

THAILAND'S TOURISM FEELS THE LACK OF CHINESE TOURISTS



Breathtaking beaches, magnificent temples, friendly people, inexpensive holidays - Thailand has been attracting millions of visitors for decades, making tourism an important source of income for the country. Guests from China have been particularly important for the economy.

Thailand's tourism authorities reported 38.5 million people from abroad who visited the southeast Asian country last year, around ten million of whom came from China. But at the beginning of 2019, there was a downfall in the numbers of Chinese visitors. **The usual arrivals of the biggest tourist group fell by almost five percent over this period.**

In July, there was a slight sigh of relief: the lost percent was slowly making up again. Thailand then announced for August that it was back on track regarding Chinese tourists arrivals - with an increase of 15.6 percent compared to August of the previous year

But what was the reason behind the Chinese absence? In July 2018, there was a serious boat accident on the holiday island of Phuket, which mainly affected the holidaymakers from China. A boat used for diving trips with around 90 people on board had capsized due to a storm and 47 people died. Reports about the accident then spread rapidly to Chinese social media platforms.

The tragedy has had a negative impact on Thailand's tourism. The charter flights, which were supposed to go from different Chinese cities to Phuket, changed their plans and flew to holiday destinations in Vietnam instead. A year later, only 40 to 50% of Phuket hotels were full during the rainy season, which was popular among Chinese travelers. The decline in package travel groups from the people's republic was particularly noticeable.

In September 2018, a video in which a Thai security guard punched a Chinese tourist at the Don Mueang airport in Bangkok became viral in the people's republic.

In the meantime, Thai hoteliers and tour operators are plagued by the global trend towards independent travel, which has been triggered by the rise of digital providers and companies such as Airbnb.

In addition, Thailand's neighboring countries Laos, Cambodia and above all the nearby Vietnam have long since caught up in the ranking of low-cost holiday destinations - a development that has been emerging for several years, as tourism experts have observed. "Thailand runs the risk of losing its share of the low-budget holiday sector as the tourism markets in neighboring Vietnam and Cambodia develop," Fitch Solutions recently stated.

More than 90 billion euros generated directly and indirectly by Thailand's tourism are currently contributing to a healthy current account surplus - it is the main reason why foreign investors keep investing money. However, analysts are gradually beginning to lower their forecasts for the industry, at least in the short to medium term.

"For the future, we expect flat tourism growth, a significant slowdown in export growth and a decline in the trade balance due to global trade tensions," Kiatipong Ariyapruchya, a senior country economist at the world bank in Thailand, recently announced. "We, therefore, expect a lower current account surplus."

The tourism sector currently accounts for about ten percent of gross domestic product (GDP). If we include sectors of activity such as production and supply chains, the world travel and tourism council (WTTC) even estimates that this sector represents one-fifth of GDP. This year, however, the GDP growth of 2.3% was lower than that of the neighboring countries in the second quarter.

The slowdown in growth is also beginning to spread to related sectors. Thai airways international, for example, has recently experienced difficulties - losses in the second quarter doubled due to a decline in the number of tourists and intense competition from low-cost airlines such as AirAsia and Nok. The salaries were cut and the connections have been interrupted. The director-general, Sumeth Damrongchaitham, spoke of a "time of crisis". It's been going on for some time. But low-cost competitors also recorded losses in the second quarter of 2019.

The situation in China, where the economy has weakened considerably recently, is not much better. **The trade conflict with the United States is weighing increasingly heavily on the economy of the people's republic, pushing economic growth to its lowest level in 27 years.** Gross domestic product increased this year from April to June by only 6.2% compared to the same period last year. At the beginning of the year, there had been a 6.4 percent increase. According to experts, it is likely that this too has had some effect on the behavior of the Chinese when they travel.

At least on the Thai side, the government intends to satisfy tourists. Prime minister Prayuth Chan-Ocha recently announced that tourism would be at the center of his €9 billion economic recovery plan. The tourism authority also plans to launch a campaign to offer visitors from India and six Asian countries discounts outside the high season.

Date: 2019-09-23

Article link: <https://www.tourism-review.com/thailands-tourism-reported-low-numbers-news11190>