



**INDEPENDENT CONSUMER AND  
COMPETITION COMMISSION**

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**Office of the Commissioner/CEO**

File Reference: 07-7000-5.1/ss

23 December 2010

**MS. MARIA SOCORRO R. GONZAGA**

Senior Assistant Vice President - External Affairs  
Philippine Airlines  
5th Floor, PNB Financial Center,  
Pres. Diosdado Macapagal Blvd., CCP Complex, Pasay City  
Philippines 1300

Dear Madam,

**PHILIPPINES AIRLINES/AIR NIUGINI PROPOSED CODE-SHARE ARRANGEMENT**

The **Independent Consumer and Competition Commission (ICCC)** is the competition regulator in Papua New Guinea (PNG), enforcing the competition law amongst other related legislations of PNG.

ICCC is currently assessing Air Niugini's authorization application to enter into and give effect to a code-sharing arrangement with Philippines Airlines (PAL) on the Port Moresby/Manila sector. You can access the copy of the application on ICCC website: [www.iccc.gov.pg](http://www.iccc.gov.pg) for more information. To make an informed decision on this application, the Commission would like PAL to provide it with the following information:

1. Is PAL partly or wholly owned by the Republic of the Philippines? If partly owned, please provide the proportion of shares owned by the Republic.
2. Is PAL a designated carrier to PNG?
3. What are its current capacity limits for the Port Moresby/Manila route and the allocated and unallocated capacity on this route in each direction per week?
4. If intending to enter the market, what would be PAL's indicative capacity that would be sought from the Philippines Civil Aeronautical Board (CAB)?
5. Proposed frequency/capacity intended to be provided by PAL if authorization is granted;
6. 'Break even' load factor on this route; and
7. Please provide copies of documents relating to:-
  - (a) The date of application to the CAB, for designation as a Philippines carrier on routes to the PNG;
  - (b) The date of grant of designation by the CAB as a Philippines Carrier on routes to PNG;
  - (c) The date of application to the CAB for the capacity to PNG that is currently unutilized on the Port Moresby/Manila route; and
  - (d) The capacity and frequency of services which you intend to use on the Manila route arising from the capacity sought.

This information is requested pursuant to sections 6(e) and 128(1) of the *Independent Consumer and Competition Commission Act 2002* (the ICCC Act), copies of which are attached for your information. The Commission would appreciate it if the requested information is provided by **13<sup>th</sup> January 2011**.

*"Friend to Businesses, Friend to Consumers"*

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Please take note that a copy of your response will be placed on the public register and website unless a request for confidentiality is made, although all such requests are not necessarily granted. Section 131 of the ICCA Act governs confidentiality arrangements, a copy of which is attached.

If you have any queries relating to the above matter, please do not hesitate to contact Mr. Bob A Lowi – Acting Chief Markets and Trade Analyst of the Competitive Markets and Fair Trade Division on the above address.

Yours sincerely,



**Assoc. Prof. Billy Manoka, (PhD)**  
Commissioner/CEO