

# 2.1 Papua New Guinea Port Assessment

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## Introduction

Approximately 60% of the Papua New Guinea population resides on coasts, rivers, and swamps suitable for water navigation. The state-owned enterprise, PNG Ports Corporation Limited (PNGPCL), operates 16 large ports, 14 of which support both foreign and coastal shipping. Lae is the largest port, followed by Port Moresby. PNGPCL provides services on a commercial basis, but only two or three of the largest ports recover operating costs. Mining, construction, shipping and other private companies operate 11 or more additional ports. There may be as many as 400 additional community-owned and operated piers, jetties and landings supporting small craft use in remote communities.

PNGPCL insists on the confidentiality of its port traffic indicators.

PNG's primary port, Lae, suffers from insufficient wharf space, limited storage capacity, and the absence of large-scale container handling equipment, while the country's many loss-making ports have excess capacity. PNGPCL has expanded and improved Lae's wharves and ADB is funding further expansion of the port to include a tidal basin providing sufficient capacity from 2018.

Coastal shipping services are comprehensive, employing almost 250 vessels, some of which are containerized. These ships operate between the 17 ports along the coastline of the mainland and the islands. International shipping lines operate regular freight services to and from South East Asia, Japan, Europe, New Zealand, the South Pacific and Australia.



In terms of operations management, equipment, infrastructures and operating companies,

- 6 out of 16 ports are able to host significant (as for the country) emergency operations: Buka, Kieta, Lae, Madang, Port Moresby and Rabaul
- The remaining 10 have sufficient infrastructures to act as intermediate operational hubs: Aitape, Alotau, Daru, Kavieng, Kimbe, Lorengau, Oro Bay, Samarai, Wewak, and Vanimo. Nevertheless, as their equipment is good but basic (forklifts, trailers) and in limited quantities, special attention should be paid before operating emergency activities in those ports

From a general point of view, Lae is the biggest port of the country in terms of volume of operations. It is also the one that has the best internal organization (Port Moresby port facilities being often congested), mainly relying on international operators with strong capacities. This is due to the already effective LNG projects ongoing on the Northern part of the Papuan Island.

## Analysis of the Port Sector

### Overview

The port sector of Papua New Guinea comprises 22 declared ports and many small wharves, jetties, and landing stages. Only the ports of Lae, Moresby, Madang, Kimbe, and Rabaul have appropriate port infrastructure and receive international as well as coastal traffic. Private organizations also establish and operate port facilities where government ports do not exist or where there are greater benefits. This is particularly the case for forestry, petroleum, mining companies, and some agricultural firms

The fully state-owned PNG Ports Corporation Limited (PNGPCL) operates 16 of the 22 declared ports, including two ports operated by its agents. The other six declared ports are either being run by private entities or not operating.

The PNGPCL-operated ports handle about 90% of international ships calling at PNG ports and 80% of PNG's international and domestic cargo. The ports of Lae and Port Moresby alone account for more than 70% of the throughput of the declared ports.

### Cargo Throughput

About 90% of vessel calls and more than 80% of PNG's international and domestic cargo are handled at PNGPCL-operated ports. The increase in cargo handled since 2002 is noticeable. The ports of Lae and Port Moresby account for over 70% of the total throughput. Kimbe represents 8%, and Rabaul 6%.

### Performance Indicators and Analysis

The port sector is particularly critical for a country like PNG, a Pacific island country whose territory comprises the eastern half of New Guinea and 600 offshore islands. Of its 20 provinces, 15 are on the coast. More than 60% of the country's 6 million people are widely dispersed across islands and coral atolls and along the banks of major rivers. There is no national rail or road network. Although 46 airports and numerous airstrips serve a network of scheduled, charter, and missionary air services, even to some very remote communities, air transport is too costly for any trips other than emergencies.

Coastal trade, particularly outbound container cargo from Lae to other PNG ports, has been growing rapidly since 2001. Full outbound containers that year numbered 13,395 twenty-foot equivalent units (TEU); by 2005 they totaled 23,811 TEU, for an increase of 78%.

In sum, the port sector has a crucial role in the social and economic development of PNG. It is important not only for the adequate and efficient handling of exports and imports, but also for the efficient movement of goods and persons between the remote and sparsely populated areas on the mainland and islands and the centers of economic activity.