Chair, Excellencies, Distinguished Participants, Ladies and Gentlemen,

I am honoured on behalf of the Government of Papua New Guinea to deliver the country statement on this very significant occasion of the Seventy-seventh session of the United Nations Economic and Social Commission for Asia and the Pacific in regards to the commission’s theme on ‘Building back better from the crises through regional cooperation in Asia and the Pacific.’

Let me also take this opportunity to congratulate Madam Executive Secretary on her leadership in shaping the hard work and commitment of all those involved in ensuring this year’s commission session delivers a successful outcome.

The 77th Session of the Commission provides an opportunity for us to work together as members of the Asia-Pacific regional community to share experiences discuss way forward and consolidate regional cooperation during these unprecedented times to build back our societies and economies better, more resilient, stronger and sustainable.

Excellencies, Ladies and Gentlemen,

The coronavirus pandemic has triggered one of the worst global health, social and economic crisis in Asia and the Pacific since the Second World War. We admit that the pandemic has rolled back our collective progress towards achieving our shared vision for an equitable, resilient and sustainable future.
We have witnessed and experience one of the most distressing health and economic consequences across the region and globally. Developing, LLDCs and LDCs are hit hard by economic contractions resulting from the restrictions and reactionary protectionists measures imposed by countries globally during the pandemic.

The Vaccination programme is proven to be a more crucial and prudent public health interventions in creating herd immunity against virulent diseases and preventing their spread. As such, our collective efforts to ensure a significant number of our population receives the vaccine must not be hampered by domestic and regional politics. Papua New Guinea joins the region in calling for more equitable and fair distribution of the vaccine so countries can work towards returning to normal.

**Monetary Policy Measures**

**Excellencies, Ladies and Gentlemen**

Papua New Guinea, like many developing and least developed countries coupled with a narrow tax base and revenue-generating capacity responded early by tweaking and adjusting its monetary and fiscal policies to ensure the economy can respond to the negative impacts of the COVID-19 pandemic especially around the cash-flow constraints caused by the restrictions imposed by the pandemic.

Adjusting monetary policies to respond to the impacts of the COVID-19 pandemic is crucial to maintain financial and payment systems stability and provide ample liquidity to individuals and businesses at a reasonable cost when people and businesses are hit hard by the restrictions imposed to control the spread of the coronavirus.

Papua New Guinea introduced and maintained seven (7) monetary policy measures since April 2020 to respond to the shocks of the COVID-19 pandemic.

The reduction in the Kina Facility Rate (KFR) further eases the monetary policy by lowering the cost of funds and make liquidity available to commercial banks during the pandemic period so they can reciprocate by reducing their respective indicator lending rates. The Central Bank of Papua New Guinea has reduced its Cash Reserves requirement by 3.0 per cent from the current level of 10.0 per cent to provide significant additional
liquidity to the banking system. Other prudential measures include loan repayment holiday on MSMEs and all businesses as well as Foreign Exchange interventions to direct foreign exchange dealers to give priority to retailers and wholesalers of pharmaceutical and health products, particularly the import of products relating to deal with the COVID-19 health crisis.

Financing to Build Back Better

Excellencies, Ladies and Gentlemen,

The challenges around financing to building back better are insurmountable to developing, landlock developing and least developed countries who are hit hard by the economic shocks of the pandemic but by effective regional cooperation we can overcome these challenges and build back together.

Disruptions to key economic sectors especially travel restrictions have hit the tourism sector hard resulting in loss of revenue and jobs causing rippling effects further expanding the inequality gap and increase poverty in the societies. Papua New Guinea has joined the Pacific sub region in working on measures to ensure movement of people and resources are restored but through stringent standard procedures.

There is a significant drop in the Gross Domestic Product across the region and individually, small developing to least developed countries have experienced drastic drop in revenue generation due to interruptions to trade, flow of liquid capital across border and halting of major Foreign Direct Investment activities across borders. With a small financial market to source domestic financial support and provide stimulus package to the business community, many of these special needs’ country would need the backing of regional and international financial institutions to provide concessional financing support

Excellencies, Ladies and Gentlemen,

Papua New Guinea’s tax to GDP ratio from 2018 to 2020 was maintained at 12.1% which is significantly low compared to the size of the country, however, COVID-19 imposed contractions to the economy has prompted the government to adjust its tax
administration policies and introduce measures to improve tax collection. The introduction of the Integrated Financial Management System into tax administration has improved the tax collection process, reducing the cumbersome processes and patching leaks in the tax collection system by integrating the data of every taxpayers.

PNG echoes the call made by LLDCs, LDCs and SIDs for the continued support of regional institutions to provide technical assistance through customised policy development in the areas of regulatory and monitoring functions to improve and strengthen the tax administration regime so countries can strengthen their revenue generating systems to support their efforts to finance their build back better programmes.

**Regional Cooperation to Build Back Better**

**Excellencies, Ladies and Gentlemen,**

Regional Integration, seamless connectivity and ease of trading facilitation are areas that needs more collaboration in the region to work towards building back better. With the pandemic forcing countries to resort to protectionist measures of trade has enabled foreign competition to emerge stronger again in the region and the probability of finding a level playing field for all countries is even greater. If we want to build back better collectively, we must advocate for a level playing field for all thus expanding intraregional trade to increase trade amongst developing and developed countries that depends mostly on the export of raw commodities to diversify into down streaming and value-added production of their commodities to finish products.

Regional Cooperation is important to promote economic growth and build back better from the COVID-19 induced reversal of the region’s progress towards realising the Sustainable Development Agenda. Our regional cooperation has gone beyond the liberalization of trade and financial relations to include joint action on macroeconomic, infrastructure and industrial aims of strengthening the potential for growth and structural change leading to more broad-based and sophisticated economic activity. Financial relations must go beyond cross border transaction agreements and look at solutions to counter Transfer Pricing and Base Erosion Profit Shifting by foreign investments in developing countries that affects developing countries capacities to collect tax revenue from foreign investments.
Excellencies, Ladies and Gentlemen,

Papua New Guinea echoes the calls made by the leaders and previous speakers of the critical need to strengthen regional cooperation beyond trade liberalization and financial relations across borders and look into structural reforms in the governance and regulatory mechanisms that would provide the impetus to build back better.

We therefore once again call on the Member States and partners to increase collaboration and partnership to work on the priority areas of strengthening social protection, trade and environment protection together with the options put forward under the ambit of the Financing for Development in the Era of COVID-19 so countries strengthen development programmes to support their vulnerable population and also strengthen their revenue generating mechanisms to provide much needed financial support to build back better.

In closing, Papua New Guinea is appreciative of the crucial supportive role the UN system especially the ESCAP plays in assisting Member States in the Asia-Pacific region to work towards building back better from the shocks of the coronavirus pandemic.

PNG remains committed to the Secretariat’s leadership in the region in supporting our collective and national efforts and reiterate our commitment to strengthen regional cooperation in the region.

I thank you!