

# Putting out the welcome mat

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Asia is the world’s most inhabited region, with a population of more than 3.5 billion. During 2006, they were joined by 167m international arrivals, making the region the second most favoured destination after Europe. According to the World Tourism Organisation (UNWTO) arrivals were up by a further 9.7% in the first quarter of 2007, compared to a 7.8% rise in the whole of 2006, showing acceleration in demand.

The world’s two fastest growing economies – China and India – have attracted 10% and 14.4% more visitors this year, while expanding manufacturing industries in both countries, as well as India’s fast developing IT sector, are boosting business travel, both internally and internationally. Increased capacity at Mumbai Airport has helped cope with this influx, while China is in the middle of a construction boom. Over 6,000 hotel rooms will be added in 2007 in Shanghai alone, and with the 2008 Olympics, developments in China are moving at quite a pace.

Not surprisingly, it is the region’s biggest economies that are also the major contributors to peaks in inbound tourism across other Asia Pacific countries. According to the Pacific Asia Tourism Association (PATA), Northeast Asia’s economic powerhouses – China, South Korea and Japan – are the largest source of tourists throughout the region. But the defining factor over the next decade will undoubtedly be the surge in Chinese visitors.

For example, 750,000 Chinese tourists went to South Korea in 2006, but this is expected to double to over 1.5m by 2009. Thailand’s National Tourism Bureau expects to welcome 3m Chinese visitors by 2010. Given that five airlines already connect China with Phuket alone, these figures seem achievable. Other Asia Pacific countries are expecting to lay out the welcome mat as China’s newly – affluent generation sets off on holiday. In the last ten years Chinese international expenditure has increased from US\$3.7 billion, to over US\$24 billion in 2006 – overtaking Italy to become the world’s sixth biggest international spender.

Meanwhile, the number of travellers from India with money to spend is growing dramatically. According to the UNWTO, Indian tourists spent US\$7.4 billion in 2006, compared to US\$1 billion ten years ago, demonstrating the increased spending power of this economic power.

Vietnam has been quick to spot the potential here. Although Indian tourist numbers are currently small – just over 5,500 – the Vietnamese National Administration of Tourism will be launching major promotional campaigns to encourage India’s travellers to move away from traditional favourites such as Malaysia and Singapore. Vietnam Airlines and Indian Airlines have already reduced the costs of direct flights to make this happen.

## International tourist arrivals to Asia Pacific

	International tourist arrivals (million)		% change					
	2006	2005	01/02	02/03	03/04	04/05	05/06	Quarter 1 06/07
Asia Pacific	167.4	155.4	8.1	-9.3	27.4	10.3	7.8	9.2
Oceania	10.6	10.5	0.8	-1.0	12.1	3.7	0.6	2.8
North-Eastern Asia	94.1	87.6	11.9	-9.6	28.6	10.3	7.4	9.7
South-Eastern Asia	53.9	49.3	5.1	-13.3	30.6	4.9	9.3	9.1
South Asia	8.9	8.0	0.4	10.2	18.5	4.7	11.7	12.6

Source: World Tourism Organisation

### Vietnam's top ten hopes

Vietnam's government wants the country to be among the ten most visited destinations in the world within a decade. During 2006, international arrivals stood at a modest 3.6m, but during the first quarter of this year, numbers were up 13.7%. Against a backdrop of political stability, around US\$776m of foreign money has already been invested in tourism projects in the country so far this year, with predictions of US\$182 billion over ten years. China is already Vietnam's largest source market and Russian tourists are coming in at record levels. Around 25,000 Russians travelled to Vietnam in the first quarter of 2007 – a 65% increase from 2006.

Add to this the expected interest from India and elsewhere, and Vietnam's future as a holiday and business choice looks assured. However, such speedy development needs to be managed well to ensure the country's long-term prosperity. Vietnam's popularity is sure to have a positive knock-on effect on neighbouring Laos and Cambodia. Laos had 1.2m visitors during 2006, almost double turn of the century figures, with the increasingly popular eco-tourism sector playing an important role in its development.

### Thailand's Russian appeal

Thailand, the 'land of smiles' has a few worry lines at the moment, following the military coup, bombs in Bangkok, continued strife in the south and problems with Bangkok's new airport. Even though tourists still exceeded 13.8m in 2006, with a further 5.8% rise during the first quarter of 2007, the Tourism Authority of Thailand has revised its arrival target for 2008 down from 20m to 16m. Like Vietnam, Thailand is attracting more Russians, with huge increases in the numbers visiting Phuket, as well as their traditional favourite beach resort, Pattaya. More than 49,000 Russian tourists flew into Phuket in the first quarter of 2007; a 40% increase year-on-year, making Russia now the fourth largest source market to the island. Koh Samui is also expecting more visitors, with its new airport – due to open in January 2008 – capable of handling 16,000 passengers per day.

Travellers to the Philippines are shrugging off security concerns to arrive in record numbers. With the potential boost from China in mind, the government has an ambitious target of 5m visitors a year by 2010. In 2006, there were 2.8m arrivals, but with increases of 8.8% in the first quarter of 2007, on top of the 8.4% rise seen during 2006, that goal seems within reach.

Japan has enjoyed a 13.3% year-on-year rise in arrivals during the first quarter of 2007. During 2006, 7.3m international visitors came in, helped no doubt by the innovative government marketing campaign, Yokosi Japan! Since the campaign was launched in 2003, the number of international visitors has risen by 40%. Promoting the country overseas is a vital step, given that departures continue to outstrip arrivals, but a boom in Chinese tourism – plus more visitors from the UK, France and Canada – will shift the balance. Across the Sea of Japan, South Korea has seen only a slight upturn in arrivals (2.2%) in the first quarter of 2007. With just over 6.1m visitors in 2006 – and an estimated 40% of those from Japan – inbound tourism remains disappointing. The unpredictability of its Northern neighbour doesn't help, but the prospect of many more Chinese visitors most certainly will.

### Success of the cities

Visitors to Asia's bustling city states, Singapore, Hong Kong and Macau, increased during the first quarter of 2007. Singapore had 7.6m international tourists last year – up 7.2% from 2005 – and figures for January to April 2007 show a further 5.5% rise. Singapore has always been a popular transit point for travellers flying between Europe and Australia, but now the country is also appealing to people from China and India. The growth of Chinese outbound tourism is also paying great dividends for the former colonial ports, Hong Kong and Macau. Hong Kong saw 15.8m visitors arrive in 2006, and although growth is slowing slightly compared to the surge in Chinese cross-border visitors in previous years, arrivals are still up 3.9% in the first quarter of 2007.

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Macau, meanwhile, is reaching new heights – literally. Massive development plans are underway in the city, including the recently opened US\$2.4 billion Venetian Macau, and the planned 3,985-room, twin-towered Sheraton Macau. A haven for day-trippers from mainland China and Hong Kong, the city saw first quarter growth in 2007 of 21.4%, on top of an annual growth rate of 18.5%. The Chinese New Year period in February pushed numbers up, and given the extra disposable income of millions of Chinese – who tend to be keen gamblers – Macau is on a winning streak.

#### **Numbers up down under**

Australia recorded solid growth in international visitors during 2006, with nearly 5.8m travelling ‘down under’. Innovative marketing campaigns across Asia and Europe have boosted the country’s appeal, while competition between low cost airlines has made this vast country more accessible.

Australia’s largest source market, New Zealand, has seen slow, but steady growth. International visitor arrivals, which stood at 2.5m in 2006, are not expected to break the 3m barrier before 2010, despite the marginal year-on-year growth that’s forecast. The paradise islands of Fiji are suffering from continuing fears over security, following last year’s coup. A 0.9% downturn in 2006 – ending the year with 545,000 visitors – was followed by a 5.5% dip in first quarter year-on-year figures. For a country whose economy relies so heavily on tourism, Fiji obviously needs to re-establish trust among international travellers.

Asia Pacific clearly has a great deal to offer tourists, who are enjoying more and cheaper opportunities to travel than ever. Countries with previously poor infrastructure, such as India and Vietnam, are rushing to improve their support facilities, while in China, cities such as Beijing, Macau and Shanghai, are building hotels quickly to keep pace with the expected rush of visitors. Tourism revenue is increasingly being generated by the world’s fastest growing economies, such as China, India and Russia, who are beginning to rival the traditional top four – Germany, the USA, UK and France. Competition is expected to become tougher as countries challenge one another to be the preferred destination for international tourists.