

Papua New Guinea government intensifies military operations at ExxonMobil plant

John Braddock
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The Papua New Guinea government of Prime Minister Peter O'Neill is moving to intensify its massive police and military operation against villagers in Hela province, where the \$US19 billion ExxonMobil liquefied natural gas (LNG) is based.

In January, the government deployed 150 troops and police near the ExxonMobil site in response to what it claimed was a spike in tribal violence that had left dozens of people dead. Security forces were ordered to seize and destroy illegal weapons after police raised concerns about a build-up of high-powered guns.

Police Commissioner Gari Baki proposed last month that the government recruit 500 retired ex-servicemen to help enforce "law and order" in Hela. Baki said the former police, soldiers and warders would be on a six-year contract to train new police officers. Baki announced the plan while overseeing the destruction of over 500 firearms, mostly home-made, surrendered by locals during an amnesty that started in January.

Hela Governor Francis Potape admitted that the amnesty, which was extended twice into March, was largely unsuccessful. Police commander Samson Kua told the media on March 7 that hundreds of weapons still remain unaccounted for. Security forces would be ordered to take "tough measures" to recoup the guns and arrest the owners, Kua declared.

The actual purpose of the police-military buildup, which will involve 300 people, including public servants from the law and justice sector, is to protect the giant LNG project, which has been subjected to protests and blockades by traditional landowners.

Chief Secretary Isaac Lupari said securing the LNG site was a "critical" aim of the operation. "We've got a very important project that is located there," he said. "It supports the economy, employs thousands of Papua New Guineans, so we've got to restore law and order."

Construction of the ExxonMobil operation was originally bankrolled by the US Export-Import Bank. The project is viewed as economically vital by the major Wall Street shareholders that have backed it.

In February, the Singapore-based InterOil Corporation announced a \$US2.5 billion deal approving ExxonMobil's acquisition of the company. It includes interests in six licenses covering four million acres of the PNG highlands. One undeveloped gas field, Elk-Antelope, is among Asia's largest and will be used to vastly expand ExxonMobil's footprint.

Landowners in Hela are meanwhile still waiting for royalties, development levies and dividends from the project to be paid. In February, more than 1,000 protesters from four villages gathered at the ExxonMobil site to demand the payments, estimated at over 1 billion PNG kina (\$A400 million). A spokesman said the government had promised to pay royalties but never kept its promises. It was the second major protest affecting the LNG project. In August 2016, landowners blockaded the entrance to the plant and disrupted gas supplies over the lack of payments.

Michael Main, a PhD student at the Australian National University, told ABC Radio on March 10 that "after four years of operation and windfall profits for the project's joint venture partners," the project had "delivered almost nothing of benefit to landowners."

"In fact," Main declared, "it has, in important ways, made life worse for the majority of people living in the project area."

Under the LNG Project Umbrella Benefits Sharing Agreement, signed in 2009, ExxonMobil agreed to pay 700 Kina (US\$216) per hectare per year for land occupied by the project. The government promised specific additional development programs, such as road sealing and township development. Landowners were

told they could expect, according to Main, “the project to deliver tangible improvements to their lives and to the lives of their children.”

However, during the seven months Main conducted fieldwork in the province, he witnessed “a life of immense frustration, disappointment and palpable anger at the absence of benefits.” “What I encountered was abject poverty situated alongside one of the largest natural gas extraction operations in the world,” he explained.

Rampant corruption is a major issue. Main cited the township of Komo, near the LNG plant, which contained a newly built hospital that stood empty with no beds, no staff and no fuel for its generator. This was one of several “white elephants” built at inflated prices by companies owned by PNG’s politicians. “Promised developments, including road sealing, power supply and schools, had all failed to materialise,” Main said.

The complex clan-based society of the highlands region, with a history of disputes over land and possessions that can be traced back over many generations, has been made worse, according to Main, “by the frustrations of a population hammered by the broken promises of the nation’s largest resource development project.” He described constant outbreaks of fighting by “heavily armed clans, young men gunned down by military assault rifles, and many dozens of houses shot through with holes and razed to the ground.”

Main noted that since the beginning of the ExxonMobil project, PNG’s ranking on the UN’s Human Development Index has fallen by two places to 158, having been overtaken by Zimbabwe and Cameroon. “Far from enhancing development indicators, the largest development project in PNG’s history, has coincided with an unprecedented downgrade in the country’s development status,” he concluded.

PNG still has one of the lowest levels of GDP per capita in the region. Real GDP growth has dropped from 11.8 percent in 2015 to a forecast 2.8 percent in 2017. Government revenue has fallen sharply due to the precipitous decline in global commodity prices. LNG prices are less than half what they were in early 2014. The price in 2016 dropped as low as \$US6.45 per million British thermal units (Btu) from a peak of \$19.70 in 2014. Asia’s LNG market fared worse than

slumping oil markets, plummeting by 67 percent.

The O’Neill government has responded by slashing spending, targeting health and education, by up to 40 percent. Austerity is fueling explosive social antagonisms and anti-establishment sentiment. Sections of the working class are becoming more restive over the government’s vicious attacks on jobs, living standards and basic rights. Early last month, National Civil Registry office workers in Port Moresby stopped work and locked the premises, demanding overdue wages. Workers alleged that they had not been paid for over two years.

The government is increasingly mobilising the police and armed forces to suppress deepening unrest. On March 28, armed police intervened to disperse a large crowd outside the provincial assembly in the East Sepik capital Wewak as Governor Michael Somare, PNG’s first prime minister under formal independence in 1975, was preparing to retire from official politics. The crowd had gathered to demand payments for various projects, activities and past “loyalty” to Somare.



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