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IMPACT OF GLOBAL TRENDS ON PAPUA NEW GUINEA

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THE CONVERGENCE OF GEOPOLITICS AND BUSINESS

As major power competition increases, so too has the convergence of geopolitics and business

Dwindling levels of trust are impacting bilateral and multilateral relationships

There is now a global trend towards more economic security policy

Sectors touched by economic security policy continue to expand

From trade and technology...

- US-China trade war (2017)
- Restrictions against Huawei in several markets (2018)

...to healthcare and supply chains...

- COVID pandemic and associated border lockdowns (2020)

...to energy and food

- Russia's invasion of Ukraine (2022)



Russian tanks in Ukraine
Source: Reuters/BBC

THE DECISIVE DECADE

The 2020s will be critical to determining the outcome of a number of key global relationships and challenges

"The world is now at an inflection point. The decade will be decisive, in setting the terms of our competition with China, managing the acute threat posed by Russia, and in our efforts to deal with shared challenges, particularly climate change, pandemics and economic turbulence".

2022 US National Security Strategy

"Our country has entered a period of development in which strategic opportunities, risks, and challenges are concurrent and uncertainties and unforeseen factors are rising".

Xi Jinping Work Report to 20th party Congress (2022)

"To contain global warming to between 2°C and 1.5°C, global greenhouse gas emissions must be cut 25 to 50 percent below 2019 levels by 2030".

Getting on Track to Net Zero: Accelerating a Global Just Transition in This Decade, IMF (2022)



THE 'UNTIDI' DECADE

What are the implications for the business sector – the decade will be UNTIDI:

- **U**neven Energy Transition
- **N**ew Trading Patterns
- **T**rusted Technologies
- **I**ndustrial Policy
- **D**efence
- **I**deology



UNEVEN ENERGY TRANSITION

Energy security vs Energy transition

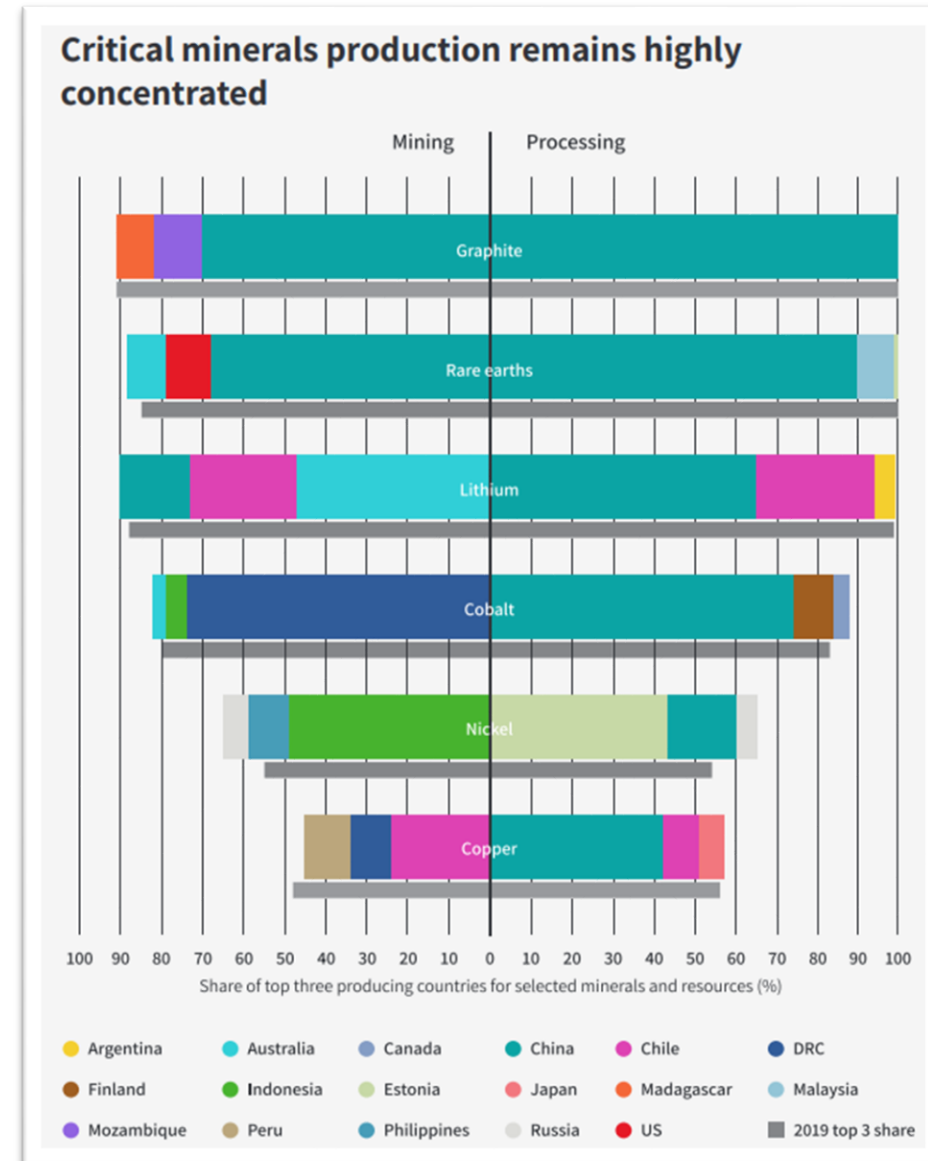
- 'Good energy' vs 'bad energy'
- DePutinse, then decarbonize...

Geopolitics of fossil fuels vs geopolitics of renewables

- OPEC+ cuts
- Critical mineral and renewable production competition – Graphite and PV panels

Impact of demand surge and supply constraints

- 2022 a watershed year: Ukraine-Russia and the Inflation Reduction Act
- Geopolitical constraints to supply



Source: Dragonfly

NEW TRADING PATTERNS

Resilience and security trumps efficiency

- Nearshoring, Onshoring and Friendshoring – not across the board, but in industries on the critical and emerging technologies list, plus critical minerals

- Emerging groupings – Minerals Security Partnership

- Values-driven supply: human rights and ESG

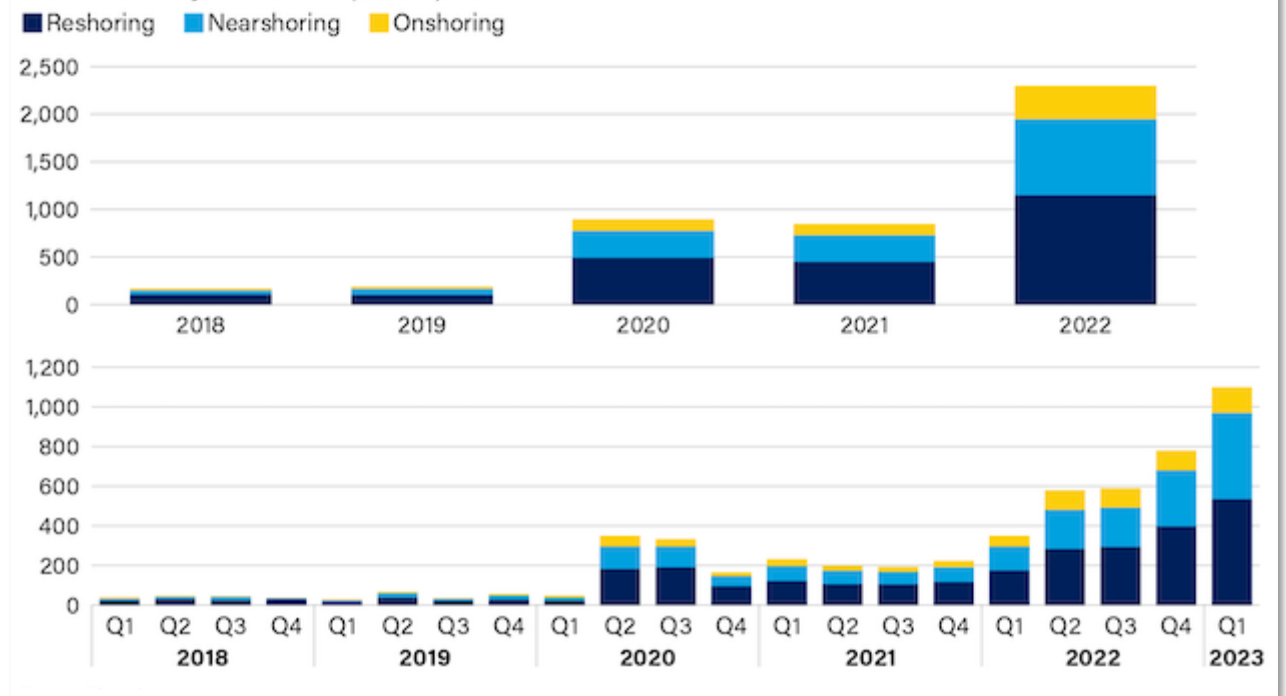
The Axis of the excluded

- Russia, Iran and North Korea

BRICS+

Increasing focus on shifting supply chains

Mentions of key terms in corporate presentations



Source: Bloomberg

WHAT DOES THIS MEAN FOR PNG?

Key geopolitical location

Providing solutions to energy security and energy transition requirements for key partners

Reflected by growing international interest



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