



**STATEMENT
BY
PRIME MINISTER, HON. JAMES MARAPE, MP
ON THE
OCCASION OF
THE PNG BUSINESS COUNCIL BACK TO BUSINESS BREAKFAST
MEETING**

TUESDAY 04th FEBRUARY 2025, HILTON HOTEL, HOHOLA

**Mrs. Susil Nelson-Kongoi, President, Business Council of PNG, and
Chairperson**

Ministers of State

Senior Government Officials

Executives of the PNG Business Council

Investors and Members of the Private Sector

Distinguished Guests

Ladies and Gentlemen

Good morning.

I am pleased to be back at this annual Breakfast meeting, but before I proceed, I wish to pay respects to the late Sir Julius Chan, a founding father of our nation and chief architect of our currency and economic management during the formative years.

Not many people know that in his early career, Sir Jay worked as a co-operative society officer and was very instrumental in establishing co-operative societies in the country and continued to be a strong advocate for the concept during his historical political tenure.

Briefly, Cooperative Societies enabled people to plant cash crops, build retail stores to provide consumer necessities and obtain credit to finance activities.

These were vibrant business organizations which worked well and effectively serviced the rural areas in the 1950's, 60's and has now been revived through the Department of Commerce and Industry and is being implemented and will grow the economy.

Ladies and Gentlemen,

Moving on, I thank the Business Council for affording me this opportunity to discuss and share Government's perspectives on how we can further strengthen collaborative relations that draw practical outcomes with the Business community and leverage support to enhance economic development.

My recent participation at the World Economic Forum in Switzerland gave me a fresh outlook and perspective on the role that the private sector plays in economic growth.

The World Economic Forum provided a unique platform for me to directly interact with global leaders, companies, technology innovators and key investors to discuss ways on how we can collectively harness the 'Intelligent Age' to help us advance our goal for prosperity and development.

Ladies and Gentlemen,

Your role is significant and is complementary to the Government policies and initiatives that are targeted at facilitating your operations in a secure and safe environment.

In turning to the theme, I am in agreement that “Securing Papua New Guinea” is befitting and futuristic given that this year we all will be involved in preparing to celebrate the first 50 years of nationhood as we head into the future.

Before I proceed with my speech today, it would be remiss of me not to acknowledge the contribution of our fore fathers who were instrumental in securing our freedom and ensuring the birth of our nation as we celebrate our golden jubilee.

In the past five decades in our journey as a nation, we have experienced our fair share of developmental challenges. But which country hasn't?

Ladies and Gentlemen,

Through each of these five decades I must say that we have witnessed unique challenges and achieved measured growth. That in itself is indicative of our national leadership through successive governments since 1975.

More recently and over the last 20 years our overarching plans such as Vision 2050 and MTDP have been our guiding principles that have captured a pathway that includes a holistic development approach that is inclusive of our Provinces and Districts.

Ladies and Gentlemen,

Let me once again reiterate, that I fully recognize the important role that business plays as a partner in economic development. I have always maintained that business must be managed by the experts and not Government whose sole responsibility is to create the policy framework and environment for business to thrive and prosper whilst Government only collects the revenue and taxes raised to support the National Budget.

This is a normal occurrence in neighboring economies and I do not see any reason why the same can be applicable in PNG. Let us begin this process in our 50th year as a nation.

Most of you at this morning breakfast have continued your investment in PNG despite the unprecedented challenges that have occurred over the last few years such as the COVID 19 pandemic, Black Wednesday, Fuel crisis and the FOREX issue.

Ladies and Gentlemen,

For that I want to step back and express my appreciation for your decision not to repatriate your investment.

At this juncture, in terms of Black Wednesday I express sincere regret and assure you that this Government is fully committed to finding lasting and sustainable solutions, to support those businesses that were directly affected.

As part of Government's support to those Business communities affected, I announced the PGK300 million Financial Rescue Package. To date we have assisted 26 business houses totaling PKG 49, 164, 183.11.

In addition to this, my Government in the last sitting of Parliament for 2024 passed a monumental, milestone law, the Counter-Terrorism Bill 2024.

Ladies and Gentlemen,

The Counter- Terrorism Bill is a prevention mechanism that covers many facets or law and order including modern day crimes such as money laundering, cyber crimes including the traditional transgressions such as tribal fights and their modern gun dominated versions taking place in the Highlands provinces.

An anti-terrorism task force will be set up which will consist of 200 police personnel and is in line with the Police Modernization Program that is being progressed by Minister for Police Hon. Peter Tsiamalili Jnr, MP.

According to this law, this task force will operate as a special rapid response unit and will be specifically equipped to enter areas with high prevalence of guns, tribal fights, civil disorder and violence against women and girls relating to sorcery.

Ladies and Gentlemen,

This gives security of tenure for investors, business and the general public including foreigners.

To complement overall security measures and effectively implement this law, my Government has passed the 2025 National Budget which is primarily focused on addressing the escalating law and order issues. In this year's budget Police have been allocated a 19% increase in wages, 67% increase in goods and services budget amounting to K158.6 million and a capital budget of K200 million.

With respect to the Defence Forces my Government has also increased their wages budget by 15%, goods and services budget by 32% and a 116% increase of their Capital budget.

This in itself is a strong indication of my Governments willingness to ensure investor confidence is restored and at the very least provide comfort to new and potential investors to establish their businesses here in PNG.

Let me assure you that your investments must and will be protected by government.

Ladies and Gentlemen,

As I have maintained in all my business statements, the collaborative relationship between Government and business is a powerful driver of innovation, resilience and sustainable growth, aligned with broader public policy objectives such as the MTDP IV.

While the potential of Government to Business model interactions is clear, there are several challenges to effective implementation.

One of the most significant, is finding the right balance between regulation and innovation. Over-regulation risks stifling creativity and technological adoption, while under-regulation can lead to market failures and economic instability as we are all aware.

Ladies and Gentlemen,

As experienced by all economies, the forces of globalisation makes it challenging for governments to tailor policies to local economies while remaining competitive in the global market.

My Government is confident that with your help we will be able to find a balanced solution that encourages innovation without compromising market stability as well as address domestic needs while aligning with global economic trends.

In addressing these issues, most PNG regulatory authorities including IPA, IRC, Customs, Immigration, ICCC, have streamlined and updated their regulatory processes to smoothly facilitate your ease of doing business in PNG.

These are very positive outcome in the business space, as it creates certainty for your business and investment when complying with our regulatory requirements.

Ladies and Gentlemen,

To commemorate our 50th Anniversary, I will be launching an ambitious 20 year Road Map for economic diversification and it is timely that we usher in a

new era of employment, prosperity and self-sufficiency by transitioning to downstream processing of our natural resources to cater for domestic demand and unlocking the potential of untapped industries such as Tourism and MSMEs.

As you all are aware we are on a current pathway to achieve a PKG 200 billion economy and your support will play an integral part in this endeavor.

Additionally, we must focus on the promotion of our MSMEs through engaging our communities so that they are empowered to sustain their livelihoods through business and contributing meaningfully to economic development.

Ladies and Gentlemen,

We must seriously look at the Thailand example whose economy thrives on MSMEs which forms the backbone of their economy.

I therefore call on business and investors to revisit the SME Policy and offer support to this important area.

My Government has invested in the SME sector through the SME Loan Program which we began in 2021 in partnership with the National Development Bank (NDB) and Bank South Pacific (BSP). Through this initiative a total of PKG 637.2 million has been disbursed to over 3,851 SMEs (with BSP disbursing K552.6 million, whilst NDB disbursed K84.6 million) at the third quarter of last year 2024.

In addition, the expansion of the banking sector with the inclusion of new Banks such as TISA Bank, Mama Bank, Credit Bank and National Banking Corporation, will support these smaller businesses by providing competitive options that will allow for these smaller businesses to access financing facilities and other banking products, ultimately contributing to the economy and foreign exchange earnings.

Ladies and Gentlemen,

In terms of the ongoing FOREX issue in the country, let me assure you that the Bank of PNG is embarking on solutions to encourage alleviate the situation by issuing a Directive on Foreign Exchange Orders 10/2024.

This will ensure adequate foreign exchange is available for critical orders in the domestic FX, requiring all Authorized Foreign Exchange Dealers (AFEDs) to prioritize essential Fx orders ahead of non-essential orders.

Once outstanding essential orders are cleared, AFEDs may allocate Fx for transactions that are no critical for the immediate operation of the economy or a business.

As I have reiterated on many occasions, Business cooperation is pivotal in ensuring a healthy economy and I call on you all help support and cooperate with Government by adhering to the Directive on Foreign Exchange Orders 10/2024 and this will greatly complement ongoing efforts to improve the functioning and efficiency of the foreign exchange markets.

Ladies and Gentlemen,

This year not only marks PNG's 50th Anniversary, it also marks a new era for our extractive and renewable industries. By now you all should be aware of a policy and legislative reforms that will come into effect this year which is aimed at ensuring PNG maximizes its benefits generated from these industries.

These reforms are also geared towards improving State's ability to effectively regulate the industry and adopt international best practices, and align our laws with global standards to ensure the ease of doing business in PNG is effectively enhanced.

CONCLUSION

Ladies and Gentlemen,

In summary, the road ahead requires a concerted and collective effort to realize our full economic potential and Government cannot do it alone and partnership with business is vital.

I therefore encourage the private sector to work with us to grow the economy through effective partnership arrangements.

Note that there will be various State entities that will be particularly privatized to improve efficiency. It is my long held view that government provides the enabling regulatory framework environment and collects taxes while experts from business manages the commercial arms of government to yield the desired outcomes.

With that, I encourage both Government and Business to actively engage as this partnership is essential for PNG to revamp and remodel its economy and make it debt free by 2032.

Thank you.