



PAPUA NEW GUINEA EXPORTS

Trends and development impacts

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INTRODUCTION



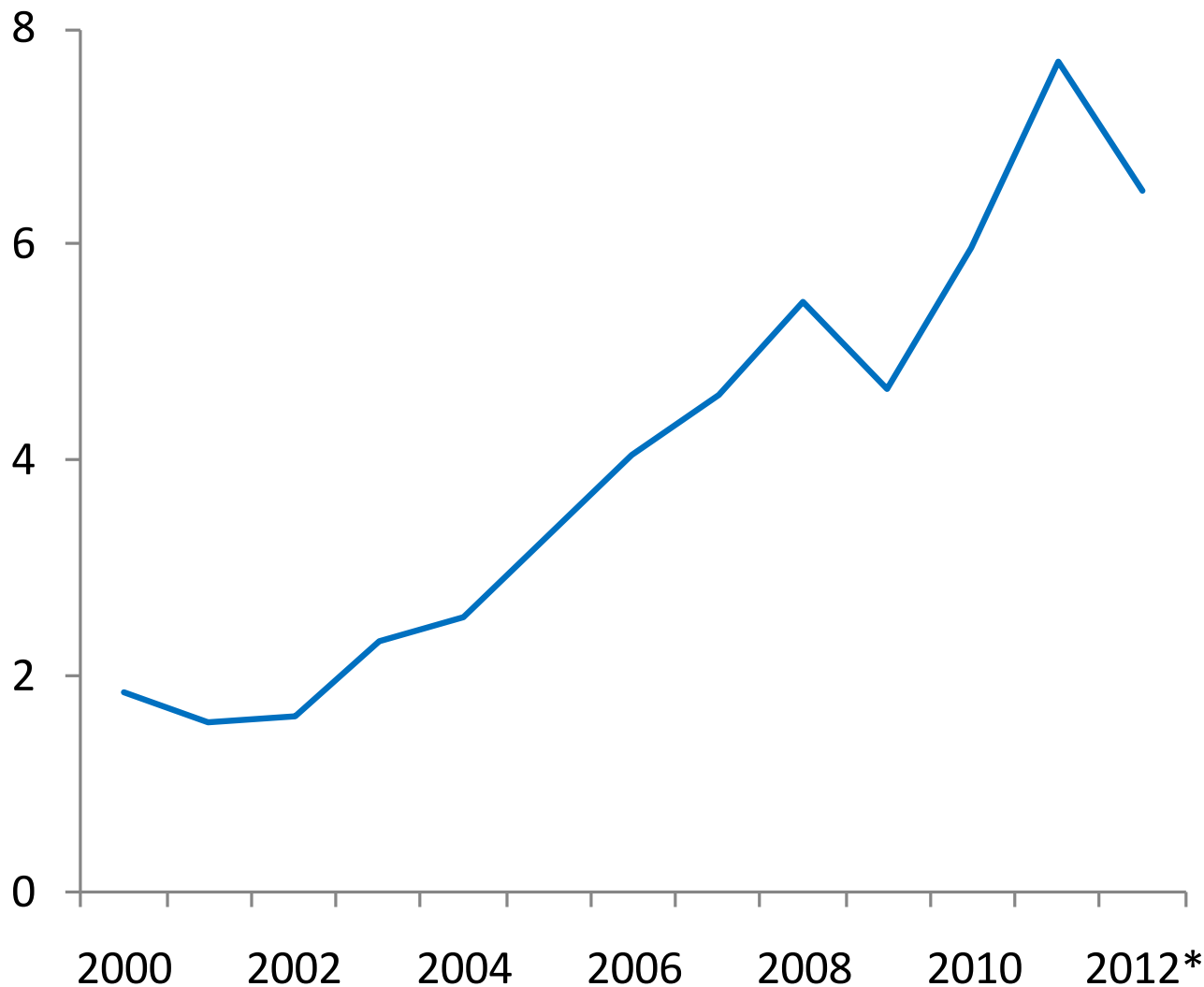
What has the last decade of economic growth meant for the export linkages of the PNG economy?

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)

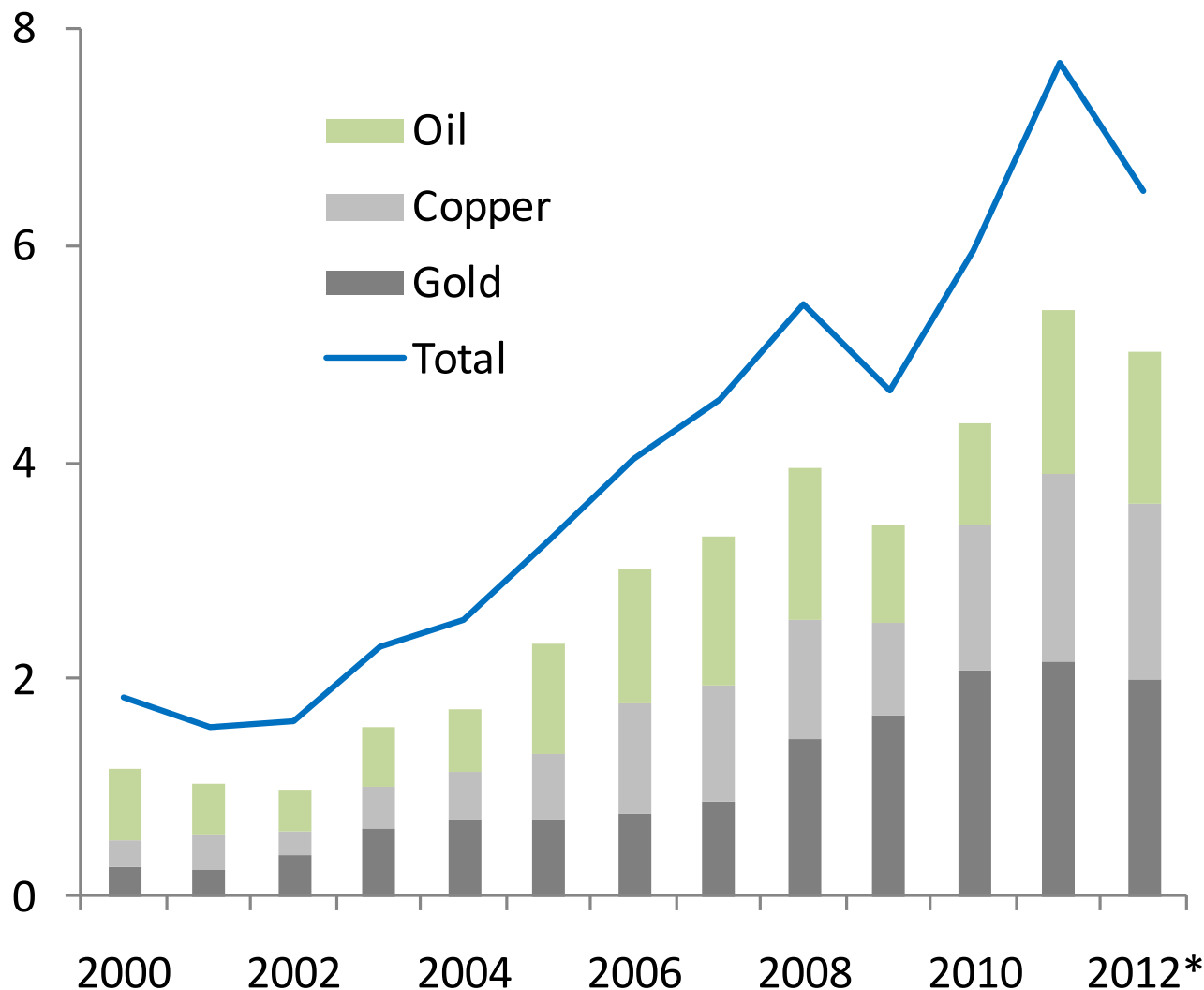


Export sales have increased from \$1.6 billion in 2002 to \$7.5 billion in 2012.

Share of exports to GDP has increased from 40% in 2002 to 51% in 2012.

...driven by increasing sales of gold, copper and oil...

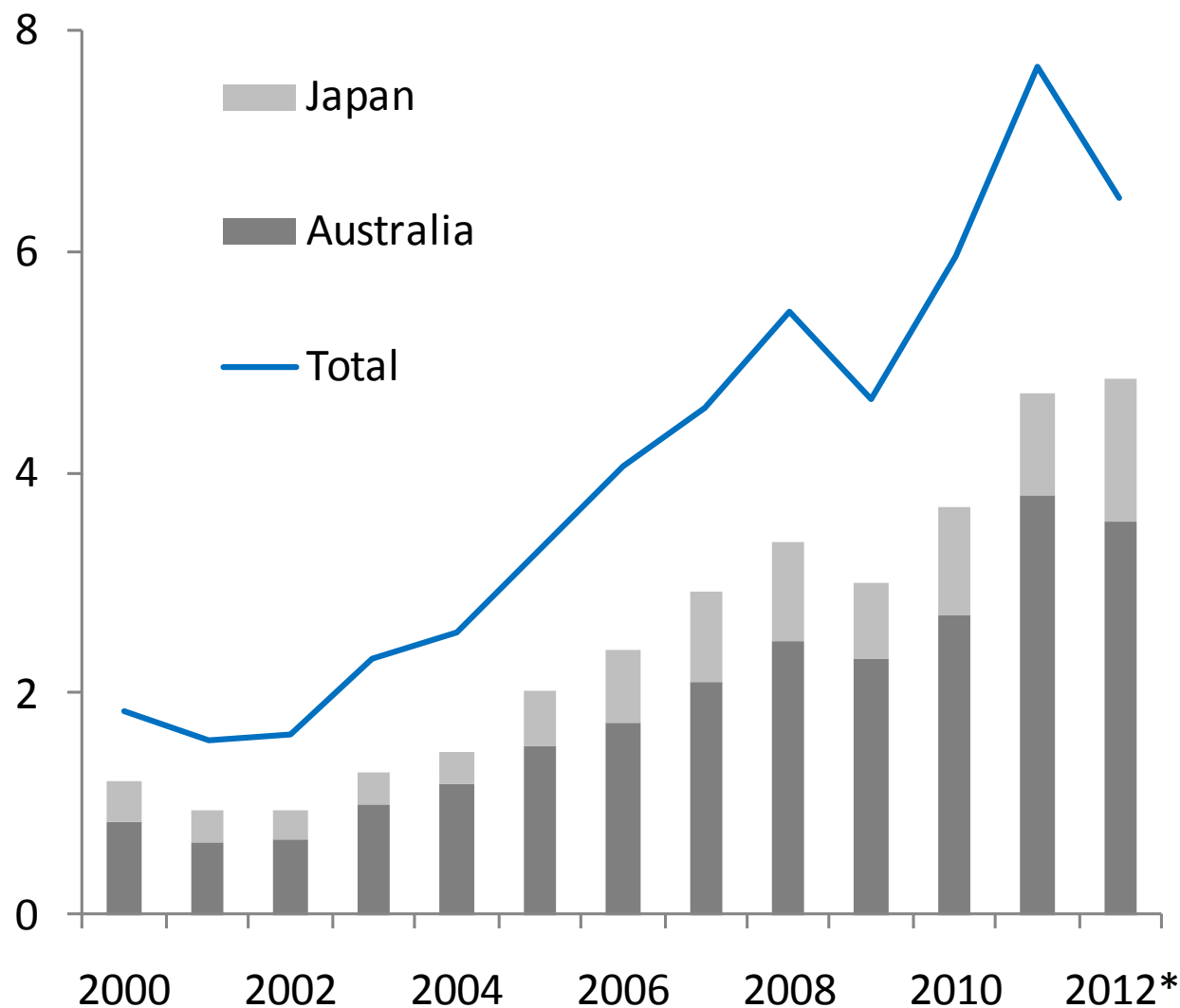
PNG exports (\$US, billions)



By 2012, sales of gold, copper and oil, were contributing roughly two thirds, or \$4.5 billion, of total export earnings.

...reinforcing PNG's traditional export partnerships with Australia and Japan.

PNG exports (\$US, billions)

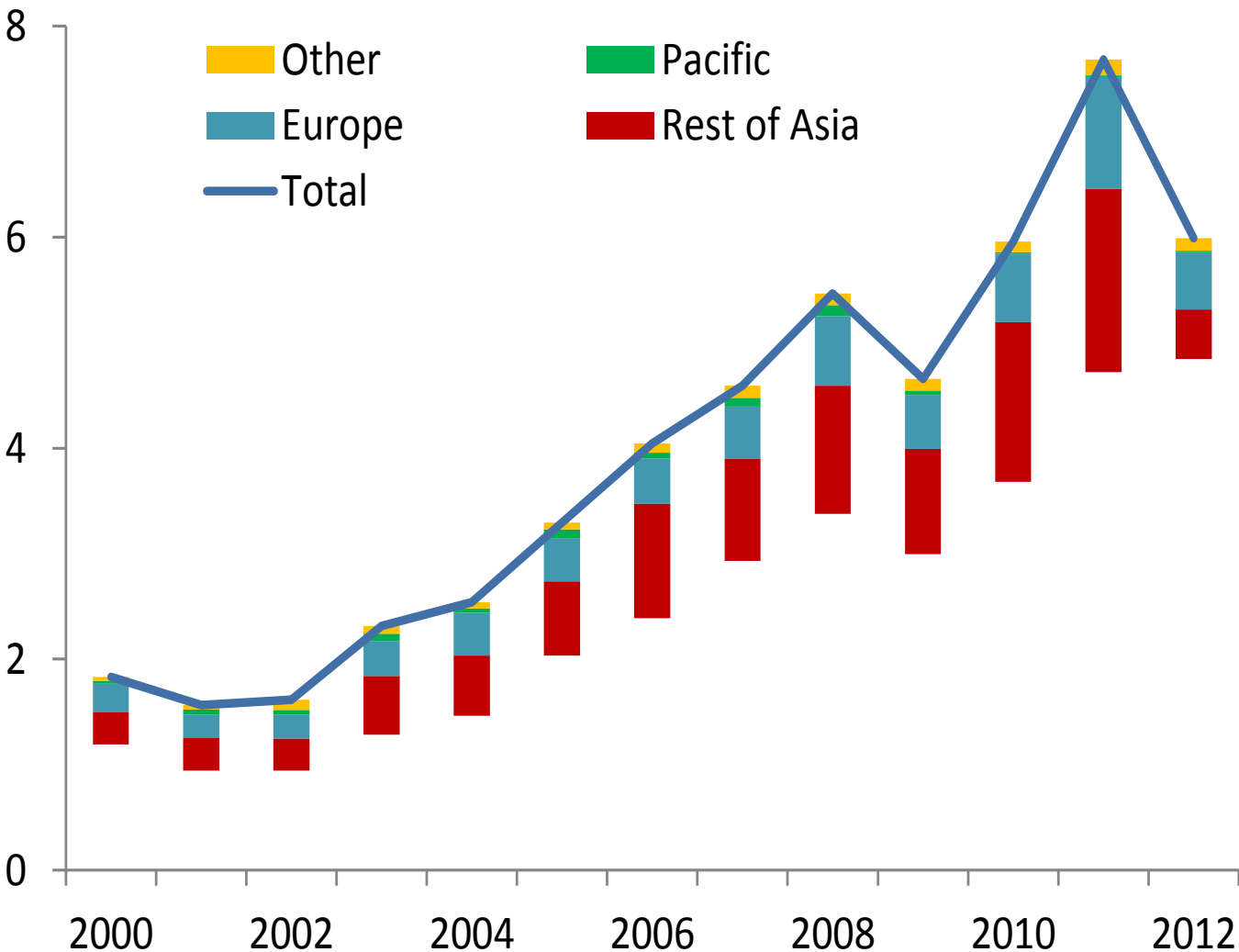


With strong commercial links to PNG's mining and petroleum sectors these two countries now purchase roughly ¾ of PNG's total exports, with Australia alone responsible for 55% in 2012.



...and painting a stagnant picture of PNG's export diversification.

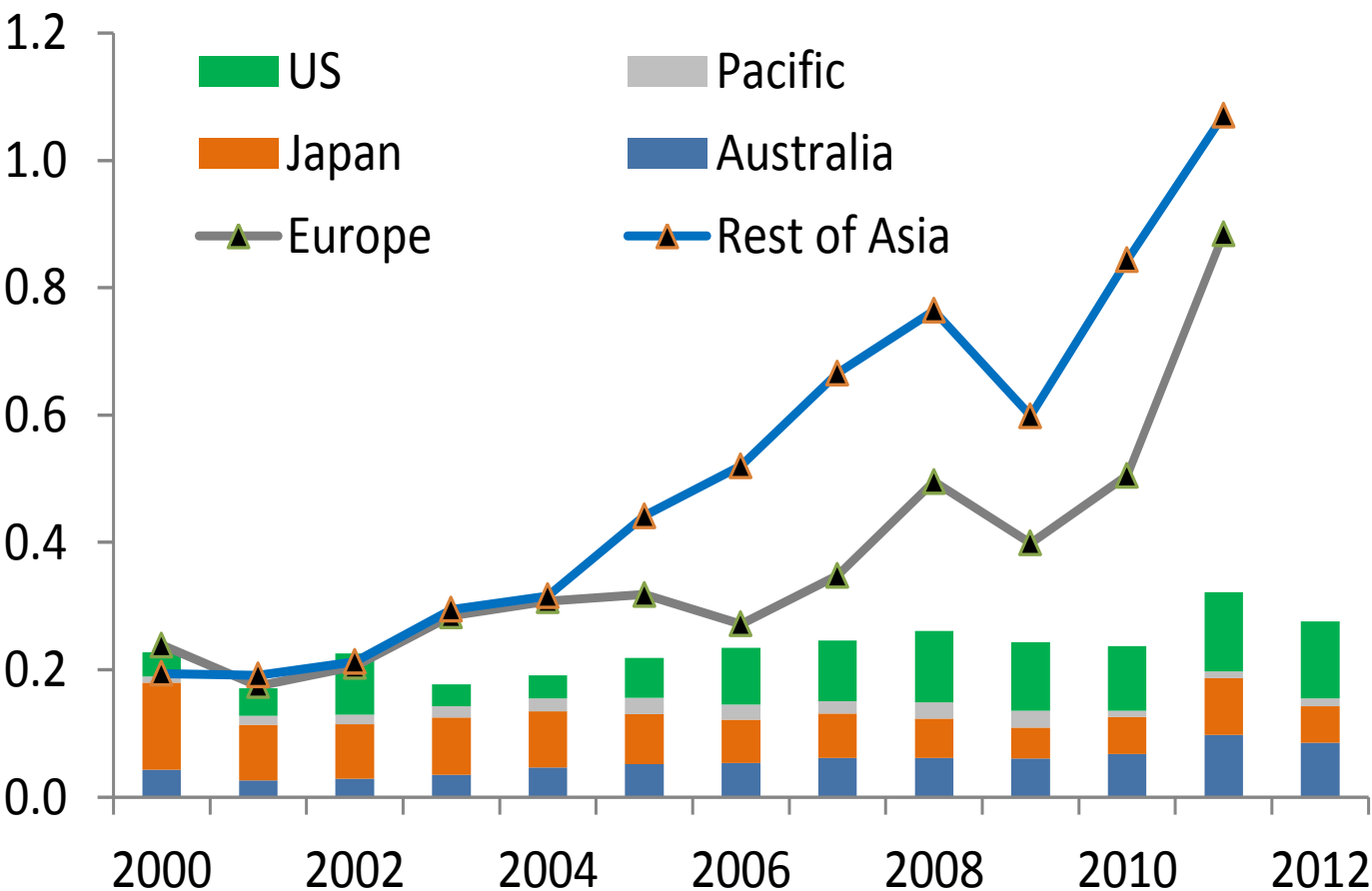
PNG exports (\$US, billions)



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...

PNG non-mineral exports (\$US, billions)

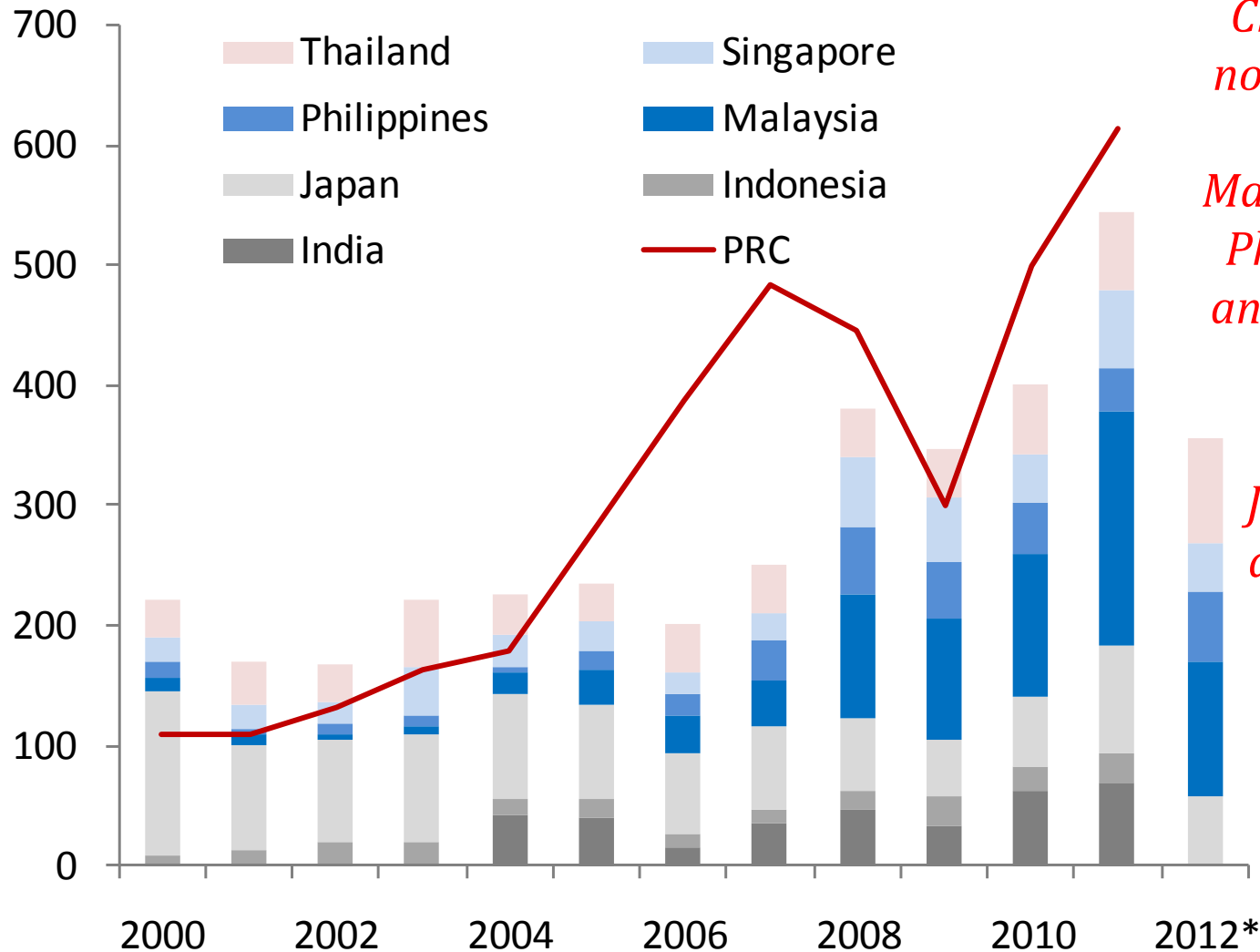


Asian and European economies have driven rapid growth in non-mineral exports over the last decade.

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)

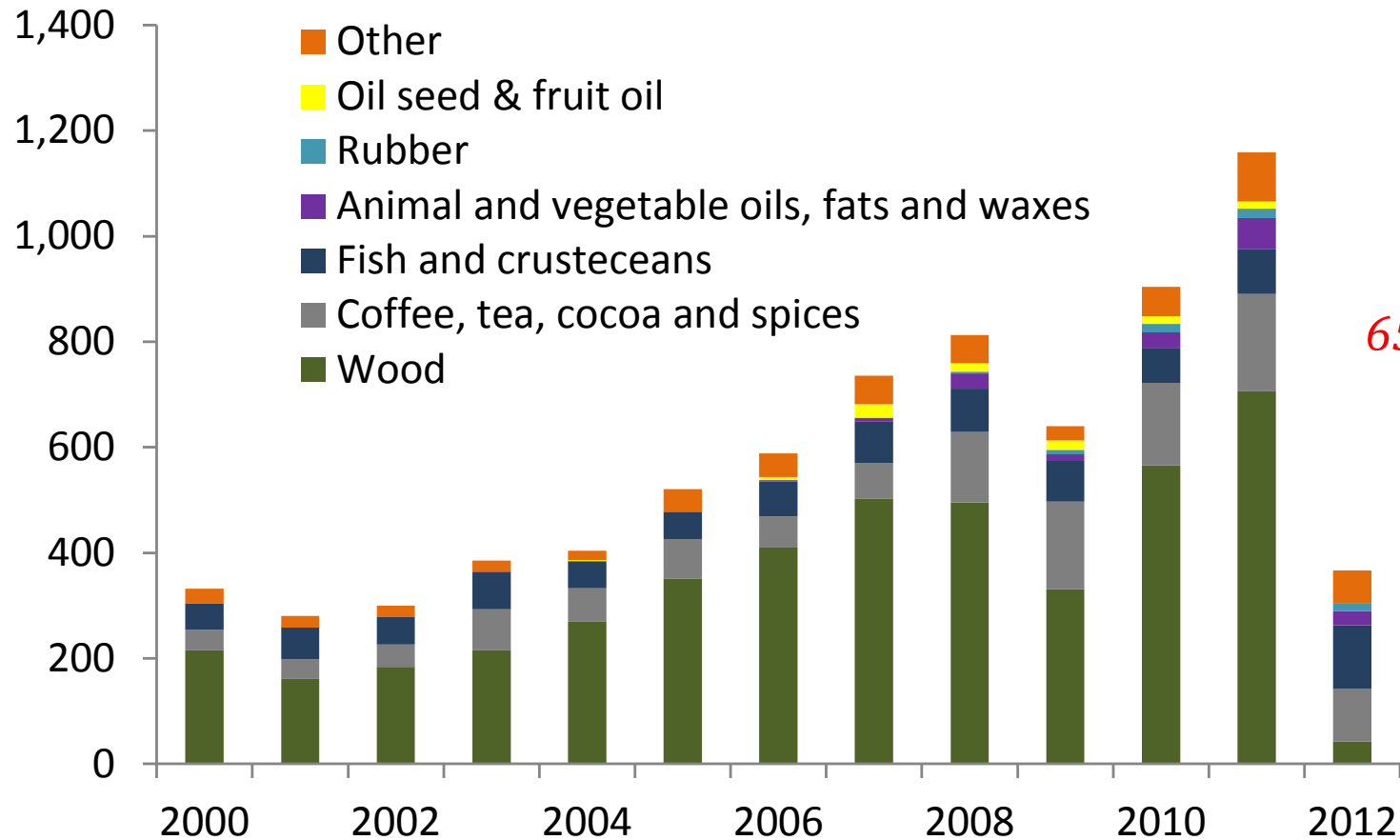


China dominates non-mineral Asian exports, with Malaysia, Thailand, Philippines, India and Indonesia also growing.

Japan has been declining as an export destination.

...dominated by sales of logs and log products...

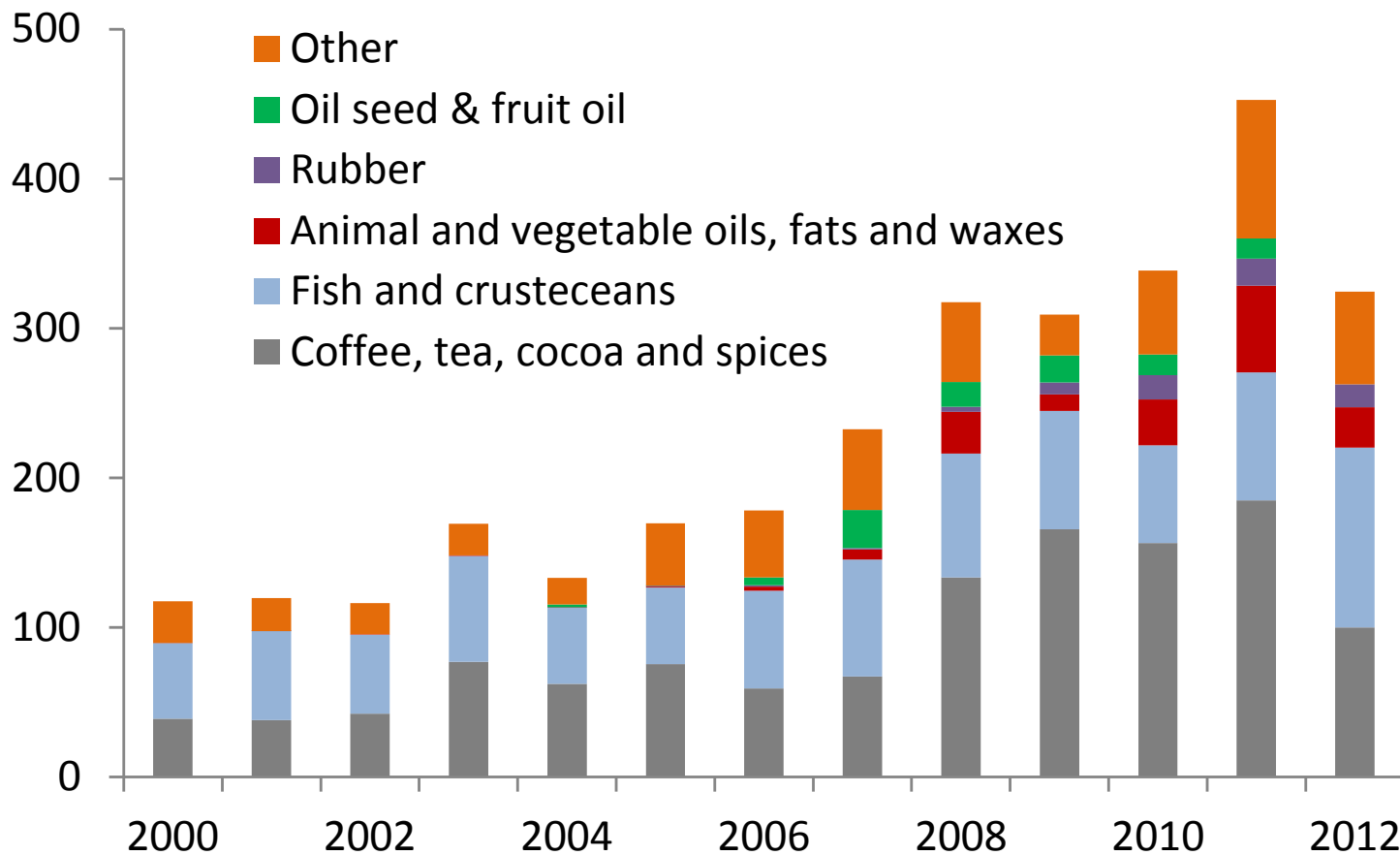
PNG non-mineral exports (\$US, billions)



*Wood products
make up roughly
65% of sales to Asia.*

...but also with significant growth in a number of other commodities.

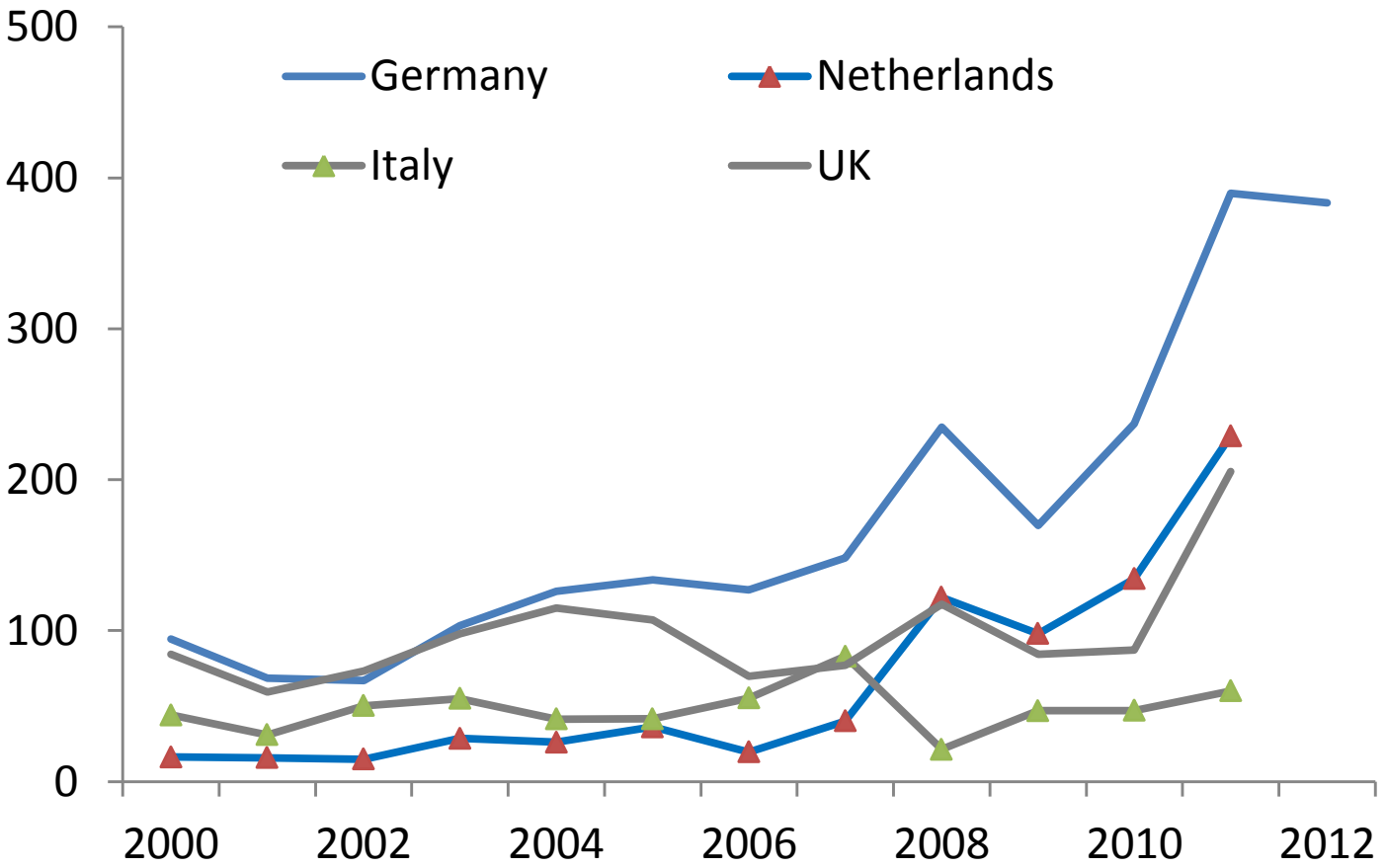
PNG non-mineral exports (\$US, billions)



Coffee, cocoa, and fish have all been major sources of growth.

European export growth led by Germany, Netherlands, UK and Italy...

PNG non-mineral exports (\$US, billions)

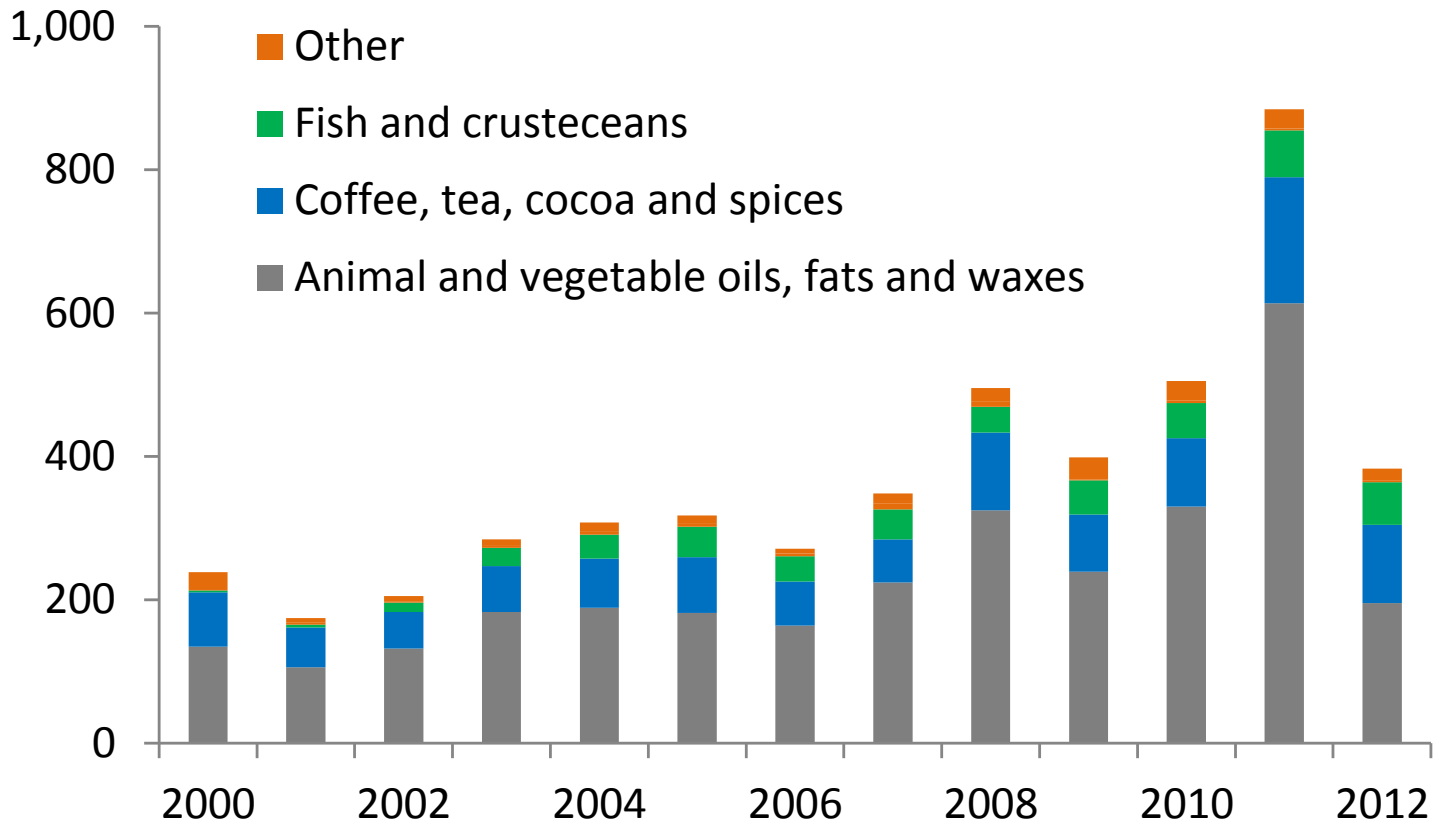


European exports increased almost fourfold from \$220 million in 2000 to \$810 million in 2011.



Palm oil, copra, cocoa and fish have led these growing export sales...

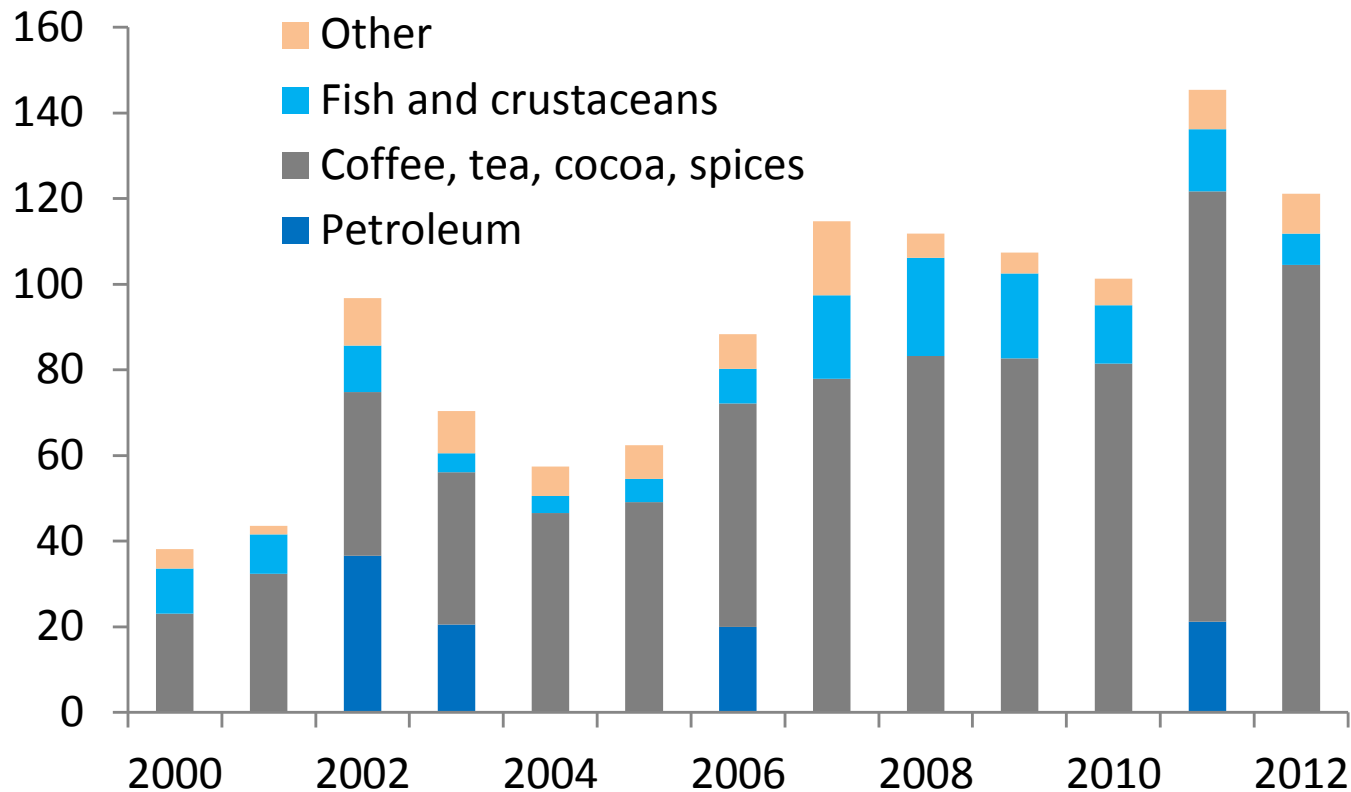
PNG non-mineral exports (\$US, billions)



Growth focused on vegetable oils, seafood, coffee, cocoa, tea, spices, and rubber.

Other markets are also becoming important, like the United States.

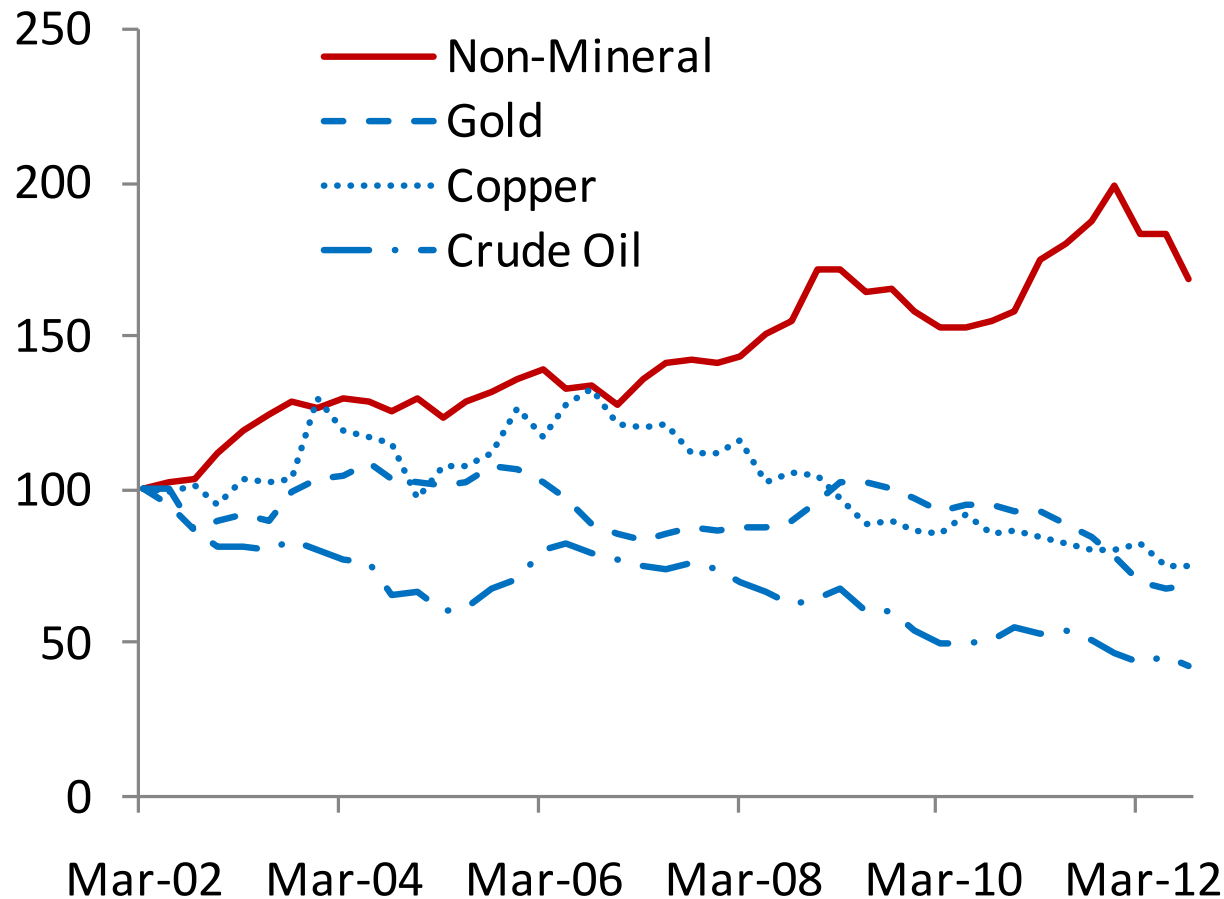
PNG non-mineral exports (\$US, billions)



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)



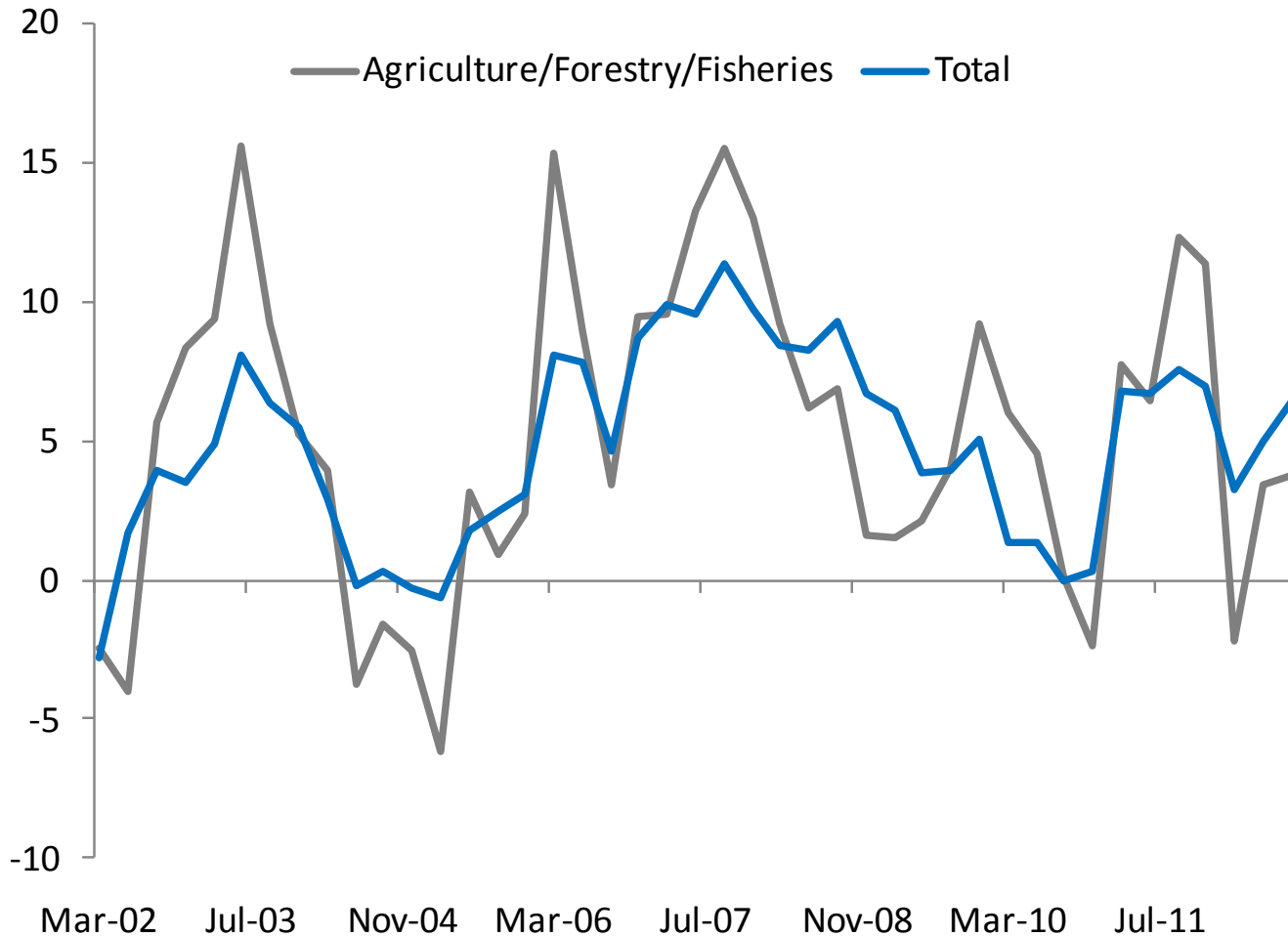
Non-mineral export growth driven by both price and volume increases.

Mineral export growth driven exclusively by prices.



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

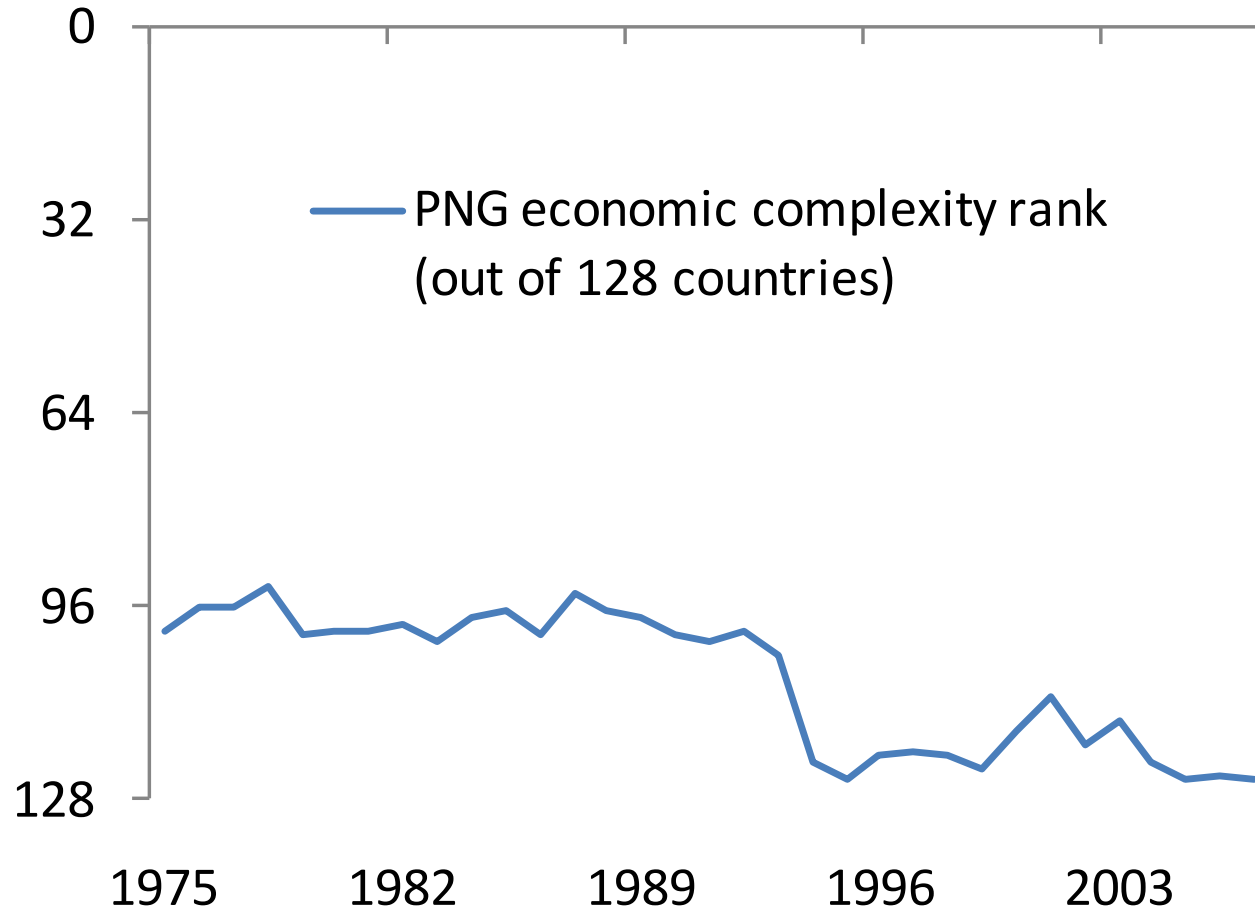
Employment growth (annual % change)



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

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.



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