

## Blanch, Belinda

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**From:** Mather, Kerrie  
**Sent:** Tuesday, 7 April 2015 6:37 PM  
**To:** Adjudication  
**Subject:** A91470 & A91471 - Qantas & China Eastern - Submission

**Categories:** Submission

Dear Sir/Madam

Sydney Airport notes the ACCC's inquiry into Qantas and China Eastern's application to coordinate their operations between Australia and China.

During the year ending September 2014 close to 860,000 Chinese residents visited Australia with 46% arriving into Sydney Airport, making Chinese residents our second largest passenger group. With a four year compound average growth rate of 13.7% we estimate that Chinese residents will overtake New Zealand residents to become our second largest inbound resident group by 2016.

China is fundamental to both Australia and New South Wales achieving their Tourism 2020 expenditure targets. In 2013-14 China contributed \$4.8 billion in inbound tourism expenditure, increasing 15.7% from the previous year. By 2019-20 this value is expected to increase to \$8.5 billion. In the face of strong competition from markets such as the USA the continued expansion of aviation connectivity will be vital in securing Australia's share of the world's largest outbound travel market.

As well as being a significant source of inbound tourism, China is also Australia's largest two-way trading partner. The export of goods and services to China accounts for close to two thirds of total exports to Australia's largest export market. Education continues to be a growing export market with over 150,000 Chinese enrolments during 2013-14, more than any other nationality. During the same period over 60,000 student visas were issued to Chinese travellers, an increase of 12 per cent compared to the previous period.

Cooperative arrangements between airlines have the potential to enhance airline operations and provide travellers with additional flight options, improved schedules and new links to markets served by both carriers through enhanced connectivity. When combined with capacity increases through aircraft up-gauging and increased frequencies, enhanced connectivity will also result in Chinese airports such as Shanghai being a more attractive proposition for visitors to Australia when connecting from Europe, North America and the rest of Asia.

Given the importance of the China market, and with the recent expansion of the China/Australia Air Services Agreement, Sydney Airport would support any initiative that would significantly improve aviation links and services between the two markets supporting the growth of inbound tourism and trade flows.

Yours sincerely

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