



COFFEE INDUSTRY CORPORATION LIMITED

Standing Conditions For A Registered Coffee Manufacturer

1.0 INTRODUCTION

- 1.1 These Standing Conditions for the are issued by the Corporation pursuant to the provisions of the Coffee Industry Corporation (*Statutory Functions & Powers*) Act 1990 ("CIC Act") as amended, to register and regulate the operations of coffee manufacturing facilities, which are defined as facilities for the treatment of green coffee into roast, decaffeinated or soluble coffee.
- 1.2 These Conditions supercede all previous conditions issued by the CIC.
- 1.3 The Conditions attempt to protect the viability of existing facilities and to control and regulate the establishment of new manufacturing facilities.
- 1.4 All owners or occupiers of premises used or proposed to be used for the manufacture of coffee, other than that grown on the applicants own property for its own consumption, are subject to these conditions.
- 1.5 In the event of the Conditions of License not being complied with, the Corporation will refuse to register renew the manufacturer's license and/or impose appropriate penalties as deemed fit under the Act.

2.0 COMPANY REGISTRATION

- 2.1 Applicants will only be accepted from companies registered under the PNG Companies Act 1997.

3.0 DOCUMENTATION

- 3.1 The following documentation is required for registration of the Manufacturing License:

- (a) A copy of the feasibility study including pricing and marketing arrangements undertaken for the project.
- (b) A copy of the analysis carried out in an independent laboratory of the product to be produced.
- (c) A copy of the technical specifications of the plant from the manufacturer, including for example yield of soluble coffee from green bean.
- (d) Submission of the list of shareholders of the applicant. Corporate shareholders must be further identified with a copy of the latest Annual Report or Tax Return:

- 3.2 The company must submit to the Corporation a monthly report of the quantity of coffee processed in the previous month and show the quantity sold overseas and within PNG.

4.0 CREDITWORTHINESS

- 4.1 An existing manufacturer or a new applicant must demonstrate financial viability, commitment and involvement in the industry.
- 4.2 Applicant must provide documentary evidence with its application indicating that it has adequate finance to enable it to carry on business.

4.3 The Corporation may require that each applicant submits a letter from its bankers stating that it has adequate finance to carry on the business during the license period.

5.0 SHAREHOLDING

A New Applicant

- (a) Preference will be given to wholly nationally owned applicants who meet the criteria in these Guidelines. Applicants who can demonstrate broad-based grower shareholding will be looked upon favourably.
- (b) Shareholders in the applicant company should divest their shareholding in other manufacturing companies, within 12 months of the applicant company first being registered under the CIC Act.

Existing Manufacturers

- (a) The Corporation will consult with the Investment Promotion Authority with respect to the level of foreign shareholding in a coffee manufacturing company.
- (b) Those companies with foreign shareholding exceeding 25 per cent must take positive steps to divest of this shareholding.

6.0 MANAGEMENT

- 6.1 Applicants must demonstrate a level of expertise and understanding of the manufacturing and marketing of coffee and the related trade practices.
- 6.2 Any management agreement relating to the day-to-day control of the

business must be submitted to the Corporation.

7.0 TRADING AND ACCOUNTING PRACTICES

- 7.1 All trading and accounting practices of a coffee manufacturer must be conducted by a Papua New Guinea registered company.
- 7.2 Audited accounts must be furnished to the Corporation within 8 months of the end of the financial year.

8.0 TRAINING OF PNG NATIONALS

- 8.1 A stringent localisation programme is to be observed by the company at all levels of operations.
- 8.2 A copy of this is to be submitted with the initial application and is to be updated annually with a progress report every year.

9.0 SALES/CONTRACTUAL OBLIGATIONS

- 9.1 The coffee manufacturer may only sell coffee in quantities exceeding 10 kilograms roast or 4 kilograms soluble coffee outside PNG through a registered exporter in the name of that exporter.

10.0 GREEN COFFEE IMPORTS

- 10.1 Green coffee may not be imported as a raw material for further processing or blending in PNG nor will any processed coffee be allowed into the country without proper documentation.

11.0 WAREHOUSE FACILITIES

- 11.1 The manufacturing plant must have adequate and suitable handling and storage facilities.

11.2 Separate and complete daily records of the movement and type of coffee into and out of the warehouse must be kept.

12.0 QUALITY CONTROL

12.1 An applicant must undertake that all coffee produced will be of exportable standard and will comply with prescribed classification/descriptions.

13.0 PACKAGING

13.1 Manufacturers shall ensure that their packaging and marketing meets standards required of local manufacturers in their chosen export markets.

14.0 REGISTRATION FEES

14.1 The Corporation does not require applicants for manufacturing licenses to pay any Registration fees, however, an Application Fee of K500 is payable.

12.0 LICENSE CONDITONS

12.1 All Manufacturing Licensees are required to comply fully with the License Conditions which shall be imprinted at the back of the Registration Certificate.

R M MITIO
Chief Executive Officer