



# LAE CHAMBER OF COMMERCE INC.

## WEEKLY NEWS UPDATE

2 November 2012

VOLUME: 42 - 12

### SLOW INTERNET?

Telikom have advised that they have diverted all internet traffic and other traffic across to PCC-1 via Lae-Madang-Sydney as POM-SYDNEY APNG#2 is under repair due to a faulty regenerator. Because of this there has been a reduction of internet bandwidth and slowness is expected for the next 2 weeks as repair work to the APNG#2 is being performed. Once the necessary repair works are completed, all traffic will be normalised including internet. Initially this was supposed to be done this week but there was unfortunately another fault that occurred while repair works were being undertaken. Hence, another splicing of the fibre cable is underway at an ocean location within PNG-Australia. Telikom regret the inconvenience and advise that they hope to fix the problems as soon as practicable.

### LAE CHAMBER OF COMMERCE INC.

Room 5, the Professionals Building, 5<sup>th</sup> Street  
P O Box 265, Lae 411  
Morobe Province  
Papua New Guinea  
Tel: (675) 472 2340  
Fax: (675) 472 6038  
E-mail:  
[president@lcci.org.pg](mailto:president@lcci.org.pg)  
[info@lcci.org.pg](mailto:info@lcci.org.pg)  
Website:  
[www.lcci.org.pg](http://www.lcci.org.pg)

### Index

In this Issue

#### From the Presidents Desk

- S&P's Report Card
- Doing Business in PNG
- Customs Examination Facility
- ICC News Update
- EU Trade News
- Pacific Mentoring
- UNITECH Workshop
- CACCI Book Offer

*Thank you*

### FROM THE PRESIDENTS DESK

Our sister Port Moresby Chamber dug up this article from the Jakarta Globe which is certainly of interest to PNG – read on ...

## S&P Boosts Outlook for PNG After Political Stability Returns Following Poll

Dion Bisara | October 30, 2012

Papua New Guinea has been given a vote of confidence by ratings service Standard & Poor's, which on Monday upgraded the country's long-term sovereign debt credit outlook to stable from negative, citing the Pacific state's greater political stability following July legislative elections.

The rating agency affirmed Indonesia's eastern neighbor's current long-term rating at B+, and its short-term rating at B. PNG's rating is four steps below investment grade, on par with other countries including Bolivia, Nigeria and Ukraine.

"The elections resolved the stalemate that existed for nearly a year," S&P credit analyst Yee Farn Phua said in a statement on Monday. Phua was referring to competing claims for the prime minister's post between Peter O'Neill and previous PM Michael Somare.

The PNG parliament elected O'Neill as prime minister in August 2011 during Somare's absence due to illness. The Supreme Court then ruled in December that the removal of Somare from office was unlawful. But both O'Neill and parliament rejected the ruling. S&P changed the country's outlook to negative soon afterward.

Yee said O'Neill's People's National Congress Party won the July elections, allowing him to form a cabinet. "Somare's decision to participate in a coalition with the PNCP should boost political stability," Yee said.

The rating agency expected the coalition would result in a more efficient legislative process that could smooth changes to mining laws and bring closer an agreement on a proposed liquefied natural gas project.

US oil giant Exxon Mobil is developing a \$15.7 billion LNG plant, the country's biggest-ever resource project. Rio Tinto Group and Newcrest Mining are among miners and explorers with operations in the resource-rich country.

S&P also said that PNG has moderate fiscal deficits, low government debt, a modest net external liability position and strong potential for the minerals and allied sectors to boost economic growth.

Still, vulnerabilities associated with the country's weak institutional frameworks and shortcomings in governance continue to constrain the ratings, the agency said.

"There is a lack of transparency in the activities of statutory authorities, trust accounts, and other government-controlled entities, which contribute to the government's off-balance-sheet liabilities," Yee said. "Further constraining the ratings are infrastructure shortcomings and security risks impeding investment required to diversify the economy, which is highly concentrated in the resources sector."

S&P said it may lower the country's ratings should weakening in global economic conditions continue, cutting demand and prices for PNG's mineral exports. That would worsen country's external position and government finances, S&P said.

The agency added that PNG's rating upgrade would likely occur by 2015, when its LNG project starts earning revenue, "given the project completion risks."

Rival rating agency Moody's has assigned PNG a B1 rating, also four notches below investment grade, with a stable outlook, while Fitch does not formally assess the country.



**Now you have MORE CHOICES from PNG's LARGEST RANGE of Vehicles, Trucks and Equipment with Full Service & Parts Backup Countrywide**

• NISSAN • MITSUBISHI • ISUZU • MERCEDES • UD NISSAN DIESEL • KENWORTH • NEW HOLLAND • TCM • FUSO • HONDA • JOHNSON/EVINRUDE

<b>LAE BRANCH</b> PO BOX 609, MILFORDHAVEN ROAD, LAE MOROBE PROVINCE, PAPUA NEW GUINEA. PH: 472 1144 FX: 472 6206	<b>Other Branches</b> PORT MORESBY MT HAGEN TABUBIL RABAUL ph: 325 5255 ph: 542 1933 ph: 548 9048 ph: 982 8183	<b>Dealers</b> MADANG KIMBE EMAIL: <a href="mailto:info@borokomotors.com.pg">info@borokomotors.com.pg</a> WEBSITE: <a href="http://www.borokomotors.com.pg">www.borokomotors.com.pg</a> <a href="http://www.nissan.com.pg">www.nissan.com.pg</a>
---	--	---



President

Alan McLay

Snr Vice President

Nigel Merrick

Jnr Vice President

Robert Howden

Treasurer

Stephen Beach

Councillors

Philip Franklin

Peter Diezmann

Kaiti Bluett

Dennis Brewster

Terry Fuery

Danny Kepi

Ben Woo

Andrew Gunn

Mike Quinn

Vanessa Chan Pelgen

Robert Hansen

Objectives  
of the LCCI

- To promote the business interests of the private sector;
- To further the economic development in Lae;
- To ensure the provision of services and utilities essential to such development;
- To provide a representative body for business people, which government can consult;
- To promote support or oppose legislation; or take any other measures to improve the business community;
- To provide a forum for discussion of private sector goals;
- To pool the strengths of business people so that together, they can accomplish tasks that each one alone cannot achieve;
- To promote the economic viability of the area, so those current businesses will grow and new ones will be developed locally;
- To provide business with a common voice.

# LAE INTERNATIONAL HOTEL

Book on-line at

[www.laeinterhotel.com](http://www.laeinterhotel.com)



PH: 472 2000 FAX: 472 2534 DIRECT RESERVATIONS: 472 7000

## S&P Boosts Outlook for PNG (Continued)

Indonesia's trade with PNG is small despite the two countries sharing the island of Papua between them.

Data from the Indonesian Trade Ministry shows that trade between the two countries fell 39 per cent to \$154 million in the first seven months of the year compared to the same period in 2011. Indonesia's total trade during January-July period this year was \$113 billion.

S&P rates Indonesia at BB+ long-term, one notch below investment grade.

Elsewhere, S&P raised the outlook on Mongolia to stable from positive, citing strength in domestic credit growth.

## DOING BUSINESS IN PAPUA NEW GUINEA

Given the poor reporting record of S&P leading up to the Global Financial crisis we are not sure how much credibility we should place on this report. I suppose it is refreshing at least to read that there is recognition that PNG is a stable country and that this provides for a good place for investment.

The fact is that when investors look at PNG they find it is not instability that is the greatest deterrent to setting up business, it is the difficulty in doing so. Today's National newspaper's article on page 12 – titled **PNG BUSINESS CLIMATE COSTLY** sums up the situation very well. In the article my old friend Henry Sanday, the former CEO of the Pacific Islands Private Sector Organization (PIPSO) and a speaker at the land development conference in Port Moresby held on Monday and Tuesday this week, said that.... "PNG has an unfriendly and costly business regulatory environment that hinders the growth of private enterprises."

Sanday went on the say – "The World Bank rankings for the indicators for developing businesses ranked PNG 101 out of 183 for the Ease of Doing Business, 84 out of 183 for Starting a Business and 87 out of 183 for Registering Property in the country in 2012."

The latest World Bank/IFC **DOING BUSINESS 2013** Report has recently been released and we find that the rankings have slipped further since the 2012 figures quoted by Mr. Sanday, where in PNG – The Ease of Doing Business slipped to 104 from 187 countries surveyed; Starting a Business 91 from 187; and Registering Property 88 from 187. It is a fact that PNG has been slipping in the rankings on all indicators of Doing Business for the last 5 years at least.

It is not difficult to make it easy for business to start and be conducted in this country. The trouble is that every Government Department or Statutory organization that is part of the regulatory process has its own bureaucracy and its own set of rules. Many of them justify a high level of staff by making the work they perform appear to be more difficult than it is.

The PNG Government has already made good progress on uncovering corruption and cleaning up Government Departments. They must also look at paving the way to making it easier to conduct business. It stands to reason that a better, more efficient and profitable Private Sector, the more the Government stands to benefit through increased taxes, excises, duties, license fees etc.

If you want an electronic copy of **DOING BUSINESS 2013** please respond by email.

**The International School of Lae**

Still a great school! Still a great choice!

The Logical Alternative for an International Education

- Forming lifelong friendships
- Embracing culture
- Friends around the world
- Enjoying spacious grounds
- Feeling safe at school
- Being challenged in learning
- Being the best you can be

**Do you want to find out about the Customs CONTAINER EXAMINATION FACILITY?**

**Customs will run an awareness session**

**See more!**



## Container Examination Facility

Don't forget the awareness session by the Department of Customs Service officers to be held on Monday 12<sup>th</sup> November, to answer all your questions about the forthcoming Container Examination Facility (CEF) that will be constructed in Lae shortly. The awareness session will be held as follows:

Time: 13.00pm – 14.00pm  
Day & Date: Monday 12<sup>th</sup> November, 2012  
Location: Lae International Hotel Conference room

Customs Officers will deal with the following issues in their presentation:

### TECHNICAL DATA

Each CEF will hold an International Standards Organisation Quality Management System accreditation once they are operational.

### IMPLICATIONS FOR INDUSTRY

The cost of x-raying and examining cargo at CEFs will be shared by PNG Customs Service and the importers of sea cargo. More detail will be made available after consultation with relevant stakeholders.

### RADIATION SAFETY

Both PNG Customs Service CEFs in Lae & Port Moresby will be designed and purpose built to meet the stringent radiation safety standards imposed by the Australian Radiation Protection and Nuclear Safety Agency.

### ENQUIRIES

For more information about the PNG CEFs or other PNG Customs matters, please visit the PNGCS website: [www.customs.gov.pg](http://www.customs.gov.pg).

Please advise Jenna at the LCCI Office on 472 2340 of the attendance by you or your nominee.

**PNG POWER Ltd**  
**OUTAGE NOTICE TO LAE CONSUMERS**  
**PLANNED INTERRUPTION**  
PNG Power advises consumers that it will carry out emergency power interruptions to allow workmen to do urgent maintenance work.  
Date: **SUNDAY NOVEMBER 4**  
Time: **8 AM - 4 PM**  
Areas Affected: **Whole of Nadzab, Mutzing & Erap. Also part of Fdr - 5**  
Areas Affected: **Vocopoint, Airways Avenue, Asiawe Village, Lae Yatch Club, Mt Lunaman, Business Houses and Residence along Aircorps Road, Main Market area, Laurabada Avenue.**  
PNG Power regrets any inconvenience caused to consumers.  
ISSUED BY PPL CORPORATE RELATIONS

**International Chamber of Commerce News Alert**



### ICC adds more features to new website

Paris, 30 October 2012

The International Chamber of Commerce (ICC) is today launching a fresh version of its new web portal, featuring additions – such as mega menus – that make the site even more enjoyable and easy to visit.

<http://www.iccwbo.org/News/Articles/2012/ICC-adds-more-features-to-new-website/>

Arthur Strachan Ltd

**Attention First Home Owners, Property Investors,  
Company Directors**

**PROPERTY FOR SALE BY AUCTION - LOT 6 SEC 105, WAGTAIL STREET, LAE, MP**

This is an opportunity to buy 3 Bedroom House (High Covenant) with little to no work required, ready to occupy, ready to rent. Rental potential of K144, 000.00 P/A, K12, 000.00 Per Calendar Month.

Good Location, High Rental Demand - Do Not Miss This Opportunity.

<http://www.arthurstrachan.com.pg/tenders-auctions>

**Auction 10am on Site 23<sup>rd</sup> of November 2012**

**Interested bidders attending the auction will be required to be registered prior to the auction.**

**PACIFIC BUSINESS  
MENTORING PRO-  
GRAMME**

**WHATS  
HAPPENING?**

*The new 2012 MADE  
IN PNG Magazine is  
on display and  
available for you to  
collect from the LCCI  
Office*

**EU TRADE  
NEWS!**

(the information  
provided is of interest  
for exporters to  
EU Countries)



**Depots  
in Lae  
& POM**

**HUGE RANGE OF SHIPPING CONTAINERS  
AVAILABLE RIGHT HERE IN LAE**

Head Office: **+675 472 5143** email: [sales@tradecorppng.com](mailto:sales@tradecorppng.com) [www.tradecorppng.com](http://www.tradecorppng.com)

**TRADECORP  
PNG LIMITED**

**PACIFIC BUSINESS MENTORING PROGRAMME NEW  
ZEALAND**

The BMNZ team were in Lae last Monday, Tuesday and half of Wednesday. Two mentors provided mentoring for 8 approved clients, seven of whom were LCCI members and one of whom is a future member. An awareness session was conducted for a group of prospective clients many of who had been referred to us by the Banks. The team will follow up this initial visit with regular visits, and further mentors will be added as the interest grows. The two mentors that visited Lae this time, apart from being great guys are thoroughly professional individuals with a wealth of knowledge on all aspects of conducting business.

Do you know anyone who you think will benefit from this program? If so please get them to contact Wendie on [info@lcci.org.pg](mailto:info@lcci.org.pg) or by phone 472 2340.

**NO.1 HIRE CAR**

*"Your alternative Car Rental Choice"*

17 Branches Nationwide

Range of 4WD D/Cabs, Troopers (10 Seaters), Sedans & Buses. Call Central Reservations at:-  
Lae (HQ) – Nasfund Haus, 2<sup>nd</sup> Street Lae

**Ph: 479 1546/472 2799 Mobile: (B) 686 7580/690 3585/690 3115  
(D): 7256 7179/7280 7360/7220 2460 Fax: 472 2798/472 8700**

Email: [mpss@datec.net.pg](mailto:mpss@datec.net.pg)

"WITH OUR EXTENSIVE REPRESENTATION, WE ARE IN A POSITION TO MEET ALL YOUR CAR HIRE ARRANGEMENTS"

**MADE IN**

**P N G**

**2012**

**MANUFACTURING  
AGRIBUSINESS  
FISHERIES  
FORESTRY**



**TRADE**

Newsletter - Weekly digest

**EU Trade news: Development, World Trade  
Organisation, Investment**

**DEVELOPMENT**

**Publication of a revised regulation on the Generalised System of Preferences (GSP)**

On October 31st the European Commission issued a revised regulation on the GSP for developing countries most in need that will take effect from 1 January 2014, thus giving time to economic operators to adapt to the revised regime. The revised regulation has been endorsed by the Council and the European Parliament and it contains the specific tariff preferences granted under the GSP in the form of reduced or zero tariff rates as well as the final criteria, which constitute the condition in order to benefit from the scheme.

The Commission's proposal has been further developed by the Council and the European Parliament that proposed a wider though limited expansion of products and preferences, a longer transition period for the application of the new GSP and an expansion of specific safeguards to include ethanol and plain textiles.

The number of beneficiaries has been reduced to a total of 89 countries in order to ensure more impact on countries most in need. Also, countries which are serious about implementing international human rights, labour rights and environment and good governance conventions will receive more support. The beneficiaries of the reformed GSP are 89 in total: 49 least de-

veloped countries in the Everything But Arms scheme and 40 other low and lower-middle income partners.

In 2011, imports that received GSP preferences were worth €87 billion, which represents around 5% of total EU imports and 11% of the total EU imports from developing countries.

[Press release](#) [Webpage on the GSP regulation](#) [List of products which have been incorporated in the new GSP regulation](#) [Complete text of the new GSP regulation](#)

**AVIS**  
We try harder.

 Air Niugini  
DESTINATIONS  
Loyalty Program

**AVIS** has partnered with the Air Niugini Destinations Loyalty Program

**Earn 1000 Destinations points  
when you rent with AVIS. Conditions apply**

Contact our Central Reservations on Ph: 324 9400 Fax: 325 3767  
Email: [reservations@avis.com.pg](mailto:reservations@avis.com.pg)

PNG's No.1 Car Rental Company

August/September  
edition

**PNG REPORT**

Collect your free  
copy from the LCCI  
Office

**PNGREPORT**

The very latest August/September 2012 edition of this magazine is now on display at the Lae Chamber of Commerce. Read the reports on the BRAIN DRAIN (Poaching PNG Nationals), SELLER'S MARKET (explorers hold the cards), PNG RETREATS (the FIFO tourist dollar), LAST FRONTIER (PNG's unknown biodiversity) and more, when you get your free copy of this August/September edition, which can be reserved by contacting Jenna on 472 2340 or by emailing us at [info@lcci.org.pg](mailto:info@lcci.org.pg) or just come into the chambers and pick up your copy.

**UNITECH OFFER**

**Workshop On  
Business  
Sustainability  
Policies And  
Procedures**



THE PAPUA NEW GUINEA  
**UNIVERSITY OF  
TECHNOLOGY**

ENVIRONMENTAL RESEARCH AND  
MANAGEMENT CENTER

**ACBM** Australian College of  
Business & Management Pty Ltd

*UNITECH Environmental Research & Management Centre (ERMC) in collaboration with the Australian College of Business & Management (ACBM) announce inaugural One Day Sustainability Workshops which will change the way you see the world:*

### **Develop & Implement Business Sustainability Policies & Procedures**

The business environment is changing rapidly. Major environmental concerns about resource use, the implications of climate change and emerging demands for 'sustainability' in PNG and around the world are impacting the management and operations of business.

This one day Workshop is designed for key private and public sector personnel wishing to acquire the operational competencies, skills and knowledge required to develop and implement workplace sustainability policies.

The Workshop develops practical techniques to improve operational efficiency and develops procedures which are benchmarked to international best practice - as embodied in the ISO 14000 standards on environmental management systems (EMS).

The Workshop outlines the Australian experience of a growing 'sustainability consciousness', the range of policy initiatives implemented and the lessons that may be learnt. In particular, it provides hands on guidance in developing effective sustainability policies which are adaptable for any organization wishing to reduce its footprint.

The Workshop will particularly benefit:

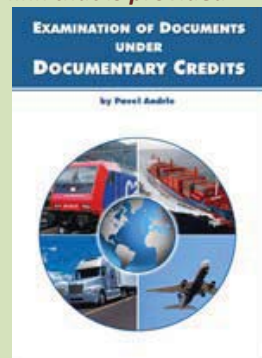
- ✓ Business owners/managers/senior personnel wanting to reduce business risk and vulnerabilities while capitalising on the opportunities for cost savings through greater sustainability
- ✓ Business personnel wishing to be proactive and add 'sustainability' to their skill sets in order to be attuned to emerging trends in the business environment
- ✓ Senior public sector personnel wishing to stay informed on emerging policy issues and to be proactive with regard to their agency's sustainability performance
- ✓ Government and private sector personnel involved as stakeholders in emerging PNG policy on climate change and environmental management
- ✓ Senior officers/managers of NGOs who wish to improve the efficiency of their own operations while embracing socially responsible sustainability initiatives.

A few copies of - *The Report prepared by the Oxford Business Group are still available for collection from the LCCI. Don't miss out on this polished edition*

Collect you latest *Business Advantage Magazine*

The PNG Chamber of Commerce & Industry is a Member of CACCI (Confederation of Asian-Pacific Chamber of Commerce & Industry.

If you wish to get a copy of this book, please go direct to the link that is provided



## THE REPORT Papua New Guinea 2012

This Magazine features -

ECONOMY  
BANKING  
INSURANCE  
REAL ESTATE

ENERGY  
MINING  
TOURISM  
TELECOMS & IT

INDUSTRY  
CAPITAL MARKETS  
CONSTRUCTION  
INTERVIEWS

### UNITECH DEVELOP AND IMPLEMENT (Cont)

WORKSHOPS WILL BE HELD AT:

- ❖ LAE: *UNITECH Campus*: Tuesday, 20<sup>th</sup> November 2012 (9-00am – 4-30 pm.)
- ❖ PORT MORESBY: *Venue to be advised*: Thursday 22<sup>nd</sup> November 2012 (9-00 am – 4-30pm)

COST: ?? Kina per Delegate

(Includes cost of extensive training materials, Lunch, Morning and Afternoon teas at Venue)

BOOKING FORMS & RESERVATIONS:

To request a Booking Form for the One Day Sustainability Programs or to reserve your place,

- Telephone ERMC Secretary: Name and Telephone Numbers To Be Supplied
- Email: [enquiries@ermc.unitech.ac.pg](mailto:enquiries@ermc.unitech.ac.pg)
- Fax your details to ERMC Office - Details to be supplied.

*\*\*NOTE: Participants wishing to extend their knowledge and develop more advanced competencies are able to build on the knowledge developed by enrolling in an Australian nationally recognized training program – BSBSUS501A Develop workplace policies and procedures for sustainability – offered through ACBM at a concessional rate. Successful completion of this distance education program is recognized by the issue of an Australian Statement of Attainment in this unit.*

For Enquiries concerning the distance education program email: [peter\\_ohanlon@bigpond.com](mailto:peter_ohanlon@bigpond.com)

Business Advantage

## PAPUA NEW GUINEA

2012/2013

To: All CACCI Primary Members

Re: Publication of "Examination of Documents under Documentary Credits"

We wish to inform all CACCI members that the publication of "Examination of Documents under Documentary Credits" has been recently published by ICC Czech Republic, and it may be of interests to banks and exporters in your individual countries.

Taking into account the importance of the foreign trade for the open economy and dominance of the documentary credit as a safe payment instrument, the publication explains the very complex rules and practices related to examination of documents presented under documentary credits, i.e. ICC Rules of Uniform Customs and Practice for Documentary Credits (UCP 600) and the international standard banking practices for examination of documents under documentary credits as reflected in the another ICC publication No. 681 (ISBP 681), in practical fashion. The examination of documents and making the decision whether they comply with the credit terms and conditions or not is certainly the most crucial, difficult and demanding task in the documentary credit practice. The publication is a must for any serious practitioner active in the foreign business. We attach herewith the Table of Content for your reference.

The author of the publication is Mr. Pavel Andrie, a former trade finance banker, well established international trainer and consultant. He has delivered many successful seminars worldwide, including Sri Lanka, Vietnam, Mongolia, Philippines under programs organized by local leading chambers of commerce in cooperation with CACCI.

More information about the book, its author, and the order can be found at the link: <http://www.icc-cr.cz/examination>.

Thank you, and with best regards.

Sincerely yours,

David Liu, Director-General