

SUBMISSION TO MINISTER OF TRANSPORT

From: Auckland Tourism, Events and Economic Development (ATEED)

Subject: Benefits of proposed alliance between Air New Zealand and Air China.

An Air New Zealand/Air China alliance provides the missing link in air connections between this country and mainland China. The alliance involving the two countries' biggest carriers will also provide a huge boost for New Zealand's visitor/tourism and trade/exporting sectors.

Auckland Tourism, Events and Economic Development (ATEED), the city's economic growth agency, fully supports the new alliance that will create direct daily flights between Beijing and Auckland.

Up until now, China and New Zealand has been connected with direct flights from Shanghai and Guangzhou to Auckland. Air New Zealand ended flights between Auckland and Beijing in 2012. Since then, China and New Zealand have forged stronger business and cultural ties and the ever-increasing demand has provided the opportunity for Air China, supported by Air New Zealand, to recommence flights between Beijing and Auckland.

China, alongside Australia, is now New Zealand's largest trading partner, with exports increasing from \$0.5 billion in 1994 to more than \$10 billion in 2014. Imports have similarly surged.

It's only natural that business people and politicians here should have direct, quick access to China's capital city. It will encourage exporters to send more goods to Beijing, knowing they can reach that market in a faster time.

The alliance will not only create additional cargo capacity, but also increase seating capacity, bringing more Chinese visitors to Auckland and New Zealand. The alliance will also open up a new market for international students.

The alliance fits perfectly with ATEED and Ministry of Business, Innovation and Employment's (MBIE) goal of facilitating better connections with important existing and emerging export markets, and attracting high-value business, skilled migrants and tourists.

China is New Zealand's biggest source of international students, with more than 60 per cent of them studying in Auckland. There were 24,268 international fee-paying students from China in New Zealand for semester two in 2014, making up 28.4 per cent of all enrolments. The value of international students studying in Auckland has reached \$1.6 billion a year, ahead of the target of \$1.45 billion.

China is New Zealand's most rapidly growing tourism market, with a total of 288,000 Chinese arriving here in the year ending February 2015. The international visitor spend from China has



now reached \$1 billion a year. MBIE forecasts the number of Chinese visitors to New Zealand will double by 2020. This means their spending in New Zealand will increase, particularly in the retailing, hospitality and tourism sectors and will result in new jobs.

The airlines' alliance will create increased marketing and promotion in Beijing, resulting in a greater awareness of New Zealand and Auckland as an international destination. Through this exposure, more people from Beijing will visit New Zealand.

The alliance is a win-win for everyone, not just the airlines. The tourism and education sectors will benefit, as will exporters and freight forwarders. The alliance brings New Zealand and China even closer together, as both countries enter the next phase of a very strong cultural and trading relationship.

Yours sincerely,

A handwritten signature in blue ink, appearing to be 'Jason Hill', written over a large, light blue oval scribble.

Jason Hill

Manager Tourism