Competition watchdog again rejects PNG Air, Link PNG merger

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Papua New Guinea's competition watchdog has put a stop to a proposed merger between fellow domestic carriers Link PNG (Port Moresby) and PNG Air (CG, Port Moresby).

In a statement, Link PNG said it had been informed by the country's Independent Consumer and Competition Commission (ICCC) that it had declined an application by Link PNG to purchase shares in PNG Air – shareholding currently held by Nasfund, the largest private-sector superannuation fund in the country. It is understood that Nasfund owns about 39% of shares in PNG Air – the highest shareholding in the airline.

Link PNG, a subsidiary of Air Niugini (PX, Port Moresby), said it had been approached in November 2020 by PNG Air to purchase the shares. "Link PNG understood this request was a consequence of the ongoing effects of COVID-19 on PNG Air, but equally we remain of the view that the proposal provided significant benefits to the people of Papua New Guinea, whilst still ensuring competition remained in the Papua New Guinea aviation market, and airfares did not increase. It was the view of both airlines that the operational cost savings from the proposal would enable a stronger and more dynamic airline industry in Papua New Guinea over the longer term," the airline said.

The ICCC's decision was in line with its draft determination in September 2020 whereafter it had invited submissions from stakeholders and the public before making a final decision on the matter. The Commission at the time indicated the merger would be turned down for competitive reasons, while a proposed code-share between the two airlines would only be authorised with amendments to limit anti-competitive effects.

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