

TRAVEL AND HOSPITALITY

China pledges to make business travel easier. Should luxury celebrate?

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China signals that it continues to welcome foreign investment by making business travel easier and increasing the number of flights. Image credit: Shutterstock

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Last week, China's National Development and Reform Commission (NDRC), the country's economic planning agency, issued a **notice** that called for the encouragement of more foreign investment.

The guidance mentions that local authorities should make it easier for foreign executives, technical personnel and their families to travel to China.

The document also highlights that foreign investment in advanced manufacturing such as in semiconductors, healthcare and energy equipment will be **especially welcomed**.

Notably, on Oct. 26, the Civil Aviation Administration of China (CAAC) **announced** that China will significantly increase the number of flights in the upcoming winter and spring quarters.

There will be 840 international flights per week, a 105.9 percent year-on-year increase.

Domestic flights will reach 92,970 per week, a 2.4 percent year-on-year growth. This will greatly revitalize China's air travel, as CAAC's data shows that there were only about 86.4 million passengers in third-quarter 2022, a 19.7 percent year-on-year decline and a mere 49.3 percent of the 2019 level.

The Jing Take: Released just after the conclusion of the 20th National Congress, which **affirmed** China's current "Dynamic Zero" COVID-19 control policy, the announcements suggest that, in fact, this policy will be flexible.

Travel restriction has long been a source of complaint from foreign businesses.

A **survey** of 121 companies by the American Chamber of Commerce in China in May 2022 revealed that 77 percent of the respondents were dissatisfied with the restrictions on entering China. It seems that Beijing has acknowledged the issue and is taking steps to address it.

The NDRC guidance does not offer detail on how exactly local governments should make business travel easier. However, it does mention using the "**express passageway**" (), which was introduced after the pandemic to allow

limited travel by business and government personnel to resume on a bilateral basis.

It is possible that more Chinese localities will receive business delegations or executives arriving on chartered flights.

The recommendations explicitly emphasize the role of public events, such as the China International Fair for Investment & Trade and the Expo Central China, in attracting foreign investments.

Therefore, the luxury sector should expand its presence at a variety of business fairs and occasions across the country, especially its midwestern region where the guidance pledges policy support to boost consumption. This also corresponds with luxury houses' ongoing **push** into lower-tier cities in China's interior.

However, the NDRC and CAAC announcements do not mean that the mainland is returning to a near pre-pandemic level of openness.

The NDRC notes that business travel should still observe current control measures, while the additional flights will be subjected to unpredictable COVID disruptions.

For instance, after Guangzhou **reported** more than 500 COVID cases on Oct. 30, Guangzhou Baiyun Airport called off 888 flights, hitting a 69 percent cancellation rate.

As such, brands should expect gradual changes that will make travel to China somewhat easier for their executives, instead of a sudden relaxation of border control policies.

Nevertheless, the luxury sector should take solace in the fact that China is still committed to opening up its economy.

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