



OAG®

# CHINA OUTBOUND: ARE WE NEARLY THERE YET?

Wednesday January 24th, 2024

[www.oag.com](http://www.oag.com)

# SPEAKERS

**CHIEF ANALYST**

## John Grant

Chief Analyst, OAG

With a wealth of experience across the global aviation industry, John provides expert commentary on market developments for OAG, making connections between what the data is telling us and the trends and events occurring in the sector.

**GUEST SPEAKER**

## Michael Jones

Co-founder, Create Consulting

Michael is a communications and consulting specialist in China with a passion for the consumer/lifestyle/travel industry.

He has unrivalled experience in promoting brands focused on the lucrative China outbound travel and luxury consumer market while his company Create Consulting excels in promoting brands in the China digital/social media and tour operator industry space.

Michael is regularly invited as a conference or workshop speaker to educate participants about how to be successful in the Chinese outbound travel market.

**MODERATOR**

## Deirdre Fulton

Partner, MIDAS Aviation

Deirdre is a partner in an aviation consultancy providing meaningful insight and analysis to clients around the world. She works closely with OAG on their data analysis and publications.



# UNLOCKING GLOBAL TRAVEL: IS CHINA THE KEY?

➤ In this webinar we'll be looking at:

- Freedom to travel: changes to visas may yet stimulate growth
- Latest position for China's biggest airlines: networks, orders and capacity
- Where is everyone going?
- Will we really see Chinese outbound travel return this year?

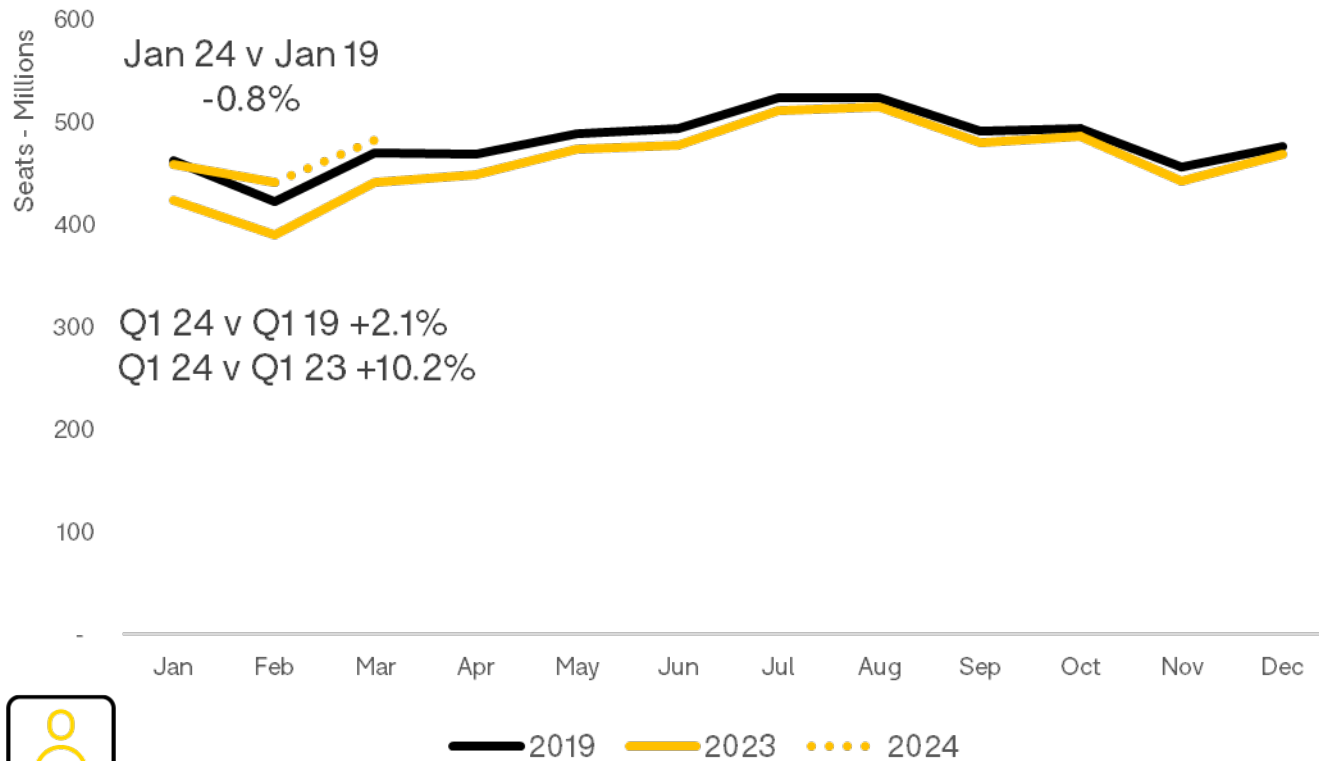
We'll take Questions and Answers through the webinar



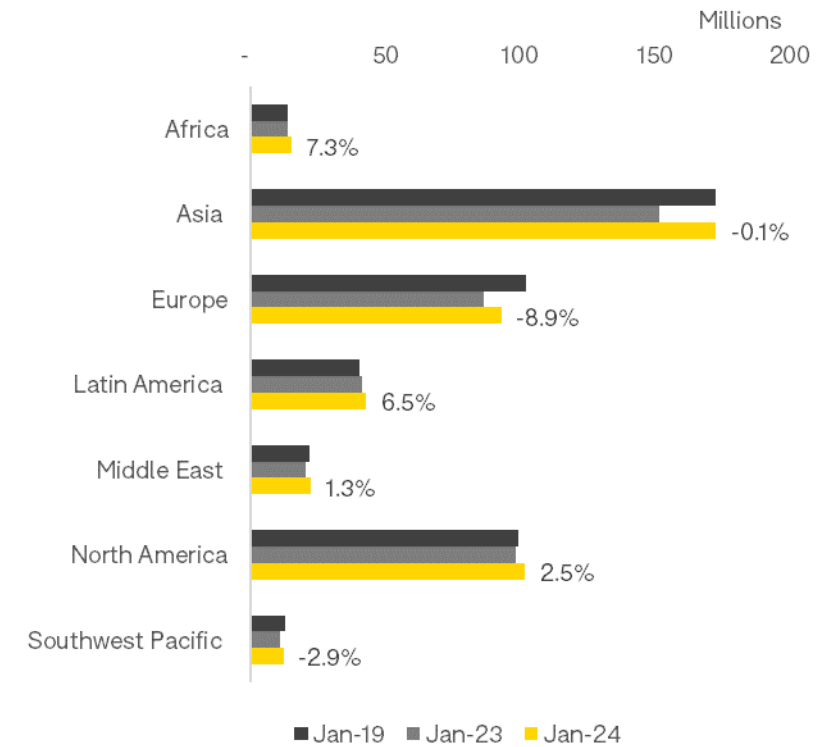
# GLOBALLY CAPACITY BACK WHERE IT WAS IN 2019

➤ Globally, capacity is slightly below 2019 this month, but over Q1, is expected to see an increase of 10.2% on last year and 2.1% up on 2019

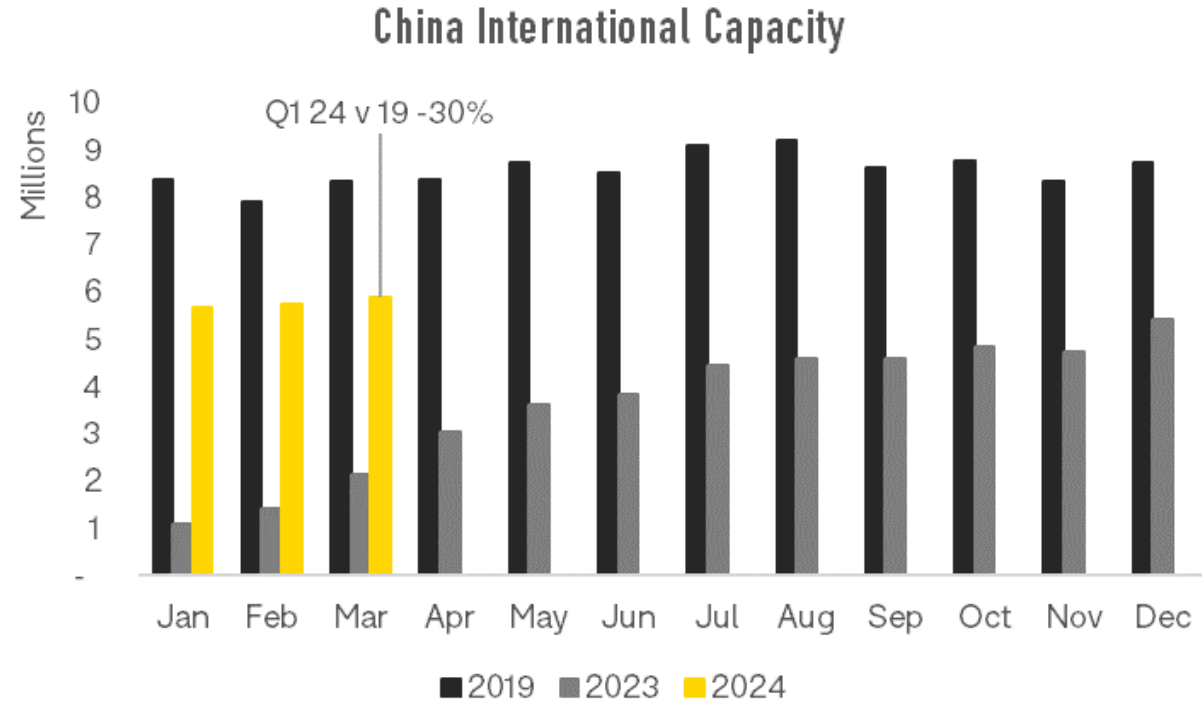
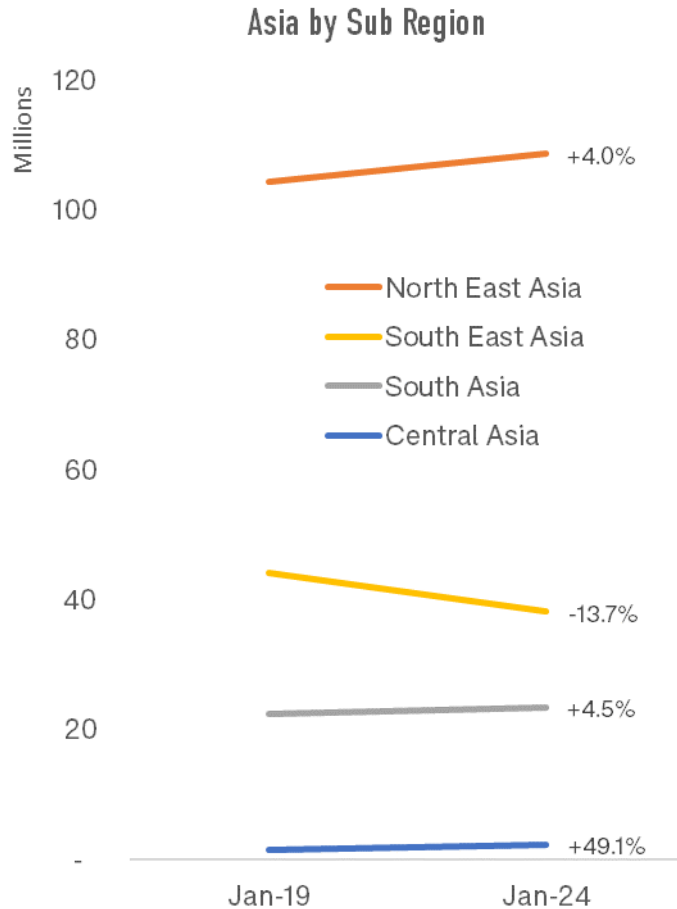
## GLOBAL CAPACITY



## January Capacity by Region



# CHINA CAPACITY: HAS THE SURGE BEGUN?

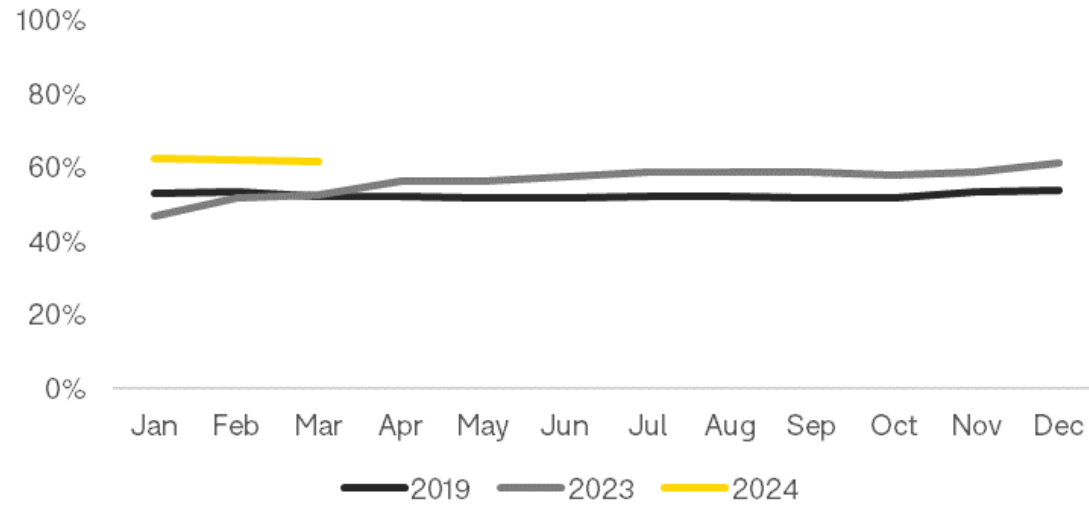


- Across Asia all regions have reached and exceeded 2019 capacity except for South East Asia
- This is largely due to North East Asian and European markets travelling to/from South East Asia having not yet fully recovered
- China international capacity expected to be 30% below 2019 in Q1



# CHINA CAPACITY: WHO IS LEADING THE RETURN?

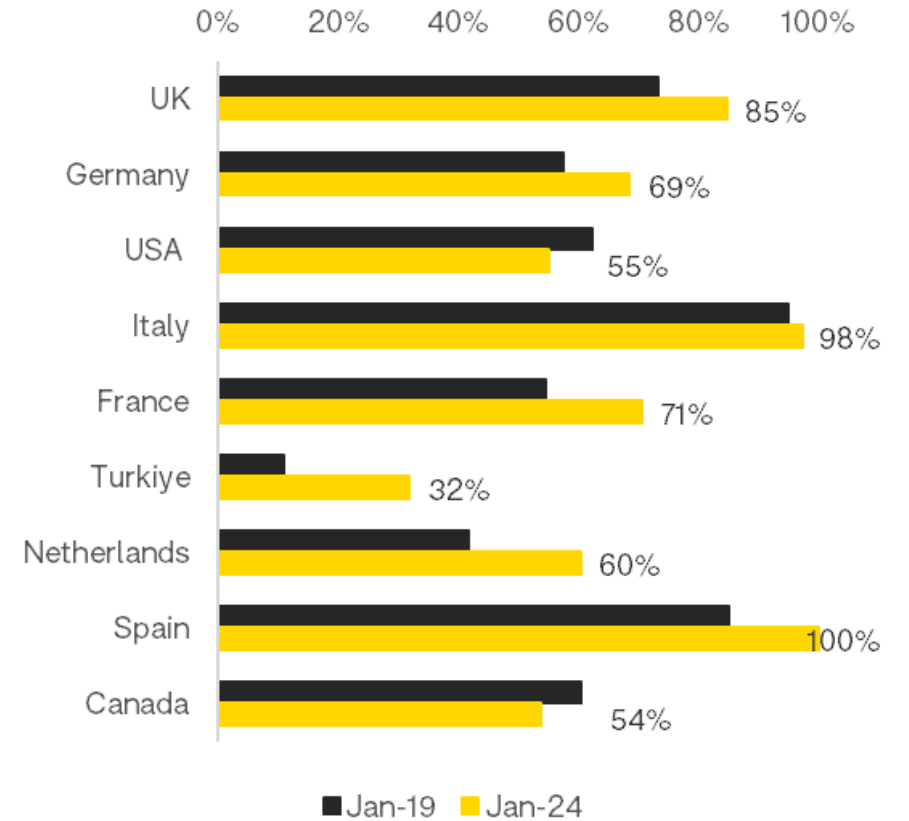
China International  
Share of Capacity operated by Chinese carriers



↗ The share of international capacity to/from China operated by Chinese carriers is increasing – now 63%, up from 47% in Jan 2023 and 53% in Jan 2019

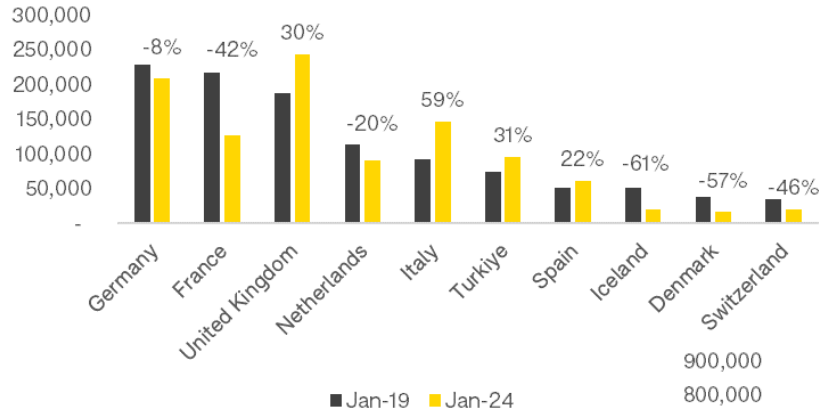
↗ For China's Top 10 outbound markets every country has seen an increase in the share of capacity operated by Chinese domiciled carriers

China Outbound Capacity Share  
by Chinese Carriers - Largest European & North American markets

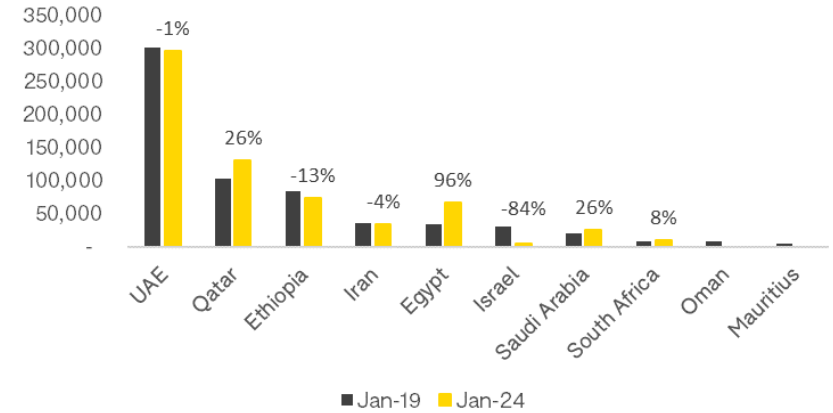


# CHINA CAPACITY: WHO IS LEADING THE RETURN?

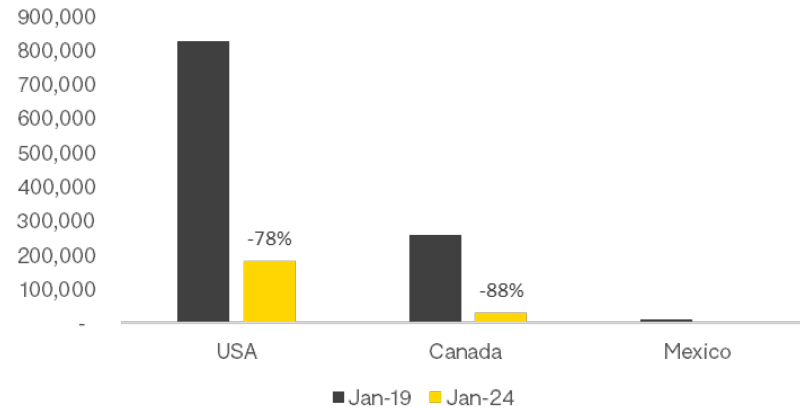
### China - Europe Capacity



### China - Middle East & Africa Capacity



### China - Americas



- Some markets in Europe seeing strong capacity growth from China, including Italy, Spain and the UK
- Strong capacity growth to Qatar (key connecting traffic) and Saudi Arabia in the Middle East, with Egypt and South Africa also recording positive capacity picture versus January 2019



# FROM CLOSED DOORS TO OPEN BORDERS

## 2024 sees visa regime changing rapidly

### Visa waivers and changes underway

- In late 2023, China announced visa free travel for 5 European countries and Malaysia for a year.
- Steps have also been taken to simplify tourist visas for USA residents wishing to travel to China.
- China and Singapore have begun discussions to implement a visa free policy, likely to take effect in early 2024
- China reciprocal visa issues means that China has never been more accessible.
- Does this mean a significant shift in mindset from the Chinese perspective?

Country	Simplification of Visas underway	Visa Free discussions underway	Visa Free Trial	Visa Free
Thailand				X
Malaysia			X	
France			X	
Germany			X	
Italy			X	
Netherlands			X	
Spain			X	
Singapore		X		
USA	X			
Ireland				X
Switzerland				X

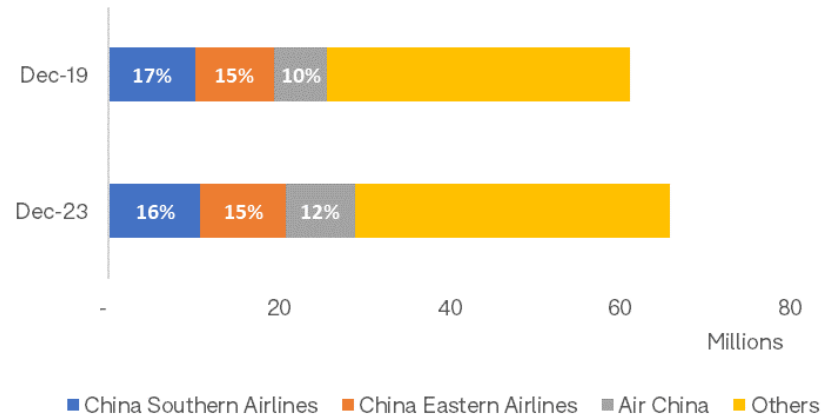




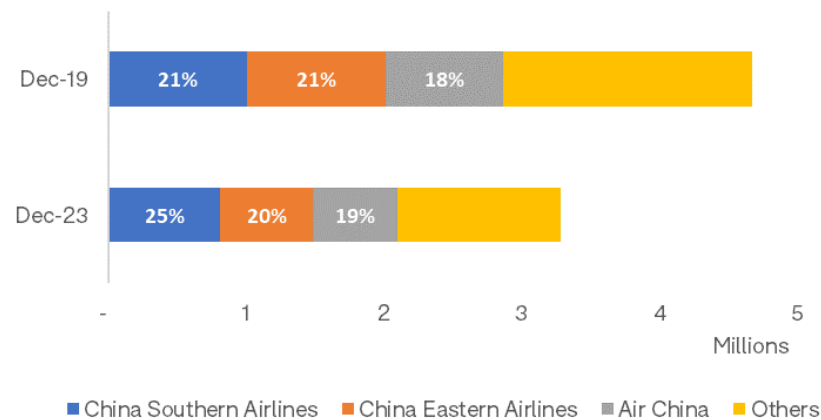
# LATEST POSITION FOR CHINA'S BIGGEST AIRLINES

## Networks, orders and capacity

Domestic Capacity by Carrier



International Capacity by Carrier



FLEET & AIRCRAFT ORDERS

	In service	Inactive	On order
Air China	473	27	107
China Southern	594	22	165
China Eastern	563	10	101

B787 Max 8's

	Fleet	Order	Due this year
Air China	16	23	11
China Southern		12	5
China Eastern	24	49	16

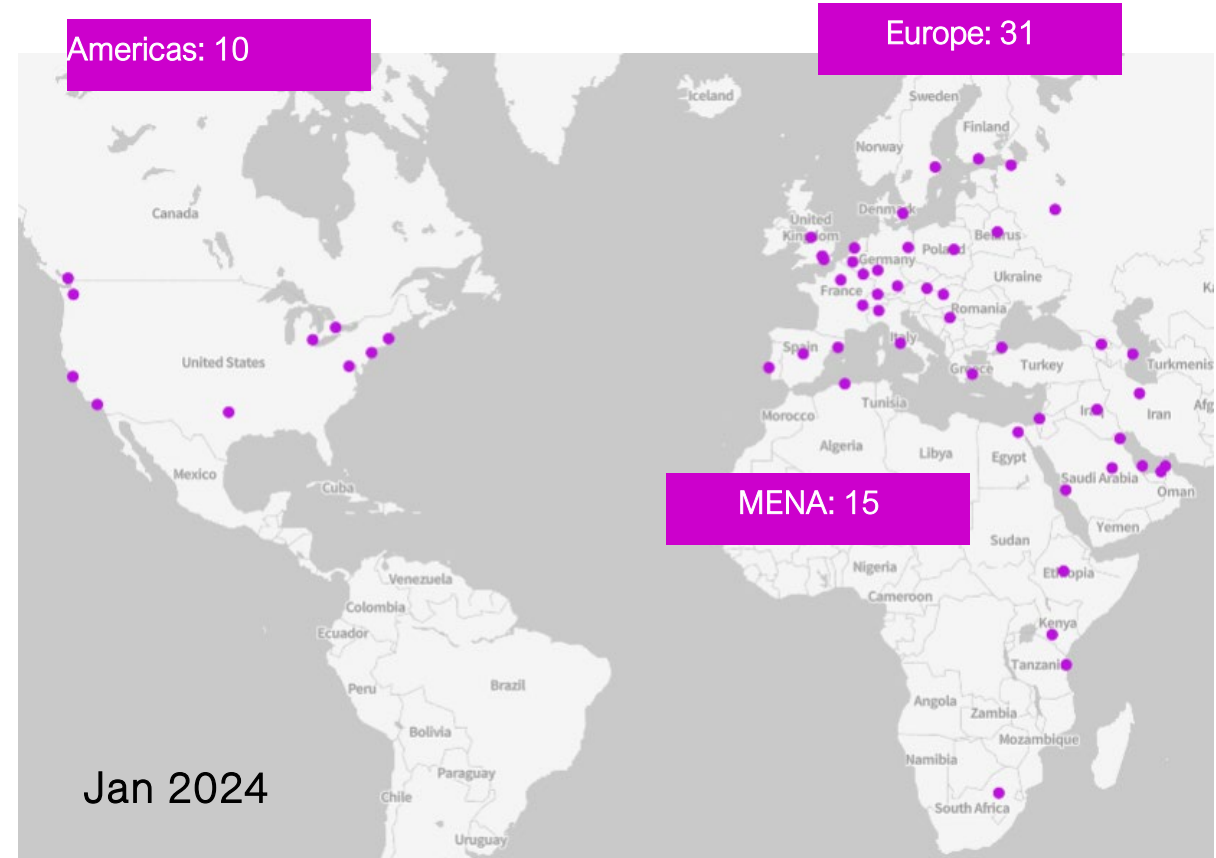
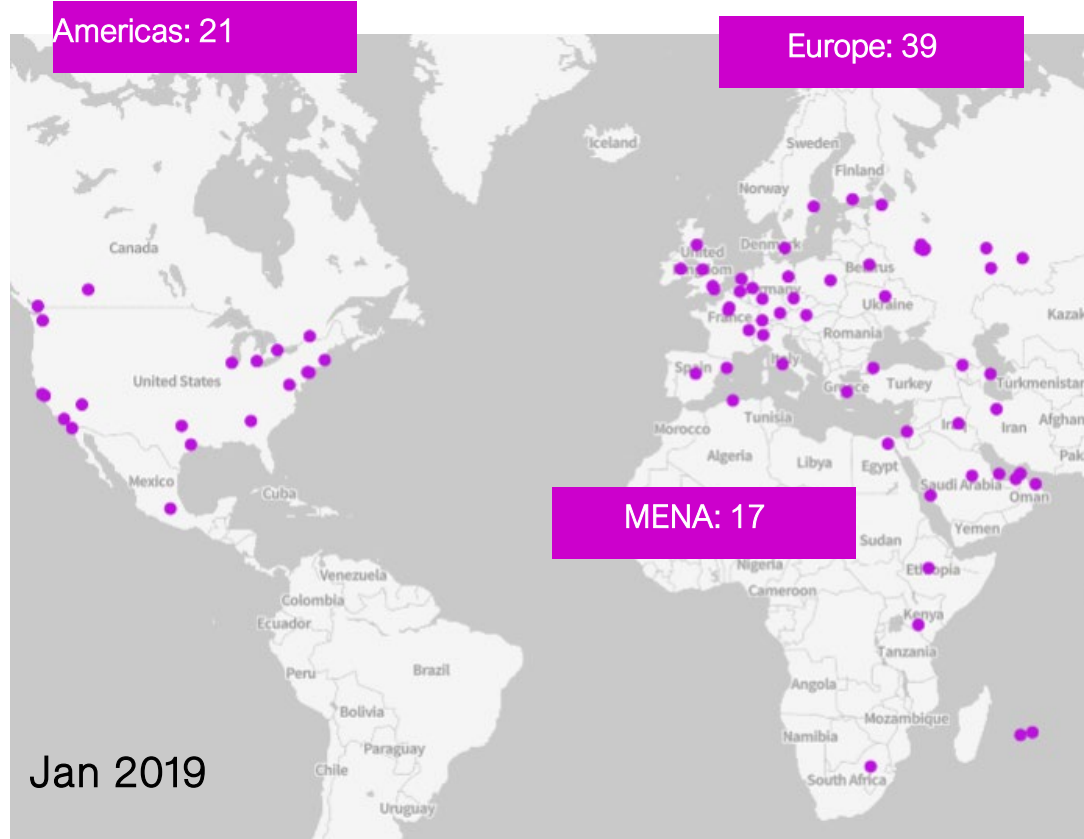
- China suspended Boeing Jet deliveries after the 737Max issues in 2019
- Latest blowout issue has renewed concerns and additional safety inspections likely although no Chinese airlines currently operate a 737Max 9
- According to Boeing, China will account for 20% of global airplane demand until 2042



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# INTERNATIONAL DESTINATIONS THEN AND NOW

## Excluding Asia Pacific



Asia Pacific - 119 destinations

Rest of the World - 77 destinations

Asia Pacific - 85 destinations

Rest of the World - 56 destinations

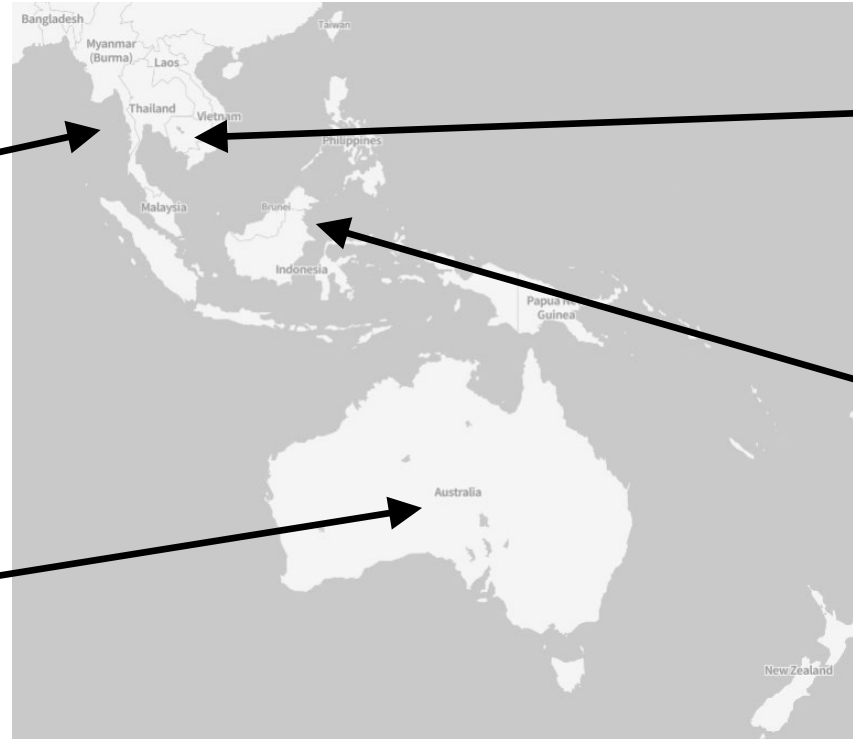


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# ASIA'S CHINA TOURISM TARGETS: STEADY GROWTH EXPECTED

- Thailand's tourism authority recorded 3.5m Chinese tourists in 2023, with 8.2m targeted for 2024, In 2019, the figure was 11m.
- Australia had 1.4m Chinese tourists in 2019, and statistics for Jan-Sep 23 report just under 0.5m.



- Cambodia expected to reach 700,000 Chinese tourists in 2023, after targeting 1m.
- Indonesia recorded 570,000 Chinese tourists from Jan-Sep 2023, a long way off 2.07m in 2019, Projections are for 2024 to return to 2019 levels.

- How do South East Asian tourist destinations differentiate themselves?
- Saudi Arabia has a target of 5m Chinese tourists by 2030, from 100,000 in 2023.
- For context Shanghai – Riyadh is 12h30 v Shanghai – Sydney 10h30



# OTHER INDUSTRY DEVELOPMENTS

- Jetblue & Spirit no more – where now for JetBlue?
- Resource constraints continue – airlines globally were working out in the second half of 2023 how to manage the Pratt and Whitney engine issues, maintenance delays were being impacted by spare part delays and the availability of resources
- Since then, an issue with a Boeing 737 Max 9 Alaska Airlines aircraft has seen this variant grounded. The ripple effect of this is significant in China where the MAX was only permitted to begin flying again after the 2019 incident until a year ago in January 2023.
- US carrier cancellations associated with the above
- (data source: OAG Direct)

Carrier	AA	AS	B6	DL	UA	WN
01/01/2024	0.0%	1.3%	0.1%	0.1%	0.1%	0.1%
02/01/2024	0.0%	1.5%	0.0%	0.1%	0.1%	0.2%
03/01/2024	0.1%	1.2%	0.3%	0.1%	0.1%	0.1%
04/01/2024	0.2%	0.7%	0.0%	0.1%	0.3%	0.6%
05/01/2024	0.0%	0.7%	0.2%	0.1%	0.1%	0.1%
06/01/2024	1.1%	15.5%	2.2%	0.2%	4.3%	0.7%
07/01/2024	1.2%	14.4%	9.6%	0.7%	6.7%	1.0%
08/01/2024	2.4%	14.5%	0.9%	0.1%	9.1%	2.1%
09/01/2024	9.5%	12.6%	6.8%	3.2%	9.0%	5.1%
10/01/2024	1.9%	13.6%	1.8%	2.3%	5.9%	0.9%
11/01/2024	0.7%	16.9%	0.1%	0.5%	5.1%	0.7%
12/01/2024	8.4%	15.8%	0.7%	6.3%	16.4%	10.7%
13/01/2024	4.1%	19.0%	1.8%	4.0%	10.4%	5.0%
14/01/2024	3.7%	17.2%	2.3%	1.8%	12.5%	11.7%
15/01/2024	13.5%	17.7%	2.3%	7.5%	25.0%	21.2%
16/01/2024	12.7%	16.3%	4.8%	9.8%	15.4%	12.3%
17/01/2024	3.9%	23.0%	2.5%	3.8%	6.8%	4.8%
18/01/2024	1.2%	19.0%	0.4%	0.8%	5.2%	2.4%
19/01/2024	5.1%	14.9%	2.4%	2.8%	7.0%	1.8%
20/01/2024	0.4%	15.1%	0.4%	0.3%	4.3%	0.1%
21/01/2024	0.5%	14.6%	0.1%	0.2%	4.6%	0.3%



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