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TRAVEL AND TOURISM INDUSTRY OPPORTUNITIES IN JAPAN & CHINA



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MAINE INTERNATIONAL TRADE CENTER

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I. Summary of Opportunities

Travel and tourism in Japan continued to perform positively in 2013. The Abenomics-led economic recovery in Japan improved consumer confidence and encouraged an increase in leisure and recreational activities.

In 2013, Japan was the fourth largest overall source of inbound travelers (and second largest overseas source) to the U.S., attracting 3.73 million visitors. From the Japan side, the total number of Japanese outbound travelers in 2013 was 17.5 million, and the U.S. continues to be one of the most popular destinations for Japanese visitors holding 21 percent of Japan’s market for outbound travel. Japanese spending in the U.S. remained healthy with travel and tourism receipts totaling \$18 billion, a nine percent increase over the previous year, and among all countries, second only to Canada.

II. Industry Prospects

In 2013, Japan was the fourth largest overall source of inbound travelers (and second largest overseas source) to the U.S., attracting 3.73 million visitors. From the Japan side, the total number of Japanese outbound travelers in 2013 was 17.5 million, and the U.S. continues to be one of the most popular destinations for Japanese visitors holding 21 percent of Japan’s market for outbound travel. Japanese spending in the U.S. remained healthy with travel and tourism receipts totaling \$18 billion, a nine percent increase over the previous year, and among all countries, second only to Canada.

Three peak holiday periods occur in Japan: Golden Week (spring), Obon (summer), and end of the year into the first week of the New Year. Golden Week, generally a popular time to travel abroad, occurs at the end of April/early May, during which four Japanese public holidays can be extended into a five-to-nine day vacation. The summer Obon holiday occurs around August 15. Since the longest school holiday of the year also occurs at this time, August is the peak month for all Japanese travel. Many Japanese companies and organizations also close during the last week in December until just after the New Year for the year-end holidays, making it a very popular time to travel abroad. All long holiday periods present excellent opportunities for travel to the United States. With an increase in new nonstop flights from Boston, Seattle, San Diego, San Jose and Denver to Tokyo, and from September 2013 with the start of the “Discover America Project” by Brand USA and the Japan Association of Travel Agents (JATA), Japanese travel companies are eagerly looking for ideas for new tours. Now is an excellent time for the U.S. travel industry to renew efforts to promote their destinations and services in the Japanese market.



Sub-Sector Best Prospects

Senior Travel Market: Within the Japanese outbound travel market, the senior travel segment has good growth potential for U.S. firms and destinations. While the size of the Japanese population continues to decrease, the number of people aged 60 and over has been steadily increasing. Projections indicate that by 2015, one out of every three people in Japan will be over the age of 60, which will be approximately 42 million people (of the total population of 127 million). The Japanese senior segment, especially the 6.6 million baby boomers born between 1947 and 1949, was strongly influenced by American music, film and TV when growing up. As a result, these baby boomers, especially Japanese males, have a favorable impression of American lifestyle and culture. These seniors have time, money and energy to spend on leisure travel and are the best match for long-haul destinations such as those in the US.

Special Interest Tours (SITs): While the majority of Japanese travelers still enjoy nature and scenery, shopping, gourmet food, history and culture, some travelers have a more specific purpose in mind such as attending sporting events or engaging in favorite activities such as hobbies. In Japan, these tours are called Special Interest Tours, or SITs. The number of Japanese SIT travelers has gradually increased in the past few years. These tourists are interested in traveling with others who share the same interests and have the potential to become repeat travelers. The following are examples of themes that appeal to Japanese travelers:

- Spectator sports such as professional baseball, basketball, soccer, golf, car racing and Olympics
- Participation in amateur marathons
- Sports activities such as golfing, hiking, fishing, diving, skiing, driving, cycling and other outdoor sports
- Art and cultural tours such as visiting museums and art galleries, and going to concerts and theaters
- UNESCO World Heritage Site tours
- Hobby tours such as quilting, photo taking, drawing, and dancing
- Train tours
- Cruises¹



Opportunities

The USA has enjoyed growing Japanese tourist numbers over the last couple of years; Hawaii has been a prime destination for wealthy older Japanese people.

Japanese travelers are properly researching holiday options well in advance of making any bookings, using numerous channels to assess the various options. This extends far beyond family or friends' recommendations and now includes online research and social networking, as well as specialist consultation through apps and travel blogs. Many Japanese holiday goers have little time for holidays, especially people starting their professional careers. Holiday preparation time and spending have risen considerably, although the time spent abroad per individual, especially in younger age-brackets, has fallen.

Travel accommodation, the single largest expense for most holidaymakers, has increased over recent years. According to a 2014 Rakuten survey, people in their twenties saw expenditure per person per night on accommodation increase by 20.4% between 2012 and 2013 and people in their thirties saw increases of 25.2%. Luxury accommodation is preferred over mid-range, with many consumers looking to improve the overall quality of their holiday experience. Boutique hotels have been especially popular in the domestic market recently, as well as high-end art and themed hotels. Consumers have shown that every aspect of their holiday experience is worthy of attention, including the accommodation, which needs to deliver not just on quality but also as an individual and memorable experience.

Another reason for the rising appeal of luxury holidays is that increased spending on accommodation and resort is a way to separate oneself from the influx of regional tourists, especially from China. The current tourism hotspots of Hong Kong, Malaysia, Thailand and Taiwan are increasingly visited by hordes of Chinese tourists, many of whom are considered to be lacking basic tourism etiquette by seasoned Japanese travelers. The negative impact that these new tourists are having on the Japanese holiday experience has led many to opt for less well-known and perhaps more expensive resort areas. More adventurous tourists are also setting their sights on altogether new regions to explore and where to find seclusion.²

Japanese Traveler Survey, Visiting the US:

What motivates you to visit the destination?

Dining/Gastronomy – 59%

Cultural Historical Attractions – 57%

Shopping – 38%

Local Lifestyle – 30%

Beaches/Seaside Attractions – 26%



Expected Household Travel Spend for Next Intercontinental Trip

Mean - \$5,035

Median - \$4,000

Top 5 Channels Used in Destination Selection for Last Intercontinental Trip

Websites via computer or laptop – 69%

Information in printed travel guidebooks – 42%

Print publications, articles, and brochures – 33%

Personal recommendations from friends/family – 24%

Websites/applications via tablet – 19%³

Tourism from Japan to the US was also strong in 2013, with over 3.7 million Japanese citizens visiting. It is predicted that over the next 4 years the number of Japanese tourists coming to the United States will increase annually by 1% to include 190,000 additional visitors.

Making this all possible is a string of new flights opening up between U.S. and Japanese airports. In March, United Airlines announced its second daily flight between Houston, Texas and Tokyo's Narita airport. Not only does that new flight option double United's capacity on the Houston-Tokyo route, but also connects more passengers from Texas to other Asia-Pacific destinations via United and Star Alliance flights to Seoul, Singapore, and at least 20 other destinations.

Similarly, in February, United got tentative permission from the Department of Transportation to begin a flight between San Francisco and Japan's Haneda airport. According to the terms laid out in the open-skies accord between Japan and the United States, this flight would join three other daily round-trip flights to Haneda. The other three are from Honolulu by Hawai'ian Airlines, and from Los Angeles and Seattle, both operated by Delta Air Lines. The addition of United's new flight, that airline's first to Haneda, increases San Francisco's role as a critical hub for travel into and out of the United States. United offers the most domestic U.S. connections from San Francisco of any airline, with roughly 4,300 weekly departures. Furthermore, United's Star Alliance joint venture with Japan's All Nippon Airways (ANA) will be strengthened as the addition of a new North American transpacific hub will give ANA more connection opportunities in its own right, as well as connections for United customers to ANA flights around Asia. The new flight routes and connections will create more capacity for tourist travel, supporting the growing number of Americans going to Japan and Japanese coming to the US. The new flight between San Francisco and Haneda is expected to begin operation on October 26th, 2014.⁴

Japan Airlines (JAL) also has non-stop service between Boston and Tokyo on their Boeing 787 Dreamliner⁵:

Boston and Asia: now closer to each other, thanks to JAL.

JAL's new Boston-Tokyo route offers the only nonstop service between Boston and Asia. With a convenient schedule, fly nonstop to Narita and then beyond to every major city in Asia. JAL also offers easy connections to most destinations in Japan. Plus American Airlines and JetBlue Airways* connect Boston with major cities on the US East Coast.

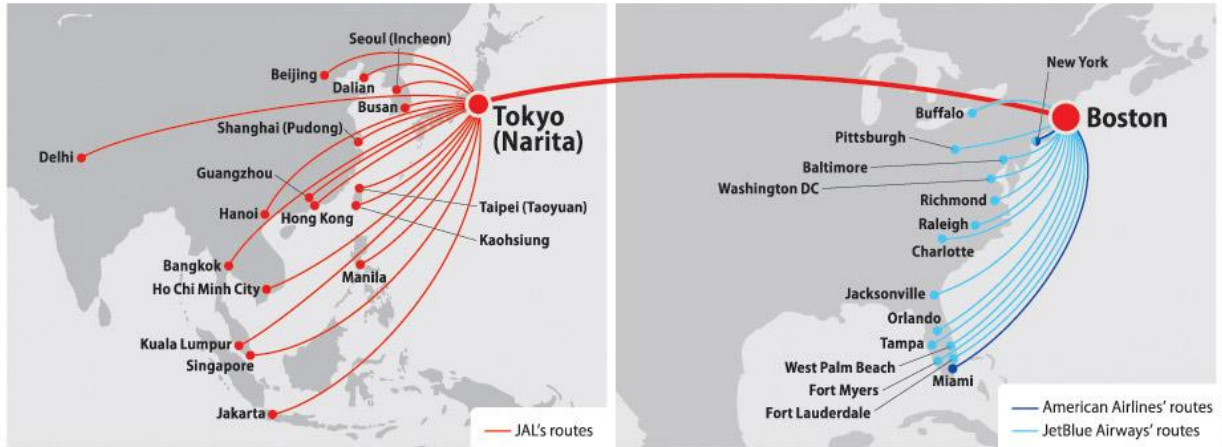
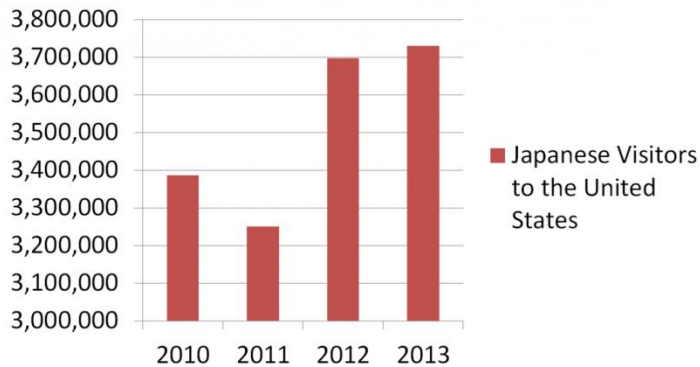


Figure 2: Japanese Visitors to the United States



Source: US Office to Trade and Tourism Industries



2015 Travel Trends and Statistics: Outbound Japanese Tourism

In Asia, Japan is ranked just behind China in terms of the number of outbound travelers. There were more than 17 million Japanese tourists traveling abroad in 2013, and of that, 3.7 million travelled to the US, representing nearly 22% of all outbound travelers. The US is the most popular international destination for Japanese travelers, just surpassing China in 2012. Other popular destinations for Japanese tourists include South Korea, Italy, France, Taiwan and Hong Kong.



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Given the significant number of Japanese travelers abroad, especially to the US, we researched and analyzed some key Japanese tourism statistics and put together a few ways for companies in the tourism industry to target Japanese tourists in their marketing strategy. We focused in particular on Japanese tourists from two life stages: 65+ and retirees and women in their 20s.

Despite falling in and out of recession in the past three years, Japanese overseas tourism is projected to grow in the next ten years. In 2012, when the yen rose to record levels, the number of overseas travelers reached an all-time high of 18.49 million, or around 150 times the 1964 figure. The increase of direct flight routes by popular airlines such as JAL and ANA as well as lowering costs of flying are expected to contribute to increased overseas travel. In fact, a survey has found that Japanese people are preferring to travel overseas in spite of economic recession.⁶

Desire for travel remains firm

Expectations are on the young who are more likely to turn an increase in income into consumer activity. Although the wish to economize is expected to continue at the beginning of 2015, the consumer mindset that seeks to engage in enjoyable and satisfying consumption and spend time in a fulfilling way is expected to translate into robust desire for travel. The results of a questionnaire survey on the motivation to travel conducted by JTB Corp. in November showed that in terms of the number of trips and expenditure on travel in the coming year, there was a 1.8 point year-on-year increase to 14.6% in those responding “Domestic travel will increase,” and a 1.5 point year-on-year increase to 11.9% in those responding “I would like to spend more” in terms of overall expenditure in the coming year. Furthermore, by age bracket, **there was a high proportion (23.0%) of those in their 20s who responded that in terms of changes to travel in the coming year the number of trips they would take would “increase.”** Given the ever-expanding options for relatively affordable travel, including low-cost carriers (LCC) and highway buses, it is anticipated that the young will be more likely to turn any temporary increase in income—such as a larger bonus—into consumer activity.

Unremarkable everyday scenes could become tourism resources—Move toward trips that provide enjoyment of the “extraordinary everyday”

Thanks to the spread of SNS in recent years, there is an increasing number of travelers who post about their experiences online and their own “personal discoveries” of everyday scenes that have until now been considered unremarkable. Unlike major tourist spots that attract large numbers of visitors, these unremarkable spots may just be part of everyday life for people who live there, but for visitors they could be said to become tourism resources, where visitors can experience the “extraordinary everyday” through contact with different places and cultures. There are a considerable number of people who enjoy wandering round the alleys and lanes of urban landscapes, visiting local cafes and browsing through general stores. An increasing number of communities are seeking to capitalize on this trend by promoting experiential plans and walking tours.



In addition, a new style of tourism can be perceived to be spreading, where people use their smartphone and wearable cameras to meld the imaginary world with real scenery. The ways in which travelers report about their journeys are likely to further diversify in the future.

Overseas Travel

Number of overseas travelers expected to increase 0.4% to 17.0 million and total expenditure on overseas travel to increase 2.4% to 4,740 billion yen in 2015.

Although the weak yen is expected to continue through 2015 and there are other factors for instability in the international travel environment, including relations with neighboring countries and the emergence of new infectious diseases, there are also positive factors, such as expectations for reduced fuel surcharges in line with the downward trend in crude oil prices. Following the first Japan-China leaders' summit meeting for three years in November 2014, and considering that 2015 marks the 50th anniversary of the normalization of diplomatic relations between Japan and the Republic of Korea, there is a possibility that relations with neighboring countries will gradually start to improve. In such a situation it is forecast that the downturn in overseas travelers will bottom out and that there will be a small increase in the number of Japanese travelling overseas compared to 2014, up 0.4% to 17.0 million. Average expenditure per person is projected to increase 2.0% to 279,100 JPY, given increases in costs at overseas destinations due to the weak yen and also the expected continuing popularity from last year of medium haul destinations in Southeast Asia.

The enhanced hub functions of Haneda Airport will make overseas travel easier for people outside the Tokyo metropolitan region

ANA announced in December that it will be expanding its international network from Haneda Airport, further improving convenience for domestic flight connections. The expansion of international flights from Haneda resulted in a significant increase in the number of international departing passengers in 2014 and there are further new and expanded routes planned for 2015, including LCC routes. With improved connections with domestic flights it is likely that the enhancement of Haneda's hub functions will create a favorable environment for travelers not just in the Tokyo metropolitan region, but also those who live further afield and who use domestic connecting flights.

LCC usage to become even more convenient with the completion of a third, LCC-dedicated terminal at Narita Airport

The third terminal building at Narita Airport, dedicated entirely to LCC, is scheduled to open in April 2015. The improved convenience of LCC at Narita Airport is likely to make it easier for travelers to make overseas trips.⁷

International outbound leisure travel trips by Japanese residents are estimated at 17.3 million in 2014, and are forecasted to grow by an average of 1.1% per year to reach 18.4 million trips by 2020. Total outbound trips will grow faster than total household growth which is declining (1.1% versus -0.2%) over the forecast period resulting in a ratio of outbound trips to households that is projected to reach 37.7% in 2020 from 35.0% in 2014.

Table 13. Japan

All Purpose Outbound trips	2011	2012	2013e	2014e	2020f	2014-2020 CAGR
Outbound trips (mn)	17.0	18.5	17.1	17.3	18.4	1.1%
Households (mn)	49.4	49.4	49.4	49.3	48.9	-0.2%
Total outbound trips as percentage of total households	34.4%	37.4%	34.7%	35.0%	37.7%	

About 80% of outbound trips in Japan are accounted for by households earning above US\$50,000 per annum in 2014. This range accounts for about 65.4% of all households and suggests that outbound travel is quite evenly spread across income levels. Projecting forward to 2020, outbound travel growth will come from the households earning between US\$25,000-US\$70,000 (62% of households are in this category and they account for 42% of all outbound travel). The total number of Japanese households is slowly declining but households in this income bracket are still increasing (albeit at a very low rate of growth).

The propensity to travel by household income exhibits a point of inflection at the US\$70,000 household income threshold, above which it rises more rapidly. Despite the inflection point, the overall propensity curve is still more or less linear. This is consistent with our earlier observation that outbound travel by Japanese residents is quite evenly spread across income levels.⁸

Opportunities for Maine and New England

Japanese Travelers: 71,000 Japanese travelers came to New England in 2013 with direct spending of \$46 million.⁹ Japanese travelers contributed \$19 million to Maine District Two alone in 2013.¹⁰

In a Japanese tourist survey by Tourism Australia, participants were asked what they look for when choosing any holiday destination. Their key considerations are: safety and security, world class beauty and natural environments, rich history and heritage, good food and wine, and value for money.¹¹ This was corroborated by Tourism New Zealand’s survey: this research shows Japanese tourists are looking for a holiday destination where they can have fun, feel happy, refreshed, relaxed, safe and comfortable.



Senior Japanese travellers are looking to be in harmony with nature, while younger travellers are seeking a sense of fun and adventure. Being active in the outdoors is a common interest across all age groups.¹² This overlaps with Maine’s emphasis on safety and nature.

In a third report conducted by the Japanese Association of Travel Agents (JATA), travel to the U.S.A., a relatively safe destination in terms of terrorism threats, will grow, and demand for destinations considered safe is on the increase.¹³

Japanese Tourists and Agro-Tourism

Agrotourism – also known as agritourism, particularly in the United States – essentially involves visits to farms and other agricultural sites to experience the various aspects of farming and the rustic lifestyle at close hand. Often, the farms provide boarding as well.

Many of the states and provinces in the US and Canada have vibrant agrotourism markets. Among the more prominent attractions are dude ranches (resorts featuring camping, horseback riding and other outdoor activities), u-pick farms (where visitors can pick fruits and vegetables), vineyards and farmers' markets.

Ngiam Foon, president of the Malaysian Association of Tour and Travel Agents (Matta) says that tourists from Japan and Europe, particularly the younger ones, are most likely to visit agrotourism attractions.¹⁴ Hiraio, Vermont’s Japan-focused marketing consultant, expects even more Japanese tourists next year with the planned start of nonstop flights between Tokyo and Boston. In the past, Asian tourists tended to visit cities, but now they’re getting curious about rural New England, notes Wendy Lauritzen, vice president of Notch Above Tours. Her Colchester agency has hired a Japanese-speaking guide to accommodate the anticipated influx.¹⁵

III. Japan Market Overview

As the world’s fourth-largest buyer of American products and the world’s third-largest economy, Japan, among the most dynamic and advanced countries in the world, is a market that should be considered by all American exporters. Japan is a technology powerhouse, a proving ground for consumer goods and services, and in the social and commercial vanguard of developed market demographics. Further, Japanese companies are also major investors in the United States, and as a result Japan sees dozens of visits by senior U.S. state and city officials annually. While the reasons U.S. firms engage with Japan are diverse, the strategic and tactical importance of the Japanese market is critical not only for their business in Japan, but in the United States and third-country markets as well.



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Japan continues to enjoy attention in the business news this year owing to a variety of factors, including the strong performance of the Japanese stock market in 2013, continued brighter business and consumer sentiment, a yen that has seemingly stabilized at a level sharply lower than that of recent years, and the apparent end of stubborn deflation. The new economic policies linked to these developments are known collectively as “Abenomics”-- a three pronged strategy of bold monetary loosening, fiscal stimulus centered on infrastructure spending, and growth-oriented structural reform. While the implications and ultimate success of this strategy in reigniting long-term growth in Japan are uncertain, it has drawn considerable attention from U.S. businesses.

The U.S., Japan and ten other countries are negotiating the Trans-Pacific Partnership (TPP). With Japan’s participation, its members would account for nearly 40 percent of World GDP. Moreover, the liberalization expected to be required of TPP member countries may play an important role in promoting the domestic economic reforms likely to be called for under “Abenomics.” As of May 2014, the U.S.-Japan TPP talks have been proceeding vigorously, with most topics already or nearly agreed upon.

While Japan has made significant steps toward economic healing following the tragic combined earthquake, tsunami, and nuclear incident of March 2011, lasting changes on various levels remain noticeable, including idled nuclear power plants. In particular, greater levels of manufacturing by Japanese companies outside of Japan, increased fuel imports and a weakening yen have turned Japan’s multi-decade trade surplus into a trade deficit.

Japan remains the world’s third-largest economy, after the United States and China, with a GDP of almost \$6 trillion. Japan is the fourth-largest export market for U.S. goods and services, and our fourth-largest trading partner overall. In 2013 the U.S. exported \$65 billion in goods to Japan. The United States runs a persistent trade deficit with Japan in merchandise, and a surplus in services.

Japan is the second-largest foreign investor in the United States, with a cumulative investment of approximately \$310 billion.

Country Profile

- **Full name:** Japan
- **Population:** 127,103,388 (July 2014 est.)
- **Median Age:** 46.1 years
- **Largest District:** Tokyo
- **Area:** 377,915 sq km
- **GDP:** USD \$4.77 trillion (2014 est.)
- **GDP per capita:** USD \$37,800 (2014)
- **Unemployment rate:** 3.6% (2014)
- **Monetary unit:** Yen (JPY)
- **Main exports:** motor vehicles; semiconductors; iron and steel products; auto parts; plastic materials; power generating machinery
- **Investment in fixed capital:** 22.2% of GDP (2014)
- **Inflation rate:** 2.8% (2014)

Source: CIA World Factbook



During 2013 the Japanese yen weakened appreciably and is currently near 5- year lows against the dollar. Even so, U.S. products remain competitive in Japan.

Japan's large government debt, which totals over 200 percent of GDP, and an aging and shrinking population are major challenges confronting the economy, but the latter can also present opportunities for U.S. companies.

In 2013 the top exporters to Japan were China, the United States, Australia, Saudi Arabia, South Korea, the UAE, and Indonesia. The top importers from Japan were China, the United States, South Korea, Taiwan, and Hong Kong.

The United States-Japan alliance is a cornerstone of U.S. security interests in Asia and is fundamental to regional stability and prosperity. The U.S.-Japan alliance continues to be based on shared vital interests and values. These include stability in the Asia-Pacific region, the preservation and promotion of political and economic freedoms, support for human rights and democratic institutions, and securing of prosperity for the people of both countries and the international community as a whole. Japan is one of the world's most prosperous and stable democracies.

Market Challenges

The degree of difficulty in penetrating the Japanese market depends on the product or service involved. Key variables include the degree of local or third-country competition, the number of regulatory hurdles to be overcome, and cultural factors such as language (both spoken and written), service and quality expectations, and business practices. Tariffs on most imported goods into Japan are low. However, cultural, regulatory, or other non-tariff barriers exist that can make market entry difficult. These can include Japanese import license requirements, restricted or prohibited imports, temporary entry of goods, certifications, standards, labeling requirements, etc.

Market Opportunities

U.S. companies wishing to enter the Japanese market should consider hiring a reputable, well-connected agent or distributor, and cultivating business contacts through frequent personal visits. Japan's business culture attaches a high degree of importance to personal relationships, and these take time to establish and nurture. Patience and repeated follow-up are typically required to clinch a deal. The nature and pace of deal-making in Japan are quite different from those in the United States. U.S. business executives are advised to retain a professional interpreter, as many Japanese executives and decision-makers do not speak English or prefer to speak Japanese.¹⁶



IV. Summary of Opportunities

Several developments bode well for U.S. travel and tourism suppliers in the China market. The first is the establishment of a Brand USA office in both Beijing and Shanghai to coordinate future 70 activities to support the broader U.S. based industry. Brand USA has already organized and supported U.S. pavilions at major travel trade shows around China.

V. Industry Prospects

China is rapidly becoming one of the most important outbound tourism markets in the world. According to the China National Tourism Administration (CNTA), Chinese outbound travelers reached 97.3 million in 2013, with 14 million more travelers than 2012. Their number was estimated to break 100 million in 2014. In the future, China may become the largest tourism outbound market in the world.

The United States is becoming an increasingly popular destination for Chinese travelers. In 2013, China ranked as the 7th largest international market for the United States. Roughly 1.8 million Chinese (excluding Hong Kongese) visited the U.S. in 2013.

According to the National Travel and Tourism Office within the U.S. Department of Commerce, the number of Chinese travelers to the United States will increase by 239 percent from 2013 to 2018. China is expected to overtake Germany and Brazil in total number of travelers to the United States by 2015.

American tour operators, destination marketing organizations, hotels and airlines will need to cooperate with each other, as well as with government entities, in order to capture more of this highly profitable market.

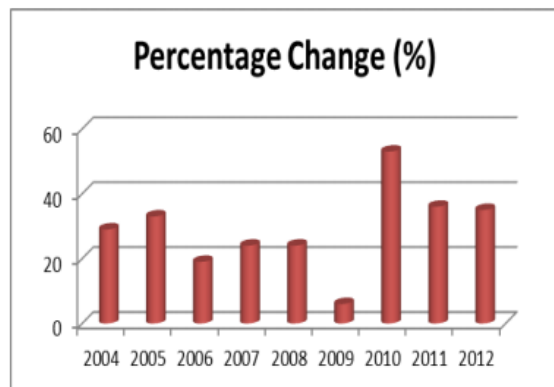
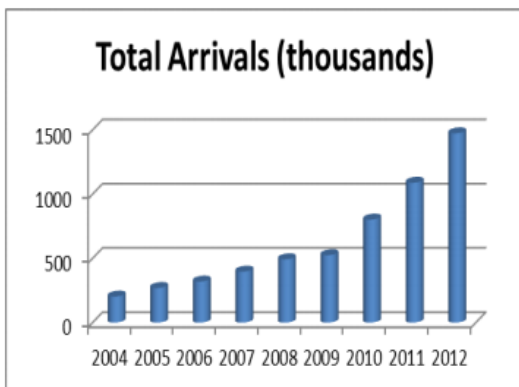
In terms of tourist number, China has become the largest outbound travel market in the world. Certainly there exists a huge potential tourism market for American destinations. The American culture and economy have quite an influence on the Chinese people, especially Guangdong, the province that has a good bond with America because of a large number of Chinese-Americans of Guangdong origin, among which most are in California and Hawaii. The local people not only like to travel America, but also like to seek opportunities of doing business and study in the U.S. When the governments of the United States and China signed a memorandum of understanding allowing Chinese leisure travelers to visit the United States in 2008, Chinese tourists to America started to grow fast.



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1. Chinese travelers to the U.S. have been growing dramatically since 2010. The following chart shows the numbers of Chinese visitors from the year of 2004 to 2012, with the rate of increase.

Year	2004	2005	2006	2007	2008	2009	2010	2011	2012
Total Arrivals (thousands)	203	270	320	397	493	525	802	1,089	1,474
Percentage Change (%)	29	33	19	24	24	6	53	36	35



Sources: U.S. Department of Commerce, ITA, Office of Travel & Tourism Industries

Chinese travelers enjoy shopping in the U.S. for brand products and luxury goods besides what they have spent on lodging and transportation for their tours. The average spending of a Chinese traveler is over US\$ 6,000 per trip, much higher than the average spending of other international visitor to the U.S., which is around US\$ 4,000.

Tourism Market in China

China’s tourism and travel industry has greatly expanded over the last decade: while domestic tourism has grown 10% annually on average and inbound tourism has increased by 10% in total over the same period, the largest growth was witnessed in China’s outbound tourism industry.

In 2013, the total number of outbound trips organized for Chinese tourists rose to 97 million, overtaking the USA as the world’s largest outbound market. Chinese outbound tourists also overtook Germans and Americans as the world’s biggest spenders on international travel (total outbound expenditure reaching USD 102 billion in 2012).

Despite these alluring figures, being an actor in China’s travel industry is no easy task, as the market remains highly regulated by the government. Indeed, no foreign travel agency based in China is allowed to operate in outbound travel services for Chinese nationals. This limitation was eased to a certain



extent in 2011 when the China National Tourism Administration (CNTA) granted “outbound” licenses to three foreign-invested operators after a tedious, lengthy approval process. Nevertheless, there are opportunities for foreign actors, especially on untapped niche markets such as high end or luxury markets.

Sub-Sector Best Prospects

As China rebalances its economy to include consumerism as a greater part of economic activity, some best sub-sector prospects for U.S. suppliers include luxury travel to the United States such as wineries and golf courses, MICE (meetings, incentives, conventions, and exhibitions), as well as foreign individual travel. While group tours to American destinations famous in China are still preeminent, more Chinese are becoming interested in visiting places of natural beauty, cultural and historical significance, and venturing off the beaten path. A stronger Chinese currency will buttress already robust spending in the United States by Chinese travelers.

Opportunities

Several developments bode well for U.S. travel and tourism suppliers in the China market. The first is the establishment of a Brand USA office in both Beijing and Shanghai to coordinate future 70 activities to support the broader U.S. based industry. Brand USA has already organized and supported U.S. pavilions at major travel trade shows around China.

A second development is the establishment of a Visit USA Committee in China, consisting entirely of private-sector travel trade promoting Chinese visitors travel to the United States.

A third development involves policies by the Chinese government, such as the Tourism Law passed by the National People’s Congress in May 2013, to encourage healthy growth of the travel & tourism industry in China, as well as to foster travel abroad.

Finally, shorter waiting times for visa interviews, expanded consular facilities at U.S. mission posts throughout China, and an all-new online application platform make the visa application process much more efficient.¹⁷

Strong growth supported by a growing need for relaxation and exposure to foreign cultures

Travel and tourism recorded strong growth in 2013, mainly supported by a growing need from Chinese consumers for relaxation amid the quickening pace of life and increasing enthusiasm for experiencing foreign cultures and lifestyles. This robust growth was also fuelled by rising disposable incomes, which resulted in both domestic and outbound tourism being increasingly affordable to the average consumer in China, in addition to enforcement of a tourism law in 2013.

Decelerating economy and anti-corruption policies underpin the slowdown in growth

In spite of many positive factors propelling the travel and tourism industry in China in 2013, the global economic downturn and tense relations between China and its neighbouring countries, such as Japan, have hindered healthy growth of inbound tourism in particular, resulting in a decline in the number of arrivals in 2013. In addition, the decelerating domestic economy and the anti-corruption policies of the central government severely affected the healthy development of travel retail sales in China, especially for corporate clients.

Investments, mergers and acquisitions consolidate the leading positions of top players

To secure and gain value share in an increasingly competitive environment and unfavourable macroeconomic conditions, many leading players made efforts to consolidate their foothold in the travel and tourism industry via mergers and acquisitions, as well as continuous investment. The number one player in car rental, China Auto Rental Co, integrated the Hertz Corp's car rental business into China, with the latter finally acquiring a 20% stake and one seat on the board of directors from the former. A dual-brand strategy will be implemented by China Auto Rental Co to target various consumer groups. One of the leading players in travel retail, Ctrip.com International, made a series of investments via capital injections into travel-related online platforms, such as Tours4fun.com, Tujia.com, Kuxun.com and Chanyouji.com in 2013, to provide comprehensive information on travel-related products and services, in order to strengthen its leading position, especially within online travel sales.

Retail offline sales still dominate while online sales enjoy buoyant growth

Travel retail offline sales still dominated in 2013, with many local consumers accustomed to going to outlets to book tours and to purchase transport tickets; however, online sales demonstrated more-robust growth. This was due to coming from a small base as well as the rocketing number of internet users in China, who preferred the convenience and competitive prices of online booking and purchasing of travel products and services. As a result, many retail sales operators are making efforts to venture into online sales, to reach out to more consumers over the forecast period.

Upbeat outlook for travel and tourism over the forecast period

Travel and tourism is expected to register strong growth over the forecast period, to be driven by dynamic demand, especially with regard to domestic tourist expenditure and outgoing tourist expenditure in China. Increasing household incomes will be a major factor in the expected growth at a double-digit CAGR at constant 2013 prices for these categories over the forecast period, together with the rising demand for travel as a way of relaxing for most Chinese consumers.

China's economy has maintained a sustainable growth for the past three decades at an average of about 10% increase each year. This is fundamental to the formation of the growing middle class that has become the major consumers of the travel and tourism industry, especially the long distance outbound travel from China to America. Guangdong plays an important role in China's travel and tourism industry,



with a total tourism income of USD 117.3 billion in 2012. In addition to the U.S. government's facilitation of easier and faster visa service to Chinese travelers, the Chinese government has also announced a series of initiatives aimed at increasing travel among its citizens, which brings dramatic outbound tourism growth in the province and travel trade opportunities for American destinations and travel service providers.¹⁸

Trends

Peak periods for domestic travel are the two so-called "golden weeks", the national day holiday (from October 1st–7th) and the spring festival holiday (end of January or beginning of February), as well as labor day holiday (May). Since Chinese nationals have 10 paid holidays on average, tourists tend to travel at the same time, thus creating major problems in famous scenic spots with regards to traffic, safety, service quality, and environment protection.

According to the China Tourism Academy, the total number of outbound trips organized for Chinese tourists rose to 83.18 million in 2012 (+18% YoY growth), which now makes China the world's largest outbound market before the USA and Germany. Outbound tourist expenditure reached CNY 446 billion in 2012 (+14% YoY).

Reports from the CNTA revealed that Hong Kong is still by far the favorite destination among Chinese outbound tourists (20%), followed by Thailand (15%), and Macao (10%), while **the USA and South Africa have recorded the highest growth in the number of outbound departures from China in 2012.**

The total number of outbound trips is projected to rise by 15% annually in the next few years and by 2015, China is forecast to be the number one source of tourists worldwide. Outbound tourist expenditure is set to reach CNY 793 billion by 2017, while outbound trips should reach 200 million by 2020.

The development of a national system of paid holidays, as well as the multiplication of express visa procedures for Chinese tourists (USA, France, Italy, UK) should contribute to further growth in the Chinese outbound tourism market.

Growing Niche Markets

Recently, experts have seen that the high end, luxury travel sector in China is growing rapidly and that few Chinese operators are equipped to meet the requirements of this demanding clientele, leaving room for foreign operators.



Indeed, the global luxury travel market has reported an increase in the number of travelers from emerging countries, such as China and India. According to the 2013 HuRun report, there were 2.8 million USD millionaires in China in 2013 (+4% YoY). The report reveals that 63% of those chose travel as their favorite form of entertainment, with France, the USA, and Singapore as their top three destinations. The report also said that Chinese tourists are responsible for 25% of the world's luxury consumption.¹⁹

Developments and Trends

The scale of consumption hits a new record high. In 2013, Chinese tourists spent 128.7 billion dollars abroad, an increase of 26.8% over 2012. Besides Hong Kong and Macau (26%), Chinese tourists purchased 23% and 10% of luxury goods in Europe and US respectively. Their preference to buy luxury goods in the overseas markets is mainly ascribed to the price gap in domestic and overseas markets.

Online travel services are becoming mainstreamed. As the Internet is increasingly being used in China, online services have started to set the main trend. In 2013, China's online travel revenue totaled 2,850 billion yuan, account for 7.7% of revenue of all the tourism industry. Tourists are rapidly shifting from offline to online travel transactions. Tourism operators invest more on online travel market to improve all functions and services. Thus, the online travel market is growing more rapidly than the overall tourism industry. Its penetration rate is increasing every year.

The travel pattern is more diversified. Self-guided tourism is booming as its share in the tourism industry is rising up. Chinese tourists are taking more self-guided trips abroad. In-depth and high-end traveling is gaining its momentum. The Chinese outbound tourism market has witnessed more independent and engaging travelers. Group tours are less preferred for tourists because they are limited to only looking around in tourist destinations.

Profiles of Chinese Outbound Tourists

During 2013 and 2014, Chinese outbound tourists were mainly from South China, North China and East China; Shanghai, Guangdong and Beijing have the most overseas tourists, followed by coastal provinces such as Jiangsu, Zhejiang and Shandong. Liaoning in Northeast China, Hubei in Central China and Sichuan in Southwest China are the provinces with a large tourist flow to other countries.

For long-distance traveling, member cities include Paris, London, Rome, Berlin, Washington and Los Angeles appeal more to Chinese tourists because they can enjoy sightseeing, shopping and leisure time in the same location.



Over half of Chinese outbound tourists are the post-80s. Given the characteristics of their families' life cycle and the one-child status, parents focus more on their children's growth. Thus family tours with minor children have featured in Chinese outbound tourism as a way to broaden their horizons.

Up to now, 87.54% of Chinese tourists choose travel agencies for outbound tourism services. In the near future, Chinese tourists are still mainly reliant on travel agencies for arranging their overseas tours. 94.13% of tourists said they will continue to purchase tourism products by travel agencies.

Shopping is the item Chinese outbound tourists spend the most. Over half of the tourists (57.76%) mentioned that their travel budgets mainly focused on shopping.

Concerns for Chinese tourists:

- Transportation is the biggest concern for Chinese tourists before going abroad. Lodging and food are also their top main concerns.
- Sightseeing is the primary purpose of Chinese outbound tourists, followed by leisure travel. 43.94% of tourists cross borders mainly for shopping.

Tips and the Attractions of Foreign Cities for Chinese Tourists:

- Cities in Europe and US: long history, unique cultures, cozy environment, landmark buildings and abundant museums.
- Tourists with lower monthly incomes are more attracted to "affordable cost".
- Tourists with higher monthly incomes are more attracted to "long history, unique cultures, beautiful views, cozy environment and abundant museums".
- Unique local cultures are what Chinese tourists want most on newly developed special tourism routes. Special shopping tourism routes are also attractive to Chinese tourists.
- For cities in Europe and US, they prefer trips designed for inspection of overseas migration or study.
- Tourists traveling to cities in Europe and US research more information about transportation, local customs and practices and security.
- Tourists traveling to cities in Europe and US obtain more information through promotional activities organized by outbound cities, official websites of travel agencies of outbound cities and foreign tourism websites.
- Entertainment: Tourist visiting cities in Europe and US are willing to choose theaters, stadium halls and bars.²⁰



Chinese Traveler Survey, Visiting the US:

What motivates you to visit the destination?

- Ecotourism and Nature – 73%
- Cultural Historical Attractions – 67%
- Beaches/Seaside Attractions – 61%
- Urban Attractions/Nightlife – 59%
- Dining/Gastronomy – 54%

Expected Household Travel Spend for Next Intercontinental Trip

- Mean - \$7,486
- Median - \$6,496

Top 5 Channels Used in Destination Selection for Last Intercontinental Trip

- Websites via computer or laptop – 64%
- Personal recommendations from friends/family – 55%
- Personal advice from travel professionals/travel agents – 47%
- Websites/applications via tablet – 42%
- Websites or applications via mobile phone – 36%²¹

In early January 2015, online travel hub Travelzoo published its annual survey, reaching out to 4,300 members across the Asia Pacific. **The United States ranked second in Travelzoo’s survey, garnering 31% of the vote as a destination that Chinese tourists hope to visit in 2015.** There is hope that easier visa rules put forward in November 2014 by President Barack Obama and President Xi Jinping will have a similar effect on increasing Chinese tourism in the United States as it did in Japan. By 2021, it is predicted that 7.3 million Chinese tourists will have visited the United States, creating 440,000 jobs and contributing annual revenues of \$85 billion. Forms of tourism that go beyond simply shopping and dining have become popular among Chinese tourists who are looking for more cultural experiences on their trips.

Aside from visa reforms, there are other ways that the United States could increase its popularity with Chinese tourists. In October 2014, the China Tourism Academy ranked the United States as its third top destination for travel. Issues Chinese tourists cited as areas in which the US tourism and hospitality industry could improve included, “tourist products, service quality and Chinese-language information services.” Even with these critiques, the United States still attracted 97.3 million Chinese tourists in 2013 and was projected to attract 115 million by the end of 2014.²²

China Outbound Market

Collectively, the 14 Asia/Pacific markets are expected to grow by an annual growth rate of 7.9% over the forecast period of 2014-2020. The largest outbound markets in 2020 will be China, followed by South Korea and Japan. Even if one excludes all trips to Hong Kong and Macau (which are technically domestic trips as they are both parts of China), Mainland China outbound remains the largest in Asia/Pacific in 2020, more than four times of that of South Korea which is the second largest market.

International outbound leisure travel trips by China's residents are estimated at 71.2 million in 2014, and are forecasted to grow by an average of 11.1% per year to reach 134 million trips by 2020. Excluding Hong Kong and Macau as destinations, outbound trips are much lower at 40 million in 2014, but are growing faster and are projected to reach 84.8 million in 2020 by an average of 13.3% per annum. Total outbound trips will grow much faster than total household growth (11.1% versus 0.5%) over the forecast period resulting in a ratio of outbound trips to households that is projected to reach 29.7% in 2020 from 16.3% in 2014. Excluding Hong Kong and Macau as destinations, this ratio is projected to reach 18.8% in 2020 from 9.1% in 2014.

Table 11. China

Outbound Leisure Purpose trips only, excludes same-day trips to Hong Kong and Macau	2011	2012	2013e	2014e	2020f	2014-2020 CAGR
China - Outbound trips (mn)	42.6	50.5	61.1	71.2	134.0	11.1%
China - Outbound trips (mn) (ex. all HK & Macau)	21.7	27.3	34.3	40.0	84.8	13.3%
Households (mn)	429.6	432.3	435.1	437.8	451.7	0.5%
Total outbound trips as percentage of total households	9.9%	11.7%	14.0%	16.3%	29.7%	
Total outbound trips as percentage of total households (ex all HK & Macau)	5.1%	6.3%	7.9%	9.1%	18.8%	

Households earning above US\$10,000 per annum constitute about 93% of all outbound international leisure trips in 2014 and at the same time make up only 26% of all households. Dividing these percentages (93% by 26%) yields a skewed concentration ratio of 3.6 reflecting a minority number of households accounting for the lion's share of outbound travel. Among the 14 Asia/Pacific markets China has the third highest concentration ratio after India at 10.8 and Indonesia at 4.2. Projecting forward to 2020, the higher levels of outbound travel growth will come from the households earning above US\$10,000 (26% of households are in this category and they account for 93% of all outbound travel). The primary driver for this is that the number of households earning above US\$10,000 is also growing much faster than the number of households earning below US\$10,000.



The propensity to travel by household income exhibits a point of inflection at the US\$10,000 household income divider, after which the propensity to consumer outbound travel rises rapidly.²³

“New” Chinese Travelers Want Individualized Experiences

“The ‘new Chinese traveler’ is young, wealthy, better educated, urban and technologically skilled in social media and internet usage but remains price-sensitive,” Valeria Croce, head of research at the European Travel Commission, told forum participants. When travelling, they want to get away from old-fashioned group tours and are more interested in individual experiences, she explained.

The overwhelming majority (70%) of Chinese travelers remain ‘traditionalists’ who are most interested in visiting famous places and attractions in Europe, she confirmed. However, there are other emerging ‘travel tribes’ with other interests, according to ETC research, she pointed out. About 10% are ‘Wenyi youth’ travelers who are socially-oriented and interested in personal experiences, for example, while about 7% are ‘connoisseurs’ who focus on quality. A further 10% are active ‘experience-centered travelers’ who want to explore and discover.²⁴

Although China was only seventh in visitors to the US in 2013 (with 1.8 million visitors), they were the second highest spenders, spending \$21.1 billion in 2013.²⁵

Opportunities for Maine and New England

While most tourists from China enter the U.S. in primary markets such as Los Angeles, New York and Washington, D.C., tourism industry insiders expect Maine and other parts of New England will start seeing more in the coming years, fueled by a variety of recent developments.

Among them: The first direct Boston-Beijing flight will start this month, travel restrictions have eased in recent years and urban household income is projected to double in China by 2022, according to analysts at McKinsey & Co., allowing a greater number of people from China to travel more frequently and independently, beyond the standard tour-group markets.

“What generally happens is that if a Chinese traveler comes to New York City, they will go to two other places,” DiCarlo said. “It’s the same with Boston, when that direct flight comes in June, you’ll see them go to two or three other places for small excursions like Cape Cod, Cape Ann, the Berkshires or Maine.” He expects Chinese visitors to Boston to increase about 70 percent this year, up from 147,000 last year. And by 2020, he projects annual Chinese visitors will top the city’s population of more than 630,000. Around 60 percent of that travel occurs from May to October.



DiCarlo, whose company helps U.S. businesses connect directly with Chinese tourists in online searches and elsewhere, said that marketing strategy is changing, as an estimated 70 percent of Chinese tourists are traveling independently, a major shift from a decade ago.

“People still think Chinese tourists are getting off buses everywhere, and in 2005, that was about 100 percent true,” he said, noting that loosened federal travel restrictions and rising incomes are changing how visitors look for and find out about travel opportunities.²⁶

Fresh Air

The outdoors is already a big part of Chinese travel aspirations. As more Chinese tourists shun package trips in favor of independent travel, they show an even higher interest in various outdoor activities on their overseas trips. Each year, thousands of Chinese flock into American national parks such as Yellowstone and Yosemite, whether self driving or taking guided tours. Among all places they visit in America, Yellowstone National Park ranks No. 9.

In addition to traditional sightseeing tours in major U.S. cities, Chinese tourists who are eager to embrace unpolluted natural scenery also look for one-day outdoor adventure in surrounding areas, such as horseback riding, skiing and ice fishing. Such featured outdoor activities that combine fresh air and authentic culture experience are especially sought after by high-spending Chinese travelers, bringing profitable business opportunities in the travel and retail industry across the country.²⁷

Self-Driving

70 percent of Chinese tourists traveling abroad are now on their own. The increase in the independent outbound travel has also caused a road trip boom. For many independent Chinese travelers, self-driving is the best way to see and explore a destination. Figures from the China outbound self-driving 2014 report shows that more than 46 percent of the Chinese tourists prefer the United States for the destination of self-driving trips, way more popular than other countries that ranked high, including Germany at 7.89 percent, Australia at 7.6 percent, and France at 6.23 percent.²⁸

Home Away from Home

Chinese families want a home away from home when they travel abroad, so cost-effective, kid-friendly suites located near major attractions or universities are the first choice of many Chinese families. The availability of Chinese food is also a big plus. Although they will definitely try Western cuisine, they need to satisfy their “Chinese stomach” every now and then.



Backpacking

Chinese travelers begin to realize that there's no better way to do this than taking a backpacking trip to disconnect from city life and reconnect with nature. Today's experienced Chinese tourists ditch organized group tours, travel beyond Asian countries, and backpack independently around the world. Even in the most exotic destinations, like Antarctica and the Amazon, you'll find Chinese tourists enjoying a once-in-a-lifetime adventure.

We all know that independent Chinese tourists are tech-savvy, which has given rise to the “flashpacker” — backpackers that travel with electronic devices such as laptops, digital cameras and iPads so that they can search for travel information online and document their experiences on popular social media platforms. Writing an online travel journal is increasingly popular in China. A good online travel journal is not just an exciting story, but also includes useful travel tips, itineraries, photos, comments, recommendations, etc. So, travel journal sites are actually great resource centers that help other backpackers plan their individual trips.

Budget is not an issue for most Chinese backpackers. They prefer to stay at hostels to meet other backpackers, but they also take the time to try luxury 5-star hotels. It's all about the experience and, compared with other types of independent Chinese travelers, backpackers tend to stay abroad for a longer period of time. Most Chinese backpackers travel for months at a time, which translates into an overall higher expenditure. They also tend to travel further, thus spreading their funds to regional areas more than other tourists. Given this, it's wise not to dismiss them as travelers on a shoe-string budget who can't afford to spend.

The importance of the Chinese market to the travel industry cannot be overstated. The rise of independent Chinese travelers is an unstoppable trend and a lucrative opportunity for businesses, but we must remember that Chinese outbound tourism is a large and rapidly growing marketplace where traveler patterns are constantly changing. It's key for businesses to keep pace with the changing trends and cater to the specific needs of each type of independent Chinese traveler.

New Visa Policy

With a new visa policy that allows them to visit the U.S. multiple times over ten years, Chinese tourists don't need to rush their experience and be forced to visit the well-known attractions in big cities all at once. They can plan their own itineraries and spend an extended period of time in one region. The longer they stay at each location, the more money they spend there. The new wave of outbound Chinese tourists consider themselves explorers and seek local unique experiences that other Chinese travelers, especially the group tours, do not have access to.



As a result, experiential travel that emphasizes different areas of local life — culinary, culture, history, shopping, nature or social life — is the new trend emerging among independent Chinese tourists. In addition to visiting famous attractions in a destination city as traditional sightseeing travelers have done for years, experiential travelers now dine in local restaurants, shop in featured malls, enjoy the city’s natural scenery, and learn about its history. They are also eager to experience unique local activities like horseback riding in the Grand Canyon or skiing at a New Hampshire resort.

Non-stop airlines added between China and the U.S. since 2014:

- Hawaiian Airlines, Honolulu and Beijing, April 2014
- American Airlines Dallas and Shanghai, June 2014
- Hainan Airlines, Beijing and Boston, June 2014
- Air China, Washington Dulles and Beijing, June 2014
- Air China, Honolulu and Beijing, January 2014
- China Southern, Guangzhou and NYC, August 2014
- Cathay Pacific, Hong Kong and Boston, May 2015
- Hainan Airlines, Shanghai and Boston, June 2015 ²⁹

VI. China: Market Overview

In November 2013, following the Third Plenum of the 18th Chinese Communist Party Congress, President Xi Jinping rolled out an ambitious agenda to re-shape the Chinese economy and fully embrace the market as the “decisive force” in shaping the country’s economic future. In order to continue China’s labor force evolution and to supplement the strong manufacturing exports that have fueled its unprecedented growth, Xi directed his administration to implement policy changes that increase domestic consumption, stimulate domestic innovation, and develop a world-class services sector – all the while expanding China’s middle class and moving millions of rural Chinese citizens to urban centers.

Market Challenges

The depth and complexity of China’s proposed macroeconomic reforms bring with them significant challenges and pitfalls that will require skillful policy making and implementation. Problem areas to look out for include rising local debt, potential property bubbles, outflows of capital, shadow banking, excess capacity in industry sectors, and endemic corruption across industry sectors. China continues to make steady progress on the world stage as an emerging market in which to do business. The World Bank recently ranked China 96th (out of 189) in its Ease of Doing Business Report. However, China’s explosive economic growth of the last several decades is beginning to slow. In 2013, real GDP grew 7.7 percent (down from 10.4 percent in as recently as 2010). While the government has set a 7.5 percent growth



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target, some economists predict that China's GDP growth will slow to 7.3 or 7.4 percent in 2014, which would represent China's slowest economic expansion since 1990. U.S. companies doing business in China remain concerned about rising costs for labor, enforcing intellectual property rights, competition with Chinese state-owned or state-supported companies, lack of transparency, burdensome bureaucracy, and protectionism in the business licensing and approval process.

Market Opportunities

Despite these and other longstanding concerns, China remains an extremely attractive market for many U.S. companies. In fact, ninety percent of U.S.-China Business Council member companies responding to a USCBC survey report that their China operations are profitable, the highest percentage reported since 2006. Foreign direct investment into China saw modest growth in 2013, rising 5.3% year-on-year compared with a 3.7% drop in 2012. Furthermore, many of the economic reforms called for as part of the Third Plenum, particularly those related to foreign investment, are starting to take shape.

Some highlights so far include:

- Revising the three basic laws that govern foreign investment in China.
- Slashing the number of business or administrative approvals needed while delegating much of the approval responsibility to provincial or local government.
- Relaxing "paid in" and minimum registered capital requirements for foreign-invested enterprises, and replacing the annual government inspection procedure with an online filing system.
- Undertaking efforts to improve the legal and enforcement regime for intellectual property (IP) rights, and amending the trademark law to provide stronger protection and enforcement tools for all trademark owners.
- Liberalizing financial controls, including interest rates and limits on foreign exchange.

In a move that garnered significant attention, China established the Shanghai Pilot Free Trade Zone (SFTZ) in September 2013. Covering approximately 29 square kilometers in Shanghai's Pudong district, the SFTZ was envisioned as a venue for China's leaders to experiment with market-based reforms, such

Country Profile

- **Full name:** People's Republic of China
- **Population:** 1,355,692,576 (July 2014 est.)
- **Median Age:** 36.7 years (2014 est.)
- **Largest District:** Beijing
- **Area:** 9,596,960 sq km
- **GDP:** \$17.63 trillion (2014 est.)
- **GDP per capita:** USD \$12,900 (2014 est.)
- **Unemployment rate:** 4.1% (2014 est.)
- **Monetary unit:** 1 Renminbi yuan (RMB) (Y) = 10 jiao = 100 fen
- **Main exports:** Manufactured goods, including textiles, garments, electronics, arms
- **Investment in fixed capital:** 46%
- **Inflation rate:** 2.1% (2014 est.)

Source: CIA World Factbook



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as relaxed controls on foreign investment, increased market access in industry sections not on a “negative list,” streamlined administrative procedures, and financial and foreign exchange reforms, but regulatory details are still slowly trickling out.³⁰

¹ [Doing Business in Japan: 2014 Country Commercial Guide for U.S. Companies](#)

² [Euromonitor](#)

³ http://www.thebrandusa.com/~media/Files/Key%20Dox/Research/FY15BP_MarketProfiles_01.pdf

⁴ <http://www.asiamattersforamerica.org/japan/frequent-flyer-miles-tourism-between-the-united-states-and-japan-to-benefit-from-new-flight-routes>

⁵ http://www.ar.jal.com/arl/region/en/flight_planning/boston/

⁶ <http://blog.btrax.com/en/2015/02/10/2015-travel-trends-statistics-japanese-tourists/>

⁷ http://www.jtbcorp.jp/en/press_release/pdf/release20141218.pdf

⁸ <http://www.masterintelligence.com/content/intelligence/en/research/reports/2014/the-future-of-outbound-travel-in-asia-pacific.html>

⁹ <http://www.discovernewengland.org/about-dne/why-international-visitors/>

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<http://www.asiamattersforamerica.org/sites/all/themes/eastwestcenter/pdfs/japan/Japan%20and%20Maine%20District%202.pdf>

¹¹ http://www.tourism.australia.com/documents/Markets/MP-2013_JAP-Web.pdf

¹² <http://www.tourismnewzealand.com/markets-stats/markets/japan/market-trends/>

¹³ https://www.jata-net.or.jp/english/reports/2015/pdf/150625_markettrends.pdf

¹⁴ <http://www.thestar.com.my/story/?file=%2F2008%2F2%2F9%2Fbizweek%2F20179170&sec=bizweek>

¹⁵ <http://www.sevendaysvt.com/vermont/vermont-tourism-officials-lure-asian-visitors-with-tasha-tudor/Content?oid=2144599>

¹⁶ [Doing Business in Japan: 2014 Country Commercial Guide for U.S. Companies](#)

¹⁷ [Doing Business in China: 2014 Country Commercial Guide for U.S. Companies](#)

¹⁸ [Euromonitor](#)

¹⁹ [The EU SME Centre: Tourism Market in China](#)

²⁰ [Ipsos China and World Tourism Cities Federation: Market Research Report on Chinese Outbound Tourist \(City\) Consumption](#)

²¹ http://www.thebrandusa.com/~media/Files/Key%20Dox/Research/FY15BP_MarketProfiles_01.pdf

²² <http://www.asiamattersforamerica.org/china/united-states-ranked-among-top-destinations-for-chinese-tourists>

²³ <http://www.masterintelligence.com/content/intelligence/en/research/reports/2014/the-future-of-outbound-travel-in-asia-pacific.html>

²⁴ [ITB World Travel Trends Report](#)

²⁵ [ITA Fast Facts: US Travel and Tourism Industry 2013](#)

²⁶ <http://bangordailynews.com/slideshow/is-maine-china-ready-surge-of-chinese-tourists-in-us-expected-in-next-five-years/>

²⁷ <http://www.attractchina.com/blog/chinese-travel-abroad-for-fresh-air/>

²⁸ <http://www.attractchina.com/blog/top-10-favorite-activities-of-chinese-outbound-tourists/>

²⁹ [Attract China: Chinese Traveler Insights eBook 2015](#)

³⁰ [Doing Business in China: 2014 Country Commercial Guide for U.S. Companies](#)