PICTURES: PACIFIC INDUSTRIES & AGENCIES

PNG PRODUCTS EXPANDING IN EXPORT MARKETS

PNG manufacturing has a foothold in the domestic market and is now also taking off in the export market. *Nadav Shemer Shlezinger* reports.

Papua New Guinea's manufacturing sector is going from strength to strength, with an increasing number of businesses producing not only for the domestic market but for exports too.

On the following pages, we share how PNG Forest Products and Hugo Canning have seen their revenues surge through increased exports. Interestingly, both businesses initially turned to exports to get access to more foreign exchange, before realising that exports should be a permanent part of their strategies.

Another business joining the trend is Lae Biscuit Company, which is preparing to begin exporting this year by entering the Australian market with the support of Pacific Trade Invest (PTI) Australia. ➤

An increasing number of businesses are producing PNG-made goods for domestic and export markets. The government has made a commitment to improve trade-related infrastructure such as roads, ports and electricity.

TRUKAI INDUSTRIES LIMITED

EMPOWERING LOCAL RICE FARMERS

In 2022, Trukai Industries launched the Smart Farmers Program to equip local farmers with essential rice farming skills. Participants graduate with a Certificate in Irrigated Rice Farming, gaining the knowledge needed for commercial rice farming. The program is conducted in partnership with the PNG University of Technology and the Pacific Adventist University, and has successfully trained hundreds of farmers across all provinces.

To further support the transition into commercial rice farming, Trukai Industries launched an Internship Program in 2024. This program offers selected Smart Farmer graduates the opportunity to undergo hands-on training in large-scale rice production. Under the paid Internship Program, the participants undergo three-months of training at the Trukai Erap farm in Morobe Province, where they gain pragmatic insights on land crop management, soil preparation, farm machinery operation, efficient use of fertilizers, chemicals, and irrigation, as well as seed production and post-harvest techniques.

For more information, please email us at: ***Enquires@trukai.com.pg***

PAPUA NEW GUINEA UNIVERSITY OF TECHNOLOGY

smart FARMER

Pacific Adventist University
EDUCATE TO SERVE

Founded in Lae in 1972 by Sir Henry Chow, the company has gone on to diversify its offering of PNG-made biscuits, noodles and beverages. In September last year, it was one of nine businesses to participate in PTI's Pacific Showcase at Fine Food Australia, the Southern Hemisphere's premier trade exhibition for the food, hospitality and retail sectors.

Two other PNG businesses were involved in the showcase. Sepik Valley Organic already has a Brisbane-based distributor in place for its vanilla products and is exploring additional opportunities to grow its footprint in the Australian market. Tropic Fronds Oil has been exporting coconut oil products from its East New Britain facilities to overseas markets for some time.

In further good news for the PNG manufacturing sector, it was announced recently that Majestic Tuna Corporation will reopen its tuna processing plant in Lae before the end of the year, following a change in ownership structure and management. The reopening of the plant – which has been closed since June 2023 – is expected to create more than 1000 jobs.

> "The Prime Minister has affirmed his commitment to create the conditions for manufacturers to thrive."

Meanwhile, the manufacturing sector is on the government agenda in 2025, with Prime Minister James Marape recently acknowledging concerns raised by the Manufacturers Council of PNG regarding economic barriers facing the sector.

In a statement, the PM affirmed his commitment to creating the conditions for manufacturers to thrive.

"We are committed to improving trade-related infrastructure – roads, ports, and electricity – to reduce production costs and improve market access. The government is currently pursuing public–private partnerships to accelerate infrastructure investments across the country," he said.

"We understand that secure access to land is critical for manufacturing and other industries to expand. The Government is working with traditional landowners and land agencies to streamline land tenure processes and make land more accessible for economic development." ■

A TURNAROUND IN FORTUNES

Former Kraft Heinz subsidiary Hugo Canning is thriving with new owners and there are big plans in the pipeline. *Paul Chai* reports.

Hugo Canning found itself in a state of limbo for a number of years after it was put up for sale by its multinational parent company, Kraft Heinz.

The canned goods manufacturer suffered losses between 2021 and 2024 and had no clear direction, says General Manager Jeremy Fry.

"When you're a non-core asset in a global company, no one really cares what's going on," he says.

Things began to improve in 2024, when Kraft Heinz agreed to sell the company to a group of local Papua New Guinea investors headed by Taylor Pacific (80 per cent shareholding), a private company run by businessman John Taylor, who has decades of experience in PNG. The team brought costs under control, returning the focus of the business to quality and affordability.

"This year, we will definitely turn a profit," Fry says. "It's been a good turnaround. We've got a very strong board of directors with global experience, and they are very supportive of the path we are on."

Hugo Canning's key brands are Ox & Palm and Ocean Blue tuna, which Fry says is the number-two tuna brand in the country. The return to profit and the local focus mean that the tuna brand has a great opportunity to align with the government's objective to increase onshore processing.

"We're just puzzling through what tuna canning onshore in PNG might look like, but we're quite excited about it. We think our site in 15-Mile is the perfect place to do it,"' Fry says.

PICTURE: HUGO CANNING

The production lines are again working overtime at Hugo Canning, which has been reborn with local input.

> "There's a lot of hungry people out there and the ambition is that we want to be a part of one meal of everyone in the Pacific."

Part of the profit success has been a strong export market, which began as a play for more foreign exchange, given the forex issues currently faced by business in PNG.

Hugo Canning exports to Vanuatu, the Solomon Islands and Japan but has plans to grow this part of the business.

"We want to double our export business this year, because it helps with foreign currency inflow, and it also means we can improve our factory utilisation in Port Moresby," Fry says.

"There's a lot of hungry people out there, and our ambition is to be a part of one meal of everyone in the Pacific."

The plan is not only for tuna but also expanding on the Ox & Palm brand for the next phase of growth.

"There are opportunities everywhere, with the Hugo Canning business and more broadly with the agri-focus of our parent, Taylor Pacific," Fry says.

The turnaround in Hugo Canning's fortunes show3 that if you have a local focus and a knowledgeable local team, it is a place where businesses can thrive.

Fry says: "A great analogy from John (Taylor) is: 'If you buy a ticket to the dance, you've got to dance'.

"With the investment in the Hugo company, and further capital mobilised for our Taylor Pacific agri-strategy, we are dancing like we've never danced before." ■

EXTRA FIZZ FOR PNG SOFT-DRINK MAKER

A new PGK70 million plant represents a big step forward for Pacific Industries. *Paul Chai* reports.

After winning the exclusive PepsiCo bottling licence for Papua New Guinea in 2018, local manufacturer Pacific Industries has experienced more than six years of solid growth and is now seeing the positive benefits of the Pepsi partnership fizz over into other areas of its business.

Everett Chue, Director at Pacific Industries, says the steady growth meant the food and beverage manufacturer had little option but to add to the Rabaul factory that had been its sole production facility since before World War 2.

This led it to invest in a new Port Moresby facility with can and PET (polyethylene terephthalate) lines, which it commissioned in 2024.

"It was a PGK70 million-plus investment, and there's additional things that we're adding into that investment, like more storage space, increasing the size of our workshop and refrigeration," Chue says.

"On top of that, there are huge efficiencies with having two manufacturing plants, the first being shipping. If I produce in Rabaul, it is a minimum of 14 days to get it to Port Moresby. There are costs and delays, so your speed to market is improved by having two factories."

The contingency of having two factories will also help Pacific Industries deal with some of the more unpredictable elements of doing business in PNG, such as power disruptions and law-and-order issues.

Chue says his firm has been gearing up for potential increases in demand once final investment decisions are made on big resources projects such as Papua LNG. But even without those projects, he says he is "very optimistic about the growth of the PNG economy".

Pacific Industries is planning a PGK10-million upgrade of its ice-cream factory and the creation of a new distribution facility on newly purchased land in Mount Hagen.

PICTURE: PACIFIC INDUSTRIES

Underpinning the company's growth is its embrace of PNG's informal economy.

The company has a channel manager at all 11 of its branches whose job it is to identify potential vendors who have a car, cash flow and some business nous. These vendors typically sell from home, the roadside or a permanent market stall. The channel manager provides each vendor with a package including an esky (cooler), umbrella, cap, a T-shirt and free ice.

These informal sales channels now represent a "high single digits" share of Pacific's overall beverage sales and will likely lead to more investments in future.

"We are expecting big growth, obviously gaining share in the market, but also with the economy growing a lot in the next five years," Chue says.

"We've planned the PET line for five years of growth. We've made contingencies to be able to expand certain machinery that will increase the line." ■

PNG CASHING IN ON HIGHER COFFEE PRICES

All-time high coffee prices are bringing benefits to PNG coffee growers and exporters, but also some challenges. *Nadav Shemer Shlezinger* reports.

Papua New Guinea's coffee industry has been cashing in on a bull run which saw global prices hit all-time highs in early 2025.

The high prices have been "good for everybody," according to Jerry Kapka, Managing Director of Kongo Coffee, an exporter that sources its beans from smallholder farmers in Simbu and neighbouring provinces.

"The coffee farmers are happy with the prices. Everybody in the industry is happy," he tells *Paradise.*

Similarly, Nicki Matthews, Operations Manager at Goroka Coffee Roasters, a family-owned company based in Eastern Highlands Province, says the high prices have had a positive impact on the business.

Coffee prices rose 70 per cent in 2024 and an additional 22 per cent year-to-date by mid-March 2025, according to Kina Bank. Adverse weather conditions in Brazil and Vietnam, the two largest coffee producing countries, have been largely responsible for the price increases.

Coffee is one of PNG's three most important smallholder cash crops – alongside palm oil and cocoa – accounting for 13 per cent of agricultural export revenues in 2021. According to the PNG Rural Survey 2023, around 55 per cent of households in the Highlands produce coffee.

While PNG coffee continues to attract strong demand from Australia, Japan, the US and Europe, the high prices have restrained this to an extent, according to Kapka.

"If prices come down, we will see more buyers come in. At this time, they are buying, but not in the kinds of volumes we would normally see."

The PNG coffee industry is riding on a high. "Everybody in the industry is happy," according to one exporter.

PICTURES: GOROKA COFFEE ROASTERS

However, coffee scoring 85 points or more on the Specialty Coffee Association's 100-point scale continues to find a market, according to Nellie Kavanamur Varmari, Founder of Central Mamina Coffee.

Varmari, who buys coffee from smallholder farmers from the mountains of PNG's Southern Region, which she then roasts and sells to businesses in Port Moresby, says logistics is often the biggest barrier for farmers.

"People are still carrying coffee (by) crossing rivers and climbing mountains," she says.

"Demand for PNG coffee remains good, but how can we bring that coffee to the market? That is our biggest need."

PNG coffee production declined by around eight per cent in 2024, due to factors such as ageing coffee trees, pest management challenges, and varying market access, according to Westpac.

However, Kapka predicts this year's production will exceed that of the last three or four years, and he notes that his business is looking to expand from its heartland in the Highlands into Morobe Province, in the Momase Region.

"We are setting up to buy up volumes and increase our activities there, to look after our Morobe farmers," he says.

"We're based in the Highlands, where most of PNG's coffee is grown. But Morobe also has good coffee grown inland and in higher-altitude areas."

No matter where in PNG coffee is grown, Kapka says it critical to people's livelihoods.

"Coffee is very important to the people in Simbu and other coffee-growing provinces. The money goes direct to people in the villages. It impacts on their lives, and that's why we are happy to work with our farmers," he says. ■

A CLEAN-CUT SUCCESS STORY

Local herbal oil producers have teamed up with a soap maker to create a uniquely PNG product.

PICTURE: PANAMEX PACIFIC

Herbal oil producer Daniel Singa with family.

It's not just the big companies that are making an impact with locally made goods. Small-scale producers, such as herbalist Daniel Singa, are also doing their bit.

Singa, from Morobe Province, lives on the outskirts of Lae and has been producing and refining moringa, noni and neem tree oil since 2014. The enterprise is a family affair, with his wife and other family members helping in the business.

The oils are sold at Lae market and now there is also countrywide distribution of moringa, noni and neem soap.

Singa was approached by Panamex Pacific PNG in 2021 to supply oil for the popular Panamex Was Was soap range.

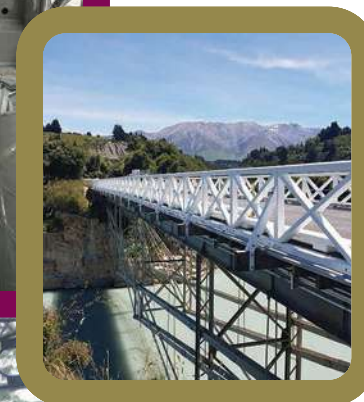
Panamex has been in Papua New Guinea for 52 years and a company spokesperson says it takes pride in working with local producers.

Singa, for his part, says the partnership with Panamex has created more income and job opportunities with other local tree oil producers who are now subcontracting to him to ensure Panamex has sufficient supply.

The skincare range of soap can help with a range of conditions – such as scabies, ring worm, white spot and dandruff – according to Panamex. ■

BRANCHING OUT
HOW A PNG COMPANY IS TAKING ON THE WORLD

A PNG manufacturer of engineered wood products has found a profitable export niche. *Paul Chai* reports.



PICTURES: PNG FOREST PRODUCTS

PNG Forest Products exports timber bridge decking and bus flooring to countries such as New Zealand and Australia.

PNG Forest Products (PNGFP) moved into the export business to get access to more foreign currency.

But what started as a side hustle led to record revenue.

"Several years ago, we decided to move into export-orientated products," PNGFP Managing Director Tony Honey says.

"We started off with low-value products and moved to the higher-value products. I thought we needed to start exporting to get foreign exchange but it's grown and developed into a big, big part of our business.

"We now export at least one-third of the plywood we produce here and that's exported to New Zealand, primarily, and to Australia, to Malaysia, to China and now into Ireland."

PNGFP has been producing engineered wood products since 1954 through sawmilling and manufacturing plants in Bulolo in Morobe Province. The plants are powered by the company's own hydro-power stations.

The group's export success has come from filling a niche in bus flooring, which is made from plywood. PNGFP's plywood is treated and made in PNG, then sent to bus manufacturers abroad.

It also exports bridge decking, wall cladding and other treated flooring.

One of the appeals of PNGFP to its customers in New Zealand and Australia is that its main competitors in bus flooring are in South America and Asia.

> "We now export at least one-third of what we produce here."

"This is the highest revenue year that we have ever experienced under my watch and there is an easy explanation for that: we are very close, we can deliver on a timely basis and we're competitive," says Honey.

Honey says there is a persistent myth in the public domain that PNG has an oversupply of quality hardwood trees accessible to the forestry industry.

"Only about three or four per cent of the logs here are high value, like the rosewoods of the world. The bulk of the logs are low-grade logs that go into furniture or cheaper plywood products," he says.

PNGFP has been reliant on a 10,000 hectare fully sustainable plantation developed in the 1950s. To continue that trend, it is planting several thousand hectares of pine trees and more than 500 hectares of balsa trees.

The plan is to develop the balsa plantation on 600 hectares of land, which it already owns, and which is currently being used to raise cattle. Balsa is a fast-growing wood and can be ready for harvesting within three years.

Honey cites the use of balsa wood in wind turbines, planes and ships as proof that the balsa plantation can be a boost to the group's exports. He adds that changing technology may pave the way to markets in unexpected places.

"Japan just sent their first wooden satellite into space. So, is there potential there? One would have to say yes." ■