



Lae Chamber of Commerce Inc. Weekly News Update

6 December 2013

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LAE CHAMBER OF COMMERCE INC.

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Index

In this Issue

From the Presidents Desk

Lae Roads

Business Advantage
articles

ICC News

European Commission
Trade News

PNG Industry News

AFP & RPNGC

Airlines PNG Service to
Manus

Thank you

FROM THE PRESIDENTS DESK

Lae Roads

A delegation from Shorncliffe came to the Lae Urban Local Level Government (Lae City Council) Engineering Department recently to discuss the current "design and build" contracts that have been awarded to them for number of road sections in the City.

The Meeting ended on high note with the City Engineer pointing out some of the basic and essential requirements of urban roads that had been left out when the previous contracts were done. Particularly the provisions of Foot-paths, Street Lights, Landscaping, Regulatory Road Signs, Line and Pavement Marking, Car Parking and also Carriageway Width (recommended increasing from 5 to 6 m per lane allowing for right hand turns, parking and break-downs).

The City Engineer Mr. Alex Gawi said – "We established a very good understanding between my office (City Engineer) and Shorncliffe for the continuous dialogue and involvement of City Council. I insisted that we should be the first point of contact, which was neglected in the previous contracts but I want to improve that starting now.

The LCCI hopes that all contractors, on the soon to be commenced new contracted sections of the Lae Roads, will follow suit.

After all the LULLG is responsible for the ongoing maintenance of the Lae Roads, a requirement that was taken on by the former Lae City Council in 1972, which has been carried onto the LULLG today. The Urban Authority can only take over the roads for maintenance if the roads are properly constructed and comply with all the requirements. If of course the LULLG do not agree to take on the roads for ongoing maintenance, then there is a dilemma of who will provide the maintenance? If this situation occurs, then we could be worse off in a few years time.

However with the soon to done roads coming under the new contracts, within the new PNG Standards for constructing concrete roads, and under proper supervision, we should see a vast improvement in their construction. The problem will be – what will happen to the last lot of completed roads that may be done to inferior standards?



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**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.



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The high price of calling Papua New Guinea

5 Dec 2013 by [Business Advantage](#) [Leave a Comment](#)

Why are call rates to Papua New Guinea from overseas so expensive? The answer's not quite as simple as you might think, as **Business Advantage PNG** discovered.

Telecommunications services have been getting cheaper all over the world over the last decade.

In most developed countries, it's now possible to connect with colleagues and friends across the world for not much more than a local call.

But deregulation, advanced technology and more competition have had far less impact on inbound call rates to Papua New Guinea.

For example, standard rates from Australian carriers to PNG range from A\$0.66 (K1.52) per minute up to A\$2.38 (K5.50). Even Skype, the internet protocol-based global phone service that has driven down international call rates drastically over the past five years, charges AUD\$1.07 (K2.47) per minute for a call from Australia to Papua New Guinea.

Compare this with the cost of calls from PNG and there's a clear discrepancy. Calls start from 79 toea (AUD\$0.34) to K2.45 (AUD\$1.05) per minute to call Australia, depending on the carrier and package.

Impediments

So, what's going on?

Wency Noruka, Divisional Manager, Wholesale at Telikom PNG Limited, said PNG's telecommunications market was opened up to competitive forces in 2007, but there are still 'inherent impediments to exchanging international traffic affordably between carriers'.

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[Business Advantage](#)

**New Made in PNG
2014 Edition
Coming Soon**

Business Advantage International is proud to announce the third edition of [Made in PNG](#), a publication dedicated to Papua New Guinea's productive sectors: manufacturing, agriculture, fisheries and forestry. It will be published in January 2014 in partnership with the Manufacturers Council of PNG.

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Business Advantage Article of the week

Telecommunications High Rates (Cont)

'Prices used by Australian telcos for calls into PNG do not reflect the low rates that Telikom currently provides,' he tells *Business Advantage PNG*. 'High prices for calls from Australia to PNG appear to be influenced by two key factors: a blended PNG termination rate that is skewed towards the higher costs imposed by PNG's mobile operators for calls incoming into PNG; and Australian telcos maintaining high retail prices for such calls.'

Industry sources suggest the disparity between the cost of inbound and outbound call charges goes back to 2001, when an accord to charge the same rates for incoming and outgoing calls between most countries broke down in PNG.

When the rates for overseas carriers were raised, industry sources claim, call volumes inevitably dropped. PNG used to be a top five call destination for Australians. These days, it's outside the top 20.

The view from overseas

Australian telecommunications providers such as Telstra and Optus were hesitant to talk specifically about individual country call rates, saying only that every international market has different factors affecting how they charge.

What the Australian carriers won't say out loud is that these interconnect and call termination costs are heavily dependent on the size of the market in question. It may just be that PNG isn't a big enough market to matter.

While carriers are unwilling to explain their own cost structures, an industry economist told *Business Advantage PNG* the call rates of Internet operator Skype were instructive. The Papua New Guinea termination rate, he said, would be no higher than the A\$1.07 (K2.47) Skype charges per minute for a call made from an Australian computer to a fixed or mobile service in Papua New Guinea.

PNG calls not given priority

The disparity between what Telikom charges overseas carriers and what it pays to send calls overseas has also affected the priority given to inbound calls, according to industry sources.

The result is that it is 'almost impossible' to call PNG from many countries because it is not worth the trouble of overseas carriers to make the connections work.

High call costs: the impact on business

There is unquestionably an impact on business in all this. High inbound rates act as a disincentive for overseas customers to contact PNG-based exporters and service providers and act as an additional and unwelcome impost on those businesses with a presence in both PNG and other countries.



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Telecommunications High Rates (Cont)

John Leahy, President of the Papua New Guinea Chamber of Commerce and Industry, says the business community would welcome lower rates.

'Access and reliability (of phone networks) is improving,' he notes. 'Domestic call rates have started to come down a bit (but) calling in is still not too cheap.'

Can regulation help?

Regulation of call rates remains a difficult prospect, but Wency Noruka says industry regulator, the National Information and Communications Technology Authority (NICTA), can have a role to play.

'A key factor to reducing call rates into Papua New Guinea requires removing the reluctance by mobile operators to allow Telikom to handle international incoming calls on their behalf,' he said. (Currently, calls to Digicel PNG come direct into the country through its own gateway.)

'(NICTA needs to) ensure that any PNG carriers can collect any minutes from international partners on behalf of other PNG carriers and exchange them with other carriers at near-domestic rates.'

As for immediate prospects of lower call rates, it's probably not worth waiting on the line for an answer.



International Chamber of Commerce

The world business organization

Bali Business Forum

Paris, 5 December 2013

The Bali Business Forum took place today on the sidelines of the World Trade Organization's (WTO) 9th Ministerial Meeting taking place this week in Denpasar.

<http://www.iccwbo.org/News/Articles/2013/Bali-Business-Forum/>

New ICC Mediation Rules unveiled at global launch event

Paris, 5 December 2013

The new ICC Rules of Mediation were unveiled yesterday at a global launch conference attended by some of the company representatives set to benefit from the new Rules, together with leading experts in mediation and dispute resolution.

<http://www.iccwbo.org/News/Articles/2013/New-ICC-Mediation-Rules-unveiled-at-global-launch-event/>

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PUBLICATIONS

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Kind Regards **Brigitte Horn**, Marketing Coordinator

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European Commission trade news



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TRADE

Newsletter - Weekly digest

EU Trade News: Solar Panels, Georgia and Moldova, Guatemala and Central America

04/12/2013

Solar Panels

Definitive measures against imports of Chinese solar panels

The EU has decided to impose anti-dumping and anti-subsidy measures on imports of solar panels from China. The Council backed the Commission's proposals and duties will be imposed as of 6 December 2013. The decisions came after investigations lasting over a year. During its investigations, the Commission found that Chinese companies were selling solar panels in Europe at far below their normal market prices and were receiving illegal subsidies, causing significant harm to EU solar panel producers. Duties will not apply to those Chinese companies that entered into a price undertaking with the Commission in August. Together with the undertaking, the decision to impose duties is aimed at creating a level playing field for Europe's renewable energy industry, seen as essential to the EU's renewable energy targets.

[Press release](#)

Georgia and Moldova

Georgia and Moldova sign up for closer ties with the EU

On 29 November the EU initialled Association Agreements with Georgia and Moldova. The Agreements will set up Deep and Comprehensive Free Trade Areas (DCFTAs). The trade part covers trade in goods, including tariff elimination or reduction, further opening of the services markets, improvement of establishment conditions for investors, facilitation of customs procedures, anti-fraud measures and trade defence instruments. Georgia and Moldova commit themselves to bring their legislation closer to that of the EU in a wide number of regulatory policy areas. The DCFTA is estimated to increase Georgia's and Moldova's GDP by 4.3% and 5.4% respectively.

[Press release](#)

Guatemala and Central America

EU trade deal with Guatemala becomes operational

As of 1 December, EU's trade deal with Guatemala became operational. Guatemala is the last Latin American country to benefit from the EU-Central America agreement as the deal is already implemented with the other five countries (Costa Rica, El Salvador, Nicaragua, Honduras and Panama). The trade partnership is opening up new markets and simplifies rules which will boost trade and investment on both sides. The Central America economy is expected to grow by over €2.5 billion per year now that the agreement applies to the entire region.

[Press release](#)

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Papua New Guinea and Australia have entered into an expanded policing partnership to provide advisory support from the Australian Federal Police to the RPNGC.

AFP officers will be officially welcomed in Lae at 11am on Friday 13 December 2013 at the Sir Ignatius Kilage Stadium, Markham Road, Lae.

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Essential PNG Industry News

PNG's mining downturn

Alison Middleton

Wednesday, 4 December 2013

PAPUA New Guinea's mining industry is facing a downturn after 10 years of growth.

The PNG Chamber of Mines and Petroleum says decreasing commodity prices and pressures on production are taking their toll on miners, while the LNG industry is booming.

Executive director Greg Anderson said after 10 years of growth, the industry was experiencing a significant downturn.

"We had a magnificent cross-section of explorers including a very decent suite of majors in joint ventures," he told *Pacific Beat*.

"Unfortunately many of those have now opted to pull out because of international pressures so it is definitely a challenge.

"We have ... a very significant junior sector but a lot of them are facing great pressures and I am afraid to say some of them will probably disappear."

Anderson said it would definitely have an impact.

"We've got some growth in production, thank goodness, because we have some new projects but they are new and they are not significant tax contributors for some years," he added.

"So it will certainly affect the government's bottom line, particularly in the Ok Tedi situation because the commodity prices for both Ok Tedi products – copper and gold – were very high and they have both slumped."

Anderson said the mining and LNG sectors had diverged quite considerably in the last 18 months because PNG had enjoyed solid growth in both areas for nearly a decade.

"Definitely oil and gas is fortunately doing extremely well still and we have got a very buoyant situation there, particularly for further LNG developments," he said.

"We have got ... the potential for further extensions and other developments and other gas developments as well, so this is a very good story for such a small country."



The Ok Tedi mine in PNG. Image courtesy of OTML.



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