

CHINA

INTERNATIONAL INBOUND TRAVEL MARKET PROFILE (2015)



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SUMMARY

China is one of the fastest-growing inbound travel markets to the United States; it is consistently moving up the ranks as one of the largest as well.¹ Chinese visitors also spend more in the U.S. than other international travelers. A bilateral agreement to extend travel visa validity from one to 10 years, effective as of November 2014, will help sustain continued double-digit growth in Chinese visitations over the medium term.

ARRIVALS

- In 2015, 2.6 million Chinese travelers visited the U.S.
- China was the third-largest overseas inbound travel market to the U.S. in 2015.

ECONOMIC IMPACT

- Travel exports to China (ie: spending by Chinese visitors and students in the U.S., and on U.S. airlines) reached \$30 billion in 2015, significantly higher than any other country. This includes \$11 billion in education-related spending by Chinese students in the U.S.²
- Average spending per Chinese visitor was \$7,200 in 2015,³ the highest of all international visitors.
- Travel is the largest U.S. industry export to China, accounting for 18 percent of all exports of U.S. goods and services to China.

LOOKING FORWARD

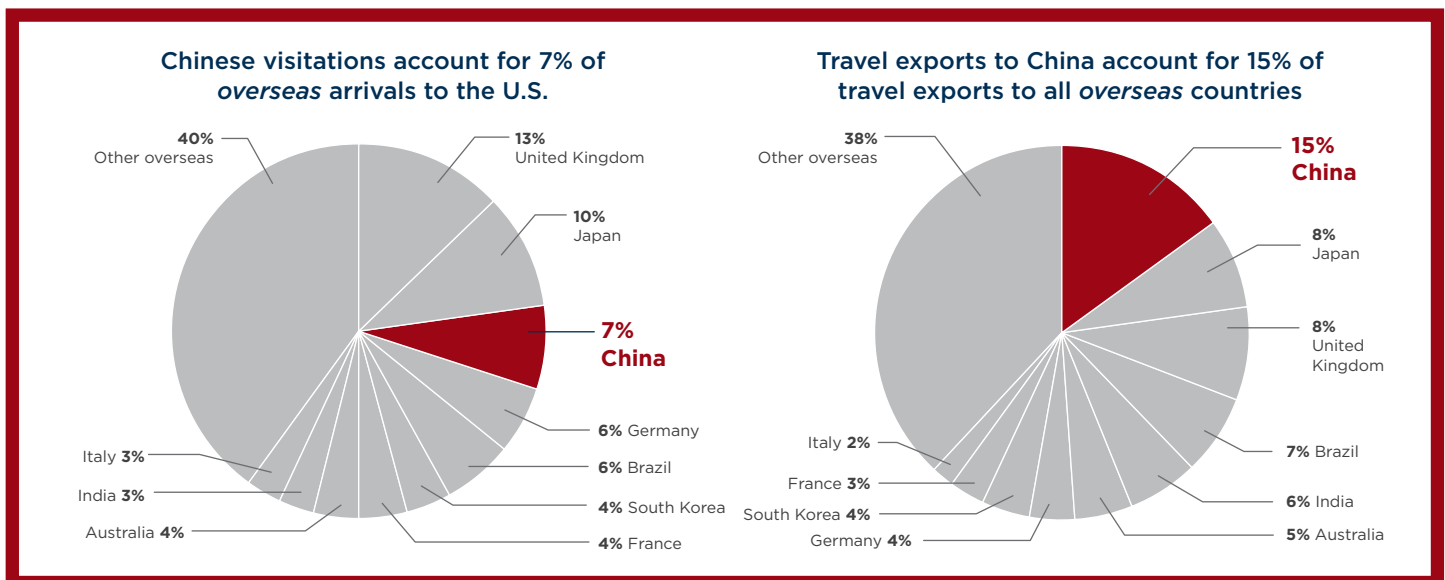
- Chinese visitation to the U.S. is expected to increase to 3.0 million in 2016 and to 5.7 million in 2021, positioning China as the top U.S. overseas inbound travel market in five-years' time. Extended visa validity will likely have a continued significant positive impact on visitation.

2015 China Inbound Market Summary

VISITATIONS	
U.S. Visitations from China (thousands)	2,591
Long-Haul Outbound Travel from China (thousands)	16,643
MSI (Share of U.S. in long-haul travel from China) (%)	15.6
SPENDING AND TRAVEL TRADE	
U.S. Travel Exports (\$ million)	30,178
Travel spending (\$ million)	16,209
Education-related (\$ million)	11,429
Passenger fare receipts (\$ million)	2,450
Other travel exports (\$ million)	90
Percent of total U.S. exports to China (%)	18.3
U.S. Travel Imports (\$ million)	5,026
U.S. Travel Trade Balance (\$ million)	25,152
ECONOMIC SPAPSHOT	
Nominal GDP (\$ billions)	10,916
Real GDP, annual change (%)	6.9
Market Exchange Rate (CNY per USD)	6.28
Annual change (U.S. dollar appreciation) (%)	1.9

Source: U.S. Department of Commerce, U.S. Travel Association and Oxford Economics

1. This report and all economic indicators cited refer specifically to the Chinese mainland (Hong Kong and Macau are excluded).
2. International standards now use a broader definition of travel exports than previously used which, in addition to general travel spending by visitors, includes education-related and health-related spending, as well as expenditures on goods and services by border, seasonal, and other short-term workers in the United States. For more information, please visit <http://travel.trade.gov/pdf/restructuring-travel.pdf>.
3. Average visitor spending takes into account travel receipts and passenger fares, but excludes education and other travel-related exports.



Source: U.S. Department of Commerce

CHINA RISING IN THE RANKS AS TOP OVERSEAS INBOUND MARKET

CHINA IS NOW THE THIRD-LARGEST OVERSEAS INBOUND MARKET

In 2015, 2.6 million Chinese travelers visited the U.S., and China surpassed Brazil to become America’s third-largest overseas inbound travel market. With double-digit growth projected for the medium term, Chinese visitors will account for a rapidly growing share of inbound travelers to the U.S.

U.S. REMAINS THE MOST POPULAR LONG-HAUL DESTINATION FOR CHINESE TRAVELERS

After surpassing France in 2014, the U.S. remains the most popular destination for Chinese long-haul travelers. The U.S. market share (MSI) of Chinese long-haul travelers going outside of Asia has more than doubled since 2006, when it was 6.4 percent. It now stands at 15.6 percent. The U.S. is also the fourth-most popular *overall* outbound destination market for Chinese travelers when Asian destinations (except Hong Kong, Macau and Taiwan) are also taken into account.

VISA VALIDITY EXTENDED TO 10 YEARS—VISA WAIT TIMES REMAIN REASONABLE

A U.S. Travel Association recommendation has led to a historic reciprocal agreement between the U.S. and China—effective November 2014—to extend the tourist and business visa validity period from one year to 10 years, the longest validity possible under U.S. law. Acting on policy recommendations from U.S. Travel, the U.S. State Department also increased its consular staff in China, significantly decreasing wait times. In November 2016, it took an average of just four days, including processing time, for an eligible Chinese citizen in Beijing to receive a U.S. visa.

Top Overseas Inbound Travel Markets to the U.S., 2015

MARKET	VISITATIONS (THOUSAND)	SHARE OF OVERSEAS VISITATIONS TO THE U.S. (%)
Total Overseas	38,392	
1 United Kingdom	4,901	12.8
2 Japan	3,758	9.8
3 China (excl HK)	2,591	6.7
4 Germany	2,272	5.9
5 Brazil	2,219	5.8

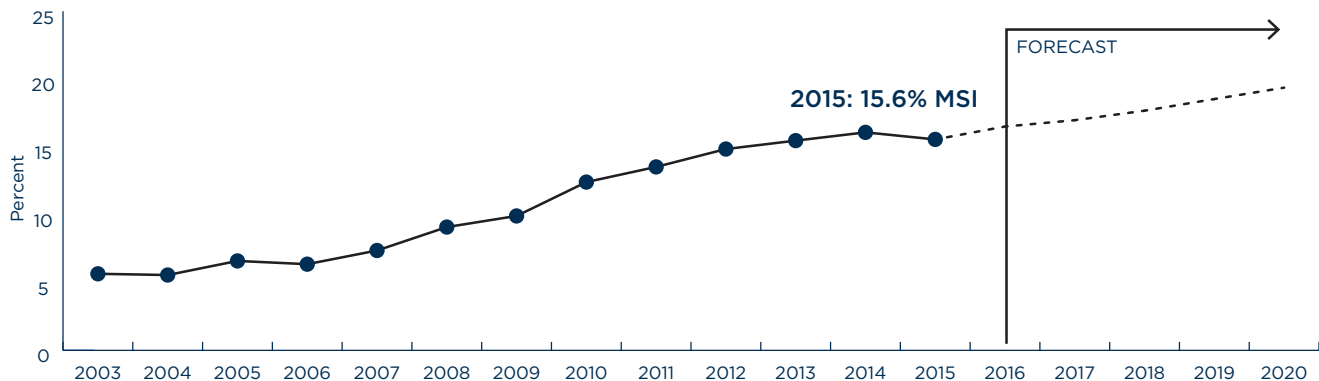
Source: U.S. Department of Commerce

Top Chinese Long-Haul Destinations, 2015

DESTINATIONS	VISITATIONS (THOUSAND)	SHARE OF LONG-HAUL OUTBOUND TRAVEL (%)
Total Outbound	77,546	
Total Long-Haul Outbound	16,643	100
1 United States	2,591	15.6
2 France	1,785	10.7
3 Germany	1,393	8.4
4 Switzerland	1,123	6.7
5 Russia	1,065	6.4

Source: Tourism Economics, U.S. Department of Commerce (for U.S. arrivals)

U.S. Market Share (MSI) of Long-Haul Travel from China



Source: U.S. Travel Association

CHINA IS LARGEST OVERSEAS TRAVEL EXPORT MARKET

CHINA LEADS OVERSEAS GROWTH

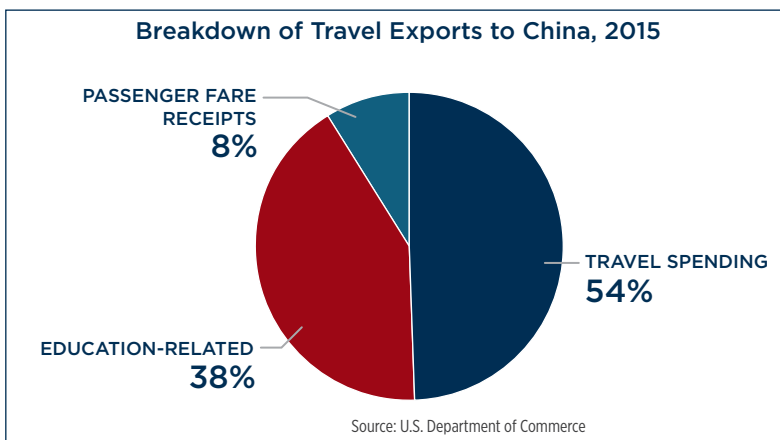
In 2015, travel exports to China reached \$30.2 billion. \$16.2 billion of that was spent by Chinese tourists in the U.S., \$2.5 billion was spent on passenger fares for U.S. airlines, and \$11.4 billion was spent by Chinese students on education and other expenses. Average spending per visitor was the highest among all international visitors to the U.S.; the average spending per Chinese visitor, excluding spending by students but including passenger fares, was \$7,201 in 2015. China is also by far the fastest-growing travel export destination out of the top five export markets.

TRAVEL IS LARGEST U.S. EXPORT TO CHINA

Travel surpassed transportation equipment in 2015 to become the largest U.S. industry export to China, making up 18 percent of total goods and service exports.

TRAVEL TRADE BALANCE FAVORS U.S.

Travel generated a \$25-billion trade surplus with China in 2015. The travel trade balance has more than tripled from 2010, and swings widely toward the U.S. The growth of the travel trade balance has much to do with the increasing U.S. advantage in the education sector; in 2015, the significant number of Chinese students in the U.S. spent a total of 40 times the amount that U.S. students spent in China. In terms of average spending per visitor, the average Chinese visitor to the U.S. spent more than three times as much as the average U.S. traveler to China (\$7,201 vs \$2,086, including passenger fares).



Top U.S. Travel Export Markets, 2015

MARKET	TRAVEL EXPORTS (\$ MILLION)	SHARE OF TRAVEL EXPORTS TO ALL COUNTRIES (%)
1 China	30,178	12.3%
2 Canada	22,684	9.2%
3 Mexico	19,737	8.0%
4 Japan	17,249	7.0%
5 United Kingdom	16,240	6.6%

Source: U.S. Department of Commerce

U.S. Exports to China by Industry, 2015

INDUSTRY	EXPORTS (\$ MILLION)	SHARE OF TOTAL EXPORTS TO CHINA (%)
Total U.S. Exports to China	167,207	
1 Travel	\$30,178	18.3
2 Transportation Equipment	\$26,094	15.8
3 Computer and Electronic Products	\$17,406	10.5
4 Agricultural Products	\$14,899	9.0
5 Chemicals	\$13,430	8.1
6 Machinery; Except Electrical	\$9,187	5.6
7 Waste and Scrap	\$5,980	3.6
8 Food Manufacturers	\$3,302	2.0
9 Electrical Equipment; Appliances and Computers	\$3,009	1.8
10 Miscellaneous Manufactured Commodities	\$2,587	1.6

Source: U.S. Department of Commerce

Average Visitor Spending in the U.S., 2015

INBOUND MARKET	SPENDING (\$)
1 China	7,201
2 Nigeria	7,141
3 South Africa	6,668
4 Saudi Arabia	6,592
5 Indonesia	6,274

Source: U.S. Department of Commerce and U.S. Travel Association

CHINA'S GROWING MIDDLE CLASS WILL LEAD TRAVEL GROWTH

CHINA'S BURGEONING MIDDLE CLASS WILL FUEL OUTBOUND TRAVEL GROWTH

China's middle class, virtually non-existent two decades ago, has been growing exponentially. Its actual size depends on definition but according to many, it is roughly the size of the current U.S. population. According to all estimates, the Chinese middle class will continue its rapid growth. The rise in the sheer number of consumers who can afford long-haul travel will undoubtedly fuel continued travel to the U.S. The simplification of visa processes and the extension of visa validity will further facilitate travel, and help position the U.S. as a destination of choice (and repeat visits) for an increasing number of Chinese travelers.

SHARE OF U.S. VISITATIONS IN TOTAL LONG-HAUL TRAVEL FROM CHINA TO CONTINUE GROWING

Growth in U.S. arrivals from China is projected to remain double-digit through the medium term. As a share of total long-haul travel from China (MSI), U.S. arrivals increased from less than six percent in 2004 to 16 percent in 2015. U.S. arrivals are projected to increase to 19 percent of all Chinese long-haul travel by 2021.

STRONG ARRIVALS FORECAST CONTINUES

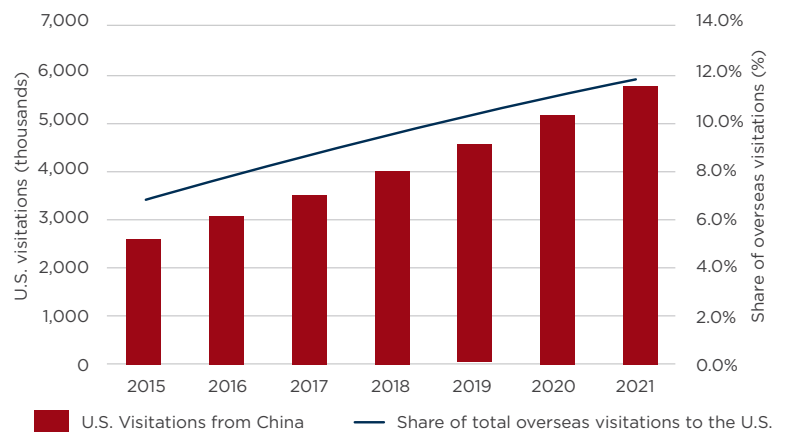
Looking forward, Chinese visitation to the U.S. will continue its double-digit growth, increasing 16 percent to 3.0 million visitors in 2016. This rapid growth is particularly welcome in 2016, which was proclaimed by the White House as an official "Tourism Year" for the U.S. and China, to celebrate reciprocal extensions of visa validity. Both sides are expected to work together on further improving U.S.-China travel, including visa processing and border entry. The share of Chinese visitations in total overseas visitations to the U.S. is projected to rise steadily from 6.7 percent in 2015 to 11.7 percent in 2021, overtaking the United Kingdom and Japan. China is projected to become the largest overseas inbound visitation market to the U.S. in 2021.

Forecast of Chinese Visitations to the U.S., 2015

	VISITATIONS (THOUSAND)	ANNUAL CHANGE (%)	SHARE OF OVERSEAS VISITATIONS TO U.S. (%)	SHARE OF LONG-HAUL TRAVEL FROM CHINA (MSI) (%)
2015	2,591		6.7%	16.1%
2016	3,006	16.0%	7.8%	15.6%
2017	3,457	15.0%	8.6%	16.5%
2018	3,964	14.7%	9.5%	17.0%
2019	4,519	14.0%	10.2%	17.7%
2020	5,106	13.0%	11.0%	18.6%
2021	5,719	12.0%	11.7%	19.4%

Source: U.S. Department of Commerce and U.S. Travel Association

The Number, as Well as the Share, of U.S. Visitations from China is Projected to Rise Steadily



Source: U.S. Department of Commerce