



17 October 2018

MEDIA RELEASE

Resources sector will help stabilise PNG economy in the coming year

PNG Chamber of Mines and Petroleum welcomes World Bank research report predicting positive economic outlook

The PNG Chamber of Mines and Petroleum has today welcomed the 2018 World Bank East Asia and Pacific Economic Update which has forecast a positive economic outlook for Papua New Guinea (PNG) and acknowledged the contribution large-scale resource projects will have in the coming years.

After a rebound in economic growth in 2017, the World Bank predicts the GDP growth rate in PNG will decline in 2018 following the devastation of the earthquake which hit the country in February this year. The Economic Update warns that global trade and global GDP growth are also slowing, which poses risks for a region heavily dependent on trade. The Update also predicts a period of global uncertainty caused by rising protectionist sentiment and increasing turbulence in the financial markets.

During his visit to Port Moresby for APEC meetings, Sudhir Shetty, World Bank Chief Economist for East Asia and Pacific, urged policy makers to prepare for this uncertainty by enhancing resilience and preparedness; strengthening macroprudential policies; and using fiscal policy – including exchange rate flexibility – to establish buffers against potential shocks.

In the face of these challenges, the report notes that the resources sector is well positioned to fortify the PNG economy, with GDP growth expected to rebound to 3.5 per cent in 2019 and 3.1 per cent in 2020, primarily due to a return to full production in the resource sector, LNG and gold extraction. Resource-specific GDP growth is predicted to rise to 8.3 per cent in 2019, the highest rate since 2016.

Dr Albert Mellam, Executive Director of the PNG Chamber of Mines and Petroleum, says the mining and petroleum industry is an important contributor to a resilient PNG economy.

“Along with contributing to government revenue through taxes and royalties, the resources sector is helping create a strong broad-based economy by investing in education programs, creating jobs and ensuring rural communities have access to power, roads and health services,” said Dr Mellam.

“This creates opportunities for small businesses, manufacturers and farmers to access new markets and grow their operations which means more jobs, more government tax revenue and more resilience for the PNG economy,” he added.

This year the OK Tedi Development Foundation imported more than 40 kilograms of high-value eaglewood seeds for nurseries in Tapila, Nakaku, Aiambak and Samagos to promote rubber production and commercial agriculture ventures.

While over the past 12 months, The Wafi Golpu Joint Venture has provided over 2.1 million kina in community education initiatives such as supporting Adult Literacy & Numeracy Schools in Morobe Province and donating thousands of Tutu Desks to elementary students in more than 20 Elementary Schools in the Project area. In addition, PanAust has invested approximately 165,000 kina on education programs in PNG which has included the construction of classrooms, school fee assistance and logistics support to teachers.

“By investing in our children, creating jobs and supporting local businesses, we will continue to work with the government to ensure PNG reaches its full potential as an economic force in the Asia Pacific region,” said Dr Mellam.

The resources industry in PNG directly employs over 20,000 people and has created a further 30,000 jobs through partnerships with landowner and local businesses who are also benefiting from access to power, new roads and bridges which have been developed by resource projects over the years.

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The resource industry is providing job opportunities to many Papua New Guineans like these two female employees of the Ok Tedi Mining Ltd.



School children of Simberi Primary School showing off books that were donated to the school by the Simberi Gold Mine. Pictures courtesy of PNG Chamber of Mines and Petroleum.

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