

**CHINESE TOURISTS TO TAIWAN:
POLITICAL AND ECONOMIC
CONSIDERATIONS**

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Executive Summary

1. After the “Cross-Strait Agreement Concerning Mainland Tourists Travelling to Taiwan” was signed in 2008, Chinese citizens have, for the first time since 1949, been allowed to visit Taiwan directly from the mainland as part of organized travel tours.
2. On 28 June 2011, the Free Independent Travellers (FIT) agreement further opened up travel to Taiwan for Chinese residents in Beijing, Shanghai and Xiamen.
3. Beijing hopes that the promotion of tourism between the two sides will be favourable to re-unification in the long run. For Taiwan’s Kuomintang (KMT) government, it hopes to showcase Taiwan’s development and democracy under its rule, as well as boost retail sales.
4. With about 1.6 million Chinese visitors in 2010, China has surpassed Japan as Taiwan’s largest tourism source market. It is estimated that Chinese tourists brought about US\$3 billion of tourism revenue to Taiwan, or about 36% of Taiwan’s tourism revenue in the same year.
5. Chinese per capita expenditure per day (US\$245) in 2010 was only below that of Japanese tourists in Taiwan (US\$284) and higher than the average (US\$222).
6. In 2010, 56% of Chinese tourists’ expenditure in Taiwan was on shopping. Each Chinese tourist spent an average of US\$138 on shopping per day, much higher than tourists from Japan (US\$77), USA (US\$20) and Europe (US\$15).
7. On the other hand, Chinese visitors’ spending on accommodation (US\$51) and food and beverage (US\$18) was below the average (US\$84 and US\$25 respectively) in 2010.

8. If 4,000 Chinese tourists in travel tours and 500 tourists under FIT per day are achieved, it is expected that Chinese visitors alone will bring an estimated US\$2.8 billion to US\$6 billion of tourism revenue respectively to Taiwan annually.
9. As tourism accounts for only a small portion of Taiwan's economy and the number of Chinese tourists is limited to 4,000 per day in travel groups and 500 per day for FIT, the impact of Chinese tourists on Taiwan's economy is not so significant.
10. The political disagreement between China and the Democratic Progressive Party (DPP) is likely to derail tourism growth between the two sides if the DPP regains presidency in 2012.