DREAMS OF PROSPERITY IN PAPUA NEW GUINEA

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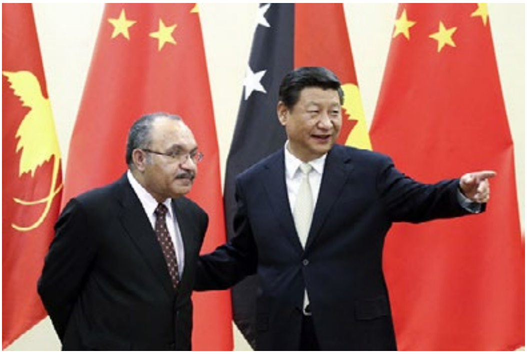
On 20 November 2017, Papua New Guinea (PNG) formally signed on to the Belt and Road Initiative, with Prime Minister Peter O'Neill assuring his guests that 'China is one of our strongest development partners, and this direct investment is an example of the huge confidence that China and Chinese companies have in Papua New Guinea'.

Reaction from the Australian government, PNG's former colonial ruler, was muted, although the Opposition was less restrained, with Shadow Defence Minister Richard Marles declaring the Pacific to be Australia's 'biggest national security blind spot'. Marles urged Australia not to be restrained in its engagement with the Pacific by fears of being an 'overbearing colonial power'.

The dominant Chinese presence at the signing ceremony in Port Moresby was not the Chinese ambassador, there on behalf of the Ministry of Foreign Affairs, nor the Chinese economic counsellor, representing the minister of commerce, but the chairman of the China Railway Group Ltd , Zhang Zongyan 张宗言. This appears to confirm what I have observed in over a decade of research in Papua New Guinea: China's expansion into the Pacific is driven not by the central government, but by provincial and city governments and companies, both state-owned and private. China Railway Group is a publicly listed company on the Shanghai and Hong Kong stock exchanges with the state-owned China Railway Engineering Corporation the major shareholder. According to the *Engineering News-*



Xi Jinping and Peter O'Neill
Source: fmprc.gov.cn

Record, China Railway Group is the world's largest construction contractor.

The projects — if delivered — have the potential to transform Australia's northern neighbour. China Railway Group signed memoranda of understanding promising to build US$4 billion in roads, running along the spine of PNG from the orderly towns of Rabaul and Milne Bay in the east to the lawless border outpost of Vanimo in the west. The need for roads in PNG is undisputed; the lack of them cripples everything from the country's coffee growers and vegetable farmers to efforts by the government to deliver universal education and health care. The long-awaited transnational link connecting Port Moresby to the economic heartland of the Highlands and on to the main commercial port of Lae, however, is not part of the plan — PNG's commerce and politics will remain disconnected. The concern of PNG's political elites that settlers from the Highlands might overrun the nation's capital seems to have trumped economics.

The other major part of PNG's Belt and Road dream, a US$4 billion industrial park in remote West Sepik province to be built by investors from Shenzhen with China Metallurgical Group as the main contractor, should be viewed with some scepticism. Plans include not just the processing of PNG's abundant raw materials — cassava, timber, and fish — but also the production of cement and steel, which requires a reliable power supply, something PNG Power is not known for. Eyebrows were also raised at the choice of the contractor: China Metallurgical Group (known as MCC).

MCC, which was also behind the US$2 billion Ramu nickel mine in Madang province, enjoys a status in PNG somewhere between a damaged brand and a national joke. Ramu Nickel has been the target of a series of violent strikes by PNG workers and was shut down as a result of a horrific industrial accident. A court battle with the landowners delayed the opening of the mine for several years. China's State-Owned Assets Supervision Advisory Committee took a sufficiently dim view of the company's overseas ventures that in December 2015 they announced that a better performing company, China Minmetals, would acquire it. The merged entity is now the world's largest mining company by revenue. While the decision had more to do with the company's loss-making ventures in Australia, bad headlines in PNG did not help their cause. MCC's former general manager, Shen Heting 沈鹤庭, was arrested on corruption charges in March 2017.

The unifying theme for China's investors and officials in PNG is a belief in the country's potential for prosperity. David Morris, the Beijing representative of Pacific Trade & Invest, whose mission is to bring Chinese investors to the Pacific, believes 'Chinese firms are looking for international investment opportunities to supply their huge domestic market and our challenge is to find the right partnerships that will ensure these investments can work for both PNG and China, creating jobs and prosperity into the future'.[1] The Chinese embassy's website uses language that is rapturous about the wealth of PNG's fishing and mineral resources.

Ramu Nickel's relentlessly upbeat magazine, *The Updater*, even touches on the relationship between PNG's ever-present embrace of religion and entrepreneurialism, known as the 'prosperity gospel', and Pentecostal religious groups around the mine site. Shaun Gessler's doctoral research at The Australian National University, focussing on the impact of the project on local landowner groups, has found that one burgeoning church group around the mine site is led by a charismatic pastor who prophesied the arrival of the Chinese to start up the long-awaited nickel mine, the lease for which had been passed around a clutch of mining companies for nearly half a century before MCC cut into the red dirt. For their part, MCC, a thoroughly traditional state-owned enterprise that arose out of the Ministry of Metallurgy, and which still enjoys considerable autonomy from its new owner, China Minmetals, has provided material support for 'Christian crusades' around the mine site to encourage 'Christian leadership and moral standards'.

Locals disparage the foot soldiers of Chinese investment in PNG — workers on construction projects, migrants in their corner shops, and young university graduates employed by MCC — as 'kong kong', a Tok Pisin expression (likely derived from Hong Kong) that covers all Asians. But the migrants' hopes are not dissimilar to those of Papua New Guineans of similar background: they are anxious to maintain what University of Technology Sydney scholar Sun Wanning calls 'probationary membership of the middle class'.[2] They want a good education for their children and to buy a decent flat in town.

For many Papua New Guineans, there is a disappointing gap between their aspirations for prosperity and their daily experiences of making a living. There are more school and tertiary graduates than there are jobs. Both countries have enjoyed healthy rates of economic growth in recent years, with PNG recording double-digit growth in 2014 and 2015, while China averaged just under ten per cent for the period 1989 to 2017. And yet inequality — the World Bank estimates both countries to have Gini coefficients well above the 'dangerous level' of 0.4 — and crony capitalism, whereby a small group of families dominate the 'commanding heights' of both economies, mean that these sharp spikes in national wealth have not delivered prosperity to all citizens. As one Chinese mineworker quipped as we bumped along the red mud track up to the mine site in the foothills of Kurumbukare, 'our nation is rich, but we are poor'. The target for this lingering resentment of frustrated prosperity tends to be the mine's middle management. Some Chinese mineworkers, particularly those with some English skills, develop close friendships with younger PNG mineworkers, largely based on a shared contempt for the Chinese cadres running the mine.

PNG's Chinese shopkeepers largely hail from Fuqing, a god-fearing city in Fujian province that has seen frequent church demolitions and given rise to Protestant sects such as 'The Shouters', whose prosperity gospel matches the most fervent Pentecostal doctrine. These migrants run most of the retail stores across PNG. The wealth they earn through long hours selling plastic buckets (and sometimes more lucrative illicit products, such as bootleg alcohol) is precarious. Shopkeepers quite reasonably fear assault and even death at the hands of customers, police, and their employees. Every year sees at least one murder of a Fuqing shopkeeper, typically in the course of a robbery, but there have also been deliberate and horrific murders, such as the 2013 stabbing and beheading of four Chinese in a Port Moresby bakery. Nationwide anti-Asian riots in 2009, which saw looters shot dead by PNG police, explicitly targetted Chinese retailers. Most of these migrants had gone into business with loans from their relatives, and in addition to the pressure of debt, they aspired to build spectacular houses back in Fuqing (typically over six storeys tall), to be able to afford (or pay back) the bride price — strictly illegal, but common in Fuqing — and ultimately to ensure their children's ability to get a tertiary education.

Yet over a decade of interviews across PNG and in Fuqing, whenever I asked Chinese migrants whether it was easier to prosper in PNG or China, no-one nominated China. PNG offered them, they said, less competition with other businesses, fewer officials and police to be bribed, and a sense of future opportunities in PNG and beyond. The dream of prosperity has moved beyond China's borders, but the struggles of these migrants echo those common across rural China. Couples would typically work in a shop together, sending their children back to be cared for by elderly relatives (the One-Child Policy was never taken terribly seriously in Fuqing). While we are fans of instant electronic communication, many felt it added to the pain of separation from their children. WeChat could not alleviate the boredom of running a barbed-wire-enclosed shop in a strange land. The hopes of these parents for their children split into two paths: education in China leading to a

Kurumbukare mine site, Madang, Papua New Guinea
Source: The China Story

secure government job (Customs was easily the most popular choice), or education abroad leading to the world of international business.

Unfortunately, for many of their children, the reality is many years sitting on a tennis chair in thirty-five-degree heat, relentlessly surveying a store to ensure neither the customers nor the staff are making off with their fortune. In a shopping centre in Lorengau, the capital of Manus Island, I have a strong memory of a sixteen-year old Fuqing boy, languid and bored, sitting barefoot and bespectacled atop a metal set of bookshelves that provided a vantage point to keep an eye on would-be thieves, occasionally swinging a mosquito zapper in the shape of a tennis racquet. Just why he was not at school, and was wasting his youth in a land doing work that no-one appreciated was something his parents were not keen to discuss.

Nor do I know whether the young man on the bookshelf survived the blaze that killed ten Chinese nationals inside the Splendid Star shopping centre two years later. They were trapped in their dormitory at the back of the complex at 3am in a province of PNG too poor to have a single piece of firefighting equipment, despite the AU$2 billion spent by Australia on detaining 2,000 souls just down the road. Aside from a terse Chinese Foreign Ministry statement, the fire received limited attention in the Chinese and Australian press; no justice, or even an investigation, was forthcoming. The ultimate dream of these six women and four men, as told to me by the matriarch of the shopping centre back in 2015, was to join their relatives in Australia and start a new, safer life on the eastern seaboard. Their dream of prosperity had come to an end.

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