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Technical facility on deforestation-free value chains

Cocoa, coffee and palm oil in Papua New Guinea and the EU Deforestation Regulation: state of play, challenges and opportunities

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Key messages

This readiness check assesses Papua New Guinea's preparedness in the context of the EU Deforestation Regulation (EUDR) for cocoa, coffee and palm oil, focusing on the systems and information that can support due diligence, particularly traceability and geolocation, deforestation risk, legality and smallholder inclusion. Responsibility for EUDR compliance rests with operators placing products on the EU market, but national policies, institutions and traceability systems can facilitate access to the information needed for due diligence.

The EU is an important market for PNG's cocoa, coffee and palm oil. Between 2022 and 2025, these three commodities accounted for approximately 53% of PNG's total exports to the EU by value. Continued access to the EU market is therefore economically important, while EUDR preparedness also offers an opportunity to position PNG's commodities as quality, traceable and sustainable products in increasingly regulated international markets.

Readiness differs considerably across the three sectors. RSPO-certified palm oil supply chains supplying European markets are well structured, direct and highly traceable, with plot geolocation and established traceability systems already in place. Cocoa and coffee face greater challenges. Geolocation data have been collected by exporters, government-related initiatives and development partners, but coverage is incomplete and efforts remain fragmented. Cocoa nevertheless offers a relatively clear pathway for strengthening traceability around registered fermentaries. Coffee is more challenging because of its very large and dispersed smallholder base, numerous intermediaries and unregistered traders, although licensed dry mills and the national coffee census provide potential building blocks for a more coordinated system.

The main gaps identified by the readiness check are:

1. Forest reference data. PNG lacks a nationally recognised 2020 forest and land use land cover reference map. Developing and agreeing such a reference map would provide a common basis for assessing deforestation risk in the context of the EUDR.
2. Geolocation and information sharing. Geolocation data exist across government, industry and development initiatives, but coverage remains incomplete and information is fragmented. Greater coordination and data-sharing arrangements could help reduce duplication and facilitate access to relevant information for due diligence.
3. Traceability in cocoa and coffee. Traceability remains uneven and pre-competitive collaborations among value chain actors are limited. Building on existing structures, including registered cocoa fermentaries and licensed coffee dry mills, could support progressively stronger traceability systems.
4. Legality information. Mapping the applicable legal requirements and associated compliance verifiers through a multi-stakeholder process would provide greater clarity for operators and other supply-chain actors.
5. Smallholder capacity and productivity. The dispersed nature of smallholder production, limited organisation and extension capacity create challenges for traceability and compliance. Strengthening producer organisation, extension support and productivity could facilitate preparedness while reducing pressure for agricultural expansion.

6. Availability and accessibility of sector data. Up-to-date and reliable data on trade and the agriculture and forest products sectors are not always readily available. More systematic collection, consolidation and publication of sector statistics would support EUDR preparedness as well as broader policy and market analysis.

Taken together, addressing these gaps would facilitate access to the information required for EUDR due diligence while strengthening transparency, market access and the longer-term competitiveness of PNG's cocoa, coffee and palm oil sectors.

1. Introduction

The EU Deforestation Regulation (EUDR), in force since June 2023, prohibits placing cocoa, coffee, palm oil and other commodities on the EU market unless they are deforestation-free, produced in accordance with the relevant legislation of the country of production, and covered by a due diligence statement.[1]

This report assesses Papua New Guinea's (PNG) readiness in the context of the EUDR across three key commodity sectors: cocoa, coffee and palm oil. It aims to provide an overview of existing policies, tools, and data that could support due diligence, in line with EUDR requirements, and to evaluate how these elements are currently positioned along the value chains in PNG.

While the responsibility for compliance with the EUDR lies solely with operators placing cocoa, coffee or palm oil on the EU market, national supply chain policies and tools can play an important role in facilitating due diligence. This report provides an overview of the 'state of play' of the cocoa, coffee and palm oil value chains regarding traceability, deforestation, legality, and smallholder inclusion. It seeks to provide a structured diagnostic of existing systems and identify critical gaps, while also supporting the development of context-appropriate approaches that reflect the country's specific socio-economic and environmental conditions and institutional context.

The report draws substantially on information gathered during EFI's mission to PNG from 2 to 16 August 2026, including consultations in Port Moresby and field visits to cocoa, palm oil and coffee production areas in East New Britain, West New Britain, the Eastern Highlands and Central Province.

2. Agriculture and the EUDR in PNG

Agriculture plays a central role in PNG's economy, contributing approximately 28.1% of PNG's gross domestic product (GDP) and providing livelihood for more than 80% of the rural population according to the National Agriculture Sector Plan (2024-2033).[2]

Cocoa, coffee and palm oil are among PNG's most important agricultural export commodities and play a critical role not only in rural livelihoods but also economic development and international trade:

- Cocoa is a predominantly smallholder sector, supporting around 150,000 cocoa-growing households and approximately one million livelihoods.[3] Although cocoa production was historically concentrated in several coastal regions, cultivation has subsequently expanded across all 22 provinces, reflecting its importance as a relatively low-volume, high-value cash crop supporting rural incomes and export development.[4]

[1] European Union (2023). Regulation (EU) 2023/1115 on deforestation-free products (EUDR). Official Journal of the European Union, L 150, 9 June 2023, pp. 206–247.
[2] National Agriculture Sector Plan (NASP) 2024-2033. In the NASP's glossary, agriculture refers to crop, livestock, food and horticulture, fresh produce, fruits and nuts, rice and grains, and spices. Forestry, fisheries or aquaculture are not mentioned. It is worth noting that there are inconsistencies with the figures on the contribution of agriculture to GDP. The MTDP-IV indicates that the agricultural sector contributes 13.2% of the country's GDP. These large gaps are signs of data inconsistencies and the lack of accurate, reliable and up-to-date agricultural data.
[3] European Commission. Cocoa value chain in Papua New Guinea. Value chain analysis for development (VCA4D), No. 15. Brussels: European Commission, December 2019.
[4] The PNG Cocoa Board estimates that the sector now comprises 200,000 cocoa farming households with 1 – 1.5 million smallholder cocoa farmers currently engaged in producing cocoa across the country. EFI could not verify the figures.

- PNG's coffee industry comprises over 400,000 households, 250 block holdings, 65 plantations, 22 registered exporters, 14 manufacturers, 57 dry factories, 33 wet factories, and around 6,000 unregistered seasonal roadside buyers.[5] Smallholders generate 85% of production, making coffee one of PNG's most significant livelihood sectors, with the EU (particularly Germany) a key export destination.
- Palm oil is a major commercial agricultural sector with an estimated total oil palm cultivation area of 216,308 ha[6] and ambitious expansion targets, underpinned by established export-oriented supply chains and large investments by major industry actors.

Together, the three sectors are central to PNG's participation in international markets and are directly affected by emerging EUDR requirements. Improvements in geolocation information collection, traceability, legality verification and deforestation-risk management are increasingly important in maintaining market access, supporting smallholder participation and enhancing the competitiveness of PNG's agricultural exports.

Under the government's Medium-Term Development Plan IV (MTDP IV) 2023-2027, coffee, cocoa, and palm oil are designated as priority agricultural commodities under Strategic Priority Area 1 (Strategic Economic Investment).[7] These commodities are expected to drive export growth, rural livelihoods, value addition, downstream processing, and employment creation across PNG.

Summary of current production and government targets

Commodity	Baseline Production (2021)	MTDP IV Target (2027)	Increase
Palm Oil	657,500 tons	1,300,000 tons	Nearly 2-fold increase
Coffee	47,100 tons	168,000 tons	More than 3.5-fold increase
Cocoa	37,400 tons	63,000 tons	Approximately 69% increase

Source: MTDP IV 2023-2027: Note that the sectoral plans/policies or strategies such as the National Agriculture Sector Plan 2024-2033 and Implementation Plan 2024-2033; National Coffee Development Roadmap 2020-2030; National Palm Oil Policy 2025-2030 all elaborate on current and future production.

MTDP IV sets targets to increase coffee production from 47,100 tonnes in 2021 to 168,000 by 2027, palm oil from 657,500 tonnes to 1.3 million tonnes and cocoa from 37,400 tonnes to 63,000 tonnes. These are ambitious policy targets rather than production forecasts and inevitably raise feasibility concerns.[8]

Coffee has the most ambitious target. Palm oil remains the dominant agricultural export and is targeted to double production while significantly expanding downstream processing. Cocoa is expected to achieve substantial growth through the planting of 13 million new trees and increased smallholder productivity. Collectively, these commodities form the cornerstone of PNG's agricultural

[5] Government of Papua New Guinea, National Agriculture Sector Plan 2024-2033, Department of Agriculture and Livestock, Port Moresby, PNG.
[6] The authors' estimate considering SIPEF PNG, SD Guthrie and projects under SABL referenced in the National Palm Oil Policy 2025-2030. Of these, RSPO-certified operations would be approximately 168,778 ha.
[7] Government of Papua New Guinea, 'Medium Term Development Plan (MTDP)-IV 2023-2027', Department of National Planning and Monitoring, Port Moresby, PNG, p 82.
[8] The achievement of these targets will depend on investment, implementation and production conditions. The baseline indicated in the table does not establish current progress towards the targets.

commercialization and are central to achieving the Government's export, employment, and rural development objectives under MTDP IV.

Data limitations

The data presented in this report should be interpreted with caution. Available statistics on PNG's agricultural commodity sectors are drawn from different reference years and sources and may use different definitions and methodologies. Coverage is incomplete for some key indicators, particularly production, planted and harvested area, and numbers of producers and households. Where official statistics were unavailable, stakeholder estimates have been used where appropriate and are identified as such.

More recent trade data provide useful information on export values but do not resolve underlying gaps in production, area or household-level data. These limitations constrain comparisons between sources and years and should be taken into account when interpreting sector trends and using the figures for policy and investment planning.

2.1 Relevance of EU market and EUDR

Rural livelihoods, foreign exchange earnings, and PNG's connection to global markets all rely heavily on coffee, cocoa, and palm oil exports. Between 2022 and 2025, these three EUDR-relevant commodities accounted for approximately 53% of PNG's total exports to the EU by value. This highlights the strategic importance of these sectors not only for the national economy but also for PNG's continued access to its important export markets.[9]

Among the three sectors, palm oil has historically been the most important in value terms, accounting for approximately 41% of PNG's total exports to the EU. Although palm oil export values declined significantly during the period, the sector remains a key source of export revenue and an important focus for EUDR implementation due to its large export footprint.

Coffee and cocoa are particularly important from a smallholder development perspective. Coffee exports to the EU reached approximately 11.9% of PNG's total exports to the EU, while almost doubling in value between 2019 and 2023. The sector is dominated by hundreds of thousands of smallholder farmers, particularly in the Highlands, making coffee one of PNG's most socially significant export commodities and an increasingly important sector for EU trade. Cocoa exports were smaller, accounting for 0.5% of total exports to the EU, but they remain a vital source of income for smallholder producers in coastal and island provinces.

Figure 1 visualizes the share of cocoa, coffee and palm oil in total EU imports from PNG. The trade figures describe the flows captured by Eurostat but may not capture all PNG-origin material reaching EU-facing supply chains through third-country processing or onward trade. PNG's exposure to the EU market is likely larger than indicated by the trade figures in this report.[10]

[9] The EU is an important export market for PNG. In 2025, the EU was PNG's fourth-largest trading partner overall.
[10] This report did not analyse trends in the value of the three commodities exported to the EU compared with exports to other markets, including China. A more detailed analysis would be useful, alongside the regular publication of up-to-date trade data based on PNG sources.

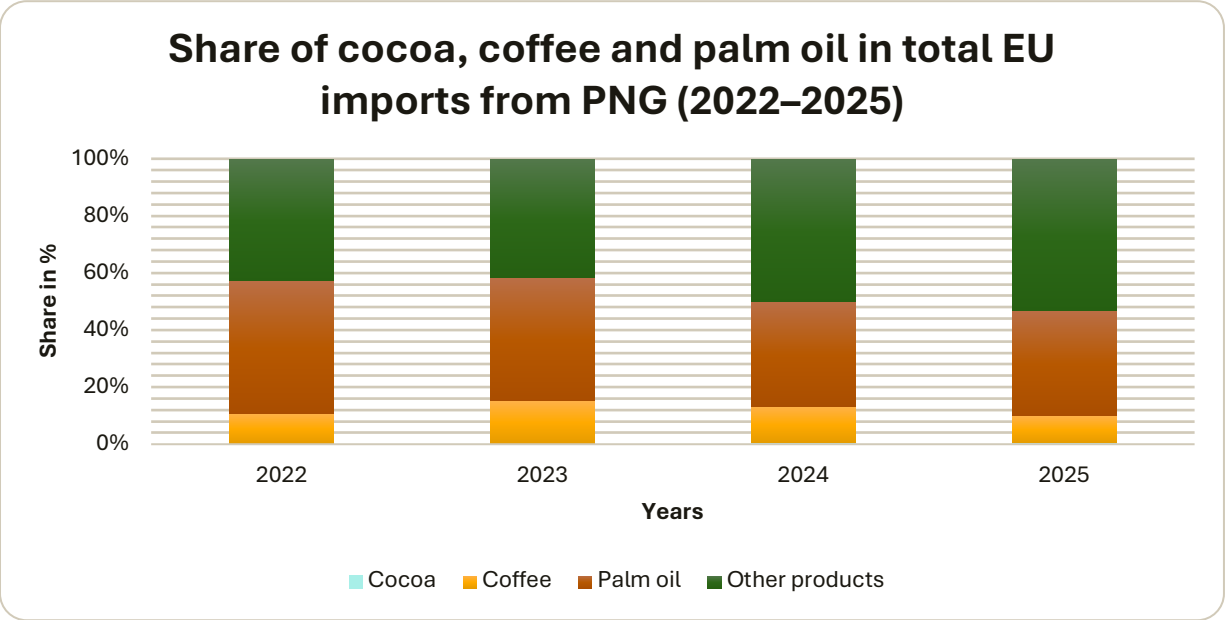


Figure 1: Share of coffee, cocoa and palm oil in EU's total imports from Papua New Guinea (2022–2025)

Data Source: EUROSTAT

2.2 Governance of cocoa, coffee and palm oil sectors in PNG

The table below shows how governance responsibilities are distributed across the cocoa, palm oil and coffee sectors in PNG. At the national level, the Department of Agriculture and Livestock (DAL) under the Ministry of Agriculture provides overall policy coordination, while sector-specific institutions act as the regulatory and governance bodies. DAL coordinates national EUDR preparedness in PNG.

Coffee and palm oil have dedicated Ministers created under the James Marape Government to work alongside the Ministry of Agriculture to grow their respective sectors. In cocoa, the Cocoa Board, established under Cocoa Act 1981 to regulate the cocoa industry in PNG leads licensing, extension and sector management activities guided by the Cocoa Act. The coffee sector has a structured governance arrangement, centred on the National Coffee Authority (NCA). Established under the Coffee Industry Act 2025 to replace the 30-year-old Coffee Industry Corporation (CIC), the Authority has the mandate to lead and oversee the coffee industry in the country.

In palm oil, the Oil Palm Industry Corporation (OPIC) plays a key role in supporting smallholders and linking them with industry, but it is not a regulatory body. There is no national palm oil authority in PNG.[11]

[11] There is an industry association, the PNG Palm Oil Producers Association (POPA), providing a private-sector voice on issues affecting the palm oil sector in PNG.

Main institution	Cocoa Board	Oil Palm Industry Corporation (OPIC)	National Coffee Authority (NCA) former Coffee Industry Corporation (CIC)
Reports to	Ministry of Agriculture	Ministry of Palm Oil	Ministry of Coffee
Core responsibilities	• Licensing fermentaries • Licensing exporters • Providing extension services • Coordinating sector development activities	• Providing extension services • Supporting smallholder growers • Facilitating communication between companies and smallholders • Facilitating communication between companies and government and other organisations • Assisting farmer participation in the sector	• Extension services • Research support • Sector regulation • Licensing value chain actors • Industry regulation • Inspections, export control • Quality control • Marketing and promotion • International relations
Licensed/ regulated actors	Fermentaries, exporters	Not specified	Wet mills, dry mills, exporters, roasters, freight forwarders
Internal structures / divisions	• Cocoa Industry Services • Research and Development Services	Not specified	Three main divisions including: • Industry Operations Division, • Research & Grower Services Division (R&GSD) • Corporate Services
Other institutions involved	IPA (Investment Promotion Authority) for company/business registration and CEPA for environment permits (mills)	• CEPA (Conservation and Environment Protection Authority): environmental permitting and oversight • IPA: company/business registration • DLPP (Department of Lands and Physical Planning) for land matters. • Provincial Government	IPA for company/business registration and CEPA for environment permits (mills)
Governance observations	Cocoa Board appears to be the primary implementation body while DAL provides overall agricultural policy coordination and leads coordination of national EUDR preparedness.	OPIC does not act as a national palm oil authority. The Ministry of Oil Palm provides political and policy oversight of the sector.	Clearly defined structure with NCA acting as the central coordinating body. The Ministry of Coffee provides the political and policy leadership for the sector.

3. Cocoa sector overview

3.1 Production systems

Cocoa is produced predominantly by smallholders, who account for 98% of national production while 2% is by estate.[12] To strengthen the industry, the government and Cocoa Board are promoting rehabilitation and new plantings of 13 million new cocoa trees. Cocoa production is growing. In 2021, output reached approximately 37,367 tons, of which 36,600 tons were exported as raw product and an estimated 767 tons (around 2%) were processed domestically.[13] Production is targeted to rise to more than 60,000 tons annually by 2027.[14] PNG's cocoa is considered high quality thanks to the fermentation requirements under the Cocoa Act 1981 and Cocoa Regulations 1982.



Cocoa pod in the Central Province of Papua New Guinea, Thomas Colonna, EFI

Smallholders often intercrop cocoa with coconuts or other food crops. It is predominantly grown under low-input smallholder production systems, with minimal use of synthetic fertilizers and other inputs. These production practices may offer favourable conditions for organic certification and could provide opportunities for producers to access certified organic markets. However, production that is organic by default should not be equated with formal organic certification.

[12] Cocoa Board of PNG, personal communication.
[13] National Agriculture Sector Plan 2024-2033 (NASP), Department of Agriculture and Livestock.
[14] Government of Papua New Guinea, 'Medium Term Development Plan (MTDP)-IV', Department of National Planning and Monitoring, Port Moresby, PNG, p 82.

Most of the cocoa is exported because of limited domestic processing in the country. PNG's biggest export markets are Malaysia, Indonesia and the EU. Belgium is the primary European importer with 2,260 tonnes of PNG cocoa beans imported in 2025 according to the cocoa board.

Cocoa is expanding across the country as a low-volume, high-value crop. From the original 4 provinces where it was first cultivated, it now grows in all 22 provinces. The deforestation risk is generally low, except at forest margins where livelihood pressures may lead to further land clearing.

3.2 Geographic distribution

Cocoa production in PNG is concentrated in the country's humid coastal lowlands, where climatic and soil conditions are favourable for cultivation. The main producing regions are the Momase provinces (Morobe, Madang, East Sepik and West Sepik), which account for more than half of national production, together with East New Britain and the Autonomous Region of Bougainville. Additional production occurs in New Ireland, Oro, Milne Bay, West New Britain, Gulf, Chimbu and Central provinces. Cocoa production is overwhelmingly smallholder-based, although commercial estates and plantations also exist. Available sources do not provide a clear current estimate of the share of national cocoa production or planted area accounted for by estates.

The sector is highly dependent on smallholder farmers, whose livelihoods were severely affected by the cocoa pod borer (CPB) outbreak in the early 2000s, which caused a dramatic decline in production and export earnings. Following pest management interventions and sector rehabilitation, production has recovered steadily, and the government has identified cocoa as a priority commodity for agricultural growth and export expansion.



Figure 2: Cocoa pod borer pest

Source: Magfirah, Nurul & Sartiami, Dewi & Niogret, Jerome & Ekayanti, Arni. (2025). Biological parameter of cocoa pod borer Conopomorpha cramerella (Lepidoptera: Gracillariidae) under laboratory conditions. IOP Conference Series: Earth and Environmental Science. 1494. 012020. 10.1088/1755-1315/1494/1/012020.

The distribution of cocoa production reflects well-established agroecological conditions. Cocoa performs best in warm, humid environments with deep, well-drained soils and annual rainfall of approximately 1,250–3,000 mm. As a result, production has historically been concentrated in coastal lowland areas, while much of the central highlands has been considered unsuitable because of higher elevations, steeper slopes and less favourable climatic conditions.

However, according to the MTDP IV, cocoa development and expansion planning also extends into the highland regions, with Jiwaka Province identified as targeting cocoa as its second priority area for agricultural development. Chimbu Province similarly designates cocoa among its economic priorities. Southern Highlands Province likewise targets cocoa commercial agriculture as a development priority, focused on increasing both production and processing capacity. In coastal areas such as New Ireland Province and the Autonomous Region of Bougainville, priorities centre on cocoa smallholder development as a key pillar of commercial agriculture.

3.3 Supply chain structure and market organization

The cocoa supply chain in PNG is relatively simple and largely export-oriented, with most production undertaken by smallholder farmers. Producers follow different production models, including subsistence-oriented wet bean producers, subsistence-oriented dry bean producers, and a smaller number of business-oriented dry bean producers. Farmers either sell wet beans directly to fermentaries or ferment and dry beans themselves before selling to exporters. Fermentation and drying are critical stages in determining bean quality, although much of the country's production is marketed as bulk cocoa. Exporters predominantly purchase dry beans and ship them to international markets, while only a small share enters certified supply chains such as Fairtrade or Rainforest Alliance. The sector is characterized by limited domestic processing, with cocoa exported primarily as raw or minimally processed beans.[15]

PNG is internationally recognised as a producer of fine-flavour cocoa. Under Annex C of the International Cocoa Agreement 2010, as revised by the International Cocoa Organization (ICCO) in 2023, 80% of Papua New Guinea's cocoa exports are classified as fine or flavour cocoa, placing the country among a relatively small group of origins recognised for distinctive flavour characteristics and premium-quality cocoa.[16] However, PNG has only partially captured the value associated with this market segment. The cocoa sector remains dominated by smallholder farmers operating in remote areas, while supply chains are characterised by inconsistent quality, weak producer organisation, limited business and management capacity, inadequate post-harvest infrastructure, high transport and logistics costs, and limited access to certification schemes.

3.4 Geolocation and traceability

Geolocation information has been collected by exporters and development projects from the World Bank, the EU-STREIT program and other initiatives. It only covers a small share of total production, however, and while progress is being made, geolocation information collection efforts are not

[15] European Commission. *Cocoa Value Chain in Papua New Guinea*. Value Chain Analysis for Development (VCA4D), No. 15. Brussels: European Commission, December 2019.
[16] International Cocoa Organization (ICCO). 2023. Revision of Annex C of the International Cocoa Agreement (ICA), 2010. Abidjan: ICCO.

coordinated and there is no sharing of information among the actors who collected it. This results in duplications and resource inefficiencies.

Elements of a national cocoa traceability system already exist because the supply chain is not complex. There are 14,000 registered fermentaries across the country and an additional 6,000 on the semi-autonomous island of Bougainville. Family-run fermentaries generally involve 5–10 farmers, while group fermentaries process beans from 10–50 farmers. The number of farmers within the radius of these fermentaries is manageable and fermentary owners know them. There are 38 registered cocoa exporters and 43 dry bean dealers in PNG.[17] The development of a national cocoa traceability system should be centered around the registered fermentaries.

An issue to resolve in this respect is the significant number of unregistered fermentaries throughout the country. These fermentaries mainly sell to traders, which creates a risk that registered and unregistered cocoa may be mixed. Furthermore, the Cocoa Board's extension capacity is limited, with only 35 extension officers covering the whole country and an average ratio of one extension officer per 10,000 farmers,[18] which is not sufficient for a nationwide crop.

The EU-STREIT PNG program supported the development and launch of the Cocoa Management Information System (CMIS). CMIS consolidates real-time cocoa data including farmer profiles, seedling distribution, training, production yields, processing assessments, nursery status and export volumes, facilitating informed decision-making, planning, reporting, and advisories from field to national level[19]. However, the Cocoa Board reported difficulties accessing or using CMIS. The precise administrative or technical constraints were not established during EFI's mission for this report.

A stronger role for the Cocoa Board is recommended to coordinate the private sector and government entities, maintain oversight and manage data. A stocktake of registered and unregistered fermentaries should also be undertaken as the first step towards fully regulating fermentaries in line with the Cocoa Act.

Smallholder clusters should also be promoted, as 60% of cocoa farmers are currently organised, although not all groups are active. Many groups face challenges including inadequate management skills, lack of support, and weak relations with government institutions, but there is considerable promise in strengthening social capital through these groups. These clusters would support legality, traceability and good agricultural practices.

3.5 Trade dynamics

Eurostat trade data (Figure 4) indicates that EU imports of cocoa from PNG grew from €3.78 million in 2022 to €6.44 million in 2025, an increase of approximately 71% over the period. The trajectory was non-linear: after a slight contraction to €3.43 million in 2023, import value nearly doubled to €7.07 million in 2024 (a 106% year-on-year increase), before easing to €6.44 million in 2025.[20]

Belgium is by far the dominant destination market, accounting for the substantial majority of total EU cocoa imports from PNG across all four years (ranging from approximately 83% to 96% of the EU-27

[17] Information from the Cocoa Board of PNG.
[18] Ibid.
[19] Food and Agriculture Organization of the United Nations, "Cocoa Management Information System Goes Live." Accessed on 11 October 2026.
[20] The increase in import value does not necessarily reflect a corresponding increase in trade volumes, particularly given the sharp rise in international cocoa prices over this period. Further analysis of Eurostat quantity data would be required to distinguish the respective effects of changes in prices and physical volumes.

total). The remaining import value is distributed among the Netherlands, Germany, Italy, and Estonia, each contributing comparatively marginal and inconsistent values year-on-year.

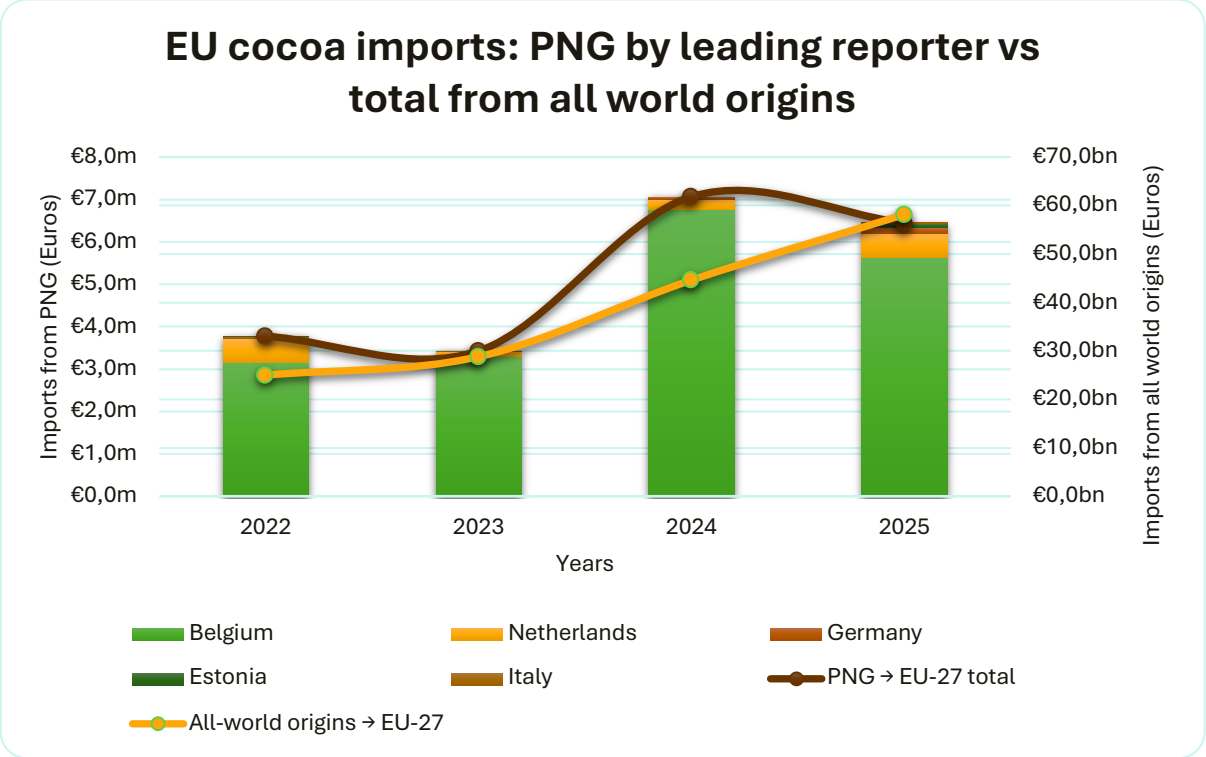


Figure 2: EU cocoa imports from PNG in euros from 2022 to 2025

Source: EUROSTAT accessed 26 September 2026

Beyond reflecting broader EU cocoa demand, this upward trajectory signals the growing strategic weight of the cocoa sector within PNG's own economy and export portfolio. This aligns with PNG's Medium Term Development Plan IV, which identifies cocoa as a priority area for expansion, targeting increased smallholder production, downstream processing capacity, and diversification beyond traditional coastal plantation zones into new provinces.

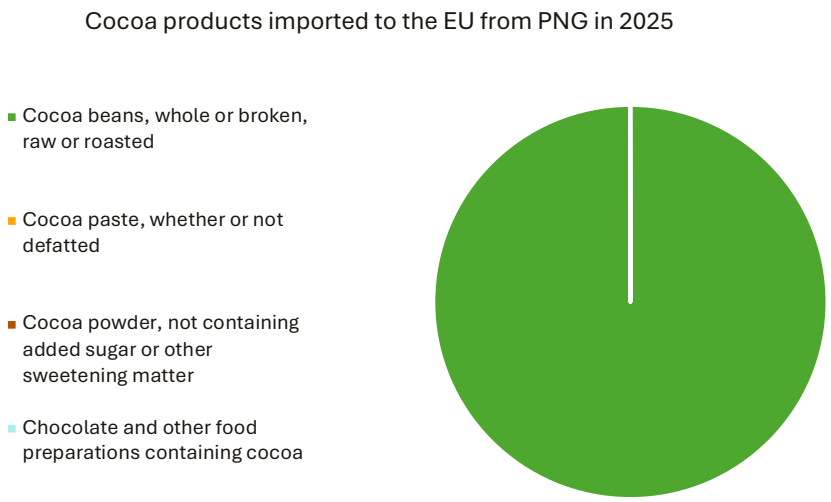


Figure 3: Cocoa products imported to the EU from PNG

Source: EUROSTAT accessed September 26

The disaggregated breakdown of EU cocoa imports from PNG shows an overwhelming concentration in raw cocoa beans (whole or broken, raw or roasted), which account for the vast majority of import value across all years, while processed products contribute only marginal, sporadic volumes. This confirms that PNG's cocoa export model to the EU remains structurally oriented toward raw commodity supply, with little evidence of downstream processing capacity captured in current trade flows, a gap the MTDP IV explicitly aims to close by targeting expanded processing alongside production.

This pattern also carries EUDR implications: raw bean exports allow for more direct, verifiable plot-level traceability, whereas processed cocoa entering global supply chains is more likely to involve blending across origins, which can complicate downstream legality and deforestation-risk assessment.

4. Coffee sector overview

4.1 Production systems and geographic distribution

The coffee sector in PNG is structurally characterised by a dominance of smallholder production systems, with limited reliance on large-scale plantations. Approximately 85%–89% of total coffee production is generated by smallholders operating in dispersed rural settings, often within customary land systems and informal production arrangements.[21]

Coffee is cultivated within “coffee garden” systems, typically embedded in diversified agricultural landscapes alongside subsistence crops. These systems frequently follow agroforestry models, where coffee is grown under shade trees, resulting in relatively low external input use and reduced environmental pressure compared to intensive monoculture systems. However, this also reflects a low-productivity equilibrium, with limited yield improvements and constrained capacity for intensification.

Coffee production in PNG is concentrated in four Highlands provinces: Western Highlands, Jiwaka, Chimbu and Eastern Highlands, with most exporters based in the city of Goroka, which collectively account for over 90% of national output. Other coffee-growing provinces, including Hela, Southern Highlands, Enga, Madang and Morobe, contribute smaller shares.

Arabica dominates coffee production in PNG. It is grown at higher altitude across the Highlands, mostly as mild, washed coffee for the higher-quality market, and its leading provinces are Eastern Highlands and Western Highlands. Robusta is a minor crop of the warmer lowlands and coastal areas, introduced more recently and now present in many provinces across the country. It is mainly used for instant coffee and districts in Milne Bay lead its cultivation. Several provinces grow both arabica and robusta, typically arabica at higher altitudes and robusta in the lowlands and coastal areas. These include Madang and Morobe, as well as Central, Gulf, East Sepik, West Sepik, East New Britain and New Ireland.

[21] Coffee Industry Corporation, "Production & Export Statistics," https://www.cic.org.pg/price-reports/production-export-statistics/ Accessed on 11 October 2026.

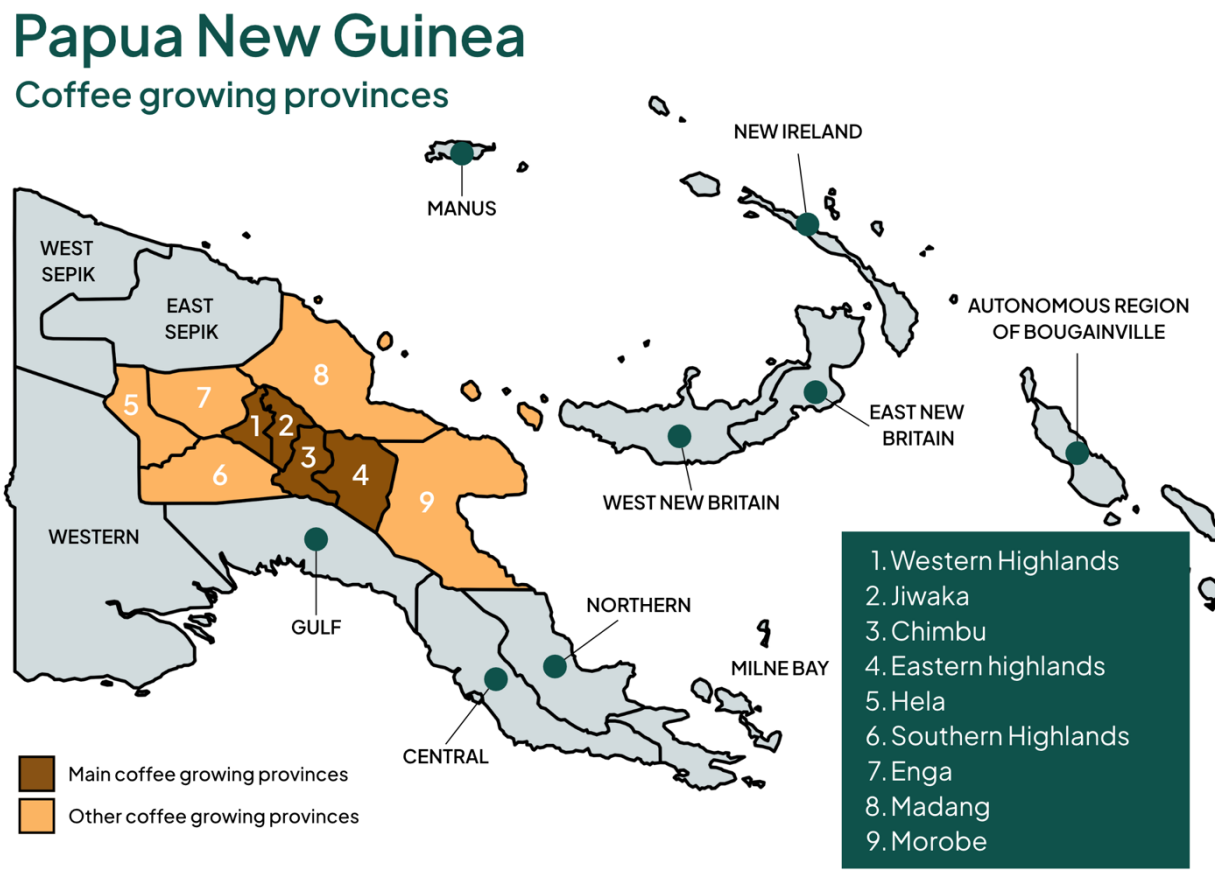


Figure 4: Main coffee growing provinces

Source: EFI, created with Mapchart.net

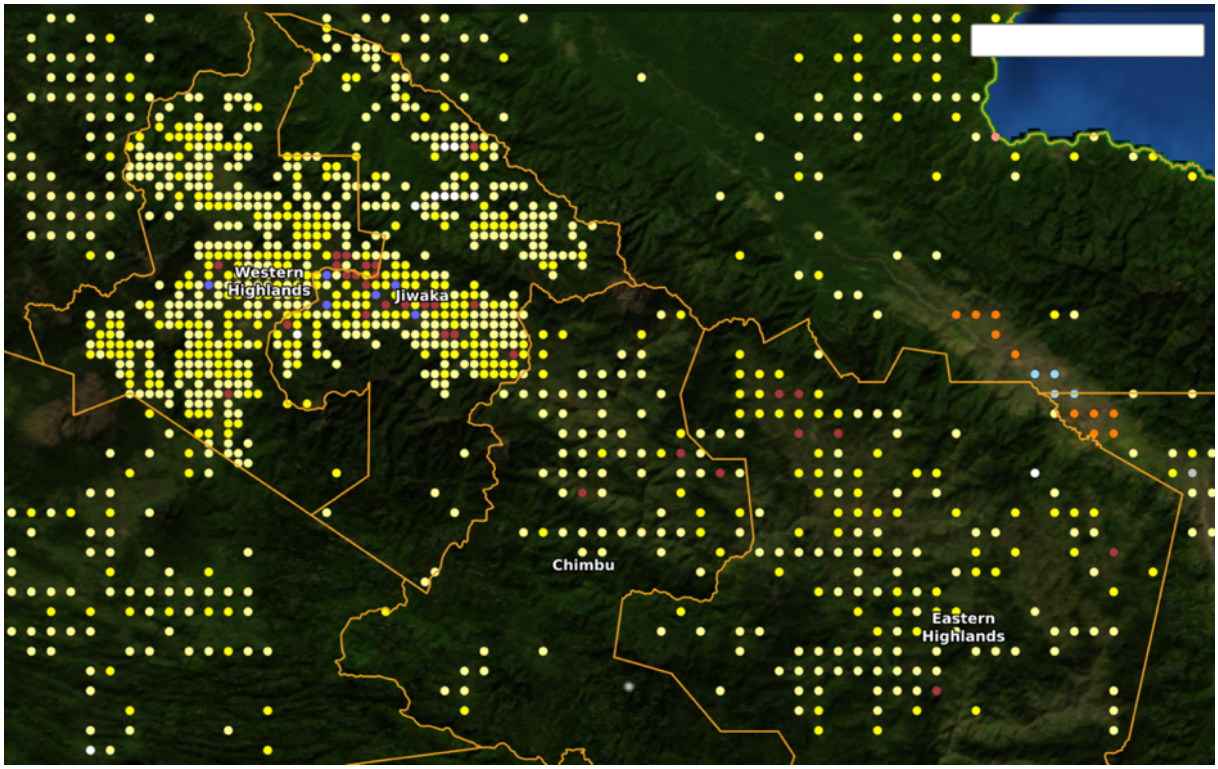


Figure 5: Cropland distribution in the highlands of PNG

Source: Croplands plots of the Forest and Land Use Change in PNG 2000-2015 conducted by PNGFA and CCDA. These plots were developed by using Open Foris Collect Earth. Accessed through the REDD+ portal.

Coffee remains one of PNG's most important agricultural exports, supporting more than 450,000 households and providing livelihoods for an estimated 2.5-3.0 million people across 18 provinces.[22] According to MTDP-IV, production averages 47,000 tons (see production target table in section 1). Through rehabilitation, expansion of coffee blocks, new plantings, and commercialization initiatives, the Government aims to increase production, create new formal jobs and increase coffee's contribution to GDP by at least 3%. The increase in production is possible if challenges such as ageing trees and declining productivity, poor agricultural practices and the limited adoption of improved inputs and technologies are addressed.

Conversations with the National Coffee Authority[23] reveal that important steps are planned to modernize and better control the coffee value chain, which would support the sector's preparedness for the EUDR. The Authority is planning to increase the number of extension officers to ward level, introduce voluntary registration of coffee farmers and make registration mandatory for all traders. A national coffee census using satellite monitoring and field verification was conducted and included an assessment of the age of coffee trees. The census was recently completed, and results are currently being evaluated.[24]

4.2 Supply chain structure and market organisation

The coffee sector in Papua New Guinea is characterized by a highly fragmented smallholder production base and a multi-layered marketing system involving collectors, intermediaries, processors and exporters. Coffee from numerous producers is commonly aggregated and traded through informal and commercial channels before reaching export markets, creating a complex supply chain with limited visibility over product origin. A relatively small number of exporters dominate international trade, while weak producer organization and the limited reach of cooperatives reinforce dependence on intermediaries. Although leading exporters have invested in direct sourcing programmes and traceability systems, a significant proportion of coffee continues to be marketed through channels where farm-level traceability is difficult to establish. This structure presents particular challenges for EUDR compliance, while also limiting access to higher-value certified and specialty coffee markets.[25]

The coffee sector is identified as a priority commodity under Papua New Guinea's Medium Term Development Plan IV (2023-2027). Commercial Agriculture and Livestock Development is the first Deliberate Intervention Program under the Strategic Economic Investment pillar, reflecting the Government's intention to accelerate agricultural growth through increased production, value addition, downstream processing, and commercialisation. For coffee, the MTDP IV targets a substantial increase in production and exports through the rehabilitation of existing plantations, support to smallholder producers, expansion of planting material distribution, development of coffee commodity roads, strengthening of processing capacity, and establishment of a Coffee Export Office. The plan also identifies coffee development priorities in several Highlands provinces, including Enga, Chimbu, Jiwaka and Hela, with a focus on increasing production and downstream processing.[26]

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[22] Government of Papua New Guinea, 'Medium Term Development Plan (MTDP)-IV', Department of National Planning and Monitoring, Port Moresby, PNG, p 84.
[23] Meeting with the NCA in Goroka on 10 August 2026.
[24] Ibid. EFI did not see the data collected through the census.
[25] Sánchez, Javier. *Papua New Guinea: Assessment of the Potential Impact of the EU Deforestation Regulation (EUDR) on the Coffee Value Chain.* Final Report. Trade, Private Sector Development and Employment (TPSDE) Facility II, European Commission Directorate-General for International Partnerships (INTPA), July 30, 2025. Adapted based on the findings from the mission.
[26] Government of Papua New Guinea, 'Medium Term Development Plan (MTDP)-IV', Department of National Planning and Monitoring, Port Moresby, PNG, p 84-85.

4.3 Geolocation and traceability

Similar to the situation with the cocoa sector, geolocation data collection is not coordinated, and exporters collect their own information, resulting in inefficiencies, duplication risks and higher costs. Traceability is more difficult compared to the cocoa sector because of the large number of growers in remote areas and the presence of unregistered traders. Dry mills are all licensed and should be the starting point for traceability, but they buy coffee from thousands of farmers within a radius that can span 20 km.

International exporters have developed their own traceability systems and are registering farmers in internal databases, but they work in silos because the information cannot be shared with competitors. Stakeholders reported that local mills and local exporters are not geolocating farmers nor tracking the coffee they buy and process therefore exporting to the EU will be challenging.[27] Once results from the national coffee census are available, and if the data is shared and coordinated with the mills and the exporters by the National Coffee Authority, a national traceability system could be developed gradually, starting from the mills.

Generally, coffee is not perceived as a driver of deforestation in PNG, although climate change presents a risk because Arabica production may move to higher altitudes, which could affect expansion targets. At the time of the visit, the height of the coffee season, production was visibly low due to prolonged droughts that are affecting the coffee trees. As of October 2026, extreme drought continues in PNG and is causing shortages of food and water.[28] These severe events will likely have an impact on production and livelihood and limit the ability of farmers to participate in any capacity-building activities.

4.4 Trade dynamics

EU imports of coffee from PNG follow a different dynamic than cocoa. Coffee import values are considerably higher in absolute terms but have followed a declining trend over the 2022–2025 period, falling from €115.3 million to approximately €91 million, a moderate but notable contraction of roughly 21%, in contrast to cocoa's overall growth trajectory.

Germany is the dominant destination market, consistently importing more than half of total EU coffee imports from PNG, followed by Belgium. The most striking development, however, is a significant reshuffling of destination markets in 2025. Belgium's imports fell sharply from approximately €22 million in 2024 to €4.9 million in 2025, and Italy's fell similarly, from €16.4 million to €2.8 million over the same period. Conversely, France and the Netherlands saw substantial increases: French imports nearly doubled from €5.8 million to approximately €12 million, while Dutch imports rose more than fourfold, from €5 million to €23.4 million. This suggests a meaningful reconfiguration of PNG coffee's EU distribution network rather than a uniform market-wide decline.[29]

[27] The visit to a local dry mill confirmed it.
[28] The drought was widely reported in the media.
For example: https://www.theguardian.com/world/2026/oct/30/png-el-nino-drought-papua-new-guinea. Accessed on 30 October 2026.
[29] The data shows changes in the value and recorded destination of trade. They do not, on their own, establish changes in physical volumes, final demand or the causes of the observed movements.

This shift is particularly significant when viewed against the backdrop of overall EU coffee demand, which has grown substantially: total EU coffee imports from all origins rose from approximately €21.4 billion to €30.8 billion between 2022 and 2025. Set against this expanding global import appetite, the emergence of new buyer markets for PNG coffee may indicate a diversification of PNG's coffee trade relationships rather than a simple loss of EU market interest. This dynamic aligns with the MTDP IV, which identifies coffee as PNG's first priority commodity for agricultural development, and suggests a window of opportunity: as new EU destination markets show growing interest in PNG coffee, there is a clear entry point for targeted investment and support in strengthening PNG's coffee sector to meet this shifting and expanding demand.

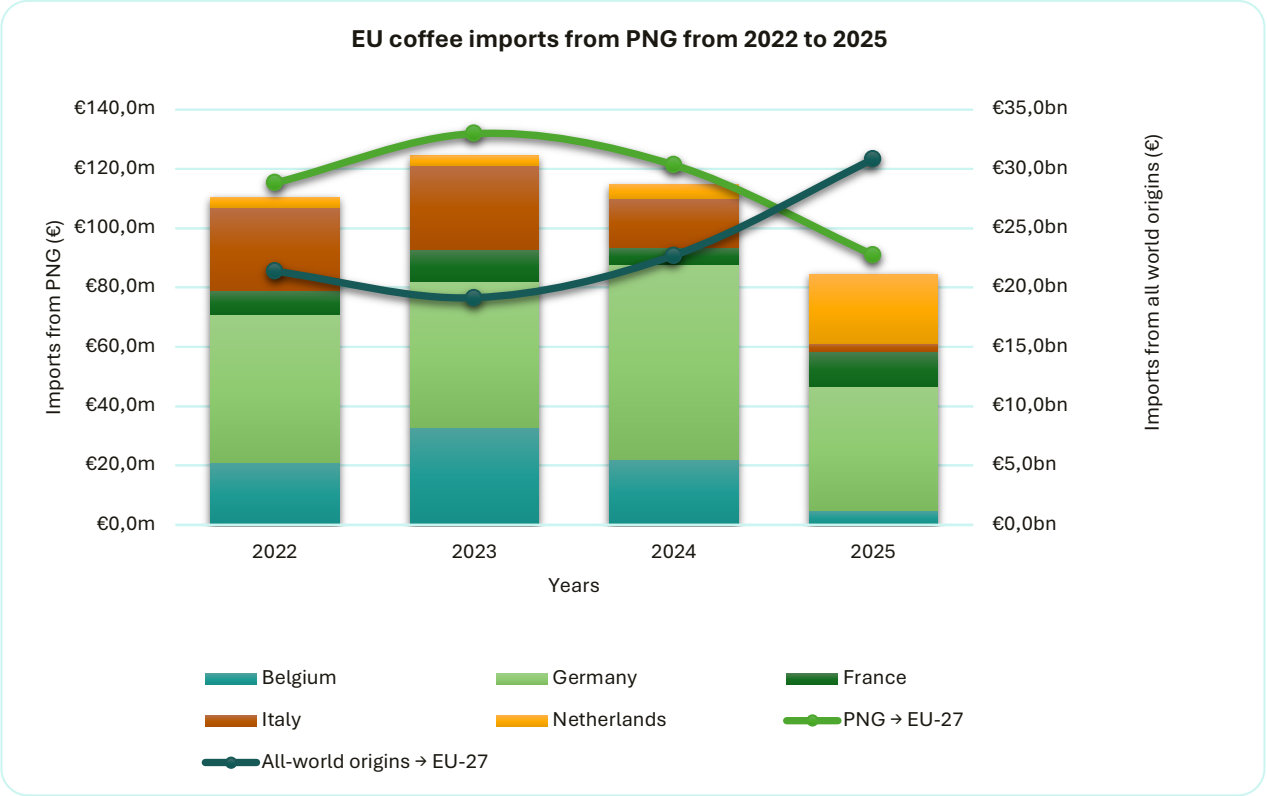


Figure 6: EU coffee imports from PNG from 2022 to 2025

Source: EUROSTAT accessed September 2026

The disaggregated breakdown of EU coffee imports from PNG shows that the majority of import value is concentrated in green coffee beans as roasting typically takes place in or closer to the EU.

Export activity is concentrated in Goroka in Eastern Highlands Province. According to CIC statistics, there are 22 coffee exporters, with the six largest accounting for more than 78% of total coffee exports.[30] Four of the six largest exporters are part of major international trading groups.[31]

[30] Coffee Industry Corporation, "Production & Export Statistics" https://www.cic.org.pg/price-reports/production-export-statistics/ Accessed on 30 October 2026. The data is from 2016. EFI could not locate any more recent data.
[31] Sánchez, Javier. *Papua New Guinea: Assessment of the Potential Impact of the EU Deforestation Regulation (EUDR) on the Coffee Value Chain*. Final Report. Trade, Private Sector Development and Employment (TPSDE) Facility II, European Commission Directorate-General for International Partnerships (INTPA), July 30, 2025.

5. Palm oil sector overview

5.1 Production systems

Palm oil is PNG's largest agricultural export commodity, accounting for approximately 60% of agricultural export earnings. Between 2018 and 2022, the industry generated about PGK 7.4 billion (approximately US$1.64 billion) in export revenue and involved nearly 19,877 households.[32] The Government's objective is to increase annual production from 657,000 tonnes to 1.3 million tonnes by 2027, while expanding downstream processing and value addition.[33]

PNG has developed a distinctive oil palm sector based on nucleus-estate and smallholder production arrangements. Unlike some highly estate-dominated production systems in Southeast Asia, PNG has historically integrated significant numbers of smallholders into commercial supply chains. The World Bank[34] reported approximately 18,500 smallholders supplying fresh fruit bunches to six milling companies and around 16,000 workers employed directly by milling operations. The National Palm Oil Policy indicates 21,123 smallholder blocks covering 65,519 hectares of land equivalent to 39% of total land used for oil palm cultivation.[35] The sector therefore combines industrial processing infrastructure with extensive participation of rural households.



Riparian zone set aside in RSPO-certified palm oil plantation, Thomas Colonna, EFI

[32] Government of Papua New Guinea, 'Medium Term Development Plan (MTDP)-IV', Department of National Planning and Monitoring, Port Moresby, PNG, p 82-83.
[33] Ibid.
[34] World Bank, *Papua New Guinea Smallholder Agriculture Development Project: Improving Community Participation in Local Development While Increasing Revenue Flow from the Already Established Local Oil Palm Production Industry* (Washington, DC: World Bank, 2014).
[35] Oil Palm Industry Corporation, *National Palm Oil Policy 2025-2030.* Port Moresby, PNG.

PNG's palm oil sector has two distinct segments: the RSPO-certified segment and the non-certified one. The RSPO-certified palm oil sector has well-structured and traceable supply chains dominated by 2 international companies: SD Guthrie (former New Britain Palm Oil) and Hargy, part of the Belgian Sipef group.

Information on the non-certified segment of the sector is less accessible and this segment is unlikely to supply palm oil to Europe directly.[36] The EFI team could not visit any of the companies operating in the non-certified segment of the sector. These operations are mostly based on Special Agricultural and Business Leases (SABLs), a land tenure mechanism that allowed customary land to be leased to the PNG Government and then leased onwards to developers for agricultural projects, usually for terms of up to 99 years. According to the National Palm Oil Policy, the main projects under these arrangements are the palm oil projects in Gazelle and Pomio (East New Britain), Bewani (West Sepik) and Turubu (East Sepik).[37] SABLs were frequently associated with large-scale forest clearance and industrial logging. The SABLs are described in the legality section of this report.

5.2 Geographic distribution

Oil palm production in PNG is concentrated in the country's humid coastal lowlands, where agroecological conditions support commercial cultivation. Historically, the sector has been centred in West New Britain, Oro and Milne Bay and New Ireland, which continue to represent the core production zones. More recently, East New Britain has emerged as an important area for sector expansion, including developments associated with land formalisation initiatives and SABL arrangements. Government development strategies also envisage further expansion of oil palm cultivation into provinces such as Western, East Sepik, Sandaun (West Sepik), Morobe, Madang, Gulf, Central and Milne Bay, reflecting the sector's strategic importance for export growth while simultaneously increasing the importance of effective land governance and environmental safeguards.

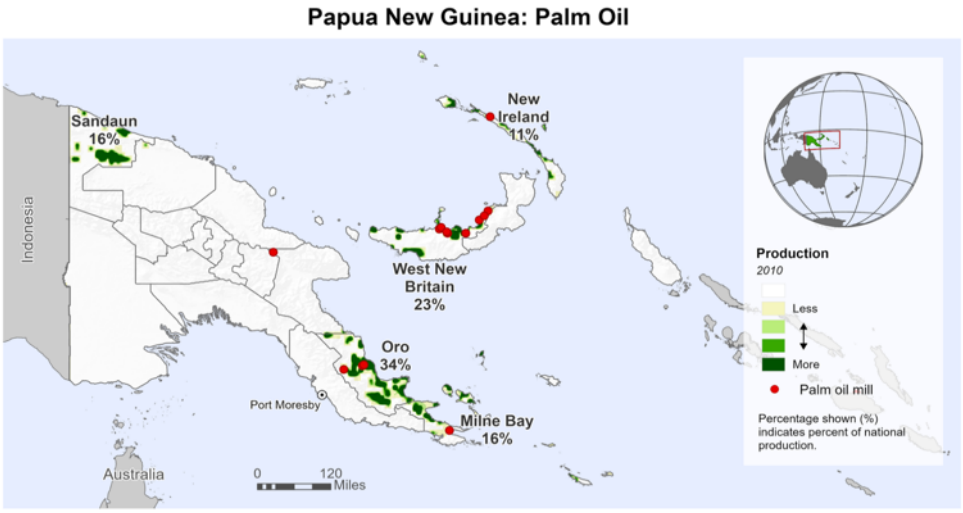


Figure 7: Palm oil production sites in PNG (2010)

Source: United States Department of Agriculture (USDA) Foreign Agricultural Service. Papua New Guinea: Palm Oil. Washington, DC: USDA-FAS. Based on IFPRI SPAM 2010, Global Forest Watch, and Universal Mill List data.

[36] There is widespread lack of transparent data and information about this segment of the palm il sector. The authors were not able to speak to non-RSPO certified companies and could not find accurate and comprehensive information about non-certified palm oil in PNG.

[37] Oil Palm Industry Corporation, *National Palm Oil Policy 2025-2030.* Port Moresby, PNG.

PalmWatch[38] identifies PNG as a relatively concentrated palm oil-producing country, with 18 palm oil mills operating across a limited number of production landscapes. The concentration of production within a limited number of sourcing regions means that environmental performance in these landscapes has a disproportionate influence on the overall sustainability profile of PNG palm oil.

There is a tension between the Government's oil palm expansion targets and the availability of land for planting. New projects are targeting oil palm expansion on grassland. While these projects are unlikely to clear forest, they will require a robust FPIC process, the identification of high conservation values and compliance with environmental regulations. Contrary to cocoa, heavy fertiliser input is needed for oil palm on grassland which also calls for an assessment of agricultural suitability, costs for growers and environmental impacts.

The grasslands are not the only expansion opportunity. Replanting, rejuvenation and better agricultural practices also offer opportunities for increasing production. According to OPIC's extension officers, yields in RSPO-certified estates reach around 30 tonnes of fresh fruit bunches (FFB) per hectare per year, compared with an average of around 14 tonnes FFB per hectare per year for smallholder plots.[39] Improving smallholders' productivity would make it possible to increase production without expanding into forest areas. Productivity could be increased by improving infrastructure and promoting groups with OPIC's support. Groups are instrumental in encouraging smallholders to adopt good agricultural practices and harvest more regularly and systematically.

5.3 Supply chain structure and market organization

The PNG palm oil supply chain is vertically integrated around estate operators, milling companies and export markets. Production begins at both estate plantations and smallholder farms.

FFB must be processed rapidly after harvest, making efficient transport infrastructure critical. Once harvested, FFB are transported to mills where they are processed into crude palm oil and palm kernel products. Processing capacity is concentrated among a relatively small number of milling companies, creating highly coordinated supply chains. Palm oil products are then exported to international markets and generate substantial foreign exchange earnings.

Smallholders depend heavily on institutional support mechanisms. OPIC plays a central role in extension, training and sector coordination. Through technical assistance and community engagement processes, OPIC has historically acted as a bridge between growers, processors and government agencies.

PNG's palm oil industry has never been fully regulated since the first cultivation of oil palm in 1967 and there is no palm oil authority. OPIC is a government agency, but it is only mandated to provide extension services such as harvesting, nurseries, pest and disease control and plantation management. The National Palm Oil Policy 2025-2030 provides the framework for a palm oil authority bill that will be tabled to Parliament. Recent policy proposals intend to strengthen governance through the proposed Oil Palm Authority Act and Palm Industry Management Act, which would establish a National Palm Oil Board and increase oversight of industry development. If passed, this bill could

[38] PalmWatch. Papua New Guinea Country Profile and PalmWatch Methodology. Inclusive Development International and University of Chicago Data Science Institute. Available at: https://palmwatch.inclusivedevelopment.net/.
[39] Personal conversations during the mission.

improve governance and strengthen the position of smallholders through OPIC but proper safeguards should be built to prevent the issuance of new SABLs or forest clearance permits.

5.4 Geolocation and traceability

RSPO-certified supply chains in PNG are direct and controlled and mixing from uncertified sources appears negligeable. Compared to coffee and cocoa, they are also less complex because there are no dealers and no independent smallholders. During the mission for researching this report, the EFI team visited the operations of SD Guthrie in Kimbe and witnessed its sophisticated traceability system which is able to trace all fresh fruit bunches supplied to the mill thanks to a comprehensive electronic tagging system. According to the company's sustainability team, the palm oil plots feeding FFB to SD Guthrie's mills around the country have been geolocated and are traceable.[40]

Exports to European markets are RSPO certified and direct.[41] The sector also benefits from OPIC, the dedicated government agency supporting extension services to smallholders. The EFI team spent one full day with OPIC visiting smallholder growers in West New Britain and appreciated the extension officers' professionalism and closeness to the farmers.

5.5 Trade dynamics

Since 2022, PNG's palm oil exports to the EU have followed a distinct pattern compared to cocoa and coffee: an initial sharp decline followed by a period of relative stabilization from 2023 through 2025. In absolute terms, the market operates on a markedly different scale than coffee and cocoa: total EU imports from PNG stood at approximately €403.5 million in 2022, declining to €259.1 million by 2025.

The Netherlands remains the dominant destination for PNG palm oil within the EU, though its relative share has decreased over the period, from 91% of total EU imports in 2022 to approximately 62% in 2025. This shift mirrors the diversification trend observed in PNG's coffee sector, with other EU Member States increasing their share of imports: Germany's share grew by 19%, Belgium by 27%, and Spain by approximately 4%. This pattern reinforces a broader signal already visible across PNG's export commodities, a growing number of EU countries are establishing direct import relationships with PNG, rather than relying solely on established hub markets such as the Netherlands or Belgium.

Importantly, the decline in PNG's palm oil exports to the EU is consistent with the broader downward trend in total EU palm oil imports from the rest of the world over the same period, which strengthens the interpretation that this decline reflects a wider EU-level demand or sourcing pattern shift rather than a PNG-specific loss of competitiveness or market access.

[40] Conversations with SD Guthrie's sustainability team during the mission.

[41] The team did not visit Hargy but according to the stakeholders interviewed during the mission, Hargy is expected to have similar traceability systems and direct supply chain arrangements due to the RSPO certification.

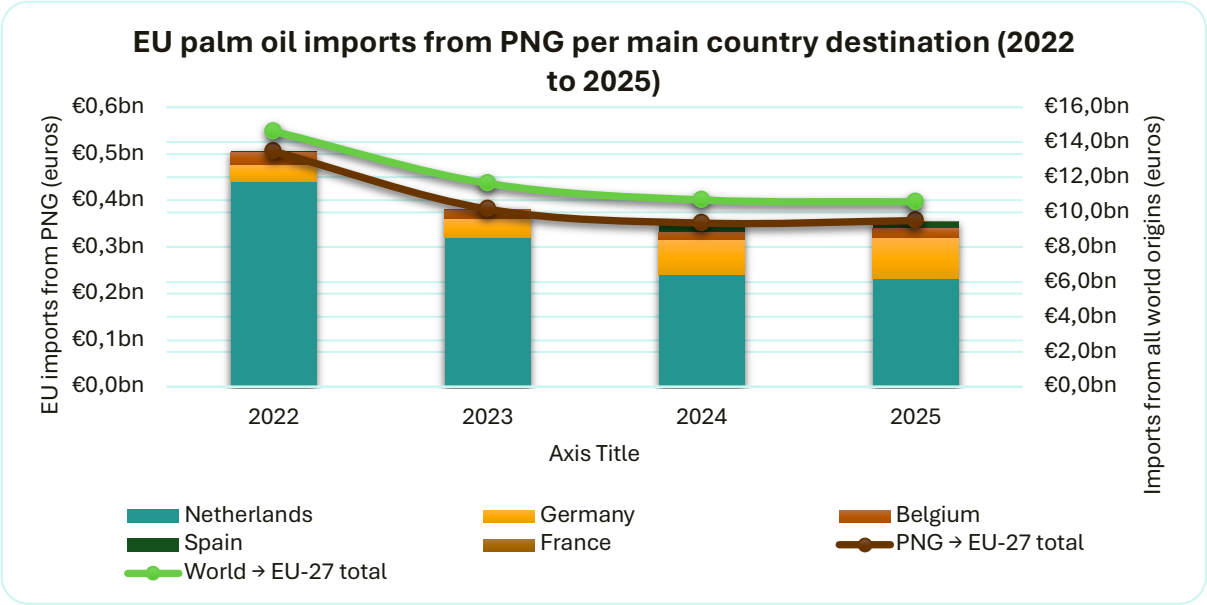


Figure 8: EU palm oil imports from PNG per main country destination (2022 to 2025)

Source: EUROSTAT accessed September 2026

The disaggregated breakdown of palm oil products imported by the EU from PNG reveals a markedly different pattern from cocoa and coffee. Approximately 72.7% consists of palm oil and its fractions, 25.7% comprises palm kernel oil, and 1.6% includes fatty acids and other derivative products. Given that palm fruit must be processed rapidly after harvest to preserve quality, PNG has established domestic milling capacity that converts FFB into crude palm oil and palm kernel products prior to export. The sector remains primarily focused on the export of bulk palm oil products rather than higher-value refined goods.

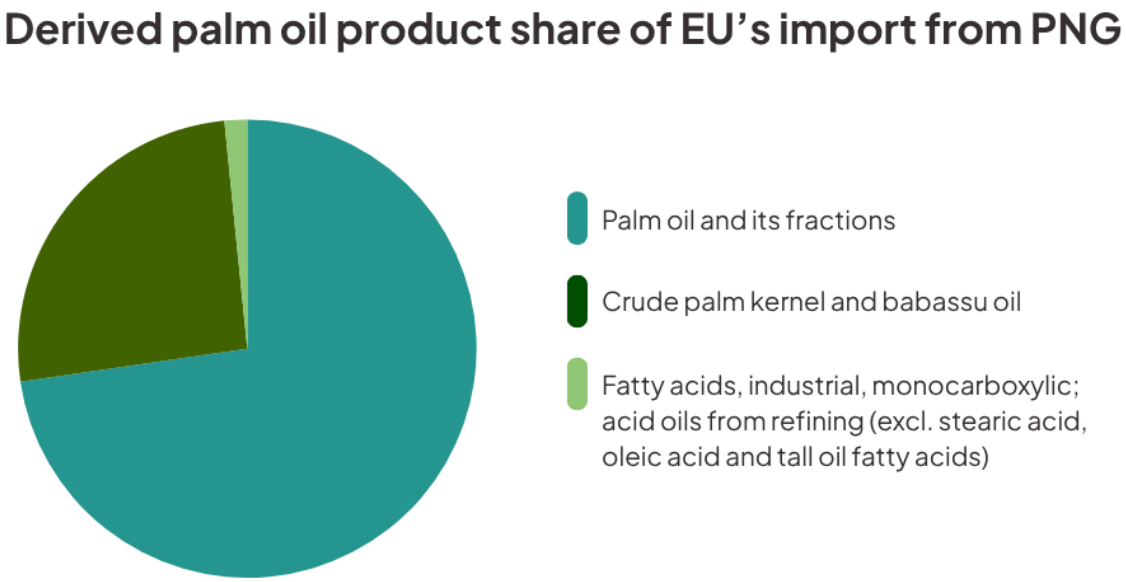


Figure 9: Derived palm oil products share of EU's import from PNG

Source: Adapted from EUROSTAT, accessed September 2026

6. EUDR requirements and implications

The EU Deforestation Regulation (EUDR) came into force on 29 June 2023. The Regulation prohibits operators and traders from placing on the EU market, or exporting from the EU, certain commodities (cattle, cocoa, coffee, oil palm, rubber, soya and wood) and derived products, unless they are "deforestation-free", have been produced in accordance with the relevant legislation of the country of production, and are covered by a due diligence statement including traceability information.[42] Following the legislative amendment agreed in December 2025, the Regulation will apply from 30 December 2026 to large and medium-sized operators and to micro and small operators already covered by the EU Timber Regulation, and from 30 June 2027 to other micro and small operators.

In July 2026, the European Commission also adopted a Delegated Act updating and simplifying the list of products covered under Annex I, while maintaining the same seven commodities. The changes include the addition of soluble coffee, certain palm oil derivatives and frozen cattle tongues, and the removal of several products, including cattle hides and leather and certain rubber products. Newly added products will become subject to the Regulation from 30 December 2027.

The EUDR requires that operators collect the following information, accompanied by evidence: geolocation coordinates of all plots of land where commodities and products were produced (Art. 9 (1.d)) – for plots >4 hectares, GPS polygons are required (Art. 2(28)); the date or time range of production (Art. 9 (1.d)); and last supplier information (Art. 9 (1.e)).

Further, the EUDR requires that operators collect adequately conclusive and verifiable information that relevant products are deforestation free (Art. 2(13) and 9 (1.g)). Cocoa, coffee and palm oil produced on lands converted from forests after 31 December 2020 will not be considered deforestation free and will not comply with EU requirements. 'Forests' are defined according to the United Nations Food and Agriculture Organization (FAO) definition (Art. 2(4))3.

The EUDR also requires that operators collect adequately conclusive and verifiable information that the relevant commodities were produced in accordance with the "relevant legislation of the country of production" (Art. 9 (1.h) and Art 2(40)). Consequently, operators who place PNG cocoa, coffee or palm oil and their derived products on the EU market must ensure that they have been produced in accordance with the relevant PNG legislation applicable to the area of production.

Beyond traceability and legality requirements, the EUDR requires operators to assess the risk of non-compliance associated with products and supply chains (Art. 10). Where the assessment identifies a risk that is not negligible, operators must implement adequate and proportionate risk mitigation measures to reduce the risk to a negligible level before placing products on the EU market (Art. 11).[43] Consequently, the effectiveness of national systems for traceability, forest monitoring, legality verification and supply-chain transparency directly influences operators' ability to conduct due diligence and meet the EUDR information requirements.

[42] European Union (2023). Regulation (EU) 2023/1115 on deforestation-free products (EUDR). Official Journal of the European Union, L 150, 9 June 2023, pp. 206–247.
[43] Official information about the EUDR can be accessed on the European Commission's website at https://environment.ec.europa.eu/topics/forests/deforestation/regulation-deforestation-free-products_en

6.1 Deforestation

The State of Environment Report 2020[44] presents PNG as a country with exceptionally rich natural resources and biodiversity, while facing significant pressures from both natural and human-induced causes. PNG retains a very large area of intact tropical forest, which has supported communities for millennia and continues to provide essential resources.

PNG's forests cover approximately 35.9 million hectares, with 77.9% of primarily natural forests.[45] PNG has a low deforestation rate of 0.07%. However, forest cover has declined due to deforestation and forest degradation persists. According to PNG's Forest Reference Level (FRL) submitted to the UNFCCC, approximately 261,500 hectares of forest were cleared between 2000 and 2015, generating average annual emissions of more than 5 million tCO_2e. Most deforestation (87%) resulted from the conversion of forest to agricultural land, with family or shifting agriculture accounting for the largest share and commercial agriculture, particularly oil palm, also playing a significant role.[46]

PNG's national forest definition differs slightly from the definition used in the EUDR. PNG defines forest as land larger than one hectare with trees exceeding 3 metres in height and a canopy cover greater than 10%.[47]

There are two differences:

- the minimum area threshold is higher in PNG: forest must be at least 1 ha, whereas the FAO/EUDR threshold is 0.5 ha. On this point, the FAO definition is more stringent, as clearing an isolated area of 'forest' of 0.5 ha or less would not be considered deforestation under the PNG definition.
- PNG applies a lower minimum tree height threshold (3 m) than the FAO (5 m), reflecting the ecological conditions of some PNG forest types. As a result, some areas that would not qualify as forest under the FAO definition may still be classified as forest in PNG.

6.2 Forest and land cover maps

PNG's REDD+ and Forest Monitoring Web Portal is a transparency platform that provides public access to forest and land-use information. Developed jointly by the Climate Change Development Authority (CCDA) and PNGFA, it integrates data from multiple government agencies and stakeholders, with CCDA overseeing its management and updates.[48] At a finer scale, the platform also includes spatial data on RSPO-certified oil palm plantations and a 2015 cropland distribution layer.[49]

[44] Climate Change and Development Authority in Papua New Guinea, Conservation and Environment Protection Authority, Papua New Guinea Forestry Authority, National Agriculture and Quarantine Inspection Authority, Department of Agriculture and Livestock, and National Fisheries Authority of Papua New Guinea. State of Environment Report 2020: Papua New Guinea. Port Moresby: Government of Papua New Guinea, 2022. Released January 7, 2022. Modified March 3, 2024.
[45] Papua New Guinea Forest Authority (2023). Papua New Guinea Forest and Land Use Change 2000-2019; Executive Summary, Annex 2.4.
[46] Government of Papua New Guinea. 2017. Papua New Guinea National REDD+ Strategy 2017-2027. Climate Change and Development Authority, Port Moresby; drawing on data from Papua New Guinea's National REDD+ Forest Reference Level, Submission for UNFCCC Technical Assessment in 2017.
[47] This definition was formally adopted by the PNG National Executive Council (Decision #256, Meeting #07/2014)
[48] https://pngreddplus.org/png-climate-change-forest-monitoring-web-portal/
[49] https://png-nfms.org/

In addition to PNG's REDD+ and Forest Monitoring Web Portal, the European Commission's Joint Research Centre (JRC) Global Map of Forest Cover 2020 Version 4 (GFC 2020 v4), the Global Forest Watch (GFW) datasets and the Nusantara Atlas could contribute to deforestation risk analysis.

It is important to note that the cropland layer in PNG's REDD+ and Forest Monitoring Web Portal has important limitations in its ability to capture cocoa and coffee plots and is based on 2015 data, making it less suitable for the deforestation risk analysis in the context of the EUDR. At the same time, the Global Map of Forest Cover does not fully cover cocoa and coffee smallholder plots in PNG due to remote sensing limitations.

A key challenge in the context of the EUDR is the absence of a 2020 forest and land cover map for PNG. As a result, EU importers and EU Competent Authorities relying on global forest maps or PNG's REDD+ and Forest Monitoring Web Portal might face a high risk of false positives because many cocoa or coffee plots will show as forest when conducting the deforestation risk analysis. For RSPO-certified palm oil it is less problematic because geolocation and concession boundary data are publicly available.

6.3 Protected areas

The State of Environment report 2020 identifies 59 protected areas covering approximately 2.1 million hectares, equivalent to 3.69% of the country's terrestrial area, with considerable variation in coverage among provinces. Protected areas are closely linked to customary landownership: customary landowners, who are described as custodians of 97% of PNG's land, recognise many areas of land and sea as *tambu* areas of special spiritual significance. Protected areas therefore contribute not only to biodiversity conservation but also to livelihoods, cultural values, tourism and carbon storage.

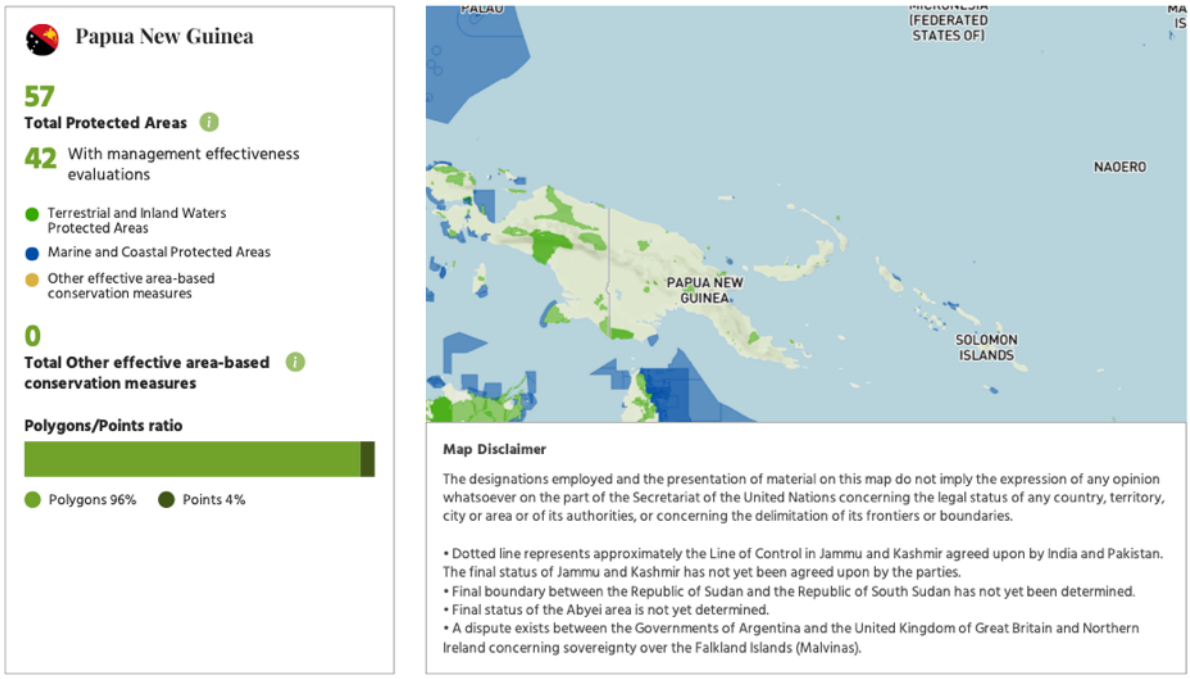


Figure 10: Papua New Guinea protected areas map

Source: UNEP-WCMC and IUCN (2026), Protected Planet: The World Database on Protected Areas (WDPA) and World Database on Other Effective Area-based Conservation Measures (WD-OECM) [Online], September 2026, Cambridge, UK: UNEP-WCMC and IUCN. Available at: www.protectedplanet.net.

The Protected Planet profile currently records 57 protected areas, distinguishing between terrestrial/inland-water and marine/coastal protected areas; it also reports management-effectiveness evaluations for 42 areas and no areas classified as Other Effective Area-Based Conservation Measure (OECM). The difference in the number of protected areas compared with the State of Environment Report 2020 reflects the different datasets and reporting dates and should be considered when using the information for EUDR-related spatial analysis.

The State of Environment report 2020 highlights important weaknesses in protected-area management. A national assessment undertaken in 2016–2017 found that 41 protected areas were in good to very good condition; however, only 45% of the total protected-area estate was considered to be in good to very good condition, while important conservation values were declining in more than half of protected areas.[50]

In response to these challenges, the Conservation and Environment Protection Authority (CEPA) strengthened the policy and legal framework for protected-area management through the development of the Protected Areas Policy and the enactment of the Protected Areas Act 2024, which places strong emphasis on the participation, rights and ownership of customary landowners in protected-area governance.[51]

6.4 Land use, tenure and rights-based legality risks

In PNG, most cocoa, coffee and palm oil production takes place on customary land. PNG operates a dual land tenure system:

- Alienated land is governed by statutory laws such as the *Land Act 1996* and *Land Registration Act 1981*.
- Customary land is governed through separate legislation, including the *Land Groups Incorporation Act 1974*.

It is commonly estimated that more than 97% of the country's land area is held under customary tenure, while the small remainder consists principally of alienated land administered through the formal land system, including state leasehold and limited freehold land. Consequently, in most producing areas, access to land is not based principally on individual registered title, but on customary rights held and exercised collectively through clans, kinship groups, families, or other customary communities.

The Land Registration (Amendment) Act 2009 and amendments to the Land Groups Incorporation Act established a framework through which Incorporated Land Groups can voluntarily register collectively held customary land. In practice, however, registration remains limited: customary land is not generally required to be registered, the process can be slow and complex, and large areas remain outside the formal registration system.

Farmers who cultivate the land are generally understood to have the right to use it, and formal proof is usually not required because customary ownership and use rights are generally not evidenced by

[50] Climate Change and Development Authority in Papua New Guinea, Conservation and Environment Protection Authority, Papua New Guinea Forestry Authority, National Agriculture and Quarantine Inspection Authority, Department of Agriculture and Livestock, and National Fisheries Authority of Papua New Guinea. State of Environment Report 2020: Papua New Guinea. Port Moresby: Government of Papua New Guinea, 2022. Released January 7, 2022. Modified March 3, 2024.
[51] Independent State of Papua New Guinea. Protected Areas Act 2024. Port Moresby: National Parliament of Papua New Guinea, 2024 and Conservation and Environment Protection Authority (CEPA). Papua New Guinea Protected Areas Policy. Port Moresby.

individual land certificates. Rights may be inherited or allocated in accordance with local custom and recognised by the relevant clan, family, or community, often through oral histories, genealogies, occupation and locally recognised boundaries. Therefore, many farmers can demonstrate socially recognised land-use rights even where no registered title or formal certificate exists. The precise basis of those rights varies between communities and may become contested.

Customary-land disputes are commonly addressed initially through community-level negotiation or mediation. Under the Land Disputes Settlement Act, unresolved disputes may proceed from compulsory land mediation to a Local Land Court, with a limited right of appeal to a Provincial Land Court. Village courts also play an important role in customary conflict resolution.

PNG has also developed legal mechanisms intended to make customary land available for economic development without an outright sale. The most consequential has been the lease-leaseback mechanism, under which customary land was leased to the State and then leased back, through a formal state lease, to a landowner entity or another agreed entity. In practice, this mechanism became associated with the widespread issuance of SABLs, many for terms of up to 99 years. When a Commission of Inquiry (CoI) was established in 2011, it cited an estimate that more than 5.2 million hectares of customary land had been brought within the SABL.

The CoI found serious deficiencies in the consent, representation, land-investigation and approval processes associated with many SABLs and recommended that the mechanism be replaced. A moratorium was imposed during the inquiry, and subsequent government decisions and court proceedings have resulted in the cancellation, revocation or nullification of a number of leases, although the status of many others has remained disputed or unresolved.[52]

While the CoI noted that some smaller SABLs could be considered relative success stories and some projects have demonstrated evidence of agricultural implementation, agricultural activity alone should not be regarded as proof of legal validity or compliance with landowner consent requirements. Many SABLs continue to be associated with unresolved landowner disputes, legal uncertainty, incomplete review processes, or concerns that commercial timber extraction rather than agricultural development was the primary objective.

For EUDR due diligence purposes, production originating from SABL or Forest Clearing Authority (FCA)[53] areas should therefore be considered a priority legality risk. Key legality considerations include the validity of land tenure arrangements, evidence of informed landowner consent, legality of forest conversion, compliance with environmental and forestry permits, implementation of agricultural-development obligations, compensation arrangements, and potential overlap with protected or conservation areas. These issues should be assessed on a case-by-case basis wherever commodities are sourced from areas affected by current or former SABLs.

Generally, the coexistence of customary rights, statutory frameworks and weak administrative capacity are structurally embedded risks that should be considered in legality due diligence in the context of the EUDR. Depending on the case, the due diligence analysis may need to combine geolocation data, information on the relevant customary group or incorporated land group, evidence of lawful use rights under the applicable local system, and verification that no unresolved disputes, defective lease

[52] Numapo, J. (2013). Commission of Inquiry into the Special Agriculture and Business Leases (SABL): Final Report. Port Moresby: Commission of Inquiry into Special Agriculture and Business Leases, Government of Papua New Guinea
[53] The term is used by the Papua New Guinea Forest Authority for permits authorising the clearance of forest in areas intended for agriculture, infrastructure, or other non-forest land uses.

arrangements, or credible competing claims raise a non-negligible risk under article 10 and 11 of the EUDR.

Compared to the cocoa and coffee sectors where production is mostly smallholder based on customary land, greater legal certainty has been introduced for land use rights in the RSPO-certified palm oil sector. Certificates are available for companies and growers who have the right to cultivate the land and need to demonstrate it. The table below provides examples of the available land use certificates.

Table 1 : Land tenure arrangements and supporting evidence

System	Land Ownership	Scale	Main Operator	Legal Basis/Proof of Legality
Lease-leaseback (LLB)	Customary ownership retained through State lease arrangement	Large	Developer/ Company	Registered lease under the Land Act; Lease-leaseback arrangement; State lease documents; Land Titles registration
Special agricultural and business lease (SABL)	Customary land leased to the State and subleased to a developer	Large	Developer/ Company	• Oil palm projects established under the Forestry Act 1991 for agriculture purposes through Forest Clearance Authority (FCA) and land access arrangement through SABL under the Land Act. • SABL instrument issued under the Land Act; Registered State lease and sublease; Land Titles registration; Landowner consent documentation. SABLs are controversial as explained above
Land settlement scheme (LSS)	State Leasehold	Smallholder blocks (6-ha)	Settler family	State agriculture lease title; Settlement block, allocation records; Land Titles registration
Customary rights purchase (CRP)	Customary	Smallholder	Customary landowner/ Settler Operator	Customary Land Usage Agreement (CLUA)[54] approved by customary landowners; Documentation from provincial lands administration; Survey and occupation records
Village oil palm (VOP)	Customary	Smallholder	Village households	Clan or family consent; Grower registration with milling company and OPIC/Oil Palm industry mechanisms; Evidence of customary ownership
Incorporated land group (ILG)	Customary (collective governance mechanism)	Variable	Landowner group	Certificate of Incorporation (ILG Certificate) under the ILG Act, Landowner records

[54] Interested palm oil growers just buy the “right to use the land”—the land remains as customary land and owned by the traditional landowners. The “access rights” are documented through the “Customary Land Usage Agreement or CLUA”.

In addition to land rights, the legality due diligence assessment should also consider sector-specific regulations related to production, labour legislation, tax requirements and customs. Annex 1 in this report lists some of the relevant laws and regulations but it is incomplete. A significant challenge is that the laws and regulations relevant to the commodities sectors have not been mapped yet, making it difficult for EU importers and Competent Authorities to understand which legal requirements apply. A multi-stakeholder process under the leadership of the Government should be undertaken to map these requirements and their related compliance verifiers. This should include identifying the relevant national legal provisions, developing practical recommendations for compliance and verification, and developing, testing and updating due diligence guidance. The process should also explain the customary tenure system so that EU importers and EU Competent Authorities can better understand how land use rights are recognised in PNG.

6.5 Child labour

Available evidence indicates that child labour remains a significant governance, human- and labour-rights concern in PNG, including in sectors relevant to EUDR supply chains. Children are engaged in agricultural activities, as well as in logging, mining, fishing, domestic work and street-based activities.[55] Only 15% of children have registered births,[56] while a significant share of school-age children do not attend school, creating conditions that can increase the risk of child labour and trafficking.

In its 2021 report *The True Price of Palm Oil*, Global Witness reported allegations of child labour, labour-rights violations and other human rights abuses associated with certain oil palm plantation operations in Papua New Guinea. The report further linked palm oil from these operations to international commodity supply chains and identified numerous global traders and consumer brands that had sourced palm oil originating from the investigated producers.[57]

PNG's legislative database[58] maintained by the Office of Legislative Counsel confirms the existence of key legislation relevant to child protection and labour governance, including the Employment Act, Child Welfare Act 1961, Lukautim Pikinini Act 2015, Constitution of the Independent State of Papua New Guinea, and the Criminal Code Act 1974, which form part of the broader legal framework applicable to child labour. The Employment Act is a key legislation regulating minimum age requirements for work and hazardous work. Article 103 permits certain forms of work by children under specified conditions, while Article 104 sets the minimum age for hazardous work at 16 years.

Ratified ILO conventions relevant to labour and child labour

PNG follows a dualist approach to international law. Under the Constitution, no treaty forms part of national law unless a Constitutional Law or an Act of Parliament gives it that status. Accordingly, PNG is bound at the international level by the ILO conventions it has ratified. The rules that apply directly to companies and farms are those of national legislation such as the Employment Act 1978 and the Lukautim Pikinini Act 2015.

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[55] Child Labor and Forced Labor Reports, Papua New Guinea, Bureau of International Labor Affairs, U.S. Department of Labor Accessed on 31 October 2026.

[56] United States Department of State. *2026 Trafficking in Persons Report: Papua New Guinea*. Washington, DC: U.S. Department of State; 2026.

[57] Global Witness. *The True Price of Palm Oil: How Global Finance and Household Brands are Fuelling Deforestation, Violence and Human Rights Abuses in Papua New Guinea*. London: Global Witness; 2021.

[58] Office of Legislative Counsel – Consolidated Legislation at PACLII. Available at Office of Legislative Counsel :: Papua New Guinea. Accessed on 11 October 2026.

What do monism and dualism mean under international laws?

Monism and dualism are competing theories on the status of international law within a state's domestic legal system. They address how an international rule that binds a state is received, ranked and enforced nationally.

Monism
International and domestic law form part of a single legal order. An international rule may therefore operate domestically without being recreated through a separate legislative act. Monist theories differ on hierarchy: some give international law primacy, others locate its ultimate basis in the domestic order.

Dualism
International and domestic law are distinct legal systems with separate sources of validity. A rule that binds the state internationally does not become domestic law on its own. It generally requires transformation, incorporation or another constitutionally recognized act.

National systems rarely correspond to a pure monist or dualist model. A state may display features of both depending on the source and content of the norm. The labels therefore identify general presumptions only. The outcome of a concrete dispute depends on the specific norm, the constitutional framework, the competent institution and the claim.

Santos, E. A. (2026) 'Monism and Dualism in International Law', *Diplomacy and Law*, 24 July (updated 20 September). Available at: https://www.diplomacyandlaw.com/post/monism-and-dualism-in-international-law

The table below sets out the scope of International Labour Organization conventions, ratified by PNG, that together provide the legal framework for preventing child labour and protecting agricultural workers. Ratified conventions indicate the standard that national legislation is supposed to meet.

Table 2: International Labour Organization conventions ratified by PNG under child labour context

Convention	Scope	Implications for PNG
C138 Minimum Age Convention (1973), ratified 2 June 2000	Sets a minimum age for admission to work, normally not below the end of compulsory schooling and not less than 15 (14 for certain developing countries). Light work is permitted from age 13. Hazardous work is permitted from age 18 only.	PNG is committed to a national policy for the abolition of child labour and has specified a general minimum age of 16. However, the Employment Act (Article 103) provides for exemptions allowing children over 11 years to be employed in a family business. There is no definition of light work. Generally, the presence of children under 16 in plantation or farm work is an indicator of risk that should be evaluated.
C182 Worst Forms of Child Labour Convention (1999), ratified 2 June 2000	Requires immediate action against the worst forms of child labour: slavery, trafficking, forced labour, the use of children in illicit activities, and hazardous work likely to harm health, safety or morals.	Hazardous work is recognised as a form of child labour in PNG. However, PNG's legal framework prohibits and criminalizes employment under injurious working conditions only for children under the age of 16. An operational definition of hazardous work and comprehensive list of hazardous occupations and activities prohibited for

		children has not been established. This is particularly relevant to agriculture, where potentially hazardous tasks may include the use of dangerous tools, carrying heavy loads and exposure to pesticides.
C029 Forced Labour Convention (1930) and **C105** Abolition of Forced Labour Convention (1957), ratified 1 May 1976	Prohibit forced or compulsory labour and its use for specified purposes, including as a means of coercion, punishment or economic development. Forced or compulsory labour involving children constitutes one of the worst forms of child labour. This includes debt bondage, where a child is compelled to work to repay a debt.	The Constitution prohibits forced labour, while the Employment Act provides safeguards governing employment contracts, including that an employee's contract does not bind members of their family. Limited national data make it difficult to determine the prevalence of forced child labour or its incidence in agricultural commodity supply chains. It should be treated as a due-diligence risk requiring monitoring.
C081 Labour Inspection Convention (1947), ratified 27 September 2023	Requires a labour inspection system with the power to visit workplaces and enforce labour law.	Provides the legal basis for inspecting farms and estates for child labour. As ratification is recent, implementation capacity may still be under development.
C087 Freedom of Association (1948), ratified 2 June 2000, and **C098** Right to Organise and Collective Bargaining (1949), ratified 1 May 1976	Guarantee workers' rights to form organisations and to bargain collectively.	Indirect relevance: organised workers are better placed to report abuses.
C011, **C012** and **C099** (Agriculture), ratified 1 May 1976	Cover the right of association, workers' compensation and minimum wage fixing in agriculture.	These ratified conventions are reflected in PNG's general labour legislation. They establish labour protections applicable to agricultural employment, where children may also be engaged in work, but do not specifically address child labour.

Despite the existence of a legislative framework addressing child protection and labour, important gaps remain in Papua New Guinea's legal framework. Key shortcomings include the absence of compulsory schooling requirements, exemptions to the minimum employment age, the lack of a legal definition and regulatory framework for light work, inadequate regulation of hazardous work, and incomplete prohibition of all worst forms of child labour. In addition, hazardous work is not consistently defined across legislation and there is no national list of prohibited hazardous activities for children. These weaknesses reduce legal clarity and may limit the effectiveness of measures to prevent, identify and sanction child labour.[59]

[59] International Cocoa Initiative. Forthcoming. *Situation Analysis of Child Labour and Forced Labour in Papua New Guinea.*

7. Challenges and opportunities

The transition towards EUDR-ready production presents PNG with an opportunity not only to maintain and increase access to international markets but also to strengthen the long-term competitiveness of its cocoa, coffee, palm oil and other agricultural and forest product sector. PNG already has several important foundations in place, including internationally recognised cocoa quality, high-quality Arabica coffee with growing specialty-market potential, established RSPO-certified palm oil supply chains, dedicated commodity institutions, emerging traceability systems and geolocation data generated through public, private-sector and development-partner initiatives.

The challenge and opportunity now lie in bringing these elements together to build stronger and more resilient value chains that reward quality, support smallholder organisation, improve service delivery and reinforce PNG's sustainability credentials in increasingly regulated markets. Coordinated efforts to strengthen mapping, traceability and legality systems can enhance both the competitiveness and value of PNG's agricultural products.

Support to PNG is therefore particularly timely, as many of the investments required for EUDR preparedness also contribute directly to broader national development objectives. Improved geolocation data can strengthen extension services and value-chain management; farmer registration and producer grouping can facilitate the adoption of good agricultural practices; traceability systems can support origin-based branding and market differentiation; and productivity gains among existing smallholders can help increase production without the need for further agricultural expansion into forests. In this way, EUDR preparedness can serve not only as a compliance and market access effort but also as a catalyst for more sustainable and competitive agricultural development.

This section aims to provide an overview of the key gaps identified through the readiness check and present ideas for closing these gaps while improving the competitiveness of PNG’s cocoa, coffee and palm oil sectors.

Gap 1: Absence of a 2020 forest and land use land cover reference map

The establishment of a nationally recognised 2020 forest and land use land cover reference map would provide PNG with a common spatial baseline for assessing whether commodity production is associated with deforestation after the EUDR cut-off date. This is particularly important for cocoa and coffee, where global forest datasets or PNG’s REDD+ and Forest Monitoring Web Portal may have difficulty distinguishing long-established agroforestry systems and agricultural land from forest, creating a risk that compliant smallholders are incorrectly identified as causing deforestation.

A national reference map, developed using national land-use information and historical evidence and aligned as far as possible with the forest definition relevant to the EUDR, could therefore improve the accuracy and consistency of deforestation-risk assessments. It would also provide a common reference for government agencies and supply-chain actors. However, such a map would support rather than replace operators’ due diligence, and plot-level assessments may still require complementary historical imagery and locally-collected evidence.

Given the limitations of remote sensing data alone, the development of a national reference map will require the participation of commodity boards, companies, industry associations and CSOs in

providing geolocation data and evidence that production areas were already under agricultural use as of the 31 December 2020 EUDR cut-off date.

A possible approach could include the following steps:

- Establish institutional coordination mechanisms. Coordination between PNGFA, DAL, and relevant sectoral authorities would be needed to support the development and maintenance of the reference map, including the provision of commodity-specific information.
- Develop a mechanism for voluntary data sharing. Commodity boards could serve as a platform through which companies voluntarily inform which plots or areas were mapped. Such an approach could support the refinement of cocoa, coffee and palm oil layers while creating a foundation that could be expanded to other commodity sectors over time.
- Update the existing agricultural baseline and mapping infrastructure. The agricultural land-use layer developed for 2015 should be updated to reflect conditions in 2020, drawing on data held by commodity boards, remote sensing and other available sources, including relevant FAO-supported mapping initiatives. The close cooperation with the Joint Research Centre of the European Commission would add value to this process and support the refinement of the Global Map of Forest Cover 2020.

The development of the map will require coordination and resources, but having a nationally developed forest and land cover land use map is an investment that will benefit PNG beyond the EUDR because these maps underpin a wide range of forest, conservation, and climate-related planning and decision-making processes. The development of the 2020 map of Ivory Coast provides a useful example for PNG.[60]

Gap 2: Fragmented collection of geolocation information

Multiple actors such as exporters, growers' associations and development partners are collecting geolocation information independently. The lack of coordination and sharing creates inefficiencies and duplication risks.

Traceability and geolocation data collection are inherently collaborative processes. A coordinated approach, led by sectoral boards and supported by government, industry, and development partners, could improve efficiency, reduce duplication, and maximise the value of geolocation data beyond EUDR compliance. Priorities could include improving coordination among stakeholders, harmonising data collection efforts, expanding local capacity for data gathering, addressing data privacy concerns, and ensuring that geolocation information contributes to broader agricultural services and national land-use mapping initiatives.

Gap 3: Weak traceability for cocoa and coffee with limited collaboration among private-sector actors and no structured pre-competitive mechanism for joint action

Geolocation information collection and traceability are patchy and almost entirely private sector driven in PNG. Compared to other cocoa producing countries (Ivory Coast, Ghana, etc.), coffee producing countries (Ethiopia, Kenya, etc.) and palm oil producers such as Malaysia, there is no national

[60] https://cocoa.efi.int/zero-deforestation/. Accessed on 11 October 2026.

traceability infrastructure. This weakens the role of commodity boards in supporting the sector and makes it more difficult for smaller and local companies to access lucrative markets such as the EU.

National traceability infrastructure for coffee and cocoa would help promote PNG as a producer of quality, traceable and sustainable coffee and cocoa in international markets. For cocoa, some elements of a national traceability system already exist because the supply chain is less complex and all cocoa must be fermented. Therefore, the development of a national system should be centred around the registered fermentaries. An issue to resolve in this respect is the significant number of unregistered fermentaries throughout the country. These fermentaries mainly sell to traders, which creates a risk that registered and unregistered cocoa may be mixed.

For coffee, traceability is more challenging due to the large number of smallholders in remote areas and the role of unregistered traders. While some international exporters have established their own farmer registration and traceability systems, these remain fragmented and are not shared across the sector. Most local mills and exporters currently lack geolocation and traceability, which may limit access to the EU and other regulated markets. Dry mills, which are licensed and act as key aggregation points, could provide an entry point for the gradual development of a national traceability system, particularly if data from the national coffee census is made available and coordinated by the National Coffee Authority.

Registered fermentaries and licensed dry mills provide practical entry points for the progressive development of national traceability arrangements for cocoa and coffee, but they should not be seen as evidence of a complete traceability system. Effective traceability requires both the identification and location of supplying farmers and production plots, and the maintenance of transaction records that link their products through aggregation, processing and export.

Experience from EFI's work in other producer countries suggests that developing a national traceability system is a gradual process rather than simply the establishment of a central digital platform. It requires agreement on governance and institutional responsibilities, registration of relevant supply-chain actors, reliable farm and geolocation information, mechanisms for recording and linking transactions through successive aggregation and processing points, and arrangements for data sharing between public and private systems. Equally important are sustainable financing, operational capacity, interoperability and controls to maintain data and supply-chain integrity. Traceability systems are built progressively on existing regulatory systems, registries and traceability arrangements, testing and strengthening these before moving towards broader national coverage. The identification of incentives for smallholders and other actors to be part of and use the system is critical.

Fermentaries and dry mills can therefore provide useful nodes around which cocoa and coffee traceability can be progressively strengthened, while development of a comprehensive national system will require broader institutional, technical and operational investment. Linking these efforts to PNG’s wider digital framework and Department of Information and Communications Technology (DICT) will be critical.

National traceability infrastructure for palm oil will be challenging given the clear separation between RSPO-certified and non-certified palm oil production. Moreover, the two large RSPO-certified operations already have sophisticated and traceable supply chains to the EU and the UK. Certainly, more information and transparency about non-certified palm oil operations in PNG would be desirable not only for EU importers assessing risks in their due diligence process but also to improve the

standing and position of PNG in international markets. Furthermore, in the context of the National Palm Oil Policy 2025-2030 and the palm oil authority bill that will be tabled to Parliament, exchanges and study tours to Malaysia would be useful as PNG could benefit from Malaysia's experience with the Malaysia Sustainable Palm Oil certification scheme (MSPO) and the role of the Malaysia Palm Oil Board (MPOB).

Gap 4: Unclear legality framework for commodity production, including insufficient mapping of applicable laws, regulations and compliance verification mechanisms

The laws and regulations relevant to the commodities sectors have not yet been mapped, making it difficult for EU importers and Competent Authorities to understand which legal requirements apply. A multi-stakeholder process under the leadership of the Government should be undertaken to map these requirements and their related compliance verifiers. This should include identifying the relevant national legal provisions, developing practical recommendations for compliance, and developing, testing and updating due diligence guidance. The process should also explain the customary tenure system so that EU importers and EU Competent Authorities can better understand how land use rights are recognised in PNG.

A multistakeholder mapping process would have the advantage of involving different perspectives, helping to identify gaps and inconsistencies in current laws and their enforcement, increasing the legitimacy and credibility of the process, building trust and raising awareness among stakeholders, and increasing transparency in the supply chain. Once completed, the matrix of laws governing the cocoa, coffee and palm oil value chains in PNG should be made public so that it can be used for due diligence.

EFI has developed the Legality Due Diligence Navigator,[61] a methodology designed to support the development of legality due diligence tools in the context of the EUDR. Based on a multi-stakeholder approach, it helps build consensus on the national legal requirements relevant to production and trade, as well as on the due diligence measures needed to verify compliance. This methodology could be applied in the PNG context.

Gap 5: Low smallholder productivity and weak smallholder organization

Improving smallholder productivity is an alternative pathway to the continued reliance on production area expansion given the challenges associated with customary land tenure, deforestation risks and infrastructure costs. There is also the need to include more farmers in existing supply chains and mobilise available programmes and resources to support this objective.

Limited rural transport infrastructure continues to constrain the efficiency of agricultural value chains in PNG. Poor road connectivity increases transport costs, restricts market access for smallholders and reduces the competitiveness of agricultural exports. Recognising these constraints, World Bank-supported agricultural programmes have invested in the rehabilitation of feeder roads and other market-access infrastructure as part of broader efforts to strengthen rural value chains and improve producer livelihoods.

In addition to improving infrastructure, productivity could also be increased by providing regular extension services through greater coordination between government and private extension officers

[61] https://legalitynavigator.efi.int/ Accessed on 31 October 2026.

and promoting smallholder groups.[62] Evidence from around the world shows that smallholder organization is often associated with improved access to markets, higher productivity, and greater adoption of sustainability practices. Groups are instrumental in encouraging smallholders to adopt good agricultural practices and harvest more regularly and systematically. They can also support aggregating production, facilitating first-mile traceability and geolocation data collection, disseminating information and training to farmers and monitoring deforestation risks. In promoting smallholder groups, it is also important to identify incentives and encourage buyers to pay premiums for traceable and sustainable products produced by smallholders.

Gap 6: Data availability and accessibility gap

The preparation of this report highlighted significant challenges in accessing up-to-date and reliable data on trade and the agriculture and forest product sectors. In the longer term, regular collection, consolidation and publication of industry statistics should therefore be considered an institutional priority. More consistent and accessible data would strengthen sector planning and investment decisions and provide a more robust basis for monitoring the development and sustainability of PNG's commodity sectors.

8. Conclusion

This readiness check provided an overview of the state of preparedness of PNG's cocoa, coffee and palm oil value chains with regard to traceability, deforestation risk, legality and smallholder inclusion. It identified important differences across the three sectors. Traceability remains fragmented in the cocoa and coffee sectors, with geolocation data collected through separate public, private-sector and development-partner initiatives and limited coordination or data sharing. By contrast, the RSPO-certified palm oil supply chains supplying European markets have established direct and highly traceable sourcing systems.

The assessment also identified cross-cutting challenges, including the absence of a national 2020 forest and land use land cover reference map, the lack of a clearly mapped legality framework, the complexity of land tenure, no traceability infrastructure at scale, low smallholder productivity, weak producer organisation and limited rural infrastructure.

While the challenges and recommendations were considered in the context of the EUDR, addressing them would also contribute to the wider development of the cocoa, coffee and palm oil value chains. Stronger coordination of geolocation data, national traceability arrangements for cocoa and coffee, clearer guidance on legality and customary land rights, improved smallholder organisation and higher productivity could strengthen market access, service delivery and the overall competitiveness of PNG's agricultural and forest products exports. It would also contribute to PNG's wider digitalization work and improve transparency by strengthening the collection and standardization of information across the agricultural sector.

[62] Taking into account that the prolonged severe drought will have an impact on productivity and food security and limit the ability of farmers to participate in any activities.

PNG could therefore use EUDR preparedness not only to facilitate due diligence, but also to position its cocoa, coffee and palm oil as quality, traceable and sustainable products, and support more inclusive agricultural development.

Annex 1: Initial list of relevant laws and regulations

The table below provides a high-level overview of the key national laws covering land rights, environmental protection and commodity sector regulations. It is a preliminary list and by no means complete. A multi-stakeholder process under the leadership of the Government should be undertaken to map these requirements and their related compliance verifiers. This should include identifying the relevant national legal provisions, developing practical recommendations for compliance, and developing, testing and updating due diligence guidance.

Table 3: Overview of EUDR relevant laws for PNG

EUDR relevant laws	Key aspects of the law	Relevance for legality due diligence in the context of the EUDR
Constitution of the Independent State of Papua New Guinea	It establishes the overall legal and institutional framework of PNG. The National Goals and Directive Principles provides the broader constitutional setting in which customary land rights, public decision-making, access to information, public administration and environmental governance operate.	It supports checks on: lawful land/resource use, respect for customary rights, absence of unresolved rights disputes, and lawful administrative decisions supporting production/export. It is relevant for EUDR due diligence because it frames the role of the law in protecting rights, public welfare, natural resources and the environment.
Land Act 1996	It defines customary land, customary rights, government/state land, State leases and various categories of land interests. It provides the legal basis for acquisition of land by the State, including acquisition of customary land by agreement, acquisition for lease-leaseback purposes, compulsory acquisition, compensation and granting of leases. It also covers agricultural leases, business leases, special purpose leases and Special agricultural and business leases (SABLs).	This is a core law for determining whether the producer has the legal right to use the plot of land. For plantation or large-scale conversion areas, checks should focus on whether the underlying lease/land acquisition process was lawful and whether compensation/consent requirements were respected. SABLs or lease-leaseback arrangements should be treated as higher-risk and checked carefully because they may involve customary land and complex consent issues.
Land Groups Incorporation Act 1974	It provides a mechanism for customary landowner groups to incorporate as legal entities. Incorporated Land Groups (ILGs) are intended to represent customary groups in dealings concerning land and natural resources. The framework supports identification of group membership, management	Where production or forest use occurs on customary land, ILG documentation can help demonstrate representation, assess whether the ILG corresponds to the relevant customary owners, whether membership is clear, whether decisions were properly taken, and whether there are competing claims or grievances. This is particularly important for timber, oil palm and larger plantation development.

	structures and the ability of customary groups to enter legal arrangements related to resource development.	
Land Registration Act 1981	This Act establishes the framework for registration of land and interests in land. It supports formal recording of land rights, registered titles and interests, and provides an official reference point for confirming the legal status of certain land parcels or leases.	Registered interests are useful for checking whether the named producer, company, cooperative or landowner group has a documented legal link to the production area. The register can also help identify inconsistencies between the land documents and the geolocation polygon, such as production occurring outside the leased area or on land subject to another registered right.
Forestry Act 1991	The Forestry Act is the primary legal framework for forest management, development and protection in PNG. It establishes the Papua New Guinea Forest Authority (PNGFA), the National Forest Board, Provincial Forest Management Committees and the National Forest Service. It governs forest planning, forest resource development, acquisition of timber rights, negotiation of Forest Management Agreements (FMAs), project approvals, timber permits, timber authorities, licences, registration of forest industry participants, enforcement powers, offences and penalties.	For timber, this is the core legality law. For agricultural commodities, it becomes relevant where production is linked to forest clearing or previous timber extraction. It is also key for assessing legality of deforestation risk where land was converted from forest to plantation or agriculture.
Environment Act 2000	It establishes environmental duties, prohibits environmental harm, sets out environmental permitting requirements, creates the EIA process, provides for environmental policies/codes of practice, regulates water-related rights and use, and gives enforcement powers to environmental authorities. It distinguishes activities according to environmental risk/impact and requires relevant activities to obtain appropriate permits or approvals.	For farms, plantations, land clearing, drainage or water use, the due diligence process should assess whether environmental permits or EIA processes were required and whether they were obtained before operations. It should also check whether permit conditions were respected and whether there are known environmental harm incidents, enforcement notices or non-compliance findings.
Environment (Permits) Regulation 2002	This Regulation details the permitting procedures under the Environment Act, including permit application processes, information requirements, administration of permits and related procedural obligations.	Checks should consider whether the relevant activity was properly classified, whether the user applied for and received the right type of permit, and whether the permit remained valid for the specific activity, location and period covered by the supply chain.

Protected Areas Act 2024	Creates a national Protected Area Network run by CEPA, with a public register as proof that an area lawfully exists. Development, logging and carbon projects in protected areas need approval and free, prior and informed consent (FPIC) from owners. Permits for logging or land conversion require a 10% conservation set-aside. It repeals the Conservation Areas Act.	Plot geolocation should be checked against the register, including whether any production or land conversion near or inside protected areas has the required permits, set-aside and FPIC.
Cocoa Act 1981 and Cocoa Regulation 1982	The Cocoa Act and Regulation establish the legal framework for governance and regulation of PNG's cocoa sector. They provide the statutory basis for sector administration, quality/marketing controls and functions of relevant cocoa authorities or boards where applicable.	For cocoa supply chains, the legality check should identify whether buyers/exporters/processors and relevant actors comply with sector rules, including any required registration, licensing, quality control or marketing/export documentation. This does not replace land and environmental checks; it complements them by confirming that the commodity is produced and traded through legally recognised channels.
Coffee Industry Bill 2025	It establishes the National Coffee Authority (NCA), introduces a new licensing/regulatory framework, and repeals the Coffee Industry Corporation Act 1991.	It provides an important institutional basis for strengthening traceability and due diligence in PNG's coffee sector. By establishing the National Coffee Authority and strengthening the registration and regulation of actors operating along the coffee value chain, the new framework could facilitate the identification of producers and supply-chain actors and improve the availability and verification of information required for EUDR due diligence.
Oil Palm Industry Corporation Act 1992	This Act establishes the Oil Palm Industry Corporation and provides statutory functions related to oil palm industry organisation, services and governance.	For palm oil, the law helps identify the formal sector governance framework and relevant documentation expected from oil palm operators, smallholder schemes, mills or companies. However, EUDR-related risk is often concentrated around land rights, forest conversion and environmental permitting.
Customs Act 1951 and Customs Regulation 1951	The Customs Act and Regulation govern customs control, import/export procedures, customs declarations, clearance, offences and administration of goods crossing PNG borders.	For commodities exported from PNG, the final shipment should be supported by lawful customs documentation. The due diligence process should ensure that the exporter, product, HS code, quantity, origin and shipment details are consistent with the traceability file and that the commodity was not exported outside the required customs process.
Customs Tariff Act 1990	The Customs Tariff Act provides the tariff classification framework for goods, including customs codes and applicable tariff treatment.	PNG export documents should be checked to ensure that the declared product code, description and quantity match the EUDR product category and the operator's due diligence statement. Incorrect classification may hide covered products or create discrepancies.

Annex 2: Field mission

This report is based on information collected through consultations in Port Moresby, PNG's capital city, and field visits to cocoa, coffee and palm oil production areas to understand the situation on the ground. The mission took place from the 2nd to the 16th of August 2026.

The mission began in Port Moresby with meetings with government agencies, followed by travel to Rabaul in East New Britain to meet the PNG Cocoa Board and cocoa stakeholders. From Rabaul, the team travelled to Kimbe in West New Britain for meetings with palm oil companies and the Oil Palm Industry Corporation (OPIC), the government agency providing extension services to palm oil smallholders. The mission then continued to Goroka in the Eastern Highlands, where Arabica coffee is grown in PNG, for meetings with the National Coffee Authority and coffee stakeholders. After Goroka, the team travelled to the Central Province to visit new cocoa projects expanding cocoa cultivation on dry grasslands.

Finally, the team returned to Port Moresby for further meetings with government agencies and concluded the mission with debriefs at the Delegation of the European Union to PNG and with national cocoa, coffee and palm oil stakeholders at the Department of Agriculture and Livestock (DAL). Throughout the mission, the team met with government agencies, development partners, farmers, growers' associations, exporters, mills and regulators in the main production areas.

Cover photo: Logged-over forests in the inland Baining area of East New Britain province. Daniel Waldi, PNG University of Natural Resources and Environment.

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