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DEPARTMENT OF TRADE, COMMERCE & INDUSTRY

Office of the Secretary

1101, Mekele Halls  
PO Box 375  
WAIGANI  
National Capital District  
Papua New Guinea

28th November, 2018

- ① SumMat
- ② COMPTO to assess and consider
- ③ COMPTO to acknowledge

*[Handwritten signature]* 7/12/18

**Mr. Paulus Ain**  
Commissioner and Chief Executive Officer  
Independent Consumer & Competition Commission  
PO Box 6394  
BOROKO  
National Capital District

Dear Commissioner Ain,

**REF: AUTHORIZATION APPLICATION BY AIR NIUGINI FOR CODE-SHARE ARRANGEMENT WITH PHILIPPINES AIRLINES INC.**

We acknowledge receipt of your letter dated 17th October 2018, as made reference above. We also apologise for not replying in advance.

As you are aware, my Department is supporting and promoting SME growth in the country. Thereby, our response and comments regarding the proposed Code-Share arrangement between Air Niugini Limited and Philippines Airlines is mainly focussed on that.

We see this arrangement of code sharing as a better marketing approach for both airlines in terms of social and economic benefits. For instance, the arrangement may strengthen the business ties between Air Niugini Limited and Philippines Airlines, and also maintain effective services to customers of both airlines.

However, DCI supports this arrangement if it will render maximised profits for Air Niugini. Should it be a loss-making route, then DCI strongly recommends against it as it will affect the domestic airfares.

When domestic airfares are increased to meet costs for the loss making route, it directly hinders SME development and growth in the country.

Yours Sincerely,

**ANDREW LILLIURA**  
Secretary