

“Challenges for Business in Times of Uncertainty” Mr Michael Mayberry, President – Papua New Guinea Chamber of Commerce & Industry

The topic, “Challenges for Business in Times of Uncertainty” is a wide topic, but not one that business in general terms takes particular steps to address each issue as it arises.

Uncertainty is always present in business sometimes large issues and sometimes small.

In the past, we have seen uncertainty with tidal waves, the Asian crisis and now surging oil prices, the threats of terrorism and Avian Flue. Just as the Asian crisis was overcome, the new challenges will also be met.

Many of the challenges are met by strong leaders or individuals that help many. In Malaysia, we saw a strong leader who brought the country from largely an agricultural economy that met the Asian crisis, in a home-grown way many felt was completely wrong and would not work but it did.

You need a vision, a plan, people and an implementation policy to start to make it work but more importantly, you need someone to drive it, a leader.

We saw the same thing happen in Singapore, a strong leader and a real change. It also happened in England with the first female Prime Minister making high changes to the economy.

With these changes, some benefit and some suffer, but it appears that with strong leaders they also bring strong responses, sometimes supportive and sometimes as much as detested, but all make an impact.

In PNG, the recent impacts have had lesser effect as we have experienced high commodity prices both in the agriculture and mining sectors, we have also benefited out of the surge in oil prices as PNG has many resources, it is the utilization of the resources or more importantly the lack or the poor utilization of resources.

PNG talks of Tourism, but that is all we have, between 15,000 to 70,000 tourists a year. When, say, Fiji have over half a million. Their vision and implementation is better than PNG.

You must have clear goals and a clear picture to achieve. An example of sense of purpose in PNG, in early 2004, Government inscribed stock and other government loans were offering interest rates in the high twenties, 27% - 28%, and at the Central Bank, we decided this should be reduced. Many said it could not, but with the help of the then Finance Minister, Bart Philemon and

the reorganizing of Government funds, we saw in a few months, the interest rates dropped to as low as 1% and it is still low.

A vision, a goal, a solution, proper implementation and people this can be done in business. The added benefit has been the stability of the Kina, particularly against the US Dollar and the high increase in foreign reserves to over One Billion US to cover at least 9-months import cover. This has helped the business community but not all in the same way.

One of the major problems and or responsibilities of Government is to try and balance all the interests employers, employees, investors, local foreigners not always easy but essential.

In PNG, all the social indications are the worst in the Pacific when at Independence, 30 years ago they were at the top. We need more employment, more investors to evolve, more people in the economy.

In the formal sector, we only have 2% of the population employed, we need not thousands but hundreds of thousands of jobs. Before Independence, people in general terms were happy, now they are not.

In many cases, PNG has become reliant on foreign Aid and even if it is “good” it becomes the more you get, the more need then it is like a drug addict and needs to be handled in a way to reduce dependency.

There is no such thing as a free lunch. This is the same thing with business if you give a lot of subsidies or help, they become dependent and cannot meet challenges when it comes.

Challenges should be seen as opportunities, positives rather than negatives with a vision a plan, people and a sense of purpose.

Look at China, not perfect, but really changing people, they have gone from bicycles to cars this can be done by companies.