

ACA11/005VD  
13 January 2011

Dr. Billy Manoka  
Commissioner/CEO  
Independent Consumer and Competition Commission  
1F, Garden City, Angau Drive,  
PO Box 6394, Boroko, NCD  
Papua New Guinea  
Fax No. +6753230052

Dear Dr. Manoka,

We refer to your letter dated 23 December 2010 requesting for information relevant to the proposed Air Niugini (PX)/Philippine Airlines (PAL) code share arrangement for services between Port Moresby and Manila.

We confirm that Philippine Airlines is specified as the sole designated carrier of the Republic of the Philippines under the Philippines/Papua New Guinea Memorandum of Consultations of October 1975, as confirmed in December 1975. We are authorized to operate the maximum allowable capacity for services to and from Papua New Guinea. Various institutions under the control of the Philippine Government own a minority interest (2.83%) of PAL's total shares.

Philippine Airlines' role in the code share arrangement would be limited to that of marketing carrier, while the actual operations shall be performed by Air Niugini as the operating carrier. PAL and PX shall be making use of the combined Philippine and PNG capacity entitlements to enable us to offer the three (3) weekly Port Moresby/Manila (and vice versa) frequencies. As the operating carrier, Air Niugini would be in the best position to provide pertinent data on load factors and other related operational information.

We hope that we have been able to provide the Commission with helpful information.

Our sincere thanks and regards.

Very truly yours,



**MA. SOCORRO R. GONZAGA**  
Senior Assistant Vice President  
External Affairs

cc: Mr. Steven Sugl – Competitive Market and Fair Trade Division, ICC