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Papua New Guinea

Background and Overview

Papua New Guinea (PNG) lies in a region of the Southwest Pacific known as Melanesia. It is the most populous Pacific Island nation, with about 9 million residents belonging to hundreds of tribes speaking over 800 local languages and dialects. A central highland zone has peaks that reach 14,793 feet. It gained independence from an Australian-administered U.N. trusteeship in 1975. PNG shares a land border with Indonesia and is a member of the Pacific Islands Forum and the Melanesian Spearhead Group.

Papua New Guinea has been strategically important to the United States in the past. An estimated 7,000 American soldiers and airmen died in the New Guinea campaign, and the nearby Battle of the Coral Sea was a key turning point in WWII. The United States has played a relatively minor economic and security role in PNG, although it has some important stated interests, including U.S. investment in natural gas production. China’s expanding influence in PNG and the region is now driving increasing engagement by the United States with PNG, including in coordination with Australia and other partners.

Politics

The Independent State of Papua New Guinea is a constitutional monarchy with a parliamentary democracy. Members of parliament are elected for five-year terms of office. The next general election is expected in June 2022. James Marape, the son of a Seventh Day Adventist pastor and a leader of the Huli people of PNG’s highlands, was made prime minister following the resignation of former Prime Minister Peter O’Neill in 2019. Marape led a series of defections from the O’Neill government that prompted O’Neill’s resignation, and defeated O’Neill’s chosen successor in a subsequent leadership vote. Marape leads the Pangu Party, which holds 23 of 111 parliamentary seats. Marape governs in coalition with the United Resource Party, the National Alliance Party, and others. Another coalition government is expected following the next election. Marape has called for a review of PNG’s resource laws and key investment projects, and stated he wanted PNG to be “the richest black Christian nation.”

Economy

Papua New Guinea is richly endowed with natural resources, including precious metals, natural gas, timber, and fisheries. The country’s Gross Domestic Product (GDP) growth rate is projected to increase from 1.8% in 2021 to 2.7% in 2022. Economic growth will likely remain vulnerable to COVID-19 disruptions. Despite its resources, PNG ranks poorly on the United Nations Development Program’s Human Development Index, which measures per capita gross national income, life expectancy, and educational attainment (it is 155th out of 187 countries).

Figure 1. Papua New Guinea in Brief

<p>Land area: Slightly larger than California</p> <p>Population: 9 million (2022 est.)</p> <p>Government: Parliamentary democracy under a constitutional monarch.</p> <p>Chief of State: Queen Elizabeth II represented by Governor General Sir Bob Dadae.</p> <p>Head of Government: Prime Minister James Marape.</p> <p>Independence: Sept. 1975 from an Australian-administered UN Trusteeship</p> <p>Languages: Over 800 indigenous languages</p> <p>Resources: Minerals, oil, gas, timber, fish, coffee, palm oil, cocoa, copra, and rubber</p> <p>GDP: \$4,586 per capita with 2.7% growth (2022 est.)</p> <p>Export destinations: Australia 27.7%, China 16.3%, Japan 13.1%, Singapore 12.8% (2022 est.)</p>	
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According to the Asian Development Bank, 37.5% of the population in 2017 lived below the National Poverty Line. PNG also has a serious HIV/AIDS problem and a weak health care system. Obstacles to PNG’s development include poor infrastructure, lack of government capacity, corruption, inadequate supply of skilled workers, and unstable commodity prices. Australia, China, Japan, and Singapore are PNG’s largest export markets. About 13% of Papua New Guineans have reliable access to electricity.

U.S. Relations, Assistance, and Investment

The United States established diplomatic relations with Papua New Guinea in 1975, when PNG became independent. According to the Department of State, “The United States and Papua New Guinea have enjoyed a close friendship, and the U.S. Government seeks to enhance Papua New Guinea’s stability as a U.S. partner.”

U.S. assistance has sought to support public health to combat diseases including HIV/AIDS, malaria, and tuberculosis. U.S. assistance also seeks to build the capacity and resilience of PNG to adapt to climate change through Pacific Islands regional programs. The United States also supports the Coral Triangle Initiative on Coral Reefs, Fisheries, and Food Security (CTI-CFF), which aims to sustain marine and coastal resources in the region, and the multilateral South Pacific Tuna Treaty (SPTT). Under the SPTT, the American Tunaboat Association pays licensing fees to gain access to fishing areas in the region, and the U.S. government extends \$21 million annually in assistance to the Pacific Island parties to the agreement.

In 2018, at the Asia-Pacific Economic Cooperation (APEC) Leaders Meeting in Port Moresby, then-Vice President

Mike Pence and the leaders of PNG, Australia, Japan, and New Zealand announced plans to collaborate on improving access to electricity through the Papua New Guinea Electrification Partnership, which has a goal of providing electricity to 70% of PNG's population by 2030. In late 2020, U.S. Ambassador to PNG Erin McKee launched a five-year, \$57 million USAID program to contribute to the PNG Electricity Partnership. In February 2022 ExxonMobil signed a deal with PNG to develop the P'nyang gas field in the Western Province, which is to feed Exxon's liquefied natural gas (LNG) plant in PNG as existing resources deplete.

Australia is PNG's principal provider of foreign assistance and the two nations signed a Comprehensive Strategic and Economic Partnership in 2020. According to the Lowy Institute, Australia, the United Nations, and Japan are the top three aid grantors to PNG while the Asian Development Bank, China, and Japan are the top three lenders to PNG.

Bougainville Autonomy

Between 1988 and 1997, an armed secessionist movement in the island province of Bougainville, located in eastern PNG, battled the PNG Defense Forces, resulting in 15,000-20,000 deaths. In 1997, a cease-fire was brokered and, in 1998, the PNG government and Bougainville leaders signed a peace agreement. A regional truce monitoring group consisting of peacekeepers from Australia, New Zealand, Fiji, and Vanuatu, and United Nations observers helped to enforce the peace while an interim government was established. In 2001, the PNG government and Bougainville leaders agreed upon the establishment of the Autonomous Bougainville Government in 2005 and the terms of a referendum on independence. A 2019 referendum voted in favor of independence. The vote was not binding. It remains for the PNG parliament to pass implementing legislation for independence to be granted to Bougainville. Bougainville President Ishmael Toroama has reportedly stated that Bougainville expects to begin transfers of powers starting in 2023 and to have full independence by 2027. A December 2021 report indicated that Marape and Toroama confirmed that a political settlement or independence for Bougainville will be achieved between 2025 and 2027. In February 2022, the Bougainville government announced that an agreement had been reached with land owners to reopen the Panguna mine. The reopening of the Panguna copper mine, one of the largest in the world until it was shut down in 1989, could potentially provide a key source of income for Bougainville. At one point, the mine reportedly accounted for two-fifths of PNG's GDP.

China and PNG

China's strategic interest in Pacific island countries has been growing in recent years, as have its naval capabilities. In March 2022 China signed a Framework Agreement with the Solomon Islands, the first such agreement China has signed in the region, which would allow China to conduct military and intelligence operations in the country. This contributes to growing concern by some in the United States, Australia, and the region about China's expanding influence and access in the region. In the 117th Congress, legislation related to U.S. engagement with Papua New

Guinea among other Pacific Islands countries, includes H.R. 3524, H.R. 3373, S.1774, and H.R.2967.

China and PNG established a "Comprehensive Strategic Partnership" in 2016. Former Prime Minister O'Neill reportedly met with Chinese President Xi Jinping more than a dozen times and was the first Pacific leader to sign on to China's Belt and Road Initiative (BRI) in 2018. China's investments in PNG reportedly exceeds \$1.9 billion. China also has reportedly offered \$4 billion in financing for the construction of a national road network in PNG. Some observers believe China is willing to extend more credit than some borrowing nations can afford, raising questions about the development value of some Chinese-financed projects and whether China could use economic leverage to exert political influence over borrowing nations. Prime Minister Marape has reportedly stated, "We engage the Chinese Government as long as it's fair and friendly to us on our terms." He added, "Whether it be China, New Zealand, Australia, Philippines, Indonesia, I intend to maximize foreign relations in the economy especially trade and commerce, not only politics."

The United States, Australia, and others are enhancing their engagement with PNG through increased support to infrastructure and capacity building, among other efforts. In April 2022, the U.S. announced the participation of PNG in the Strategy to Prevent Conflict and Promote Stability. A January 2022 report stated that Australia will provide a \$580 million loan and grant package for upgrades and refurbishment of several priority ports in PNG, including on Manus Island north of the PNG mainland. The United States first established a base on Manus during WWII. Some observers view Australia's assistance as an effort to counter China's influence in PNG and the region, and have described the move to develop Lombrum, initiated in 2018, as seeking to head off Beijing's interest in Manus Island.

Climate Change and the Environment

PNG is environmentally biodiverse with habitats as varied as tropical heaths and grasslands, cloud forests, savannas, mangroves, swamp forests, and diverse marine environments. It also has glaciers and mountains over 5,000 meters high, as well as rare species including birds of paradise, tree kangaroos, and flightless cassowaries. USAID has worked with PNG to try to protect PNG's rich biodiversity, which is increasingly under threat. PNG's forests and animals are being threatened by mining, logging, and land clearing for palm oil plantations. Between 1972 and 2002, an estimated 24% of PNG's forests were either cleared or degraded by logging. Between 2000 and 2013, PNG lost 0.5% of its rainforest annually due to logging and conversion of forest to croplands. Despite ambitious goals, reforestation efforts have reportedly been limited. The United States supports Papua New Guinea's efforts to protect biodiversity, recently announcing a \$19.6 million project to protect important ecosystems in northern Papua New Guinea.

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