

# NETHERLANDS AVIATION PROFILE

## Understanding how Dutch tourists travel to Australia

*This briefing has been prepared by the Tourism Australia Aviation & Economics Team, but was significantly assisted by the research of the Centre for Asia Pacific Aviation and data from Air Transport Intelligence, Bureau of Infrastructure, Transport and Regional Economics and Department of Immigration and Citizenship.*

### At a Glance

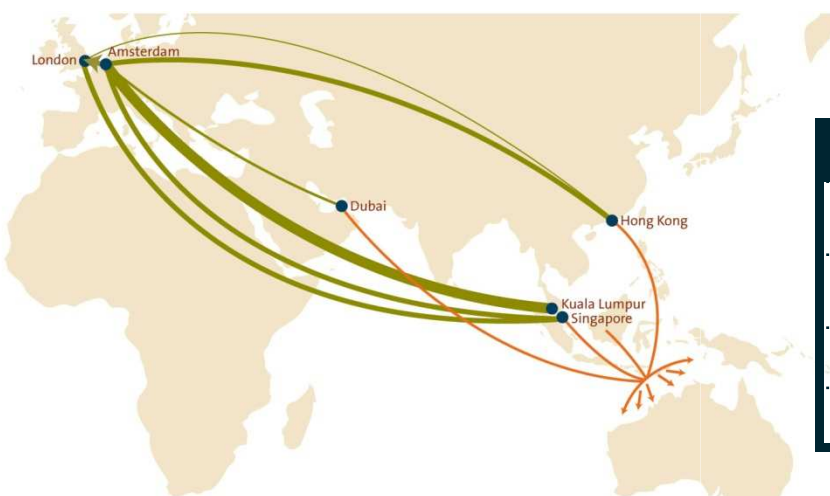
Arrivals Growth		Direct Seats		Load Factors		Major Carriers		Seasonal Peaks	Aus. Ports Serviced	Origin Traffic
2008	+7%	2008	na	2007	na	Malaysia	20%	December	0 / 8 available indirect	+99% almost no through traffic
2009(F)	-5%	% ch	na	2008	na	Qantas	20%			
2010(F)	+4%	Rank	na	Nat. Av.	77%	Cathay	16%			
						SQ	15%			

(F) Forecast. Source: Tourism Forecasting Committee, 2008 Issue 2

There are four key airlines that service the Dutch market to Australia (Malaysia Airlines, Qantas, Cathay Pacific and Singapore Airlines). Despite limited aviation growth on the route in recent years, Dutch arrivals to Australia increased strongly (+7%) in 2008. The outlook for the route has improved with the Dutch government removing its environmental/tourist tax on all flights from October 2009. Key aviation related opportunities for the Dutch inbound tourism industry are to encourage additional services by existing or potential (Emirates/Etihad) intermediate carriers.

### Coming into Australia

Amsterdam-Kuala Lumpur-Sydney is the busiest route with Malaysia Airlines operating double daily services on the route. This is closely followed by Amsterdam-London Heathrow-Singapore-Sydney operated by Qantas.



Key Airlines on the route	Airports serviced in Netherlands (times per week)	Airports served in Australia (times per week)
Malaysia Airlines/KLM code share	Amsterdam (14) via Kuala Lumpur	Sydney, Melbourne, Brisbane, Perth, Adelaide (total 41)
Qantas	No ports in Netherlands. Operates services from London (28 per week) and Frankfurt (daily)	Sydney, Melbourne, Brisbane, Perth, Adelaide (total from Singapore 47)
Singapore Airlines	Amsterdam (7) via Singapore	Sydney, Melbourne, Brisbane, Perth (total 81)
Cathay Pacific	Amsterdam (7) via Hong Kong	Sydney, Melbourne, Brisbane, Perth, Adelaide, Cairns (total 58)

There are currently no direct services from the Netherlands to Australia, only services operated by intermediate carriers like Malaysia Airlines and code share carriers like KLM/Malaysia Airlines.  
Source: Air Transport Intelligence, 13-19 April 2009 schedules

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Feedback or Suggestions?

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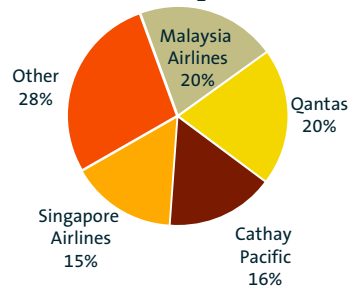
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### Airlines on the Route

Dutch tourists typically travel to Australia on Malaysia Airlines, Qantas, Cathay Pacific and Singapore Airlines. Malaysia Airlines has gained significant market share in the recent years but lost share in 2008.

Share of Passengers - 2008



Airline	2004	2005	2006	2007	2008
Malaysia Airlines	18%	17%	22%	25%	20%
Qantas	28%	26%	24%	23%	20%
Cathay Pacific	10%	14%	16%	14%	16%
Singapore Airlines	17%	18%	24%	15%	15%
Other <sup>^</sup>	27%	25%	14%	23%	28%
Total	100%	100%	100%	100%	100%

<sup>^</sup>Other carriers include Jetstar (6%), Emirate (4%), Air NZ (3%), British Airways (3%) and a range of smaller carriers

### Direct Capacity: Netherlands to Australia

Currently, there are no direct services from the Netherlands to Australia. KLM Royal Dutch Airlines ceased direct services between the two countries in March 2001, despite load factors averaging 80% on this route. KLM/Malaysia Airlines and services operated by intermediate carriers like Cathay Pacific exist on the route (not defined as a direct flight as flight numbers change at carrier's hub).

**Bilateral Capacity Restrictions:** There are currently no binding bilateral capacity constraints on the Netherlands-Australia route. Under the current air services agreement, there is approval for 2,800 services per week to Australia's key gateways with Australian and Dutch carriers using none of their available capacity allocation. No bilateral talks are scheduled for the remainder of 2009 and this agreement will be superseded by an EU-Australia agreement.

### Looking Ahead

- The outlook for total capacity on the Netherlands-Australia route is more positive in 2009 compared to previous years. In October 2009 the Dutch government will abolish the environmental tax it introduced on 1 July 2008, including EUR45 on long-haul flights. This, along with a reduction in fuel surcharges (see third paragraph below), has improved Australia's relative price competitiveness and may even encourage Asian carriers to increase services to Dutch airports, thus increasing the overall capacity between the Netherlands and Australia. According to a Dutch transport ministry spokeswoman "The moment the ticket tax was implemented a lot of passengers chose different airports, and airlines thought about going to another airport."
- KLM Dutch Airlines, as haul routes. This is evident in its aircraft orders, its merger with Air France (May 2004), its 25% acquisition of Alitalia (March 2009) owned by KLM/Air France, is unlikely to recommence services to Australia in the near future. KLM continues to strengthen its European presence, focusing on short and its reported interest in Czech Airlines and more recently Delta. However, like other airlines, KLM-Air France is forecasting a large financial loss (around EUR200 million) in financial year ended 31 March 2009 and consequently will cut global capacity by 2 per cent in Northern Summer 2009.
- Unlike other European source markets, for now, Dutch tourists do not commonly fly on Middle Eastern carriers or via Middle Eastern hubs to Australia. KLM currently operates 10 services per week from Amsterdam to Dubai and 6 per week to Abu Dhabi. These services could potentially connect to Emirates or Etihad's ever increasing Australian services.
- Fuel costs affect the operating economics of very long haul routes like the Netherlands to Australia. In mid-2008, oil and jet fuel prices peaked to record highs (US\$145 and US\$181 per barrel respectively) adding around A\$400 in fuel surcharges on a return trip from Europe to Australia. Since then fuel prices and associated fuel surcharges have largely fallen (despite a small rebound in 2009). In October 2008, Qantas reduced fuel surcharges from A\$420 to A\$380 on a return Europe-Australia flight, and further reduced in December 2008 and in May 2009 to A\$320 and A\$190 respectively.
- In 2009, Australia and the European Union are expected to continue their push towards a more liberalised bilateral agreement. In May 2007, Australia and the EU signed a horizontal agreement removing nationality restrictions in the existing bilateral agreements between EU member states and Australia. Initial talks were held in January 2009 with subsequent rounds of negotiations to take place during the course of the year.