

## Papua New Guinea's Bogor Goals Progress Report (as at 8 August 2014)\*

### Highlights of Achievements and Areas for Improvement

- The tariff reduction program set in 2011 is ongoing. However, there were tariff increases for two products in 2013.
- 75 per cent of all imports enter duty-free.
- No import quotas, export licenses or tariff rate quotas are applied. Export taxes for unprocessed logs are in place.
- Multiple efforts in services liberalization and facilitation. Foreign firms are entering the PNG market and offering new services to benefit the population.
- The investment system is very open for foreign investors. In many cases, 100 per cent of foreign-owned investments are allowed.
- More domestic standards have been incorporated in recent years.
- In terms of customs procedures and trade facilitation, PNG has completed the requirements for the accession to the Revised Kyoto Convention.
- The Alternative Dispute Resolution (ADR) scheme has been useful to handle certain commercial and civil disputes.

### Summary of Topics

#### Tariffs

Approximately 75 per cent of all imports enter Papua New Guinea (PNG) duty-free now. Tariffs are high for goods which are or could be produced in PNG. The previous 2012 Bogor Goals Progress Report mentioned that PNG had embarked into a tariff reduction program in 2011 and tariffs were going to be reduced by 5 percent up to 2018. The first cut took place on 1 January 2012. The next cuts have been announced for 1 January 2015 and 1 January 2018.

However, on 1 January 2013, two tariff lines concerning chicken and plywood had their tariffs increased due to concerns raised by domestic industries.

Tariffs have been reduced in line of WTO commitments and RTA/FTAs such as the Melanesian Spearhead Group Trade Agreement.

#### Non-Tariff Measures

PNG maintains few non-tariff measures. No import quotas, export licenses or tariff rate quotas are applied. An export tax to unprocessed logs remains in place as a means to encourage downstream processing. PNG is currently undertaking a major review of its tax system. The review is including areas such as corporate tax, mining and hydrocarbon tax excise and value-added tax, among others.

#### Services

The services sector is still relatively small in PNG, in comparison to primary sectors. However, PNG has been implementing initiatives to reduce barriers in this sector. For example, in the

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\* This brief report was prepared with information from Papua New Guinea's submission of 2014 APEC Individual Action Plan (IAP) template; the World Bank's Doing Business database; and information from the PNG Customs, the Investment Promotion Authority and the Central Supply and Tenders Board websites.

telecommunications sector, PNG Telikom announced a 68 per cent reduction in the internet wholesale price to internet services providers. Also, in April 2013, PNG welcomed the entry of Vodafone, a second mobile phone operator into its market.

Regarding financial services, banks have been introducing mobile banking services to facilitate fund transfers, third party transfers and payments of bills.

In the health sector, the National Executive Council endorsed the Health Workforce Development Plan, which states that overseas workers that can be recruited in cases of domestic unavailability.

### **Investment**

In general, PNG maintains a very open foreign investment regime and has established a comprehensive framework to attract investors. It is possible to have 100 per cent of foreign owned investments in most cases. However, many challenges remain to attract foreign investment, in particular related to the availability of proper infrastructure and the cost and time to enforce contracts.

There are few areas restricted to citizens or domestic companies, such as the cases of certain agriculture, forestry, fishing, mining and handcraft activities.

In terms of investment facilitation, the Online Lodgment Project to streamline business registration and foreign certification lodgments is being implemented.

### **Standards & Conformance**

PNG Standards are developed by technical committees comprised by representatives of the business sector and public servants from government departments and regulatory bodies. To date, the Technical Standards Division has facilitated the development, adoption and implementation of nearly 900 PNG Standards. Many PNG Standards are adopted from the International Standardization Organization, the International Electrotechnical Commission and the Codex Alimentarius, among others.

### **Customs Procedures**

PNG has been implementing measures in customs areas to facilitate trade and protect its borders. PNG Customs Service continues with the implementation of a Risk Management Policy. The work on the general annex of the Kyoto Convention has been completed and PNG accession to this convention is pending the completion of diplomatic protocols.

In January 2013, the Customs Service Plan 2013-2017 was launched. Among the main priorities are to improving channels of decision making and communication; extending the use of risk management techniques and advance technology for border control and operational efficiency; and modernizing legislative and instructional compendiums for training and standard operating procedures for customs officers.

### **Intellectual Property Rights**

The Intellectual Property Office of PNG (IPOPNG) is seeking to put in place protection and enforcement mechanisms to address IPR infringements. A bill on traditional knowledge and traditional cultural expressions has been drafted for review.

IPOPNG has been appointed as the Regional Office for the registration of all trademarks for the Pacific Island Countries. IPOPNG is fully digitalized with enabling facilities for e-filing.

### **Competition Policy**

The current legislation prohibits arrangements that lessen competition, misuse market power, and form anticompetitive mergers and acquisitions. However, PNG is reviewing the Independent Consumer and Competition (ICCC) Act 2002, since some deficiencies have been identified recently. For instance, the ICCC Act is not preventing businesses from engaging in deceptive practices or misleading conduct to gain or retain market share. Also, it is not preventing businesses to force customers to accept unfair terms of trading.

### **Government Procurement**

The PNG government has recognized that this is a challenging area. The administrative capacity to run procurement processes, in particular, in provincial agencies, is weak. There are efforts being implemented by some agencies to fight corruption.

In order to streamline government procurement, there are plans to increase the threshold of procurements that need to go to the Central Supply and Tenders Board for review and approval by the National Executive Council from PGK 10 to 20 million.

### **Dispute Mediation**

Since its introduction in 2010, the Alternative Dispute Resolution (ADR) scheme has been very useful in courts to handle certain commercial and civil disputes. The use of ADRs is now considered part of the regular court process. Over the last 5 years, the number of accredited mediators doubled.

### **Mobility of Business People**

The Short-term Multiple Entry Permit is valid for 12 months with a stay of up to 60 days permitted in each arrival. There are also visa-on-arrival facilities that have helped to increase the influx of visitors to PNG.

### **RTA/FTAs**

Papua New Guinea has two RTA/FTAs in force and one Trade and Commercial Relations Agreement<sup>1</sup>.

### **APEC Food System**

The National Executive Council is working to increase food self-sufficiency. In this regard, it approved in October 2013 a project on a large scale, mechanized, irrigated production of rice in

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<sup>1</sup> Papua New Guinea's RTA/FTAs in force are the following ones: Melanesian Spear Head Group Trade Agreement (1995), Pacific Island Countries Trade Agreement (2003). PNG also has a bilateral agreement with Australia – the *Papua New Guinea-Australia Trade and Commercial Relations Agreement*.

the Central Province. The private investor for this project will spend about USD 1.3 billion to cultivate 100,000 hectares of land and produce 500,000 ton of rice for domestic consumption and export. Also, PNG Livestock Industry Corporation is planning to set two abattoirs (Port Moresby and Lae) meeting Australian standards to allow meat products to be exported and sold to mining sites in PNG. Currently, no meat can be exported or sold to mining sites in PNG because existing abattoirs do not meet basic world food standards.