



# SHADOW MINISTER FOR TREASURY & FINANCE

PO Parliament House

Waigani.NCD

m: +675 71111777

e: [chairman@kdda.gov.pg](mailto:chairman@kdda.gov.pg)

## **PNG and APEC economic integration.**

“APEC Finance Ministers are meeting in PNG. We welcome them to our shores and hope they can experience some of PNG's tremendous warmth and hospitality. As the most culturally diverse nation in the world, and one of the few countries with mega-biodiversity, I hope they take back fond memories of our country's uniqueness and its potential. However, PNG's Alternative Government considers current economic policies need change to truly tap into the opportunities of APEC” said the Shadow Minister for Treasury & Finance Ian Ling-Stuckey.

“PNG is failing to tap the potential of APEC. In recent budgets, we have started to close the doors to trade with increases in over 900 tariff lines over the last 12 months. We have pulled back from a tariff reduction program put in place to make our economy more competitive. We have mismanaged our foreign exchange situation such that foreign exchange shortages are now the greatest barrier to doing business in the country. The recent Sovereign Bond will help reduce some of the immediate pressures, but this will just be a Band-Aid that fails to deal with the underlying causes for our foreign exchange shortages. The current O'Neill/Abel government continues to place too much emphasis on some promising resource projects rather than really working to build a more broadly-based and inclusive economy. The World Bank and IMF both predict that PNG will be in a significant recession in 2018. The ADB and World Bank have downgraded PNG's governance ratings so PNG is now classified as a “fragile situation” country. We are importing Maserati's as we are dealing with a polio outbreak due to our very low level of vaccinations at 40% relative to the world average of 80%. International credit ratings agencies have downgraded our rating and outlook this year. Formal sector employment has been decreasing in recent years. Clearly, we could be doing better, and we need the help of friends such as other APEC Finance Ministers” stated PNG's Shadow Treasurer, Mr Ian Ling-Stuckey.

“During your meetings with PNG's Treasurer Abel, the country would greatly appreciate if you could diplomatically provide some advice. Your countries also have had tariffs through time, but I note that at the last APEC meeting in Da Nang in Vietnam that the host country made major announcements on reducing tariffs. Contrary to APEC's goals of free and open trade and investment in the region by 2020, the Bogor Goals, PNG is raising tariffs and introducing new barriers to trade. Such actions simply re-enforce the growing trade tensions in the region which could hurt so many APEC economies including PNG.

“Gentle encouragement would be welcome on how best to achieve food security as current government ministers seem to misunderstand that security that can come from specialising in food crops where one has a massive comparative advantage and then trade under a rules-based, open, fair, transparent and inclusive system of international trade. For example, there continue to be suggestions for rice farming in PNG involving tens of thousands of Philippine workers. There may be potential, and there is some good domestic production even in my own province in Namatanai, New Ireland. However, the real potential according to experienced agriculturalists would be for our people to focus much more on other crops such as organically grown sweet potato varieties where for every hour of labour we can produce much more value than time put into rice. We can then trade our sweet potato and coffee and cocoa and vanilla beans for rice – truly harnessing the potential of trade based around specialisation in areas where PNG actually has a comparative advantage. So let's look for a deal where PNG can export much greater quantities of our organic highlands coffee and world-leading cocoa and dozens of other agriculture products, more than enough to fully fund other imports.

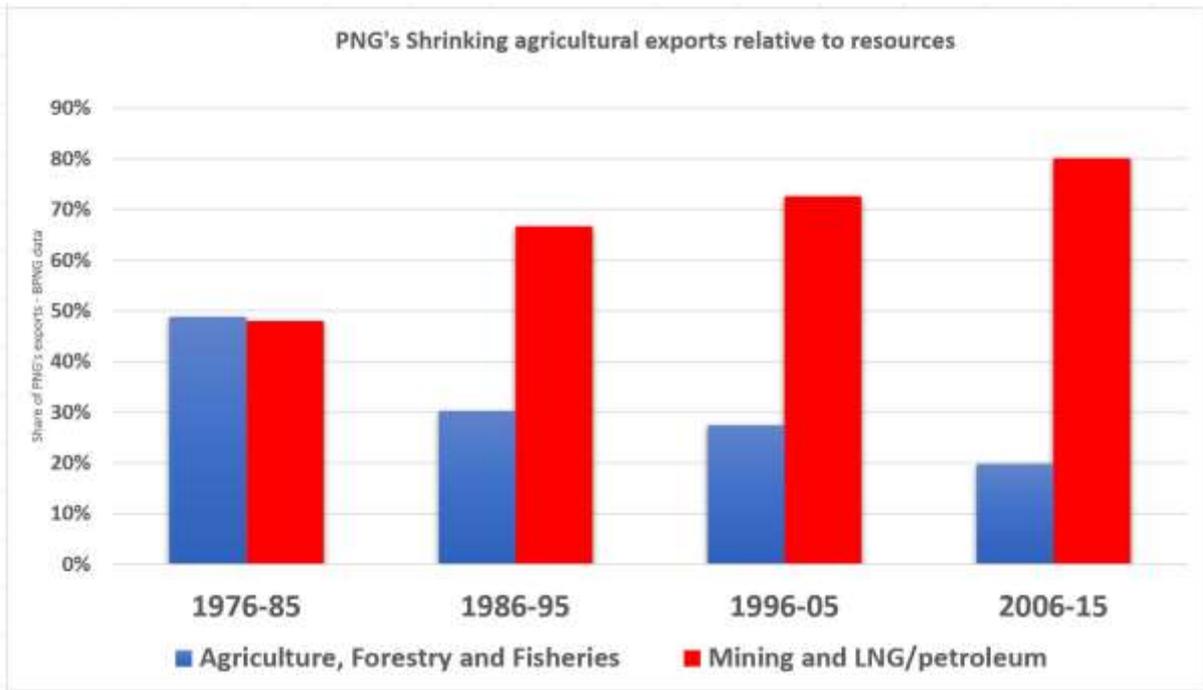
“As an example of PNG's enormous agriculture potential, if we had simply increased our agricultural output by 1 per cent per capita since Independence, we would be exporting over another K3 billion in agricultural produce. This is over six times as much as current rice imports. It would remove our current foreign exchange shortages. For the first decade of our Independence from 1975, exports of agriculture, forestry and fishing products were actually greater than our mineral exports. However, in recent years, over 80% of our exports are now in the much more narrowly focused resource sector. Please teach our Treasurer how raising tariffs and simply looking for import-substitution of items such as rice is not the best way to go forward for true economic integration in the APEC region.

“One of PNG’s major challenges is how to tap into the enormous productivity and wisdom of women in our society. As visiting Ministers would be aware, the failed 2017 national election in PNG did not see any women members of Parliament. We must become a more inclusive society, one in which women can share equally in the opportunities of increased trade and investment.

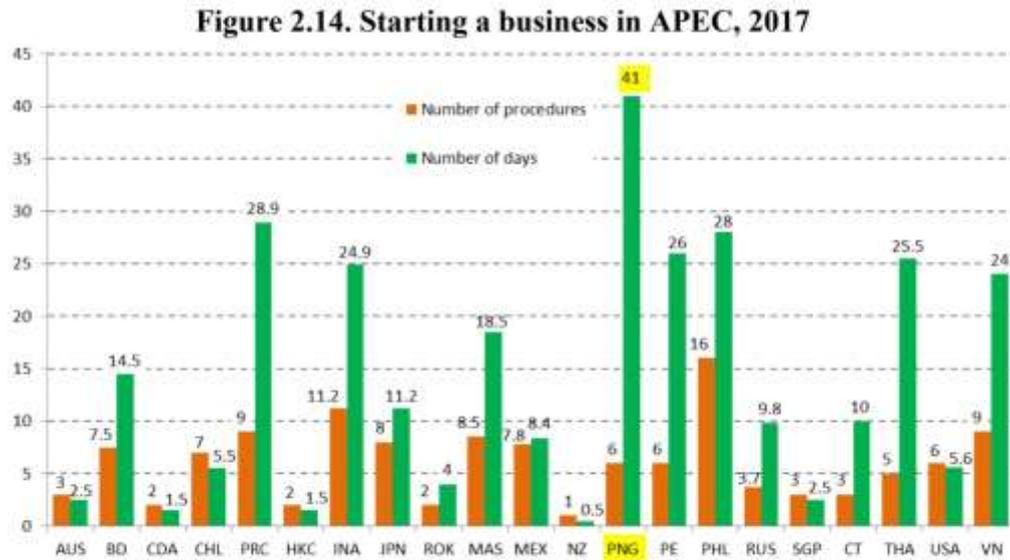
“I am excited by the potential of the digital economy. There are welcome developments with the new submarine cable and fibre optics that can make the connections with the rest of APEC so much easier. As the most multi-cultural country in the world, we could use these new digital connections to market our fashion, our products, our culture across the region. Much more needs to be done to foster our new entrepreneurs and SMEs to take advantage of these historic opportunities. PNG is currently the worst performing APEC country when starting a new business. Unfortunately, the current PNG government is actually taking too much of an inward-looking approach, simply looking to replace imports in our food markets in Port Moresby and Lae rather than being more creative and forward looking in seeing PNG products supplying the supermarkets of all of Asia in areas where we have a true comparative advantage. This is the real vision for economic integration for PNG, a vision that the current government is lacking. I hope our APEC colleagues can quietly encourage our Treasurer to take a better path during the APEC Finance Ministers meeting” said Mr Ling-Stuckey.

**Hon.Ian Ling-Stuckey,CMG.MP**  
**Shadow Minister for Treasury & Finance**

15 October 2018



Data from BPNG Quarterly Economic Bulletins.



Note: Data for Brunei Darussalam and Malaysia is the average numbers between men and women.  
 Source: World Bank, *Doing Business* online database.

Graph from 2017 APEC Economic Policy Report – p30