

16 April 2015

Via email: adjudication@accg.gov.au

To whom it may concern,

RE: A91470 & A91471 – Qantas & China Eastern – Submission

I am writing to you to provide the Australian Tourism Export Council's (ATEC) perspective on the draft determination by the ACCC on the commercial partnership between Qantas and China Eastern.

As an organisation that represents Australia's export tourism industry we are highly concerned that, if followed through, denying partnership will have a significant and negative impact on the future growth of the Chinese visitor market to Australia.

Visitors from China are the world's fastest-growing source of international tourism, with total tourism expenditure by visitors from China increasing almost tenfold since the year ending 2000. Visitors from China now lead the world in total international tourism expenditure (*UNWTO 2014*). As a result, there is strong competition amongst countries to attract and provide carriage for visitors from China. This illustrates the importance of Australia's need to maintain international competitiveness and to access more source markets within China.

Since the global financial crisis, much of Australia's tourism export growth has been driven by increased visitation from China and other Asian markets. While many of our traditional markets including the US, UK and Europe, responded to the GFC with a decline in outbound travel, our proximity to China and their new demand for international travel, allowed our industry to weather what might have been a serious export tourism downturn.

While our traditional markets have begun to return, China remains our number one export tourism market and shows even further potential growth over the next five years and beyond. Projections indicate the Chinese inbound tourism market will deliver up to \$9 billion in economic value to Australia by 2020. Indeed, the focus of government, tourism bodies and our industry members is on developing a strong engagement with this market and maximising its growing potential to contribute to the Australian economy.

Importantly, the China market is also maturing, with passenger numbers growing at around 8% annually and visitors moving beyond the traditional major city destinations. Since the recent strong emergence of the Free Independent Traveller (FIT) segment, we have seen Chinese visitors moving further afield and visiting regional destinations, a trend which our industry has worked hard to meet.

Given the importance of the China market, and with the recent expansion of the China/Australia Air Services Agreement, ATEC supports the Qantas/China Eastern partnership in that it will improve aviation services between the two markets, thereby supporting the growth in international visitor arrivals and trade

relations. The partnership will also result in greater opportunity for the Australian tourism industry and the broader economy with improved aviation capacity geared to meet current and future demand. This proposal must be considered more broadly than just the Sydney-Shanghai route and viewed more holistically in terms of net public benefit beyond just the carriers.

Thank you for the opportunity to provide these comments.

Yours sincerely,

A handwritten signature in black ink that reads "PS Shelley". The signature is written in a cursive, flowing style with a large, sweeping flourish at the end.

Peter Shelley
MANAGING DIRECTOR

About ATEC

ATEC is the peak industry body representing Australia's \$30 billion tourism export sector. As an advocate for our sector, ATEC brings together the views of a broad cross section of the Australian tourism industry.

ATEC represents and supports more than 800 members across Australia, many based in regional and remote parts of the country, and include inbound tour operators and online distributors who connect Australian tourism products with vital distribution channels in key overseas markets. Those tourism products include accommodation providers, tour companies, attractions, airlines, cruise lines, transport operators, food and beverage outlets and tourism services including retail outlets, educational institutions and guiding organisations.