



## INSIDE

- Middle East likes Chinese e-commerce > p21
- Zijin eyes further overseas expansion > p21

# Chinese spur tourism in Asia-Pacific

With more money to spend, China's outbound travel boom drives rapid growth in the region

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The young Chinese couple had just parked their camper van in the main street of Sheffield in the southern Australian state of Tasmania. A local cafe offered a warm, welcome respite from the harsh wind outside and a temperature pushing 5 C.

The couple from Beijing had earlier flown in to Launceston, in the north of the state, from Sydney — a flight lasting roughly an hour and a half.

After collecting their bags, they picked up their pre-booked camper van and set off crisscrossing the state, camping a day or two at places that took their fancy.

They represent the new breed of Chinese tourist — avoiding organized group tours and instead preferring to hire a van and do their own thing.

The Asia-Pacific region has been the main beneficiary of the surge in the number of Chinese traveling abroad, which is a result of China's economic growth over the last two decades.

From 2007 to 2017, annual per capita GDP rose from \$2,650 to \$8,670, pushing China into the ranks of the world's upper middle-income countries, according to data from global consultancy IHS Markit.

And with money to spend, China's rapidly growing middle class wants to travel.

Last year alone, Chinese accounted for 143 million international tourist trips, according to UN World Tourism Organization data. In 2000, the number was just 10 million.

Chinese tourists' estimated overseas travel spending last year of \$260 billion makes China by far the world's largest outbound international tourism market, said IHS Markit Asia-Pacific economist Rajiv Biswas.

China's international tourism boom is having a significant economic impact on the Asia-Pacific region, driving rapid growth in the tourism

economies of many countries including Thailand and Japan, Biswas told *China Daily Asia Weekly*.

Leon Perera, CEO of regional firm Spire Research and Consulting, said: "Chinese outbound tourism, like its Japanese counterpart a generation ago, has had a transformative effect on Southeast Asia's tourism industry."

"The inflow has sparked off investment in capacity-building among the region's tourist locales," Perera said. "Going forward, numbers of Chinese tourists can be expected to moderate as economic growth slows."

Perera noted that Chinese tourists visiting Southeast Asia tend to spend less per capita than their Western counterparts, but spending power is disparate, calling for segmented tourism strategies for the mass market and premium segment.

"At the same time, Southeast Asia's tourism industry has to moderate the possibility of overdependence on tourists from any one source country," he added.

## Growth momentum

Biswas from IHS said Chinese tourism in Thailand "has gained considerable momentum" following the release of the 2012 Chinese comedy movie *Lost in Thailand*.

In 2011, the number of Chinese visiting Thailand was around 1.7 million, compared to 9.8 million last year, which represented 27.7 percent of all international tourism arrivals to Thailand in 2017.

With total spending by international tourists in Thailand having reached an estimated \$56 billion last year, "tourism has become a key segment of the overall Thai economy," said Biswas.

"Given total Thai gross domestic product in 2017 was \$455 billion, this highlights the important role of international tourism in the overall economy," he said.

According to Biswas, the contribution of Chinese tourism in Thailand during 2017 was estimated at \$16 billion.

Statistics from the Bali Tourism Promotion Board show that Australia



Chinese tourists look at Merino sheep on display in the central business district of Sydney on May 11, 2016. Chinese travelers spent \$8.2 billion in Australia, an increase of 14 percent year-on-year in 2017. AFP

is no longer the No 1 source for tourists to Bali. For the first time, that honor now belongs to China.

In 2017, 1.09 million Australians visited Bali, down from 1.14 million in 2016. In the same period, the number of Chinese visitors jumped from 987,000 to 1.39 million.

About 3.8 million tourists from China visited Vietnam in the first nine months of 2018, a year-on-year surge of 29.7 percent, according to the Vietnam National Administration of Tourism. In the same period, more than 11.6 million international arrivals were recorded in Vietnam, of which 32.8 percent were Chinese.

The administration said about 16-17 million foreign visitors are expected to visit Vietnam this year, with tourism revenue worth \$27.5 billion.

Andrew Herdman, director-general of the Association of Asia Pacific Airlines, said: "Air travel is now part of everyday modern life for billions of people worldwide."

"Within the Asia-Pacific region, aviation has had a transformative influence on social and economic development, serving rapidly growing numbers of middle-class consumers."

Asia-Pacific is benefiting from air transport connections, as more than 1.5 billion passengers travel in the region, supporting 30.2 million jobs in aviation and related industries and 2.7 percent of the region's economic activity, according to *Aviation: Benefits Beyond Borders*, a report released by the Air Transport Action Group (ATAG) in Geneva, Switzerland, on Oct 2.

In a statement, ATAG executive director Michael Gill said: "Let's take a step back and think about

how advances in air transport have changed the way people and businesses connect with each other — the reach we have today is extraordinary."

He said Asia-Pacific has seen "real benefits" in embracing the role of air transport.

"Today, the region is the busiest in the world, with over a third of global passenger traffic from Asia-Pacific. Passengers in the region have taken advantage of the reduction in the price of tickets over the past decades, which enables more people to travel, see the world and do business outside of their own country."

"By 2036, aviation in the region is expected to support 44 million jobs and \$1.7 trillion in economic activity," he said.

Gill said key to this growth will be the sustainable development of air transport as part of national growth plans, "including improvements in infrastructure, support for sustainable aviation fuels, and helping to encourage more young women and men to think of careers in aviation."

## Enormous potential

Another country that has seen enormous growth in Chinese tourism is Japan. Prior to 2012, Japan's international tourism economy was relatively small when measured as a share of the country's GDP.

"Rapid growth of Chinese tourist visits has helped push total international visitor numbers up from 6.8 million in 2009 to 28.7 million in 2017," said Biswas.

He said the total number of Chinese tourist visitors to Japan last year rose to 7.36 million, from 1 million in 2009.

Chinese tourism to Japan in 2017

was up 15 percent year-on-year, accounting for around 25.6 percent of total international visitors, while total international tourist spending in Japan rose to \$40 billion with Chinese tourists contributing around one-third, according to Biswas.

Chinese tourism has also had a significant impact on the economy of South Korea, accounting for around 46.8 percent of total international visitors in 2016.

In Australia, Chinese tourists have become a key growth driver for the tourism sector, with 1.3 million Chinese visiting Australia last year and spending \$8.2 billion, up 14 percent year-on-year.

"With Chinese per capita GDP forecast to continue to rise significantly over the next decade, from an estimated \$9,700 in 2018 to \$22,000 by 2028, the Chinese tourism boom in the Asia-Pacific region looks set to continue over the long term," said Biswas.

The Pacific Asia Travel Association has forecast that Chinese tourists will form 40 percent of the Asia-Pacific market and will remain the key driver of Asian tourism growth in the foreseeable future.

Paul Yong, an analyst with DBS Bank in Singapore, said recently that the number of outbound Chinese tourists has grown from 98.2 million in 2013 to 130.5 million last year to become the world's largest outbound market source.

"Yet less than one in 10 Chinese citizens owns a passport," he said. "Imagine the sheer potential for growth as passport penetration catches up with Japan (23 percent), the United States (41 percent), and Australia where 56 percent of the population have passports."