

Arabian Travel Market Series:
GCC Source Market: China



Continuous rise in Chinese Visitors to the GCC

INTRODUCTION

In less than two decades, China has grown from small travel and tourism market to the world's most powerful outbound market, outnumbering the US' outbound travel market. According to the United Nations World Tourism Organization (UNWTO), outbound Chinese tourists spent approx. USD 270 billion in 2017, up from USD 261 billion in 2016. To put things into perspective, collectively America's outbound market accounted for a smaller sum of USD 123.6 billion. It is interesting to note that only 7% (approx. 99 million) of the total Chinese population possess a passport, compared to approximately 40% of Americans and 76% of British, signifying the enormous opportunity to both capitalize on the existing opportunity to maximize Chinese tourists and be a part of the Chinese growth story for a continuous flow of business from the country.

The strong growth of the Chinese economy, continuous increase in the availability of disposable income and the relative stability of the Chinese Yen have been the major factors behind the Chinese outbound travel market's average annual growth rate of 10.8% over the last six years.

The following are a few statistics which indicate the growth potential of the Chinese outbound market:

- As per the China Outbound Tourism Research Institute (COTRI), the total overseas trips taken by Chinese resident's will increase to 400 million by 2030 from the current 154 million level
- As per the UNWTO, China will account for a quarter of international tourism by 2030

China is the 5th largest source market to UAE behind only India, Saudi Arabia, UK and Oman. 1.3 million Chinese tourists visited UAE in 2017.

Across the GCC region, there has been increased efforts to grow visitors numbers from China which is discussed later in this paper.

FOCUS ON CHINESE TOURISM TO GCC COUNTRIES

UAE has experienced a substantial increase in growth of Chinese visitors from 2013 – 2017. Recording a CAGR of 45% between those years



KSA has also seen a significant increase in Chinese inbound tourism between 2013-2017. The CAGR growth in Chinese inbound tourist arrivals has been 40%. Saudi Arabia and China's cultural and educational exchanges has positively influenced Chinese inbound arrivals in KSA

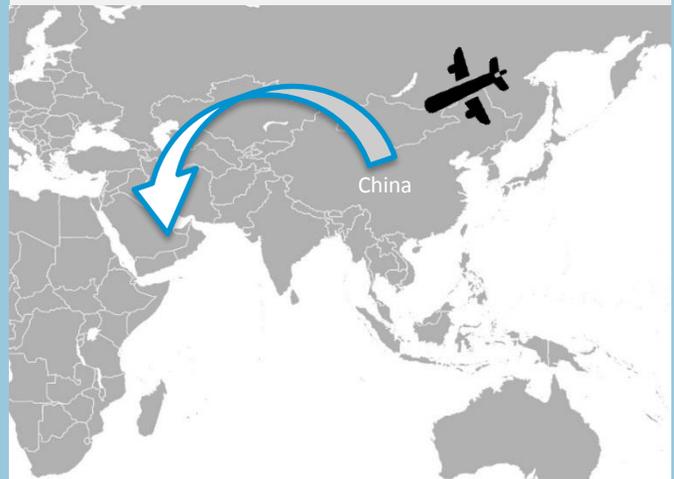
Oman has experienced a significant growth in Chinese visitors during 2013-2017. The CAGR growth in Chinese tourist arrivals has been 14%



7.0%

Bahrain and Kuwait has experienced a stable growth rate in Chinese tourist arrival between 2013-2017, showing a CAGR of 9% and 6% respectively. The two countries are expected to gradually increase their Chinese tourist arrivals with a projected CAGR of 7% between 2018-2022

2013-2018F: Chinese Outbound Tourists



98 million Outbound Chinese Tourists in 2013 (worldwide)

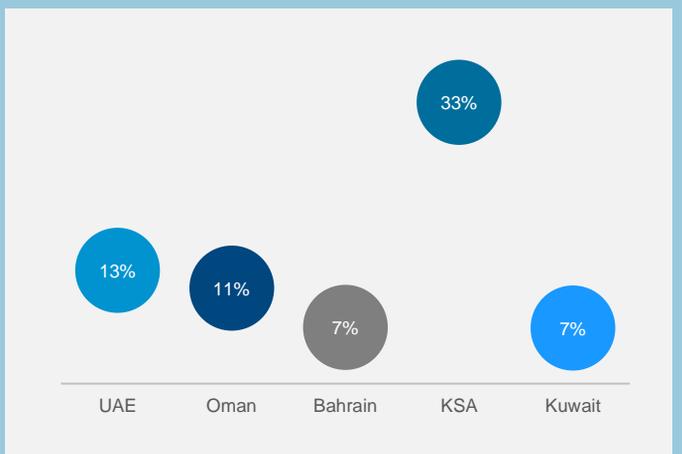
154 million Outbound Chinese Tourists in 2018F (worldwide)



China as a source market for the GCC has plenty of room for growth. At the moment, Chinese inbound tourists in the GCC only account for approximately 1% of the total number of Chinese outbound tourists.



CAGR Forecast 2018 – 2022F: Total Chinese Inbound Arrivals (GCC selected countries)



Source: National Statistics, 2018; Colliers International, 2018; Gulf News, 2018

Source: Business Monitor International, 2018; Colliers International 2018

Long-Term Outlook

Steps taken by GCC countries to attract the Indian source market are as follows:

UAE



- Dubai's DTCM has partnered with China's Tencent to promote the emirate as a preferred tourism destination
- Tencent's WeChat and WeChat pay is now accessible in the UAE, with stores adopting the payment method

KSA



- SCTH announced the launch of their tourist visas as a strategic part of National Transformation Program 2020 and Saudi Vision 2030. Combined with the positive relationship between China, tourism footfall of Chinese tourists is expected to significantly increase in the next few years

Oman



- Passport holders from the People's Republic of China will receive a 30 day visa on arrival in the International Airports in Oman, Bahrain and Kuwait
- Oman, Bahrain and Kuwait are proactively hosting Chinese tourist delegations to help market their respective countries to the Chinese outbound market

Bahrain

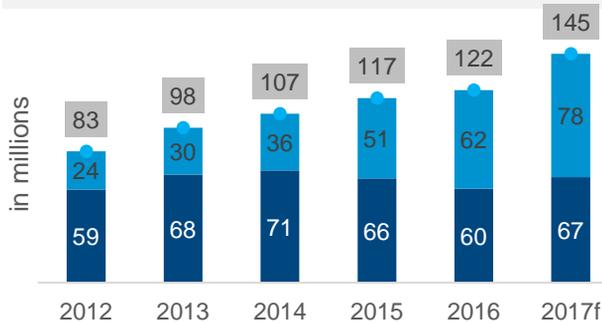


Kuwait



Source: SCTH, 2018; Gulf Business, 2018; Kingdom of Bahrain Ministry of Interior Affairs, 2018; Apex Press and Publishing, 2018

Chinese Foreign Travel (Greater China VS Total Outbound – Historical Trend)



Note: Greater China includes Mainland China, Macau, Hong Kong and Taiwan

- International Travel
- Travel within Greater China Destinations*
- Total Chinese Outbound

Long-Term Outlook – Chinese Outbound Market



“The airports in the Middle-East and China have shown the fastest increase in hub connectivity (connecting flights) worldwide over the past 10 years”

Air Connectivity

- Emirates, the leading passenger service provider from the GCC to China has 38 weekly passenger flights to and from China
- Chinese carriers have been expanding rapidly with over 260 new international routes in 2017, which has led to an increase in the number of passenger flights between the two regions

The following airlines have direct flights from the GCC countries to China:



Source: ACI Europe, 2017; Colliers International 2018; COTRI, 2018

69 countries

\$2.7

billion in
annual revenue

2.0

billion square feet
under management

15,400

professionals
and staff

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Colliers International, 2018

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