

Papua New Guinea troops to protect huge Exxon-Mobil gas project

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The Papua New Guinea (PNG) government announced on Friday that it will deploy military personnel to stop “violence” near the country’s biggest resources installation, the Exxon-Mobil Liquefied Natural Gas (LNG) project.

Troops will be sent to Hela Province in the highlands where the authorities claim dozens of people have died in tribal conflict in recent months. Prime Minister Peter O’Neill said the military call-out would last six months, beyond national elections due next year. The government is asking Exxon-Mobil and Oil Search—the two main companies involved in the LNG project—for “logistical support” for the operation.

O’Neill said the military would work with police to conduct security operations. He stated: “These problems have the potential to impact on the upcoming election as well as the operation of important projects in the area.... Police will have full powers to ensure law and order and to deal with people who seek to cause trouble.”

According to the *PNG Post-Courier*, the deployment will address the “continuous and sporadic tribal fights fueled by the use of heavy firearms.” Finance Minister James Marape, whose electorate is affected, had pushed for an official state of emergency to be declared. This would provide extended powers to the police and the military to suppress what Marape called the “gun-toting cowboys of Hela.” The declaration was not made only because of the time required for parliamentary approval.

The security and viability of the ExxonMobil operation is a key concern in Washington. In November 2010, then US Secretary of State Hillary Clinton visited PNG and noted that the US Export-Import Bank was helping finance the ExxonMobil project. Speaking to a Congressional committee in 2011, she declared: “Let’s

put aside the moral, humanitarian, do-good side of what we believe in, and let’s just talk, you know, straight realpolitik. We are in a competition with China ... ExxonMobil is producing it [natural gas]. China is in there every day in every way trying to figure out how it’s going to come in behind us, come in under us.”

Exxon-Mobil’s former chairman, Rex Tillerson, has been nominated as US secretary of state by President-elect Donald Trump. If ratified by the Senate, Tillerson would be directing Washington’s foreign policy, including in countries where ExxonMobil has commercial interests. O’Neill has welcomed Tillerson’s nomination, describing him as a “very good and genuine friend” of PNG.

The explosive situation in Hela Province points to deepening social tensions and anti-establishment sentiment as a result of the government’s sweeping austerity measures. In October, five Electoral Commission officials were attacked while on their way to replace an election manager in the Southern Highlands. Last month, two men were shot dead when the Hela provincial governor’s convoy, which included two members of parliament, was stopped by armed men. Police responded by burning houses and gardens in a purported attempt to flush out those responsible.

The *National* lamented in May that Hela had become a “troublesome province.” Its development and prosperity had “looked secured by the multi-billion kina LNG project.” Despite the money pouring into the district, the paper complained, not a week went by “without police reports of tribal fights, murders, sorcery-related killings and other lawless activities.”

None of the promised benefits from the LNG projects to improve ordinary people’s living standards has been realised. ExxonMobil invested heavily in PNG chiefly to profit from low labour and start-up costs. The

company began shipping exports to Asian markets two years ago, delivering a boost to the country's output. This year, however, the deepening global economic crisis has produced a precipitous drop in LNG prices to \$US6.45 per million British thermal units (Btu) from a peak of \$19.70 in 2014.

Traditional landowners are now threatening to physically attack the LNG plant over the government's failure to pay promised royalties and equity in the project. The landowners are owed \$1 billion kina (\$A400 million) in royalties.

In August landowners blockaded the ExxonMobil plant in protest at the lack of payments, disrupting the flow of gas. The government deployed 60 police as the dispute threatened to erupt into another major crisis. This followed the violent suppression of an eight-week student strike calling for O'Neill's resignation over corruption charges and a series of unofficial strikes by sections of workers.

The government finally promised to meet its outstanding financial commitments to the landowners, but is now claiming the money has been held up by court proceedings and delays in landowner identification. Australian National University student Michael Main, who is studying in the area, told ABC News that people are getting sick of waiting for the payments. "There's tremendous resentment and frustration directed almost exclusively towards politicians," he said.

The landowners are also threatening to create "chaos" if the government does not honour another deal to give them equity. The government-owned company Kumul Petroleum Holdings has withdrawn an offer to finance the landowners' purchase of 4.27 percent of the LNG project. The landowners need to find more than \$US1 billion to buy the equity before their option expires at the end of 2016.

The turmoil in Hela is symptomatic of the country's worsening economic and social crisis. The government's 2017 budget, handed down in November, contained a 3.5 percent spending cut and a two-year pay freeze for public servants. Under new housing-benefits tax proposals, workers living in company-provided housing could lose more than half of their fortnightly salary from next year.

The assault on living standards has fuelled a series of struggles by students and sections of the working class,

including doctors, nurses, pilots and dock workers. Two thousand health support workers voted overwhelming in November to strike for three weeks over pay and working conditions. Last week, bus drivers in Port Moresby struck over the death of a driver who was allegedly beaten by police officers. The ruling elite is relying on the trade unions to suppress this movement and shut down strikes.

O'Neill has responded to the escalating social disaster and emerging opposition with preparations for further repression. After a National Security Advisory Council meeting in July, a new National Security Joint Task Force, including police and military personnel, was established to "quell increasing internal security threats." The deployment of troops to protect the ExxonMobil LNG site is another step in this agenda.



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