

CHINA AIR TRAVEL REPORT



November 2018

Chinese travellers' new focus

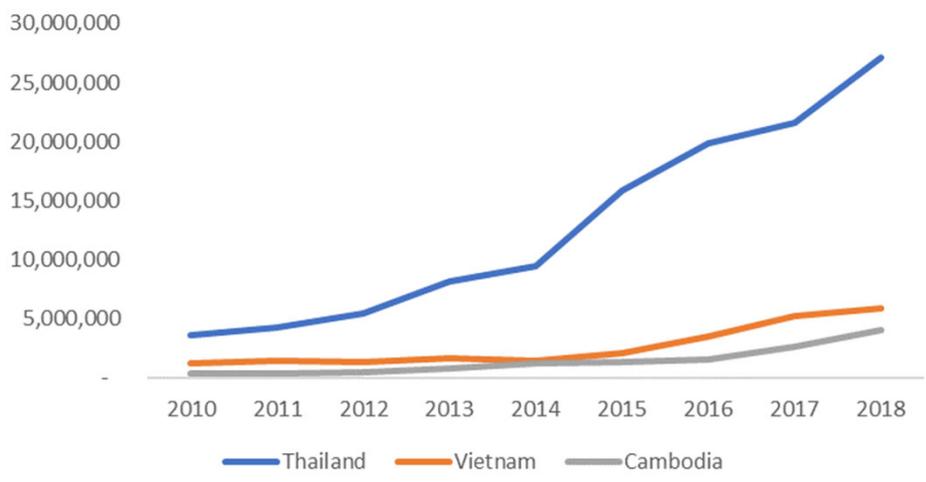
Are Vietnam and Cambodia next on the Chinese tourist trail?

We've reported previously that Thailand is an important market for Chinese travellers. This is well illustrated by the growth in capacity experienced in the last few years between China and Thailand. In 2010, there were just 3.6m million seats between the two countries, and by 2018 this has reached 27 million seats. This translates to an average annual growth rate of 29%. So where next for China's travellers? It looks like Vietnam and Cambodia might be on the road to rapid growth too. Averaging annual growth of 30% and 40% respectively each year for the last 5 years for capacity to and from China, these two countries look set to experience rapid growth too.

Just 5 years ago, there were just under 1.6m seats between China and Vietnam whilst by 2018 this has grown to 5.9m. China is one of Vietnam's fastest growing country markets and is the second largest international market from Vietnam after South Korea. Carriers have added nearly 0.75m seats in 2018 with 57% of these operated by Chinese carriers.

Cambodia is experiencing strong growth in Chinese capacity too, with seats growing from 0.75m to 4m in 2018.

Seat Growth Trends

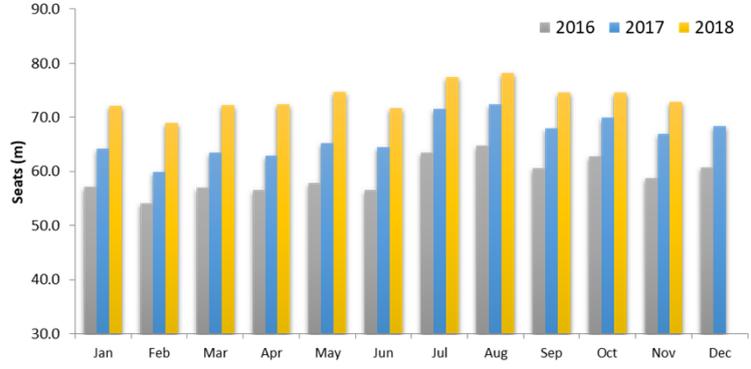


Capacity

In November 2018 there were 226 operational airports in China with domestic services, 5 more than the previous year. Of those 226 airports, 73 of them have international routes, although 88% of China's international capacity operates from the Top 20 biggest airports. With the exception of Xiamen, China's biggest airports are seeing most international seats added.

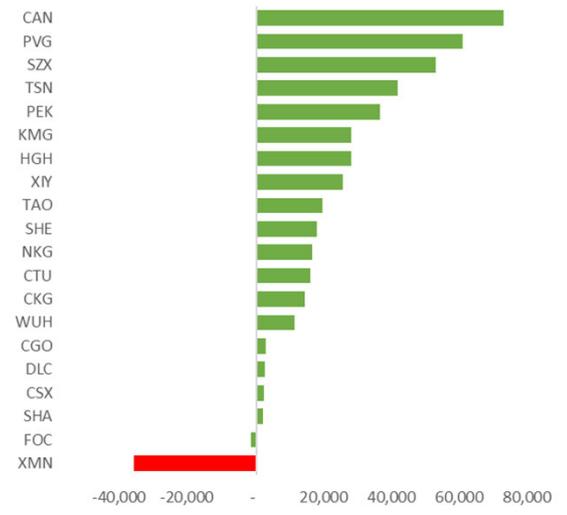
In November 2018 carriers will add 6 million seats to China's booming air market. Compared to last November, this equates to 8.9% more seats, and for the 12 months to November, capacity is growing at 11.2%. Total capacity has reached 878m.

China – Scheduled airline capacity



Source: OAG Schedules Analyser

International Seats Added
Nov18 v Nov17



Domestic Growth

City-Pair Growth Highest in the East

Between 2017 and 2018 domestic capacity grew by 10.1% in China but growth has not been even across the country. While 1,380 of the 1,236 city-pairs served with scheduled air service grew in 2018, another 641 have seen airline seats between the cities reduced. As the diagram shows, the 15 city-pairs which saw the largest addition of airline capacity tend to be located in the east while those seeing the largest loss of capacity are more typically towards the west of the country.

The city-pair which witnessed the largest increase in capacity was Shanghai-Shenzhen, with 685,000 more seats in the market in 2018 than the previous year. Close behind is Guangzhou-Shanghai which had 650,000 more seats and then Chongqing-Shenzhen.

The single route which has experienced the largest decrease in seats is Chengdu-Xi'an, where capacity fell from 1.2m to 245,000, an 80% drop. This 670km route is now served by high speed rail which takes a little over 3 hours.



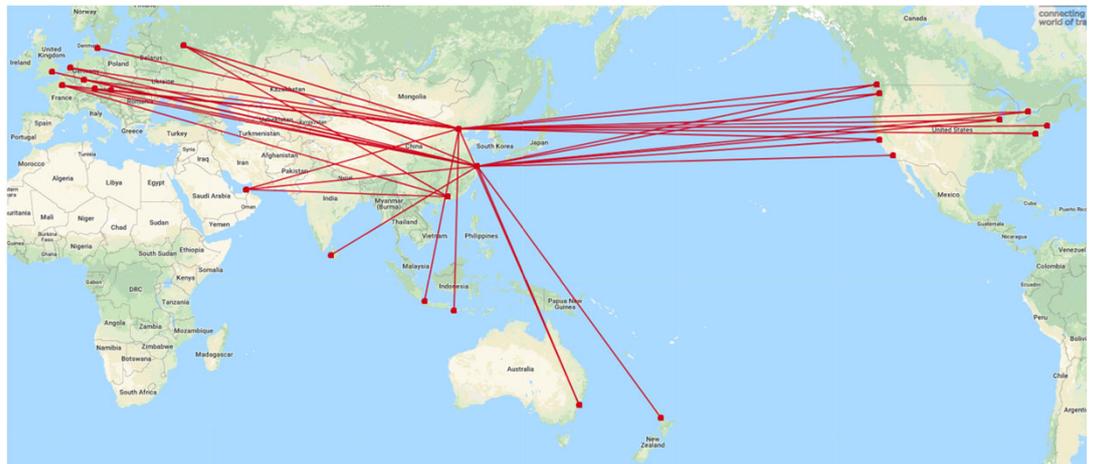
Double Designation

37 long haul routes meet criteria

The change in the 'one route, one airline' policy will allow double designation on international routes which have at least 14 frequencies operated each week and where the Chinese carrier has less than 70% share of capacity.

There are 37 long haul routes (classified as over 5,000km in length) from airports in China to airports abroad which meet these criteria. 18 of these are from Beijing (PEK), 16 from Shanghai (PVG) and 3 from Guangzhou (CAN).

Of these routes 15 are to Europe (AMS, CDG, CPH, FRA, LHR, MUC, SVO, VIE) and 13 to North America (EWR, IAD, LAX, ORD, SEA, SFO, YVR, YYZ).



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