



## MEDIA RELEASE

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### ***PNG NRI Discussion Paper No.182***

#### **Exporting more MSME products than imports can boost PNG's employment growth targets**

Globally, micro, small and medium-size enterprises (MSMEs) have enhanced their participation in international trade. In Papua New Guinea (PNG), however, the participation of MSMEs is currently minimal in that the domestic content of their production is limited, so only about one percent of their output is exported.

Since PNG's MSME participation in international trade favour imports over exports, the government's policy has been to encourage MSMEs to expand their business horizons, indicating that the MSMEs have the potential to drive economic growth through participating in international trade.

In effect of international trade on employment growth of MSMEs, small and medium enterprises in Papua New Guinea ([NRI Discussion Paper No. 182](#) released today), researchers, [Dr. Francis Odhuno](#) and Dr. Joseph Muniu, investigate whether PNG MSMEs are likely to create more jobs if they increase their participation in international trade.

The researchers' analysis of data from a survey of 1,117 MSMEs across 22 provinces of PNG suggest that the number of new job openings that MSMEs fill tend to decline as the firms increase their participation in international trade. This negative effect is attributed to the fact that most of the MSMEs participating in international trade were importers rather than exporters.

The effect of participating in international trade seem to depend on the size of firms. Micro enterprises are likely to increase their workforce while both small and medium-size enterprises are not likely to create any new employment opportunities as they increase their participation in international trade.

It seems, therefore, that the government's target to increase the number of SMEs to half a million, which in turn would create two million jobs by 2030 is an uphill task. But policies that discourage imports of consumer goods in favour of importing goods needed for domestic production for export might help boost PNG's MSME employment growth targets.

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

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