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Friday, July 14, 2017

Mr Paulus Ain
Commissioner and CEO
ICCC
Boroko, NCD

Re: The proposed acquisition of PNG Ground Services by Pacific Energy Aviation Ltd.

Dear Sir,

In response to the outlined topic and to clarify Tropicair's view on the matter, I submit the following view on the acquisition.

Tropicair infrequently utilises the services of PNG Ground Services in Port Moresby's Jackson's Airport and as such believes that the acquisition by Pacific Energy Aviation Ltd (PEAL) would have little effect on Tropicair's perception of the competition that currently exists in the marketplace. Tropicair does utilise the services of PNG Ground Services on a frequent basis in the ports of Lihir (Londolovit) and Alotau (Gurney) and it would be Tropicair's belief that the acquisition in this case by PEAL, may in-fact lower the price of fuel in these ports, as long as the intention is there by the new operator to continue the service.

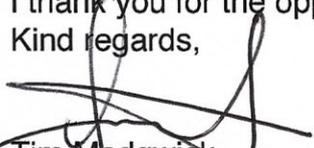
It would be Tropicair's position that the marketplace as a whole does indeed have barriers to entry, which limit and in many circumstances preclude, other operators from entering. It has been a well-known fact that Interoil and now, Puma have attempted entry into the Port Moresby Jackson's Airport in the past, which has never come to fruition. There is no doubt in my mind that if there was more competition at Jackson's Airport, then it would reduce fuel prices through normal competitive means and whilst fuel pricing is a large driving factor, there are other measurable factors that would most certainly be improved at the same time.

I cannot see how the acquisition would encourage new entrants into the market.

I would like to add that Tropicair has no issue with the current provider (PEAL) and have a good strong business relationship with the company, which we intend to continue.

I thank you for the opportunity to comment on the proposed acquisition.

Kind regards,



Tim Madgwick
Chief Executive Officer
Tropicair Ltd.