

# New prime minister installed in Papua New Guinea

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After weeks of acute political turmoil, the parliament in Papua New Guinea this morning voted overwhelming 101-8 to replace Prime Minister Peter O'Neill with former finance minister James Marape.

The country's ruling coalition remains in place. Marape, who resigned last month over a natural gas deal and defected along with others to the opposition, returned to the government side along with his supporters. As finance minister, Marape had a major hand in formulating the austerity measures imposed on working people.

O'Neill, in office since 2011, had announced last Saturday that he intended to step down, appointing as stand-in leader Julius Chan, parliamentarian and former prime minister between 1980-1982 and 1994-1997. The situation quickly descended into political farce, however, as the opposition accused O'Neill of announcing a fake resignation.

On Sunday Chan declared that there had been "a huge misunderstanding" and that he had not been nominated the new prime minister. The following day O'Neill issued a press statement as prime minister explaining that he was taking court action to prevent the parliamentary opposition tabling a no confidence motion against him.

On Tuesday, parliament briefly convened with the speaker blocking the no confidence motion and closing down the session amid physical altercations between government and opposition parliamentarians. Only yesterday did O'Neill confirm that he was indeed stepping down, explaining that he had submitted his official resignation.

The manoeuvring between rival groups of parliamentarians to form government demonstrates the vast gulf that separates the poverty-stricken Papua New Guinean masses and the country's corrupt and venal

political elite.

Papua New Guinea (PNG) is among the poorest countries in the world, despite having some of the most lucrative natural resources. Most of the country's eight million people confront limited or non-existent health care, education, and other social services and infrastructure, with preventable disease and other indices of social distress comparable to sub-Saharan Africa. Members of the ruling class, on the other hand, have reaped enormous personal wealth through their collaboration with Australian imperialism and services rendered to the giant transnational corporations profiting from PNG's energy and mineral wealth.

O'Neill was pressured out of office amid a furore in PNG ruling circles over a series of deals he negotiated with Australian-based Oil Search and France's Total for a significant expansion of the country's enormous liquid natural gas project that is led by US energy giant ExxonMobil.

In 2014, O'Neill personally approved a \$1.2 billion state loan from Swiss bank UBS, via its Australian arm. Most of this money was used to purchase a 10 percent PNG government stake in Oil Search, with the liquidity assisting the development of new gas fields in the PNG Highlands known as Elk-Antelope. The O'Neill government last month announced it had finalised a deal with Total to develop the new gas fields, using the existing huge gas extraction and processing facilities that came online in 2014 constructed by a US-Australian energy consortium led by ExxonMobil.

The Total deal triggered fresh scrutiny of the 2014 UBS loan. At the time O'Neill ran roughshod over legal and parliamentary norms, ramming through approval for the massive loan without parliamentary approval and despite opposition from his treasurer Don Polye, who resigned in protest.

A damning state ombudsman's investigation into the affair reportedly concluded its findings last December. Though the report has not been publicly released, it was leaked online and picked up by the *Australian Financial Review*. The newspaper reported that the ombudsman found that O'Neill may have violated 15 different laws.

The *Australian Financial Review* explained that UBS charged interest rates of between 8.1 and 9.1 percent on the \$1.2 billion loan, and began demanding payments when the ink on O'Neill's signature was barely dry. "If the state missed the interest payment by more than two days, it would constitute an event of default," the newspaper stated. "That would trigger defaults from World Bank and Asian Development Bank loans, impair PNG's ability to access international markets, and even force a run on its currency, the kina."

Amid plunging world oil and gas prices in 2014-2015, the PNG state lost an estimated \$420 million after being forced to sell part of its Oil Search stake.

Not everyone lost out, however. After UBS effectively threatened to crash the PNG economy, the government sent \$2.61 million to Australia, a sum that the ombudsman reportedly found was more than \$200,000 in excess of what was required, "raising doubts as to what became of the remaining balance."

Behind the sordid cash-grabs and intrigues in Port Moresby lie sharpening geopolitical tensions.

The country's LNG industry forms part of the rivalry between the US-Australia and China. In 2011, then secretary of state Hillary Clinton told a Congressional committee about ExxonMobil's work in PNG, before immediately complaining that "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."

China remains one of four Asian countries that PNG sends its gas to. Japan remains the largest customer, however, with Prime Minister Shinzo Abe previously explaining that he was seeking to maximise LNG imports from the Australasian region because they did not travel through the territorially-contested South China Sea. All trade through this naval passageway would grind to a halt in the event of a conflict between the US and China, or between China and one of its US-backed neighbours.

Australian imperialism is determined to maintain its

hegemony over its former colonial possession. There is little doubt that intelligence operatives will be actively working to ensure a pliant government in Port Moresby. O'Neill seized power in blatant violation of the constitution in 2011 thanks only to Canberra's backing. Last weekend Australian Prime Minister Scott Morrison was effusive in his praise for O'Neill when his resignation was first foreshadowed.

O'Neill has lined up alongside the Australian and American governments on every major geopolitical issue since he seized office—including agreeing last year to reopen the World War II-era deep sea naval port in Manus Island for Australian and US warships.



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