



## SHADOW MINISTER FOR TREASURY & FINANCE

PO Parliament House

Waigani.NCD

m: +675 71111777

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

### **PNG Economy Going Backwards-World Bank and IMF**

“Unfortunately, external independent views of PNG’s economy in 2018 are getting darker and darker. Despite the Governments promises of an economic up-turn driven by APEC, the World Bank is now predicting that there will be a severe recession in PNG’s economy in 2018. Indeed, the latest World Bank forecast is for negative growth of 1.7% in 2018. The International Monetary Fund is slightly more optimistic – it says the economy will shrink by 1.1% in 2018. The government continues to try and minimise the realities of its economic mismanagement as well as the earthquake, but independent experts such as the World Bank, the IMF and credit ratings agencies give a very different picture. Who do you trust – the PNC government claiming growth of 1% in 2018, or the World Bank and IMF saying growth of minus 1.7 and minus 1.1%?” asked the Shadow Minister for Treasury & Finance Ian Ling-Stuckey.

“I am growing tired of being a messenger for independent agencies views of the economy. I am extremely worried that the Treasurer continues to push a “rosy” picture of the economy. My worry is that he is not adjusting economic policies to deal adequately with PNG’s economic crises. You need to truthfully acknowledge problems in order to start the work of solving problems. The Treasurer needs to be honest about the economy and not continually be in denial!

“PNG is going backwards under the PNC on key measures of economic well-being such as Gross National Income per Capita. On this measure, since the end of the boom of construction of the PNG LNG project (an activity initiated under the National Alliance), GNI per capita has fallen from K3,010 to K2,410 in 2017. This is an extraordinary reduction of 20 per cent or one-fifth from 2014 to 2017. Now, on top of these declines, the World Bank and IMF are predicting a recession in 2018. No wonder the people of PNG feel the government has failed to deliver for them” said the Shadow Treasurer.

Last week, I offered a truce with the Treasurer as to how we portray the state of the PNG economy to the international community for APEC. He has not had the good grace to contact me in the interests of PNG. I want the best for the people of PNG, so my former offer stands. All I've asked is for three simple pieces of factual information to be provided to the people of PNG to assess how things are really going. We need to be more honest in how we portray the economy. Of course the banks and financiers are happy with the sovereign bond-they ultimately benefit but it is a bad long-term deal for our people especially as better alternatives were available. You can always get someone to pay if you sell your assets at too low a price. The real measure of how things are going comes from those that do not gain from our government's incompetence. We should listen more to the warnings from the World Bank and IMF" said Mr Ling-Stuckey.

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

9 October 2018

The IMF's latest forecasts for PNG are from the October Asia & Pacific Small States Monitor

<https://www.imf.org/~media/Files/Countries/ResRep/pis-region/small-states-monitor/100518.ashx?la=en>

**In the oil exporters (PNG and Timor-Leste), growth has weakened in PNG.** While there is a rise in gas exports, PNG has been hit by low commodity prices, a severe drought and a major earthquake in 2018. The earthquake disrupted oil production, and growth in 2018 is revised downward from 2.9 percent to -1.1 percent. Growth is expected to pick up to 3.8 percent in 2019, driven by the resumption of oil production. In Timor-Leste, a recovery in government spending and infrastructure-related investment are expected to boost economic activity. Real GDP growth is expected to rise to 5 percent in 2019.

<b>APD Small States: Real GDP</b>				
<b>(Year-on-year change; in percent)</b>				
	<b>2017</b>	<b>2018 (est)</b>	<b>2019 (proj)</b>	<b>2020 (proj)</b>
Bhutan	7.4	5.8	4.8	6.3
Fiji	3.0	3.2	3.4	3.3
Kiribati	3.1	2.3	2.4	2.3
Maldives	4.8	4.7	5.0	5.5
Marshall Islands	3.8	2.5	2.3	2.2
Micronesia	2.0	1.4	0.9	0.7
Nauru	4.0	-2.4	-1.0	0.1
Palau	-3.7	0.8	2.2	2.5
<b>Papua New Guinea</b>	2.5	<b>-1.1</b>	3.8	3.2
Samoa	2.5	1.8	3.2	5.0
Solomon Islands	3.5	3.4	2.9	2.8
Timor-Leste <sup>1</sup>	-4.6	0.8	5.0	4.8
Tonga	2.5	2.9	5.5	4.7
Tuvalu	3.2	4.3	4.1	4.4
Vanuatu	4.2	3.8	3.5	3.0

The World Bank's latest forecasts for PNG are from the following publication with the key table extracted below showing PNG's 2018 growth rate estimated at minus 1.7%:

<http://www.worldbank.org/en/publication/global-economic-prospects>

**TABLE 2.1.2 East Asia and Pacific country forecasts<sup>1</sup>**

(Real GDP growth at market prices in percent, unless indicated otherwise)

							Percentage point differences from January 2018 projections		
	2015	2016	2017e	2018f	2019f	2020f	2018f	2019f	2020f
Cambodia	7.0	7.0	6.8	6.9	6.7	6.6	0.0	0.0	-0.1
China	6.9	6.7	6.9	6.5	6.3	6.2	0.1	0.0	0.0
Fiji	3.6	0.4	3.8	3.5	3.4	3.3	0.0	0.1	0.1
Indonesia	4.9	5.0	5.1	5.2	5.3	5.4	-0.1	0.0	0.1
Lao PDR	7.3	7.0	6.7	6.6	6.9	6.9	0.0	0.0	0.0
Malaysia	5.0	4.2	5.9	5.4	5.1	4.8	0.2	0.1	0.1
Mongolia	2.4	1.5	5.1	5.3	6.4	6.5	2.2	-0.9	1.0
Myanmar	7.0	5.9	6.4	6.7	6.9	7.1	0.0	0.0	0.2
Papua New Guinea	5.3	1.9	2.2	-1.7	4.0	3.0	-4.2	1.6	-0.4
Philippines	6.1	6.9	6.7	6.7	6.7	6.6	0.0	0.0	0.1
Solomon Islands	3.7	3.5	3.2	3.0	2.9	2.8	0.0	0.1	0.1
Thailand	3.0	3.3	3.9	4.1	3.8	3.8	0.5	0.3	0.4
Timor-Leste <sup>2</sup>	4.0	5.3	-1.8	2.2	4.2	4.0	-2.0	-0.8	-1.0
Vietnam	6.7	6.2	6.8	6.8	6.6	6.5	0.3	0.1	0.0

Source: World Bank

The following is an extract of data (accessed 9 October 2018) on PNG's 20% fall in GNI per capita from 2014 to 2017

The screenshot shows the World Bank DataBank interface for the indicator 'GNI per capita, Atlas method (current US\$)'. The selected country is Papua New Guinea. The data table shows the following values:

Year	2013	2014	2015	2016	2017
Papua New Guinea	2,630.0	3,010.0	2,780.0	2,530.0	2,410.0

Source: World Development Indicators. Click on a metadata icon for original source information to be used for citation.