

TRAVEL AND HOSPITALITY

Will the return of Chinese tourists revive American luxury?

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*Washington is lifting the ban on foreign travelers from China and 32 other countries. How will the influx of tourists affect American businesses?
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The holiday season could look a lot more crowded this year.

Starting in November, the Biden administration will lift restrictions on foreign travelers entering the United States provided that they are fully vaccinated against COVID-19 and test negative within three days of entry.

The decision, announced on Sept. 20, ends the 18-month ban on travel from 33 countries, which includes members of the European Union, United Kingdom and China. This comes after the E.U. eased travel restrictions on Americans in June and put pressure on Washington to reciprocate.

The Jing Take: Besides welcoming back separated family members and expatriate workers, the changes will likely bring the biggest relief to tourism.

According to the [US Travel Association](#), the U.S. economy lost nearly \$500 billion in travel spending and \$1.1 trillion in economic output due to COVID-19.

In New York alone, which boasted the highest share of foreign visitors pre-pandemic, the lack of tourists wiped out roughly **89,000 jobs and \$60 billion** in revenue.

Not only is Mr. Biden's move good for airlines which **saw their shares rise** on Monday, Sept. 20 but for retail and entertainment as well, particularly given the lifted ban on Chinese tourists.

In 2018, Chinese travelers spent nearly \$277 billion around the world, of which more than **\$36 billion was splurged** in the U.S.

Although bilateral relations have soured since the start of the pandemic, North America remains among the **top three destinations** favored by Chinese consumers, offering a promising boost to U.S.-based businesses.

That said, celebrations should come with caution.

Although the U.S. is requiring proof of vaccination and plans to implement contact tracing for 30 days, the country does not have a great track record of keeping COVID-19 under control.

In fact, U.S. deaths due to the virus average out to **1,900 per day** and **barely over half of the population** is fully vaccinated. This raises concerns about another post-holiday surge of cases: Could U.S.-bound travelers contract the virus and take it home, slowing down global recovery efforts?

Doomsday scenario aside, luxury can remain optimistic.

According to Bain & Co., personal luxury goods consumption in the states has already "exceeded expectations," thanks to increasing consumer confidence and a fast vaccine rollout.

Coach and Kate Spade-owner Tapestry, for one, recently reported **165 percent growth** over last year in North American sales, helping it reach \$1.62 billion in revenues in the fiscal fourth quarter.

But even without an influx of Chinese tourists, luxury houses have learned to adapt to a volatile retail landscape. Now, the increased foot traffic at their American flagship stores would just be the cherry on top.

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