

Benchmarking Travel & Tourism in China

How does Travel & Tourism compare to other sectors?

Summary of Findings, November 2013

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Introduction

- The World Travel & Tourism Council (WTTC) has spearheaded global analysis of the economic importance of the sector for over 20 years. This research has established the contribution of Travel & Tourism on an ongoing basis to over 180 countries in absolute size, share of the economy, and growth.
- Around the world, WTTC research is referenced as the authoritative source of the role of Tourism in generating GDP, income, and employment.
- WTTC is now releasing new research on the role that Travel & Tourism plays in the world economy in comparison to other economic sectors.
- The results of these comparisons provide new perspectives on the relative significance of Travel & Tourism as well as some of its unique advantages in driving current and future global economic growth.

Summary of Research Structure

- This updated WTTC research benchmarks Travel & Tourism against an assortment of other sectors for twenty-five countries and for each world region.

Regions

- World
- Americas
- Europe
- Asia Pacific
- Middle East
- Africa

Countries

- Argentina
- Australia
- Brazil
- Canada
- China
- Colombia
- France
- Germany
- India
- Indonesia
- Italy
- Jamaica
- Japan
- Mexico
- Montenegro
- Peru
- Russia
- Serbia
- South Africa
- South Korea
- Thailand
- Turkey
- UAE
- United Kingdom
- USA

Summary of Research Structure

- The following metrics are analysed by sector for each country:
 - GDP (size and share of economy)
 - Employment contribution (size and share of economy)
 - Historic growth
 - Expected growth
 - Export contribution
 - Strength of linkages to the rest of the economy

Sectors referenced

The following sectors have been analysed in comparison to Travel & Tourism. They were selected as having a similar breadth and global presence as Travel & Tourism.

- **Mining**: includes the extraction of oil, natural gas, coal, metals, and related services
- **Education**: includes all levels of educational services
- **Higher Education**: includes learning that occurs at universities, academies, colleges, seminaries, and institutes of technology
- **Chemicals manufacturing**: includes drugs & medicines, manufacture of basic pharmaceutical products and pharmaceutical preparations, plastics, rubber, paint, polishes, ink, perfumes, cosmetics, soap, cleaning materials, fertilizer, pesticides, other chemicals
- **Automotive manufacturing**: includes motor vehicles and parts & accessories
- **Communications**: includes post (national and private) and telecommunications
- **Banking**: includes all banking activities and related services.
- **Financial services**: includes banking, investment services, insurance

Levels of industry impacts

The analysis examines the economic value of industries on three levels.

- Direct: this includes only those employees and the related value added for the relevant sector. In the case of Travel & Tourism, we only count the value added of the accommodation, recreation, transportation, and other related sectors.
- Indirect: this measures the supply chain impact (also called inter-industry linkages) for each sector.
- Induced: this measures the impacts of incomes earned directly and indirectly as they are spent in the local economy.
- The sum of direct, indirect, and induced impacts equals the total economic impact of a sector.



China

How does Travel & Tourism compare to other sectors?

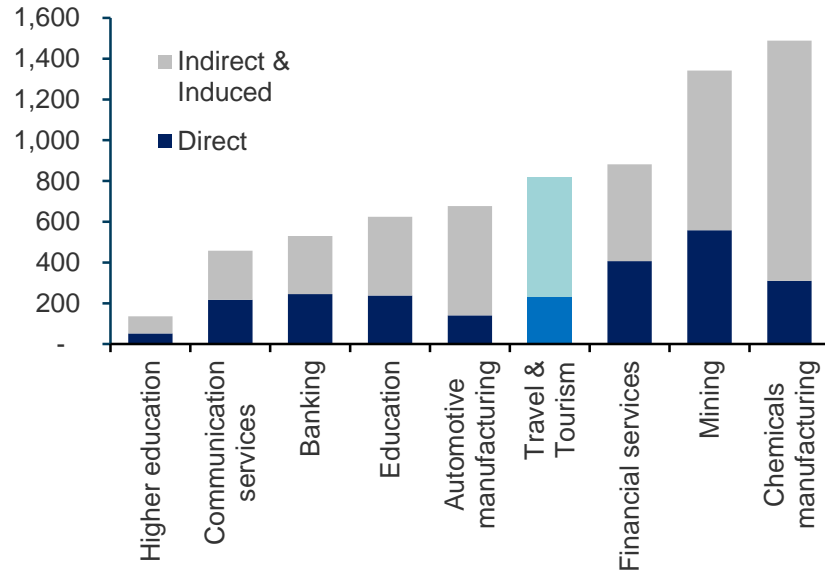
Benchmarking Travel & Tourism in China: GDP

GDP Size

- Travel & Tourism generated a total impact of \$US 817 billion of China's GDP in 2013.
- Travel & Tourism GDP is larger than that of the automotive manufacturing, education, banking, communication services, and higher education sectors.
- In terms of its direct GDP, Travel & Tourism is nearly 65% larger than the direct GDP of the automotive manufacturing sector in China.

China GDP Impact by Industry

\$US billion (2012 prices)

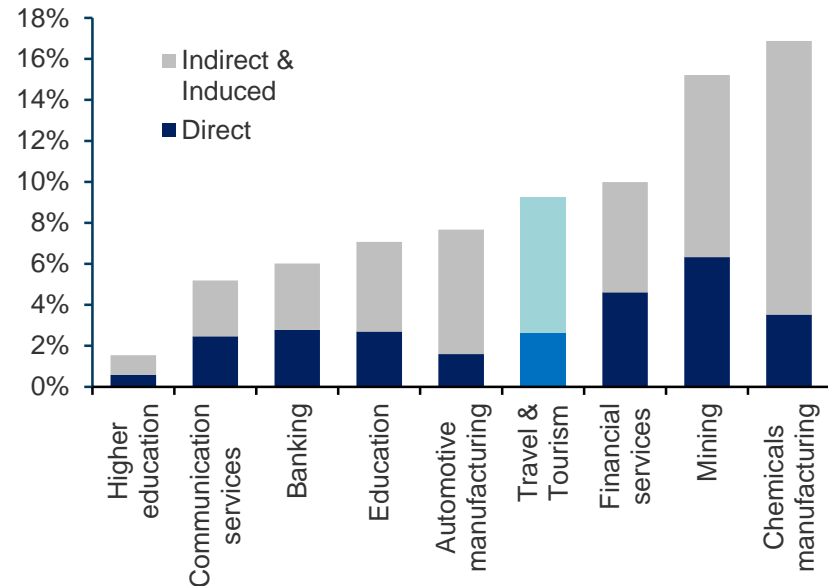


GDP Share

- Based on its direct, indirect, and induced GDP impact, Travel & Tourism generated 9.3% of China's GDP in 2013.
- This is larger than the size of automotive manufacturing's and education's GDP impacts at 7.7% and 7.1%, respectively.

China GDP Impact by Industry

share of total economy GDP



Benchmarking Travel & Tourism in China: Employment

Employment Size

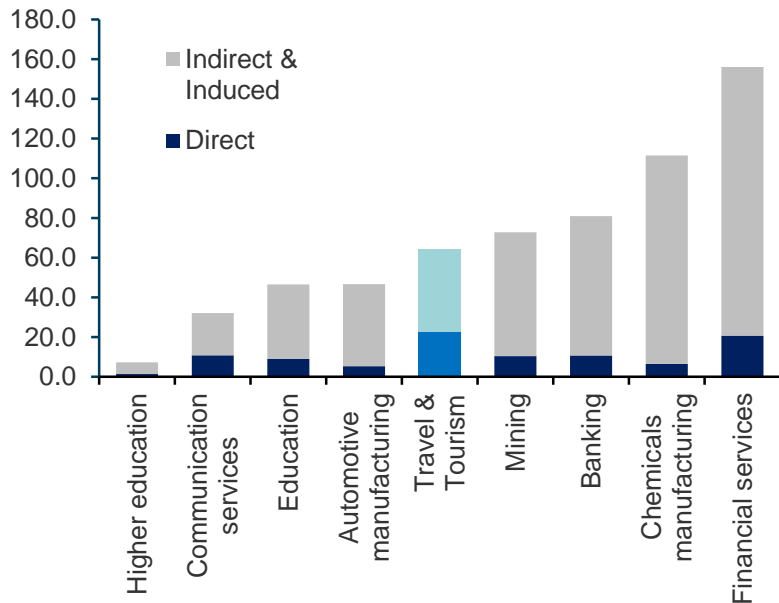
- Travel & Tourism sustained a total of 64.4 million direct, indirect, and induced jobs in China in 2013.
- Travel & Tourism in China directly employs more people than all other studied sectors.

Employment Share

- Travel & Tourism generated, either directly or indirectly, 8.4% of China's employment in 2013.
- For every job directly in the Travel & Tourism sector, nearly two jobs are created on an indirect or induced basis.

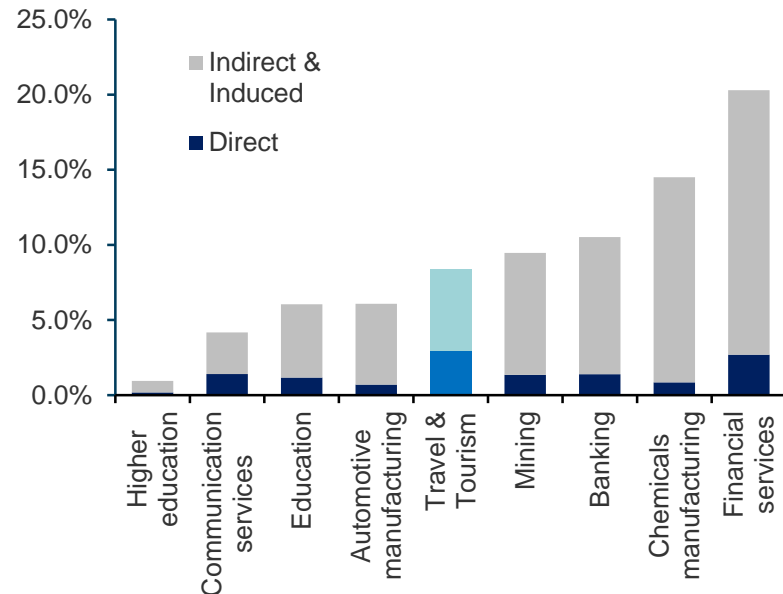
China Employment Impact by Industry

2012, millions



China Employment Impact by Industry

share of total economy employment



Benchmarking Travel & Tourism in China: Growth

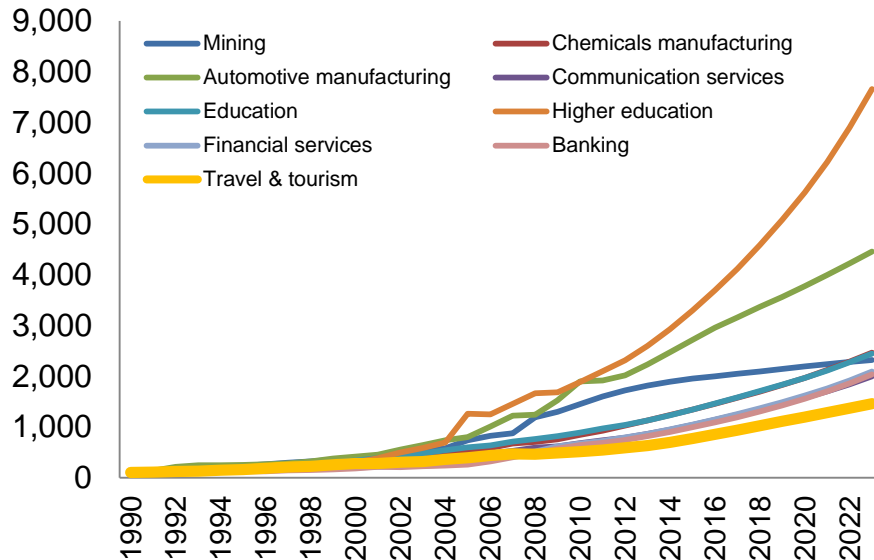
Growth Trends

- Travel & Tourism direct industry GDP expanded 532% between 1990 and 2013 while the total economy expanded 830%.
- The communication services industry grew 760% over this 23-year period.
- As China steadily improved its macroeconomic stability between 1990 and 2013, many industries, including the mining, manufacturing, and service sectors, outperformed the Travel & Tourism industry.

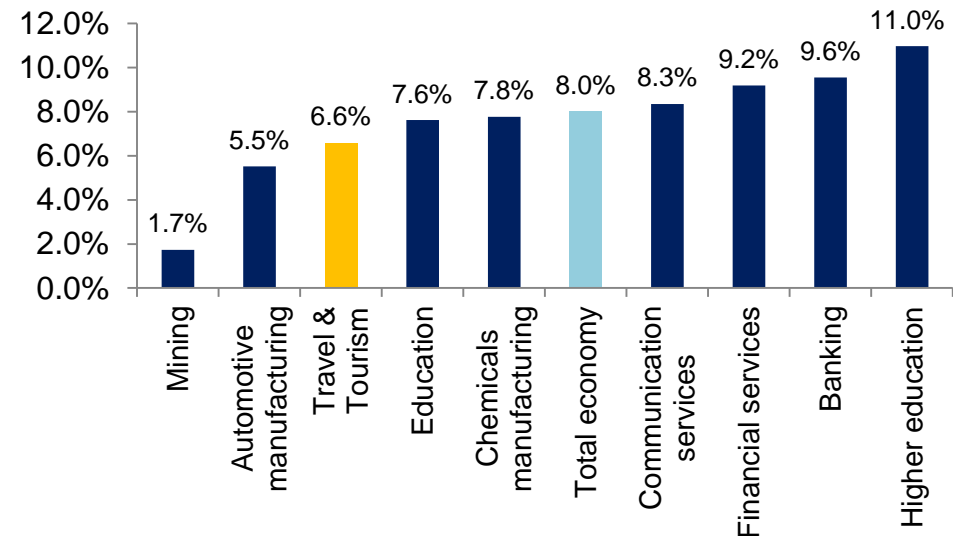
Growth Forecasts

- Travel & Tourism GDP is expected to grow at an annual average of 6.6% over the next decade.
- In comparison, the total economy is expected to expand 8.0% per annum in real, inflation-adjusted terms.

China GDP Growth by Sector (1990=100)



China GDP Forecast by Industry CAGR% 2013-2023

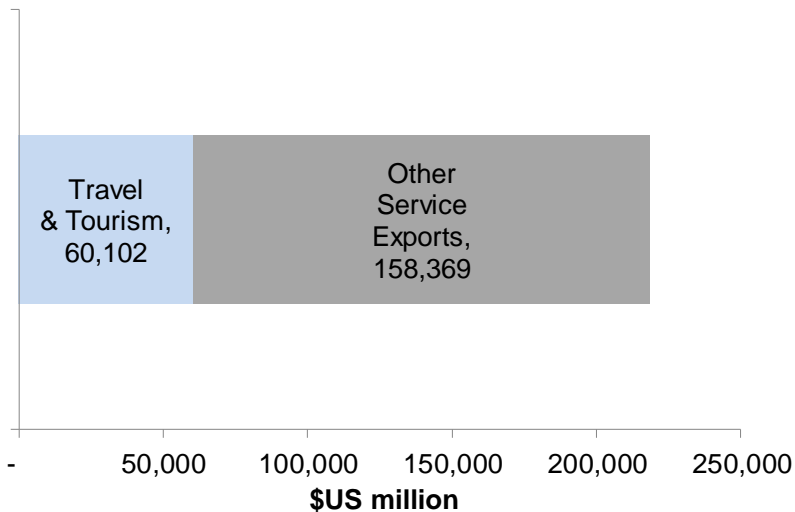


Benchmarking Travel & Tourism in China: Exports

Tourism's Share of Exports

- Travel & Tourism is a significant source of export revenue for China.
- In 2013, visitor exports totalled \$60.1 billion. This was 28% of all service exports and 2.4% of all exports (including goods and services).

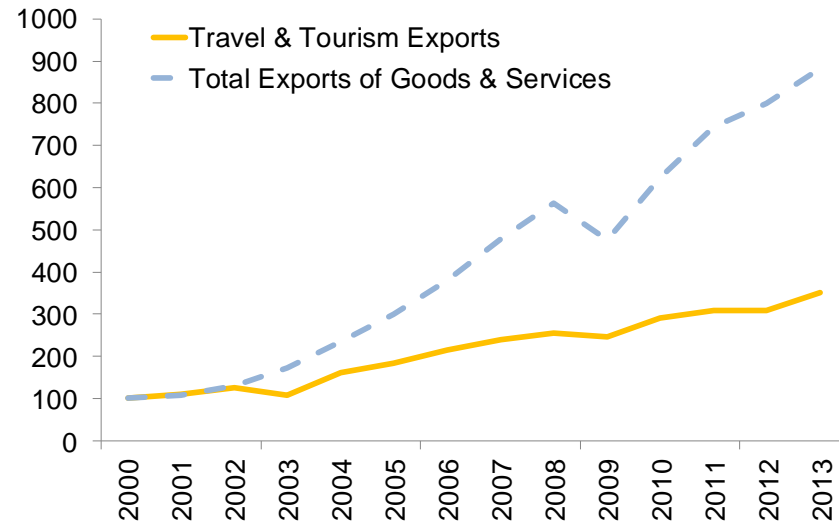
China Service Exports (2013)



Growth of Tourism Exports

- Between 2000 and 2013, China's Travel & Tourism exports expanded 252%.
- Total exports of goods and services outpaced Travel & Tourism exports and grew 782% between 2000 and 2013.

China Exports Growth, 2000-2013
(2000=100)



Benchmarking Travel & Tourism in China: Linkages

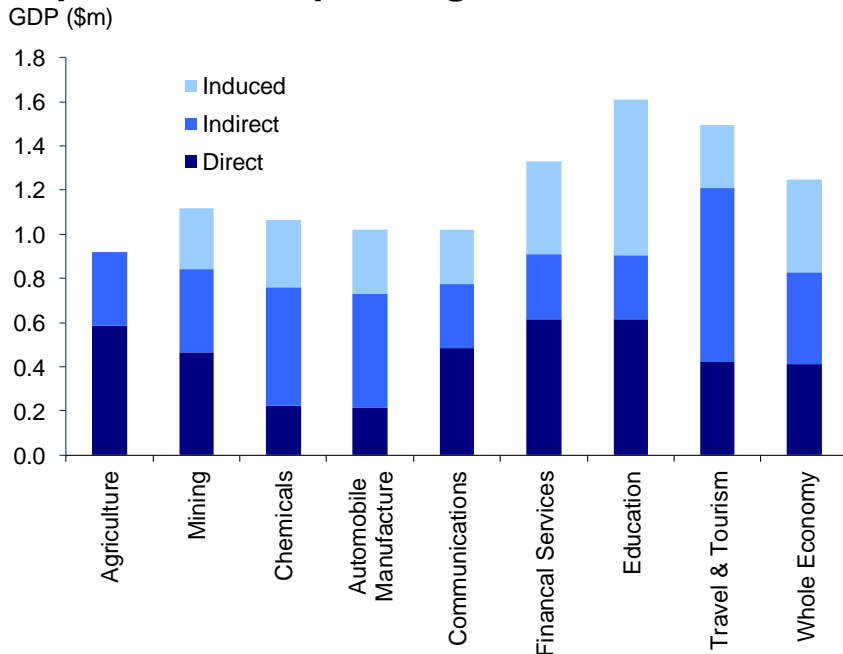
Comparing the effect of \$1 million in spending

- Spending in a sector will have varying impacts on GDP, depending on the local value added and linkages to the rest of the economy.
- In China, \$1 million in Travel & Tourism spending (consumption) generates \$1.4 million in GDP. This impact of spending is greater than all studied industry sectors except for education.

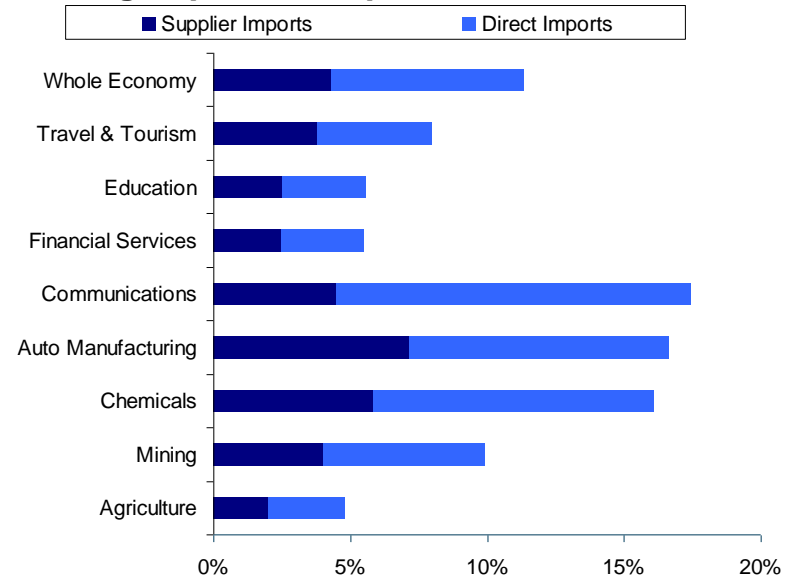
How much of T&T spending stays in the economy?

- When travellers spend money in a destination, not all of it remains in the economy as some goods and services need to be imported. This represents “leakage” to the economic value produced.
- In China, 8% of Travel & Tourism spending leaks out of the economy through imports. The automobile and chemicals industries each require imports amounting to 16% of sale.

Impact of \$1m spending - China



Leakages per \$100 spend - China



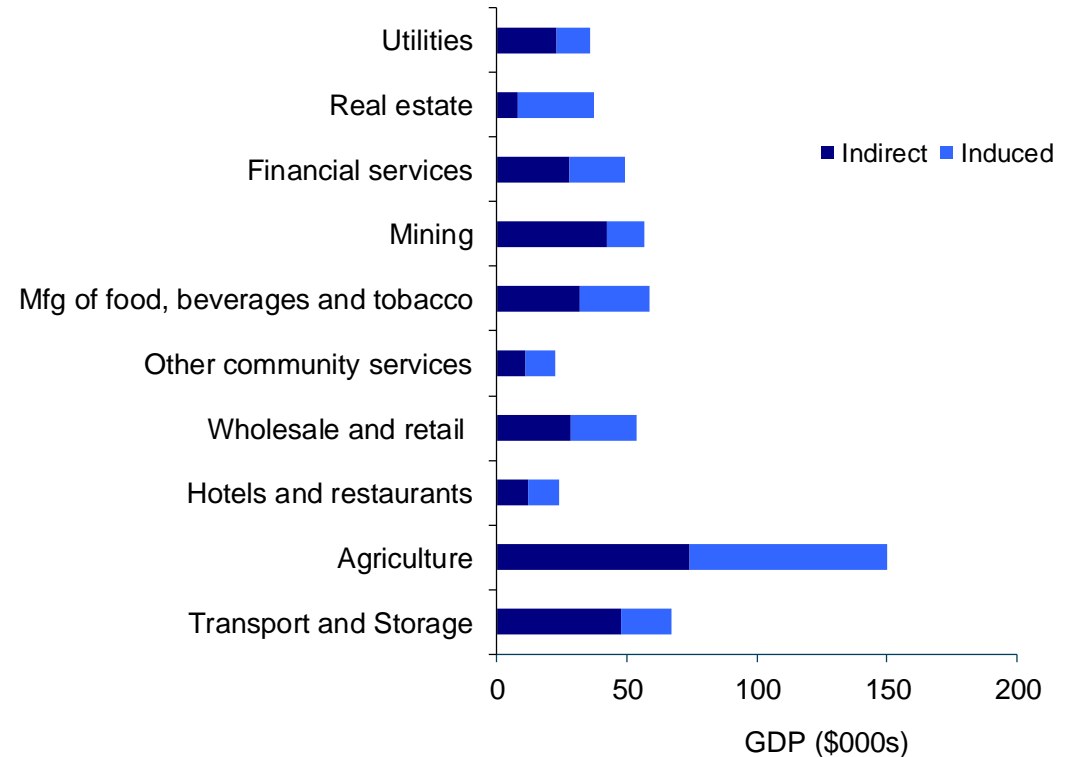
Benchmarking Travel & Tourism in China: Linkages

Beneficiaries of Travel & Tourism

- Travel & Tourism is interconnected with the entire Chinese economy. These links exist through the supply chain to the Tourism industry (indirect linkages) as well as through Tourism-earned incomes as they are spent across a variety of other sectors.
- In this sense, the Travel & Tourism sector has many “beneficiary” sectors across the whole spectrum of the economy.
- The agriculture sector gains \$150,000 for every \$1 million in spending on Travel & Tourism.
- For every \$1 million in Travel & Tourism sales, \$67,000 of gross value added is generated in the transport and storage sector.

T&T links with other sectors - China

GDP generated per \$1 million in Travel & Tourism sales

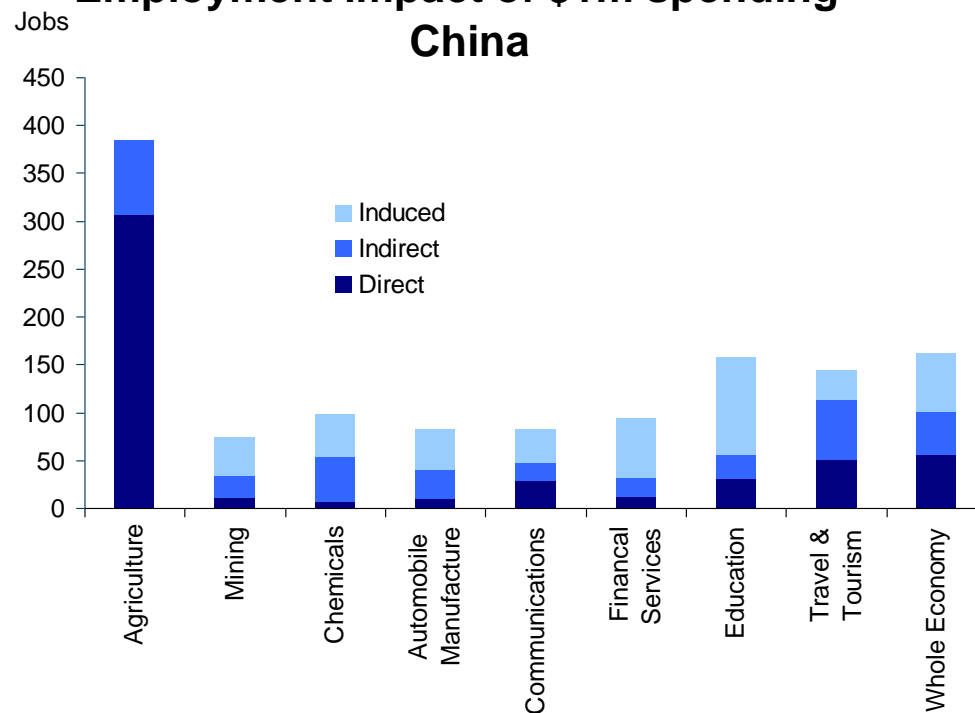


Benchmarking Travel & Tourism in China: Employment Generation

Travel & Tourism's employment potential

- For every \$1 million in Travel & Tourism spending, 144 jobs are supported. (51 direct, 62 indirect, and 31 induced)
- This compares favourably to the average of the economy, which generates 161 jobs per \$1 million in spending.
- Financial services: 93 jobs per \$1 million
- Auto manufacturing: 83 jobs per \$1 million
- Communications: 83 jobs per \$1 million
- Agriculture: 384 jobs per \$1 million

Employment impact of \$1m spending - China



Benchmarking Travel & Tourism in China

GDP, 2013 (\$US billion, 2012 prices)				
	Direct	Indirect + Induced	Total	% total economy
Mining	558	784	1,342	15.2%
Chemicals manufacturing	311	1,178	1,489	16.9%
Automotive manufacturing	141	536	677	7.7%
Communication services	217	241	458	5.2%
Education	238	386	624	7.1%
Higher education	52	84	136	1.5%
Financial services	407	474	882	10.0%
Banking	245	286	530	6.0%
Travel & Tourism	232	585	817	9.3%

Employment, 2013				
	Direct, '000s	Indirect + Induced, '000s	Total, 000s	% total economy
Mining	10,385	62,373	72,758	9.5%
Chemicals manufacturing	6,536	104,980	111,516	14.5%
Automotive manufacturing	5,352	41,354	46,705	6.1%
Communication services	10,821	21,255	32,075	4.2%
Education	8,957	37,568	46,525	6.0%
Higher education	1,404	5,890	7,294	0.9%
Financial services	20,705	135,368	156,073	20.3%
Banking	10,735	70,187	80,922	10.5%
Travel & tourism	22,780	41,633	64,412	8.4%

Data Sources & Methodology

How does Travel & Tourism compare to other sectors?

Data sources and methodology: GDP and Employment

- Main data sources for comparative sectors:
 - United Nations International Labour Organization;
 - OECD;
 - CEIC Data Manager;
 - Eurostat (European Commission);
 - UK Office for National Statistics (ONS);
 - Oxford Economics Cities and Regions Forecasting Service;
 - UNESCO;
 - Groningen Growth and Development Centre;
 - UN World Input-Output Database (WIOD);
 - Oxford Economics Global Industry Model;
 - Oxford Economics Global Economic Model;
 - Oxford Economics UK Regional Model; and
 - Various country-specific National Statistics Office websites
- Travel & Tourism GDP and employment figures are drawn from Oxford Economics analysis for WTTC using the Tourism Satellite Account framework.

Data sources and methodology: Exports

- Main data sources:
 - World Trade Organization (WTO)
 - IMFBOPA
 - Oxford Economics.
- Total exports, total service exports and total goods/merchandise exports are sourced originally to national accounts and central bank balance of payments data.
- Service exports taken from IMFBOPA database for all countries where possible.
- 2000 figures taken from above, 2013 estimated using 2012 shares of total and applied to totals for 2013.
- All currency figures are stated in 2012 US dollars.

Data sources and methodology: Linkages

- Main data sources: OECD, National Statistical Offices, Oxford Economics
- Input-output tables for all countries were sourced from either the OECD or, when not available, National Statistical Offices. From the input-output tables, multiplier matrices were developed for each economy, detailing the flow of spending in an economy that occurs as a consequence of spending in a given industry.
- For each of the comparator sectors, a spending shock of \$1 million was simulated, with the resulting spending impacts in every industry in the economy recorded.
- These spending outcomes were translated into gross value added (GVA) using the GVA/output ratios available in the input-output tables, and employment, using productivity level data developed from the GDP and employment figures derived elsewhere in the study.
- Travel & Tourism multipliers are drawn from Oxford Economics / WTTC ongoing Tourism Satellite Account analysis.
- Global and regional multipliers were calculated as the weighted average of all relevant nations, with weightings assigned according to sector GDP.

About WTTC and Oxford Economics



- The World Travel & Tourism Council (WTTC) is the forum for business leaders in the Travel & Tourism industry. With Chief Executives of some one hundred of the world's leading Travel & Tourism companies as its Members, WTTC has a unique mandate and overview on all matters related to Travel & Tourism.
- WTTC works to raise awareness of Travel & Tourism as one of the world's largest industries, supporting 260 million jobs and generating 9 per cent of world GDP in 2012.
- WTTC advocates partnership between the public and private sectors, delivering results that match the needs of economies, local and regional authorities and local communities with those of business.



- Oxford Economics is one of the world's leading providers of economic analysis, forecasts and consulting advice. Founded in 1981 as a joint venture with Oxford University's business college, Oxford Economics enjoys a reputation for high quality, quantitative analysis and evidence-based advice.
- For this, it draws on its own staff of over 70 highly-experienced professional economists; a dedicated data analysis team; global modeling tools, and a range of partner institutions in Europe, the US and in the United Nations Project Link. Oxford Economics has offices in New York, Philadelphia, San Francisco, Chicago, London, Oxford, Belfast, Dubai, and Singapore.