ADVOCACY STATEMENT REPRESENTING PUBLIC INTEREST

A Submission Opposing Wilmar International's Takeover of Papua New Guinean owned Mainland Holding's Poultry Division

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1. Executive Summary

This submission strongly opposes Wilmar International's proposed acquisition of Mainland Holdings Limited's poultry division. The poultry industry is a cornerstone of Papua New Guinea's food security, rural livelihoods, and economic independence. Allowing foreign control over this sector risks undermining national interests by prioritizing offshore corporate agendas over local needs.

Historically, PNG has suffered when essential industries were dominated by foreign entities—rice imports in the 1990s, tinned fish supply chains in the 2000s, and brewery monopolies in the 1980s all led to price shocks, reduced consumer choice, and weakened sovereignty. Mainland Holdings, founded in 1971 before Independence, has grown into one of PNG's largest agribusinesses, contributing to GDP, employment, exports, and rural development. Its poultry arm, particularly the Tablebirds brand, and has ensured affordable protein for households while supporting out-grower schemes and local suppliers.

Wilmar already controls flour, rice, edible oils, and stockfeed markets in PNG. Acquiring poultry would create a vertically integrated monopoly across feed, production, and retail, threatening competition and consumer affordability. Rural producers would be marginalized, as foreign ownership often favors imported inputs over local alternatives such as limestone, soybeans, and butchery scraps. This would erode opportunities for domestic agriculture, increase foreign exchange outflows, and weaken PNG's long-term strategy of import substitution and self-sufficiency.

From an economic perspective, the acquisition poses systemic risks: reduced competition, higher consumer prices, erosion of policy control over food supply, crowding out of local investment, and greater vulnerability to global supply chain disruptions. Historical lessons from Ramu Sugar and Trukai Rice demonstrate the importance of retaining local ownership to safeguard national resilience.

Recommendations:

1. The ICCC should reject Wilmar's acquisition of Mainland Holdings' poultry division.
2. Strengthen policies to expand local feed production (limestone, soybeans, animal by-products).
3. Support cooperative ownership models between government and local entities to empower rural producers.
4. Encourage reinvestment of profits into PNG's agricultural base rather than selling assets to offshore interests.
5. Maintain strong regulatory oversight to prevent market concentration in essential food industries.

Conclusion:

Papua New Guinea must protect its poultry industry as a nationally owned enterprise. Selling to Wilmar risks repeating past mistakes of foreign dependency, undermining food security, and weakening rural livelihoods. Sustainable development requires reinforcing local production capacity and ensuring that critical industries remain aligned with national interests.

2. The Historical significance of Mainland Holdings in Papua New Guinea

Mainland Holdings is a heritage of Papua New Guinea. The company was founded way before the country's Independence in 1971 in Lae, Morobe Province, and its growth mirrors Papua New Guinea's post-Independence economic journey - shifting from a village-based enterprise into one of the country's largest agribusiness groups in the country. Significant milestones by the company include its origins in coffee, expansion into poultry and flour in the 1980s, and also the establishment of the world's largest saltwater crocodile farm from that year.

Over the years, the company contributed greatly toward the country's GDP as it not only provided food solutions to the people but provided employment, social support in the form of sponsorships, exports to accumulate foreign currency and income to its suppliers promoting economic activity in the economy.

With the proposed sale of the company, the decisions for the betterment and interest of the company to be aligned with the country's interest is very likely to be jeopardized. There are specific perspectives to observe why this is likely and these are elaborated in the following paragraphs.

3. Food Security and National Sovereignty

Poultry is PNG's most affordable and accessible source of protein. Transferring control of this industry to a foreign multinational entity exposes PNG's food supply to external corporate priorities rather than national needs. The country has legal guidelines which support companies to pursue profit making objectives with minimal interference by the government.

Section 17, of the Companies Act 1997 gave companies the legal right to do so and states in bullet point 2 of the act subject to any other laws that:

> *"A company has, both within and outside Papua New Guinea, full capacity to carry on or undertake any business or activity, do any act, or enter into any transaction."*

> *Broader macro-economic instruments do not directly control or deter a company from utilizing its assets for different purposes and if a purpose is detrimental to the economic wellbeing of the country that will be very unfortunate.*

Broader macro- economic instruments do not directly control or deter a company from utilizing its assets for different purposes and if a purpose is detrimental to the economic wellbeing of the country that will be very unfortunate. The hard watch by the Investment Promotion Authority only deters outright illegal business activities such as weapons manufacturing etcetera, but not softer and subtle dangerous impact activities.

Historical Example 1 – Rice Imports in the 1990s

PNG's reliance on imported rice under foreign-controlled supply chains led to price shocks and shortages during global market fluctuations. When international rice prices spiked, PNG households faced immediate hardship, highlighting the dangers of ceding control of staple foods to external corporations.

Historical Example 2 – Tinned Fish Supply Chains:

In the early 2000s, foreign-owned companies dominated the tinned fish market. When global tuna prices rose, PNG consumers bore the brunt of higher costs, despite the country's own rich fisheries. This demonstrated how foreign control of food industries can undermine national food sovereignty.

So what's at stake with Wilmar's purchase of Mainland Holdings in this aspect?

Allowing Wilmar to dominate poultry risks repeating these dependencies, exposing PNG's food supply to decisions made offshore and far from National interests rather than by local stakeholders. At the moment this is at stake:

1. Mainland Holdings holds a vast portfolio of land assets under its Poultry business arm that stretches out in Markham valley and up near Rumion and Wawin National High School. This is prime land given that the Waffi-Golpu mine project will establish camp residence in the Nazab Area and commercial activity is set to boom in Lae in the near future once this is set.

   Corresponding development projects that can be established to complement and boost the boom in economic activities can either be stalled by Wilmar or the land can be used for any other purpose which will undervalue the impact on the province and country.

2. The opportunity cost of selling the land under the Poultry arm to Wilmar is the limit in freedom for Local interests to take advantage of spin off benefits from the mine and either partner with Mainland Holdings or purchase from the company to establish correlating hubs that can increase benefits for Papua New Guineans.

4. Market Concentration and Competition Risks

Wilmar already controls flour, rice, edible oils, and stockfeed markets in PNG. Acquiring poultry would create vertical integration across feed, processing, and retail, reducing competition. Competition is very essential for lower prices downstream to consumers.

Historical Example 1 – Communications service monopoly in the 1980s

The monopoly-like position of Telikom PNG operation in the past limited consumer choice and kept prices high until reforms encouraged competition through the introduction of Digicel and Vodaphone Communication networks. Even then, the quality of the Telikom service wasn't up to par qualitatively and prices were high with inaccessible service for consumers

Likely monopoly of poultry industry by Wilmar's which impacts pricing and distribution

1. If Wilmar acquires Mainland's poultry, PNG risks a similar concentration, with one multinational controlling feed inputs, poultry production, and retail distribution. This would weaken competition, raise consumer prices, and reduce bargaining power for smallholder farmers.

2. Existing competition like the Zenag Poultry farm will struggle to maintain operations because stock feed distribution can be give significant advantage to Wilmar to drastically eliminate competition when imported feed prices increase and are unfavorable.

5. Impact on Rural Producers and Out-Grower Schemes

Mainland Holdings historically supported rural out-growers, integrating village farmers into the poultry value chain. The impending sale poses a very high risk that such partnerships and local participation in production might be discouraged. The growers scheme which was in effect from the years 2020 upward ending in 2022 supported local farmers to engage in poultry production and added to local household benefits.

Minimized and limited local production

1. A foreign-owned poultry entity may prioritize efficiency and imports over local engagement, marginalizing rural communities and eroding cash income opportunities. The loss of these linkages would reduce rural household incomes and widen inequality.

2. In addition to the above, currently most materials that are inputs to Poultry and feed production at Mainland Holdings are imported. These materials include:

   - **Limestone** – a locally abundant resource that can be extracted from the Buang and Finschhafen regions of Morobe Province or from Chimbu and fed into feed production.
   - **Soyabeans** – a tropical crop which can be grown locally but is imported in from Malaysia and Singapore in significant numbers of containers every month even from Wilmar itself as a supplier of these ingredients from overseas to PNG.
   - **Butchery scraps** – animal meat and blood scraps - an ingredient that is imported continuously for feed production and these can be transferred locally from Ramu Beef Farm or Rumion Piggery Farm, better yet from local supply sources that can be established.

   The evidence for this is undeniable in that one can only get into the company container yard and ask for the content in the numerous containers counting to the hundreds to actually see the opportunity cost on local production in the millions of Kina sacrificed to import such ingredients.

3. **The risk on the above is that Wilmar might decide not to buy local ingredients in future which will jeopardize the opportunity for local production and efficient alternatives that can make chicken prices affordable to Papua New Guineans. Consumers only bear the brunt of ultimately purchasing imported ingredients and sending money to other countries to support their economies.**

6. Economic Independence and Local Industry Development

PNG's long-term economic strategy emphasizes import substitution and local production.

Historical Example 1 – Ramu Sugar (1970s):
The establishment of Ramu Sugar was a deliberate effort to reduce dependence on imported sugar. Despite challenges, it remains a symbol of PNG's capacity to produce locally and reinvest profits domestically.

Historical Example 2 – Trukai Rice (1990s–2000s):
Trukai's investment in local rice production demonstrated that PNG can reduce reliance on imports. However, when foreign ownership dominated, local rice-growing initiatives were sidelined, and PNG remained dependent on imported rice.

Mainland Holdings in the past invested in local sorghum and wheat cultivation to reduce reliance on imports. These did not eventuate due to the lack of political support to encourage such by providing incentives and induce participation by state institutions.

Wilmar might decide not to buy local ingredients in future which will jeopardize the opportunity for local production and efficient alternatives that can make chicken prices affordable to Papua New Guineans. Consumers only bear the brunt of ultimately purchasing imported ingredients and sending money to other countries to support their economies.

Risk to national strategy to be self sufficient during global supply chain disruptions

1. Again, Wilmar's acquisition could reverse these efforts, favoring imported feed inputs from its global supply chains rather than nurturing PNG's agricultural base.
2. In times of disruption such as the pandemic COVID in 2020, the country will have limited options to switch to internal sustainable alternatives in terms of agriculture resources available to be utilized to serve national interest.

7. Professional Economic Opinion

From an economic standpoint, the acquisition poses systemic risks to the nation:

- **Reduced competition** higher consumer prices and market inefficiency.
- **Foreign dominance** erosion of domestic policy control over food supply.
- **Crowding out of local investment** discourages PNG entrepreneurs and cooperatives from entering agribusiness.
- **Balance of payments Pressure** reliance on imported feed and inputs increases foreign exchange outflows.

Historical Lessons:

- Rice dependency in the 1990s showed how foreign control undermines food security.
- Brewery monopolies in the 1980s demonstrated how concentration raises prices.
- Tuna in fishing industries revealed how foreign buyers marginalize local consumers.
- Ramu Sugar and Trukai Rice highlighted the importance of local production for economic independence.

These lessons demonstrate that foreign dominance often leads to dependency, reduced local innovation, and vulnerability to external shocks. Sustainable economic development requires strengthening local production capacity, not ceding control of critical industries to multinational corporations.

8. Conclusion and Recommendations

For these reasons, the proposed acquisition should be rejected. PNG's poultry industry must remain locally owned and managed to protect food security, sustain rural livelihoods, and advance national interests for economic independence.

Recommendations:

As a Papua New Guinean participating in this advocacy on behalf of those who would have argued but were not aware or did not have the means and time to communicate their opinion, I therefore strongly recommend that:

1. **ICCC reject Wilmar's acquisition of Mainland Holdings' poultry division.**
2. Strengthen policies that expand local feed production (limestone, soybeans, animal rejects).
3. Support cooperative ownership models between the government and local entities to empower rural producers.
4. Advocate for and encourage reinvestment of local production profits into PNG's agricultural base rather than selling nationally owned assets to offshore interests.
5. Maintain ICCCs fantastic efforts in regulatory oversight to prevent market concentration in essential food industries.