

Papua New Guinea

An export powerhouse in waiting

Located in the south-western Pacific, Papua New Guinea (PNG) comprises some 600 islands and has an estimated population of about 9 million, according to the World Bank. As it approaches its 50th anniversary of nationhood, having gained independence in September 1975, its government, led by Prime Minister James Marape, is focused on helping businesses flourish and attracting FDI.

“Our country is endowed with natural resources, such as forestry, fisheries, oil, gas, mining and energy. Our government must monetise these resources sustainably so that it contributes to our development aspirations. We must focus responsibly on the resource laws regime and reform the laws so that we unleash opportunities for our stakeholders,” stated Marape in his inaugural address as prime minister last August.

PNG’s government envisions an internationally competitive, export-orientated economy. It aims to open up its export marketplace through increasing industrialisation, value-added activities, and the downstream processing of its natural resources - such as its abundant supply of premium timber and world-class fisheries. As such, businesses that export goods manufactured in PNG are now exempt from income tax on any profits derived from their sale for the first three years.

Marape is also keen to attract large-scale



James Marape
Prime Minister of Papua New Guinea

investment in PNG - such as that by ExxonMobil in LNG-related projects - as he stated in his speech at the 76th United Nations General Assembly in New York: “we continue to value, respect, and uphold our partnership obligations with the private sector in our natural resources sector. We remain open for business and therefore welcome bona fide international investors to join us in exploring opportunities available in my country.”

At the heart of PNG’s investment attractiveness are the 22 Special Economic Zones (SEZs) established by the government to boost trade across key sectors through tailored incentives. In total, the government has created ten types of SEZs: export

processing zones, enterprise zones, free port zones, tourism zones, single factory zones, airport zones, and science technology zones, alongside logistics, petroleum, and forestry parks. In addition, the government has announced eight new trade missions to identify new export markets, including China, Australia, the UAE, Singapore, and the EU.

Economic diversification is central to Marape’s plan for an economically empowered PNG. By 2030, he aims to expand the number of registered SMEs to 500,000 - from 50,000 in 2021 - by encouraging foreign investment in downstream processing, tourism, and the construction sector. PNG recently changed its citizenship laws to permit dual citizenship and now allows long-term residents to naturalise as PNG citizens.

Marape has also emphasised the vast untapped potential of PNG’s rural areas. For example, his government has rolled out the ground-breaking K20 billion Connect PNG initiative to improve road infrastructure and maintenance. “This policy is the critical economic enabler that will accelerate economic activity and connect our country through improved roads, airports, airstrips, wharves and ports, ICT, and energy to build an inclusive country and stimulate growth and further opportunities,” Marape declared in his inaugural address, adding, “it is about unlocking our country so that it realises its full potential... within the decade.”

Kramer Ausenco - Sustainably delivering PNG and South Pacific’s mega-projects professionally and efficiently

Enriched by abundant natural resources, regional economic engagement, and new reforms, Papua New Guinea’s (PNG) tiger economy is now the third largest in Oceania. PNG’s government recently introduced new economic zones with concessions and tax reliefs in key areas across the country and, under ‘Vision 2050,’ aims to mobilise the country’s increasingly urbanised middle-class and dynamic business community.

PNG’s strengths in construction and infrastructure play an integral role in its economic prosperity, fuelled by resource-related projects like the USD 19 billion PNG LNG project operated by ExxonMobil. Looking ahead, the International Trade Administration (ITA) estimates future resource projects could inject billions of dollars into PNG’s economy over the next two decades.

The South Pacific’s largest professional project management and engineering company is Kramer Ausenco. Kramer Ausenco provides best-in-class turnkey solutions and services for commercial, residential, and industrial mass planning; social and landowner projects; oil, gas, and LNG; mining; and civil and structural engineering.

Kramer Ausenco is the result of a merger in 2009 between Kramer Group - initially founded in 1978 - and Ausenco, Australia’s top process engineering firm. The company has collaborated on projects with oil and gas supermajors like



Michael Kramer Executive Director
Adam Kramer Managing Director
Frank Kramer Founder & Executive Director

ExxonMobil and TotalEnergies and is currently managing a 1000-plus hectare master planning project. “Our expertise primarily lies in non-process infrastructure, but we’re eager to expand our business and venture into process engineering,” says Kramer Ausenco’s CEO and founder, Frank Kramer. The company also aims to boost its employee base from 150 to 500 people.

Kramer Ausenco is currently looking to partner with international firms and offers an unparalleled wealth of understanding and local knowledge to help interested parties navigate government departments and Papua New Guinea’s unique permitting system.

“We leverage our knowledge, Pacific connections, and expertise to ensure successful outcomes, providing certainty and confidence to international businesses. Our business approach is centred around strong partnerships and working collaboratively with our clients, and we always ensure their needs are met,” says Kramer, adding, “when it comes to infrastructure delivery, there are very few things we cannot accomplish.” Kramer Ausenco has a long and successful history of partnering with leading global firms and organisations - many of which are repeat clients - to expedite project endorsement and approval, including the Asian Development Bank, the UNDP’s global environment programme, and Rio Tinto, and is registered with the World Bank and the European Union (EU) through the African Caribbean Pacific-EU partnership.

Kramer Ausenco is committed to strengthening PNG’s global status as a lucrative investment destination, embodying the integrity, transparency, and international standards that define its business climate. “By tapping into the talents and skills of the workforce and leveraging Papua New Guinea’s unique strengths, businesses can unlock numerous opportunities for success,” says Kramer Ausenco’s managing **Kramer Ausenco** director, Adam Kramer.

PNG DataCo - Giving Papua New Guinea's businesses the digital tools to succeed

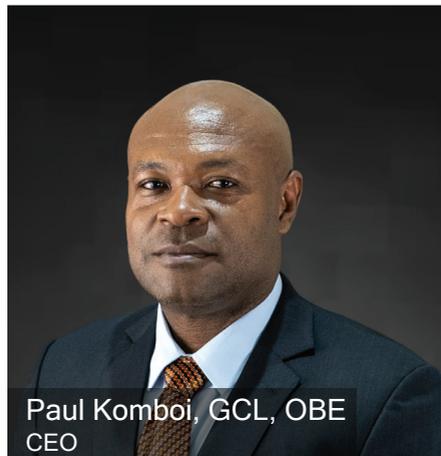
Following the Covid-19 pandemic, Papua New Guinea's (PNG) economy - the largest in the Pacific Islands - is on an upwards trajectory. Last year, PNG registered a GDP growth of 4.5%, according to the World Bank. And given positive commitments made by the government in its 2023 budget, PWC expects medium-term economic growth to average 4.75% starting from 2024. Additionally, PNG's National Trade Policy (2017-2032) - designed to transform it into "an internationally competitive export-driven economy" - is set to generate further wealth and economic growth.

Business confidence in PNG has significantly increased in recent years, especially due to the country's effort to improve its telecommunications sector. Australia is the biggest investor in the sector, followed by Malaysia, the USA, Hong Kong, and China, according to the International Trade Administration (ITA). Global telecommunications companies like Vodafone have invested massively in PNG's digital transformation to provide accessible internet and mobile network services, and the country now has the highest telecom subscriber base in the Pacific by far, according to Oxford Business Group.

Spearheading the sector's digital transformation is PNG DataCo, a state-owned telecommunications enterprise providing wholesale network services domestically and internationally. Since its founding in 2014, DataCo has been working to strengthen PNG's telecommunications infrastructure through a National Transmission Network (NTN) and help retailers expand the country's network capacity whilst ensuring consumers and businesses can access affordable, high-quality broadband.

"We were established to address the lack of digital infrastructure and network capacity in Papua New Guinea, particularly to improve its backhaul transmission infrastructures. Our mandate was to utilise existing infrastructures as well building new ones and collaborate with various strategic agencies and operators to meet growing demand," says PNG DataCo's CEO, Paul Komboi.

Since 2014, DataCo has uniformly cut internet prices in PNG by 88% on average across its product services by eliminating barriers to entry for major telecommunications companies like Vodafone and has shown institutions across PNG on how to utilise digital tools to become more efficient. In 2018, DataCo began building domestic submarine cables to connect 15 coastal centres across north, east, west, and south PNG, encompassing all the islands of New Guinea. DataCo also oversaw the Coral Sea Cable System project connecting Sydney, Port Moresby, and the Solomon Islands. Between 2018-2021 alone, DataCo grew the country's bandwidth capacity



Paul Komboi, GCL, OBE
CEO

from 3 to 40 gigabytes, on average. Over the same period, the company also expanded its portfolio to include data centre infrastructure and services - using the Coral Sea cable to connect with Sydney's primary data centres and content providers - and IEPL services for large corporate organisations. DataCo now manages a network stretching 11,100 kilometres of fiber optic comprising terrestrial and submarine cables, including three international Points of Presence (POPs), five international gateway nodes in the country, and 450 telecommunications satellites.

DataCo envisions a future PNG connected to the digital world and is continuing to build and upgrade the country's telecommunications infrastructure to give its SMEs a competitive edge. DataCo recently started providing cloud solutions, which cut capital expenditure across PNG's business sector whilst increasing stability for businesses with growing bandwidth demands. Going forward, DataCo wants to bring fiber and broadband services to all districts and is preparing for a 5G rollout in partnership with Vodafone. The company is also working with the Bank of PNG to set up an online payment gateway for locals to buy and sell internationally through e-commerce.

DataCo is open to partnerships and foreign investment of all kinds to help support its mission, including joint ventures, BOOT arrangements and tech or knowledge transfer

agreements. Ultimately, DataCo is looking for long-term partners to help it increase PNG's data and network capacity whilst increasing the country's electrical reliability by adopting green technologies. "DataCo is less than a decade old. We recognise the need to bring in additional expertise to accelerate our progress and make the company more efficient," says Komboi. In the past, DataCo has partnered in the PNG LNG Fibre Project, with PNG Power Ltd, NBC, and the foreign development partners such as Australian and Chinese Governments to provide essential infrastructure upgrades, and the company anticipates more collaborative opportunities in future.

DataCo has created an environment in which PNG's telecommunications and business sectors could thrive, and the company's commitment to technological progress and high-quality customer service makes it the ideal partner. Through DataCo, PNG's secure and easily accessible data services are protected by network redundancy via connection to POPs in Australia, Guam, Indonesia and the USA and reinforced through satellite technology, which has been key in garnering the trust and loyalty of domestic and international operators.

For Komboi, DataCo's future success will depend on its ability to adapt to new market conditions. "We have excellent project management skills and understand the business we're doing. Plus, we're open to international advice. I want our decision-making to become even faster, which is why we're implementing digital automation in our processes, systems and operations. We want to lead by example," he says.

DataCo plays an integral role in PNG's ecosystem, and Komboi is keen to highlight that its investors will also be investing in PNG's future. "PNG's potential is undeniable. You can't go wrong if you have the local knowledge and local information, which is something we offer. Everybody benefits - it's a win-win because it's one ecosystem. The government, the private sector, the economy, the people - everybody wants to work together," he says.



Trukai Industries - Planting the seeds for a social and economic transformation of PNG's agriculture sector

Papua New Guinea (PNG) is the largest country by land area in the South Pacific and offers unique trade and investment opportunities supported by two large, strategic cargo ports - the first in Port Moresby, PNG's capital city and centre of commerce, the second in Lae, PNG's industrial hub. Likewise, PNG's Bilateral Investment Treaties (BITs) with Australia, China, Germany, Japan, Malaysia, and the UK offer international investors lucrative global market access, and its government has repeatedly reaffirmed the country's openness to international trade as part of its economic diversification effort.

According to PWC, PNG's agriculture sector accounts for approximately one-quarter of the country's total GDP and is its main economic driver. PNG farmers enjoy high seasonal rainfall, fertile soils, and a favourable climate, and the sector provides a livelihood for 85% of the rural population. However, many PNG farmers still rely on subsistence farming techniques and traditional methods, which the country's government aims to reform in its quest for a diverse, self-sufficient agriculture sector. For example, the PNG National Rice Policy 2015-2030 encourages landowners to commercialise their subsistence farms as large-scale rice farms.

For the past five decades, PNG's leading rice supplier has been Trukai Industries, whose iconic rice brands - Trukai and Roots - are established staples throughout PNG households. Trukai employs 1,000 people, 8 national distribution centres, in addition to its flagship 220,000-tonne capacity rice mill and packing plant. Trukai is 33% PNG-owned, and 25,000 Papua New Guineans have a stake in it through the Melanesian Trustee Services (MTSL) superannuation fund.

Trukai was launched in alliance with Australian farmers and PNG companies and is currently a part of the Australian-owned company SunRice, one of the world's largest rice companies, through a joint venture.

"We took a premium position in the market by focusing on high-quality products, which gave us a long-term competitive advantage. In the latest study on brand equity in PNG, Trukai was found to be the second most trusted brand in PNG. It's an amazing achievement for us," says Trukai's CEO, Alan Preston, who is now keen to increase the company's regional presence in the Pacific. Trukai adheres to stringent quality control measures, and in line with government legislation, all 26 Trukai and Roots rice products - from medium grain, jasmine, and natural brown to medium grain and long grain - are vitamin enriched with micronutrients like iron and B vitamins. Trukai believes its premium products should be available



Alan Preston
CEO

and enjoyed by all Papua New Guineans.

Most importantly, Trukai is committed to bringing long-term food security to PNG. The company is currently establishing pilot rice farms across PNG to assess the sector's commercial potential and provides rice farmers using irrigation systems with Village Sustainability Kits (VSKs). Trukai has also partnered with institutions like the National Department of Agriculture and Livestock (DAL) and the International Rice Institution (NARI) to develop a self-sufficient village-based agriculture system in PNG through local processing.

Trukai's flagship PNG development initiative is its Smart Farmer Program, which is set to transform the country's agriculture sector and unlock its potential by accelerating the transition from subsistence to commercial farming - from the ground up.

The Smart Farmer Program provides PNG

rice farmers with the wealth creation tools they need - from commercial training to research facility access - to feed not just their families but the local community as well. Building PNG's agricultural capacity is fundamental to ensuring future economic prosperity, and Trukai believes that achieving it will take a collective and collaborative effort. The company recently signed a Memorandum of Agreement (MOA) with the Pacific Adventist University (PNG), which outlines a five-year partnership to provide accredited training to local rice farmers in PNG interested in commercial farming. Trukai has also partnered with the PNG University of Technology's agriculture department. More than 105 local rice farmers have already been certified through Trukai's Smart Farmer Program.

Trukai is a shining example of how businesses in PNG are working to enhance the country's social and economic landscape. And the company continues to reaffirm its commitment to the people of PNG by investing millions of kinas to raise well-being across communities. In the past decade alone, Trukai has invested almost PGK 30 million to support vital health, sports, and cultural activities. Through its last annual Fund Run - the 40th to take place in partnership with the PNG Olympics Committee - Trukai raised PGK 333,600 to help support healthcare and social initiatives like the PNG St John Ambulance, Links of Hope, and the Westpac Outstanding Women (WOW) Awards.

With its corporate headquarters and manufacturing base in Lae, Morobe Province, Preston is confident that PNG has the potential to become the Pacific's manufacturing capital, and the success Trukai has achieved so far has only reinforced this belief. "We have very low manufacturing costs and high availability of workers, which can make it incredibly profitable for international inventors. PNG also provides excellent access to Asia and springboards you into other regional markets," he says.

