

## Media Release

For Release: 4 February 2013

## ANZ highlights significant growth opportunity for Papua New Guinea's natural resources sector

 potential for annual export revenues to exceed US\$25 billion by 2030 requiring US\$130 billion investment in PNG -

In a major speech to the Port Moresby Chamber of Commerce and Industry today, ANZ Chief Executive Officer Mike Smith outlined new research findings that indicate PNG's natural resources sector could quadruple by 2030 producing US\$25 billion in annual export revenues.

Mr Smith told the Chamber that on more optimistic assumptions, export revenues could grow to US\$38 billion by 2030 – six-times higher than current levels - with a continued focus on policies which maximised PNG's participation in the global commodities cycle.

"Fundamentally, like Australia, PNG's economic growth is now being driven by the urbanisation and industrialisation of Asia, and the prosperity of both countries is being underpinned by a super cycle in mining and energy, and increasingly in agriculture."

"While this research is only broadly indicative, even the more conservative estimate implies resource-related capital investment in Papua New Guinea of around US\$130 billion between now and 2030, and could involve the creation of more than 100,000 new jobs in mining, energy and support services."

Mr Smith said that urbanisation and higher living standards in Asia were also driving an increase in global demand for food.

"I believe agriculture has the potential to be the next sector in PNG to experience significant Asia-led growth. Here there is enormous up-side in commodities like palm oil and coffee; an up-side that will also require significant investment which could in-turn create a new wave of additional jobs in rural communities."

Mr Smith however cautioned that the scenarios for growth in the resources sector were not a given with significant competition for projects from other resource rich nations and that a continued focus on policies that boost capacity of the whole economy would be needed.

"The real challenge is stepping back to see the bigger picture and to focus on how we grasp this opportunity.

"Prime Minister O'Neill has already highlighted a number of important priorities that support the resources opportunity. These include increasing the proportion of people who participate in and benefit from the resources sector, upgrading PNG's national infrastructure and increasing productivity," Mr Smith said.

"Just as important is that the current pipeline of projects must succeed. This is not only about ensuring PNG continues to build its reputation as a credible destination for resource investment but growing its market position.

"While PNG faces some significant challenges in both the short and long-term to grasp this opportunity, I have a bullish view about PNG's future.

"This is because of the enormous potential in natural resources and in agriculture, and the opportunity this presents for sustained economic growth and improved living standards. I'm also optimistic because there is an increasing focus by government, business and the community on the major issues PNG needs to overcome to ensure it takes advantage of the Asian Century, Mr Smith said.

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## **Note for Editors:**

The research on growth scenarios for PNG's natural resources sector was undertaken for ANZ by Port Jackson Partners. The research is broadly indicative of the opportunity in PNG based largely on the demand and other assumptions developed for 2011 ANZ Insight report: *Earth, Fire, Wind and Water: Economic Opportunities and the Australian Commodities Cycle*.

A full copy of Mr Smith's speech to the Port Moresby Chamber of Commerce and Industry and the accompanying slides can be found at <a href="https://www.anz.com/about-us/media-centre">www.anz.com/about-us/media-centre</a>.

The ANZ Insight report, *Earth, Fire, Wind and Water: Economic Opportunities and the Australian Commodities Cycle* is available at <a href="https://www.anz.com/insight">www.anz.com/insight</a>.