

TAIWAN AVIATION PROFILE

Understanding how Taiwanese 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	-16%	2008	0.16mil	2007	75%	China Airlines	42%	February, June/July	2/ 8	80%
2009(F)	-17%	% ch	+6%	2008	73%	Eva Air	19%			Medium to high proportion of traffic is Taiwan residents
2010(F)	0%	Rank	17 th	Nat. Av.	77%	Cathay	16%			

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

Capacity on the Taiwan-Australia route increased in 2008 with further growth expected in 2009. China Airlines, the increasingly dominant carrier on the route, added Sydney services in March 2009. While current capacity is below available bilateral capacity, this allows airlines the opportunity to increase capacity during peak periods and facilitate large incentive group travel (e.g. China Airlines operated charters to Cairns in January/February 2009 while Eva Airways added a supplementary to Brisbane in December 2008/January 2009). A key challenge is to encourage more direct services (including charters) to new Australian destinations. However this is difficult given weakening global demand and increased competition from China as cross strait restrictions are eased for Taiwanese carriers.

Coming into Australia

Taipei-Sydney is the busiest non-stop route, closely followed by Taipei-Brisbane. Around 40 per cent of all Taiwanese tourists travel on this route, with many travelling indirectly via Hong Kong.



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Feedback or Suggestions?

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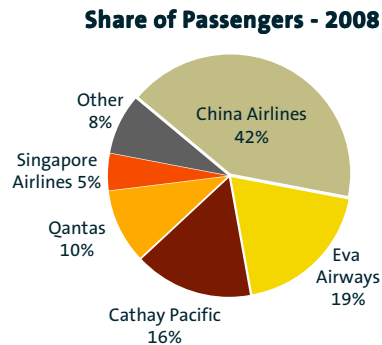
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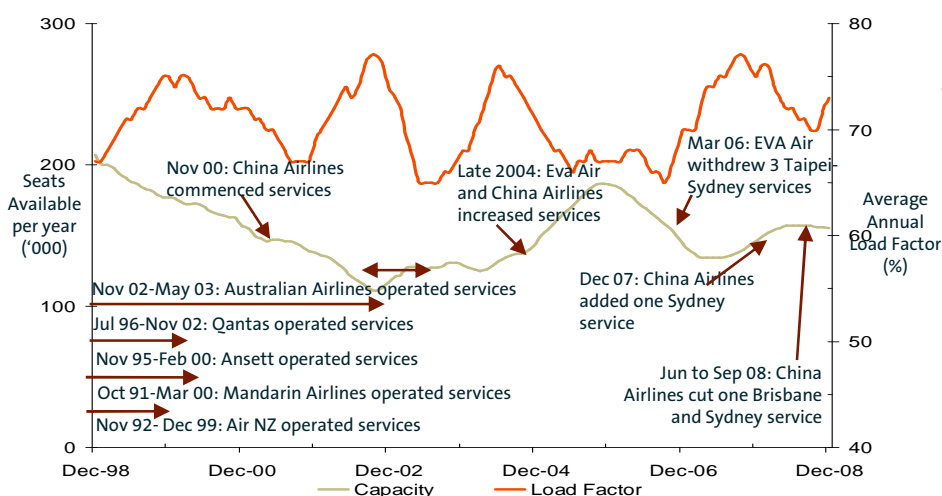
Airlines on the Route

China Airlines is an increasingly dominant airline on the route with 42 per cent of all Taiwanese tourists entering Australia on the carrier in 2008. Cathy provides valuable access beyond Sydney/Brisbane.



Airline	2004	2005	2006	2007	2008
China Airlines	30%	30%	38%	40%	42%
Eva Airways	24%	29%	20%	19%	19%
Cathay Pacific	24%	21%	20%	21%	16%
Qantas	10%	10%	9%	7%	10%
Singapore Airlines	8%	6%	8%	8%	5%
Other	5%	5%	4%	5%	8%
Total	100%	100%	100%	100%	100%

Direct Capacity: Taiwan to Australia



Direct capacity on the Taiwan-Australia route has fluctuated significantly over the last 10 years. In 1997 there were five carriers operating on the route, now there are only two.

In 2008, direct capacity on this route increased 6% year-on-year. China Airlines increased (+9%) capacity at the end 2007.

This route is highly seasonal, with peak periods in February and June/July; and trough periods in May/June and November/December. This suggests that there are marketing opportunities to stimulate inbound tourism from Taiwan in the trough periods as there will be substantial spare seat capacity during these times.

Bilateral Capacity Restrictions: There are currently no binding capacity constraints between Taiwan and Australia. Under the current air services agreement, there is approval for 6,000 seats per week with Taiwanese carriers using 65 per cent of their available capacity allocation and Australian carriers using none. In 2006 bilateral talks, the agreement was expanded from 4,000 seats per week to 5,000 in October 2006 and 5,000 to 6,000 in October 2007. In addition, the regional package (i.e. the ability to operate unlimited international services outside Sydney, Melbourne, Brisbane and Perth) was made available on this route. There are no bilateral talks scheduled for the remainder of 2009.

Looking Ahead

The outlook for total capacity on Taiwan-Australia aviation market is more positive in 2009 compared to previous years. While China Airlines temporarily reduced its Brisbane (from three services per week to two) and Sydney (from five per week to four) services in June to September 2008, the airline added three weekly Taipei-Sydney services (total daily) on 29 March 2009 and operated five charter flights to Cairns from 16 January 2009 until 6 February 2009 to cater for the Chinese New Year holiday demand. Furthermore Eva Airways operated an additional weekly service to Brisbane (total of four) during the December 2008/January 2009 peak period. Both airlines have also recently increased services to major European cities (e.g. Frankfurt, Paris), which will help fill their Australian services.

Restrictions have recently eased on scheduled air services between Taiwan and China. Non-stop flights between the two countries were effectively banned (except for certain periods of the year) until July 2008, when an agreement was signed to allow regular weekend charter flights to operate to five major cities in China. This agreement was further expanded in November 2008 to allow daily charter flights to 16 new Chinese airports (in addition to the previous five). The lifting of restrictions is likely to contribute to improved financial performance of the two Taiwanese carriers, Eva and Chinese airlines, who reported a third consecutive year of losses in 2008. Eva and China Airlines are the only providers of direct service between Australia and Taiwan and are more optimistic about 2009 given the lower fuel prices, direct links with mainland China and further cost saving initiatives. Their return to profitability will add to the stability and medium term increase in the seat capacity.

AirAsia X is likely to become a more important airline on the Taiwan-Australia route as it expands its Taiwanese and Australian networks. The airline plans to launch five weekly services to Taipei on 1 July 2009 and has recently increased services to Melbourne and Perth, and expects expansion in Sydney.