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## Facts & Prospects on Travel & Tourism from China to Cambodia



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Phnom Penh Palace



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Angkor Wat  
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Phnom Penh Palace

## Facts and Prospects – Travel and Tourism from China to Cambodia

For the past several years, China has been the world's top major outbound tourism source market. In 2019, the country's outbound visitation ranked number one in the world at a whopping 155 million. The Belt and Road initiative, launched in 2013, has further enhanced the smooth and seamless integration of investments and marketplaces in countries along its route, including Thailand, Singapore, Malaysia, Vietnam, Cambodia, and Russia. For these countries, China has become the largest source market for inbound tourism.

The World Tourism Alliance (WTA) has been partnering with Horwath HTL, a leading global hotel and tourism consulting company in providing informative data services through focused research. This publication is jointly released by WTA and Horwath. We give our special thanks to some China-based airlines and following companies, Beijing Prestige International Travel Service Co., Ltd., Guilin Tang Dynasty Tours Co., Ltd., SAL Tours, Tuniu.com, Trip.com and China CYTS Tours Holding Co., Ltd. for their inputs and supports to this report.

# Introduction

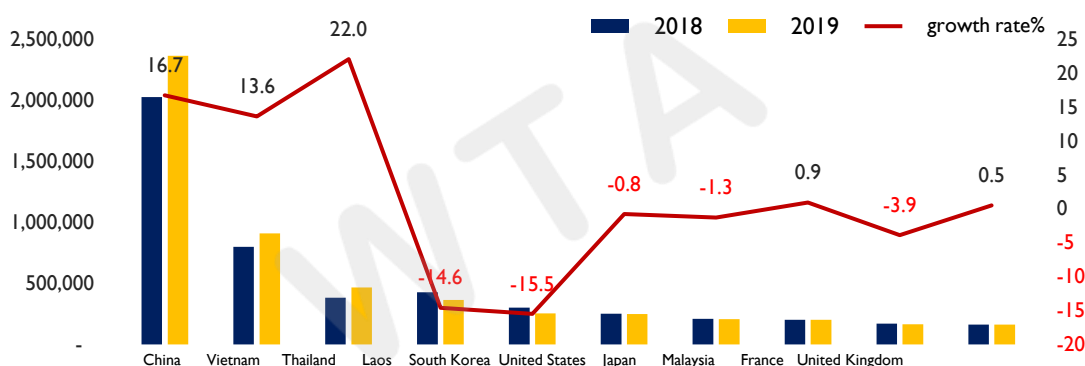
Tourism is a **pillar industry** in Cambodia and **China** is the largest source market

Tourism plays a pivotal role in Cambodia's economic development. Statistics from the country's Ministry of Tourism shows a \$4.919 billion tourism revenue, contributing 12.5% to its GDP and generating 630,000 jobs directly.

In the past 10 years, Chinese travelers to Cambodia maintained a double digit growth, surpassing Vietnam in 2017 with China as its largest inbound source market. In 2019, the number of travelers reached a record high of 2.362 million. However, this phenomenal growth rate has decelerated as it accounts for only 35.7% of the total international travelers, equal to the total number of travelers from countries/regions that are ranked second to eighth.

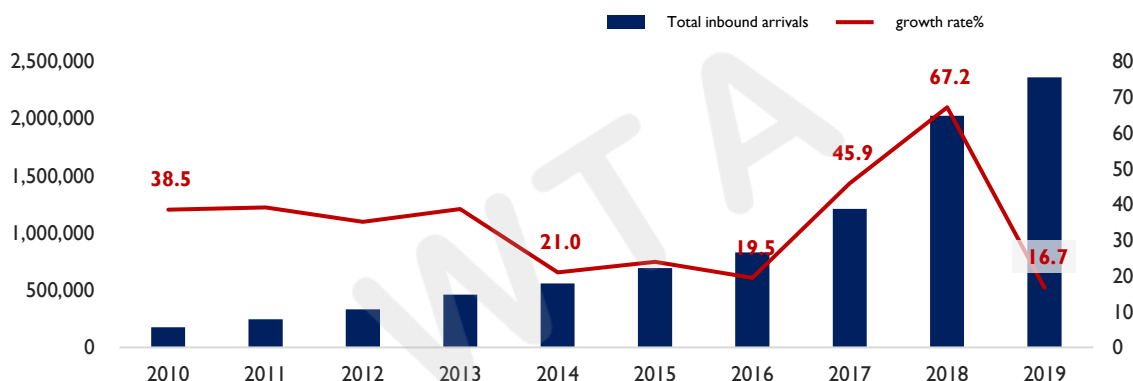
Worth noting as well is the number of travelers visiting Cambodia on business visas that reached 1.046 million in 2019, a remarkably significant increase over 2018 and a clear indication of the strengthening China-Cambodia economic cooperation. Tourist visa holders, on the other hand, recorded a year on year decline of 17.6%.

## The number of arrivals and changes in Cambodia's top ten source countries from 2018 to 2019



Data source: Ministry of Tourism, Cambodia

## Changes in the number of Chinese arrivals to Cambodia from 2010 to 2019



Data source: Ministry of Tourism, Cambodia





## Tourism Resources

**Angkor Wat**, a centuries-old UNESCO World Heritage Site is Cambodia' s most popular tourist attraction

### Sun & Sea is on Fast Track

Chinese travelers broadly view Cambodia as a mystical destination shrouded in mystery and ancient history. Charmed by the rich traditions of the country's Khmer civilization and underdeveloped economy, Chinese travelers are lured to the timeless appeal of the Angkor Wat and Angkor dynasty relics, Buddhist art and sculptures in northern Siem Reap.

Phnom Penh, the country's capital is also home to magnificent historical sites, the Grand Palace. Other attractions, Wat Phnom, Lake Bati and "Little Angkor", have become the second most popular destinations for Chinese travelers. With its pristine, powdery white beaches and clear turquoise waters, the Sihanoukville Autonomous Port in the southwest is gradually gaining popularity.

### Cambodia tourist map



Image source: [www.davytours.com](http://www.davytours.com)



Siem Reap



Phnom Penh



Sihanoukville

Image source: Baidu Pictures

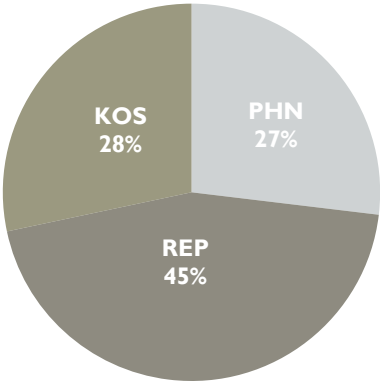
Wat Phnom

# Transportation Development

## Increased flight routes and density enhance China-Cambodia interoperability

Traveling by air is the primary way to enter Cambodia from China. Although there are 11 airports in Cambodia, only three cities provide international connectivity: Phnom Penh, Sihanoukville and Siem Reap. The Open Sky policy adopted by the Cambodia government has increased the number of commercial air services in the past years. Increased flight frequency and connection between the two countries has led to the accelerated growth of Chinese travelers to Cambodia. Currently, a dozen Chinese cities—Beijing, Shanghai, Guangzhou, Shenzhen, Chongqing, Chengdu, Wuxi, Nantong, Hangzhou, Fuzhou, Hefei, Nanning—have direct commercial aviation services to Cambodia. Weekly flights between China and Cambodia totaled about 500 in 2019.

### Proportion of flights departing from China at Cambodia airports in 2019



Data source: Ministry of Tourism, Cambodia





# Travel Trends

## Emerging FITs, customized tours and competitive tour group rate

Chinese travelers to Cambodia can be categorized into two main groups: (a) sit-com and MICE and (b) FITs. Travel agencies arrange for the accommodation, sightseeing tours, and visits for these groups. Customized tours have emerged in recent years. Professional services by travel agencies usually include the creation of package tours based on the personal preferences and demand of travelers who can afford higher rates.



### Group Tour

Sit-com and MICE group tours. Middle-aged and seniors who are interested in cultural and heritage sites generally comprise the sit-com group. Company employees comprise the MICE travelers.



### FIT

Young adults with prior outbound travel experience, good command of English, more interested in natural attractions, dining & cuisine, and less-known destinations for in-depth travel. Some are interested in gaming and investment opportunities.



### Customized Tour

Young and middle aged individuals who can afford higher rates and quality-sensitive enterprises with MICE budget

A remarkable number of Chinese travelers are pursuing better quality for services and experiences, resulting in incremental increase and interest in FITs and customized tours. In contrast, the number of conventional group tours is declining, compounded by Cambodia's ban on "zero group tour fee" from July 2019.





# Cambodia's Tourism Development Opportunities

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## **Friendly China-Cambodia relationship provides a solid foundation**

Friendship between two neighboring countries goes back more than two thousand years. The strong tie between them, coupled with the polite and welcoming attitude of the Cambodian people, can reliably draw more visitation from Chinese travelers whose top concern is safety and security in choosing their holiday destination. Since the establishment of the China-ASEAN Free Trade Area, China and Cambodia have cultural, tourism, agriculture, trade and economic cooperative agreement. The 2019 China-Cambodia Cultural Tourism Year is expected to further advance the travel exchanges between them.

## **A Tourism Development Policy Centered on Chinese Travelers**

China has always been an important inbound tourism source market for Cambodia. To sustain and strengthen it, the Cambodian government has proactively introduced a number of tourism development policies to cater to the Chinese travelers. Chinese language signage in major streets, restaurants, hotels, establishments and tourism sites, Chinese language training for travel trade professionals and optimization of visa issuance procedures are some of the policies implemented specifically to attract and draw more travelers from China.

## **A Wealth of Tourism Resources**

With its centuries old Khmer culture, history, heritage and civilization, pristine beaches for sun and fun, UNESCO World Heritage Site Angkor Wat and its surrounding complex, Cambodia boasts of a vast wealth of tourism products that appeal to Chinese travelers. Millennials, in particular, are drawn to immersive and soft adventure activities which Cambodia offers in hefty doses.

## **Improvement in Tourism Facilities Enhanced by Economic Development**

Cambodia's economic development has been on the rise. It is one of the countries in the ASEAN region with a fast-growing GDP, fueled by its burgeoning tourism industry. Improvement in the country's tourism infrastructure and products are also increasing exponentially. Along with the expansion of its old airports and the construction of new ones, Cambodia is also increasing investment in urban public transportation and free Wi-Fi. New tourism products are being planned while others have already been launched. The Garden City Park, slated to be Asia's largest, has been scheduled to open to the public in August 2020. Gaming incentives development in Phnom Penh is expected to bring long-term tourism benefits.



Angkor Temple

## Main Challenges Facing Cambodia's Tourism Development

### **Insufficient Infrastructure**

Cambodia's protracted civil war that lasted until 1998 decimated the country's economy. The political turmoil that followed resulted in a stagnant educational system, infrastructure neglect and an import-dependent economy, making Cambodia one of the poorest countries in Asia.

### **Lack of Diversified Tourism Products**

While Chinese travelers have evolved and shifted from shopping and hop-on and hop-off visits, Cambodia still offers traditional historical sites as its main attraction. Compared to other destinations in Southeast Asia, the length of stay and per capita spending by Chinese travelers in Cambodia are lagging behind.

### **Improper Conservation of Cultural Heritage**

Lack of necessary investment on historical and cultural sites has hampered Cambodia's ability to accommodate an increasing travel volume, negatively affecting its tourism industry.

### **"Free Tour" Business Practice**

The country's reputation was harmed by the so-called "Free Tour" business practice which baits customers with below-cost packages while making profit for tour operators by inducing tourists to purchase overpriced products. This was banned by the Cambodian government in July 2019, giving hope for a long-term sound and sustainable tourism development.

### **COVID-19 Impact**

Though not as severely hit by the pandemic, China's travel ban has hampered Cambodia's travel sector. An August 4, 2020 report from the country's Ministry of Tourism revealed Cambodia welcomed only 1.18 million international visitors in the first half of 2020, a 64.6% year-on-year decline. Tourists from China totaled 296,000, a decrease of nearly 80%, dropping it to 25.1% among all international visitors. About 3,000-plus travel businesses in Cambodia, including inns and restaurants, have collapsed in the wake of the COVID-19 pandemic.



# Prospect

As China further deepens its economic and trade exchanges and non-governmental communications with countries along the Belt and Road, the China-Cambodia relationship continues to move in a positive direction. Cambodia's abundant tourism products and resources, increase in direct air connectivity, and facilitated visa procedures contribute to the rapid growth of the number of Chinese business and leisure travelers to the country.

Prime Minister Hun Sen paid a special visit to China during the most severe phase of the pandemic, earning him the praise and admiration of regional and international communities. More importantly, the visit has cemented the friendship between the two countries, laying a solid foundation for the reopening of Cambodia to international tourism. Post-pandemic, Chinese business and leisure travelers are more likely to travel to Southeast Asian countries. This bodes well for Cambodia's tourism industry as more Chinese are expected to visit the country.



# Appendix

## ***About World Tourism Alliance***

On Sept. 12, 2017, the World Tourism Alliance (WTA)—the world's first global, comprehensive, non-governmental nonprofit organization founded in China—was inaugurated in Chengdu, Sichuan Province, China.

Upholding the vision of “Better Tourism, Better World, Better Life” as its ultimate mission, WTA is committed to promoting peace, development and poverty alleviation through tourism. It aims at driving global tourism exchanges and cooperation at non-governmental level.

To date, WTA has 198 members from 39 countries and regions. The WTA membership covers national and regional tourism associations, influential tourism and tourism-related enterprises, government tourism boards, academia, media and individuals. As a service-orientated international organization which caters to its members across the world, WTA is a vital platform for dialogue, networking, practical and authoritative information and resource sharing for integrative development.

The WTA headquarters and Secretariat are located in China.

## ***About Horwath HTL***

Founded in 1915, Crowe Horwath International is an integrated professional organization of accounting and management consulting firm. Horwath also boasts the world's largest and oldest professional hotel and tourism consultancy practice. From its inception, Horwath paved the way by creating the "Uniform Systems of Accounts for Hotels", a system so successful it has become the standard in hospitality accounting around the world. Today, Horwath is a name recognized as the pre-eminent expert in the hotel and tourism sectors.

Established in Asia in 1987, Horwath HTL is the management consulting division of Crowe Horwath International that specializes in hotel, leisure and tourism industries. Our core business cover hotel investment, tourism destination investment, asset management, and strategic research. Horwath HTL now operates offices in several key cities throughout the Asia Pacific region. Our offices work closely together to ensure that our clients receive a multi-skilled international perspective for their projects. Horwath HTL is also supported by the Horwath database, the largest and most complete hotel and tourism related database in the world.

Throughout the Asia Pacific region, Horwath HTL has consulted on over 4,000 hotel and tourism related projects throughout the region (including more than 1,600 projects in China) for clients ranging from individually held businesses to the world's most prominent operators, developers, lenders, investors and industrial corporations.

No other firm is better positioned to meet today's and tomorrow's industry challenges than Horwath HTL - experts in the hotel, tourism and leisure industries.



# Disclaimer

While the World Tourism Alliance (WTA) and Horwath HTL strive for accuracy in all their data and opinion, this report is prepared solely for general information and reference purposes.

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