

Contemporary Chinese Community in Papua–New Guinea: Old Money versus New Migrants

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Introduction¹

It is extremely difficult to obtain precise or accurate data on the present state of the ethnic Chinese population in Papua–New Guinea (PNG). In fact, it is almost certain that precise figures are simply not available, given the lax border controls and extensive corruption in the PNG bureaucracy.²

At the official level, there are several government bodies that are in a position to give a tally of 'official' foreigner numbers in the country. The first is the Immigration Department. This the frontline department that controls all entry and exit points in the country. Second is the Investment Promotion Authority (IPA) which regulates foreign companies operating in PNG. Third is the Department of Labour and Industrial Relations which issues the work permits. They have a fair idea on the number of foreigners as they keep records of foreigners with approved work visas. Another government entity that is supposed to keep track of foreigners in PNG is the National Intelligence Organisation (NIO). There are major problems in all these departments. Extensive corruption and incompetence have rendered any figures they have wholly unreliable.³ The situation is so bad that the passport office ran out of blank passports and Australia had to step in to provide the machine to issue work permits. There is also an extensive work permit scam in operation where just about any foreign national can secure a work permit by paying a bribe. It is not uncommon for a foreigner to arrive at Jacksons International airport with a valid work permit but unable to understand a single word of English. The minimum criterion for getting a work permit in PNG is, obviously, the ability to communicate in English.

Another source of information is the embassies and diplomatic representatives. When it comes to the ethnic Chinese, the most useful sources are the Malaysian, Indonesian and People's Republic of China (PRC) embassies. In addition, there is the honorary consul for Singapore and Taiwanese Trade Mission (PNG only recognizes PRC). The figures given by the diplomatic community are also problematic as many citizens simply do not register their presence with their respective embassies and diplomatic representatives. For example, there are many ethnic Chinese Malaysian businessmen trading outside Port Moresby who do not bother to register with the Malaysian High Commission. Many Indonesian Chinese cross the border at Jayapura and do not have any contact with the Indonesian officials in PNG. One could argue that, for many, such as the PRC Chinese who are involved in illegal activities, they stay as far away from the PRC Embassy as possible.

Thus the unofficial sources are better. Some of the key ones are the Cathay Club, Malaysian Business Club (MBC), the PNG–China Friendship Association (PCA), and businessmen themselves. The Cathay Club represents the "old" PNG Chinese, those Chinese who settled in PNG prior to independence, who use English as their main language of communication and are almost all Christians. The MBC as the name

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² This is a written version of a talk presented by the author at "Chinese in the Pacific: Where to Now?" international workshop, organized by the CSCSD at the ANU in Canberra, February 2007.

³ PNG is regularly ranked by Transparency International as one of the most corrupt places to do business.

suggests, represents mostly Malaysian businessmen, who are almost all ethnic Chinese. Singaporean businessmen, who are almost all ethnic Chinese as well, tend to be friendly with MBC members and many of them attend MBC-organized functions. The PCA is a fairly new organization, established after a surge of Chinese migration to PNG in the late 1990s and early 2000s. These organizations are useful in providing a broad overview about their communities. As they are not tied to the government, they do not really care about the official status of their members, thus providing a clearer picture of what is happening within their communities.

The best sources, however, are personal contacts with some of the major businessmen or business houses. Although their information is often clouded by business jealousy and rivalries, they nevertheless still provide a useful insights into the thinking of Chinese businessmen. They represent an important, if necessarily unacknowledged, source for my paper.

So while there are no precise figures on the number of ethnic Chinese in PNG, my guess is that there were probably about 20,000 (excluding the PNG Chinese) in the early 2000s. This figure does not distinguish between legal and illegal residents. Mainland Chinese (including Taiwanese) would account for about half, or 10,000; Malaysian Chinese for about 6-8000; Indonesian Chinese for about 1000; and Singaporeans fewer than two hundred.

Old and New Chinese

For the purpose of this paper, ethnic Chinese are categorized into two broad categories. The first is the 'old' Chinese. This group is fairly easy to identify. They are essentially the descendents of the first immigrants from mainland China who lived through the process of colonization and who tend to share some common traits. As mentioned, they are almost all Christians and use English as their first language. Most of them also traced their homes to Rabaul and, if they can afford it, send their children to study in Australia (mostly to Queensland and New South Wales).⁴ Most of them were Koumintang (KMT) supporters until the 1960s when they became more neutral after they realized that the KMT had no prospects of ever regaining control of the mainland. When Australia gave independence to PNG in 1975, they were given a choice of taking up either Australian or PNG citizenship. The bulk of them left for Australia. Those who stayed behind began to expand their businesses beyond Rabaul, and today they control much of the 'national' wholesale trade.⁵

Because of their long association with PNG, the 'old' Chinese tend to pride themselves on 'knowing' the country and the people. They claim to have an excellent relationship with the nationals and are committed to the long term development of the country. This is despite the fact that the overwhelming majority of these PNG Chinese, that is those who are PNG citizens, hold permanent residency status in Australia and, in almost all cases, have a home somewhere in Australia. Some of them involve themselves in PNG politics, mostly as fund raisers for major PNG politicians or act as middlemen. They are also proud that some of the mixed-blood people who are prominent in PNG politics—the most famous being Sir Julius Chan, a former prime

⁴ For a good overview of the Rabaul Chinese, see David Wu, *The Chinese in Papua New Guinea: 1880–1980* (Hong Kong: Chinese University Press, 1982). The most recent works on the PNG Chinese are Ichikawa Tetsu, "Chinese in Papua New Guinea: Strategic Practices in Sojourning", *Journal of Chinese Overseas*, Vol. 2, No. 1 (May 2006); and Hank Nelson, 'The Chinese in Papua New Guinea', Discussion Paper 2007/3, State, Society and Governance in Melanesia (SSGM), ANU.

⁵ PNG citizens are commonly referred to as 'nationals'.

minister, who speaks Cantonese fluently—have maintained close links with the old PNG Chinese community.

Turning to the 'new' Chinese, I have categorized them into two groups. The first contains Southeast Asian Chinese, comprising mostly ethnic Chinese from Malaysia, Singapore and Indonesia.⁶ The second are the mainland Chinese and Taiwanese.

Chinese Malaysians

Politically, they are the most influential of the newcomers. Broadly speaking, they can be further sub-divided into two groups: traders and timber merchants.⁷ Ethnic Chinese Malaysians first arrived in significant numbers after independence, in the late 1970s and early 1980s. Many of them came to PNG as working professionals, attracted by the strong local currency (Kina) which at one point was worth more than the US dollar. After completing their contracts, some stayed on and started trading companies. Most of those who came in the 1980s came as traders. Some of the most prominent such companies, by the late 1990s and early 2000s, were the TST Group of Companies, Trophy Haus and Bintangnor Trading.

TST is named after its founder, Tan Siew Tin. Tan, from Klang in Malaysia, first came to PNG to work but soon realized he could make a lot of money importing cheap consumer items from Malaysia and Singapore. From one store, he now controls half-a-dozen in Port Moresby and was easily the biggest Malaysian trader until the 1990s. Despite his success in Port Moresby he did not expand beyond there. Like all Chinese businessmen, he takes a 'hands-on' approach to business. He is a well known figure in Port Moresby and even stood as a candidate in the 2002 PNG general elections after he took out PNG citizenship. Although he lost badly,⁸ his actions typified the 'cowboy' mentality among ethnic Chinese Malaysian businessmen, who believe you should be willing to try anything, even politics. More recently, he is dividing his time between Malaysia and PNG. Most of his family prefer to live in Singapore rather than in PNG.

Frankie Gui of Nambawan Trophy Haus is another prominent Chinese Malaysian businessman in Port Moresby. His main business used to be providing sporting equipment to schools and the government, along with the wholesale trading of consumer items. He was very successful until a series of bad property deals forced him to downsize his business. What is interesting about Frankie is his son's willingness to take over from his father. Normally, the families of such men reside outside PNG, usually in Malaysia or Australia.

The third interesting Chinese Malaysian businessman is John Sia of Bintangnor Trading, named after the small town in Sarawak state (Malaysia) where John originated. Sia first came to PNG as a worker for a timber company. After leaving the company, he started Bintangnor Trading by importing consumer items for sale in the highlands. Now his company dominates the wholesale trade in the highlands, from his flagship store in Goroka. This is interesting because, traditionally, Chinese Malaysian

⁶ I have decided not to include Filipino Chinese in this category for the following reasons. Most of the Filipino Chinese in PNG do not consider themselves ethnic Chinese, they see themselves as Filipinos. Moreover, most of them work as professionals and do not run their own businesses. And finally, many in this group have mestizo ancestry rather than purely Chinese.

⁷ Strictly speaking Malaysian companies are also active in palm oil activities. However they will not be covered here as these companies are not owned by ethnic Chinese Malaysians. For example, East New Britain Palm Oil Company, one of the largest oil palm producers, is owned by Kulim which is majority owned by the government of Malaysia. Another major Malaysian owned company operating in PNG is UMW which deals with heavy machinery. Its parent company in Malaysia is a public-listed company with the Malaysian government being the majority shareholder.

⁸ He joked that even his employees did not vote for him.

businessmen stayed away from the highlands, given its lawless environment and problems of access.

Outside these bigger companies, Chinese Malaysians also own and run construction companies, as well as gaming machines and the weekly lottery. Numerous owner-operator businesses also exist, including stores, auto repairs, bottle shops, restaurants, and, in recent years, outlets for the sale of pirated DVDs and VCDs.⁹ The owners have no real commitment to the country and most of their profits are repatriated overseas.

Timber Merchants

No discussion of ethnic Chinese Malaysians in PNG can be completed without mentioning the timber merchants. There were at least half-a-dozen Malaysian timber companies operating in the 1980s but, from the early 1990s, the biggest and the most prominent is RH (PNG). RH stands for Rimbunan Hijau or 'Forever Green'. RH is, without doubt, the biggest timber operator in PNG. It is impossible to say with any real accuracy how big their operation is, as they operate through hundreds of subsidiaries. However, industry insiders claim that they easily control more than 70 percent of all logging operations in PNG, directly and indirectly. RH (PNG) claims that it employs more than 5000 nationals, making it one of PNG's largest private sector employers.

RH's roots in Malaysia are in the town of Sibul, in the state of Sarawak. It is a family-run conglomerate with extensive holdings in the financial sector, property, media, forestry, and oil palm plantations in Central America, Southeast Asia, Africa, New Zealand, the South Pacific, and China. It even runs logging operations in Siberia, Russia. Its majority shareholder and family head, Tiong¹⁰ Hiew King, is regularly listed as one of Asia's richest men. He appears in the 2008 edition of Forbes' billionaires list, and is ranked the tenth richest person in Malaysia.¹¹ For many years, the man in charge of RH's country operations in PNG was the son-in-law of Tiong.

From timber operations, RH (PNG) has expanded into finance, property development, supermarket and wholesale trading, restaurants, a computer company (Comserv), and the hotel industry (in Vanimo). They are also building the largest hotel/shopping complex in Waigani, just opposite the main administrative centre. RH is also planning to move into oil palm plantations. Some of these operations function outside RH (PNG) and its subsidiaries. RH is also reputed to own a major financial institution in Port Moresby, Kina Securities. Although the financial company's main shareholders are registered in Hong Kong, they are known to be RH associates.

RH's role in PNG is controversial for several reasons. First, many environmentalists have accused it of unsustainable and illegal logging.¹² Other people bring accusations of treating national timber workers badly, with company excesses said to range from beatings to sexual harassment and rape. A third set of accusations deal with corruption, in particular that RH corrupts PNG politics by bribing key government politicians to protect its illegal logging, and by underpaying excise duties on the logs. The literature on unsustainable logging is extensive and there is no need for me to go into detail on it here. On the issue of corruption and tax evasion, clear evidence exists from the 1980s. The infamous Thomas Barneet Commission in 1989 laid out in excruciating detail how

⁹ Malaysia is the centre of illegally pirated DVDs and VCDs in Southeast Asia. The 'quality' of these pirated DVDs and VCDs is so good that they are exported all over the world.

¹⁰ Tiong is a Foochow Chinese. In some documents his surname is spelt as Thiong.

¹¹ http://www.forbes.com/2008/05/21/malaysia-richest-billionaires-biz-malaysiarichest08-x_sm_0521malaysia_land.html

¹² There is an extensive literature on this issue. For a concise summary, see Greg Roberts, "The Rape of PNG Forests", *The Australian*, 23 June 2006.

RH and its agents systematically paid off PNG politicians who threatened their logging operations. Even current Prime Minister Michael Somare was implicated in the report. He was referred to the Ombudsman Commission for allegedly lying under oath about a logging concession held by the Sepik River Development Corporation (SRDC) in East Sepik Province. The Commission report also gave details of transfer pricing to escape taxes worth millions of Kina.

Although the PNG Forest Association (a lobby group representing loggers) claims the industry was 'cleaned up' after the Barneet Inquiry, a government minister publicly disputed this. In 2004 a World Bank-led review of eleven logging operations found many regulations and procedures were ignored or bypassed by both the loggers and the regulatory departments.¹³ Then in 2006, when the former PNG Environment minister Sasa Zibe was sacked because he opposed logging, he publicly named RH as responsible for his removal.¹⁴

RH's political interest in PNG is best reflected by the establishment of a daily paper, *The National*, which is well known for promoting RH and the logging industry in general. *The Post Courier*, the other, Australian-owned, daily regularly publishes anti-logging stories which do not appear in *The National*. Controlling one of only two daily newspapers in PNG gave RH real political clout which has probably increased, as it is widely believed that *The National's* circulation has surpassed its rival. This is important for RH because, unlike the traders, it plans to be in PNG for the long term. When some Chinese Malaysians left PNG in the late 1990s due to the rapid depreciation of the Kina, RH (PNG) actually increased its investment there, taking advantage of the weak Kina to acquire many assets 'on the cheap'. Part of the reason why RH is willing to invest in the long term is no doubt due to its ability to influence political decisions.

That Malaysian nationals have played such a prominent role in PNG's economy is due in part to the close relationship between PNG and Malaysia. Like Julius Chan before him, Prime Minister Somare is known to be close to Malaysia and has taken his family on holiday there for Christmas. Prior to his retirement, Prime Minister Mahathir Mohammad also visited PNG as part of his farewell tour. Senior politicians see Malaysia as a role model for development without compromising sovereignty and see Malaysia's rejection of the IMF during the 1997—98 Asian currency crises as its greatest international achievement. Many of the same elite members see Malaysia's ability to stand up to major powers as the model for what they should be doing in regard to Australia.

Singaporean Chinese

When the kina was strong, there were more Singaporean businessmen in PNG. When the kina lost more than 50 percent of its value in the 1990s, many Singaporean businessmen left. Today they number only in the low hundreds. Even this number can be disputed, as some of these 'Singaporeans' are actually Malaysians working for Singapore-registered companies. Those who live in PNG tend to own small businesses such as second hand car sales and spare parts. Others are mostly passive investors who fly in regularly to monitor their investments. Although there were attempts to attract Singaporean investors in infrastructure projects in recent times, most of them were unsuccessful due to PNG's uncertain political and economic outlook.

¹³ "Logging, Legality and Livelihoods in Papua New Guinea: Synthesis of Official Assessments of the Large-Scale Logging Industry": *Independent Forestry Reviews* 2000-2005, Vol. 3. Available on-line at: <http://www.forest-trends.org/documents/publications/PNG2006/png.php>

¹⁴ "Bitter debate over PNG logging" ABC Radio National, 6 February, 2004

Indonesian Chinese

Indonesian Chinese traders were present in PNG even before independence, no doubt due to the fact that they share a common border. The two most prominent Indonesian Chinese businesses in PNG today are the Papindo Trading Company and the SVS group of companies.

Papindo (combining the words 'PNG-Indonesia') was founded by Soekandar Chandra and his wife Susan. From humble small trader beginnings in the 1970s, Papindo is now one of the largest wholesalers and owns a chain of supermarkets across the country. Its headquarters is in Lae, PNG's second largest town. Soekandar's expansion was no doubt aided by his taking up PNG citizenship, thus giving him unrestricted movement as a 'national' business. In recent years he has moved into property investment as well. Like RH, Soekandar has extensive political connections and was awarded a knighthood in the early 2000s. SVS, or Super-Value-Store, is another chain of wholesalers and supermarkets. It was started by an Indonesian Chinese, Why Yu, who previously worked for Soekandar. After leaving Papindo to start SVS in the 1990s, Why Yu later brought in his elder brother, Hidayat.

Another important Indonesian Chinese family is the Tseongs. The senior member of the family, Sir James Tseong, is the chairman of Air Niugini, the government-owned national airline. They are very influential and own a chain of businesses (supermarkets, hardware, etc.) around their home territory of Vanimo and Wewak in PNG's border provinces near Indonesia. Apart from these groups, only a small number of other Indonesian Chinese operate in PNG, mostly running small trading businesses.

Mainland Chinese and Taiwanese

The number of mainland Chinese in PNG has gone up dramatically in the past decade. There are two main reasons for this. First, PNG is now the PRC's most important South Pacific trading partner, accounting for two-thirds of China's trade with the South Pacific island nations. China's thirst for raw materials to fuel its phenomenal economic growth has made PNG's vast untapped natural resources a priority object for the Chinese government. Many Chinese State-owned enterprises (SOE) are investing heavily in PNG. The Chinese government also considers PNG-China relations as a high priority issue, given its suspicion that Taiwan is always looking for opportunities to redirect diplomatic recognition from Beijing to Taipei via 'dollar diplomacy'. In March 2008, for instance, it was revealed that Taipei had spent USD20 million to try to secure diplomatic relations with the Somare government.¹⁵ Earlier, Taipei had tried the same thing with the Skate government, again spending millions of dollars.¹⁶ Second, in the past decade there has been a huge increase in the number of mainland Chinese coming into the country on work permits and operating small businesses.

The official PRC aid to PNG is extensive. Although it can be argued that it is 'boomerang' aid, as many of the contractors are Chinese SOEs, the PRC government has nevertheless funded some high profile projects in recent times. These include the Sir John Guise Sports Stadium (plus the cost of refurbishment), the Henganofi Rural Housing Project, the Kandep Agricultural Research Centre Project, the Markham National High School Project, donations to the health service (including supplying a

¹⁵ "PNG minister admits meeting middleman", *The China Post* (Taipei), 10 May 2008.

¹⁶ Taipei's 'dollar' diplomacy is well known in the region and is a real threat given the unstable nature of many South Pacific nations. For a broad overview see Graeme Dobell, "China and Taiwan in the South Pacific: Diplomatic Chess versus Pacific Political Rugby," *Chinese in the Pacific: Where to Now*, CSCSD Occasional Paper Number 1, May 2007, at: http://rspas.anu.edu.au/cscsd/occasional_papers/cscsd_op1_4_chapter_1.pdf

dozen doctors) and the supply of military equipment to the PNG Defence Force. From the late 1990s onwards, Chinese SOEs have also been making multi-million kina investments. Among the biggest are: Timber and Logging (e.g., Fusen Industries (PNG) Pty. Ltd; Heybridge Pty. Ltd; China Long Kong (PNG) Industry Pty. Ltd.), POM Packaging (PNG) Pty. Ltd., PNG Salt Industries Ltd., China National Overseas Engineering (PNG) Corporation (COVEC PNG) (mostly in roads and building construction), BNBM PNG Pty. Ltd. (hardware and electrical wholesale) and Ramu Nickel project. Total investments from these companies alone are worth more than USD1.5 billion.

Outside these companies, a much larger number of Chinese come to PNG under the work permit scheme. Under this scheme, expatriate employment is only approved for professional positions on the condition that such positions will be localized once a national is ready to take over. In practice, due to widespread corruption, almost anyone can get a work permit by bribing an official. Where mainland Chinese are concerned, many bribe officials from the PNG Embassy in Beijing meaning that, strictly speaking, they are not 'illegals' as they hold a valid work permit.¹⁷

Once they arrive in PNG, these work permit holders immediately start small trading concerns, selling cheap Chinese consumer projects such as electronic goods and clothes. Others establish 'kai bars' (fast food outlets) and Chinese restaurants. All these businesses are illegal because such commercial activities are reserved for nationals. The police have arrested and shut down more than a dozen kai bars but the number of Chinese operated kai bars appear to be going up. Other illegal operations run by mainland Chinese include brothels¹⁸ and money laundering. These Chinese are also known to be involved in smuggling. Although there is no direct evidence of triad activities, it is well known that one mainland Chinese who operates a Chinese restaurant in Port Moresby tells members of the mainland Chinese community that he is the triad representative for PNG. The same person even managed to sign up as a reserved policeman for the PNG constabulary.

Because so many mainland Chinese are operating small businesses such as kai bars, they are a very visible minority in all the major towns in PNG. Due to their inability to speak English or Pidgin and their limited experience with nationals, conflicts between these mainland Chinese and the local populations are not uncommon. During the period 1999-2007 there were at least half-a-dozen killings of mainland Chinese by disgruntled workers. The usual complaint was that the mainland Chinese treated them harshly and had little cultural understanding of how to interact with nationals. The most recent killing occurred in late May 2008, when a Chinese couple who operated a bakery in Hohola settlement was brutally murdered.

Some Observations on the New Chinese

The first point to make is that they are probably the biggest beneficiary of the sell-off by Europeans (white) business after the dramatic fall in value of the kina in the late 1990s. As proprietors sought to leave the country, many such businesses were sold up quickly, with owners keen to transfer their money out before the kina fell further. The people willing to pay upfront and take over the businesses were usually the new Chinese.

Second, among the new Chinese, the Malaysian Chinese appear to have some political ambitions. The RH group is a good example of a company that tries to influence those in power. Part of the reason is that government support is needed for

¹⁷ "PNG: Foreign minister acknowledges corruption problem", ABC Radio, 29 May 2007

¹⁸ The prostitutes brought into the country only serve the expatriate community. One well known brothel operated out of the old Boroko Foodworld premise in Port Moresby.

their timber operations to run smoothly. Other Malaysian Chinese businessmen are not as ambitious as RH but they too try to befriend local politicians in order to expand their businesses. Unlike the PNG Chinese, most of the political links between the PNG politicians and Malaysian businesses are hidden. Some Indonesian businessmen like Soekandar expand their influence by using another route, taking up PNG citizenship.

Third, the new Chinese are the biggest investors outside the oil and gas sectors. There is little doubt that new investments using foreign money (foreign direct investments) come almost exclusively from the mainland Chinese and Malaysian Chinese communities.

Fourth, apart from the SOEs, most mainland Chinese are investing in 'reserved' activities such as kai bars, bakeries, low end restaurants, and clothing stores that often bring them into conflict with local residents and the authorities. This conflict only increases corruption, as many of these operators pay off the police and immigration authorities when they come to check on their illegal businesses.

Fifth, the biggest number of illegal Chinese undoubtedly comes from mainland China. This, in part, reflects the quality of mainland migrants to PNG. Many of them are poorly educated, lack big capital and do not possess any professional qualifications or skills. Hence, they cannot officially obtain a work visa and thus can only get into PNG illegally or by buying a fake work permit. Those who can afford it will pay to secure a legitimate work permit.

Sixth, most of the Chinese groups (including the PNG Chinese) do not like the mainland Chinese and see them as crooks and 'conmen' (see below). In part this is because most of the new Chinese (other than RH) do not plan to stay in PNG in the long term. Most of them are only interested in maximising their profits in PNG before either going back to their homeland or, as many Chinese Malaysians and most of the mainland Chinese prefer, moving to a third country. In this respect, favoured destinations include Canada, Australia, the US, and New Zealand.

The "Old" Chinese

There are currently less than 1000 PNG-born Chinese living and working in the country. They are sometimes called PNGBC (or PNG-born Chinese). The bulk of the locally-born Chinese community left for Australia in the 1970s, when they were offered Australian citizenship when PNG became independent. Those who stayed behind were mostly risk-takers, or feared they could not succeed commercially in Australia because of its tight regulatory framework. Those who stayed in PNG had the advantage of buying cheap assets from those departing and, in general, most of those who remained did quite well economically.

The richest PNG Chinese today is arguably Sir Ling James Seeto. Based in Port Moresby, Sir Ling is the majority owner of Lings Freezers and of Kwila Insurance. He is also reputed to be the largest individual property owner in the country, and the major beneficiary of the country's property boom in the early-to-mid-2000s. Another wealthy PNG Chinese family is the Seeto Kui, based in Lae. Their wealth is founded on wholesale and supermarket operations, but they have also started moving into property. A third prominent family is that of Sir Henry Chow. The Chow family, which owns the Lae Biscuit Company and Neptune Fishing, has in recent times moved into oil palm plantations and property development.

The usual strategy for these PNG Chinese is to have at least one family member with PNG citizenship, which allows them to move freely in the PNG economy without any restrictions. Even if an entire family is comprised of PNG nationals, it is almost certain that the members also hold Australian permanent residencies. The biggest

challenge facing these PNG-born Chinese is intergenerational continuity. Many of the younger generation, who have spent years studying in Australia, do not want to go back to PNG to run the family businesses. In addition to the lifestyle limitations due to the breakdown in law-and-order, many younger PNG Chinese find it almost impossible to meet 'suitable'—that is, anyone of Chinese extraction—members of the opposite sex in PNG. This is especially hard for men, as most eligible young single Chinese girls with a PNG background are already living in Australia. Hence there are quite a number of cases of PNG Chinese men marrying outside the community, with the largest number probably marrying Filipinas. A sizeable number of young single Filipino women work in PNG and they form the largest pool of available women. Most of these PNG Chinese men would not consider marrying a national, for the most part because of the practical consequences of such a marriage. PNG runs on a powerful 'wantok' system in which relatives of all sorts feel entitled to make serious demands on each other. Once married to a clan member, others in his or her clan can, and do, make demands on the new spouse in terms of money, time or materials, demands to which saying 'no' is often not an option.

The Relationship between the New Chinese and PNG-Born Chinese

Economically speaking, the PNG Chinese don't like the newcomers, seeing them as economic competitors who have not 'paid their dues' locally by spending generations in PNG and getting to know the nationals intimately. Where companies are concerned, they especially resent RH, on account the size of its business and its political influence. Deep down inside, however, they know they have lost their economic battle. On a social level, they get along well with Southeast Asian Chinese like the Malaysians, Singaporeans and Indonesian Chinese and some younger PNG Chinese have married Indonesian and Malaysian Chinese. Sir Henry Chow, one of the most prominent PNG Chinese, is the Honorary Consul for Singapore.

The group that the PNG Chinese detest most is the mainland Chinese, whom they characterise as 'con men' and 'uncivilised', which is the greatest insult in PNG. The main reasons people give for this is that mainland Chinese have spoiled the previously good relationship between the Chinese community and PNG nationals. People say that before the coming of mainland Chinese PNG nationals never killed ethnic Chinese over business affairs, but now they are stirring up trouble by competing with nationals in small businesses like kai bars and small retail stores. People also complain that the mainland Chinese are corrupting the system because they are involved in too much smuggling and have set up a market in stolen goods.

As far as I can ascertain, most PNG-born Chinese do not see their future in PNG. Their numbers are getting smaller and smaller. Their strategy is to make as much money as possible and then move the profits out. The problem is that many of them have fairly large assets that can only be sold to the new Chinese, including the mainland Chinese, in large part because many of their businesses are structured in such a way that it is almost impossible to sell to a European or national.¹⁹ The favourite relocation destination is properties in Australia. Although many complain about the high cost of living in Australia and the difficulties of doing business there, most also think that the move to Australia is inevitable as PNG will never be politically stable.

¹⁹ For example, I know of a real estate company operated by a PNG Chinese couple. He handles the rental properties for other PNG Chinese who have moved down to Australia. This sort of business depends on personal bonds which cannot be transferred to a new owner.

Conclusion and Outlook

The late 1990s arrival of the mainland Chinese in large numbers has altered the perception of the nationals towards Chinese and Asians in general. Previously they associated the Chinese community with logging and big businesses; now they associate Chinese with low-end businesses like kai bars and other direct economic competitors with nationals. This ill-will breeds suspicions, like the rumour that these kai bar owners sell nationals substandard food deemed unfit for human consumption, as one newspaper actually reported in regard to lamb meat imported from Australia. The negative perception is further reinforced by the illegal activities of the mainlanders.

There are growing calls for the government to act against mainland Chinese traders. The problem is that the bureaucracy (including the police) is so inefficient and corrupt that any actions it takes against these illegal operators are likely to be useless, or at best temporary in nature. Even if the people involved are deported, chances are they will return under a different passport and name, with a new work permit. The increasing physical attacks against the mainland Chinese, in particular petty traders and kai bar operators, seems likely therefore to increase. These Chinese deal with the nationals every day, so the potential for conflict and misunderstanding is high, with disagreements more often than not resulting in petty violence.

In the medium term (over the next decade), one can predict that the mainland Chinese will take over the roles played by RH and the wealthy PNG Chinese. The weight of mainland Chinese numbers and the important economic role played by Chinese SOEs means that they will soon dominate the sections of the PNG's economy that used to be occupied by the old PNG Chinese and Southeast Asian Chinese. Given this prospect, it is also likely that companies such as RH and the key PNG Chinese will form partnerships with mainland companies in order to expand their business and protect their investments.

And, finally, it is almost certain that Chinese triads will establish a presence in PNG if there is big money among the mainland Chinese community.

But despite the various criticisms and complaints directed at the 'new' Chinese, I want to conclude by arguing that without them there would be no new investments in PNG. No one else has the necessary appetite for risk. The traditional sources of capital, Australia and 'white' companies in general, have basically pulled out of PNG, with big investment projects such as the proposed gas pipeline an exception to the rule. More often than not, large investments derive from the capital of Chinese newcomers and, on balance, these investments have contributed positively to the PNG economy.