

# Regional report: Asia aviation update

This is a special feature from [PAX International's November/December 2023](#) issue, on [page 12](#).



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As [APOT](#) approaches it is a reminder that this is not your traditional conference. No hour-long speeches, no bad coffee and dried out donuts – and definitely no ties.

APOT is about networking differently. We have come to learn from the very outset that the real benefit from conferences is seldom what you're presented with. It is about who you meet, what you share and the relationships you forge whilst you're there. As we thank our co-sponsors [Bamboo Airways](#), [Vietjet](#), [Vietnam Airlines Caterers](#), VNACS - Hanoi, Danang Catering Services and the [Furama Resort](#), let's take a closer look at what is happening around us.

Asia is an area of the world unlike any other in that it comprises two main factions. One we can immerse ourselves into with a pretty clear understanding, and the other – well, it's a little more tricky.

Looking at the first faction – the travel scene and trends in Southeast and Far East Asia, Indian subcontinent and Australasia. Basically, Asia-Pacific. We are dominated here by ASEAN which comprises the main SE Asian nations. They were slow to emerge from the panic but have since caught

up with and are, in some cases, ahead of European and US growth. And it looks set to continue. Since China removed travel restrictions both domestically and internationally, the opening led to uncertainty and hesitancy to travel in the short term, but Chinese tourists still express a strong desire to travel. The removal of quarantine requirements back in January ushered in a renewed demand for trips abroad.



Jeremy Clark, PAX Asia Correspondent (left) with Tek Shern Mok, Production Innovation (Santan F&B) AirAsia

The market is expected to observe growth due to the increasing outbound travel by a young population within the region as well as growing inbound travel to the region. All members of ASEAN have been enjoying a recent boom due to the post-pandemic numbers of Chinese tourists. The rise of incomes in both China with a huge middle class in recent years and also in ASEAN, which contributes more than 40 percent of international tourists in intra-ASEAN tourism, means we can continue to expect growth for some time. However, let's not forget that there are currently still restrictions on Chinese travellers and their ability to spend overseas. If these are fully lifted, what can we expect?

Affordable airline tickets and connectivity have made overseas travel financially, if not physically, easier. The Gen Z and millennials are currently still prepared to compromise service or comfort for lower cost – but for how long?

One problem has been the creativity of Chinese tour operators in organizing the controversial “zero-dollar” tours, where tourists pay all expenses in advance to online Chinese companies and shop at designated places. This severely reduces the revenues and up-sales directly into non-Chinese

businesses and instead they are reliant on pre-agreed rates and revenues within a strictly controlled budget.

### **Are we ready?**

In tourism, according to the ASEAN Tourism Strategic Plan 2016-2025, ASEAN would “be a quality tourism destination offering a unique, diverse Asian experience, and will be committed to responsible, sustainable, inclusive and balanced tourism development, so as to contribute significantly to the socioeconomic well-being of ASEAN people.”

That was before the pandemic. Since then the focus has been a little less nuanced. “Get them back at any cost,” being more the theme.

So, what about the airlines? Readers of my past contributions will recall my prognosis that the airlines capable of playing the long game and not panicking will emerge from the chaos far stronger. My prognosis was correct as [Singapore Airlines](#) was fastest out of the blocks with aircraft, crew and routes back in service faster than anyone else. [Malaysia Airlines](#) and [Thai Airways](#) are still playing catch up and the LCCs are jostling for supremacy with [AirAsia](#) in the lead as predicted. The situation has given licence for new LCCs to emerge like [MYAirline](#).



The APOT Asia event in Danang, Vietnam offers a way to do “networking differently,” in an untraditional and effective setting

At APOT we will no doubt be celebrating the recovery – long awaited. But this brings me now to the second of the two factions I started with. Namely China itself. Domestically, there are already signs of strong travel recovery. This year’s Chinese New Year saw 308 million domestic trips, generating almost RMB 376 billion (US\$51 billion) in tourism revenue. This upswing indicates that domestic travel volume has recovered to 90 percent of 2019 figures, and spending has bounced back to around 70 percent of pre-pandemic levels.

Before the pandemic, Chinese tourists were eager travellers. Mainland China had the largest outbound travel market in the world, both in number of trips and total spend. In 2019, Mainland Chinese tourists took 155 million outbound trips, totalling US\$255 billion in travel spending. China is also an important source market for some major destinations. Chinese travellers made up 28 percent of inbound tourism in Thailand, 30 percent in Japan, and 16 percent of non-EU visitors to Germany.

Surveys of Chinese Tourist Attitudes conducted in November 2022 suggest that Chinese tourists have

retained their keen desire to explore international destinations. About 40 percent of respondents reported that they expect to undertake outbound travel for their next leisure trip and indicate that the top three overseas travel destinations are Australia/New Zealand, Southeast Asia and Japan. That would be us – how ready are we for the surge that is bound to ensue in 2024 and 2025?

That will no doubt be the subject of discussion at the APOT Networking Event in Danang – itself a destination likely to be highly affected by this upcoming resurgence.

This leaves me with only one more issue that so far we have not touched on – what is happening inside China?

All of this and more to be discussed at APOT. See you there, and remember – no ties!