

China: the World's New Tourism Powerhouse

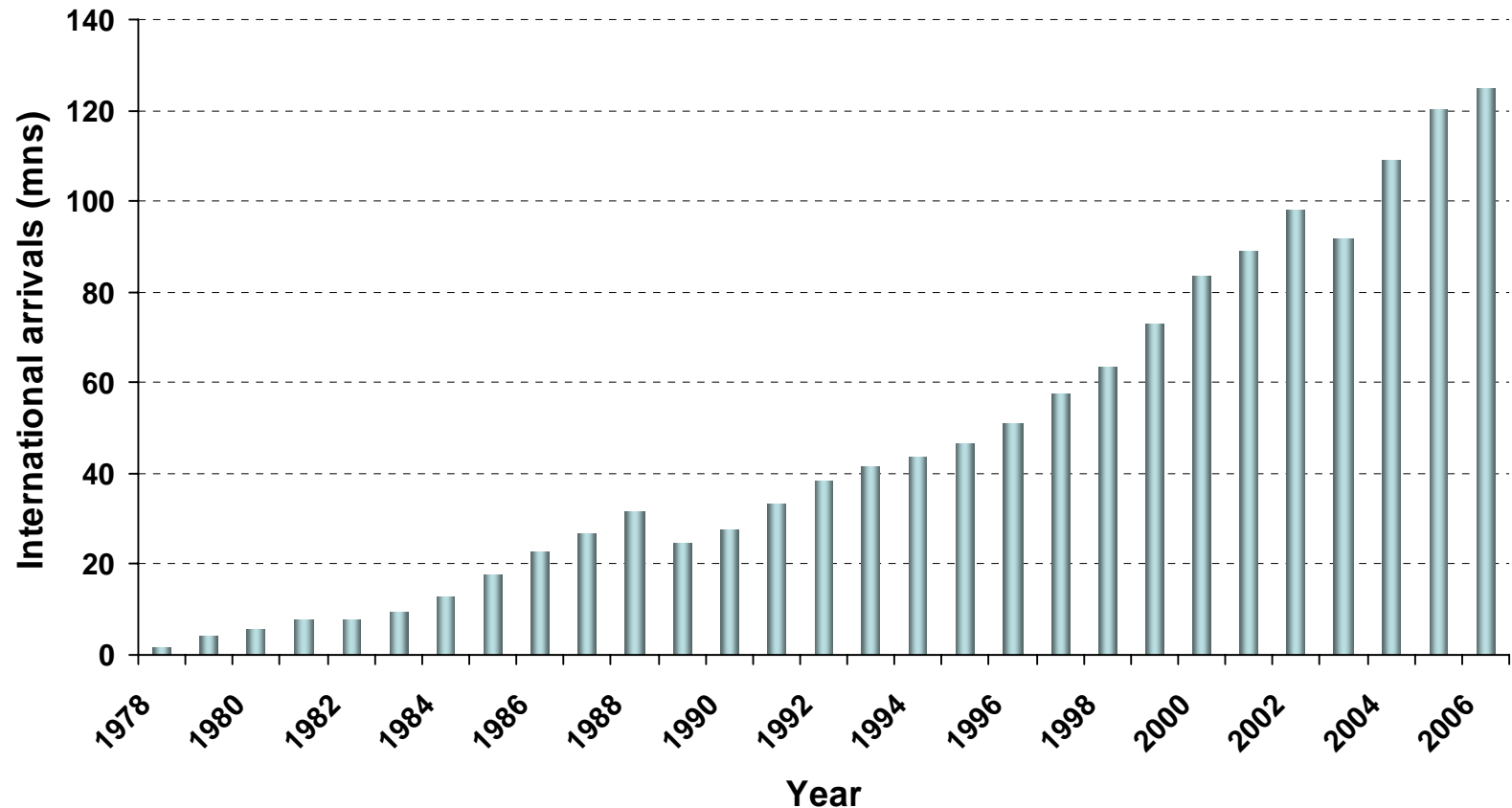
Mike Yates
Vice President, Operations
Pacific Asia Travel Association

Today's focus....

- Inbound, outbound and domestic tourism flows: current & forecast growth
- Air capacity changes
- Impact of the 2008 Olympic Games
- Critical issues impacting development

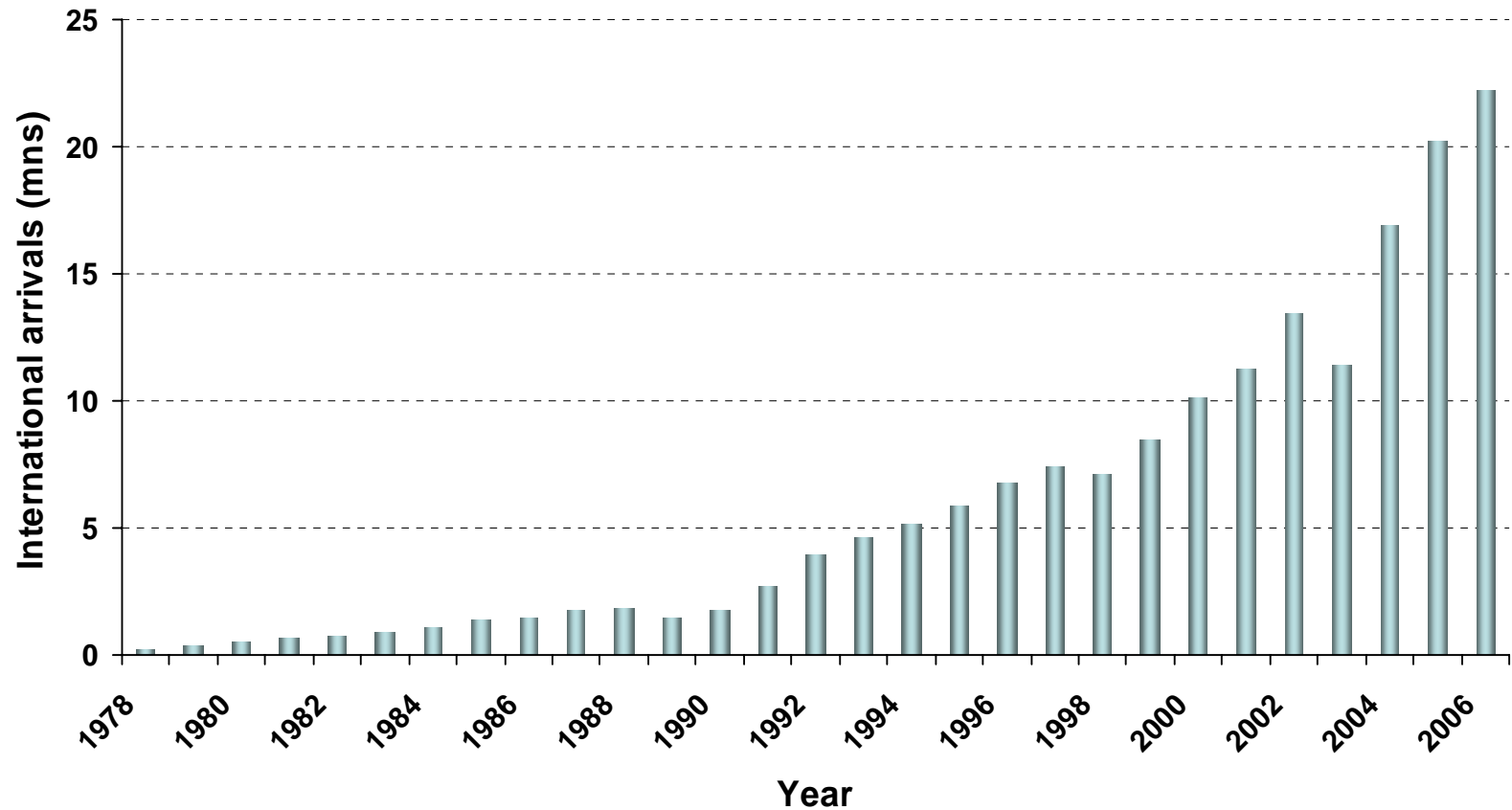
Total China inbound: doubled in last decade to more than 120 million in 2006

(Source: CNTA, in millions)

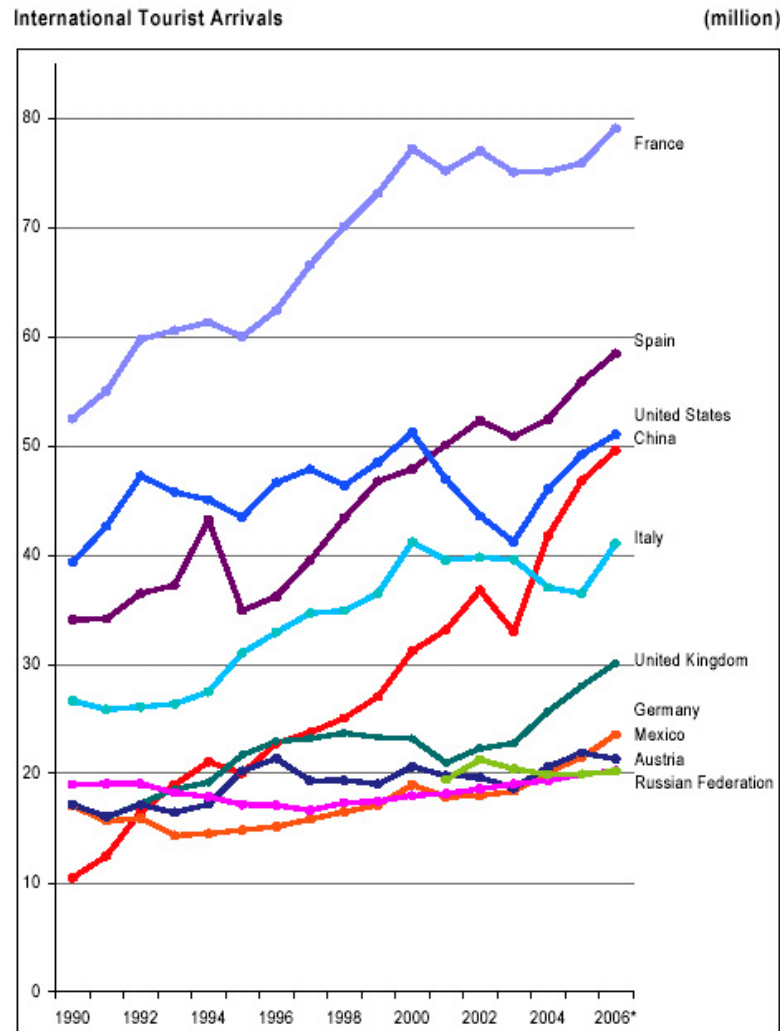


Foreign visitors to China: accelerated growth in last 3 years

(Source: CNTA, in millions)



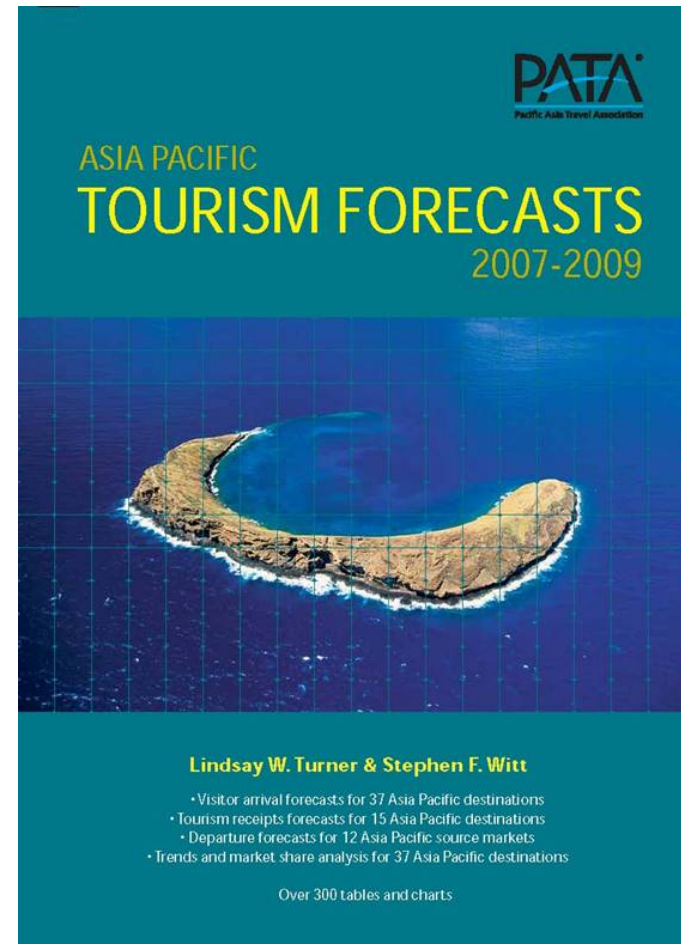
World popularity stakes: China jumped from No.8 in 1990 to No.4 in 2006



Source: World Tourism Organization (UNWTO) ©

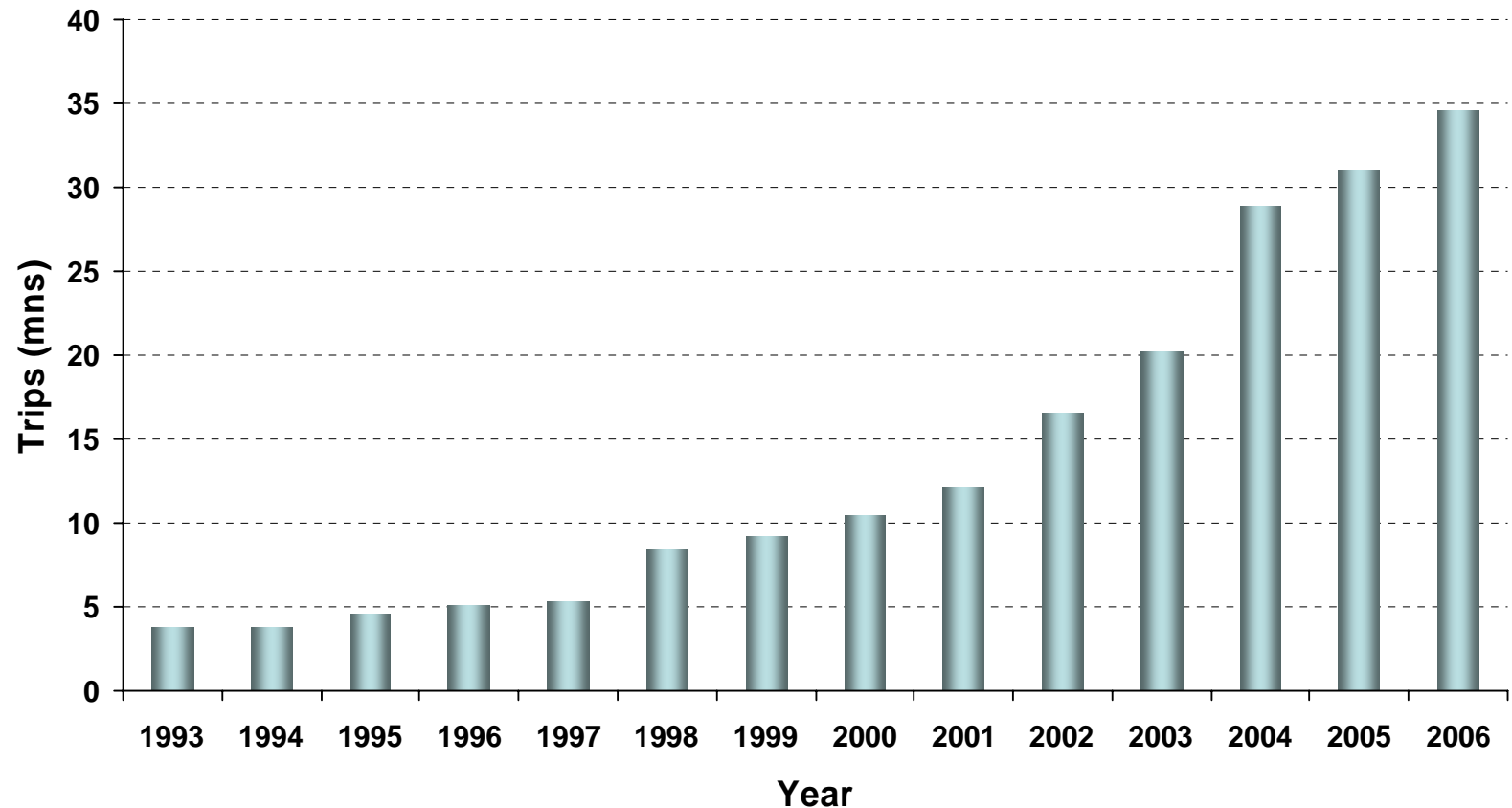
Inbound growth will continue....

- PATA Forecasts 2007-2009
- 41 Asia Pacific destinations
- China: average growth of 5% a year through to 2009
- Equivalent to 146 million visitors in 2009
- Within next decade, China could become the world's most popular destination



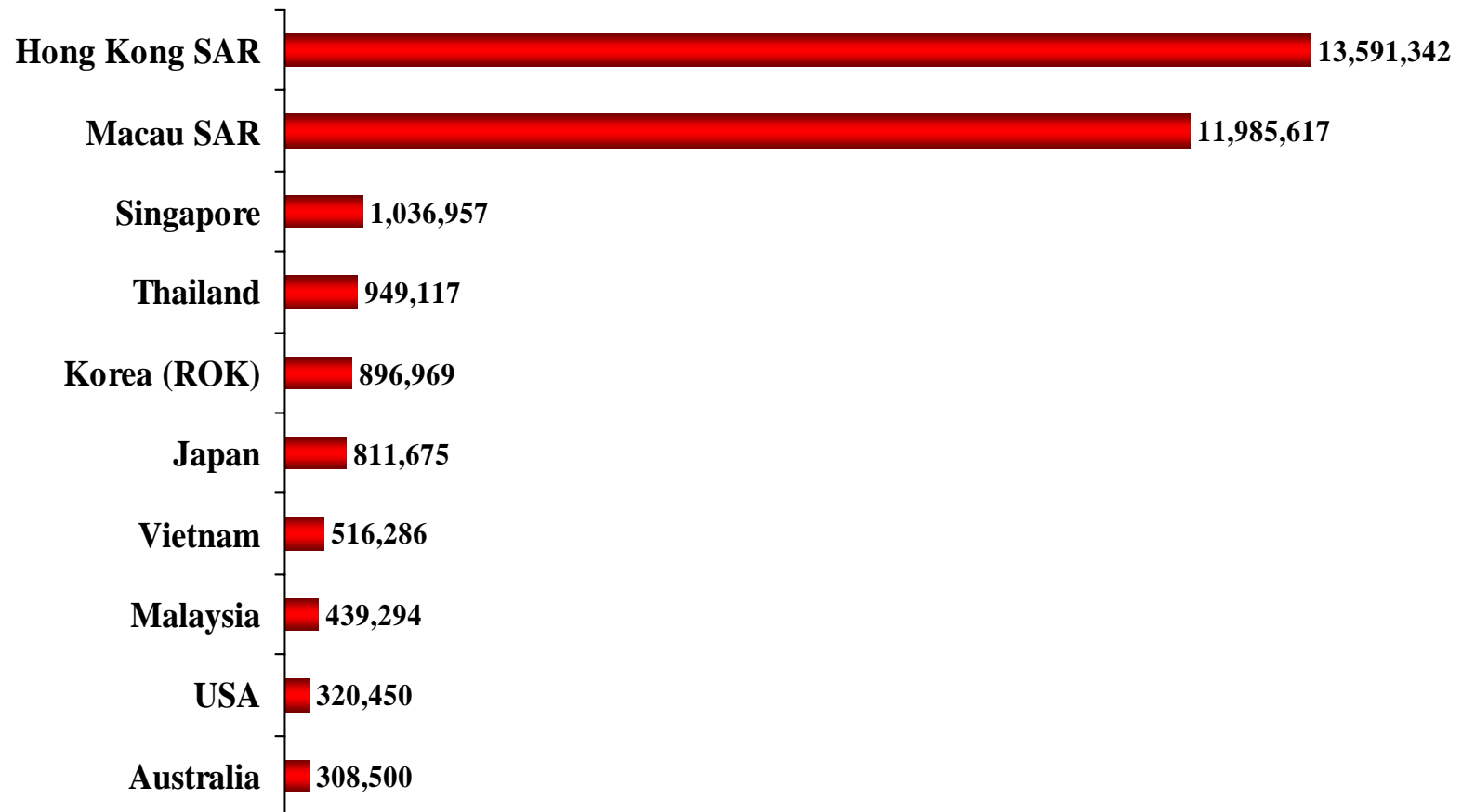
Total China outbound has boomed since first Western ADS in 1999

(Source: CNTA; in millions)



To where in Asia Pacific?

(2006, by volume; source: relevant NTOs, compiled by PATA)



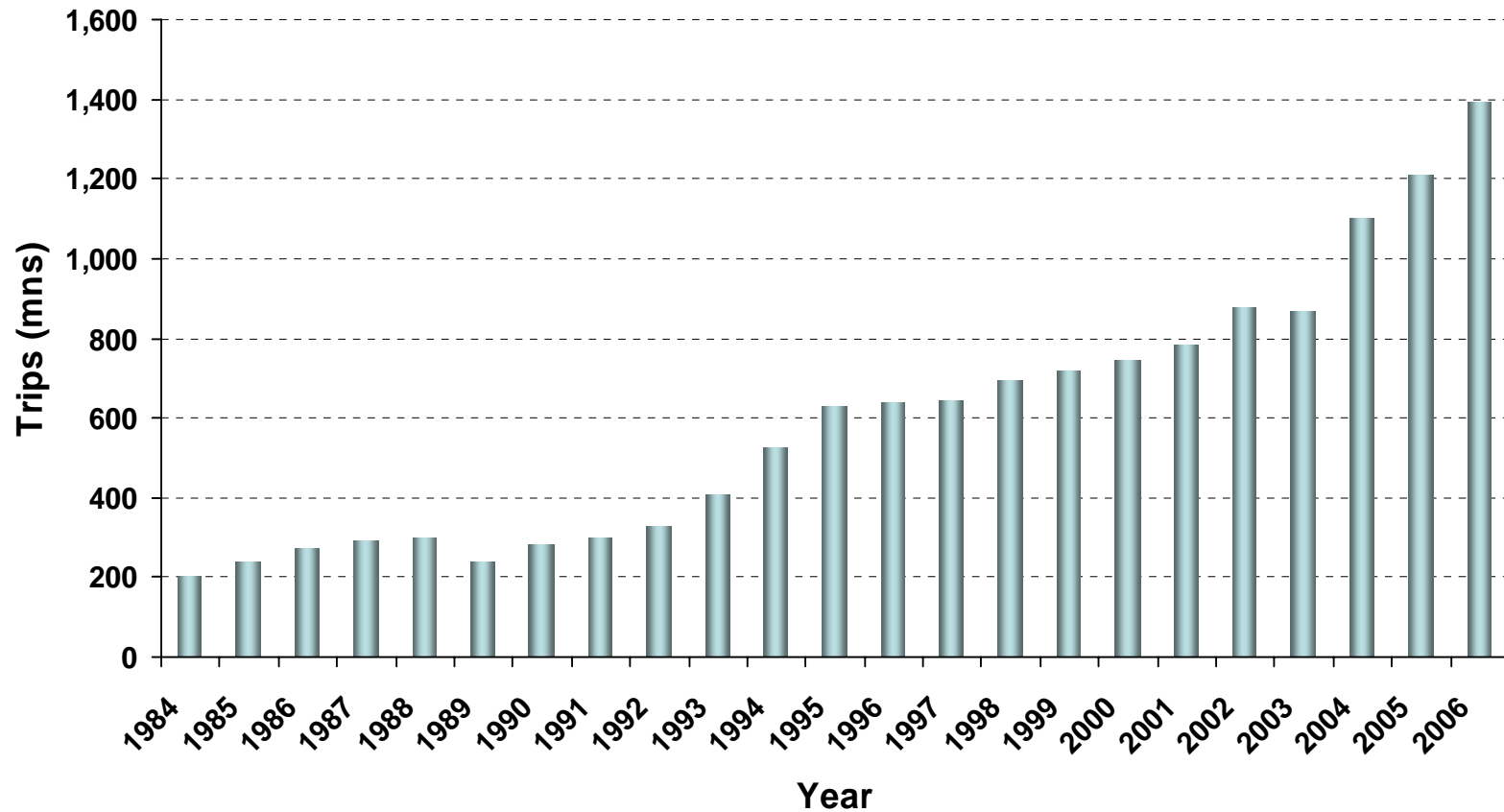
China's domestic market dwarfs the international market

In 2006 there were...

- 125 million international visitors
- 34.5 million outbound trips, and...
- **1.4 billion domestic trips**
- **Growing at 20% a year over past 3 years, fuelled by rising incomes**

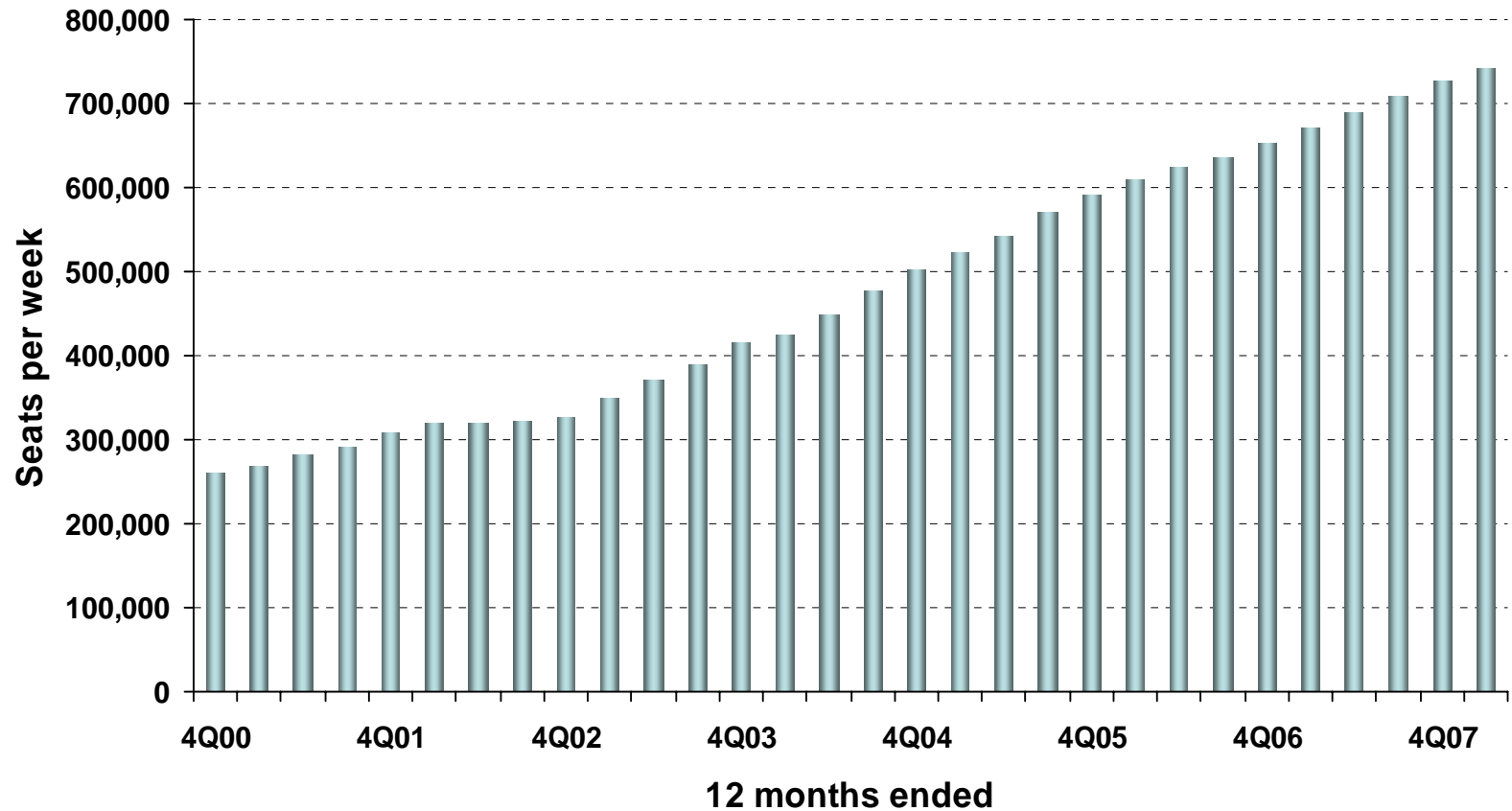
Strong economy driving huge increase in domestic travel

(1984 to 2006; source: CNTA)



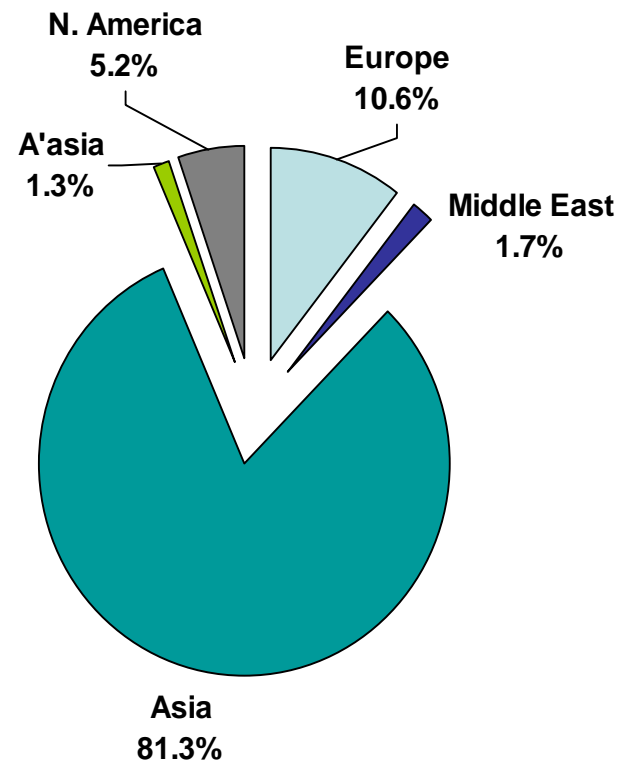
Air seat capacity into China has trebled in the past 8 years

(Non-stop, inbound only 4Q00 to 1Q08; source: SRS Analyser)



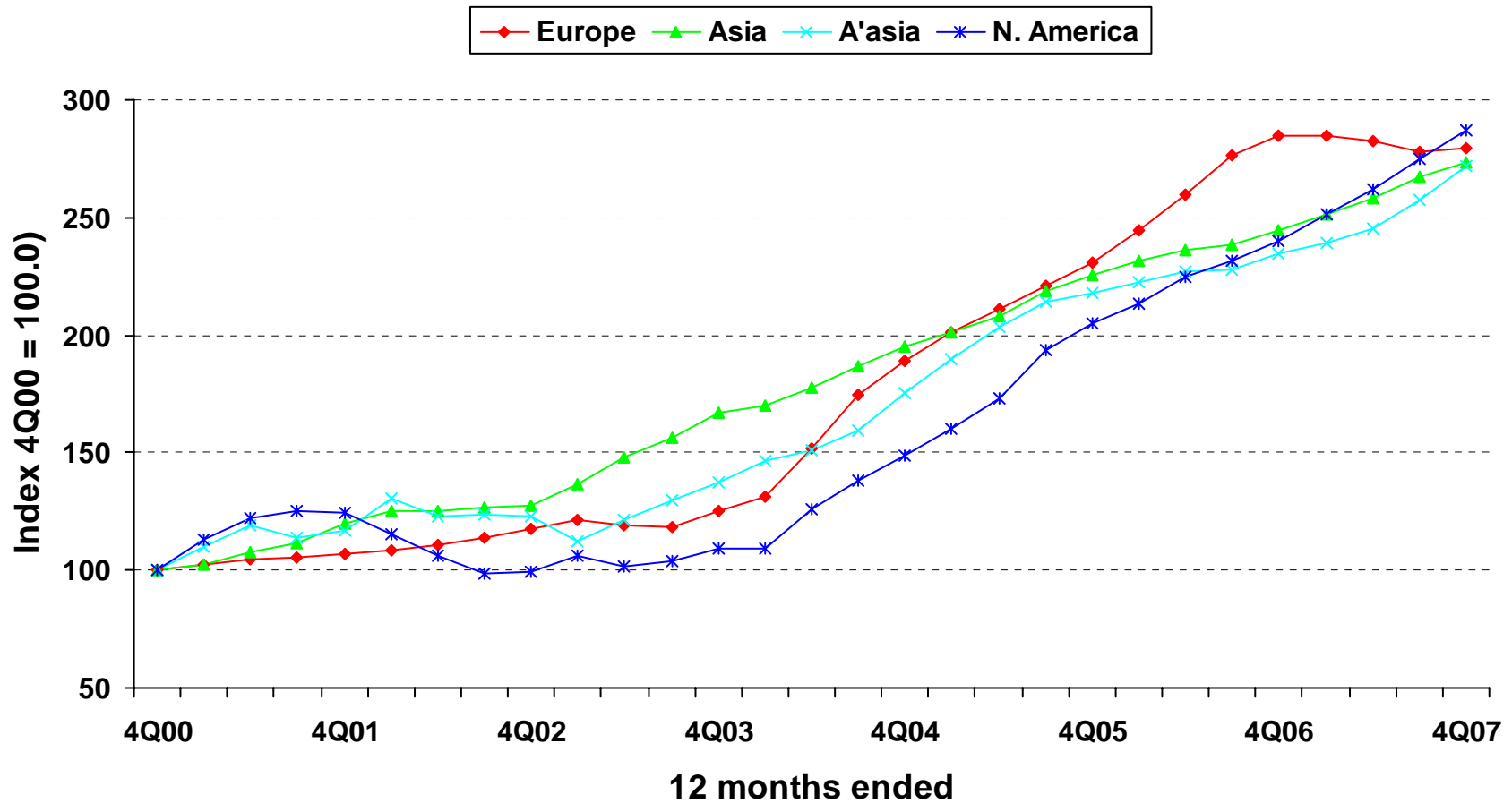
Asian-based carriers dominate international capacity

(As at 4Q07, by Origin sub-region (%); source: SRS Analyser)



But strong growth from US, Europe and Australasia....

(4Q00 = 100.0, weekly average, non-stop inbound; source: SRS Analyser)



New links between China and US...

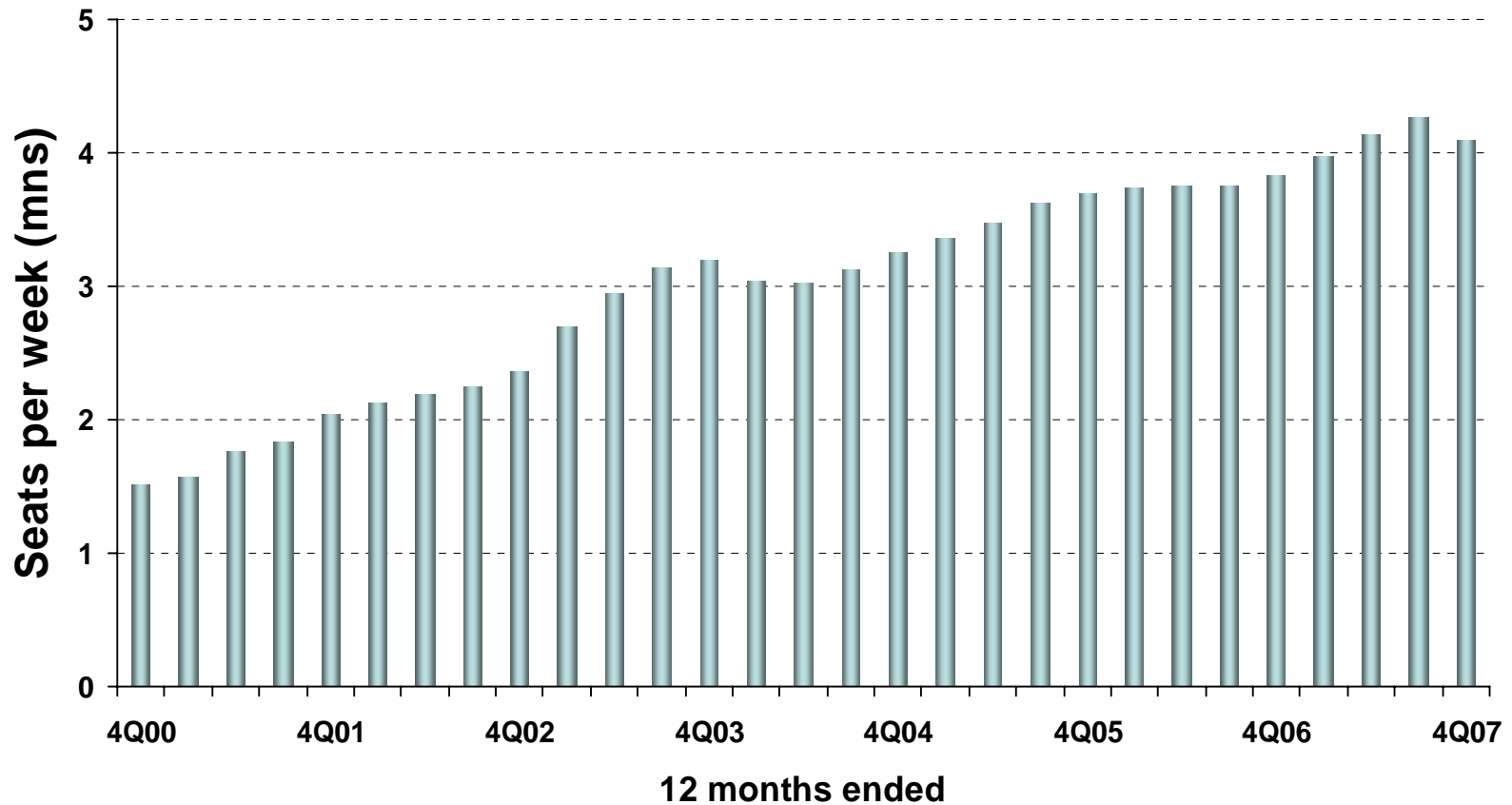
(As at October 2007; source: SRS Analyser)



- Beijing – Washington: United, March 2007
- Shanghai – Atlanta: Delta, March 2008
- Guangzhou – San Francisco: United, Spring 2008

Domestic air capacity is growing, but at a slower rate

(Non-stop, domestic 4Q00 to 4Q07; source: SRS Analyser)



How will the 2008 Olympic Games impact China's tourism prospects?

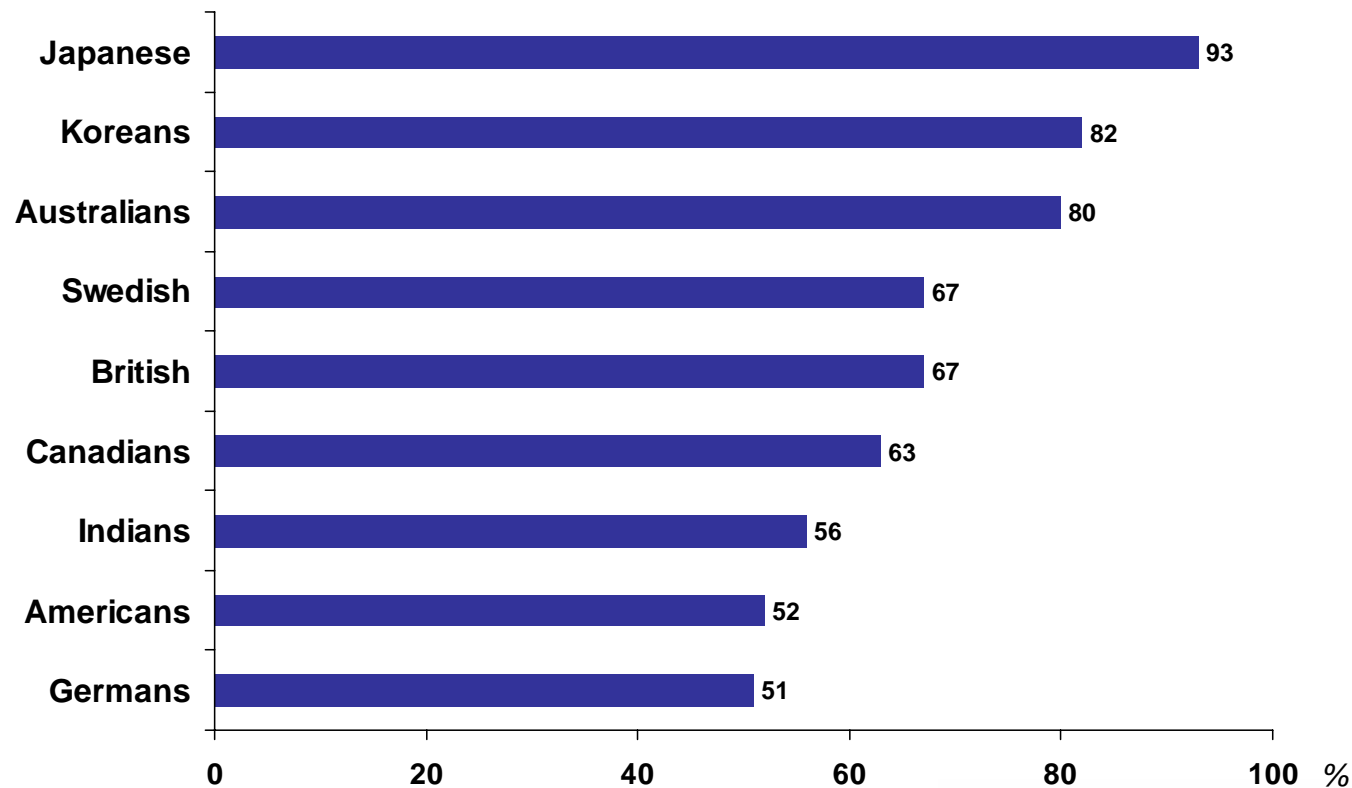


Asia Travel Intentions Survey: more than 5,000 people from 10 key source markets



Awareness of Beijing as host city?

Q: Can you identify the Asian city that will host the Olympics in 2008?



Visiting Beijing?

Almost 20% said they were likely to visit Beijing in 2008

- 87 per cent would visit other cities in China
- 74 per cent would visit other destinations in Asia



Visiting other cities?

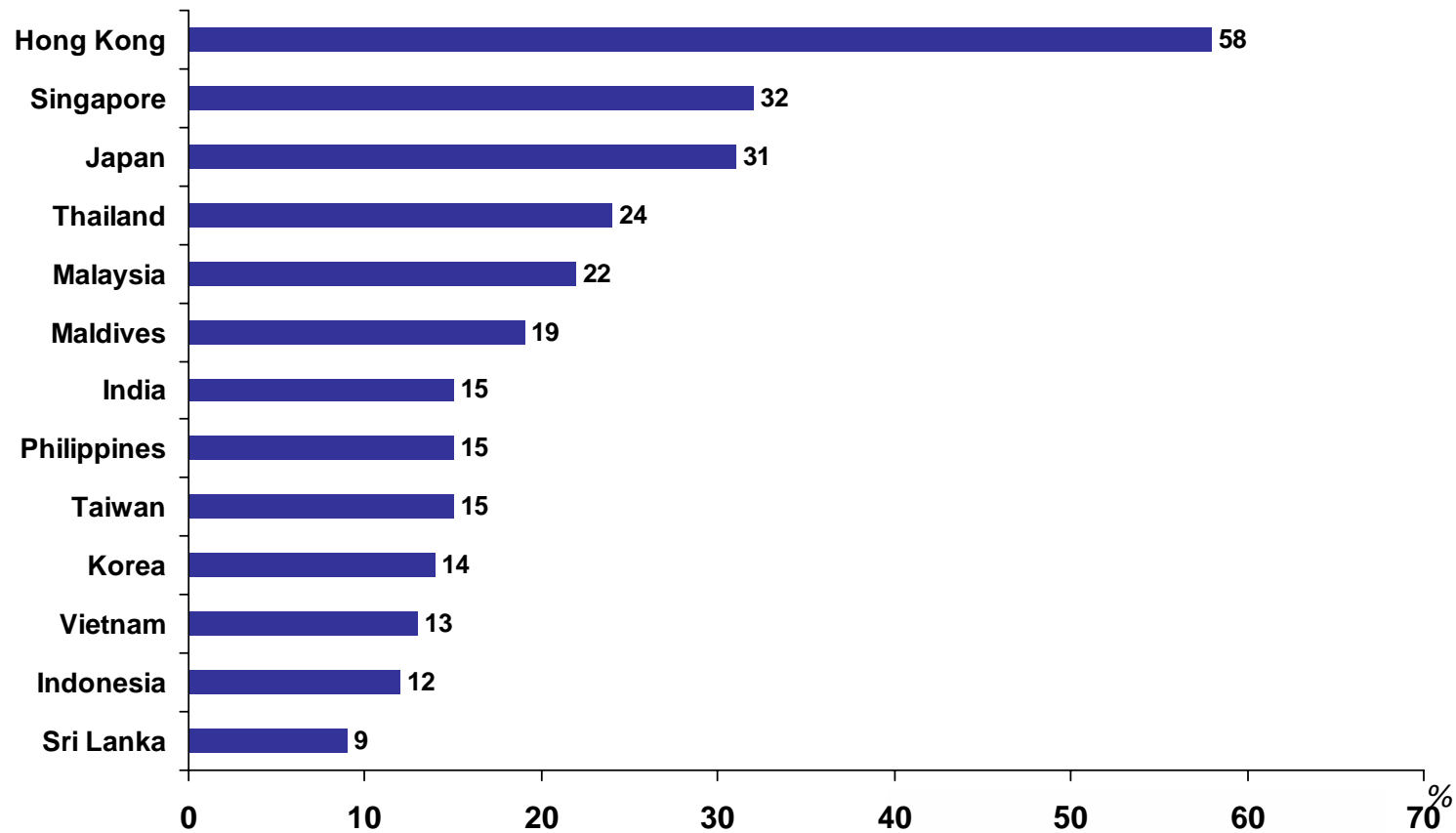
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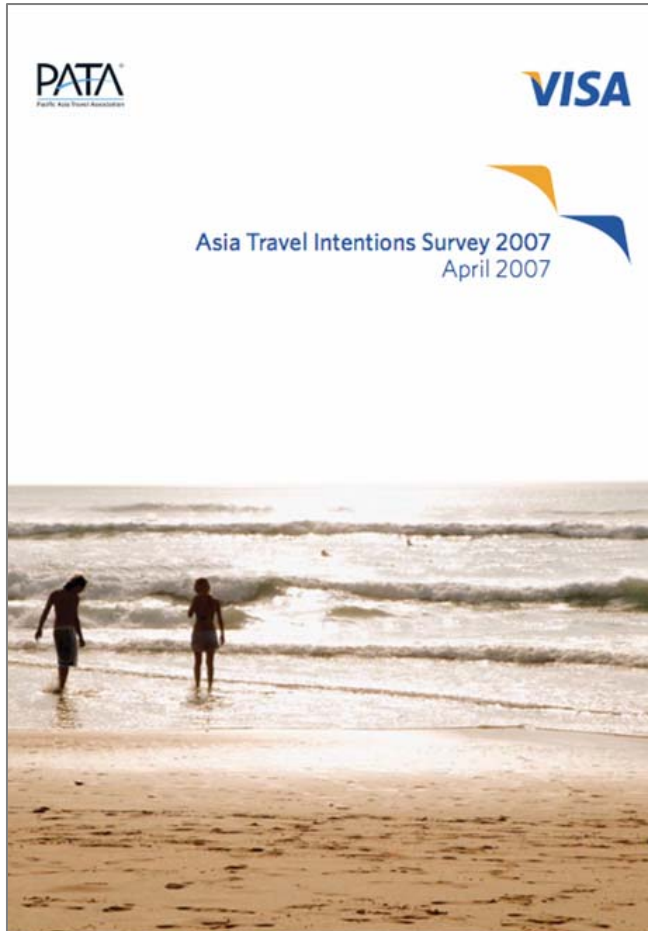


Olympic effect beyond Beijing...

Q: Which of the following destinations would you most likely visit in addition to Beijing?



Asia Travel Intentions Survey 2007



To review all the survey findings, go to:
www.PATA.org/intentions



Managing the growth....

- How well prepared are international destinations, carriers, hotels, tourist attractions to receive huge volumes of largely inexperienced, cashed-up, mono-linguistic mainland Chinese visitors to their destinations?
- How well prepared is China to cope with the demands of huge volumes of experienced, non-Chinese speaking international visitors?

Confronting the human resources challenge will be vital....

- Shortage of qualified staff is No.1 problem, according to MNC executives (Economist survey)
- Estimates on additional tourism staff required to meet projected demand range from 6% to 19% a year over the next 10 years
- China is already lacking 10,000 senior hotel managers (China Business News survey)
- China will need an average of 2200 pilots a year - and 40,000 pilots by 2025 – to keep up with projected growth
- Issues of training and retention
- Average retention of employees in Shanghai is 1.8 years

So too will be the challenge of developing sustainable tourism....

- Already China has significant issues with air and water pollution
- And it is now the world's second largest producer of greenhouse gas emissions
- Although it is still behind most developed countries on emissions per capita
- Confronting climate change poses a huge challenge for China... and all of us in travel and tourism!

PATA is working with UNWTO to lead an effective industry-wide response...

- UNWTO meeting in Davos, October, 2007
- UN meeting in Bali, December, 2007
- PATA CEO Challenge, April, 2008
 - Confronting Climate Change
 - 29-30 April, Bangkok
 - Leaders of private & public sector
 - Challenge: commit to on-going action plan
 - www.pata.org/ceochallenge

