each country to promote business interests between our two countries, as soon as the Investment Promotion and Protection Agreement (IPPA) between our countries is ratified by the Upper House of the Diet later this year.

**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 though it's 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.

**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 goods and services tax for hotel accommodations of tourist, provided these are secured prior to arrival in Papua New Guinea. In addition, a concessional rate of 20 percent over 10 years is granted for new investment in tourist accommodation facilities costing over \$10 million. 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.

### Framework agreements

Complementing these fiscal policies are the bilateral framework agreements that have been concluded to promote economic developments. This include Double Tax Avoidance Treaties (DTTs) and IPPAs. They give investors the added assurance that their investments are protected.

### Natural resources

In addition to the fisheries and forestry resource endowments, Papua New Guinea has vast deposits of minerals, petroleum and gas. There are known deposits of iron oxide and the other metals — magnesium, chromium, titanium and vanadium. PNG's large geothermal resource is an area with a huge potential that needs to be developed to supply badly needed electricity. Currently, only the Lihir Gold Mine had developed geothermal power on the island for its electricity supply requirements to operate the mine. Japan has the technological know-how in this field.

### 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 end of



Partners: Papua New Guinea's Prime Minister Peter O'Neill meets with Prime Minister Shinzo Abe on March 22 in Tokyo during his visit to Japan. EMBASSY OF PAPUA NEW GUINEA

2013 and the first shipment of gas scheduled for mid-2014.

The PNG LNG Project, currently valued at \$19 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.

### 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.

### 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.

### 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; imports from Japan include motor vehicles, machinery/equipment and spare parts.

### 'Endless' opportunities

What sets Papua New Guinea apart is the diversity of its people. 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. For diving enthusiasts, there is no shortage of options to choose from. 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 the Japanese and the Australians as thousands of lives were lost and blood was shed on this track during World War II.

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 Saturday service from Narita airport to Port Moresby.

## Increasing Japanese engagement with PNG in important sectors

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 38th anniversary as an independent state on Sept. 16.

I note with pleasure that the bilateral relations between Japan and Papua New Guinea have deepened and diversified in various areas, bringing the two countries closer than ever. The levels of exchanges between the two governments have intensified with various high-level visits by leaders and officials of both countries.

In March, the Prime Minister of Papua New Guinea the Hon. Peter O'Neill made an official visit to Japan with four senior ministers of his government. During the visit he had very important exchanges with Prime Minister Shinzo Abe. The visit confirms and reaffirms the importance PNG places on its relations with Japan.

Also during the visit, Prime Minister O'Neill met with many representatives from the Japanese business community. I am pleased to know that the interest generated within the Japanese business community after the visit has been impressive. Many Japanese corporations are now trying to enter the PNG investment market where they have not made much attempts before, like the oil and gas sectors.

Japan recognizes the importance of Papua New Guinea as a resource-rich country within close proximity to Japan, whereby Japan and Japanese corporations can actively engage with through investment to secure some of its crucial raw material needs as well as undertaking the downstream process of the resources for value-addition.

I encourage more Japanese companies to take the challenge and go and invest in Papua New Guinea. The foreign investment and tax regimes in Papua New Guinea are among the most competitive anywhere. Those who persist in the PNG business environment always reap handsome profits. Papua New Guinea is less than 7 hours from Japan with only a one-hour time difference.

I am happy to inform that the Japan-PNG Parliamentary League will continue to play its

part by lobbying and advocating for increased engagement by Japan with Papua New Guinea in all sectors, especially the economic and social sectors.

I am satisfied that Japanese development assistance to Papua New Guinea over the years since independence 38 years ago continues 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 are real impact projects.

I commend the Japanese government and Japan International Cooperation Agency (JICA) for its development assistance efforts in Papua New Guinea and would urge them not only to continue its

good work, but also to increase its program to cover more areas in Papua New Guinea.

I am also happy to note that the Vice Minister for Foreign Affairs the Hon. Minoru Kiuchi visited Papua New Guinea in July this year during which he has had useful discussions with PNG leaders on matters of mutual importance and how Japanese assistance could be better provided in areas of concern.

Finally, it is gratifying to know that Japan is consistently Papua New Guinea's second largest trade and development partner and I look forward to even better days, especially when PNG's first LNG shipment to Japan commences around the middle of next year.



Natural resources: The construction phase of Papua New Guinea's first liquefied natural gas project will be completed by the end of this year. EMBASSY OF PAPUA NEW GUINEA

**Congratulations  
to the People of  
Papua New Guinea  
on the 38th Anniversary of  
Their Independence**



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