

**Individual Action Plan Update for Papua New Guinea for 2014**

**Executive Summary**

In 2012 PNG’s economy enjoyed what it is likely to be the last year of strong growth for most sectors of PNG’s economy in this economic cycle. Construction of PNG-LNG and various spin-off investments, and broader investments in the domestic service sectors, continued to be key drivers. External conditions detracted from the economy, although they also helped to slow growth in prices.

In 2013, the government’s budget represented a marked change from recent years, with the largest deficit on record aside from the 2009 global economic crisis, substantially more funds allocated to lower-level administrative units, and markedly slower revenue growth expected. While this budget was seen as affordable in the short-term, the Government acknowledged that it had the risk of returning PNG to the macroeconomic instability that followed its last extended economic boom. However, the government expects to bring the budget back to balance by the 2017 elections through stronger revenue growth and plans to slow spending.

Many of these plans appear ambitious, and may create tensions with the government’s development goals. By capping the government’s debt ratios, the new medium-term debt strategy anchors these fiscal targets. But there are significant risks around these projections, and around the effectiveness of spending as far more funds are allocated to less developed areas of PNG’s public financial management systems. Improving this will be key to addressing Papua New Guinea’s significant human development needs, documented in the recently-released 2009-2010 PNG Household Income & Expenditure Survey.

Over the coming years, growth across the economy is likely to slow significantly, beyond the large impact on headline growth rates of first production from the PNG-LNG project. In this environment, the foundations for Papua New Guinea’s next boom will lie in ensuring government policies effectively and efficiently help its emerging entrepreneurs do business.

With 13 consecutive years of economic growth, PNG is gearing up for the next level in its economic development, which is set to be largely defined by the country’s new role as an exporter of Liquefied natural gas (LNG).

The culmination of a huge LNG project, which attracted some US$19bn in investment, has triggered a predicted slowdown across several sectors of the economy, although momentum is expected to pick up again in 2015. The government is looking towards the revenues from the initiative to drive forward its long-term plans for growth, which include rolling out infrastructure projects, particularly in the transport sector.

PNG’s status as one of the world’s last frontier economies, combined with its abundant mineral reserves, makes it an alluring proposition for investors. Challenges, led by high capital investment costs and infrastructure shortfalls, have done little to gouge investor interest, which has remained high, prompting an acceleration of growth since 2007.

The Bank of PNG, which is the central bank, anticipates GDP expansion of 5.1% for 2013, rising to 6.2% in 2014. While LNG exports are expected to produce a spike in growth from late 2014 onwards, agriculture, forestry and fisheries will act as the principle drivers of the economy. Reducing the reliance on agro-related activity is expected to play a key part in the drive to generate inclusive growth.

**Economic enablers**

Since taking office in 2012, Prime Minister O’Neil’s administration has begun rolling out a series of national developmental initiatives that will be substantiated by the LNG revenues. The long-term plans, which stretch to 2050, are based on national blueprints drawn up in the early years of the LNG development. Economic reforms are expected to be rolled out gradually in accordance with the government’s development priorities.

The PNG government has laid the foundations for its developmental plans with two consecutive record budgets for 2013 and 2014. Both are aimed at providing broad economic stimulus. Allocations to infrastructure, education, healthcare, law and order, agriculture and small businesses in the 2014 budget amount to PGK7.67bn (US$2.98bn) or 40% of planned spending, up from 20% the prior year.

Extending the benefits of development to the population as a whole is part of the government’s plans for a more modern economy. Less than 85% of the population are rural based and rely on agriculture for their livelihood.

Similarly, the pool of formalized domestic capital remains small, consisting of four commercial banks, three superannuation funds and smaller financial services, although this is changing as local lenders have begun to focus on tapping under-banked rural communities, in part through mobile banking (SMS banking).

Like other emerging markets, PNG has largely bypassed fixed-line telecoms and has vibrant mobile segment thanks to a 2006 decision to liberalize the market. Mobile operators have extended their reach into financial services, e-money, and e-commerce, bills and payroll services.

**Looking Ahead**

While LNG project incurred much of the attention in 2013, long standing sections of the economic activity, such as agriculture, forestry, fisheries and mining, will still play a vital role in the expansion, although industry player will be looking to stronger commodity prices on the global market in 2014 to fuel growth. The possibility of a minimum wage hike, currently being examined by a government task force, could also have an impact on investment decisions and profitability.

Investors have already broken new ground by setting up fish processing and cannery plants, while mining operations across the country are expected to find their stride when they begin production this year. However, with the closure of several prominent forestry zones, timber exports are set to decline in 2014

Elsewhere in the private sector, the mining and construction sectors are projected to slow in 2014, with the latter forecast to contract by 6.4%, although a resumption of growth is anticipated for 2015. Public funding for national infrastructure projects, including facilities for the 2015 Pacific Games, should spearhead a return to 4.4% growth for construction.

With effort to attract investment proving highly successful in recent years, confidence remains PNG’s strength. All eyes will now be on the government as it begin upping the tempo of its plans for generating inclusive growth.

**Individual Action Plan Update for Papua New Guinea for 2014**

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| --- | --- | --- |
| IAP Chapter | Improvements made since 2012 | Further Improvements Planned |
| **Chapter 1**   * **Tariffs** | PNG Tax Regime is undergoing a major Review in 2013. The tax review system is currently being headed by Sir Nagora Bogan and a team of eminent persons. The objective of the Tax review is to review the current taxation system in PNG. In the context of changing and impressive economic growth, PNG needs a taxation regime which encourages investment and provides certainty to investment that is to say a taxation system which provides for effective administration, compliance and fairness to all stakeholders.  The review will also look into areas of personnel tax, tax administration and compliance, corporate tax including mining and hydrocarbon tax excise and tariff, operation and efficiency of value added tax, tax and fiscal policy formulation. The review team started its work on 01 April 2013 and is expected to complete its work by June 30, 2013. |  |
| Bound Tariffs | No updates to date | No updates to date |
| Applied Tariffs | No updates to date | No updates to date |
| Tariff Quotas | No updates to date | No updates to date |
| Tariff Preferences | Papua New Guinea currently does not have any preferential tariff treatment with any APEC member country. And our rules of origin legislation is still being worked on and should be completed sometime this year pending legislative drafting procedures.    Current preferential tariff treatment is only for MSG, PICTA and IEPA. Both MSG and PICTA require Certificates of Origin issued by Customs. IEPA uses both Certificates of Origin issued by Customs and invoice declaration made by the exporter. We are yet to fully implement the IEPA Rules of Origin. | PNG is in the process of enacting legislation for Rules of Origin. |
| Transparency of Tariff Regimes | No updates to date | No updates to date |
| **Chapter 2**   * **Non-Tariff Barriers** |  |  |
| Quantitative Import Restrictions/Prohibitions | No updates to date | No updates to date |
| Quantitative Export Restrictions/Prohibitions | No updates to date | No updates to date |
| Import levies | No updates to date | No updates to date |
| Export levies | No updates to date | No updates to date |
| Discretionary Import Licensing | No updates to date | No updates to date |
| Automatic Import Licensing | No updates to date | No updates to date |
| Discretionary Export Licensing | No updates to date | No updates to date |
| Voluntary Export Restraints | No updates to date | No updates to date |
| Export subsidies | No updates to date | No updates to date |
| Minimum Import process | No updates to date | No updates to date |
| Other Non-Tariff Measures maintained | No updates to date | No updates to date |
| **Chapter 3: Services**   * **3 (a: 1) Business Services: Legal** |  |  |
| Operational Requirements | No updates to date | No updates to date |
| Licensing and Qualification Requirements of Service Providers | No updates to date | No updates to date |
| Foreign Entry | No updates to date | No updates to date |
| Discriminatory Treatment/MFN | No updates to date | No updates to date |
| * **3 (a: 2) Business Services:**   **Accounting** |  |  |
| Operational Requirements | No updates to date | No updates to date |
| Licensing and Qualification Requirements of Service Providers | No updates to date | No updates to date |
| Foreign Entry | No updates to date | No updates to date |
| Discriminatory Treatment/MFN | No updates to date | No updates to date |
| * **3 (a: 3) Business Services:**   Architecture |  |  |
| Operational Requirements | No updates to date | No updates to date |
| Licensing and Qualification Requirements of Service Providers | No updates to date | No updates to date |
| Foreign Entry | No updates to date | No updates to date |
| Discriminatory Treatment/MFN | No updates to date | No updates to date |
| * **3(a:4) Business Services:**   Engineering   * Operational Requirements * Licensing and Qualification Requirements of Service Providers * Foreign Entry * Discriminatory Treatment/MFN | No updates to date | No updates to date |
| * **3(a:5) Business Services:**   **Other Professional Services** | No updates to date | No updates to date |
| Operational Requirements | No updates to date | No updates to date |
| Licensing and Qualification Requirements of Service Providers | No updates to date | No updates to date |
| Foreign Entry | No updates to date | No updates to date |
| Discriminatory Treatment | No updates to date | No updates to date |
| * **3(a: 6) Business Services**   Other | No updates to date | No updates to date |
| Operational Requirements | No updates to date | No updates to date |
| Licensing and Qualification Requirements of Service Providers | No updates to date | No updates to date |
| Foreign Entry | No updates to date | No updates to date |
| Discriminatory Treatment | No updates to date | No updates to date |
| * **3(b: 1) Communication: Services: Postal** |  |  |
| Operational Requirements | No updates to date | No updates to date |
| Licensing and Qualification Requirements of Service Providers | No updates to date | No updates to date |
| Foreign Entry | No updates to date | No updates to date |
| Discriminatory Treatment | No updates to date | No updates to date |
| * **3(b: 2) Communication Services: Express delivery** |  |  |
| Operational Requirements | No updates to date | No updates to date |
| Licensing and Qualification Requirements of Service Providers | No updates to date | No updates to date |
| Foreign Entry | No updates to date | No updates to date |
| Discriminatory Treatment | No updates to date | No updates to date |
| * **3(b: 3) Communication Services: Telecommunications** | In April 2013, PNG Telikom announced a massive 68% reduction in internet wholesale price to internet service providers or ISPS. Consequently, this will see a decrease in the price of internet services in the country. The reduction will offer a range of bandwidths for a minimum of 5 megabytes per second to 155 megabytes per second.  When internet was first introduced in PNG in 2006, the rate was 65 toea per megabyte however the reduction will mean that Telikom’s internet price from its ISP outlet will now be 3 toea per megabyte.  Telikom will also double the bandwith capacity to 615 megabytes to connect to its upstream internet providers in Australia and Asia to improve customer services.  In Mobile Telecommunications, in April 2013, PNG welcome the entry of a new mobile phone player VODAFONE into the PNG Market. Already established in the PNG market is the Digicel mobile company and VODAFONE is second mobile company operating in the country. The entry of VODAFONE will bring much needed competition and improved services to all mobile phone users in PNG. | The dream of high speed broadband in PNG has taken a step closer with the completion of a fibre – optic cable connecting Gulf with the PNG LNG plant site, 20 km west of Port Moresby.  The cable was laid under a joint venture agreement between Exxon Mobil, Oil Search Ltd, Southern Highlands Provincial Government and the Independent Public Business Corporation (IPBC).  **Under the deal, the cable will also serve as part of the ambitious K685 million National Transmission Network (NTN) – PNG’s national broadband network.**  **“*There are clear benefits for the nation as high speed telecoms are opened up across a broad swath of PNG”***  ***“This is a transformational project for education and for business”. It will transform the way business is done in the country. The ultimate goal of the NTN is to provide fast and reliable broadband to the country’s major population Centres by connecting them to the international gateway in Madang on the PNG’s northern coast.*** |
| Operational Requirements | The Information Communication Technology Regulator in the country namely the **National Information Communication Technology Authority (NICTA)** welcomed the recent decision by Telikom to reduce internet wholesale price by 68%.  **NICTA has responsibilities to promote the objectives of the National ICT Act 2009**, which include ensuring that people and businesses in Papua New Guinea enjoy at the earliest practical time and lowest sustainable price the benefits of modern telecommunications and in particular, broadband services.  As the Industry regular, NICTA will seek discussions with Telikom about the sustainability and continuance of the price reductions | **NICTA,** as the regulator states that it will be monitoring the situation carefully in the next several months to see that consumers do benefit in this way. |
| Licensing and Qualification Requirements of Service Providers | The above developments have really opened up the internet market in PNG. At least another leading ISP in the country, DATEC has not only welcome the news it however went ahead and reduced its internet price to their customers by doubling up megabytes download. The result is that the clients are enjoying it.  In a related vein, Mobile phone –Digicel in light of the foregoing apart from lowering its internet rates has gone ahead and introduced three new data pass bundles. Mobile phone users can now subscribe to three available data passes, ***the day pass, Weekly pass or monthly pass respectively.***  ***Customers subscribing to weekly passes will receive 40 megabytes valid for seven days for K5.00***  ***Customers subscribing to monthly passes will receive 500 megabytes valid for 30 days for K50.00***  ***Customers subscribing to the day passes get 10 megabytes for 24 hours for K1.39***  ***Note that per megabytes rate reduces as the bundle size increases*** |  |
| Foreign Entry | No updates to date | No updates to date |
| Discriminatory Treatment | No updates to date | No updates to date |
| * **3(b: 4) Communication Services: Audio Visual** | No updates to date | No updates to date |
| Operational Requirements | No updates to date | No updates to date |
| Licensing and Qualification Requirements of Service Providers | No updates to date | No updates to date |
| Foreign Entry | No updates to date | No updates to date |
| Discriminatory Treatment | No updates to date | No updates to date |
| * **3 (c ) Construction Related Engineering Services** | No updates to date | No updates to date |
| Operational Requirements | No updates to date | No updates to date |
| Licensing and Qualification Requirements of Service Providers | No updates to date | No updates to date |
| Foreign Entry | No updates to date | No updates to date |
| Discriminatory Treatment | No updates to date | No updates to date |
| * **3 (d) Distribution Services** | No updates to date | No updates to date |
| Operational Requirements | No updates to date | No updates to date |
| Licensing and Qualification Requirements of Service Providers | No updates to date | No updates to date |
| Foreign Entry | No updates to date | No updates to date |
| Discriminatory Treatment | No updates to date | No updates to date |
| * **3 (e ) Education Services** | No updates to date | No updates to date |
| Operational Requirements | No updates to date | No updates to date |
| Licensing and Qualification Requirements of Service Providers | No updates to date | No updates to date |
| Foreign Entry | No updates to date | No updates to date |
| Discriminatory Treatment | No updates to date | No updates to date |
| * **3 ( f ) Environment Services** | No updates to date | No updates to date |
| Operational Requirements | No updates to date | No updates to date |
| Licensing and Qualification Requirements of Service Providers | No updates to date | No updates to date |
| Foreign Entry | No updates to date | No updates to date |
| Discriminatory Treatment | No updates to date | No updates to date |
| * **3 (g ) Financial Services** | **Since 2012, a number of commercial Banks operating in the country have introduced Mobile Banking Services to facilitate:**   * **fund transfer, third party fund transfers, purchase easy pay credits for electricity bills through mobile phone etc.**   **In the same period, new Banks such as PNG Micro Bank and National Development Bank have entered the PNG market place offering new and competitive services to the people of Papua New Guinea.**  **SOURCE : The National Newspaper April 29, 2013**  **Between 2012 -2013, Banks in PNG have been using the rapid evolution of mobile technology to expand and seek growth in rural areas. In 2012 budget, Bank of PNG expanded tax incentives for banks opening rural branches through to 2017** | * BPNG is in the process of restructuring its financial system supervision departments to ensure it has dedicated resources to regulate effectively money remittance and money changing business services. * BPNG will be issuing a Customer Due Diligence Prudential Standard to regulated financial institutions for the purposes of AML/CFT. * Increase AML/CFT specific onsite inspections for regulated entities. |
| Operational Requirements |  |  |
| Licensing and Qualification Requirements of Service Providers | For more information access the Bank of PNG website: [www.bankpng.gov.pg](http://www.bankpng.gov.pg) |  |
| Foreign Entry  Discriminatory Treatment | No updates to date | No updates to date |
| **3 ( h ) Health Related & Social Services** | Increased budget allocation to the sector for the last 3 years. Following are 5 priorities set by the GoPNG as per Alotau Accord with 2 additional priorities set by the department (NDoH);  1. **Improve Health Infrastructure**: Infrastructure improvement is covered by the Development Budget of which the following programs/projects are included among others:   * Rollout of Community Health Posts * Health Training Schools Rehabilitation and upgrading * ICT Development and Rollout * AMSs rehabilitation and upgrading * Provincial Transit Stores Rollout. * Central Public Laboratory Upgrade * PHA Administration Offices * Hospital Redevelopment, etc   Development Budget is driven by our Health MTDP  2. **Free Primary Health Care & Subsidised Specialist Care Policy:** the policy and its implementation plan has gone through the NEC and was launched in December 6th 2013. It will be implemented on 24th February 2014.  3. **Medical Supplies:** The NDoH continues to implement the Medical Supplies Reform with 3 year Procurement Plan in place, procurement & distribution of 100% medical kits contracted through international bidding. Relevant legislation have being reviewed with others currently under review  **4. Health Workforce Development Plan**: the plan was endorsed by NEC in October 2013 with its immediate Arrest Plan. Part of the Arrest Plan is to recruit overseas workers that cannot be sourced domestically. This is currently being implemented by hospitals who have budgeted for this activity. Training curriculums are also under review. Community Health Workers (CHWs) schools and Nursing Schools covered by the Development Budget are also being rehabilitated to increase the number of intake.  **5. Provincial Health Authority (PHA):** 3 Pilot provinces are operational (EHP, WHP and MBP), work is underway to get 6 more provinces to implement the PHA Act. The PHA Act is voluntary basis. The PHA encourages the ‘one system tasol’.  **6. Church Health Services** is a NDoH initiative to address the salary and structural disparity between the Church health workers and those that work for the government. The submission to address the disparity was endorsed by NEC in October 2013 for implementation in 2014. This enabled an increased budget allocation for the Churches (under the Churches Medical Council) in 2014.  **7. Improvement to Governance** is another initiative and priority of the NDoH to ensure relevance governance structure are in place for effective and informed management decisions to be made within and for the sector. The NDoH now launched its Corporate Plan along with the new Governance Framework in 2013 to be effective in 2014.  Other improvements have seen the department;   * Review/finalization of a number of legislations and policies. * improved dialogue with the Churches * MOUs between organizations and countries   Submission of statutory reports | The DEPARTMENT OF Health hopes to improve further in the management of the annual budget, particularly in the areas of Project Management.  With the recent call for submissions by the government to review the Procurement System, the department hopes that changes will be made to the system to ensure projects are implemented. The procurement process has being a challenge for the sector in implementing the Development Budget. Additionally, capacity of project management in provinces also remain a challenge. The Department hopes to improve its relationship with the provinces/hospitals, and other departments such as Works in 2014.  This is a GoPNG policy directive of which the department intends to implement in 2014  Department will continue to review the relevant policies/legislations with its partners and stakeholders. Improvements will also be made with the installation of m-Supply to monitor the medical supplies procurement and distribution. Warehouses are also being refurbished.  Overseas recruitment is also an option for those positions that cannot be filled locally. Hospitals have being encouraged to recall retired staff who are still able to perform duties to be contracted to fill in gaps in the structure.  NDoH has contributed to the Law Reform Commission’s work on the review of the Organic Law to suggest that PHA become mandatory.  NDOH will continue to host the annual CHS-NDoH meeting to collaborate more effectively to serve the rural population.  A Partnership MOU is also intended to be signed between the NDoH and CHS.  CHS to be under same government payroll system.  NDoH Governance Framework to be in use in 2014.  Management training to continue in 2014 with other in-house training initiatives particularly in areas of accounting and procurement.  **Important to Note that the NDoH:**   * National Health Plan 2011-2020 * Health Sector Medium Development Plan * Sector Priorities * M&E Plan and NHSS are guided by the V2050   The DEPARTMENT OF Health hopes to improve further in the management of the annual budget, particularly in the areas of Project Management.  With the recent call for submissions by the government to review the Procurement System, the department hopes that changes will be made to the system to ensure projects are implemented. The procurement process has being a challenge for the sector in implementing the Development Budget. Additionally, capacity of project management in provinces also remain a challenge. The Department hopes to improve its relationship with the provinces/hospitals, and other departments such as Works in 2014.  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NDoH Governance Framework to be in use in 2014.  Management training to continue in 2014 with other in-house training initiatives particularly in areas of accounting and procurement.  **Important to Note that the NDoH:**   * National Health Plan 2011-2020 * Health Sector Medium Development Plan * Sector Priorities * M&E Plan and NHSS are guided by the V2050 |
| Operational Requirements | The NDoH will need to review its current structure. | May require restructuring. |
| Licensing and Qualification Requirements of Service Providers | NA | NA |
| Foreign Entry | NA | NA |
| Discriminatory Treatment | NA | NA |
| * **3 (i ) Tourism & Travel Related activities** |  |  |
| Operational Requirements | * detailed information can be accessed through this website : [www.pngtourism.org.pg](http://www.pngtourism.org.pg) |  |
| Licensing and Qualification Requirements of Service Providers | No updates to date | **SOURCE : National Newspaper, Wednesday 18 May 2013**  Under the new tax review which is currently in progress it is envisaged that Tourism Sector could be given special tax incentive to encourage potential investors. |
| Foreign Entry | No updates to date | No updates to date |
| Discriminatory Treatment | No updates to date | No updates to date |
| * **3 ( j ) Recreation, Cultural & Sports Services** |  |  |
| Operational Requirements | No updates to date | No updates to date |
| Licensing and Qualification Requirements of Service Providers | No updates to date | No updates to date |
| Foreign Entry | No updates to date | No updates to date |
| Discriminatory Treatment | No updates to date | No updates to date |
| * **3 (k : 1) Transport Services: Marine** | No updates to date | **SOURCE : Midweek Chronicle, Wednesday 24 April 2013**  PNG Ports Corporation Ltd (PNGPCL) current efforts to re-modernize its network of ports in PNG are geared towards meeting private sector growth and is consistent with the Government’s overarching policy framework.  This is encapsulated in PNGPCL’s 20 year corporate strategic plan (2012 – 2032).  Under its re-modernization program PNGPCL aims to partner with the Government and other organizations to carry out some of its projects.  Various models of public – private partnership will be investigated and adopted in the delivery of some of the bigger projects.  Various projects have already been progressed at the major ports of Port Moresby and Lae at the cost of K200 million that have been expended since last year (2012). |
| Operational Requirements | No updates to date | No updates to date |
| Licensing and Qualification Requirements of Service Providers | No updates to date | No updates to date |
| Foreign Entry | No updates to date | No updates to date |
| Discriminatory Treatment | No updates to date | No updates to date |
| * **3 (k : 2 ) Transport Services: Air** | **SOURCE : The National Newspaper, Thursday 26 April, 2013**  Government has committed more than K858 Million in loan funding secured from the Asian Development Bank (ADB) to rehabilitate the country’s 22 airports.  K90 million will be spent over the next three years to undertake a major facelift and improvements to the country’s major International Airport- The Jackson’s International Airport in Port Moresby which include:   * A new domestic car park * Food court * Passenger waiting lounge * Domestic terminal public concourse * Shaded structure walkways * Car booths * And a new coffee shop at the international terminal   Other major airport projects nationwide will benefit also are as follows:   * Apron extension of Jackson International Airport * Security fencing for Caving, Goroka, Gurney, and Wewak * Mt Hagen airport terminal renovation and facelift * Hoskins runaway extension and pavement strengthening.   Of noting also is that 16 of the 21 airports in the country were certified and the certification program was continuing.  In relation to Air connectivity to the wider Asia –Pacific Region, PNG’s national Air carrier, Air Niugini has commenced additional International flight to CEBU - Philippines and NARITA – Japan and SUVA – Fiji.  Effective as of Wednesday May 15, 2013, Air Niugini announced the introduction of On-line check in system. Passengers should log in through website: [www.airniugini.com.pg](http://www.airniugini.com.pg) to access the online-check in system. | In relation to future plans consultations are now underway with Air Garuda – Indonesia to establish code sharing arrangements for International flights between Port Moresby- PNG and Bali, Indonesia and also between Port Moresby – PNG and BANGKOK –Thailand. There is also International flight arrangement from Brisbane, Australia to Toque, East New Britain Province, PNG. |
| Operational Requirements | No updates to date | No updates to date |
| Licensing and Qualification Requirements of Service Providers | No updates to date | No updates to date |
| Foreign Entry | No updates to date | No updates to date |
| Discriminatory Treatment | No updates to date | No updates to date |
| * **3 ( k : 3 ) Transport Services: Rail** | N/A | N/A |
| * **3 (k: 4) Transport Services: Road** |  |  |
| Operational Requirements | No updates to date | No updates to date |
| Licensing and Qualification Requirements of Service Providers | No updates to date | No updates to date |
| Foreign Entry | No updates to date | No updates to date |
| Discriminatory Treatment | No updates to date | No updates to date |
| * **3 (k: 5) Transport Services : Other** | N/A | N/A |
| * **3 ( l ) : Energy Services** |  |  |
| Operational Requirements | **SOURCE : Papua New Guinea Post Courier 04 December 2012:**  **A submission has been prepared and is awaiting Cabinet’s approval to approve a Petroleum and Energy Authority. The new Authority once approved would deal with issues of concern to the Petroleum industry while conserving the government’s inherent role as a guardian of conserving the future energy needs of PNG.** |  |
| Licensing and Qualification Requirements of Service Providers | **SAME SOURCE AS ABOVE**  **With regards to Licenses, PNG Government will not allow licenses to warehouse license interests and will not hesitate to refuse license renewals to those who are not genuine.** |  |
| Foreign Entry | **SAME SOURCE AS ABOVE**  **PNG has a favorable fiscal and license regime in the region and for those players who are not genuine, we are using the “use it or lose it” policy and will take the licenses away.** |  |
| Discriminatory Treatment | No updates to date | No updates to date |
| * **3 (m ) : Other Services** |  |  |
| **Chapter 4**   * **Investment** |  |  |
| General Policy Framework | The IPA Online Lodgment project was launched on 29 November 2013.  The Bill on revised Companies Act and Business Names Act was approved by the Cabinet.  For more information access these websites:  [www.ipa.gov.pg](http://www.ipa.gov.pg) or [www.treasury.gov.pg](http://www.treasury.gov.pg) | Full implementation of the Online Project is now awaiting the enactment of the Bill on revised Companies Act and business Names Act.  The Bill will go before parliament in February 2014 for enactment and implementation.  Follow up discussions will continue with the Internal Revenue Commission for possible interface of the taxation system and IPA online registry. |
| Transparency | The government approved the implementation of the Extractive Industries Transparency Initiative (EITI).  Company search done online free of charge available for public unlike in the past.  Online access to business extracts disclosing information on directors and shareholders of companies and other registered entities in PNG. | PNG is now working towards the formation of a Multi Stakeholder Group as an EITI country.  The Online Registry System provides great transparency as it enables general public to conduct company searches on the shareholding, directorship and other details of registered entities in PNG. |
| Non Discrimination | No change to the last update |  |
| Expropriation & Compensation | No change to the last update |  |
| Protection from Strife and Similar events | No change to the last update |  |
| Transfer of Capital Related to Investments | No change to the last update |  |
| Performance Requirements | Not much requirements but the requirement to ensure other licensing/approvals are obtained prior to conducting business. |  |
| Entry and Stay of Personnel | PNG now grants APEC business travel card and permanent residency for business people. | Parliament is at discussion stage on dual citizenship which is likely to be in place by 2014. |
| Settlement of Disputes | No change to the last update | The ADR as reported in the last update is now fully operational with the courts and training continuing for local mediators. |
| Intellectual Property | For more information access this website: www.ipa.gov.pg | Refer to Chapter 7 for details on intellectual property rights |
| Avoidance of Double Taxation | For more information on Double Taxation visit Customs website:  [Www. customs.gov.pg](http://www.customs.gov.pg) | From 2014, Double Taxation Treaties negotiations to begin with India, Indonesia, Thailand, Fiji, South Korea and Philippines. |
| Competition Policy and Regulatory Reform | For more information visit the Independent Consumer & Competition Commission on this website : [www.iccc.gov.pg](http://www.iccc.gov.pg) | Regulating Competition in PNG is an important tool of creating a vibrant economy and ensuring big players in each industry don’t take advantage of the smaller players. ICCC creates a level playing field for everyone. Business need to know that the Market Conduct Rules administered under the ICCC Act sets out a number of commercial conduct or arrangements which are prohibited by the ICCC Act because they are harmful to Competition, although business acquisitions can be ‘cleared’ on competition assessment; and many other types of conduct can be authorized on public benefit grounds. |
| Business Facilitating Measures to Improve the Domestic Business Environment |  | Implementation of the recommendation of the Individual Economy Report will be pursued from 2014 onwards. |
| Technology Transfer |  | A Taxation Reform Committee is finalizing its recommendations for government consideration. |
| Venture Capital and Start Up Companies |  | Online Company Registration System launched |
| **Chapter 5:**   * **Standards & Conformance** | The Food Sanitation Act 1991 is administered by the Department of Health (DoH). Under the provisions of the Food Sanitation Act 1991 (FSA), mandate is given to the Health Inspectors to have the powers to condemn and remove food and food products from the traders (wholesalers/retailers).  The Commission’s role under the ICCC Act 2002 is to protect the rights and interests of the consumers. This is made possible through public awareness programs and complaints registered at the Commission’s Head-office and respective Regional offices.  The Commission and DoH authorities/officers’/health inspectors need to work in close consultation with each other to enforce the provisions of the FSA and Food Sanitation Regulation 2007.  Date markings and labelling also come under the auspices of the DoH, consistent with FSA and Food Sanitation Regulations.  The Commission as part of its roles and functions under the Product safety provisions of the ICCC Act and its role in protecting the interests of the consumers and emphasising on consumers responsibilities. The Commission imposes interim bans on unsafe products and therefore the Commission is considering using this provision to impose interim bans on the following:-   * Foodstuffs without English labelling, and * Foodstuffs without date markings (‘Use by’ and ‘Best Before’) |  |
| Alignment With International Standards | No updates to date | No updates to date |
| Mutual Recognition Of Conformity Assessment. | No updates to date | No updates to date |
| Cooperation on Technical Infrastructure Development | No updates to date | No updates to date |
| Transparency | No updates to date | No updates to date |
| Participation in relevant international Fora | No updates to date | No updates to date |
| **Chapter 6:**   * **Customs Procedures** | **SOURCE : PNG Post Courier, 25 January 2013**  **In January 2013, the PNG Customs launched its CUSTOMS SERVICE PLAN 2013 -2017. The scope of the PNG Customs Service Plan is as follows :**  **The 5 year Plan sets out the continuation and expansion of implementing the strategic modernization action plan formulated following the World Customs Organization diagnostic review undertaken in late 2007. Some of the priority areas that the Service plan seeks to address are:**  **Streamlining and realigning the organization structure to meet the implementation requirements of this plan; improve channels of decision making and communication; modernize legislative and instructional compendiums for training and standard operating procedures for customs officers; establishment of a dedicated training institute for customs, improve coordination and management of stakeholder engagement; extending the use of risk management principles and making optimum use of advanced technology that enhances border control activities and operational efficiency.**  **Other areas covered in the service plan include office accommodation, institutional staff housing and asset management and control.** |  |
| Greater Public Availability of Information | www.customs.gov.pg | Awareness programs planned and are being carried out nationally. |
| Paperless Trading | Currently using AYSCUDA ++ | Upgrade to ASYCUDA World to commence in 2014.  Electronic payments project to also commence in 2014. The system will Further measures required to fully modernize require funding from the Government through annual budget.  Review will be undertaken on the monitoring of risk management process to improve risk management procedures, process and products.  Further measures required to fully modernize the system will require funding from the Government through annual budget.  Review will be undertaken on the monitoring of risk management process to improve risk management procedures, process and products. |
| Provision of Temporary Importation Facilities | Customs Act already has provisions for temporary imports. Yet to introduce ATA CARNET |  |
| Implementation of Clear Appeals Provisions | Legislated in 2006. Working procedure to be finalized this year |  |
| Alignment with WTO Valuation Agreement | Current using 1987 update to 1994 in progress |  |
| Adoption of Kyoto Convention | Work on general annex complete. Accession to RKC pending completion of diplomatic protocols. Work on Specific Annex to commence in 2014. |  |
| Implementation of Harmonized System Convention | Fully implementing HS2012. Accession to HS Convention pending completion of diplomatic protocols |  |
| Implementation of an Advance Classification Ruling System | Legislated in 2006 and implemented |  |
| Implementation of the TRIPs Agreement | Legislated in 2006. Implementation pending MOU with IPOPNG |  |
| Development of a Compendium of Harmonized Trade Data elements | Using WCO data module |  |
| Adoption of Systematic Risk Management Techniques | PNGCS Risk Management Policy Launched in 2012. |  |
| Implementation of World Customs Organization (WCO) Guidelines on Express Consignment Clearance | Pending approval of PNGCS Compliance Assurance Strategy. | Work to commence in 2014 |
| Integrity | PNG Customs Code of Ethics & Conduct reviewed in line with Revised Aarush Declaration | Revised Code of Ethics & Conduct adopted in 2012. |
| Other Issues ( this includes other Customs activities which facilitate trade and which are not part of the SCCP CAP) | **In December 2012, the newly formed Customs Brokers Association (CBA) signed an MOU with PNG Customs. All licensed Customs brokers have been urged to subscribe to the CBA and through the CBA speak as one voice. The purpose of the MOU is to provide checks and balances to all parties. Under the MOU customs is also required to provide training for all brokers in consultation with the CBA. Training for brokers under the MOU, would include a refresher course as well as training on Customs Tariff.** |  |
| **Chapter 7:**   * **Intellectual Property Rights** |  |  |
| TRIPs Implementation | IPR laws introduced in 2000 namely Copyright and Neighboring Rights Act 2000 and the Patents and Industrial Designs Act 2000, together with the Trademarks Act Chapter 385 are undergoing review. | Harmonization of national laws to be compatible with the current norms and practices to facilitate trade and investment to create employment opportunities. |
| Ensuring the expeditious Granting of IP Rights | IPOPNG was automated in 2006, and in May, 2012 has been upgraded replacing the old IPAS Centura with IPAS Java. IPAS Java is a software that has online features which may allow the office to go online in the near future.  \*IPAS is the acronym for Industrial Property Automated System. | IPOPNG to be fully digitized with enabling web facilities to allow for e-filing |
| Effective Enforcement of IP Rights | IPOPNG continues to strive to put in place effective protection and enforcement mechanismsin place to address infringement of IPR within the country and at the borders with relevant stakeholder agencies/departments.  An MOU was concluded recently between PNG Customs Services and Investment Promotion Authority (IPA) and signed on 29 November, 2013 by Heads of both organizations.  \*The MOU basically allows for sharing and access of information. | More coordinated and collaborative effort with other relevant stakeholders to minimize the impact of counterfeit and piracy.    MOUs and regular consultation with key stakeholders to protect and enforce IP rights. |
| Public Education & Awareness of IP Enhanced IP user skills | Public education and awareness is an ongoing exercise which the IPOPNG continues to embark on.  Since the recognition of World IP Day on the 26 April, IPOPNG has committed funds to commemorate the day every year taking out newspaper adverts and visiting schools and institutions, etc.  An IP Awareness Program/Strategy has also been finalized in January, 2013, which should now guide the office undertake IP Education and Awareness.  The IPOPNG has also established working relationship through meeting consultations with:   * NDOH in facilitating access to medicine in PNG through contribution on TRIPS flexibilities in the newly reviewed Medicines Policy. * UNDP in consultation with National AIDS council regarding the Impact of Trade and IP on access of medicines. * NCC regarding protection of Traditional knowledge (TK) and Traditional Cultural Expressions (TCE). Comments have been provided on the TK and TCE policy and as of recent a bill has been drafted and the office has been invited to review the current bill on TK and TCE, in particular those that give rise to applications for IP protection such as that in Patent (i.e. Traditional Knowledge) and Copyright (i.e. Cultural Expressions) | Stage regional IP workshops/seminars to share knowledge and experiences.  Plan national workshops/seminars on IP laws for the masses to appreciate the importance of IP in the social, economic and cultural development of economies.  Specific stakeholder consultations with key agencies/department to appreciate and maximize utilization of IP in line with their roles and responsibilities for the greater benefit of Papua New Guineans.  Link SMEs to IP for IP utilization by SMEs.  The National IP Plan to be finalized to charter a path for IP protection and enforcement and utilization.  Stage regional IP workshops/seminars to share knowledge and experiences.  Plan national workshops/seminars on IP laws for the masses to appreciate the importance of IP in the social, economic and cultural development of economies.  Specific stakeholder consultations with key agencies/department to appreciate and maximize utilization of IP in line with their roles and responsibilities for the greater benefit of Papua New Guineans.  Link SMEs to IP for IP utilization by SMEs.  The National IP Plan to be finalized to charter a path for IP protection and enforcement and utilization. |
| APEC Cooperation on IPR issues | PNG through the IPOPNG/IPA was one of the first agency’s to have benefited from APEC when it staged a Regional IPR Enforcement Seminar in 2007.  During the APEC Jakarta Meeting in Indonesia earlier this year, PNG agreed to co-sponsor with South Korea on the development of an Appropriate Technology (AT) for the PNG rural setting. A pilot project is currently been undertaking in the Pinu village of Central Province. | PNG to consider organizing another regional workshop on enforcement or an IP/TK/TCE workshop or a seminar on public health and IP. |
| **Chapter 8:**   * **Competition Policy** | For information on competition policy in PNG visit this website : [www.iccc.gov.pg](http://www.iccc.gov.pg) |  |
| General Policy Framework |  |  |
| Review of Competition Policies and /or Laws | 1. Review of the Independent Consumer and Competition Act 2002 (ICCC Act)   The ICCC Act came into operation in 2002 and since then has not been reviewed. However, the type of law requires continuous review to ensure it keeps abreast of current commercial circumstances and how the economy is predicted to be like in future based on the current developments. There were a number of deficiencies in the ICCC Act when it was introduced and are now being reviewed. Importantly, the Act does not include consumer protection or fair trading provisions.  Competition laws need to be complemented by comprehensive consumer protection and fair trading provisions. Currently, competition laws prevent business from colluding on such things as price or engaging in other anti-competitive practices or business acquisitions. It does not prevent business from engaging in unethical conduct such as misleading or deceptive conduct to gain or retain market share against ethical traders. Also it does not prevent business using unfair or unconscionable conduct such as using its market power to force customers to accept unfair terms of trading. Businesses in PNG are increasingly taking advantage of the absence of these provisions in the law. Since 2012 the Commission has been conducting a review of the Act.  The Commission requires funding assistance in the actual drafting of the amendments.   1. Establishment of Anti-Dumping Unit   Business in PNG were concerned that domestic industries were at a threat of dumping and the business community requested that relevant government agencies identify and invoke appropriate trade remedies on trade in goods.  A review conducted by the Trade Division of the Department of Foreign Affairs and Trade (DFAT) (now moved to Department of Commerce and Trade) in partnership with European Union Trade Related Assistance Program (EUTRAP) on dumping issues and the legislative framework, recommended that the ICCC is the ideal organization to house an Anti-Dumping Unit due to its investigative function.  Currently the mandate to establish the unit in ICCC lies with the Department of Commerce and Trade. An NEC submission has been prepared by the Commission and provided to DFAT (then) for submission to NEC to give approval for an Anti-Dumping Unit to be established and to have the mandate transferred from DFAT to ICCC. The Commission is waiting for a direction from NEC about this matter through Trade. | 1. ICCC is currently working towards the development of a compliance program which will have the purpose to provide guidance to government agencies, SOEs, business and professionals as to the broad scope of PNGs competition and consumer laws and how the Commission will go about seeking compliance with those laws. 2. ICCC has plans of introducing a leniency program that would assist in identifying cartel operations in PNG. Since cartels are illegal, they are highly secretive and evidence of their existence is not easy to find. A leniency program would encourage companies to hand over inside evidence of cartels to the Commission. 3. The Commission is also working towards establishing an informal merger review process besides the usual Clearance and Authorization processes for business acquisitions that would have, or is likely to have, the effect of substantially lessening competition. |
| Competition Institutions (Including Enforcement Agencies) | ICCC is the only competition authority in PNG; and being recently established with a developing competition law would have to rely on experts from other established competition authorities such as Australian Competition and Consumer Commission, New Zealand Commerce Commission or others to assist build up the capacity to deal with complex technical and legal issues concerning its legislative functions. |  |
| Measures to Deal with Horizontal Restraints | The application of Section 50 of the ICCC Act is general and does not differentiate between vertical or horizontal agreements. The provision prohibits making of and giving effect to contracts, arrangements or understandings which have the purpose, or has or is likely to have the effect, of substantially lessening competition in a market.  Section 53 of the ICCC Act prohibits price fixing arrangements between competitors. Price fixing agreements are defined broadly to include contracts, arrangements or understandings that have the purpose or effect of fixing, controlling or maintaining the price for goods or services or any discount, allowance, rebate or credit. | An authorization process on grounds of preponderant public benefit over lessening of competition is also available to allow many forms of conduct which could otherwise be illegal. |
| Measures to deal with Vertical Restraints | Besides Section 50 (the general provision) which also applies to vertical restraints, Section 59 of the ICCC Act prohibits Resale Price Maintenance (RPM), the practice of a supplier requiring its retail customers not to sell its products below a specified price. RPM would also apply where a manufacturer threatens to refuse to supply a retailer who was discounting the manufacturer’s products when other retailers were not. | Further improvements, if need be, would come from the ICCC Act review currently being undertaken.  An authorization process on grounds of preponderant public benefit over lessening of competition is also available to allow many forms of conduct which could otherwise be illegal. |
| Measures to Deal with Abuse of Dominant Position | Section 58 of the ICCC Act specifically prohibits a person from taking advantage of market power for the purposes of restricting the entry of a competitor into a market, preventing or deterring someone from engaging in competitive conduct or seeking to eliminate a competitor. | Further improvements, if need be, would come from the ICCC Act review currently being undertaken. |
| Measures to deal with Mergers and Acquisitions | Section 69 of the Act prohibits business acquisitions or mergers that would have, or would be likely to have, the effect of substantially lessening competition in a market. Section 69(5) provides factors that are usually considered in determining whether the merger/acquisition would be anti-competitive. | Further improvements, if need be, would come from the ICCC Act review currently being undertaken  A clearance process which allows assessment of competition effects is available to give certainty to business. An authorization process on grounds of preponderant public benefit over lessening of competition is also available to allow many forms of conduct which could otherwise be illegal. |
| Other Issues Addressed by Competition Policy | Other issues include exclusionary provisions; also known as primary boycotts. These are sort of horizontal agreements that will prevent or limit dealings with a particular person or class of persons where the person who is the target of the boycott is a competitor of one or both of those who agree not to deal with him. These dealings are likely to lessen competition in the market and Section 52 of the ICCC Act prohibits such dealings. | Further improvements, if need be, would come from the ICCC Act review currently being undertaken.  An authorization process on grounds of preponderant public benefit over lessening of competition is also available to allow many forms of conduct which could otherwise be illegal. |
| Co-operation Arrangements with other APEC economies | In 2012 ICCC signed an agreement with Economic Public Sector Program (EPSP) under AusAID to introduce a twining program with the Australian Competition and Consumer Commission for capacity building. | ICCC is waiting for a feedback from AusAID on the discussions with ACCC on this twining arrangement. |
| Activities with Other APEC Economies and in other International Fora | ICCC annually participates in APEC, UNCTAD, OECD, and International Competition Network (ICN), seminars on competition policy. The Commission also participates in the  International Consumer Protection and Enforcement Network (ICPEN) on consumer protection issues, and East Asia Pacific Infrastructure and Regulatory Forum (EAPIRF) which focuses on the regulation of utilities. | ICCC will continue to contribute and participate in such forums. |
| Collective Actions |  |  |
| Chapter 9:   * Government Procurement | The Government’s procurement process is to be streamlined. Under the streamlined process PNG’s Central Supply & Tenders Board (CSTB) financial authority will be increased from K10 million to K20 million. Similarly, Provincial supply and tenders board will be increased from K3 million to K5million and District Support and Improvement Program (DSIP) from k300,000 to K500,000  The streamline procurement process has 7 (seven) stages compared to 11 (eleven) stages in the old one. | For SoE providers of essential services, the Commission is progressively introducing transparency, probity enforcement and competitive tendering requirements. |
| Transparency |  | For SoE providers of essential services, the Commission is progressively introducing transparency, probity enforcement and competitive tendering requirements. |
| Value for Money | A Fraud Investigation Unit (FIU) has been established within the Police - National Fraud & Anti-Corruption Squad. Strengthen Proceeds of Crime Act, Extradition Act and Mutual Assistance in Criminal Matters Act to support FIU operations,  Strengthen the multi-agency taskforce -National Anti- Corruption Alliance (NACA) to fight corruption | For SoE providers of essential services, the Commission is progressively introducing transparency, probity enforcement and competitive tendering requirements. For SoE providers of essential services, the Commission is progressively introducing transparency, probity enforcement and competitive tendering requirements. |
| Open & Effective Competition |  | For SoE providers of essential services, the Commission is progressively introducing transparency, probity enforcement and competitive tendering requirements. |
| Fair Dealing |  | For SoE providers of essential services, the Commission is progressively introducing transparency, probity enforcement and competitive tendering requirements. |
| Accountability and Due Process |  | For SoE providers of essential services, the Commission is progressively introducing transparency, probity enforcement and competitive tendering requirements. |
| Non Discrimination |  | For SoE providers of essential services, the Commission is progressively introducing transparency, probity enforcement and competitive tendering requirements. |
| Chapter 10:   * Deregulation/Regulatory Review | SOURCE: The National Newspaper April 29, 2013:  The PNG Independent Consumer and Competition Commission (ICCC) had recently undertook the review of the charges for stevedoring and handling services. The review aimed to assess the current level of competition in the market, the need for continued economic regulation of these services and most appropriate form of any such regulation.  ICCC will also consider the interaction of stevedoring and handling services with related sectors such as shipping and ports as these sectors influence each other given that these key industries facilitate trade both between PNG and our international trading partners. This review should help to identify inefficiencies in the stevedoring and handling sector to enhance efficiency of the waterfront and shipping industries which it considers have significant room for improvement. An efficient waterfront and shipping sector would mean reduced cost to the PNG economy.  Some of the key areas of the review were:   1. Introduction of stevedoring access agreements and terminal management contracts 2. Use of mobile harbor cranes and rubber tyred gantries 3. Vertical integration in the market (ownership levels of stevedores by ship operators) 4. Market concentration (number and size of distribution of stevedores in the market) 5. Countervailing power and barriers to entry to the market   Innovation and growth in the market. | The Commission has released an Issues Paper covering all the relevant information where it thinks the industry and stakeholders should answer to assist it determine the shape and form of regulating the stevedoring and handling charges in PNG. It has received a number of feedback from the stakeholders and its assessing the merit of the submissions.  At the time of writing this Paper, the Commission is still preparing its Draft Report. The draft report will outline the Commission’s preliminary view of the stevedoring and handling industry in terms of the competition aspects of the industry and whether continuing some form of regulatory oversight is necessary. The Commission expects to release its draft findings before the end of 2013.  The Commission is examining regulatory arrangements to identify anti-competitive regulation or administrative actions lessening competition. |
| General Policy Position | For more information visit this website : [www.iccc.gov.pg](http://www.iccc.gov.pg) | The Commission is progressively becoming involved in legislative review for anti-competitive regulation |
| Identification and Review Of Proposed Regulations | For more information visit this website : [www.iccc.gov.pg](http://www.iccc.gov.pg) | The Commission is progressively becoming involved in legislative review for anti-competitive regulation |
| Identification and Review of Existing Regulations | For more information visit this website : [www.iccc.gov.pg](http://www.iccc.gov.pg) | The ICCC has completed its pricing inquiry into the Sugar Industry in October 2013. In the ICCC Final Report of the Sugar Industry Pricing Review, the ICCC will continue price monitoring of the Ramu Sugar brand product against selected benchmark prices. The price monitoring is for a period of five years but mid-way through the five year, the industry could request the ICCC to discontinue monitoring if it has enough evidence to justify such move to deregulation.  Another inquiry relates to PMV and taxi fare. The ICCC sets the maximum fare for the industry. It is undertaking a public inquiry into the manner in which the fare is set. ICCC has released the Draft Report in June 2013 which proposed to continue fare regulation and also proposed further strengthening of the services standard by the PMV and taxi operators. The ICCC is now finalizing its Final Report.  The Commission is conducting a study into the potential structural separation of PNG Ports Corporation. This is to promote competition in a market for Contestable Services. The Contract explicitly mentions storage, stevedoring and pilotage services as examples of ‘contestable services’. The Commission released an Issues Papers in regard to this matter in October 2013. A final decision by the Commission is due on 31st January 2014.  The Government’s Electricity Industry Policy advocates competition in the electricity industry market. Therefore the Commission was tasked to develop a Third Party Access **(TPA)** Code for the electricity industry in PNG. The code will facilitate new entrants into the power generation sector of the industry to meet the growing demand for power in PNG. The TPA Code will be finalized by December 2013.  The Commission has finalized PNG Power’s Electricity Regulatory Contract on 8th November 2013. The new Contract sets out the price path and service standard requirements for PNG Power for the next regulatory period (2013-2017).  The Commission has also finalized Motor Vehicle Insurance Limited’s **(MVIL)** Regulatory Contract for the next five years. The new Contract sets out the premiums calculations for the next regulatory period (2013-2017) and the service standard requirements. The Commission and MVIL are yet to sign off on the finalized Contract.  The Commission is also conducting a review of Post PNG’s Regulatory Contract. The Contract sets out the price path and service standard requirements. In October 2013, the Commission released its draft determinations. The review is set to be concluded before the end of 2013.  The Commission is progressively becoming involved in legislative review for anti-competitive regulation. |
| Reform of Industry/Sector specific Regulation | For more information visit this website : [www.iccc.gov.pg](http://www.iccc.gov.pg) |  |
| **Chapter 11:**   * **Implementation of WTO Obligations/ROOs** |  |  |
| WTO Agreement ANNEX 1A (GOODS) |  |  |
| WTO Agreement ANNEX 1B (SERVICES) |  |  |
| WTO Agreement ANNEX 1C (IPR) |  |  |
| WTO Plurilateral Agreements |  |  |
| WTO Ministerial Decisions and Declarations |  |  |
| Other WTO Obligations |  |  |
| Voluntary action to accelerate implementation of WTO Agreement. |  |  |
| Rules of Origin |  |  |
| **Chapter 12:**   * **Dispute Mediation** | For more information access the following email addresses: [jack\_kariko@justice.gov.pg](mailto:jack_kariko@justice.gov.pg)  **The National Court has established an ADR track with a judge assigned to oversee and administer the ADR process.**  **An ADR Services office has been set up to receive and facilitate requests for ADR. Requests can either be lodged before and/or during the court process.**  **It is becoming best practice for parties to include an ADR Clause in any agreement (especially if it is commercial in nature). Arbitration being the most commonly listed form of ADR.**  **Most Agreement templates will include a clause that requires parties to resolve an issue through consultation or negotiations. Where an amicable solution is not arrived at through consultation and negotiation, parties should then lean towards arbitration. The advantage of ADR in any cross border transaction is that it is does not have to answer the complex question of the appropriate Court or forum; instead it is determined by the parties when a conflict arises.**  **Given the prominence of ADR and the growing reliance upon it in dispute settlement, PNG acknowledges the need to build capacity. Efforts have also been made to increase the number of accredited mediators. Over the last 5 years, PNG has seen the number of accredited mediators double.** |  |
| Operational Requirements |  |  |
| Licensing and Qualification Requirements of Service Providers |  |  |
| Foreign Entry |  |  |
| Discriminatory Treatment/MFN |  |  |
| **Chapter 13:**   * **Mobility of Business People** |  |  |
| Regulatory Visa Regimes |  |  |
| Short Term Business Entry |  |  |
| Business Temporary Residency |  |  |
| Technical Cooperation and Training |  | **SOURCE : Memorandum from Chief Migration Officer to Minister Pato dated 20 March 2013**  Plans are underway:   * To improve visa and passports systems at PNG Immigration and Citizenship Services Authority (PNGICSA) posts in PNG and at all Overseas Missions/Posts including Regional Data Processing Centres. This would pave the way for the Implementation of the Biometric E-Passport Program in PNG. * In order for above to materialize PNG ICSA is keen to enter into a Management Service Agreement with the International Civil Aviation Authority (ICAO) to assist PNGICSA undertake a phased passport issuing system review and replacement project; and * The above being the case, it would be incumbent on PNG to fund the phase 1 cost (USD50,400) of an ICAO Consultant to audit , review and report on existing PNG Passport issuing processes. |
| Dialogue with Business | No updates to date | No updates to date |
| **Chapter 14:**   * **Information Gathering and Analysis** | No updates to date | No updates to date |
| **Chapter 15:**  **APEC Food System** | 1. The National Executive Council in October 2013 has approved a large scale mechanized irrigated commercial rice production in Central Province to be undertaken by a private investor. The investor will invest about US1.3 billion to cultivate 100,000 hectares of land to produce about 500,000 tonnes of rice for domestic consumption and export. Currently, PNG imports about 200,000 tonnes of rice value at K300 million for its domestic consumption. The current government is now serious about reducing food imports like rice and has embarked on food self-sufficiency to ensure that PNG built up its capacity to grow its own food and to also ensure that PNG does not rely on foreign countries for food supplies. This is evident in the approval of the large scale commercial rice production afore-mentioned. 2. The PNG Livestock industry Corporation in collaboration with private investors in Australia is planning to construct two abattoirs-one each in Port Moresby and Lae in 2014. The abattoirs will be built to Australian standards that will enable meat products to be exported and traded to Mining projects within the country. It will also open up opportunities for downstream processing of meat products and farmers will benefit from value adding. The abattoir in Port Moresby will increase livestock slaughtering capacity to 2000 cattle and 10,000 pigs to be slaughtered per year; whilst the one in Lae will increase capacity to 10,000 cattles and 15,000 per year.   Currently, PNG cannot export meat products and sell meat products to LNG and other mining sites in PNG because these multi-national companies cannot accept the meat products from PNG due to the fact that current abattoirs in PNG do need meet basic world standards in slaughtering, hygiene and food standards.  The livestock industry has been challenged by National Government in its Medium Term Development Plan 2010-2015 to produce 2 million tonnes of meat from 2010-30 ( about 200,000 tonnes of meat per year). Hence, the construction of facilities like abattoirs will help in boosting meat production.  For more information on Food Security use this email address:  [foodsec@datec.net.pg](mailto:foodsec@datec.net.pg) or [bkonafoodsec@datec.net.pg](mailto:bkonafoodsec@datec.net.pg) | The PNG National Food Security 2000-2010 has expired and a new policy will be formulated with technical assistance provided by FAO. This technical assistance has been formally approved in November 2013 and will have a duration for one year. Hence, by end of 2014, PNG should have a new national food security policy which will incorporate emerging issues like climate change, malnutrition, rising food prices etc. and it will be aligned to the APEC 2010 Niigata Food Security Declaration and Plan of actions |
| **Chapter 16:**  Transparency | For Papua New Guinea, the Government has placed anti-corruption as a priority issue. This is evident by the Governments direction to amend the Constitution to establish the Independent Commission Against Corruption (“ICAC”). The amendment has been approved by the National Executive Council and is ready to be introduced in Parliament.  Drafting has also commenced on the Organic Law on ICAC which will provide in detail, amongst other things:   1. A clear definition of corrupt conduct and what it entails 2. It provides a fusion for administrative, investigative and prosecutor work to be carried out by one central and specialized body. 3. Set out the powers of the Commission in gathering evidence from persons, such as financial institutions 4. Processes for investigating and prosecuting cases of corrupt conduct 5. Demarcate the powers of the Commission with respect to the powers of existing bodies such as the Police, Ombudsman Commission and the Public Prosecutors Office.   ICAC will aim to zero in on all forms of corrupt conduct in the Government and Private Sector. Insofar as international trade and commerce is concerned, ICAC will act as a tool for ensuring that all transactions which take place, especially when involving public money, must be accounted for in a transparent manner so that the Government gains the full value for the money expended and services and infrastructure are delivered to the people.  An important website relating to transparency issues is : [www.transparencypng.org.png](http://www.transparencypng.org.png) and the email is [communications.tipng@daltron.com.pg](mailto:communications.tipng@daltron.com.pg)  another website dealing with transparency and good governance is [www.inapng.com/cimc](http://www.inapng.com/cimc) | To have the draft Bills on the Independent Commission against Corruption approved by Parliament  Looking at becoming a party to the United Nations Convention against Transnational Organized Crime (UNTOC) which is a complimentary international legal instrument which further enhances and promotes transparency and accountability in terms of being an anti-corruption measure to combat cross-border criminal networks where a lot of illicit trade occurs.  The POCA is currently being reviewed and will be amended accordingly. The amendments are to basically provide relevant authorities additional investigative tools to facilitate the prosecution process in proceeds of crime cases.  Mutual Legal Assistance and International Crime Corporation cases to further increase thereby creating a justice system that is secure and further promoting transparency and accountability. |

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| RTAs/FTAs Chapter **PNG’s approach to Bilateral and Regional Trade Agreements in 2006**  In general, the policy stance of PNG in recent years has been favorable to the processes of regional integration, and integration into the global economy. PNG has reformed tariffs in line with WTO commitments and in the context of other trade arrangement involving Melanesian Spearhead Group (MSG) which involve a sub group of countries and still in others as unilateral moves to free up trade, in expectations that this will stimulate domestic economic activity and improve efficiency and/or in preparation for joining the regional free trade arrangement.  All fourteen members of the Pacific Group of Countries negotiated a free trade agreement-Pacific Islands Countries Free Trade Agreement (PICTA) over a period of two years, leading to the signing of the Treaty by a majority of the members in 2001. The PICTA is the only truly regional trading agreement; all other free trade initiatives involve small subsets of the fourteen Pacific ACP group. It has been suggested from time to time that the Melanesian Spearhead Group (MSG) Free Trade Agreement, which has been in force for several years, might form the basis for a regional grouping, but this proposal has made a little headway to date.  The core of the PICTA is the commitment to dismantle all import tariffs and non-tariffs barriers over eight years (ten years for Low Developed Countries and Small Island States). The Treaty covers all goods, with the exception of those placed on negative lists of sensitive products, which are to become tariff free over a fourteen year period.  The Pacific Agreement on Closer Economic Relations (PACER) is a companion Agreement to the PICTA, and negotiated by the fourteen island countries involved in the PICTA- plus New Zealand and Australia. The Agreement contains two main provisions. The first guarantees special development assistance for PICTA members in the Forum, primarily funding for trade facilitation. The second requires parties to the PICTA to begin negotiations for free trade with New Zealand and Australia within eight years of PICTA entering into force.  Both the PICTA and PACER are in force. The PICTA came into force on 13th April 2003 after the 6th ratification was received from the Republic of Nauru while PACER came into force in 3rd October 2002.  Both the Pacific Island Countries Trade Agreement (PICTA) and the Pacific Agreement on Closer Economic Relations (PACER) of which PNG is a member to these two trade agreements can generally be considered as having the potential to complement or assist PNG’s APEC commitments. |

From the outset, there is some degree of emphasis in APEC at the sub-committee on customs procedure (SCCP) and at the Committee on Trade & Investment (CTI) for economies to explore the possibilities of entering into Regional Trade Agreements (RTAs) or Free Trade Agreements (FTAs) as a means to achieving some of the objectives of APEC.

There are some features of both PICTA and PACER such as the PICTA Rules of Origin as one example that provides the opportunity for PNG to engage in and hopefully achieve some of its objectives.

It should be noted that PICTA comes into effect this year and the Pacific Island Forum Secretariat (being the Secretariat for PICTA) has embarked on implementing its provisions.

Being embryonic in operation, it’s quite obvious that APEC commitments may not be prevalent in PICTA. However, a sub-regional trade agreement known as the Melanesian Spearhead Group Trade Agreement is by far a demonstration of PNG’s commitment in implementing APEC commitments especially closer economic cooperation between Fiji, Solomon Islands, Vanuatu and (New Caledonia-political only).

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| Agreements Under Negotiations | Economic Partnership Agreement(EPA) between the Pacific ACP and the European Union | |
|  | *Economic Partnership Agreement (EPA)* | EPA is currently under negotiation and will be concluded by 2007.  More background Information on this can be obtained from the Pacific Island Forum Secretariat website as follows : http//www.forumsec.org.fj |
| General provisions | Still under negotiations |
| Institutional framework and dispute settlement | Still under negotiations |
| Provisions relating to treatment of goods | Still under negotiations |
| Product coverage  (% of tariff lines, % of trade) | Still under negotiations |
| Rules of origin | Still under negotiations |
| Provisions relating to treatment of services and investment | Still under negotiations |
| Services (modes 1-4) coverage | Still under negotiations |
| Treatment of “new” issues (labor, environment, trade facilitation, etc.). | Still under negotiations |
| Other | Still under negotiations |
| Changes in [current year] | Still under negotiations |
| Expected changes in [current year+1] | Still under negotiations |

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| Pacific Island Country Trade Agreement (PICTA) amongs**t** the 14 members of the Pacific Island Forum | | |
|  | Pacific Island Country Trade Agreement(PICTA), | All fourteen members of the Pacific ACP group of countries negotiated a free trade agreement- the Pacific Island Countries Free Trade Agreement (PICTA) over a period of two years, leading to the signing of the treaty by a majority of the members in 2001. The PICTA is the only truly regional trading agreement. The core of PICTA is the commitment to dismantle all import tariffs and non-tariff barriers over eight years (ten year for Least Developed Countries and Small Island States).  Done at Nauru : 18th August, 2001  Entered into Force : 13th April, 2003  Depositary : Secretary General of the Pacific Islands Forum Secretariat  Type of Agreement : Regional Trade Agreement |
| General provisions | The core of PICTA is the commitment to dismantle all import tariffs and non-tariff barriers over eight years (ten years for the least developed members & Small Island States members). PICTA follows a negative listing approach. General provisions manifests open and liberal trading system which is built on four basic principles:   * The first principle recognizes that it is important for countries to follow open and liberal trade policies, permit them to protect domestic production from foreign competition, provided that such competition is extended only through tariffs and is kept at low levels. To this end, it prohibits countries from using quantitative restrictions except in special cases. * The second principle provides for the reduction and elimination of tariffs and other barriers to trade through multilateral negotiations. The tariffs so reduced are listed on tariff lines basis in each economy’s schedule of concessions. The rates given in these schedules are known as bound rates shown in the schedules. * The third principle requires countries to conduct their trade without discrimination among countries from which goods are imported or to which goods are exported. This principle is embodied in the most favored nation treatment (MFN) principle. * The fourth principle is that PICTA has national treatment provisions. |
| Institutional framework and dispute settlement | At the Pacific Trade Ministers Meeting held in May 2005, the Ministers noted a need in putting in place a dispute settlement mechanism for the PICTA. The Forum Secretariat is being tasked to develop the necessary procedures and guidelines |
| Provisions relating to treatment of goods | The Treaty covers all goods, with the exception of those goods placed on national negative list of sensitive products, which are to become tariff free over a fourteen year period. The inclusion of alcohol and tobacco was discussed several times in the meetings however, it was noted that further studies on the inclusion of these two products was needed before a decision is made on them. Decision on these two products was deferred for another two years to allow further time to assess all the implications. PICTA follows a negative listing approach. |
| Product coverage  (% of tariff lines, % of trade) | Product coverage may be obtained from the Pacific Island Forum Secretariat on website:http//www.forumsec.org.fj |
| Rules of origin | Yes it has provisions on Rules of Origin. It follows a negative listing schedule. |
| Provisions relating to treatment of services and investment | Information on this can be obtained from the Pacific Island Forum Secretariat website as follows : http//www.forumsec.org.fj |
| Services (modes 1-4) coverage | Information on this can be obtained from the Pacific Island Forum Secretariat website as follows : http//www.forumsec.org.fj |
| Treatment of “new” issues (labour, environment, trade facilitation, etc.). | Information on this can be obtained from the Pacific Island Forum Secretariat website as follows : http//www.forumsec.org.fj |
| Other | Information on this can be obtained from the Pacific Island Forum Secretariat website as follows : http//www.forumsec.org.fj |
| Changes in [current year] | None envisaged at this point in time |
|  | Expected changes in [current year+1] | None envisaged at this point in time |

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| Melanesian Spearhead Group (MSG) Trade Agreement | | |
|  | Melanesian Spear Head Group Trade Agreement.  Came into force in 1995 | Parties to the Melanesian Spearhead Group (MSG) Trade Agreement are the Governments of Fiji, Papua New Guinea, Solomon Islands and the Republic of Vanuatu. |
| General provisions | Under Article 3-  The objectives of the parties in concluding this Agreement are:-   1. to promote and facilitate the free flow of goods and services through the elimination of tariff and non-tariff barriers to trade between the Parties in a gradual and progressive manner under an agreed timetable 2. to ensure as far as possible that trade between parties takes place under conditions of fair competition; 3. to take appropriate measures to facilitate, strengthen, consolidate and diversify the trade between countries on a long-term and stable basis; and 4. to contribute to the harmonious development and expansion of world trade and the progressive removal of barriers thereto   Under Article 4- the General Undertakings are:   1. The Parties shall make effort to plan and direct their development policies with the view to creating conditions favorable for the achievement of the objectives of the Agreement and implementation of the provisions of this Agreement and shall abstain from taking any measures likely to jeopardize the achievement of its objectives and implementation of its provisions. 2. The Parties shall extend the product coverage in this Agreement in order to ensure that the duties and other restrictive regulation of commerce are eliminated on substantially all the trade between Parties. 3. Requests for such extension shall be presented by interested Parties in accordance with the procedure laid down in Article 18. |
| Institutional framework and dispute settlement | Article 17-Administrative Cooperation by the Parties, Article 18- Dispute Resolution, Article 19-Consultations & Article 20-Institutional Framework.  Article 18-Dispute settlement is as follows   1. Parties shall endeavor, as far as possible, settle any differences concerning the interpretation or operation of this agreement through amicable consultations in accordance with Article 19 of this Agreement 2. Where the consultations referred to in paragraph 1 of this Article have failed to resolve the dispute between the Parties, any party to the dispute may notify other parties of its wish to resolve the dispute by mediation. The parties to the dispute may appoint by mutual consent a mediator within 30 days of such notice. 3. Where the mediation process referred to in paragraph 2 of this Article has failed to resolve the dispute between the parties, any party to the dispute may notify the other party to the dispute of its decision to submit the dispute to arbitration. The arbitration award shall be final and binding on the members to the dispute.   Article 20- Institutional Frame is as follows   1. The parties shall utilize the existing Melanesian Spearhead Group Institutional Framework for the purposes of overseeing the implementation of this Agreement 2. In accordance with paragraph 1 of this Article the Summit of Heads of Governments of the Melanesian Spearhead Group shall policy directions with respect to the implementation of this Agreement 3. Trade Officials of the parties shall meet annually prior to the Summit of Heads of Governments to jointly review trade among parties. 4. The Summit of the Heads of Governments may decide from time to time to establish technical committees to oversee the implementation of specific fields of activity of this Agreement such as quarantine customs and trade. 5. A Secretariat shall be established to assist in providing administrative support to the implementation of this Agreement. 6. The provisions of paragraph 5 may be implemented considering; 7. the terms of reference of the Secretariat 8. the appointment of appropriate personnel to the Secretariat the conditions which is provided for in paragraph (a) |
| Provisions relating to treatment of goods | Articles 4-General undertakings, 5- Most Favored Nation Treatment, 6- Tariff Customs Duties 7- Quantitative Import Restrictions, 8-Quantitative Export Restrictions, 9- Excepted Imports, 10- Deflection of Trade, 11-Development of Industry, 12-Temporary suspension of Obligations, 13-Preferential Treatment, 14- Suspension of obligations & 15- Exceptions |
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| Product coverage  (% of tariff lines, % of trade) | Description of Product HS Code Rate of Duty  1. Potato Chips or slices 0712.1010 25%  2. Potatoes whether or not sliced but  not further prepared 0712.1090 25%  3. Wheat or maslin flour 1101.0000 10%  4. Cereal flours other of wheat or maslin 1102.0000 10%   1. Flour, meal, powder, flakes, granules   And pellets of potatoes 1105.0000 10%   1. Flour, meal, and powder of leguminous   Vegetables (except coconut milk powder 1106.0000 10%   1. Cane or beet sugar and chemically pure   Sucrose, in solid form(subject to Agree  ment with the state) 1701.0000 70%   1. Prepared food obtained by the swelling   Or roasting of cereals or cereal products  In grain forms or other worked grain 1904.10000 15%   1. Other prepared food obtained by the  Swelling or roasting of cereals or cereal Products in grain form or other worked  Grain 1904.9000 15%   1. Potatoes chips or French fries, prepared   Or preserved, frozen 2004.2000 25%   1. Potatoes, prepared or preserved, not   Frozen 2005. 2000 25%   1. Vegetables, fruits, nuts, fruit-peel and other   Parts of plants, preserved by sugar (drained,  Glace, crystalized) 2006.0000 25%   1. Jams 2007.1020 25% 2. Marmalades 2007.1040 25% 3. Ground-nuts (peanuts) 2008.1110 10% 4. Peanut butter 2008.1120 10% 5. Pineapples-Prepared or preserved 2008.2000 10% 6. Citrus fruits-Prepared or preserved 2008.3000 10%   18.Prepations of a kind used animal feeding 2309.9090 10% |
|  | 16.Pineapples-Prepared or preserved 2008.2000 10%  17.Citrus Fruits-Prepared or preserved 2008.3000 10%  18. Preparations of a kind used animal feeding 2309.9090 10%  19. Other paper and paperboard 4823.0000 10%   1. Embroidery in the piece, in   Strips or in motifs 5810.0000 10%   1. Men’s or boy’s Trousers, bid and brace   Overalls, breeches and shorts, knitted or  Crocheted 6103.4000 25%   1. Dresses 6104.4000 25% 2. Skirts and divided skirts 6104.5000 25% 3. Men’s or boy’s Shirts, knitted or crocheted 6105.0000 20% 4. Women’s or girl’s blouses, shirts or silk blouses   Knitted or crocheted 6106.0000 20%  26. T-Shirts, singlets and other vests knitted and crocheted 6109.0000 20%   1. Jerseys 6110.0000 25% 2. Other garments knitted or crocheted of cotton 6114.0000 25% 3. Other similar garments of cotton 6115.9000 25% 4. Trousers, bid and brace overalls, breeches, and shorts   (Other than swimwear) 6203.40.00 20%   1. Dresses 6204.40.00 20% 2. Skirts and divided skirts 6204.50.00 20% 3. Trousers, bib and brace overalls, breeches and shorts   (other than swimwear) 6204.60.00 20%   1. Men’s or boy’s shirts 6205.0000 20% 2. Women’s or girl’s blouses, shirts or silk blouses 6206.0000 20% 3. Other men’s or boy’s garments 6210.4000 25% 4. Other women’s and girl’s garments 6210.5010 25% 5. Other men’s or boy’s garments 6211.3000 25% 6. Other women’s or girl’s garments 6211.4000 25% 7. Bed linen, table linen, toilet linen and kitchen linen 6302.0000 20% 8. Bed spreads, and other furnishing articles, excluding   Those of heading 9404.0000 6304.0000 20%   1. Sails 6306.3000 20% 2. Other made up articles including dress patterns 6307.0000 25% 3. Articles of Jewellery 7113.0000 25% 4. Goldsmiths’ or silversmiths’ ware 7114.0000 25% 5. Other articles of precious metal 7115.0000 25% 6. Imitation jewellery 7117.0000 25% 7. Canned Mackerel (subject to Agreement with the State) 1601.1500 30% |
|  | 41.Bed spreads, and other furnishing articles  excluding those of heading 9404.0000 6304.0000 20%  42. Sails 6306.3000 20%  43. Other made up articles including dress  patterns 6307.0000 25%  44. Articles of Jewellery 7113.0000 25%  45. Goldsmith’s or silversmith’s ware 7114.0000 25%  46. Other articles of precious metal 7115.0000 25%  47. Imitation Jewellery 7117.0000 25%  48. Canned Mackerel 1601.1500 30%  49. Salt 2501.0000 30% |
| Rules of origin | The agreement has provisions on rules of Origin and this can be found in ANNEX III entitled Rules of Origin Under Article 13 (1) (a) of the Agreement |
| Provisions relating to treatment of services and investment | Agreement has provisions on services and investment. |
| Services (modes 1-4) coverage | Papua New Guinea and other parties to this agreement have to date established a working group on Trade in Services to consider modes 1-4. This is an ongoing activity as this group and meetings are conducted periodically every year to advance work on services. |
| Treatment of “new” issues (labor, environment, trade facilitation, etc.). | Discussions on Trade Facilitation is an ongoing activity. |
| Other | Any other pertinent information on the MSG Agreement to which Papua New Guinea is a member can be obtained from the Interim Secretariat of the MSG cl-o The Director General, Ministry of Foreign Affairs, Private Mail Bag 051, PORT VILA, Republic of Vanuatu, telephone: (678) 25674, Facsimile: (678) 25577 or (678) 25640 |
| Changes in 2006 | No changes at present |
|  | Expected changes in future | No changes are expected |
| Future Plans | | No new plans. |