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Tourism-driven China's growth in an uncertain world

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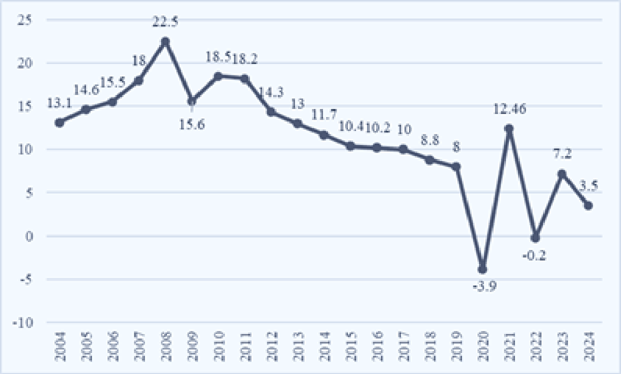
Triple-Pressure on China’s Economy

- Weak Consumption: Low inflation, weak income expectations, and cautious spending behavior have created a prolonged drag on China’s consumption recovery;
- Declining Investment: Prolonged stagnation in private investment and industrial deflation, resulting in deep structural challenges to China's growth engine.
- Export Uncertainty: Trade rebalancing, rising global risks, and persistent tourism deficit reveal the fragility of China’s external growth engine.

Weak Consumption

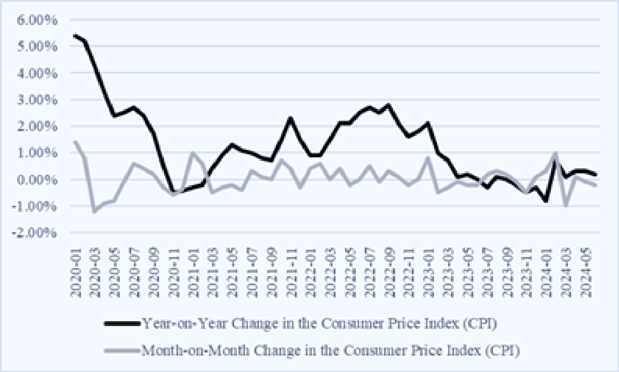
Year-on-Year Growth Rate of China's Total Retail Sales of Consumer Goods

(2004–2024), %



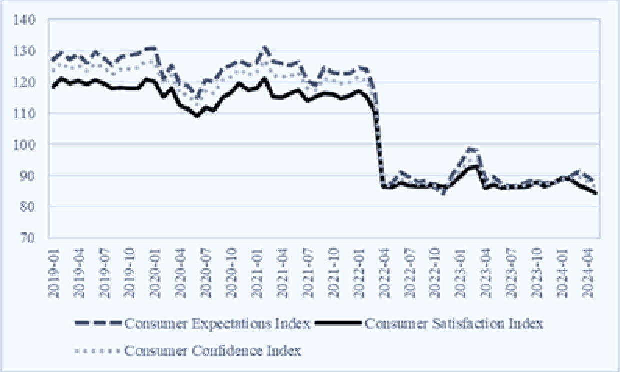
Year-on-Year and Month-on-Month Growth Rates of China's Consumer Price Index (CPI)

(Jan 2020 – May 2024), %



Consumer Confidence Index, Expectations Index, and Satisfaction Index of China

(Jan 2019 – Apr 2024)



Retail Sales Decline

Retail sales growth dropped sharply in 2020 and remains below pre-COVID levels.

CPI Growth Near Zero

reflecting demand-side stagnation and deflationary risks.

Consumer Confidence Below Threshold

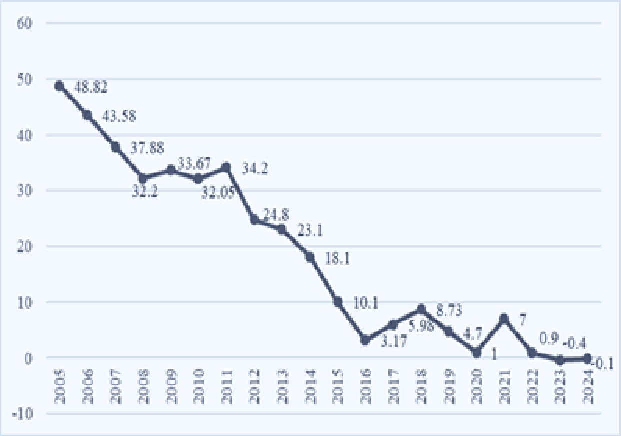
Consumer confidence index has remained below the neutral threshold of 100 since 2022.

Data Sources: National Bureau of Statistics of China;The China Stock Market & Accounting Research (CSMAR)

Investment Deterioration

Year-on-Year Growth Rate of China's Private Fixed Asset Investment

(2005–2024), %



Private Investment Stagnation

Private fixed asset investment has shown little or no growth since 2016, turning negative in 2024.

Year-on-Year Growth Rate of China's Producer Price Index (PPI)

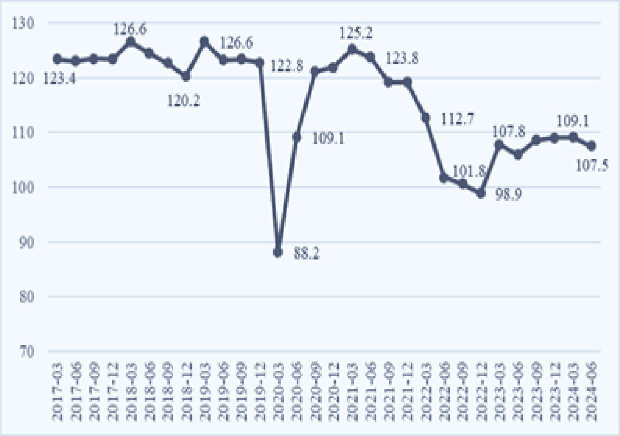
(Jan 2019 – Jul 2024), %

PPI Deflation

PPI has been negative for over 24 consecutive months, reflect lack of demand and squeezed industrial profits.

Business Climate Index in China

(Mar 2017 – Jun 2024)



Business Confidence Weakness

Enterprise surveys show low willingness to expand or invest amid market uncertainty.

Export Uncertainties

- Key export sectors declined in 2023 (YoY, USD):

Electromechanical products	–$80.1B
Garments and accessories	–$8.83B
Textiles	–$6.1B

- Export destinations shifted:

To developed economies	To emerging markets
–11.6%	+26.3%
–7%	+7.1%

- ASEAN (eg. Vietnam, Indonesia): replacing China in lowend-manufacturing supply chains.

- Services trade grew by **4.9%** in 2023, reaching **USD 933.1 billion**:

Telecommunications & IT	+40.1%
Commercial services	+26.6%
Processing services	+90.2%

- However, tourism remains structurally weak:
  - Tourism trade deficit: **–USD 181.7 billion** in 2023
  - Outbound travel (Chinese tourists abroad) recovered faster than inbound arrivals.

Data Sources:Ministry of Commerce of the People's Republic of China;World Bank

Tourism matters

- China faces "triple pressure": sluggish consumption, declining investment, and weakened exports;
- Global uncertainties, unilateral trade sanctions, and geopolitical tensions, are increasing;
- Tourism matters, it stimulates household consumption, fosters investment, and improves service trade balance;
- Tourism has strong multiplier effects…

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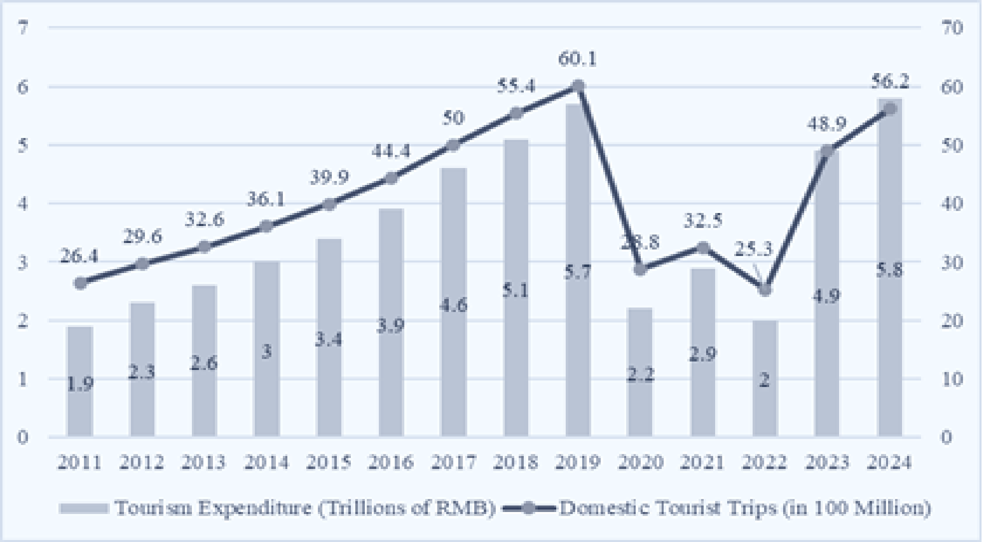
Tourism stimulates China consumption

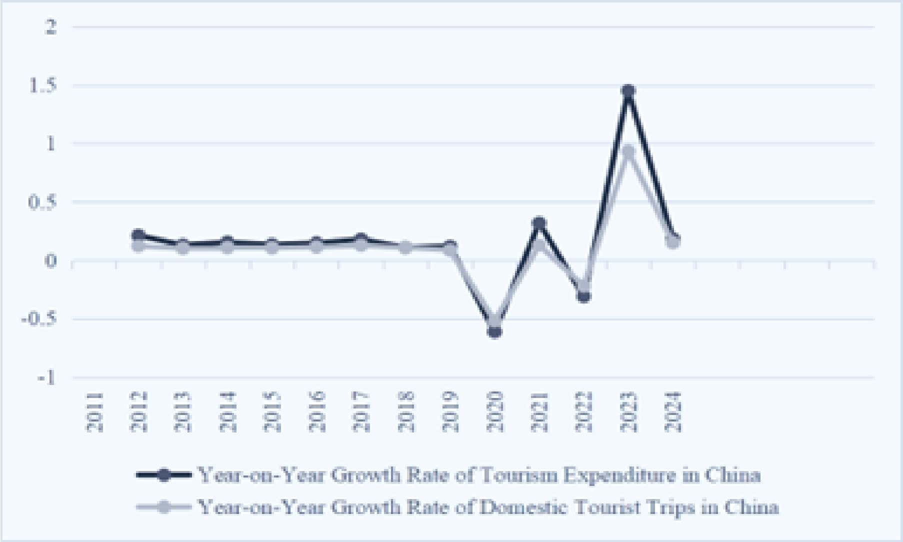
Domestic Tourist Trips and Expenditure in China

(2011–2024), Tourism Expenditure (Trillions of RMB); Domestic Tourist Trips (in 100 Million)



Year-on-Year Growth Rates of Domestic Tourist Trips and Tourism Expenditure in China

(2011–2024), %



Per Capita Domestic Tourism Expenditure

(2011–2024), RMB

Theoretical Support:

•Tourism exhibits **a high Marginal Propensity to Consume (MPC)**: A greater share of new income is spent rather than saved when directed to travel (Crouch et al; 2007).

•Spending on tourism drives **multiplier effects** across sectors like transport, retail, and cultural services.

•Therefore, tourism serves as a **behaviorally efficient and policy-responsive tool** for revitalizing domestic demand.

Empirical Evidence:

•Tourists are showing **higher willingness to spend per trip.** This signals **not just recovery in volume**, but **upgrading in quality of consumption.**

•**In 2019**, average per-trip domestic tourism spending in China was **RMB 953**.By **2024**, it rose to **RMB 1,024** — a 7.5% increase, despite persistent economic headwinds.

The central economic work conference in Dec. 2024

- 1. Vigorously boost consumption, improve investment efficiency, expand domestic demand in all aspects;
- 2. Technology innovation leads new quality productivity;
- 3. ⋮
- 9. Intensify efforts to ensure and improve people's livelihood

The service economy is the focus: first-mover economy, ice and snow economy, silver hair economy. Means: the first store opening, new product launch, tourism economy of ice and snow sports, elderly care industry, health industry.

set out tasks for economic development in 2025

Two session 2024/25 economic prediction

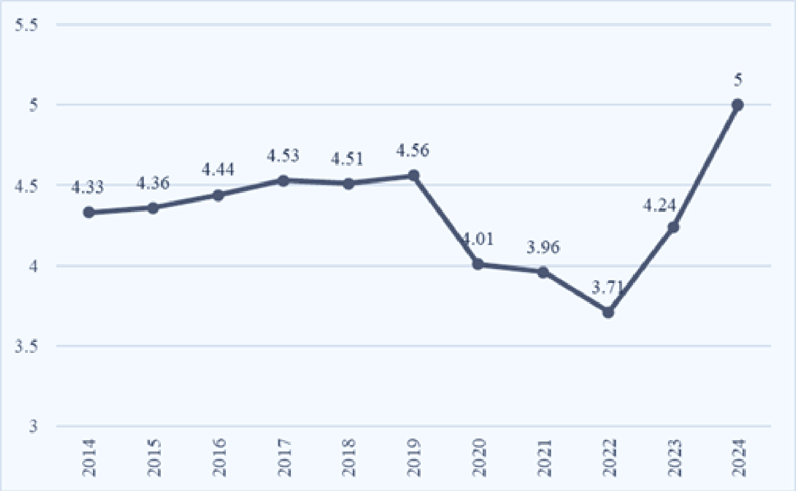
- **The sessions of 2025: the foundation for economic recovery and improvement is still not solid, effective demand is short, consumption is weak; firms are facing difficulties in operation, the pressure on the masses to increase employment and income is great; local finance are in difficulty…**
- **Two sessions of 2024: it is certain that the economy continues to recover, admitting that effective demand is short, partial overcapacity of production;**
- ***（developing cultural entertainment tourism, sports events and health consumption） The National People's Congress, the Chinese People's Political Consultative Conference.***

Reviving Tourism-Led Investment

Restoring Tourism's Strategic Role in GDP and Cross-Sector Growth

Share of China's Total Tourism Revenue in GDP

(2014–2024), %



Key Points:

- **Tourism's Rising Contribution to GDP:**

Tourism's share in China's GDP increased from **3.7%** in **2022** to **5.0%** in **2024**, surpassing pre-COVID levels.This trend reflects the sector's rapid recovery and reemergence as a strategic pillar of national economic output.

- **High Multiplier Effects:**

Every **RMB 1** spent in the tourism sector stimulates **RMB 4.3** in output across related industries.These effects are significantly higher than those generated by traditional retail.Stimulates logistics, agriculture, transport, and creative industries.

- **Sectoral Spillovers (Tourism fuels investment in):**

1. Hospitality – hotels, resorts, homestays
2. Transportation – roads, railways, flights
3. Cultural services – museums, festivals, heritage sites
4. Digital platforms – online travel, smart tourism tech ……

Increase investment in tourism/cultural/sports facilities

- Due to unbalanced and inadequate development, there are gaps between underdeveloped regions and developed regions in terms of tourism transportation, tourism catering services and tourism facility;
- During the epidemic, most of the projects that started construction in various places were cultural and tourism projects;
- Increasing investment in tourism infrastructure, developing tourism projects and routes, and enhancing tourism service levels and tourism operation capabilities, this can narrow the regional gap or disparity;
- All thirteen cities in Jiangsu Province have facilities like the Olympic Sports Center, which is also the confidence for the sudden popularity of the Jiangsu Super League of Football

Jiangsu Urban Football League is booming

2025江苏城市联赛现场观众人数统计

（第2轮）

日期	星期	时间	主队	比分	客队	体育场	观众人数
[illegible]	[illegible]	15:30	连云港市	0-3	南京市	连云港市体育中心体育场	6400
[illegible]	六	15:00	盐城市	3-0	泰州市	盐城奥体中心体育场	14898
[illegible]	[illegible]	15:30	南通市	2-0	常州市	南通大学西操场	1721
[illegible]	日	15:00	淮安市	4-0	镇江市	淮安市体育中心体育场	12759
[illegible]	日	16:00	宿迁市	1-1	徐州市	宿迁市奥体中心体育场	12267
5月25日	日	16:00	无锡市	1-1	苏州市	宜兴市体育中心体育场	11065
合计			59110			场均	9852

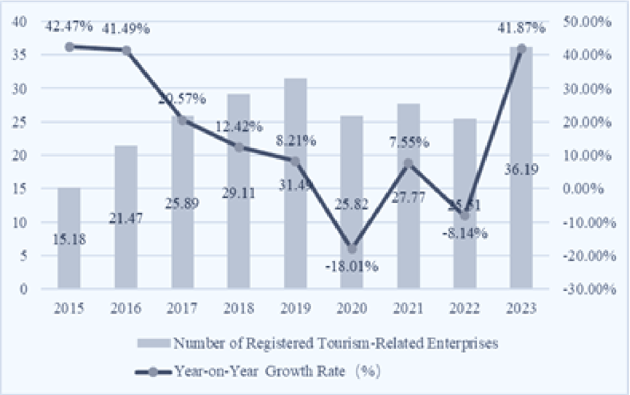
https://www.xhby.net/content/s6846e131e4b0e0f285b622a4.html activating cuktural tourism. Thirteen cities in Jiangsu sang to each other, cheering for the super league

Reviving Tourism-Led Business Activities

Public-Private Capital and Employment Gains in Tourism

Number and YoY Growth of Registered Tourism-Related Enterprises in China

(2015–2023), %

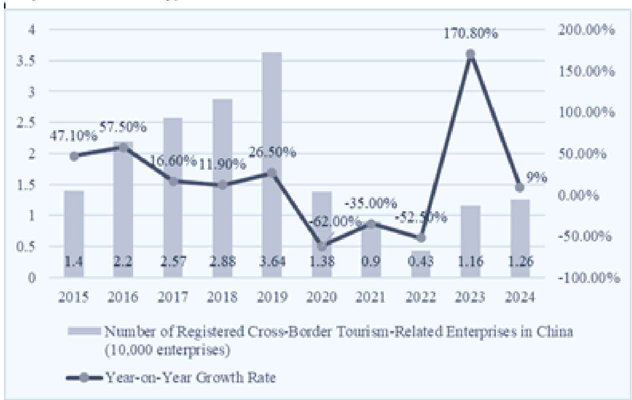


Entrepreneurial Response: Business Formation and Market Momentum

+41.87% increase in tourism-related enterprise registrations in **2023** → **36,190** new firms

Growth in Cross-Border Tourism-Related Enterprise Registrations in China

(2015–2024), %



Cross-border tourism enterprises:

+170.8% in 2023, **+9.0%** in 2024

Signals entrepreneurial confidence, market optimism, and early-stage capital mobilization

Key Points:

- **Government Investment: Zhejiang as a Case Study**

2020: RMB 307.87 bn in **287** projects

2022: RMB 179.2 bn in **195** projects

2023 H1: RMB 261.6 bn representing **68.5%** of the province’s annual investment target.

- **Employment Gains**

+16% job growth in tourism in **2023** → **72.7** million jobs

Over **10%** of China's workforce engaged in tourism-linked sectors **(2024)**

Strong labor absorption in youth, services, and rural areas

The revenue and sponsors of Jiangsu Football League

- https://haokan.baidu.com/v?pd=wisenatural&vid=6918929364607113789

Tourism-Driven Trade Rebound

Policy Support Measures	Key Impacts and Implementation
144/240-Hour Visa-Free Transit Policy	Available in major cities like Beijing, Shanghai, Chengdu, and Xi'an, allowing travelers from over 50 countries to enter without a visa for up to 6–10 days.
Mutual Visa Exemption Agreements	Signed with Singapore, Malaysia, and Thailand to ease administrative barriers and promote short-term inbound tourism.
Resumption of Outbound Group Tours	Chinese citizens can now join organized trips to over 60 countries, with restrictions fully lifted in 2024
Foreign Payment Accessibility	Visa, Mastercard, and Apple Pay widely accepted; enhanced infrastructure for international travelers.
Customs Clearance Simplification	Faster and more digital entry-exit processing.

Total Import and Export Value and Year-on-Year Growth Rate of Travel Services in China, 2013–2024 (RMB, %)

Share of Travel Services in China's Total Service Trade (2019–2024 Q1， %)

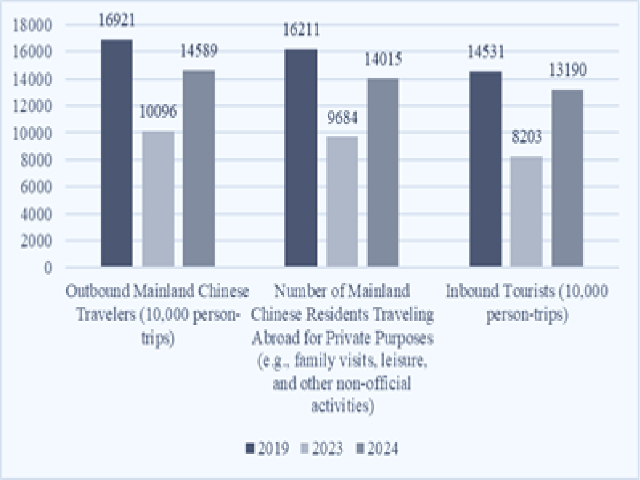
Key Points:

- **Dual Role of Tourism:** Travel services are both exports (foreign tourist spending in China) and imports (Chinese outbound spending), making tourism vital to trade structure.
- **Post-COVID V-Shaped Recovery:** Travel services trade rebounded from **¥789.8B** in 2021 to **¥2.051T** in 2024 .
- **Service Trade Share:** Share of travel services in total service trade surged from **14.3% (2022)** to **27.1% (2024 Q1)**.

Outbound/inbound tourists revenue

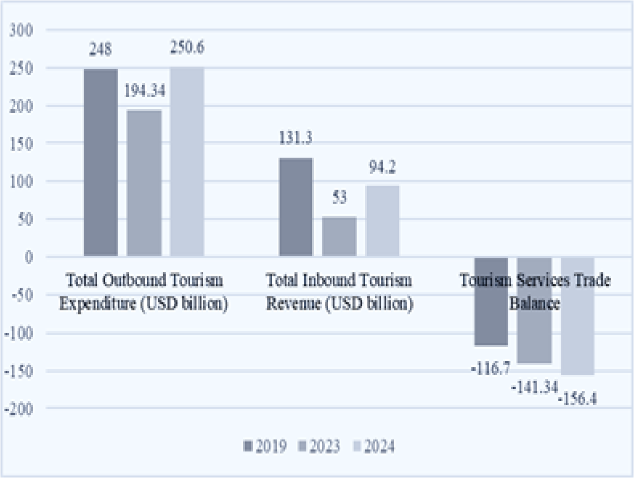
Outbound and Inbound Tourist Volumes in China

(2019,2023,2024), 10,000 person-trips



China's Tourism Services Trade Performance: Outbound Expenditure, Inbound Revenue, and Trade Balance

(2019,2023,2024), USD billion



- **Cross-Border Travel Boom:** In **2024**, **145.9M** outbound and **131.9M** inbound trips were recorded.
- **Persistent Trade Deficit:** Despite growth, tourism services recorded a deficit of **USD 156.4B** in 2024 .
- **Policy Drivers:** Visa-free transit, bilateral exemptions, payment access, and customs digitization spurred recovery.
- **Strategic Role:** Tourism is now central to China's service export strategy and broader external economic engagement.

Tourism-led inclusive growth

- China's tourism upgrade integrates infrastructure, culture, equity, innovation, and governance;
- Achieving high-quality, resilient, and inclusive growth.

- Since 2023, China has shifted focus from **tourist volume** to **tourism value.**
- The strategy integrates **"hard"** infrastructure with **"soft"** cultural content.

- **Soft Power:**
  - Local authenticity
  - Cultural richness
  - Service quality and sustainability
- **Hard Power:**
  - Smart tourism platforms
  - 5G infrastructure in key scenic zones

- Tourism is leveraged to **reduce regional inequality**, especially between east and west.
- In 2023, **3 billion rural trips** contributed to income growth and cultural preservation.
- Target regions: **Guizhou, Yunnan, Xinjiang** (ethnic diversity + natural heritage)

- Leading **Online Travel Agencies** (Trip.com, Fliggy) are advancing:

  AI-based recommendations ;Virtual/cloud tourism ;Customized travel products......
- By 2023, **2,100+ digital tourism firms** enhanced both service innovation and employment.

The Ministry of Culture and Tourism (MCT) sets national strategy and cross-agency standards.
Local governments focus on implementation:Rural revitalization;Smart tourism;Destination branding
Strong vertical coordination has supported sectoral resilience and recovery.