1. Select questions function

2. Type your question here

3. Press ‘Send’
Sally Phillips
Manager Strategic Engagement, FTA Program - Austrade

Dan Williams
A/g Assistant General Manager, Tourism Division – Austrade

Trent Banfield
International Operations Manager Tourism Australia
Agenda

- China and Australia today
- ChAFTA – A landmark agreement
- Tourism and Travel provisions of the Services Chapter
The China-Australia relationship continues to deepen and diversify
By 2030, 59% of urban households will be considered affluent.

Source: ANZ greater China economists Li-Gang Liu and Louis Lam.
At $8.9 billion, China is Australia’s #1 tourism market

1,136,700 Chinese visit Australia

439,100 Australians visit China

≈22.2%

Source: Tourism Australia 2016 and Australian Bureau of Statistics 2014
ChAFTA
A landmark agreement
Free Trade Agreements play an important role in supporting global trade.
ChAFTA opens up exciting opportunities

- Goods exporters
- Services suppliers
- Investors
- Labour mobility
Service industries gain best ever access

China’s Most-Favoured Nation (MFN) clause protects Australia’s competitive position into the future in key sectors

New or enhanced market access

Framework to advance mutual recognition of services qualifications
Australian travel agencies and tour operators are able to establish wholly Australian-owned subsidiaries in China, providing:

• Travel and hotel accommodation for domestic and foreign travelers directly with transport and hotel operators in China.
• Tours within China for both domestic and foreign travelers cheques.
• Travellers cheque cashing services.
<table>
<thead>
<tr>
<th>Mode of supply:</th>
<th>(1) Cross-border supply</th>
<th>(2) Consumption abroad</th>
<th>(3) Commercial presence</th>
<th>(4) Presence of natural persons</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sector or sub-sector</td>
<td>Limitations on market access</td>
<td>Limitation on national treatment</td>
<td>Additional commitments</td>
<td></td>
</tr>
<tr>
<td>9. TOURISM AND TRAVEL RELATED SERVICES</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>A. Hotels (including apartment buildings) and Restaurants (CPC 641-643)</strong></td>
<td>(1) None</td>
<td>(1) None</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(2) None</td>
<td>(2) None</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(3) Services suppliers of Australia may construct, renovate and operate hotel and restaurant establishments in China. Wholly foreign-owned subsidiaries are permitted.</td>
<td>(3) None</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(4) Unbound except as indicated in horizontal commitments.</td>
<td>(4) Unbound except as indicated in horizontal commitments.</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>B. Travel Agency and Tour Operator (CPC 7471)</strong></td>
<td>(1) None</td>
<td>(1) None</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(2) None</td>
<td>(2) None</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(3) Wholly foreign-owned subsidiaries are permitted.</td>
<td>(3) None except that joint ventures or wholly foreign-owned travel agencies and tour operators are not permitted to engage in the activities of Chinese travelling abroad and to Hong Kong China, Macao China and Chinese Taipei.</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(4) Unbound except as indicated in horizontal commitments.</td>
<td>(4) Unbound except as indicated in horizontal commitments.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Information is publicly available on ChAFTA

www.dfat.gov.au/chafta
chinafta@dfat.gov.au
Austrade’s network covers regions and markets

- Austrade hub office
- Austrade regional office
Dan Williams
A/g Assistant General Manager
Tourism Division - Austrade
Overview

- Tourism Performance
- China (inbound and outbound)
- Aviation Growth
- Visas
Tourism Performance
(Year Ending March 2016)

- 7.1 million tourists or up 9%^ TRA International Visitor Survey (Year Ending March 2016) visitors aged over 15
- Expenditure $38 billion (up 17%)
- Australia’s top five markets are:
  - NZ (1.2m visitors up 5%)
  - China (1m visitors up 23%)
  - UK (663,000 up 5%)
  - USA (598,000 up 12%)
  - Singapore (355,000 up 9%)
### Key Growth Tourism International Markets

<table>
<thead>
<tr>
<th>Country</th>
<th>$ Spend</th>
<th>Visitors</th>
<th>Nights</th>
</tr>
</thead>
<tbody>
<tr>
<td>China</td>
<td>$</td>
<td>38%</td>
<td>23%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>15%</td>
<td></td>
</tr>
<tr>
<td>UK</td>
<td>$</td>
<td>10%</td>
<td>5%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>-2%</td>
<td></td>
</tr>
<tr>
<td>USA</td>
<td>$</td>
<td>22%</td>
<td>12%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>9%</td>
<td></td>
</tr>
<tr>
<td>NZ</td>
<td>$</td>
<td>6%</td>
<td>5%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>2%</td>
<td></td>
</tr>
<tr>
<td>Japan</td>
<td>$</td>
<td>10%</td>
<td>12%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>7%</td>
<td></td>
</tr>
</tbody>
</table>

^TRA International Visitor Survey (Year Ending March 2016) visitors aged over 15
China Visitors to Australia and Forecasts

- By 2017-18, China will be largest source of inbound arrivals and expenditure.
- Further boost to growth through 2017 Australia China Year of Tourism.
- Tourism Research Australia Forecasts^ 
  - By 2024-2025 – 3.16 million Chinese visitors spending $27.5 billion.
  - 5,000 Chinese Work and Holiday Makers annually – assist in covering shortage of bilingual workers in tourism industry.
- Austrade administers the Approved Destination Scheme.

^TRA 2016 Tourism Forecasts – all visitors
TRA Forecasts - China to overtake NZ as our largest tourism market by visitation

^TRA 2016 Tourism Forecasts – all visitors
Structural Shift in Global Tourism

Overnight visitors by outbound market

- China: 32%
- Germany*: 4%
- United States: 2%
- United Kingdom: 2%
- Russia: 4%
- France: 2%
- Brazil: 1%

*Source: World Tourism Organisation

Expenditure by outbound market

- China: 39%
- United States: 8%
- Germany: 5%
- United Kingdom: 3%
- Russia: 8%
- France: 4%
- Brazil: 3%

*Source: World Tourism Organisation

*Germany 2010 visitor data does not exist
Improving Aviation

- Australia and China signed a new MOU (Jan 2015).
- From October 2016, each side can operate 67,000 seats/per week between China and Australia’s gateway airports (nearly a tripling of previous gateway entitlements).
- Provides for a separate “regional China” capacity allocation. Caters to demand for Australian services from regions outside Beijing, Shanghai and Guangzhou.
- Australia is now (or in the coming months will be) connected with 13 cities.
China Visitors to Australia and Forecasts

Significant progress towards improved visitor visa arrangements with Australia’s most valuable market:

- Trial of a multiple entry visa valid for 10 years (expected to commence by the end of 2016).
- Fast track visa processing for a fee (trial introduced in March 2016).
- Trial of application lodgement in simplified Chinese (expected by the end of 2016).
- Full roll out of online lodgement in China by the end of 2016.
China market performance

Expenditure
$8.9 billion
up 38%
YE March 2016

Arrivals
1.1 million
up 22%
YE June 2016

*International Visitor Survey March 2016
** Australian Bureau of Statistics June 2016
CHINA’s growth Path

Chinese visitor arrivals - Dec 1997- Dec 2015

JUNE 1999
Introduction of ADS visa scheme for Australia. Australia and New Zealand are the first destination outside Asia to participate.

SEPTEMBER 2000
Sydney Olympics.

DECEMBER 2002
SARS outbreak.

JUNE 2009
$2.6bn overnight spend.

MARCH 2011
China becomes Australia’s most valuable inbound market.

JUNE 2011
Tourism Australia China 2020 Strategy.

AUGUST 2013
Launch of Tourism Australia’s website, australia.cn.

OCTOBER 2013
China Tourism Law introduced – beginning of shift to FIT visitation.

DECEMBER 2014
China #1 for leisure spend.

SEPTEMBER 2015
$7.7bn overnight spend. 140% increase in aviation capacity since 2009.

NOVEMBER 2015
1 million Chinese visitors.

DECEMBER 2020
$13bn overnight spend.
In China, Australia ranks #1 for aspiration, awareness and intention, but falls to 10th position on a visitation basis.

### Chart

<table>
<thead>
<tr>
<th>Country</th>
<th>Aspiration (%)</th>
<th>Awareness (%)</th>
<th>Intention (%)</th>
<th>Visitation (000s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Australia</td>
<td>41</td>
<td>64</td>
<td>30</td>
<td>4,544</td>
</tr>
<tr>
<td>Hawaii</td>
<td>32</td>
<td>62</td>
<td>21</td>
<td>2,023</td>
</tr>
<tr>
<td>France</td>
<td>32</td>
<td>61</td>
<td>19</td>
<td>1,808</td>
</tr>
<tr>
<td>United States (excl. Hawaii)</td>
<td>26</td>
<td>60</td>
<td>15</td>
<td>1,789</td>
</tr>
<tr>
<td>Italy</td>
<td>22</td>
<td>59</td>
<td>13</td>
<td>1,764</td>
</tr>
<tr>
<td>Singapore</td>
<td>22</td>
<td>59</td>
<td>13</td>
<td>1,186</td>
</tr>
<tr>
<td>New Zealand</td>
<td>21</td>
<td>58</td>
<td>12</td>
<td>937</td>
</tr>
<tr>
<td>Canada</td>
<td>21</td>
<td>58</td>
<td>11</td>
<td>877</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>20</td>
<td>56</td>
<td>11</td>
<td>872</td>
</tr>
<tr>
<td>Greece</td>
<td>19</td>
<td>54</td>
<td>10</td>
<td></td>
</tr>
</tbody>
</table>

### Obstacles to planning an Australian holiday (%)

- High cost of travel/airfare: 37%
- High cost of living expenses: 29%
- Flight is too long: 28%
- I don't know enough about what to do there: 21%
- I don't know anyone who has been there: 20%
- Expensive airlines: 19%
- I don't know how to travel around Australia: 17%
- Difficult to obtain visa: 15%
- Not the best experiences I can afford: 12%
- Bed and breakfast accommodations: 12%
- A high chance of being robbed or assaulted: 11%
- A high chance of terrorism: 11%
- People have different dietary preferences: 11%
- Kind of a sad experience: 10%
- Experiences that are not unique: 10%
- Law enforcement without identity/visa: 2%

Value, costs and difficulties obtaining a visa continue to be significant barriers to planning an Australian holiday.
Chinese travellers are seeking destinations which are relaxed (65%), unique (57%), cool (55%) and fun (42%). Hawaii and Australia are most strongly associated with these attributes. France is more strongly associated with less valued features. Other significant competitors are less associated with the majority of attributes.

Four features stand out for Chinese travellers: Relaxed, Unique, Cool and Fun are clearly more sought after than the other attributes.
Approximately 40% of Chinese travellers desire world class beauty and natural environments combined with food and wine in selecting a travel destination. Interesting attractions, safety and value for money are also of critical importance to this market, rating in the top five importance factors among one-third of respondents. There is little difference between the out of region traveller and that of the Tourism Australia target.
Positively, Australia maintains strong associations with world class beauty and natural environments among Chinese consumers, maintaining its 2nd position across all three waves. However, Australia ranks 7th for its food and wine among non-visitors, with France and Italy dominating in terms of the strength of their association with this offering.

Comparatively, previous visitors who have sampled Australia’s food and wine rank Australia in 2nd position, down from 1st place in the last two waves of the CDP.
Knowing the Customer - How does Australia rank?

### Good food and wine

<table>
<thead>
<tr>
<th>Respondents who have not visited Australia</th>
<th>Respondents who have visited Australia</th>
</tr>
</thead>
<tbody>
<tr>
<td>France</td>
<td>France</td>
</tr>
<tr>
<td>Italy</td>
<td>Italy</td>
</tr>
<tr>
<td>Thailand</td>
<td>USA (ex. Hawaii)</td>
</tr>
<tr>
<td>Hawaii</td>
<td>New Zealand</td>
</tr>
<tr>
<td>Australia</td>
<td>Thailand</td>
</tr>
<tr>
<td>Brazil</td>
<td>Brazil</td>
</tr>
<tr>
<td>Germany</td>
<td>Spain</td>
</tr>
<tr>
<td>UK</td>
<td>Singapore</td>
</tr>
<tr>
<td>USA (ex. Hawaii)</td>
<td></td>
</tr>
<tr>
<td>Spain</td>
<td></td>
</tr>
</tbody>
</table>

Read as: 27% of respondents who have not visited Australia associate Australia with ‘good food and wine.’
This figure rises to 60% among those who have visited.

### Aquatic and coastal

<table>
<thead>
<tr>
<th>Respondents who have not visited Australia</th>
<th>Respondents who have visited Australia</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hawaii</td>
<td>Australia</td>
</tr>
<tr>
<td>Australia</td>
<td>Hawaii</td>
</tr>
<tr>
<td>USA (ex. Hawaii)</td>
<td>New Zealand</td>
</tr>
<tr>
<td>Indonesia/Bali</td>
<td>France</td>
</tr>
<tr>
<td>New Zealand</td>
<td>USA (ex. Hawaii)</td>
</tr>
<tr>
<td>France</td>
<td>Italy</td>
</tr>
<tr>
<td>Italy</td>
<td>UK</td>
</tr>
<tr>
<td>Caribbean</td>
<td>Canada</td>
</tr>
<tr>
<td>Fiji</td>
<td>Brazil</td>
</tr>
<tr>
<td>Greece</td>
<td>South Africa</td>
</tr>
</tbody>
</table>

Read as: 58% of respondents who have not visited Australia associate Australia with ‘aquatic and coastal’ experiences.
This figure rises to 86% among those who have visited.
Aquatic and Coastal

In a 10-week period, the campaign reached 13.4 million Chinese consumers and recorded +2 million visits to the website.

Key Distribution Partners sold over 15,000 Aquatic and Coastal packages worth $52m.
HOW TO ASK QUESTIONS:

1. Select questions function

2. Type your question here

3. Press ‘Send’
ChAFTA
A win for business and consumers
谢谢！