PAPUA NEW GUINEA EXPORTS
Trends and development impacts

June 27th 2013
Aaron Batten, Country Economist
Port Moresby Resident Mission
INTRODUCTION

What has the last decade of economic growth meant for the export linkages of the PNG economy?
Are PNG businesses integrating themselves with ‘factory Asia’ or opening up other new partnerships?
What implications do these trends have for encouraging more inclusive growth?
Underpinning the last decade of economic growth has been a dramatic increase in PNG’s exports...

PNG exports ($US, billions)

- Export sales have increased from $1.6 billion in 2002 to $7.5 billion in 2012.
- Share of exports to GDP has increased from 40% in 2002 to 51% in 2012.
By 2012, sales of gold, copper and oil, were contributing roughly two thirds, or $4.5 billion, of total export earnings.
With strong commercial links to PNG’s mining and petroleum sectors these two countries now purchase roughly ¾ of PNG’s total exports, with Australia alone responsible for 55% in 2012.

PNG exports ($US, billions)

- Japan
- Australia
- Total

...reinforcing PNG’s traditional export partnerships with Australia and Japan.
Excluding Japan, about 20% of PNG’s exports sold to Asia while North America and Europe accounted for less than 15% of sales.

PNG exports ($US, billions)

excluding.png

Excluding Japan, about 20% of PNG’s exports sold to Asia while North America and Europe accounted for less than 15% of sales.
BUT the PNG economy has been more dynamic than aggregate figures suggest...

Asian and European economies have driven rapid growth in non-mineral exports over the last decade.

Between 2000 and 2011, PNG’s non-mineral export earnings rose in value by 230%, from $660 million to $2.2 billion.
...Asian non-mineral exports led by PRC along with Malaysia, Thailand, Singapore, Philippines & Indonesia...

PNG non-mineral exports ($US, billions)

China dominates non-mineral Asian exports, with Malaysia, Thailand, Philippines, India and Indonesia also growing.

Japan has been declining as an export destination.
PNG non-mineral exports ($US, billions)

Wood products make up roughly 65% of sales to Asia.
...but also with significant growth in a number of other commodities.

PNG non-mineral exports ($US, billions)

Coffee, cocoa, and fish have all been major sources of growth.
European exports increased almost fourfold from $220 million in 2000 to $810 million in 2011.

PNG non-mineral exports ($US, billions)

- Germany
- Netherlands
- Italy
- UK
Palm oil, copra, cocoa and fish have led these growing export sales...

PNG non-mineral exports ($US, billions)

Growth focused on vegetable oils, seafood, coffee, cocoa, tea, spices, and rubber.
Other markets are also becoming important, like the United States.

PNG non-mineral exports ($US, billions)

Growing sales to USA comprised of coffee, cocoa, fish and vanilla.
Conclusion 1/3: PNG’s export performance has been more dynamic than aggregate figures suggest.

Export volumes (2002 = 100)

Non-mineral export growth driven by both price and volume increases.

Mineral export growth driven exclusively by prices.

Source: BPNG QEB 2013.
Conclusion 2/3: Non-mineral exports have been a key driver of employment growth, formal and informal.

Employment growth (annual % change)

Non-mineral exports and total employment growth are closely related.

Source: BPNG QEB 2013.
Conclusion 3/3: PNG’s progress towards extending its domestic value chains has been limited.

PNG economic complexity of exports index (out of 128 countries)

Index measures the diversity and ubiquity of products exported by a country.

PNG has become one of the worlds least ‘knowledge based’ exporters.

Thank you.

Asian Development Bank
6 ADB Avenue, Mandaluyong City
1550 Metro Manila, Philippines
Tel + 632 632 4444

Port Moresby Resident Mission
Level 13, Deloitte Tower
Port Moresby, PNG