

Chinese Visitors

The number of Chinese visitors traveling to the United States has been steadily growing over the past 10 years. However, the Chinese government has yet to designate the United States as one of China's official tourist destination countries. Chinese citizens who visit the United States are technically not tourists. For the purpose of U.S. visa applications, most Chinese visitors to the United States go under the category of "business trips." Nonetheless, almost all Chinese visitors build a significant tourist component into their itinerary ranging from a half-day stop at Disneyland to a multi-city tourism spree across the country.

Before embarking on their trip, most Chinese tourists consult friends who have visited the United States before. They then carefully plan their itinerary to ensure that they pack in as many sites as possible. Some of the top U.S. destinations for Chinese tourists include Los Angeles, San Francisco, Honolulu, Las Vegas, Orlando, New York City, and Washington, DC. Seldom do Chinese tourists travel to one U.S. location for a longer period of time unless they are visiting family. The largest concentrations of Chinese in the United States are located in the vicinity of Los Angeles, San Francisco, New York City, and Houston. By now, many Chinese have already visited the United States at least once so they are now seeking out more non-traditional destinations. This may provide additional U.S. cities with an opportunity to develop Chinese tourism.

Except for official Chinese government delegations, which by Chinese law must fly Chinese airlines, most Chinese visitors prefer the service and courteousness of U.S. carriers such as United Airlines and Northwest Airlines. Chinese visitors tend to reside in hotels that fall into the mid-range category and they are often willing to stay in the suburbs to secure a more reasonable room price. Chinese travelers to the United States dine almost exclusively at Chinese eating establishments and are even willing to drive far out of their way in order to find Chinese food.

Travel experience to various countries leaves many Chinese tourists convinced that U.S. prices for quality name brand products are the lowest in the world. Most visitors come to the United States with long shopping lists and have a mall or two on the travel agenda. This desire to shop in the United States is facilitated by the official allocation of \$2,000 in foreign exchange to each Chinese citizen going on overseas tours. It appears, however, that most visitors bring many times the official quota by exchanging local currency for U.S. dollars on the gray market. While China's beautiful scenic attractions drew groups of foreign tourists in 2002, Chinese tourists also traveled to other countries in greater numbers.

China's huge numbers of inbound and outbound tourists indicate it is becoming one of the world's big tourism nations. Its prosperous economy has not only attracted foreign travelers, but also propelled Chinese tourists to go overseas. Experts called it the cross-border prosperity generated by tourism.

By the end of November, over 15 million Chinese had traveled worldwide, up 39 percent compared with the corresponding period of 2001, and up 27 percent on last year's total. Meanwhile, over 89 million foreigners came to China, surpassing last year's total.

In 2002, global tourism slowed down, but China's tourist industry maintained growth. China was now considered the most exciting and safest tourism destination, said Sun Gang, deputy director of China's National Tourism Administration. Inbound tourist numbers were expected to exceed 97 million in 2002, with income from tourism reaching US\$20 billion.

The Chinese traveler

On the Chinese market there are currently **two types** of outbound travelers: the **business/technical** visits travelers and the **tourist travelers**.

- ***The business/technical visits travelers:***
- *Government officials or employees of state owned enterprises:* This type of travelers is very status-conscious. They can obtain visas easier than other travelers.
- *Technical travelers that are either self-employed or employed by private companies:* This type of travelers is very much ignored on the Chinese market as they have more problems in obtaining visas. They differ

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Australian Immigration & Multi-Cultural & Indigenous Affairs Office, Scandinavian Tourist Board Tokyo, CNTO.org Tourism Database, Xinhua News Agency January 1, 2003, Hong Kong Tourism Board & The United States Commercial Service - China

from the above mentioned in that they are much more price-conscious. They expect value for money and are more interested in sightseeing than technical visits.

- **The tourists travelers:**

The findings in this report suggest that the preferences of the Chinese tourist when choosing destination are the following:

- *Outstanding scenery, freshness and space.* Most urban Chinese live in small apartments in big cities and are looking to experience something very different from home when they go on holiday.
- *Safety and cleanliness* are also very prized destination characteristics for the Chinese tourist. Living in densely populated areas, which is normal for the urban Chinese, creates a desire to visit more clean and safe places.
- *Increase knowledge of different cultures - visit historical sites.* Because of the long isolation of the communist era many Chinese are extremely eager to see the outside world and learn more about different countries and cultures.
- *Status.* The Chinese are very status conscious. It is a general impression that going to the Scandinavian countries is a trip that "gives face", meaning that it gives prestige and recognition. This is partly due to the perception of Scandinavia as having a relatively high price level and high standard of living

Background

- United States have received Approved Destination Status (ADS) yet. This means firstly, that all the Chinese travelers to the United States are business or technical visits travelers, as they have to present an invitation letter from a foreign organization in order to obtain a visa. Secondly, no promotion of United States as a tourist destination is allowed on the Chinese market. 20 countries have already received ADS. This means that they are ahead of United States in this fast growing market.
- Every characteristics of the Chinese market indicate that the Chinese outbound travel market will continue to grow rapidly over at least the next 20 years. From 2000 to 2001 outbound travel grew as much as 16% with 12 million Chinese traveling overseas. From 2000 to 2020 the World Tourism Organization has forecasted an annual growth of 12.5%.
- In the years to come, China will open up even more. They have joined the World Trade Organization, they are hosting the Olympic Games in 2008, World Expo in Shanghai in 2010 and Foreign investments in China have an annual growth of 45.6%.
- Chinese travel agents' problem with obtaining visas for tour groups to the United States is without doubt a huge barrier for increasing the Chinese technical and tourist travelers. The demand for visiting the United States is very much present, but the many regulations prevent potential Chinese travelers to travel.

List of Destinations with ADS (Approved Destination Status) for Chinese tour groups

	ADS destinations	ii approved in
1	Australia	ii 1997
2	Brunei	ii 1999
3	Cambodia	ii 1999
4	Egypt	ii 2002
5	Germany	ii 2002
6	Hong Kong SAR	ii 1983
7	Indonesia	ii 2000

Source & Credits:

8	Japan	ii 1998
9	Korea, Republic of	ii 1998
10	Laos	ii 1999
11	Macau SAR	ii 1983
12	Malaysia	ii 1990
13	Malta	ii 2002
14	Myanmar	ii 1999
15	Nepal	ii 2000
16	New Zealand	ii 1997
17	Philippines	ii 1992
18	Singapore	ii 1990
19	Thailand	ii 1988
20	Turkey	ii 2002
21	Viet Nam	ii 1999

Source: CNTA, updated in June, 02

Please be advised that when an ADS is first officially granted, it DOES NOT mean that the business of Chinese tour groups traveling to this destination automatically begins immediately. A detailed implementation plan is required to be drafted out before starting the business of sending Chinese tour groups to this destination.

CHINA DOMESTIC TRAVEL

YEAR	in million
1994	524
1995	629
1996	639
1997	644
1998	659
1999	720
2000	744
2001	784

Source: CNTA

CHINA OUTBOUND TRAVEL

YEAR	in thousand
1993	3,740
1994	3,730
1995	4,520
1996	5,060
1997	5,320
1998	8,425
1999	9,230
2000	10,473
2001	12,133
2002	16,600

Source & Credits:

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Mainland (China) visitors to Hong Kong are expected to account for 7.86 million - a growth of 15.2 per cent, according to the Hong Kong Tourism Board (HKTB).

Source: CNTA

Visitor arrivals to China from USA:

1990	233,193
1991	314,130
1992	346,303
1993	399,734
1994	469,849
1995	514,850
1996	576,416
1997	616,438
1998	677,311
1999	736,386
2000	896,180
2001	949,055

Source: CNTA

Using Australia as a model

Australia is one of only two western countries to be designated as approved destinations for tourists from China.

This means that Chinese tourists are able to travel to Australia more easily as part of pre-organised tour groups.

As a result, the number of Chinese tourists visiting Australia is increasing significantly, providing a substantial boost to Australia's tourism industry.

Background

The Approved Destination Status (ADS) was developed as a result of co-operation between government and industry in both Australia and China, in recognition of the increasing interest in visiting Australia shown by the Chinese people.

Chinese authorities designated a number of travel agents in China to establish links with Australian nominated travel agents to arrange group travel from China.

The Australian nominated travel agents were selected by the Inbound Tourism Organisation of Australia (ITOA), now known as the Australian Tourism Export Council (ATEC).

The first ADS visitors arrived in Australia in August 1999. Since then, over 62,000 Chinese ADS visa holders have visited Australia.

The Department's approach

The Department of Immigration and Multicultural and Indigenous Affairs (DIMIA) introduced special arrangements to ensure the smooth operation of the ADS system. These include certain safeguards to ensure that travel agents and tourists comply with ADS conditions.

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- the introduction of a visitor visa specifically designed for group applicants from China. The arrangement provides each member of the group with an individual visa, valid for the period of the tour group itinerary, with no work entitlements and no capacity to extend the length of the visa, or change visa status within Australia;
- providing travel agents who have a proven record of their tour groups complying with visa conditions, with a streamlined service; and
- taking appropriate action against the organising travel agents if any member of a group fails to return to China. This may include the suspension of the travel agent from the ADS program for a period of time.

Chinese arrangements

The China National Tourism Administration (CNTA), in conjunction with relevant agencies in Australia, have developed a number of procedures to regulate the operation of travel agents in China.

- restriction of ADS to registered residents of Beijing, Shanghai and Guangdong province;
- under People's Republic of China (PRC) regulations, authorization of 21 travel agents by the PRC Government to initially handle self-paid outbound travel by Chinese citizens to Australia;
- written agreements between agencies nominated by the CNTA and inbound tourist agencies nominated by ATEC;
- operators restricted to organizing group tours of no less than nine members, with a Chinese tour escort. The escort is responsible for keeping the group on schedule and returning all travelers to China;
- monitoring the performance of each agent by Chinese authorities;
- travel costs fully paid by the traveler;
- a requirement that all travelers in every group must return to China; and
- sanctions for travel agencies who do not meet the required standards; for example, financial penalties (imposed by CNTA) and/or loss of their approved status.

Statistics

Overall visitor visas issued to PRC citizens to travel to Australia rose from 8,892 in 1991-92 to 120,656 in 2001-02.

In 2001-02, Australian immigration offices in China granted 120,656 visitor visas, an increase of more than 10% per cent over the previous record in 2001-02. The figure comprised 76,722 visas for tourism or visiting friends or relatives and 49,925 visas for business trips.

More than 31,000 of the tourist visas were granted to members of tourist groups under ADS in 2001-02.

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