

OUTBOUND TOURISM OF CHINESE TRAVELERS KEEPS BOOMING



For Chinese tourists, traveling abroad has become more accessible, a factor that can be attributed to increasing average income levels. The medium and long-term trend indicates a growth of the magnitude, with global consequences that have an impact on several industries and sectors, such as transport, retail business, gambling and hospitality.

Statistics show that last year Chinese tourists made 130 million trips abroad and spent \$115.29 billion. The estimates suggest that, in the short-term, Chinese tourists' favorite destinations (Korea, Japan and Thailand) will see the numbers recover. **Meanwhile, expectations for European destinations remain strong, thanks to several campaigns for EU-China tourism in 2018.**

In the first four months of this year, Chinese arrivals in Europe were up 9.5% compared to last year and forward bookings for the period May–August are currently 7.9% ahead. The top destinations are Germany, up 7.9% and France, up 11.4%. In terms of growth, the stand out destinations were Turkey, up 74.1%, Ukraine, up 27% and Hungary, up 15.2%.

A recent study conducted by Morgan Stanley Research highlights that the increasing outbound tourism of the Chinese represents a positive prospect for the firm, raising its growth volume forecast from 11% to 14%.

The reason behind this decision is that transport and tourism mobility has increased because of the addition of new direct flights, and more favorable visa procedures that have been adjusted for Chinese nationals. Considering that the current penetration rate of the tourism market for travelers abroad is rather low (10%) compared to the total population, economists explained that they recognize a considerable potential that encourages the growth of long-term demand throughout the year.

According to Morgan Stanley's study, over 35% of the Chinese population registered middle or upper middle class income levels in 2016 (compared to the 10% in 2015). Furthermore, estimates for annual disposable income suggest an increase of over \$10.800 by 2030, a figure that is two times higher than the Chinese urban disposable income for housing in 2015.

Restrictions and requirements for a visa have also been readjusted, and the online application process has been improved, removing obstacles to promote tourism abroad. As a result of these actions, the number of Chinese citizens with valid passports has more than tripled from 2012 to 2016.

Other reasons that fueled the travel demand include demographic trends for those born after 1970 and

the continuous implementation of new technologies and mobile apps that make traveling easier.

Economists believe that **the number of overnight stays in the EU by Chinese tourists has more than tripled in the last ten years, reaching about 25 million overnight stays in 2016, and have also impacted the economy of major countries, including the United States, Russia and Brazil.**

The forecasts suggest that thanks to growing outbound tourism more than 12 million Chinese tourists will arrive in Europe by 2022, an early reference that could represent a boost for airlines, hotels and luxury stores, considering Chinese visitors account for 34% of global consumption in luxury goods.

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