



## MEDIA RELEASE

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### **Why are so few MSMEs in PNG engaging in exporting activity?**

It is widely known that Papua New Guinea (PNG) has achieved remarkable success as an exporter of mineral and agricultural products. It is also known that the PNG export businesses have been dominated by foreign-owned multinational businesses. What has been the concern, however, is what will happen if the conglomerates that currently dominate the export of the country's traditional commodities decide to shift their operations elsewhere.

Successive PNG governments have always put emphasis on supporting indigenous-owned micro, small and medium-size enterprises (MSMEs) to play a bigger role in the country's export business. But the outcome has not been encouraging. A recent baseline survey of MSME owners and managers across the country's 22 provinces found that only 5 percent of the MSMEs generated some or all of their sales revenue or turnover from exports of goods or services. So, why are so few MSMEs in PNG engaging in exporting activity?

The National Research Institute has today released its Discussion Paper No. 207 on “**Barriers to internationalisation of indigenous-owned micro, small and medium-size enterprises in Papua New Guinea**” written by Joseph Muniu, Francis Odhuno and Dianah Ngui that provides some insight into why the country's MSMEs are not engaging in export business as expected. The authors' analysis of the survey data find that difficulties in accessing business finance and the legal structure of business organisations - privately held or cooperatives - were the main barriers preventing PNG MSMEs from going global.

While indigenous MSME owners and managers should be more aggressive in selling and promoting their goods and services in overseas markets, the report concluded that improving access to business finance and efficiency of privately held firms and commodity cooperatives are priority areas for improvement that government must focus on if indigenous-owned PNG MSMEs are to venture into export business and increase their sales revenue or turnover generated from exporting goods and services.

The Publication and Media Release can be accessed on the PNG NRI website <https://www.pngnri.org>.

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