

GBTA: BUSINESS TRAVEL SPEND IN CHINA TO GROW 18% IN 2015



The Global Business Travel Association (GBTA) has just released a new GBTA BTI Outlook for China. The Business Travel Index (BTI) is a semi-annual publication that analyses current economic events around the globe and their effect on China's business travel market.

In its most recent report, the GBTA predicts that, in 2014, China's business travel spending will increase by 15.9 percent to \$262 billion USD. In 2015, this spending is expected to increase by a further 18 percent.

After a slow start in 2014, the second quarter of 2014 saw China's economic growth improve, due to increases in exports, household spending, and government spending on infrastructure as a means of stimulating the economy.

As the global economy starts to recover, China's improvements in the number of exports is possibly the most significant indication of business travel growth, especially outbound travel.

As mentioned in previous reports, **China is set to surpass the United States as the world's largest business travel market.** Considering current forecasts for growth, it is expected that China will become the number one market by 2016.

According to GBTA, China will continue to experience strong growth domestically for the remainder of 2014, at a rate of 16 percent, and 2015, at a rate of 18 percent, however this growth rate is said to be impossible to maintain long term, unless domestic consumption increases.

While growth over the past few years has been unimpressive, international outbound, or IOB, travel in China is starting to improve. The GBTA has predicted that China's IOB spending will grow by 14 percent in 2014, and 19 percent in 2015, totaling USD13.4 billion.

China's unparalleled economic growth has driven the nation's business travel spending to approximately 20 percent of the worldwide business travel market. It is important to note, however, that perpetuation of this hearty economic growth relies on a continued increase in consumption. The Chinese government is concentrating on an effort to make the economy more centered around consumption, and less reliant on foreign investments and exports.

China's economic growth is still providing room for growth in its business travel market. As noted in the most recent report released by the International Monetary Fund (IMF), the United States is said to have been overtaken by China as the largest economy in the world as far as purchasing power is concerned. As stated in the GBTA's report, the Chinese business travel market has continued to grow, thanks largely to increases in outbound travel.

Due to the growth of the business travel market throughout the last decade, China's largest airports have expanded and new airports are being built. The building of Beijing's second airport is scheduled to start later this year and open in 2018. **According to Lodging Econometrics, there has also been growth in hotel construction in Asia, 70 percent of which is occurring in**

China, where Beijing has 95 projects on the go, for an impressive total of 13, 574 rooms.

China faces continued difficulties in its real estate and manufacturing industries. Despite this, the economy is expected to improve by over 7 percent during 2015. Many worry that China's increasing debt-to-GDP ratio and decreasing housing prices could lead to an economic collapse caused by the debt, however because China has more equity than the United States, and policies in place to make falling prices less of an issue, an immediate collapse resembling the US housing market crash is unlikely.

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