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PNG-Timber

PNG PRIME MINISTER TO LOOK INTO GROUSES OF MALAYSIAN LOGGERS

By: Ali Mamat

PORT MORESBY, March 11 (Bernama) -- Papua New Guinea prime minister Sir Julius Chan today assured Malaysian loggers operating in this South Pacific island nation that he would try to do something about their grouses over the high timber export levy.

He agreed that some of the problems faced by the loggers and other Malaysian investors here could have been the result of some of PNG's policies which were not conducive to a good and profitable investment climate.

Sir Julius gave the assurance to Minister of Primary Industries Datuk Seri Dr Lim Keng Yaik who called on him today, the second day of his three-day visit to PNG.

Dr Lim said Sir Julius was very much looking forward to more Malaysians investing in PNG, not only in the timber sector but also in oil palm and rubber cultivation and the tourism industry.

"The PNG prime minister felt that there was an urgent need for the country to develop its tourism sector and, to begin with, several five-star hotels are required immediately, including two in this capital city," he added.

The heavy levy, as much as 70 percent, imposed on timber exports was the main point of contention by the Malaysian loggers who felt that its imposition under PNG's new tax structure introduced last November left them no breathing space and their operations could hardly break even.

Some of the loggers had, during a dialogue with Dr Lim this morning, voiced their concern over the possibility that they might have to cease their operations and leave the country despite having invested heavily in the sector.

They claimed that the high levy and other ever increasing taxes were the result of a 27-point condition imposed by the World Bank before it would release any loan to PNG.

One that suffocated the timber industry most was the logging code of conduct which includes the need for the raise in the export levy.

Dr Lim said that in pledging to look into the matter, Sir Julius had stated that the Washington-based World Bank could recommend all sorts of conditions "but it is for us to decide."

Following the assurance, Dr Lim said he had asked all Malaysian investors here to prepare a memorandum of their problems and suggestions to be forwarded to Sir Julius and the respective ministers before the Prime Minister's visit to Kuala Lumpur early next month.

"If the question of the heavy export levy is not resolved by the time of the visit, then we will have to raise it again through our Prime Minister Datuk Seri Dr Mahathir Mohamad," he added.

He said Sir Julius also gave an assurance that PNG would provide facilities to Malaysian investors interested in developing the tourism industry and the agriculture sector, the two types of development PNG most desired.

During today's dialogue with the loggers, Dr Lim proposed that the Forest Industry Association of PNG (FIA) affiliate itself to the Asia-Pacific Tropical Timber Organisation (ATTO) to fight against the unfair tax structure imposed by PNG by reducing production and, if necessary, cease operations temporarily so that the country would have a second thought and review the policy.

The majority of FIA members are Malaysian loggers who control nearly 80 percent of PNG's total timber output. -- BERNAMA
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