

GBTA: 14.3% GROWTH IN CHINA'S BUSINESS TRAVEL SPENDING IN 2013



The results of the fourth GBTA BTI China Outlook survey for the second half of 2013 released by the Global Business Travel Association (GBTA) revealed that business travel spending is likely to register an increase of 14.3 percent in 2013, more than two times the rate predicted for the US next year.

Though the rate of growth is slower than expected, China is likely to be the largest travel market in the world as far as business is concerned. Rockport Analytics, LLC was commissioned by GBTA to make the report and was sponsored by Visa.

The report provides a great deal of insight into the short-term and long-term in both domestic and international business travel activity for the corporate travel professionals as well as the business community as such.

Among the key points of the report is that **China's economy expanded 7.5 percent in the second quarter of 2013**. For the full year, it is expected to consolidate between 7 to 8 percent. The Chinese government is committed to rebalance the economy for stimulating consumer demand and domestic investment. The export growth is driven by intraregional trade though the performance of export sector is hit because of the economic weakness in the US and Europe.

Though growth in business travel for the first half of 2013 was weaker than anticipated, China is likely to beat the US and become the largest business travel market in the world by 2016. The 14.3 percent increase in business travel spending in 2013 translates to RMB 1,371 billion (\$224 billion). However, this is lower than the increase of 15.1 percent projected in the report for the first half. The increase projected for 2014 is 17.2 percent, up from the earlier prediction of 16.9 percent.

With a growth of 14.3 percent in 2013 and 17.2 percent in 2014, the spending in domestic business travel is expected to outperform international outbound travel. Growth in international outbound in 2013 has been revised downward to 12.8 percent. However, it is expected to register a stronger-than-expected growth of 16.5 percent in 2014.

Moreover, the international airport in Beijing is all set to become the busiest airport in the world, beating Hartsfield-Jackson in Atlanta which has been holding the record for a long time.

According to the regional director of GBTA Asia, Welf J. Ebeling, the Chinese business travel forecast for 2013 is in line with the outlook released in the first half though weak trade activity with Europe and the US has brought down the requirement for long-haul business travel. **He added that the annual growth is likely to hit the 20 percent mark in the coming years.**

Tad Fordyce, Visa's global solutions head, said that as the Chinese economy grows, there will be an increase in business travel and it will be led by stronger domestic business travel requirements.

Export growth is crucial as far as China's economic prospects are concerned. Hong Kong and other neighboring ASEAN economies have bridged the shortfall caused by the slowdown in the US and Europe. Domestic investment and consumer retails sales are emerging as the new pillars of China's

economy despite the slower-than-expected expansion in these areas in 2013. On the other hand, producer and consumer inflation rates have remained unchanged. Therefore, the move of the Chinese government to rebalance the economy for stimulating growth is likely to improve the country's business travel outlook.

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