

MEDIA RELEASE

Senator The Hon Ian Campbell

**Minister for Local Government,
Territories and Roads**



**16 April 2004
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MAJOR BREAKTHROUGH ON AUSTRALIA - HONG KONG AIR LINKS

Australia and Hong Kong will benefit greatly from increased capacity and valuable new air servicing rights following the successful conclusion of landmark talks in Hong Kong overnight, the Acting Minister for Transport and Regional Services, Senator Ian Campbell, announced today.

This deal is a major breakthrough for the tourism and aviation sectors in both countries in what is the World's fastest growing region and is the most significant forward step ever taken in our bilateral aviation relationship with Hong Kong, he said.

Senator Campbell said there would be an immediate increase in capacity from 35 to 55 frequencies per week that will allow Cathay Pacific to operate additional services to Sydney, Melbourne, Brisbane and Perth. The deal would also enable another Hong Kong airline, Dragonair, to start flying between Hong Kong and Sydney next year. Capacity will further increase to 70 frequencies per week for services between these cities and Hong Kong from March 2006. Reciprocal capacity is also available for use by Australian carriers should they wish to increase services to Hong Kong from the major Australian cities.

The new arrangements also provide for open capacity between Hong Kong and all regional points in Australia, including Cairns and Adelaide.

Of major significance for Australia is that its carriers now have opportunities to use Hong Kong as a stopover point for services to the United Kingdom as well as Continental Europe, Senator Campbell said.

While Australian carriers have rights for three return services to a point in Europe, they had not been able to operate services beyond Hong Kong to the United Kingdom. The new rights will result in greater choice for consumers and opportunities for Australian carriers to compete in that market.

Australian carriers will be able to operate a total of seven services beyond Hong Kong to the United Kingdom by 2006. Four services a week will be available

immediately and the remaining three from March 2006.

The new deal also includes comprehensive code share provisions that allow airlines to cooperate with partner airlines and offer greater choice of destinations to consumers.

The major carriers in the direct passenger market between Australia and Hong Kong are Cathay Pacific, which operates 35 return services weekly and serves Sydney, Melbourne, Brisbane, Cairns, Perth and Adelaide, and Qantas which operates 28 return services per week between points in Australia and Hong Kong, with services operating from Melbourne, Brisbane, Sydney and Perth. Qantas also markets seats on five Cathay Pacific services per week operating between Hong Kong and Rome. Australian Airlines operates three return services weekly between Cairns and Hong Kong.

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Background

Australia-Hong Kong Aviation Market

The Australia-Hong Kong market is Australia's 7th largest and Hong Kong is an important hub for passengers travelling to Australia from other countries.

During the year ended December 2003, there were 530,019 Origin/Destination passenger movements between Australia and Hong Kong (5096 passengers each way each week).

Origin/Destination passenger movements have been declining since 1996. Year on year traffic growth has been negative for all years except 2000 since then.

Of total passengers carried between Australia and Hong Kong (1,044,469 in 2003), just over 50 per cent have an origin or destination of Hong Kong, 13.6 per cent have a origin or destination of China and 10.1 per cent have an origin or destination of the United Kingdom.

Airfreight exports to Hong Kong totalled \$1319.1 million (27,044 tonnes) during the year ended December 2003. Air freight imports from Hong Kong totalled \$552.9 million (5120 tonnes) in the same period.

URL: http://www.ministers.dotars.gov.au/ic/releases/2004/April/C52_2004.htm