

China

Key Market Message

On 22 April 2009, China celebrated the tenth anniversary of Australia's Approved Destination Status (ADS).

Australia has enjoyed impressive growth in visitor arrivals in the first quarter of 2009. According to key agent partners, bookings to Australia in April and early May were up 15 to 30 per cent, year on year.

However, cancellations started in the last week of April due to the breakout of H1N1 Influenza. The very strict quarantine requirements have triggered a 20 to 70 per cent cancellation or postponement rate for bookings in May and June. Study tours for the July and August period have also been affected as a number of education authorities have issued warnings to parents regarding travel with children during the summer holidays.

1. Key Market Results and Achievements

- On 7 May 2009, the Australia Prefer VISA '*Happy Traveller to Australia*' campaign was launched to target 500,000 Platinum and Infinite credit card holders in China. Tourism Australia's decade long marketing partnership with VISA began in 1999 with the lead up to the Sydney Olympic Games.
- On 21 April 2009, a special tenth anniversary industry function was held in Shanghai in recognition of the support provided by key stakeholders since receiving ADS. The presentations for 35 premier Aussie Specialist agents were also made during the function. Guests included the Australian Ambassador and Consul Generals, the Western Australian Tourism Minister, Chinese Government officials, Australian Federal and State Government Representatives, Industry partners including airlines, ASP agents and media.
- On 22 April 2008, China Southern Airlines launched a 10,000 mile self-drive product in Guangzhou. This targeted product will enable Chinese driving enthusiasts to drive across Australia.
- In April 2009, twenty nominated premier Aussie Specialist Program agent partners launched special tenth anniversary offers throughout China. Over 20 itineraries, group, FIT package or semi-FIT packages were promoted and sold from April to June 2009. China Eastern Airlines and Singapore Airlines also offered special airfares to support the promotions.

- An Industry Advisory Group (IAG) Forum was held in Shanghai on 21 April 2009. The meeting involved a change over ceremony for the trade members who had contributed to the IAG in 2007 and 2008. The IAG provides an invaluable source of views and ideas on achieving Australia's growth potential from the China market.
- Tourism Australia and Australian State Tourism Offices held Aussie Specialist Program (ASP) training in Guangzhou on 22 April 2009. The seminar involved over 100 ASP agents in Guangdong Province and finished with an industry networking function.

2. Australian Travel Market

2.1 Market performance

- There were 34,200 visitors from China during March 2009; representing a 15 per cent increase relative to March 2008.
- There were 30,800 visitors from China in April 2009; representing a 13 per cent decrease on April 2008 and bringing the total for the four months to April 2009 to 166,300, an increase of 6 per cent relative to the same period in 2008.
- Tourism Australia ran two major co-operative campaigns during this period in conjunction with Singapore Airlines and Qantas Airways, both of which generated good consumer response. The Australian dollar is still representing a better value proposition than in the peak of July 2008. The noise generated from trade partners' promotions for Baz Luhrmann's *Australia* also attributed to the growth during this period.

2.2 Airline Issues/Changes

- A number of airlines cancelled flights between China and Australia:
 - Air China cancelled 11 flights in May and June 2009;
 - Qantas Airways cancelled 13 flights in April, May and June 2009;
 - China Southern cancelled seven flights to Sydney in June, with no cancellations in April and May
 - China Eastern cancelled 30 flights in April, May and June 2009.

2.3 Trade Information Summary (including Business Events)

- In early April 2009, the Australian Minister for Tourism, the Hon. Martin Ferguson met with the Guangdong Tourism Administration, hosted an industry roundtable forum with key trade partners and an industry function for the Guangdong trade and media. The Minister then visited the China National Tourism Administration (CNTA) in Beijing. This trip restated Australian Government's commitment in the China market and was very well received by the industry.
- The number of agents in the ASP program has increased by 33 per cent since May 2008. In May 2009 there were 3,809 agents from 384 agencies in China registered in the ASP; of which 39 per cent are fully qualified ASP agents.

- In May 2009, wholesalers in Beijing and Greater Shanghai have recorded 50 to 80 per cent cancellations and retail agents have received 30 to 50 per cent cancellations due to the H1N1 Influenza outbreak. Bookings for most agencies in June have been poor. Some Beijing travel agencies have started encouraging staff to take unpaid leave between May and August.
- 200 delegates from Jiangsu Tonghui Biological Technology Company visited Sydney and Gold Coast in April and 120 Herbalife employees visited Sydney in May.

3. Current and Upcoming Activities in Market

3.1 Consumer Marketing:

Dates	Project / Event	Partners
1 June 2008 - ongoing	<ul style="list-style-type: none"> • Australian tourism blog was established on one of China's major internet portals to promote advocacy for Australia. 	Sohu.com
4 - 27 May 2009	<ul style="list-style-type: none"> • <i>Fan Yibo</i>, one of China's most influential travel bloggers, commenced a three week tour in May. Under the Visiting Opinion Leader Program, <i>Fan</i> travelled to seven of Australia's World Heritage Natural and Cultural Sites in five states and territories. Traffic to <i>Fan's</i> blog <i>The Colourful Map</i> has exceeded 5.3 million. (http://blog.sina.com.cn/qiseditu) 	
7 May 2009	<ul style="list-style-type: none"> • Australia Prefers Visa 2009 '<i>Happy Travelling in Australia</i>': A special offer booklet was produced and three episodes of a travel program broadcasted on Travel Channel TV, which featured ten platinum credit card holders during trips to Qld, NT and WA. Direct mailing will also be used to distribute Australian travel information and a featured itinerary to 500,000 platinum credit card holders. 	Visa International Tourism New South Wales, Tourism Victoria, Tourism Queensland, Tourism Northern Territory, Tourism Western Australia, Tourism Tasmania
12 - 22 May 2009	<ul style="list-style-type: none"> • Six media offering national and regional exposure from Beijing, Shanghai and Guangzhou will visit South Australia and Victoria under the International Media Hosting Program. 	Voyage Shanghai Weekly Shanghai Times City Pictorial U Plus Weekly 21 st Century Business Herald
17 May - 14 June 2009	<ul style="list-style-type: none"> • China Central Television Movie Channel broadcasted five episodes of an Australian travel program featuring shooting locations and attractions related to Australian movies. 	China Central Television Movie Channel
19 May - 1 June 2009	<ul style="list-style-type: none"> • Four of China's influential celebrities (Men's Uno) will visit Gold Coast and Victoria for the 	Men's Uno

Dates	Project / Event	Partners
	production of the 320-page Romance in Australia photo album. Money raised from the photo album will be donated to charity. The group will be involved in a Road Show from mid August – October 2009 in Beijing, Shanghai and Guangzhou.	

3.2 Trade Marketing:

Dates	Project / Event	Partners
April - May 2009	<ul style="list-style-type: none"> The first Aussie Specialist theme stores were opened in Tianjin and Wuxi, Jiangsu Province in May. The Tianjin store features beach culture and targets families, while the Wuxi store features beach and city experiences. 	CYTS HO Jiangsu Comfort
21 and 26 May 2009	<ul style="list-style-type: none"> ATE pre-departure briefings in Beijing and Shanghai, assisting buyers to complete online messaging and update pre and post tours arrangements. 	TVIC Qantas
End May 2009	<ul style="list-style-type: none"> Information Display shelves for PASP travel agent retail shops were designed to showcase Australian experiences in four different seasons. 	28 PAS travel agencies

4. Media Environment

- The tenth ADS anniversary promotions, *Australia Prefers Visa and China Southern Self Drive* have good coverage in mainstream publications.
- Tourism Queensland's *The Best Job in the World* promotion continues to dominate media coverage.

For more information on Tourism Australia's publicity, International Media Hosting Program (IMHP) and results, please visit www.publicity.australia.com

Alternatively for general media information visit www.media.australia.com

5. General Travel Outlook

5.1 Political and Economic Outlook

- China's GDP growth dropped to 6.1 per cent in the first quarter of 2009; however, the RMB 4 trillion fiscal stimulus for 2009 and 2010 is steadily pumping up the Chinese economy. China's CPI inflation measures dropped 1.2 per cent year on year in March, the second consecutive month of deflation, which is expected to continue for most of this year. *Source of information: IMA Asia Pacific Asia Pacific Executive Brief, May 2009*

- The International Monetary Fund expects GDP growth to be 6.5 per cent in 2009 and 7.5 per cent in 2010.
- The Renminbi (RMB) exchange rates in mid May were as follows:
 - AUD1: RMB 5.118;
 - HKD1: RMB 0.88;
 - USD1: RMB 6.824 *Source of information: South China Morning Post, 18 May 2009*
- Taking effect on 1 May 2009, *the Regulations of the People's Republic of China on Travel Agencies* provides new measures to address deceptive package tours, including below-cost and zero-cost tours. *Source of information:* <http://www.lawinfochina.com/law/display.asp?db=1&id=7353&keyword>

5.2 Outbound Travel

- There was extensive media coverage on the spread of H1N1 Influenza, particularly the transmission of the virus by airline passengers. Non-essential travel has been discouraged or banned and outbound bookings continue to decline.
- Some trade partners are concerned that the industry will fare worse than in 2003 with the SARS outbreak, as the outbreak of swine flu has coincided with the global financial crisis
- In an effort to address illegitimate travel, the Chinese central government is policing government travel much more stringently. This is in response to reports that some government officials have been purchasing or simply providing false invitation letters.

6. Next 60 Days

China						
START DATE	END DATE	MARKET	PROJECT/EVENT	TARGET AUDIENCE	LOCATION	PARTNERS
Mid May 09	Mid Jun 09	China	"Fan Yibo" Visiting Opinion Leader Program	3.5 million netizens	China nationally	
25-May-09	30-May-09	China	China National Tourism Administration visit	CNTA officials	ACT, NT, NSW Australia	
Early Jun 09	End Jun 09	China	35 PAS Advertising in major trade media & e-newsletter	Trade	China	Trade Media
13-Jun-09	15-Jun-09	China	Australian Tourism Exchange (ATE) 2009	86 travel agent buyers / 2 trade media	Melbourne, Australia	Australian Industry
20-Jun-09	27-Jun-09	China	China Southern Airlines Senior Executives Visit	China Southern Airlines	Queensland, Australia	Tourism Queensland
26-Jun-09	28-Jun-09	China	Joint Corporate Seminar	30 corporate end users	Beijing	CYTS MICE
Early Jun 09	Early Jul 09	China	Produce a BE Supplement of "Australia, a MICE destination" for corporate	2,000 corporate	Beijing	