# Papua New Guinea

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| **Papua New Guinea’s Bogor Goals Progress Report (as at 3 September 2018)[[1]](#footnote-1)\*** | |
|  | **Highlights of Achievements and Areas for Improvement** |

* Increased import duties on many agricultural and manufactured goods under the new Customs Tariff Bill. Import duties introduced on diesel and petrol.
* Export tariffs are applicable to some timber logs.
* Export restrictions and bans are implemented on items damaging to health, safety, and the environment. Import bans have been imposed on rice and a National Rice Policy has been proposed to enhance the domestic industry.
* SME Policy has been launched to encourage the adoption of appropriate technology and strengthen links between support institutions and SMEs.
* Foreign ownership restrictions still apply in specific sectors.
* No capital requirements for foreign investments, but it is necessary to apply for an Investment Promotion Authority certificate.
* No restrictions for foreigners to participate in industry-standards setting consortia.
* New Container Examination Facility has been launched by Customs at Port Moresby to improve the speed of checking containers.
* A revamped website for easier access to information on the processes of registering for intellectual property rights has been launched.
* Major review of the competition policy framework has been completed and recommendations have been submitted to the National Executive Council for consideration.
* Plans to establish a National Procurement Commission to ensure transparency and impartiality to public procurement processes.

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|  | **Summary of Topics** |

Tariffs

Under the Melanesian Spearhead Group Trade Agreements (MSGTA), Papua New Guinea eliminated tariffs on all its product lines with the exception of some health harming products like carbonated drinks, tobacco and alcohol. The latest revision of the MSGTA took place in 2015, but it has not been signed by Papua New Guinea yet.

The Customs Tariff Bill 2017 noted an increase in import duties, effective from 1 January 2018, in the range of 2.5 to 10 percentage points on many goods including meats, oils, cocoa products, biscuits, shopping bags (biodegradable and non-biodegradable bags), soaps, shampoo, detergent, and reservoirs or tanks, among others. This bill also introduced tariff increases and reductions to selected garments. Import duties of 0.1 Kina per litre were introduced on diesel and petrol as well.

Some products are subject to export tariffs, such as timber logs.

Non-Tariff Measures

Export permits are required for items that are damaging to health, safety, and the environment. These items include narcotics, firearms/weapons, gold, medicines and cultural heritage items. Export bans are imposed on certain products, such as geological materials and crocodiles to conserve native forestry, animals and natural resources. Timber of certain species such as ebony, rosewood and teak, among others cannot be exported, too.

Import bans are applied to rice, living fish, parrots, and gaming machines amongst others, due to reasons related to health, environment, security, public interest and protection of local industries. The proposed National Rice Policy 2015-2030 has suggested introducing a National Rice Import Quota System to enhance the domestic rice industry.

Services

An SME Policy was launched in March 2016 to promote and support the development of the SME sector. The Policy aims to encourage the adoption of appropriate technology and strengthen the links between support institutions and SMEs. A specific initiative within this Policy introduces a legislation to develop the local franchise industry and ensure that all franchises are reserved for citizens with the exception of the Master Franchise.

Regarding air transport services, ownership of airlines is subject to a maximum of 49% foreign equity. An initiative under the SME Policy notes the government’s aim to develop the tourism industry by encouraging more foreign airlines to enter Papua New Guinea to reduce costs.

Investment

In order to invest in Papua New Guinea, all foreign investors need to apply for a formal Investment Promotion Authority certificate. The purpose of this process is to evaluate whether the potential investment is going to meet public interest. There is no capital requirement, but a fee needs to be deposited before the certificate is issued. Some sectors are restricted to Papua New Guinea citizens.

A Personal Property Security Registry was launched on the Investment Promotion Authority website to enable ease in searching and registering notices of security interests in movable property. This initiative facilitates secure transactions and access to the credit market.

Papua New Guinea has reported plans to establish a one-stop-shop to address behind-the-border issues for business regulatory convergence. The SME Policy also announced a plan to create a foreign investment review board. Creation of special economic zones in all provinces is to be carried out. Development of the Sepik Special Economic Zone is already underway.

Papua New Guinea has 9 international investment treaties in force as of April 2018.

Standards & Conformance

Papua New Guinea reported the development of 39 standards in biological and food, chemistry and electrical fields between 2014 and 2016. There are no restrictions for foreigners to participate in industry-standards setting consortia.

The Accounting Standards Board of Papua New Guinea adopted the International Financial Reporting Standards for SMEs Standard effective 1 January 2018. The National Institute of Standards and Industrial Technology (NISIT), the new regulator for radiation safety in PNG, is in the process of adopting the necessary International Atomic Energy Agency (IAEA) radiation safety standards as national standards.

Customs Procedures

A new Container Examination Facility has been launched by Customs at Motukea, Port Moresby in January 2017 to improve the speed of checking containers. The construction of a similar facility in Lae, Morobe Province is expected to commence in 2018.

Papua New Guinea Customs is currently working towards migrating to ASYCUDAWorld, a newer version of the computerized customs management system, and expects a full rollout to be completed by the end of 2018.

Papua New Guinea ratified the WTO Trade Facilitation Agreement on 7 March 2018.

Intellectual Property Rights

The Intellectual Property Office of Papua New Guinea launched a revamped website for easier access to information on the processes of registering for intellectual property rights and a list of recognised intellectual property agents. In addition, the website provides a link to the Global Brand Database hosted by the World Intellectual Property Organisation, enabling users to conduct searches on trademarks registered locally and in other economies.

Competition Policy

Papua New Guinea has completed the first major review of its competition policy framework and a comprehensive report with recommendations has been submitted to the Department of Treasury in 2017. The report will be further submitted to the National Executive Council before the recommendations can be implemented. The recommendations include creation of a national competition policy, increase in the standard maximum penalty to 20 million Kina and increase in the limitation period on civil actions for damages to 6 years amongst others.

The Independent Consumer and Competition Commission (ICCC) is reportedly in the process of making amendments to the ICCC Act 2002 to make mandatory notification of mergers or acquisitions.

Government Procurement

The Department of Treasury developed a Medium Term Fiscal Strategy 2017-2021, which among other things aims to establish a National Procurement Commission to ensure transparency, impartiality and management of budget appropriations in the procurement processes. The government also aims to enact the National Procurement Authority Bill and eliminate tied financing to improve competitiveness in the procurement bidding processes.

Mobility of Business People

The Immigration and Citizenship Service Authority released a notice implementing measures to improve passport and visa assessment and processing mechanisms. Some of the changes effective as of 1 March 2017 include acceptance of passport applications supported only by new genuinely issued PNG birth certificates and application exclusively thorough recognised and locally registered visa agents.

All foreigners must have an entry permit/visa to enter Papua New Guinea. However, visa on arrival is available in Port Moresby’s Jackson International Airport for passport holders from 71 economies, including 17 APEC economies.

RTA/FTAs

Papua New Guinea currently has two RTA/FTAs in force, a Trade and Commercial Relations Agreement and an interim Economic Partnership Agreement[[2]](#footnote-2). Furthermore, Papua New Guinea signed a Memorandum of Understanding with China in 2016 to conduct a joint feasibility study on a possible Papua New Guinea-China FTA. The study is reportedly still underway.

1. \* This brief report was prepared with information from Papua New Guinea’s submission of 2018 APEC Individual Action Plan (IAP) template; World Trade Organization; UNCTAD Investment Policy Hub; IFRS Foundation; Department of Treasury, PNG Customs, National Parliament of Papua New Guinea, Investment Promotion Authority, Department of Land and Infrastructure, Prime Minister of Papua New Guinea, Department of Lands & Physical Planning, Immigration and Citizenship Service Authority, and Department of Trade, Commerce and Industry websites. [↑](#footnote-ref-1)
2. Papua New Guinea’s RTA/FTAs in force are the following ones: Melanesian Spear Head Group Trade Agreement (1995); and Pacific Island Countries Trade Agreement (2003). PNG has a bilateral agreement with Australia – the *Papua New Guinea-Australia Trade and Commercial Relations Agreement*, which has been notified at WTO. It also has an interim Economic Partnership Agreement with the EU and Fiji. [↑](#footnote-ref-2)