

**High Commission of India  
Port Moresby**

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**REPORTING PROFORMA FOR COMMERCIAL WINGS**

June 13, 2023

**Monthly Commercial Report on Papua New Guinea & Solomon Islands for June 2023**

**Overview**

PM James Marape (JM) expressed his confidence that the PNG economy is on brink of an unprecedented surge, fuelled by advancement of major resource projects within the country. PNG govt announced the medium-term devt plan four (MTDP4) 2023-2027 focusing on growing the economy from K100 bln to K200 bln by 2030. BPNG is expected to gradually devalue the PNG Kina to convertible levels this year before August to enable traders to buy and sell FX currency on the FX market without limitations and control. China-PNG bilateral trade reached USD 5.2bln in 2022, while PNG Trade surplus to China is at USD 2.4bln. Bank of China (BOC) opened a representative office in PNG in preparation to operate as a fully pledge commercial bank at the end of their 3-year contract. Minister for Intl Trade and Investment Richard Maru met his counterpart in South Korea and had successful bilateral discussions on trade and investments. Minister Maru also mooted strengthening of PNG-UK trade ties during a bilateral meeting with his UK counterpart. SunRice, an Australian-owned global rice group company, entered into a share buy-back agreement to acquire full ownership of Trukai Industries Ltd valued at around AUD\$17.5 mln and will be financed through local debt facilities in PNG. Barrick Gold Cooperation and IRC settled all disputes and issues relating to old Porgera tax matters.

**INTERNAL**

On June 1, Small to Medium Enterprises Council President Des Yaninen raised concern that inflation is affecting operations of many MSME.

On June 1, Secy for ICT Steven Maitanaho said govt. will roll out PNG's first Digital ID wallet program in August and later on in September on a federated secure data exchange platform.

On June 2, Coffee Industry Cooperation Ltd announced it earned K500 million in 2023.

On June 2, Operator of US\$10 bln Papua LNG, TotalEnergies, confirmed the front-end engineering design process has been completed last year. The project is expected to go into full gas production by the end of 2027.

On June 6, Petroleum & Energy Minister Kerenga Kua said TotalEnergies Exploration & production PNG Ltd applied for a petroleum devt license for the USD\$10 billion Papua LNG project which is under review.

On June 6, Bougainville's Minister for Finance and ABG member Mathias Salas said people travelling to and from the Solomon Islands to conduct business activities beyond borders will now be regulated since the ICA and PNG Customs services have now been set up in Arawa.

On June 6, Papua LNG developer TotalEnergies said lack of FX supply will negatively impact local businesses to fully participate in the project and urged TotalEnergies to hold discussions at govt. level.

On June 7, International Container Terminal Inc (ICTSI) South Pacific observed considerably low import volume from January to date, driven by existing over-stock in the country, FX issues and less govt. spending.

On June 7, PNG DataCoplans to connect provincial capitals and districts with new fibre routes totalling 6000km (terrestrial cable), including 4882km of submarine cables, both national and international, as part of its devt plan to meet the govts ICT Policy.

On June 7, Air Niugini ordered two fuel-efficient 787-7 Dreamliners from aircraft manufacturer Boeing to support the growth of the carrier's long-haul fleet which will fly new routes across Asia, New Zealand, Australia and boost capacity for inbound tourism.

On June 9, Civil Aviation Minister Walter Schnaubelt said total of K500mln was allocated for the renovation of 5 airports including Bougainville, Alotau, Western, Wewak and Port Moresby.

On June 12, State Enterprise Minister William Duma announced to Parliament that cabinet approved national airline, Air Niugini to purchase 11 new aircraft to be used in 2024 after concerns on hike in airfares and the safety of the passengers due to aircraft issues.

On June 12, Opposition Leader Joseph Lelang called on the Bank of PNG (BPNG) to investigate commercial banks that are not delivering a consistent service to the public after PNG experienced a banking system glitch for almost 3 months without proper report.

On June 13, Air Niugini acting CEO Gary Seddom said they will acquire 13 new aircrafts over the next 5 years including the two Boeing 787-788 Dreamliners anticipated arrival in 2026.

On June 15, Autonomous Bougainville Govt (ABG) President Ishmael Toroama said they will not allow foreign investors on B'ville to breach their laws to exploit its people and resources.

On June 15, PMJM said ExxonMobil partnered with Mineral Resources Development Company (MRDC) to supply jet fuel for the next 6 to 16 months, and eventually set up a refinery in the country during the MoU signing ceremony in Port Moresby.

On June 15, a joint venture partnership between Gulf Maritime Services Ltd through JV partnership between Steamships, Gobe Freight Services and Gulf govt. is set provide logistical services in Gulf, Papua LNG and P'nyang projects and tender for projects in the region after the signing of a MoU between the partners.

On June 15, Minister for Intl Trade and Investment Richard Maru said the proposed merger between Newmont Corporation and Newcrest Mining Limited will have potential implications for PNG's capital market as Newmont has no current plans to maintain current listing list on our exchange.

On June 17, A prominent business leader in PNG, Sir Kostas Constantinou passed away, he had contributed significantly to PNG's economic growth and the wider Pacific region through his involvement in multiple businesses.

On June 19, PM JM urged companies operating in the petrochemical sector space to increase its production stating the country will not be security deficient in the energy space.

On June 19, Minister Maru assured Parliament that PNG's commercial interest is not being compromised by the PNG-US Defence Cooperation Agreement (DFA) and it will not affect trade and investment in the country.

On June 20, Majestic Seafood, makers of canned tuna products in Lae, shut down its operations due to shortfall in fish supply, leaving over 5,000 jobless.

On June 20, The Autonomous Region of Bougainville (AROB) signed a shareholder agreement with the B'ville Refinery Ltd (BRL).

On June 20, PM JM and NCD Governor PowesParkop officially opened the K117mIn four-lane road from 9 mile to Pacific Adventist University connecting Central prov. and to the National Capital District.

On June 21, PNG Manufacturers Council CEO Chey Scovell said businesses in the country; especially manufacturers reported lacklustre performances in the first 6 months of the financial year due to increased taxation rates.

On June 21, Barrick Gold Cooperation and Internal Revenue Commission (IRC) settled all disputes and issues relating to old Porgera tax matters on terms satisfactory to the parties.

On June 21, more than 60 local and Australian businesses in the Industrial and Mining Industry registered their interest to be part of the 7<sup>th</sup> PNG Industrial and Mining Resources Exhibition and Conference (PNG IMREC).

On June 22, The National Fisheries Authority (NFA) said tuna supply issues facing the processors in Lae have nothing to do with the lack of fish stocks in the waters but it is due to the change in supply arrangements from fishing vessels companies.

On June 23, OK Tedi Mining Ltd (OTML) CEO Kedillimbit said OTML brings in on an average more than US\$600 (K2.1bln) in FX currency annually and has brought US\$272mIn (K947mIn) this year as of June 20.

On June 26, MinisterMaru urged public firms operating in PNG to list themselves on the PNG stock exchange by August or be forced through law to list themselves.

On June 26, PM JM commended Barrick Niugini Gold Ltd for agreeing to pay up the base tax that has been outstanding for some time.

On June 26, PNG Chamber of Commerce and Industry supported govt. efforts to secure jet fuel security for the aviation sector, especially for Air Niugini, by agreeing with ExxonMobil as a supplier.

On June 26, The PNG Cocoa Board said govt's intervention in cocoa freight subsidy scheme is economically viable and has stimulated industry growth since 2014.

On June 26, The National Fisheries Authority (NFA) acting MD LebanGisawa said they are still collection data on K204mIn beche-de-mer industry and will announce when trading will be opened.

On June 26, PM JM urged Fisheries Minister Jelta Wong and owners of RD Tuna Cannery in Madang to find a solution to stop the company from further scaling down its operations.

On June 27, a major logging operator in PNG was fined K140mln by Internal Revenue Commission (IRC) for engaging in illicit tax evasion, specifically through transfer pricing.

On June 28, PM JM said govt. spent more than K70bln on the economy in the last 4 years, focusing to ensure key deliverables like infrastructure to enable business growth.

On June 28, PNG Independent Power Producers (IPP) warned of potential shut down their operations in Port Moresby due to severe cash flow problems and outstanding bills from the National Govt. for services rendered costing over K500mln.

On June 28, TISA Community Finance (TCF) CEO Sunil Pokharel said they acquired a provincial banking license from BPNG earlier this year under the name Tisa Bank which will be the first indigenous bank owned by its 63,000 members.

On June 29, Dept. of National Planning and Monitoring said the medium-term devt plan four (MTDP4) 2023-2027 focuses on growing the economy from K100 bln to K200 bln by 2030.

On June 30, The PNG National Forestry Authority signed an agreement with the IRC in a step toward eradicating corruption in the forestry sector after the industry had come under scrutiny in recent times.

## **EXTERNAL**

### **PNG's Commercial Engagements**

#### **PNG- China**

- On June 1, China's telecommunication company Huawei told the PIT Forum in Port Moresby that it can offer world-class innovative solutions and cut telecommunication infrastructure cost in PNG but need govt. support.
- On June 5, Chinese Amb to PNG, H.E. Zeng Fanhua announced PNG and China bilateral trade reached USD 5.2bln in 2022, while PNG Trade surplus to China is at USD 2.4 billion.
- June 5, BPNG acting governor Ms. Genia said Bank of China's (BoC) decision to open a representative office in PNG is the first in the region and looking forward to their application for a banking license at the end of this 3-year contract.
- On June 6, PM Marape while welcoming the BoC rep office in PNG has also urged the bank to fill in financial products that are not offered by other commercial banks in the country. These include lending to State, lending to Private Public Partnership Programs, lending to SMEs and contractors in the public infrastructure programs.
- On June 8, Amb Fanhua said PNG has abundant resources, fertile land, and China has technology, capital, industrial capacity and vast market; stands ready to further promote high-quality cooperation with PNG in areas such as infrastructure, economic zones, and downstream processing industries under the Belt and Road Initiative.
- On June 12, ICCC welcome the entry of BoC into PNG's Banking Sector as a rep office and supports any future plans in terms of entering the domestic market as a full-fledged commercial bank.

- On June 22, Governor for NCD PowesParkop said funding for the delayed NCD level-5 hospital was secured from the Chinese govt. and a local bank and is awaiting cabinet approval.
- On June 26, Trade and Tourism were amongst the matters tabled for bilateral discussions between the 17 high ranking officials from China's Guangdong prov. and PM James Marape and NCD governor PowesParkop.
- On June 27, a Chinese medical team was in New Ireland prov. from June 22<sup>nd</sup> to June 28<sup>th</sup> to provide medical trainings and promoting healthcare technologies at the Kavieng General Hospital.

## **PNG- South Korea**

- On June 1, Minister for Fisheries and Marine Resource, Jelta Wong reassured Korea that PNG-Korea fisheries and maritime cooperation agreement made in 2018 in Port Moresby about aquaculture, collaboration in undertaking assessments to measure cold storage capacity and chains, the establishment of an applied fisheries research arm will be fulfilled in 2023, during his address to the '2023 Korean International Cooperation Conference in Busan, Korea.'
- On June 5, Minister Maru invited Korean companies to invest in PNG SEZs as govt will grant them special incentives.
- On June 6, South Korean Minister for Intl Trade & Investment said his country prefers an economic cooperation arrangement rather than a traditional free trade agreement with PNG.
- On June 12, Minister Maru during a meeting with President and Chairman of the Korea Exim Bank, Hee-Sung Yoon on the margins of the Korea-PIC Summit in Seoul discussed PNG's desire to build a strong relationship with the bank to allow funding for various development projects in and around PNG.

## **PNG- Australia**

- On June 1, Telikom PNG Ltd has linked up with Australia telecommunication company SkyTel Ltd to use its satellite facility to connect more users in remote locations because of the connectivity gaps identified from the off-grid customers in the remotest parts of PNG.
- On June 12, the Australian govt. has offered a funding worth AUD\$1.5 million (K3.5 million) through a partnership with Women's Micro Bank to help support the Agri-exporters, Agri-SMEs and small holder farmers in the rural, and urban PNG.
- On June 19, a K15mln funding from an Australian Non-Govt Co-operation Program (ANCP) was made to the Usino Local Level Govt in Madang to roll out cocoa program that aims at improving the livelihoods of more than 10, 000 people in the area.
- On June 27, Minister for Livestock SekieAgisa visited the Sugarbag Cattle Company in Australia with its owner to engage in supply of cattle to PNG both as slaughter as well as for breeding.
- On June 29, SunRice, an Australian-owned global rice group company, entered into a share buy-back agreement to acquire full ownership of Trukai Industries Ltd. SunRice already holds 66.23% of the shares and aims to acquire the remaining shares from Melanesian Trustee Services Ltd. The transaction is valued at around AUD\$17.5 mln and will be financed through local debt facilities in PNG. On June 30, following concerns over foreign control of 80% of the country's rice market, the PNG Govt initiated an investigation into the sale of Trukai Industries.

- On June 29, Minister Richard Maru said proposed importation of live cattle herds from Australia could pose huge bio-security risks and outbreak of diseases that would have drastic impact on the international livestock trade in PNG.
- On June 29, Milne Bay govt. said the Alotau's US\$12mIn (K43mIn) wharf, funded by the Asian Development Bank grant together with the Climate Change and Devt Authority (CCDA) and the Australian govt. has been completed that would benefit the local economy being a maritime prov.

### **PNG- Japan**

- On June 7, the French multi-national, TotalEnergies has agreed to sell a 2.8% stake in the planned Papua LNG to Japanese firm JX Nippon Oil and Gas Exploration.
- On June 9, TotalEnergies said the involvement of Japan's JX Nippon in the Papua LNG will harmonize equities between PNG LNG and Papua LNG, who will be operating jointly within the precincts of the Caution Bay Plan. Full closure of the deal is expected later this year.
- On June 20, Japanese oil & gas exploration company JX Nippon's CEO Toshiya Nakahara said the firm is focused on continuing its investment in the petroleum & energy sector which they have been doing since 1990 on multiple projects in the country.

### **PNG- PIC States**

- On June 9, PNG Ports partnered with Australasian Marine Pilot Institute (AMPI) for 22 PNG Ports Marine pilots to undergo both initial and continual training and be on par with global standings.
- On June 9, a report released from the World Bank on June 8 called for "Blue Transformation" of the Pacific Maritime sector to strengthen infrastructure, improving services and enhancing regional governance to drive economic growth and foster resilience in the region.
- On June 20, IRC Commr Sam Koim said 16 heads of tax administration from Pacific Island countries will attend the Pacific Island Tax Administrators Association (PITAA) meeting in the country in September to exchange information, policy formation and boost cooperation and coordination.

### **PNG- UK**

- On June 14, Minister Maru mooted strengthening of PNG-UK trade ties during a bilateral meeting with his UK counterpart at the margins of the recently concluded Commonwealth Trade Ministers meeting in London last week.

### **PNG- ISRAEL**

- On June 2, Telikom PNG Ltd signed an MoU with Israel based company, Amboya Investments in Port Moresby to upgrade its Private Automatic Branch Exchange (PABX) system.

### **PNG- USA**

- On June 1, a representative from the USAID said PNG Electrification Partnership (PEP) will continue to provide technical support to the country's energy sector during the Chamber of Commerce and Industry meeting in Port Moresby. He said work on a New Britain Palm Oil Limited waste-to-energy biogas plant preparation was continuing in Alotau, Milne Bay.

## **PNG- SINGAPORE**

- On June 21, Singa Bearings Solutions (SBS) Pte Ltd, a Singapore based company expressed desire to expand their market to PNG by making connections through the Boss Attachment 2023 Industrial and Mining Exhibition.

## **PNG- BRAZIL**

- On June 27, Dr. Nelson Simbiken, the acting secretary of the Department of Agriculture and Livestock (DAL), revealed that Papua New Guinea (PNG) will receive assistance from Brazil in the advancement of its agriculture sector after a meeting in Port Moresby with a delegation from the Brazilian Cooperation Agency.

## **Opportunities for investments/assets on offer/major company divestment**

- On June 2, USAID PNG Electrification Partnership Chief of Party Bruce Corbet told the Port Moresby Chamber of Commerce and Industry meeting that the PNG Energy sector has a US\$4bln investment potential in various sections including small mini-grids, large mini-grids, grid extension, grid densification and grid connection capacity.
- On June 6, Minister Maru said PNG is ready to deepen trade relations and investments with partner countries in the areas of logging, climate change, fisheries, agriculture and livestock at the Second Commonwealth Trade Ministers meeting in London.
- On June 12, Bank of PNG through its financial arm, the Centre for Excellence in Financial Inclusion (CEFI) has launched PNG's first Green Finance Policy framework that will steer the country towards a low carbon, inclusive green growth pathway.
- On June 22, PM JM said govt. will announce an incentive regime for ExxonMobil and those in the exploration space so the country can benefit from exploration and not just construction dollars.

## **Any other issue of importance**

On June 7, the Independent Consumer and Competition Commission (ICCC) revealed that retail prices for petrol, diesel and kerosene will decrease throughout the country. The decrease is attributed to the decrease in the Import Parity Prices (IPP), due to the decrease in crude oil prices.

## **SOLOMON ISLANDS (SI)**

On June 9, Malaita Technical Institute (TIM) confirmed the discovery of alluvial gold in West Kwara'ae, Malaita prov.

On June 9, Bridge upgrades in Malaita prov. have begun, funded jointly by the SI govt and the World Bank for safer road travel.

On June 9, Japanese NGO Asia Pacific Sustainable Devt (APSD) highlighted that chocolate produced from SI cocoa beans, which are highly reputed in Japan as fruity and flavourful has been selling in Japanese markets since debut in 2020.

On June 12, SI Minister of Foreign Affairs and Ext Trade, Jeremiah Manele attended 10<sup>th</sup> Arab-China Business Conference and held bilateral meetings with SG of United Nations World Tourism Organization (UNWTO) which paved way for SI's tourism devt and cooperation with the UNWTO.

On June 13, a report released by the SI National Statistics Office (SINSO) showed positive growth in tourism equalling numbers achieved for the same period in 2020 before border closure due to Covid-19.

On June 15, Solomon Water announced successful completion of the Panatina borehole drilling and construction project which was jointly funded by Solomon Water and the Australian govt worth SBD 5.1mln.

On June 16, PM Manasseh Sogavare commended the Parties to the Nauru Agreement (PNA) group of nations for its leadership in ensuring sustainable management of Tuna fisheries in the region.

On June 22, A team from the Approved Employers of Australia was in Honiara as part of consultations with the Solomon's govt. accompanied by SI HC to Australia H.E. Robert Sisilo, to discuss concerns over the PALM Schemes.

On June 28, SI govt and Japan signed an agreement for a project to implement the expansion and improvement of the Kilu'ufi hospital in Malaita prov.

On June 29, The Central Bank of Solomon Islands (CBSI) formally released its Financial Stability Report (FSR) for the second half of 2022, outlining a positive CBSI assessment showing a favorable assessment, indicating that the financial system is adequately capitalized and has generated sufficient income to cover operating expenses.

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