Political and Diplomatic/Consular Relations

Papua New Guinea has had friendly and cordial relations with Indonesia for over three (3) decades since the two countries formalized diplomatic relations on 16 September 1975.

Relations between Papua New Guinea and Indonesia have expanded as well as strengthened over the years.

The relations have being buoyed by mutually acceptable bilateral arrangements including the Basic Agreement on Border Arrangements, the Treaty of Mutual Respect, Friendship and Cooperation and recently the Joint Commission, which serve as major pillars of the existing cooperative relations.

The friendly relation is a testimony to the genuine and concerted efforts of both countries at the political, official and personal levels.

Note that the Papua New Guinea Government’s commitment to co-exist as a peaceful and friendly neighbors.

Note that, comparatively, relations at the political level are more robust than on the economic, trade and socio-cultural plane.

Joint (Ministerial) Commission

The Joint (Ministerial) Commission has remained inactive since its inauguration in 2003.

Papua New Guinea is opting for Indonesia to host the next meeting of the Joint Commission in Indonesia at its earliest possible opportunity to discuss important issues of bilateral significance to our two countries.

The Government of Papua New Guinea is committed to the establishment and implementation of the provisions of Joint Commission and its established role to accord greater attention to other less developed areas of cooperation such as trade, economic and investment cooperation between the two countries.
Papua New Guinea would very much appreciate to see other functional Ministers participate in future Joint Commission meetings.

**Border Development and Administration**

The management and administration of the common border, which is guided by the Basic Agreement on Border Arrangement between both countries, is generally satisfactory.

Papua New Guinea is satisfied with the positive developments that have taken place in our border relations in recent years, including the border road linking the two countries via Vanimo and Jayapura since October 1996.

There has been increased and closer cooperation between officials of both countries in relation to the day-to-day border administration.

PNG Government is desirous to foster closer cooperative endeavors with the Indonesian Government in ensuring that the common border is protected from elements associated with transnational criminal activities including terrorism, human smuggling and trafficking of persons, and contraband items for purpose of peace and developments at the common border.

Express assurance for the early official opening of the border road and border posts at Wutung/Skow as soon as outstanding facilities on PNG side has been completed for the enhancement of cross-border trade and other mutually beneficial commercial activities.

Note that the Government of PNG has established a Border Development Authority to oversee all development aspects of PNG’s international borders including the PNG/Indonesia border.

The increased level of funding made available by the government through the Border Development Authority will have positive impact and encourage more development projects along the PNG/Indonesia border for the benefit of our citizens.

**Recent Border Incursions**

Note that the Government of Papua New Guinea has under no uncertain terms protested against the Indonesian Government relating to the recent incident in which a military helicopter flew into the Northern sector of PNG side of the border without the approval of the PNG Government.

The Government of Indonesia responded that the flight was accidental and has assured PNG that such international border incursion should not occur in the future. In 2008 certain elements of the Indonesian Military based along the border have crossed the border illegally into Papua New Guinea territory and defaced border markers at Wutung border post.

Also, a group of Indonesian soldiers raided Kwara village and burnt houses which displaced
over 100 people in the Southern part of the border.

**Papua Province**

Note that the PNG Government recognizes Indonesia’s territorial integrity and sovereignty, including over Papua Province, which is an integral part of the Unitary Republic of Indonesia and therefore oppose any campaign against Indonesia by the so-called “Operasi Papua Merdeka” (OPM.)

The Government of Papua New Guinea does not support and recognize West Papua’s call for independence as this is an internal matter for Indonesia.

The Papua New Guinea Government does not tolerate any secessionist activities by OPM or any sympathizes to conduct activities on the PNG side.

Such activities will be in breach of PNG laws and undermine the sovereignty of Papua New Guinea.

The Papua New Guinea Government expressed hope that the Indonesian Government’s policy and implementation of the Special Autonomy for Papua Province underscores the development aspirations of the peoples of both Papua and West Papua Provinces.

Express the hope that with increased activities in the transfer of power and budget appropriation, good governance and administration of the provinces constitutes catalyst for tangible long term development.

**Trade and Economic Relations**

The trade between the two countries is growing. In 2006, PNG’s export to Indonesia was valued at K156.2 million whilst import values stood at K74.1 million with a trade surplus of K82.1 million in PNG’s favor.

Trade between the two countries has been steadily growing and the balance of trade has been in favor of Papua New Guinea.

PNG exports to Indonesia comprise: cocoa, crude oil, vanilla, tea, palm nuts and kernels, fish, canned tuna etc.

PNG mainly imports from Indonesia: incomplete/unassembled cans, batteries, textile and textile articles, tyres and tubes, motor vehicles, animal or vegetables fats and oils, machinery and mechanical appliances, soap and detergent, plastic and article thereof, paper and paperboard and others.

Papua New Guinea and Indonesia concluded a Bilateral Trade Agreement in October 1999. Add that the Agreement was formally signed by the two Governments during the visit by the former Vice President of Indonesia in 2000, Her Excellency Megawati Soekarnoputri as
Indonesia’s representative to the celebrations of the 25th Independence anniversary of Papua New Guinea.

Note that an Exchange Rate Facility to enable freer and equitable conversion of the two (2) countries’ currencies was concluded in Bali in November 1996, which serves to facilitate trade between businessmen in both countries.

Papua New Guinea Government is appreciative to the Indonesian Government for the initialing in mid 2005 of the Double Taxation Treaty between both countries which remains to be signed by both countries.

There are possible areas of further cooperation in trade and economic ties could include exchange of trade missions to either country to systematically facilitate the potential trade opportunities available between the two countries.

**Investment Cooperation**

There is insignificant level of investment between both countries and urge increased cooperation in this area.

A joint venture business between companies of both countries is a step in the right direction and therefore should be encouraged.

Both countries must conclude the Investment Promotion and Protection Agreement (IPPA) which is being negotiated to further enhance trade and economic relations.

There are already prospective investors already involved in different stages of investments in PNG includes; Dawamiba Mobile Telecommunications company, Papindo Trading Company, SVS Trading and Bintangor Trading.

**Technical Cooperation**

Although the Technical Cooperation Agreement signed on 5 June 1979 expired in 1984, both countries have continued cooperation in this area particularly in the fields of education, defence and police and cultural exchanges on the basis of mutual understanding and trust.

PNG Government is very much appreciative for the technical and development assistance provided by the Indonesian Government, which has contributed to the overall development efforts of the country.

**Education and Cultural Cooperation**

PNG and Indonesia concluded an MOU on Educational and Cultural Cooperation in May 1997.
The PNG Government is appreciative for the opportunities for training and education availed to PNG students under this arrangement, which has contributed to enhancing skills and professional capacity of PNG nationals.

Senior Officials of both countries under the Joint Commission framework should study the possibility of improving entry permit (visa) requirements for sponsored students in either country to enable them to complete their studies.

**Defence Cooperation**

Both countries entered into a Status of Forces Agreement (SOFA) in 1992 which provides the legal framework for both Governments to regulate the presence of either party in the territory of the other party in terms of training, civic action program and other military operations.

The Government of Papua New Guinea is much appreciative to the Indonesian Government for the training programs offered to the defence and police personnel from PNG over the years, which has contributed to better understanding between the two security forces and aided in the human resources development in Papua New Guinea.

The Government of Indonesia has donated non-combatant military equipment to the PNG Defence Force as well as Police equipment to the Royal PNG Constabulary.

The Indonesian Government has over the years overhaul maintenance of the much needed PNG Defence Air Wing CASA Aircraft at Merpati Aircraft Service Facility in Surabaya in 2007 and the recent servicing of the CASA in Port Moresby which is expected to be flown to Surabaya for its overhaul maintenance. This important aspect of cooperation should continue in the future.

**Shipping and Air Services**

Papua New Guinea and Indonesia have indirect shipping link from Surabaya through Singapore once a week.

We should encourage the relevant Government agencies to study the possibilities of establishing and expanding direct shipping links to enhance trade, economic and other relations between both countries.

Although Papua New Guinea and Indonesia signed an Air Services Agreement in 1990 for direct flights between the two capitals, lack of passenger traffic volume and economic constraints resulted with non implementation of the agreement. The weekly Air Niugini direct flight between Port Moresby and Jayapura via Vanimo was suspended in May 1998 as such.

Similar interests expressed by Airlines PNG and Pelita Air to provide passenger and cargo services between the two countries remains to be expedited by both countries.

Both Papua New Guinea and Indonesian leaders considered the current lack of regular and
direct air and shipping services as impediments to the smooth flow of trade, goods and services between the two countries and pledged to further develop these infrastructures.

**Telecommunication Services**

In the past Papua New Guinea utilized Indonesia’s Palapa satellite for telecommunication purposes from May 1990 to 2003. This arrangement has since ceased due to other alternate services being used by PNG.

PNG government is aware of the Indonesian Green-Com/Dawamiba Mobile service provider’s interest to set up network in PNG which is pending due to unsettled differences between different stakeholders to merge their business in the PNG’s telecommunication industry.