



BANK OF PAPUA NEW GUINEA

P R E S S R E L E A S E

REFORMS IN FOREIGN EXCHANGE CONTROLS

As part of the continuing reform of the financial sector and removal of impediments to business and investment in Papua New Guinea, the Bank of Papua New Guinea will liberalize the following Foreign Exchange Controls on Monday, 03rd September 2007:

- (i) Private capital account contracts between residents and non-residents;
- (ii) Securities and guarantees in favour of non-residents;
- (iii) Listed and unlisted securities and other investments with underlying written contracts;
- (iv) Foreign currency accounts of individuals opened prior to 01st June 2005.

The Bank has deferred the earlier proposed changes to the settlement of contracts through domestic foreign currency accounts until further notice.

The liberalization will be done through exemptions from the Foreign Exchange and Gold Regulations so that the controls can be re-introduced, if developments in the foreign exchange markets necessitate such an action.

The Bank will retain controls on:

- (i) Opening of offshore foreign currency accounts, including Kina accounts outside Papua New Guinea;
- (ii) Licensing of Gold Exporters;
- (iii) Licensing of Foreign Exchange Dealers; and
- (iv) Removal of physical cash in excess of K20,000.00 or equivalent in foreign currency.

The Bank of Papua New Guinea will conduct awareness seminars with the commercial banks and other stakeholders on these reforms.

Any queries on the above plans for liberalization of Exchange Controls should be directed to Mr. Elim Kiang on telephone number: 322 7215, fax number: 321 1617 or email address: ekiang@bankpng.gov.pg.

L. Wilson Kamit, CBE
Governor