

CHINA'S OUTBOUND TOURISM TO CANADA

ANGLYSIS REPORT

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CONTENT:

1. CHINA'S OUTBOUND TOURISM OVERVIEW	1
3. SINO—US & CANADA ROUTES	4
1) STATISTICS OF OUTBOUND NUMBERS.....	4
2) VARIETY OUTBOUND TYPES	5
3) INTERNATIONAL AIRPORT IN CHINA & AMERICA.....	6
4) AIRLINES	6
4. SINO-CANADA FLIGHT ROUTE	7
1) STATISTICS OF OUTBOUND NUMBERS.....	7
2) CURRENT SINO-CANADA FLIGHT ROUTE.....	7
3) SUGGESTION OF SINO-CANADA FLIGHT DEVELOPMENT.....	8
5. CONCLUSION.....	9

1. CHINA'S OUTBOUND TOURISM OVERVIEW

The Motivation of Population Advantage and Policy Advantage

As a country with a large population, the population base determines a great demand for tourism. Under the China's rapid developed economic environment, especially when the tourism authorities has not taken any restrictive policies for outbound tourism under its macro-background, the market scale of China's outbound tourism has continuously developed.

The Improving of Consumption Capability for Outbound Tourism

Some tourism destinations have shopping as their focus, due to China's expanded outbound tourism market. Through enhancing the service capacity to Chinese tourists, relatively perfecting foreign tax rebate policy. In a certain sense, the world's biggest consumer groups for outbound tourism have been formed in China.

Boost the local economic development of host country

Increasing number of tourists from China along with their enormous consumption capacity, influence the tourism industry and relevant fields of the host country or area, in particular, has a significant impact on improving employment state. Giving the situation of global economic depression, the influence of Chinese outbound traveling market could not be ignored anymore. As a result of the Chinese outbound tourism booming, the Visa application and translation services are improved.

In 2013, 98,185,200 overseas visits were made by Chinese, an increase of 18.0% over the previous year. This figure is constituted by 62,162,000 official visits (increased by 18.0%), and 91,969,000 private visits (increased by 19.4%).

The number of overseas visits arranged by the tourism agents was 33,557,100 with an increase of 18.55%. This includes 20,855,800 Group tour visits with an increase of 30.4%.

2013 Outbound Tourism Statistics

Country	Outbound Visits (Millions)	Compared with Last Year (%)
Hong Kong China	40.30	15.3
Macau China	25.23	17.4
Korea	42.53	42.0
Thailand	4.01	78.7
Taiwan, China	2.92	11.0
America	1.97	14.2

CHINA'S OUTBOUND TOURISM TO CANADA

Japan	1.84	-6.5
Vietnam	1.77	32.3
Canada	0.89	19.1

Comprehensive statistical data -Exit & Entry Frontier Inspection

(1st June, 2014-30th, Sept, 2014)

			Last year	Comparison to Last Year (%)		
Sum			166926809	155302643	7.48	
Persons Entering the Country			83069702	77286991	7.48	
Persons Leaving the Country			83857107	78015652	7.49	
Category of Persons	Traveler		158182433	146901634	7.68	
	Employee		8744376	8401009	4.09	
Persons Entering & Leaving the Country	Nationality	Chinese Citizen	Sum	149066917	137609276	8.33
		Chinese Citizen	Mainland Chinese Citizen	81133539	70093184	15.75
			Hongkongnese Citizen	50324085	50319394	0.01
			Maocanese Citizen	13769534	13582551	1.38
			Taiwanese Citizen	3839759	3614147	6.24

2. DEVELOPMENT OF CHINA'S OUTBOUND TOURISM TO NORTH AMERICA

In 2009, the State Council confirmed Proposal of Accelerating Tourism Development which identifies the number of outbound tourists will reach at 83 million and 9% of an average annual growth rate as the goal of Chinese outbound tourism development by 2015. In 2010, income level of residents is improving with Chinese economic recovery.

Market scale of China's outbound tourism will continue to expand, the unique long-distance outbound destination with far more richer resources have drawn

attention from more and more Chinese tourists. Long-distance outbound tourism has the great potential market, as well as it belong to high-end tourist market in China.

With Canada and the US open its door to the foreign tourists, all kinds of thematic and characteristic trip would been increases. In 2009, Hawaii opened its door to self-funded traveler. Cultural history tour includes the east seacoast cities of New York, Washington, Philadelphia and Boston, while the west seacoast cities of Los Angeles, Las Vegas were consisted as fashion entertainment tour.

Currently, sight-seeing is the major one in the structure of North American tourism product, specially the panoramic tour of America and Canada is the first choice, while the business group is the primary market as well.

At the beginning of American tourism, panoramic tour was advertised chiefly, which focused on traveling NewYork, Philadelphia, Washington, LosAngeles, San Francisco, Los Vegas and so on; in the meanwhile, the tour of east & west seacoast is the generalized product as well, for instance 16 days tourism of America and Canada which was provided by U-tour. Canada was opened since end of 2009, relative Canada tourism product always packing with America or as a single part for business. One special point should be mentioned at here, there is no direct flight ex China to Montreal so that transiting from America still occupies a big proportion.

According to many authoritative government numbers of China's outbound tourism to North America, clarifying the current market of North America and the potential market development.

3. SINO—US & CANADA ROUTES

1) STATISTICS OF OUTBOUND NUMBERS

North America has always been one of the most important international aviation markets. China-North America airline is favored by every airline because of its adequate customers, even in the currently big depressed market. It is estimated in the next few years that China-North America air route is still a big potential commercial opportunity. New airlines will be brought in, which will complete the global airline net.

China and America are considered as major traveling sources to each other. The two countries transported 4.40 million travelers with 17 airline companies in 2013.

Recently, American Dynamic Airways and Guam Tourism Bureau jointly announced that a direct return chartered airline from Beijing to Guam since 21/06/2014. Air China opened new non-stop route from Beijing to Washington DC since 10/06/2014; in the meanwhile, United Airline opened new non-stop route from Chengdu to Los Angeles. Almost at the same time America Airline opened new routes from Dallas to Shanghai and Hong Kong, which were opened after the route ex Beijing to Chicago. Hainan Airlines opened the non-stop route ex Beijing to Boston on 20/06/2014. China Southern Airlines opened ex Guangzhou to New York as a new route in August.

2) VARIETY OUTBOUND TYPES

- a) Study abroad. In 2014, Chinese students have more choices and better-than-before chances for studying overseas. American is still the most attractive country and 30% of the foreign students would choose it.
- b) Immigrants. It's calculated that every 26s, one new immigrant will come into American fields. 150 million people dreamed to move to the USA, and 2.2 million among them are Chinese.
- c) Traveling. China—US is a popular route in China, more and more airline companies pay their attention on this market. For instance, Hainan Airlines has offered an attractive product that every traveler could visit Boeing Museum for free when they choose the route of Beijing—Seattle.

The whole North American will open more traveling routes and destinations with appropriate and interesting themes. Since 2009, self-founded traveling of Hawaii is available and it triggers more fashionable and amused route of Los Angeles, Boston, Las Vegas and other cities.

- d) Business. The total trading value reaches 73.23 billion Canadian dollars; with year to year grow of 4.49%. The two countries have frequent business trade and tightly connections. Challenges and opportunities can be both expected here. The Canadian Food Exhibition in Montreal in July had Chinese participants from more than 7 provinces with more than 50 kinds of foods. They negotiated with more than 1000 merchants and made some preliminary moves. Thus the business traveling is rising a lot.

3) INTERNATIONAL AIRPORT IN CHINA & AMERICA

For years, the main airports for China--America are Beijing, Shanghai and Guangzhou. Transport capability of these airports to America grows by around 14% each year, and passenger volume reaches at 2.8 million until 2013.

Currently direct routes from China to Vancouver and Toronto are available in Beijing, Shanghai and Guangzhou. Besides, Sichuan Airline offers airline from Chengdu to Vancouver since 22/06/ 2012.

4) AIRLINES

Among the US carriers:

- United Airlines flies non-stop between Beijing and San Francisco, Chicago, Newark, and Washington as well as non-stop Shanghai service from San Francisco, Chicago, Newark, and Los Angeles. Meanwhile, United has obtained authorization for non-stop service between Chengdu and San Francisco which was set to start on 9 June 2014.
- Delta Air Lines flies between Beijing, Shanghai, and Tokyo with either connections or the same flight numbers continuing to the United States, as well as non-stop flights between Detroit and Seattle and Shanghai and Beijing.
- American Airlines flies between Shanghai and Chicago, Beijing and Chicago, and Shanghai and Los Angeles. The Shanghai-Dallas non-stop flight started on 11/06/2014.
- Hawaiian Airlines announced that non-stop service was launched between Honolulu and Beijing on 16/04/2014.

Now there are four Chinese carriers which operate Sino--US air routes:

- Air China flies non-stop Beijing flights to San Francisco, Los Angeles, New York, Houston, and Honolulu. Air China had added service to Washington from Beijing on 10/06/2014.
- China Eastern flies non-stop Shanghai flights to Los Angeles, New York, Honolulu, and San Francisco.
- China Southern flies non-stop flights between Guangzhou and Los Angeles since August 1997. China Southern had opened a direct flight from Guangzhou to New York in August 2014.
- Hainan Airlines flies non-stop flights from Beijing to Seattle and Chicago. Hainan had added service to Boston from Beijing on 20/06/2014.

4. SINO-CANADA FLIGHT ROUTE

1) STATISTICS OF OUTBOUND NUMBERS

China--Canada relations unofficially began when Canadian Prime Minister John Diefenbaker passed legislation that would open up the Chinese market for Canadian farmers in the 1960s. Official relations were established in 1970 after Canadian Prime Minister Pierre Trudeau recognized the People's Republic of China, Canada became one of the first Western countries to recognize the PRC, as well as relations have been kept stable since established.

The economic growth of mainland China since 2000 has sparked even greater emigration opportunities for mainland Chinese. A 2013 survey showed that 60% of Chinese millionaires planned to emigrate, where 37% of the respondents wanted to immigrate to Canada. The main reasons well off Chinese wanted to move abroad were for greater educational opportunities for their children, advanced medical treatment, worsening pollution back home (especially urban air quality) and food safety concerns. The Canadian Immigrant Investor Program (CANIIP) allows many powerful Chinese to qualify for Canadian citizenship: among the 700 applicants to this program in 2011, 697 (99.6%) were mainland Chinese.

The number of flights between China and Canada increased about 30 percent compared with previous year on strong tourism demands according to the news of CNN on 02/05/2013. Flights between the two countries each week has grown to 75 in 2013 from 58 in 2012 due to rising demands from the Chinese market, said Derek Galpin, chief representative of Canadian Tourism Commission (CTC). "China has become Canada's fastest-growing source of tourists," Galpin said. In 2012, the number of Chinese tourists to Canada rose 18.3 percent from a year earlier to 288,279. The CTC forecast the number will grow by 15 to 20 percent in 2013.

In addition, another significant number is 1,090,035 Chinese who applied Business Travel Visa to Canada, it occupied 7.8 percent of the total Business Travel in Canada according to Export Government Official Web. Thereby, direct flights ex China to Canada are great commercial opportunity.

2) CURRENT SINO-CANADA FLIGHT ROUTE

The current direct flights from China--Canada are as follow:

Direct Flight to Canada ex PEK, Beijing

Airline Company	DES	TIME	Aircraft
AC	YVR	Daily	767-300
	YYZ	Daily	777-300
CA	YVR	Twice Daily	330-200
HU	YYZ	Daily	787

Direct Flight to Canada ex PVG, Shanghai			
Airline Company	DES	TIME	Aircraft
AC	YVR	Daily	787
	YYZ	Daily	777-300
MU	YYZ	3、5、7	340-600
	YVR	Daily	330-300

3) SUGGESTION OF SINO-CANADA FLIGHT DEVELOPMENT

According to Chinese government investigation shows among those passengers, 17.5% of them transfer from Toronto to Montreal. 10% of the passengers transfer from Vancouver to Montreal. In addition, 15% of the passengers transfer from North America to Montreal. The average occupancy rates of all the flights mention above are over 90% at the most time.

China is currently Canada's second largest trading partner and Canada is China's 13th largest. Although trade has grown fast during the 2000s, they are still thought to be below their potential. The business traveler occupied the most of the passenger number.

With access to six universities and twelve junior colleges in an 8 kilometer radius, Montreal, Quebec (Canada) has the highest proportion of post-secondary students of all major cities in North America. This represents roughly 248,000 post-secondary students as one of the largest numbers in the world. The first-class education system has attracted lots of Chinese students to seek for the better education opportunities. The student passengers occupied a huge amount of the passenger number with no doubt.

In this aspect, Hainan Airlines had successfully achieved its targets on the North America market by offering four nonstop flights per week in both directions between Boston and Beijing on the Boeing 787 Dream liner. This new route is being introduced to meet the strong demand for business travel to Boston as well as the growing demand for leisure trips. This strategic plan is proved to be fruitful.

Hainan Airlines has prepared application documents to open the route of China—Montreal as a new challenge based on the successful experience of Beijing—Boston case.

The direct flight from China to Montreal can provide Montreal to a direct connection to the world's second-largest economy and Canada's second-largest foreign market, can provide access for China to one of the commerce, finance, pharmaceuticals, technology centers in North America, and will make it much easier for businesses and tourists to travel between the two regions.

However, the limitations of opening direct China—Montreal route are still existed. First of all, there is no free period for opening new route in Beijing, while other cities still in the position of wait-and-see attitude; secondly, the time-slots of Canadian airports are not appropriate for passengers.

5. CONCLUSION

BSSY provide the excellent and pleasing air service as agent, which keeps nice relationship between customers and Airline Company. BSSY has luxuriant experience that partner with different air companies, such as Air China, Air Canada, United Airlines, Hainan Airlines, China Eastern Airlines and so on. Almost partner airlines advised that the rout of China—Montreal is the attractive one, which will be more and more popular in the near future.

BSSY has numerous tourism agent partners in China, they place great prospect on China—Montreal rout as well. According to the authoritative investigation of China Tourist Administration reveals that the trends of Canada travelers and businessmen are going to increase in the future, and the proportion of Montreal is 30%.

In brief, rich Canada flight routs is the ultimate mission and purpose as well as is the ideal expectation for government and customer. And according this investigative report shows that all conditions of opening new China—Montreal route have been prepared.