

CHINA TO BECOME LARGEST BUSINESS TRAVEL MARKET



The results of the Visa-sponsored third GBTA BTI outlook survey for first half of 2013 for China revealed that the country is all set to become the largest business travel market in the world. The report of Global Business Travel Association is an index of spending in business travel that gives an indication of the performance of the market over a specific period of time.

China's economy expanded by 7.8% in 2012 and it is expected to play a role in pulling the world out of the economic slowdown. **GBTA expects that China's GDP will grow by 8.3% in 2013 and slightly below 5% in 2014**

The authorities in China continue to be committed to rebalancing of the economy to stimulate consumer demand as well as domestic investment

Business travel spending in China increased at an average rate of 15.5% every year from 2000 to 2012 and, based on this impressive performance, forecast for 2013 and 2014 are 15.1% (to \$226 billion) and 16.9% (more than double that of the U.S.), respectively

Domestic business travel is expected to be better than international outbound (IOB) with a growth of 15.2% and 16.9% in 2013 and 2014, respectively. Total IOB travel spending is forecasted to pick up following the slowdown in 2011 to 11.8% and 2012 to 10.9% and record a growth of 13.3% and 16.3% in 2013 and 2014, respectively, though they are much less than the IOB growth surge witnessed in the first ten years of the new millennium.

According to Welf J. Ebeling, GBTA's vice president for Asia operations, the ongoing global uncertainty has been instrumental in moderating economic growth, but China's economy is regaining the lost momentum because of the implementation of government policy initiatives which began a year ago and this should strengthen domestic demand and spur business travel spending in 2013 and 2014. He added that **China will likely become the world's largest business travel market by 2015 at these projected growth rates, beating the U.S.**

China managed to record a moderate GDP growth in the year 2012 despite the continued prevalence of recessionary conditions in the U.S. and Europe and filling in of shortfalls in exports by neighboring countries such as Taiwan, Malaysia, Vietnam and Singapore. China is focused on stimulating domestic demand and after the completion of leadership transfer in March 2013, President Xi Jinping confirmed the commitment to rebalancing the economy to pursue growth.

On the whole, there is great potential for growth in Chinese business travel spending because of the anticipated global economic recovery and rising domestic demand. Over the 12 quarters following the end of recession in the fourth quarter of 2009, China's GBTA BTI increased by 122 points. For the next two years, the index is expected to increase further.

The predicted increase for 2013 is 63 points and that for 2014 is 78 points. This will help China breach the 500 mark for the first time probably in the fourth quarter. It is estimated that the contribution of rising travel prices to this growth will be around 6% to 8%.

Date: 2013-04-22

Article link:

<https://www.tourism-review.com/china-is-on-track-to-become-largest-business-travel-market-news3666>