

CHINA'S INTERNATIONAL AIRLINE CAPACITY SLOWLY RECOVERS



China's visa policy for group tours has recently been expanded, with 78 new destinations added to the list of approved countries on August 10, 2023. Travel agents can now offer group tours and package travel to these additional destinations.

China's International Airline Capacity: 2019 vs. 2023

As of August 2023, China's international airline capacity has grown to 4.6 million seats, demonstrating a consistent upward trend since the beginning of the year. The growth is noteworthy, considering the low base level at the start of 2023, where international capacity was only 13% of the level observed in January 2019.

Key China's Outbound Markets

As of August 2023, China's international airline capacity is only half of what it was in 2019, indicating a 50% reduction. Before the pandemic struck, South Korea, Japan, and Thailand witnessed a significant increase in Chinese airline capacity. These airlines operated over one million seats from China in August 2019, accounting for 35% of China's international capacity.

Out of these three countries, the China-Thailand market had the highest growth rate in the preceding years. Its capacity increased from 7.9 million seats in 2015 to 13.5 million in 2018, almost doubling in just three years. This represented an incredible 71% increase in capacity in a very short period.

Although China's recovery to 2019 capacity levels was advanced compared to other neighboring countries, it still has a long way to go. In August, the capacity between South Korea and China reached just under 0.6 million, which is still 42% lower than 2019 levels. Japan and Thailand were even further behind, with capacity still at 55% and 62% of their 2019 levels, respectively.

In August 2021, Singapore demonstrated the strongest recovery among the top 10 largest international markets, with capacity at just 20% below the August 2019 level. On the other hand, the USA is the most severely affected, with only 7% of the 2019 level currently operating. This means that the number of seats available in the market has reduced from almost half a million in August 2019 to less than 35,000 this August. The recent announcement relaxing restrictions on group travel from China to the United States is expected to reverse this trend. This is expected to relieve U.S. cities that previously received high volumes of Chinese travelers. Despite accounting for just 4% of all inbound foreign travelers to the U.S. in 2019, Chinese travelers contributed 13% of spending. This disproportionate effect has been challenging for many destinations where tourism and revenue have been significantly impacted. It is unclear whether this purchasing power will remain unchanged in the post-pandemic environment. The Chinese economy is sluggish, and concerns are emerging that GDP growth this year may not reach the targeted 5%.

Several factors have contributed to the decline in Chinese travelers' return to certain markets. These

include ongoing travel restrictions that limit travel ease and convenience, along with a slow Chinese economy. Moreover, many Chinese individuals have realized their vast country's abundant domestic travel opportunities without passports or visas. Lastly, Chinese travelers have shifted their travel aspirations. Throughout the pandemic, there was speculation about the possibility of a surge in travel to pre-pandemic popular destinations once recovery started. However, the trend seems to be more complex. In some parts of the world, there has been a surge in travel to bucket list destinations, which can be viewed as a backlash against prolonged travel restrictions.

It is uncertain whether China's tourists will return to their previously popular destinations in the same numbers as before. The competition for Chinese tourists who were previously high-spending will continue to be fierce, with promotional activities conducted in China and through digital channels. Although China's outbound markets show signs of recovery since travel has been restricted for a long time, it is unclear whether all markets will experience a full recovery with similar volumes of travelers and the same level of spending.

Date: 2023-09-06

Article link:

<https://www.tourism-review.com/international-airline-capacity-in-china-recovers-news13618>