

China opens outbound travel to foreign operators

Description

China opened its tourism market wider and gave licenses to three joint travel services to organize Chinese tour groups overseas.

The National Tourism Administration of China on Monday gave the licenses to TUI China Travel Co Ltd, CITS American Express Travel Services Ltd, and JTB New Century International Tours Co Ltd.

The three joint ventures involve foreign tour operators from Europe, the United States and Japan respectively.

The three are among 14 joint ventures that filed applications for licenses after the administration and the Ministry of Commerce announced the opening of the outbound market to foreign tour operators last September.

“We expect (the opening) will add more options for tourists and improve the tourism industry’s management,” the administration said in a news release.

Previously, foreign tour operators were allowed to operate inbound and domestic travel, but were barred from outbound business.

But insiders said the outbound business is the most lucrative part of the Chinese tourism market, because it is experiencing the fastest growth and generating the most profits in China compared to domestic and inbound travels.

According to a report released by the China Tourism Academy in April, mainland tourists made more than 57 million trips to foreign countries as well as Hong Kong, Macao and Taiwan, and spent \$48 billion last year.

It is estimated mainland tourists will make 65 million outbound trips and spend \$55 billion overseas this year.

Marcel Schneider, CEO of TUI China Travel Co Ltd, said last week on the sidelines of a news conference in Beijing that after it is granted the license, the company’s outbound business is expected to outgrow its inbound sector in a short period of time. Last year the company brought 50,000 foreign tourists to China.

But he stressed its outbound travel products will not directly compete with domestic counterparts. Instead, it will offer products that are complementary to the existing products offered by domestic operators.

He believed joint venture travel services could provide more quality and service, while the current outbound market is price-driven.

But major domestic travel services said they are not worried about losing businesses to the newcomers.

Zhang Wei, general manager of the outbound department at the China International Travel Service head office, doubted whether foreign tour operators' experience and purchasing advantage in destination countries would be useful in exploring the Chinese market.

An example she gave is that Chinese tourists have their own dining preferences, but hotels used by foreign tour operators may not give what Chinese want.

"Tourism is a service industry. I don't know whether they are ready," she said. "In the short term, I don't see they will pose a threat to us."

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