

2024 Papua New Guinea Investment Week

Creating Opportunities & Reinvesting Equity

6th - 11th December | ICC Sydney, Australia

Session 2: Building International Trade & Investment (Darling Harbor-Level 2)

PNG GOVERNMENT'S PLANS & INITIATIVES TO DRIVE ECONOMIC & EMPLOYMENT GROWTH

Presented By

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Minister for International Trade & Investment



**MINISTRY OF INTERNATIONAL
TRADE & INVESTMENT**
PAPUA NEW GUINEA

Vision

Secure Economic Independence by 2032

Mission

To Pursue Innovative, Inclusive and
Collaborative Economic Growth

The Ministry is Responsible for all Matters Relating to:

1. Department of International Trade & Investment
2. National Trade Office
3. Securities Commission of PNG
4. Special Economic Zone Authority
5. Pacific Marine Industrial Zone (PMIZ)
6. Konebada Petroleum Park
7. Port Moresby Stock Exchange

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DESPITE ALL OUR CHALLENGES



LAW AND ORDER



FX ISSUES



HIGH UNEMPLOYMENT



**UNRELIABLE AND
EXPENSIVE ELECTRICITY COST**



HIGH COMMUNICATION COST



LACK OF STATE LAND FOR INVESTMENT

PNG IS STILL A VERY ATTRACTIVE INVESTMENT DESTINATION



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ESSENTIAL BACKGROUND

PNG IS A RESOURCE-RICH COUNTRY

- VAST MINING & PETROLEUM RESOURCES INCLUDING UNDISCOVERED NATURAL RESOURCES.
- AFTER AMAZON & CONGO, PNG IS HOME TO THE **3rd LARGEST RAINFOREST IN THE WORLD WITH 28.2 MILLION HECTARES**
- PNG HOSTS **5%** OF THE GLOBAL BIODIVERSITY
- LARGE TRACKS OF **FERTILE LAND FOR AGRICULTURE**
- **RIVERS** FOR HYDRO
- **ABUNDANT SUNLIGHT** FOR SOLAR POWER
- **WIND – WIND ENERGY**
- **GEOTHERMAL RESOURCES**
- LARGE UNEMPLOYED **CHEAP LABOUR**
- MARINE RESOURCES; **20% OF THE WORLD'S TUNA – 500,000 MT PER YEAR**
- **OVER 10 MILLION** PEOPLE THAT NEED TO BE FED



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Where we are today in terms of Trade & Where we want to go Tomorrow.



- PNG TOTAL **EXPORT** IN 2022 = **USD\$14.52 Billion**
- PNG TOTAL **IMPORT** IN 2022 = **USD\$20.5 billion**



We have a Trade Deficit of = **USD\$ 5 Billion**
**PNG CONTINUES TO BE AN IMPORT
DEPENDENT COUNTRY**



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KEY TARGETS UNDER MTDP 4

- **CREATE 1 MILLION NEW JOBS BY 2027**
- **CEASE STATE BORROWING BY 2027**
- **GENERATE K5 MILLION MORE IN INTERNAL REVENUE TO K30 MILLION A YEAR FROM 2027 ONWARDS**
- **OF OUR K28.3 BILLION BUDGET IN 2025 .WE ARE BORROWING ONLY K2.9 BILLION, REDUCED BY K1 BILLION TO K2.0 BILLION BY 2026 AND WE PLAN TO HAVE A SURPLUS BUDGET BY 2027 AND COMMENCE OUR K62 BILLION DEBT REPAYMENT PROGRAM.**
- **THIS WILL NOT HAPPEN WITHOUT MORE FDI'S AND DOMESTIC INVESTMENTS SO WE ARE FOCUSED ON DELIVERING MORE NEW INVESTMENTS AND EXPANDING CURRENT INVESTMENTS.**



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STRATEGIES TO DRIVE ECONOMIC GROWTH

- REPLACE ALL IMPORTS ESPECIALLY FOOD WHICH WE CAN PRODUCE LOCALLY
- DOWNSTREAM PROCESS ALL OUR RAW MATERIALS
- DEVELOP HIGH POTENTIAL INDUSTRIES IN AGRICULTURE, FORESTRY, FISHERIES, HOSPITALITY & TOURISM AND MANUFACTURING
- CONVERTING LARGE CUSTOMARY LAND INTO STATE LAND
- SPORTS TOURISM- PNG NRL TEAM
- DEVELOP SPECIAL ECONOMIC ZONES AS A KEY DRIVER TO GROW THE ECONOMY
- WE HAVE LEARNT FROM COUNTRIES LIKE THE PHILIPPINES AND INDONESIA WHO HAVE USED SEZs TO DRIVE MASSIVE ECONOMIC GROWTH AND EMPLOYMENT RESULTING IN THE TRANSFORMATION OF THEIR ECONOMIES



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What is a Special Economic Zone?

A specific area in a country that is designed to generate positive economic growth in which the business and trade laws are different from the rest of the country. SEZs are located within a country's national borders which tend to be conducive to—and attract—foreign direct investment (FDI) through Incentives & Key Enabling Infrastructure & Requirements.

Primary Aim of SEZs

- ✓ Increasing Exports & Reduce Imports through Downstream Process of all Raw Materials
- ✓ Reduce Food Imports & Increase Exports (Canned Fish, Beef, Chicken, Rice)
- ✓ Increase Employment & Job Creation
- ✓ Increase Investment and Effective Administration.
- ✓ Attract investors
- ✓ Create Incentives & One Stop Shop for the Investors through SEZ's to Attract FDI's and Local Investors Especially those who have already Invested in PNG

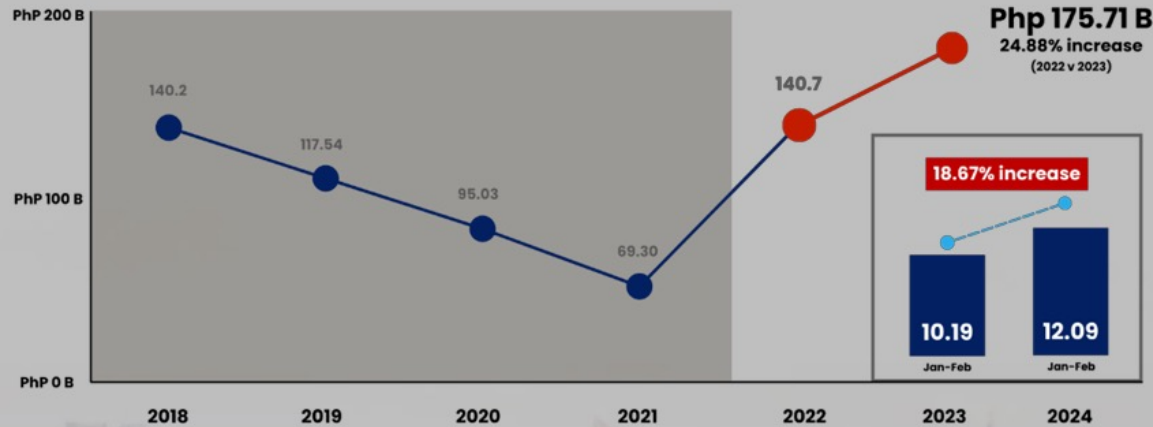


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PHILIPPINES – SPECIAL ECONOMIC ZONES

CURRENT PERFORMANCE OF PEZA: UPWARD TRAJECTORY UNDER PFRM (2023 period)



US\$ 63.71 B
Actual Exports (2023)



1,811,297
Actual Direct Employment
(as of December 2023)



Out of 233 total approved projects
24 big-ticket projects
worth **Php 146.92 Billion**
investments

ASEAN+3 Regional Economic Outlook

AMRO sees the Philippines as
fastest growing economy in the
region for 2023-2024

ECONOMY	2022	2023	2024
Philippines	7.6	5.9	6.5
Cambodia	5.2	5.3	6.2
Indonesia	5.3	5.0	5.2
Lao People's Democratic Republic	4.4	4.8	5.0
Vietnam	8.0	4.7	6.0
Malaysia	8.7	4.2	5.2
Thailand	2.6	3.5	3.9
Myanmar	1.2	2.2	2.8
Brunei Darussalam	(1.6)	1.1	2.0
Singapore	3.6	1.0	2.9

Source: Quarterly Update of the ASEAN+3 Regional Economic Outlook (AREO) – January 2024



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Indonesia – Workforce & SEZ Sites

- Indonesia's Total SEZs Investment in 2024 is up to **US\$71.93 billion**), the development of the SEZs is expected to create more than **14 million jobs**.
- **19 SEZs Sites**



- | | | |
|--------------------------|--------------------------------------|--|
| 1 Arun Lhokseumawe SEZ | 8 Lido SEZ | 14 Palu SEZ |
| 2 Sei Mangkei SEZ | 9 Kendal SEZ | 15 Likupang SEZ |
| 3 Nongsa SEZ | 10 Gresik SEZ | 16 Bitung SEZ |
| 4 Batam Aero Technic SEZ | 11 Singhasari SEZ | 17 Morotai SEZ |
| 5 Galang Batang SEZ | 12 Mandalika SEZ | 18 Sorong SEZ |
| 6 Tanjung Kelayang SEZ | 13 Maloy Batuta Trans Kalimantan SEZ | 19 Tanjung Api-Api SEZ
(will not be classified as an SEZ In 2022) |
| 7 Tanjung Lesung SEZ | | |

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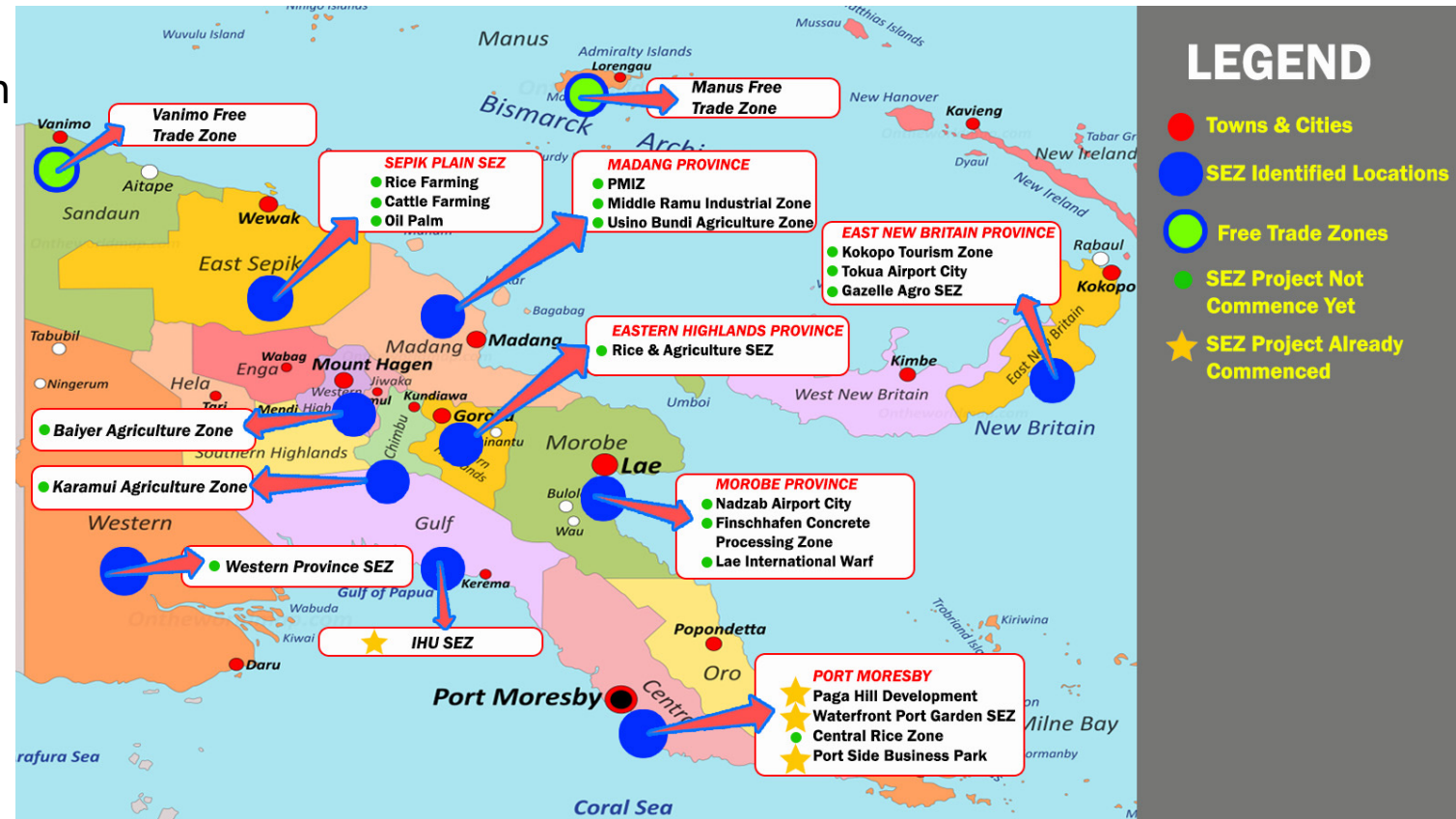
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CURRENT & POTENTIAL SEZ PROJECTS IN PNG

- **Paga Hill SEZ (Already Licensed).**
- Sepik Plains SEZ – (Palm Oil, Cattle and Chicken
- Central Rice SEZ
- Madang Integrated SEZ
- Karamui Agriculture Zone
- Cement Manufacturing SEZ in Finschhafen, Central, Simbu and Madang with Hydro and Wharf Projects
- Tourism Zone – ENB
- Lae Port SEZ
- Central Fabrication SEZ and Recycling SEZ
- Vanimo Free Trade Zone
- Abau Sugar SEZ



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Current SEZ In Progress - Paga Hill SEZ

PAGA HILL DEVELOPMENT SEZ

- Up to **10 Billion Kina Direct Investment** in the Project
- Create **13,000 New Jobs** for PNG Citizens
- Major Attraction for Tourists
- Attractive Incentives Provided by Marape-Rosso Government for the Investors



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Driving Investment and Trade

1. Increase Downstream Processing of our Raw Materials (Manufacturing)
2. Investing in Import Replacement Industries (Food Imports)
3. Investing in Large-scale Agriculture Export Projects, Fishing, Tourism and Manufacturing
4. Create Special Economic Zones (offer incentives to attract investments – both local and international)
5. Enter into more Free Trade Agreements (China and Indonesia)
6. Produce Cheaper & Reliable Clean Electricity- Green Energy Transition
7. Address Critical Enabling Infrastructure – Road, Bridge, Communication, Water, etc.
8. Increased Investment & Efforts in Reducing Crime in a Multi-Sectoral Approach



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EXCITING FUTURE AWAITS US IN PAPUA NEW GUINEA

• RESOURCE SECTOR

✓ **Secure three or more Resource Projects in 2025**

- WAFI-GOLPU MINING
- PAPUA LNG
- PYNANG LNG
- FRIEDA MINE
- PASCA
- NEW NICKEL PROJECTS
- OTHER POTENTIAL MINING
- PETROLEUM PROJECTS
- LIMESTONE PROJECTS
- OTHER MINERALS

• FISHERIES SECTOR

✓ **Start Fishing Company through a New Fishing Domestication Policy & Fish to be Processed in PNGB**

• SPECIAL ECONOMIC ZONES BASED ON LESSONS LEARNED IN INDONESIA/ PHILIPPINES

- ✓ **Integrated SEZ**
- ✓ **Vanimo SEZ**
- ✓ **Rice SEZ**
- ✓ **Sugar SEZ**
- ✓ **Oil Palm SEZ**
- ✓ **Manufacturing SEZ**
- ✓ **Downstream Processing SEZ**
- ✓ **Cattle SEZ**
- ✓ **Hydro SEZ**
- ✓ **Lime Stone SEZ**
- ✓ **Tourism Economic Zones**

• GROW EXPORTS & JOB

• **REPLACE ESPECIALLY FOOD IMPORTS**



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What Ministry of International Trade & Investment is Doing to Facilitate Trade and Investment.

- WE ARE PACKAGING PROJECTS FOR INVESTORS & SEEKING TO ATTRACT BOTH LOCAL & FOREIGN INVESTORS WITH INCENTIVES
- WE ARE MARKETING OUR COUNTRY AS AN ATTRACTIVE DESTINATION TO DO BUSINESS DESPITE OUR LOCAL CHALLENGES
- WORKING ON FREE TRADE AGREEMENT TALKS WITH CHINA AND INDONESIA
- INTRODUCING TRADE COMMISSION SERVICE
- WORKING TO SECURE MORE LICENSED SPECIAL ECONOMIC ZONES
- RISK MITIGATION AND PARTNERSHIP USING STATE EQUITY

BUILDING THE CAPACITY AND EFFECTIVENESS OF THE SEZ AUTHORITY (REGULATOR OF SEZs)

BUILDING OUR OWN CAPITAL MARKET AND IMPROVING OUR REGULATOR, THE SECURITIES COMMISSION

UNLOCKING MORE CUSTOMARY LAND FOR LARGE-SCALE INVESTMENT PROJECTS (K150 MILLION)



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Low Hanging Fruits For Investors to Grab Now

- Fisheries (PMIZ, Domestication Policy)
- Agriculture – 6 million hectares of oil palm from 300,000 hectares
- Feedlot for cattle, more dairy projects
- Rice, Chicken, Grain and Feed for Import Replacement
- Downstream Processing of Logs , Fish, Minerals and Petroleum Products
- More SEZs including large foreign investment in manufacturing and technology projects
- More Hydro and Green Energy Projects.
- More Manufacturing Opportunities for Export (Vanimo SEZ).



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COUNTRIES KEEN TO INVEST IN PNG

- AUSTRALIA
- USA
- CHINA
- INDONESIA
- THAILAND
- PHILIPPINES
- UKRAINE
- JAPAN
- SINGAPORE
- MALAYSIA
- UAE
- NEW ZEALAND



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CONCLUSION

- PNG WILL BE A STRONGER ECONOMY BY 2027 DESPITE ALL OUR CHALLENGES INCLUDING OUR LAW & ORDER AND FOREX ISSUES
- WE HAVE MANY EXCITING OPPORTUNITIES AND WE ARE LOOKING FOR INVESTORS NOW.
- MARAPE-ROSSO GOVERNMENT IS READY TO GIVE OUR SUPPORT TO INVESTMENT PROJECTS THAT WILL DRIVE REVENUE & EMPLOYMENT GROWTH INCLUDING OFFERING PIONEER INDUSTRY INCENTIVES
- FIRST MOVER ADVANTAGE WILL BE GOOD FOR INVESTORS
- PNG IS OPEN FOR BUSINESS



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WE ARE HERE TO HELP YOU TO INVEST IN PNG – TALK TO OUR TEAM



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THANK YOU



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