

Europe will not get a boost from Chinese tourism until 2024

The world is eagerly awaiting the return of Chinese tourists since Covid-19 measures were lifted. But now that Chinese people can travel abroad again, will they be returning to Europe soon?



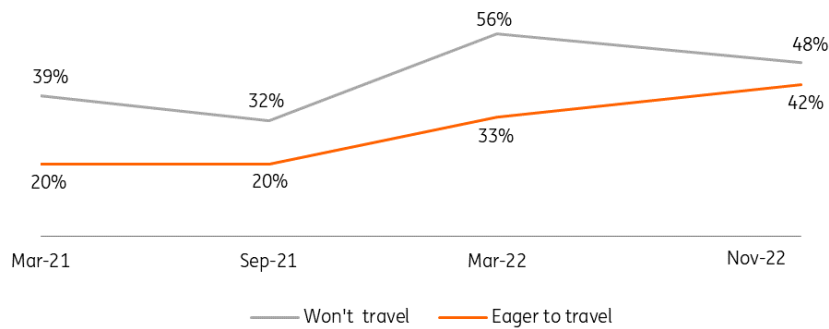
Italy is the most popular country in the EU for Chinese visitors

Chinese wanderlust on the rise

Chinese people are becoming more and more enthusiastic about travelling. This is evident from the latest Chinese traveller sentiment report from December 2022. Four in ten Chinese respondents said that they would like to go on a trip again. A year earlier, in December 2021, this applied to only two in ten Chinese. Now that Covid-19 restrictions have been fully lifted, the percentage of willing travellers is expected to increase further.

More Chinese people are eager to travel

Attitude of Chinese people towards travel



Source: Dragontrail.com.cn, ING Research

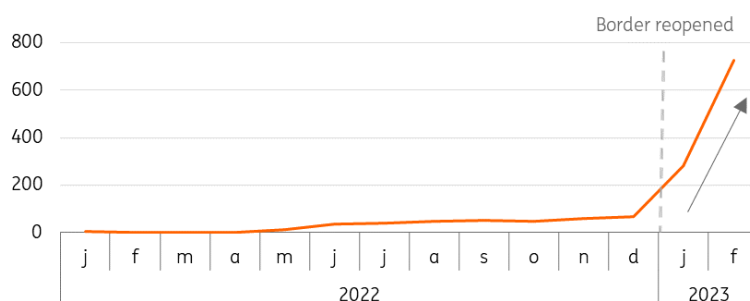
Jump in visitors from Mainland China to Hong Kong after border reopened

The increasing desire to travel among Chinese people can also be illustrated by two other factors:

1. On the day China announced it was lifting all virus restrictions, the booking site Trip.com recorded the highest number of searches for international flights and accommodations in three years.
2. The number of Chinese visitors from Mainland China to Hong Kong has soared. On 8 January 2023, the border between Mainland China and Hong Kong reopened. Last year there were only 370,000 visitors from Mainland China to Hong Kong. Since the reopening this year, one million people have crossed the border so far.

There has been a huge jump in Chinese visitors to Hong Kong since the border reopened

Number of visitors from Mainland China to Hong Kong (x 1,000)



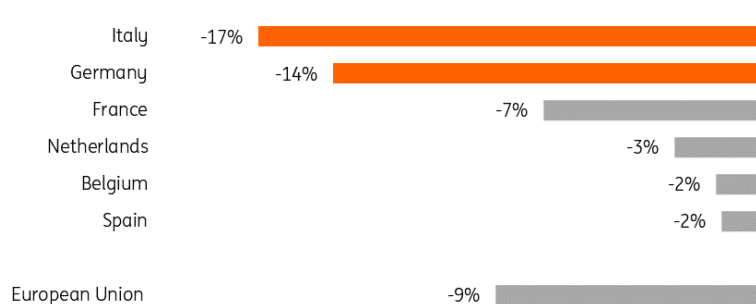
Source: Data.gov.hk, ING Research

European tourism still below 2019 levels

The big question is how soon will Chinese tourists return to Europe again, and what impact will that have on the European tourism industry? Tourism has been hit hard by the Covid-19 pandemic, particularly in 2020 and 2021, with the number of guests in accommodations almost halving. Despite a strong recovery in 2022, the number of tourists in the European Union reached 91% of the pre-pandemic level by the end of 2022. In Italy and Germany, in particular, there were still significantly fewer tourists in 2022 than before the pandemic. In Spain and Belgium, on the other hand, the number of tourists was close to the 2019 level.

Fewer tourists in the EU in 2022 than before the pandemic

Number of tourists in accommodations in 2022 compared to 2019



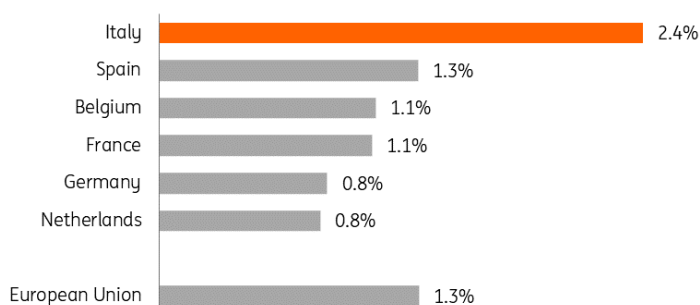
Source: Eurostat, ING Research

Italy is the most popular country in the EU for Chinese visitors

The share of Chinese tourists visiting the European Union each year is marginal, at 1.3%. In 2019, 13 million Chinese tourists came to the EU. Italy is by far the most popular country for Chinese tourists, followed by Spain and Belgium. In 2019, nearly 3.2 million Chinese tourists came to the country of 'la dolce vita', accounting for 2.4% of all tourists that year. In the last three years, the proportion of Chinese tourists in Europe has been negligible due to Covid-19.

Italy is the most popular country in the EU for Chinese visitors

Share of Chinese travellers out of the total number of travellers in 2019



Source: Eurostat, ING Research

Outlook

According to the China Outbound Tourism Research Institute, 18 million Chinese tourists will travel internationally in the first half of 2023, followed by 40 million tourists in the second half. That is about 40% of the number of travellers in 2019. Initially, Chinese people are expected to visit destinations close to home, such as Hong Kong, Macau, Thailand and Singapore. It is not expected that the number of Mainland visitors to Europe will really start to pick up until the summer. There are several reasons for this:

- Just like in the rest of the world, it will take several months for international travel to restart their operations. Not only is there a lack of capacity for international flights, resulting in high ticket prices, but Chinese travellers also face long delays in getting passports and visas.
- Many of them prefer family visits in their own country, as this has not really been possible in recent years.
- Several countries worldwide still have specific travel restrictions related to travel from China. For most European countries, for example, Chinese tourists still need a negative Covid test upon arrival.

While the return of Chinese tourists to Europe will begin around the summer of 2023, we expect the real boost for European tourism to take place in 2024.

Author

Katinka Jongkind

Senior Economist, Services and Leisure

Katinka.Jongkind@ing.com

Iris Pang

Chief Economist, Greater China

iris.pang@asia.ing.com

Disclaimer

This publication has been prepared by the Economic and Financial Analysis Division of ING Bank N.V. ("ING") solely for information purposes without regard to any particular user's investment objectives, financial situation, or means. *ING forms part of ING Group (being for this purpose ING Group N.V. and its subsidiary and affiliated companies).* The information in the publication is not an investment recommendation and it is not investment, legal or tax advice or an offer or solicitation to purchase or sell any financial instrument. Reasonable care has been taken to ensure that this publication is not untrue or misleading when published, but ING does not represent that it is accurate or complete. ING does not accept any liability for any direct, indirect or consequential loss arising from any use of this publication. Unless otherwise stated, any views, forecasts, or estimates are solely those of the author(s), as of the date of the publication and are subject to change without notice.

The distribution of this publication may be restricted by law or regulation in different jurisdictions and persons into whose possession this publication comes should inform themselves about, and observe, such restrictions.

Copyright and database rights protection exists in this report and it may not be reproduced, distributed or published by any person for any purpose without the prior express consent of ING. All rights are reserved. ING Bank N.V. is authorised by the Dutch Central Bank and supervised by the European Central Bank (ECB), the Dutch Central Bank (DNB) and the Dutch Authority for the Financial Markets (AFM). ING Bank N.V. is incorporated in the Netherlands (Trade Register no. 33031431 Amsterdam). In the United Kingdom

this information is approved and/or communicated by ING Bank N.V., London Branch. ING Bank N.V., London Branch is authorised by the Prudential Regulation Authority and is subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. ING Bank N.V., London branch is registered in England (Registration number BR000341) at 8-10 Moorgate, London EC2 6DA. For US Investors: Any person wishing to discuss this report or effect transactions in any security discussed herein should contact ING Financial Markets LLC, which is a member of the NYSE, FINRA and SIPC and part of ING, and which has accepted responsibility for the distribution of this report in the United States under applicable requirements.

Additional information is available on request. For more information about ING Group, please visit www.ing.com.