

Speech at World Tourism Forum

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Respected delegates,

Ladies and gentlemen, dear friends,

Good afternoon!

I am from Beijing Municipal Commission of Tourism Development of China. Beijing is the capital of China, covering an area of 16,800 square kilometers, with 21 million permanent residents. The annual passenger throughput at Beijing airport reaches 86 million trips, while the daily passenger capacity of the Beijing subways reaches more than 10 million trips.

Today, I am so honored to be here to talk with all of you about the world tourism development. My speech today will include two parts: an introduction to the characteristics of the tourism development in Beijing and China, and an introduction to the basic conditions of the tourism development in Beijing.

I. Characteristics of tourism development in Beijing and China

(I) Tourism innovation and industry integration nurture new growth points in tourism consumption

Tourism is an industry with powerful connections, high comprehensiveness and strong thrust. The *Several Opinions of the State Council on Promoting the Reform and Development of the Tourism Industry* brought forward the thinking of promoting the integrative development of tourism and other industries. In addition, cultural and sports fields also introduced policies successively to create a good institutional environment for the integration of tourism and related industries. Industrial integration promoted innovation of tourism products and new growth points in tourism consumption. Beijing has established an integrated tourism product system covering agricultural tourism, industrial tourism, cultural tourism, creative tourism, sports tourism and themed part tourism products.

(II) International tourism sees further polarized outbound and inbound tourism markets

In 2014, China continued rapid growth in outbound tourism, achieving 114 million outbound trips and \$140 billion outbound tourism expense, up 16% and 18% year-on-year respectively, which further consolidated its position as the global No. 1 outbound tourist source market and No. 1 outbound tourism consumption country.

Meanwhile, China's inbound tourism continued declining, with 128.4983 million inbound trips, down 0.45% year-on-year, which was related with both external factors, such as global economic recovery lower than expectation and fiercer competition in international tourism market, and macroscopic factors, such as appreciation of RMB and price increase. Throughout the year, the earnings from international tourism reached USD56.913 billion, up 10.16% year-on-year, indicating a slight decrease of trips in the inbound tourism market but a great increase of foreign currency earnings, which had never happened since 2011.

(III) Tourism investment faces accumulation of both benefits and risks

In 2014, the tourism sector became a main field of capital competition. The new-round tourism investment fever had four impressive characteristics. First, the M&A trend became dominant. Second, online tourism service became a hit. Third, bidirectional development of domestic and foreign markets. On one hand, overseas enterprises emphasized the huge scale and great potential of the Chinese tourism market and swarmed to China. On the other hand, the Chinese enterprises sped up their overseas M&A activities. Fourth, large-scale projects appeared frequently, including more than one hundred investment projects each worth more than RMB10 billion. However, the risks due to the tourism investment bubble and the real estate's kidnapping effect to tourism projects are worthy of noticing.

(IV) Alliances and platforms established from industrial cooperation and competition

The tourism sector has shown increasingly fierce competition, which promotes the establishment of various peer alliances and cross-sector alliances, forming up a new pattern with coexistence of competition and cooperation. In terms of the peer alliances, the cooperation between the upstream and downstream businesses and that between the on-line and off-line business operators have been enhanced. At the same time, the cooperation between competitors has also been enhanced. In addition to establishing alliance and partnership with other businesses, more and more tourism enterprises, especially the on-line service providers with openness as a core characteristic, have carried out the competition strategy for a platform-based development.

(V) Opportunities and challenges coexist in tourism traffic

The secondary airports of China play an important role. The Beijing Daxing International Airport with total investment of RMB80 billion is in the process of construction. The capacity of the large-scale airports of China has reached the upper

limit. Many second-tier cities have opened air routes. In 2015, eight airlines, including KLM Royal Dutch Airlines, Lufthansa Airlines, Etihad Airways, Qatar Airways, British Airways and United Airlines, will open secondary air routes and five air routes to China.

The cruise liner sector has a fast expansion. Cruise Lines International Association said that the northern Asia drives the development of the global cruise liner industry. In this region, the cruise liners are bigger and the budget of the main cruise liner operators for marketing in China is higher.

(VI) Tourism payment no longer just limits to UnionPay mode

Worldwide updating of payment systems at airport duty-free shops, retail stores and hotels as well as ATMs have been made to accept China UnionPay cards and offer seasonal discounts to the card owners. In accordance the WTO rules, China shall eliminate the settlement monopoly by the UnionPay banks by 2015 to allow other credit card companies to occupy a larger share of the market. On the other hand, the fast development of Alipay and the UnionPay App also deserves more attention.

The “tourism + finance” business mode is increasingly growing mature. The development of tourism consumption credit, payment and insurance meets the demand of the tourists and the employees of the tourism industry.

(VII) China’s status as a world leading tourism developer is increasingly highlighted

As a core force in the Asian-Pacific region for the world tourism layout and an “engine” for growth of tourism economy, China is playing a more and more important role. It is now in a process for transformation from learning experience and adapting to related rules to participating in making of rules. It is sure that, in terms of tourism companies and tourists, there is still great potential for the promotion of micro foundation of China, which has great strength for tourism development.

II. Basic conditions of the tourism development in Beijing

In 2010, the per capita GDP of Beijing reached USD10,800; the urban per capita disposable income reached USD4,652; total number of tourists reached 184 million person-times; tourism income totaled USD43.84 billion. In 2014, the per capita GDP of Beijing reached USD16,300; urban per capita disposable income reached USD7,025; total number of tourists reached 261 million person-times; tourism income totaled USD68.48 billion. Currently, the total tourism income of Beijing accounts for 7% of the GDP of Beijing. Tourism has become a pillar industry for the economic

development of Beijing.

Statistics made at the end of 2014 indicate that, Beijing has 554 star-rated hotels, 227 tourist attractions and seven world heritage sites.

(I) Development of outbound and inbound tourism in Beijing in 2014

1. Outbound and inbound tourism markets of Beijing

From January to December 2014, the number of inbound tourists staying overnight in Beijing totaled 4.275 million person-times, with a year-on-year drop of 5%; the foreign exchange earnings from tourism of Beijing totaled USD4.61 billion, down 3.9% year-on-year. Even so, it turns better compared with the drop of 10% in 2013.

2. Outbound tourism market of Beijing

The graph below shows the change of the number of tourists who made outbound travels under the organizations of travel agencies in the past 15 years. It indicates a strong growth of the outbound tourism of Beijing (See Figure 1). In 2014, the number of outbound tourists under the organization of the travel agencies in Beijing reached 4.102 million person-times, up 23.9% year-on-year.

(II) Main tourism business platforms of Beijing

Beijing has three major tourism business platforms, namely Beijing International Tourism Expo (BITE), the tourism business platform of China Beijing International Fair for Trade in Services (CIFTIS) and China Incentive, Business Travel. Meetings Exhibition (CIBTM).

1. Beijing International Tourism Expo (BITE)

Held annually, the BITE provides a broad platform for the communication between the tourism sectors home and abroad. The 11th BITE held in 2014 attracted 985 exhibitors from 81 countries and regions in the world and 27 provinces (municipalities, autonomous regions) of China. It covered an exhibition area of 22,000 square meters.

2. Tourism platform of CIFTIS

The CIFTIS, also called Beijing Fair, is jointly sponsored by the Ministry of Commerce of the People's Republic of China and the People's Government of Beijing. It is the only comprehensive fair specialized in 12 categories of trade in services identified by the World Trade Organization. The tourism services trading platform is an important part of the CIFTIS, aiming to show the tourism resources and products of Beijing and even the whole China.

3. CIBTM

The first session of CIBTM was held in 2005. It is a part of the series of global MICE exhibitions of Reed Travel Exhibitions (RTE). From 2005 to 2007, the exhibition was independently held by RTE in Beijing. In 2008, Beijing Municipal Bureau of Tourism (currently Beijing Municipal Commission of Tourism Development) launched cooperation with RTE and jointly sponsored the exhibition in 2009. Through years' development, the CIBTM has been developed into the largest and best-developed international MICE exhibition in Asia.

The People's Government of Beijing attach great importance to the development of tourism. We expect more cooperation projects to be launched between you and the tourism enterprises of Beijing to bring more tourists to Beijing.

I believe that the forum will bring us more thoughts about the future of the world tourism development and make great contributions to that. Finally, wish you the best of health and success in work, and wish our cooperation and friendship everlasting.