

# Australia acts to retain sway over former colony Papua New Guinea

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The annual ministerial forum between the governments of Australia and its former colony of Papua New Guinea (PNG) took place in Port Moresby on August 26. In one gauge of the importance of PNG to Australian imperialism, Canberra was represented by the senior cabinet ministers of Finance, Foreign Affairs and Trade, Defence and Immigration, along with two junior ministers and a bevy of advisors.

Papua New Guinea is the eastern half of the island of New Guinea, of which the western half is part of Indonesia. It was an Australian colony, in one form or another, from 1919 until it was granted formal independence in 1975. Politically and economically, however, it has remained under the sway of Australian and global capital.

In Australian strategic circles, PNG is considered vital as a both a buffer between, and a gateway into, the expanses of the northern Pacific Ocean. Australian military and police personnel are permanently on some form of exchange or assignment in the country.

By official accounts, the talks in Port Moresby were harmonious and, if anything, deferential on the part of Australia. PNG was lauded by Foreign Minister Marise Payne as a “neighbour and friend” and an “equal,” with which her government wanted to “work in partnership... on mutual economic and financial matters.”

Prior to the meeting, Australian Defence Minister Linda Reynolds presided over the formal re-opening of the deep-water naval base at Manus Island, which was used extensively by the US and Australian militaries during World War II. As it is redeveloped, the port will assist American and Australian navies project into the Pacific.

The size and demeanor of the Australian delegation flowed from the growing alarm in Canberra that its grip—and the flow of corporate profits—is threatened by

the growing economic and diplomatic influence of China. The US, with the support of Australia, is actively preparing for war, if it is necessary, to prevent China supplanting its post-war dominance in the Pacific region.

PNG is on the frontline of the great power competition with China, as far as Canberra is concerned.

Chinese investment, though still less than \$A5 billion, is increasing rapidly. PNG was the first South Pacific state to sign up for China’s global infrastructure and development plan—the Belt and Road Initiative. In April, a Chinese consortium unveiled a \$A414 million investment to build a “Chinatown” in Port Moresby—with hotels and residential and retail complexes—to service the nearly 20,000 Chinese citizens who live and work in PNG.

A growing layer of the local elite are attracted by the money on offer. The governor of Port Moresby, Powes Parkop, has dismissed warnings about “Chinese influence.” He stated: “That’s mainly a concern of Australia and the US, it’s not a PNG concern. When I look at the world, I look at America and Europe—they are talking about nonsense. They are talking about a ‘Wall.’ They’re talking about Brexit. In the meantime, China is going to the moon.”

On August 6, James Marape, the recently-installed PNG prime minister, dramatically heightened fears in Canberra. He personally requested that the Chinese government consider refinancing the country’s national debt of 26 billion kina (\$A11.3 billion).

In a pointed statement, Marape said he wanted to move the country away from an “aid-donor” dependency on Australia. Each year, Canberra funnels some \$A600 million into PNG through various grants, most of which are tied to specific projects and therefore

cannot be used as part of the general revenue of the government in Port Moresby. As a result, PNG has had to borrow from US-sponsored agencies such as the World Bank and bow down to their terms.

The World Bank has withheld part of a recent \$A150 million loan because the PNG government had not sufficiently implemented “fiscal reforms”—that is, cuts to public spending—that it demanded.

Analysts in Australia raised the prospect that if Port Moresby did use China to refinance debt, Beijing could demand a *quid pro quo* in the form of military basing rights in the country—directly in what they describe as Australia’s “backyard” and “sphere of influence.”

Marape’s overture to China, however, was largely an attempt to pressure Canberra to make concessions at the ministerial forum. On August 19, PNG Commerce Minister Wera Mori downplayed the idea of Chinese loans and instead asked Australian Treasurer Josh Frydenberg to stump up a \$A1.5 billion loan to directly finance government programs.

Mori told the *Australian Financial Review*: “Australia has always been our friend, where else can we go?” The unstated answer was China.

At the forum itself, Marape and his ministers ramped up the pressure. Rather than a loan, they suggested Australia should just give \$A300 million of its aid as a direct injection into the PNG budget.

Marape nevertheless still stressed his plans—or threat—to seek out “non-traditional partners” to refinance debt. “Whether it is China or India or Australia,” he said, “[PNG was after] the cheapest help we can get, the best help in terms of the terms of the loan.”

The crass *real politik* of Marape’s manoeuvring is that his government, and the venal ruling elite it represents, are content to continue serving as Canberra’s political agents—but the pay-off must be improved.

PNG’s significant natural resources—gold, copper, other minerals and, more recently, Liquid Natural Gas (LNG) and oil—are primarily exploited by transnational corporations. The PNG elite derive their share from government or local private companies that are taken on as “partners.”

Among the largest ventures in the country are the \$A28 billion LNG project headed by Exxon-Mobil, and a still pending \$A20 billion LNG joint development

between Total and Exxon-Mobil, along with Australian and PNG companies. The investments are largely financially managed and directed from Australian-based offices.

While billions are plundered in profits from PNG each year, the majority of its 7.5 million population—the working class and semi-subsistence rural villagers—live in poverty and backwardness.

In 2018, the United Nations Development Program (UNDP) noted: “PNG currently ranks 156 out of 187 countries... Life expectancy is 63 years, 25 percent of children are unable to attend school, and adult literacy is around 50 percent. Only 7 percent of the population has access to the electric grid and a reticulated water system... poverty and social inequality are persistent, with an estimated 40 percent of the population living on less than \$US1.25/day.”

The Australian ruling class did not demonstrate the slightest concern for the PNG masses when it ruled over them directly and it has no concern today. Every decision taken in Canberra stems first and foremost from the interests of Australian imperialism.

At this point, the Australian government has not agreed to the request that a proportion of aid grants be allocated to the PNG budget. But it has signalled that it is considering the proposal. If such a change is required to stave off greater Chinese influence, it is likely that it would be viewed as a small price to pay in both Canberra and Washington.



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