



Papua New Guinea Balances Between China and Australia

OE Watch Commentary: On 23 January, the excerpted article on Australia's *abc.net.au* discussed whether Australia should be concerned about China's growing engagement in Papua New Guinea (PNG). According to the article, PNG has asserted to Australia that it is depending on China for infrastructure development and that it is not a security related relationship. This is notwithstanding that at the end of 2017 China donated 62 military vehicles to the PNG.

PNG explained to Australia that it has historically received aid from Australia and that the country has learned much about how to assess and manage aid from Australia. However, PNG also said that it needs to look out for its own interests and that it seeks to benefit from the contributions that China is making around the world. PNG businesses also find the Chinese to be more adaptive and flexible and willing to take risks than Australians and that the Chinese are cheaper to hire for projects than Australians.

The article also mentions how Australia has expressed concern that Chinese infrastructure development has often led to waste. One example was the \$390 million expansion at Papua New Guinea's biggest port that the Chinese state-owned China Harbour Engineering Company built. The project ultimately was deemed to be less than successful and failed tests for effectivity.

In other theaters around the world, such as Africa, Chinese investment has led to growing political and military clout. Thus far, PNG's turn to China has been primarily economic. But the possibility remains that China's donation of some military vehicles to PNG last year and increased economic activity this year may similarly lead to greater Chinese political and military influence in PNG, which was historically in Australia's sphere of influence. **End OE Watch Commentary (Zenn)**

“China is making contributions around the world and Papua New Guinea is no exception.”

Source: “Australia should not fear Chinese influence in Papua New Guinea, Government says,” *abc.net.au*, 23 January 2018. <http://www.abc.net.au/news/2018-01-23/australia-should-not-fear-chinese-influence-in-png/9349140>

...The Australian Government is becoming increasingly alarmed about Chinese investment and aid to developing countries on its doorstep. But Papua New Guinea's Foreign Affairs Minister, Rimbink Pato, has moved to reassure Australia that Papua New Guinea can manage its relationship with both countries. Mr Pato said Papua New Guinea would continue looking for aid and loans from nations like China, particularly to develop infrastructure. “China is making contributions around the world and PNG is no exception,” he said...

One example is the Lae Tidal Basin, a \$390 million expansion at Papua New Guinea's biggest port built by the Chinese state-owned China Harbour Engineering Company. The cost of the project, financed primarily through concessional loans from the Asian Development Bank — blew out by \$170 million because of engineering problems. The ADB's assessment found the project failed tests of efficiency, effectiveness and sustainability and its overall report declared the project “less than successful”... Australian investment in Papua New Guinea has stagnated in recent years as the country's economy struggled, while Chinese investment has been rising...



Tau Geno-Hoire and Mona Balam from AusAID's law and justice team talking to people in Koki village (Port Moresby) about safety concerns.

Source: Department of Foreign Affairs and Trade, [https://commons.wikimedia.org/wiki/File:Tau_Geno-Hoire_and_Mona_Balam_from_AusAID%27s_law_and_justice_team_talking_to_people_in_Koki_village_\(Port_Moresby\)_about_safety_concerns_\(10728202146\).jpg](https://commons.wikimedia.org/wiki/File:Tau_Geno-Hoire_and_Mona_Balam_from_AusAID%27s_law_and_justice_team_talking_to_people_in_Koki_village_(Port_Moresby)_about_safety_concerns_(10728202146).jpg), (CC-by-2.0).