

# MOVING UP THE VALUE CHAIN

PNG sits in the middle of one of the world's great fisheries. Investment in onshore facilities is turning the country into a regional hub for fish processing.

**T**he waters around PNG contain large stocks of marine resources. Within its 2.4 million square kilometre exclusive economic zone are large varieties of fish including, most importantly, migrating schools of tuna. Besides abundant tuna, several other commercially important fish, shellfish, and sedentary species are found in PNG's waters.

## MAKING THE MOST OF TUNA

PNG is responsible for approximately 10% of the world's tuna catch. Major destinations for PNG's marine products include Hong Kong, Japan, Australia, and also to the European Union (EU) under an Economic Partnership Agreement that gives it tariff-free access to the EU trading zone.

The major emphasis of the PNG Government is on the development of the industrial and commercial fisheries sector, and especially onshore processing facilities, which already exist in Port Moresby, Lae and Madang.

Major players in the canning and processing sector are Philippines-owned R D Tuna Cannery, which successfully markets canned tuna under the Dolly and Diana brands, and Frabelle Fishing Co. These companies are major employers, employing thousands of workers.

## NEW INVESTMENT

More investment is occurring in this sector too. The PNG National Fisheries Authority (NFA)—the primary regulatory and management body for the sector—is assisting with the negotiation of a project agreement with Majestic Seafoods Corporation and Morobe's provincial government. Once completed, the canning factory will process 120mt of tuna per day in year one and 250mt in year two and 350mt in the third year of the project life.

Work is also about to commence on a new 150 million kina (US\$55.8 million) commercial fish port facility at Labuta in Morobe Province. The project will be a joint venture between South Pacific-PNG Sea Food Ltd, the Morobe Fisheries Management Authority (the fisheries investment arm of the provincial government), and indigenous landowners.

The PNG Government is hopeful that the development of a Pacific Marine Industrial Zone in Madang (see box right) will drive even further growth in this sector, helping it achieve a level of commercial scale necessary for international competitiveness.

## PACIFIC MARINE INDUSTRIAL ZONE

**The PNG Government is planning the creation of a new 215-hectare US\$300 million Pacific Marine Industrial Zone (PMIZ) in the town of Madang, on the northern coast of the country's mainland.**

Madang, capital of Madang Province, is already a major fish processing centre, due to the presence of R D Tuna's canning facilities. It is hoped that the town can become a major processing centre not just for PNG's tuna catch, but also for fish caught in the waters of other Pacific countries.

While the incentives to attract businesses to set up in the PMIZ have yet to be finalised, the PNG Government is forging ahead with the project. In early 2010, it announced that it had obtained a 202 million kina (US\$71 million) concessional loan facility for the construction of the park from Export-Import Bank of China. A Chinese company, Shenyang International Economic and Technical Cooperation Co. Ltd, has been engaged to construct the park.

Businesses interested in operating from the park should contact the PNG Department of Commerce and Industry, or the Investment Promotion Authority (see page 20).

## COASTAL FISHING

Coastal commercial fishing is based primarily on prawns, lobster and baramundi and a collection of sedentary fisheries resources, including beche-de-mer, trochus shells, pearl shell and green snail. The operations are carried out by small-scale commercial fishermen. Sea cucumber is collected and processed for export.

The recent expansion of flights to Japan by Air Niugini gives PNG's marine operators improved access to the Japanese market.

## FISH FARMS

Inland fish production is still very much underdeveloped, but commercial farming of trout and carp has been undertaken by a few farmers in the Highlands, such as the Mount Wilhelm Trout Farm, owned by Betty Higgins, winner of the 2009 Westpac Women in Business Award.