



Australian Government



TOURISM
AUSTRALIA

4 May 2015

Dr Richard Chadwick
General Manager
Adjudication Branch
Australian Competition and Consumer Commission

Dear Dr Chadwick

Re: Qantas Airways and China Eastern Airlines applications for authorisation A191470 & A91471

I write in regard to the Australian Competition and Consumer Commission (ACCC) draft determination proposing to deny authorisation of the joint coordination agreement between Qantas Airways (Qantas) and China Eastern Airlines (China Eastern) (A191470 & A91471).

The objective of the national tourism strategy, Tourism 2020, is to grow the value of overnight visitor expenditure beyond forecast to over \$115 billion per year. Tourism Australia and Austrade are leading the effort to drive Australia's tourism performance to reach this goal. Key to this is the strong growth in visitation from Asia, particularly from China.

China is Australia's fastest growing tourism market, second only to New Zealand in arrivals and our most valuable market in relation to visitor spend. Under the Tourism 2020 strategy, the China market alone will potentially be worth up to \$13 billion to the Australian economy by 2020.

The China market is also Australia's third largest in terms of visitor dispersal – travelling beyond the gateway cities of Sydney, Melbourne, Brisbane and Perth. Given the proposed joint cooperative agreement between Qantas and China Eastern would leverage both airline's domestic networks, it will potentially increase Chinese visitor dispersal by improving connectivity to Australia's regional areas.

The facilitation of improved access to Australia for Chinese visitors through increased air services between China and Australia is a worthy and desired outcome. In 2014 there were just over one million aviation seats operated from China to Australia, an increase of 144 per cent compared to 2009. Whilst growth slowed slightly in 2014, the outlook remains very positive with many Chinese airlines, including China Eastern, announcing plans to add extra flights to Australia. The recent China-Australia Air Services Agreement reflects this outlook, with a tripling of capacity between the two countries and, for the first time, the inclusion of access to China's second and third tier cities.

In this context, Tourism Australia supports the proposed Qantas-China Eastern joint coordination agreement in anticipation of increased services between the two countries to help realise the significant contribution of the China tourism market to the Australian economy.

Yours sincerely

Geoff Dixon
CHAIRMAN