

COVID-19 Impact and Recovery Report: China

Updated: July 14, 2020

This report provides a snapshot of the situation in China. It includes the following sections:

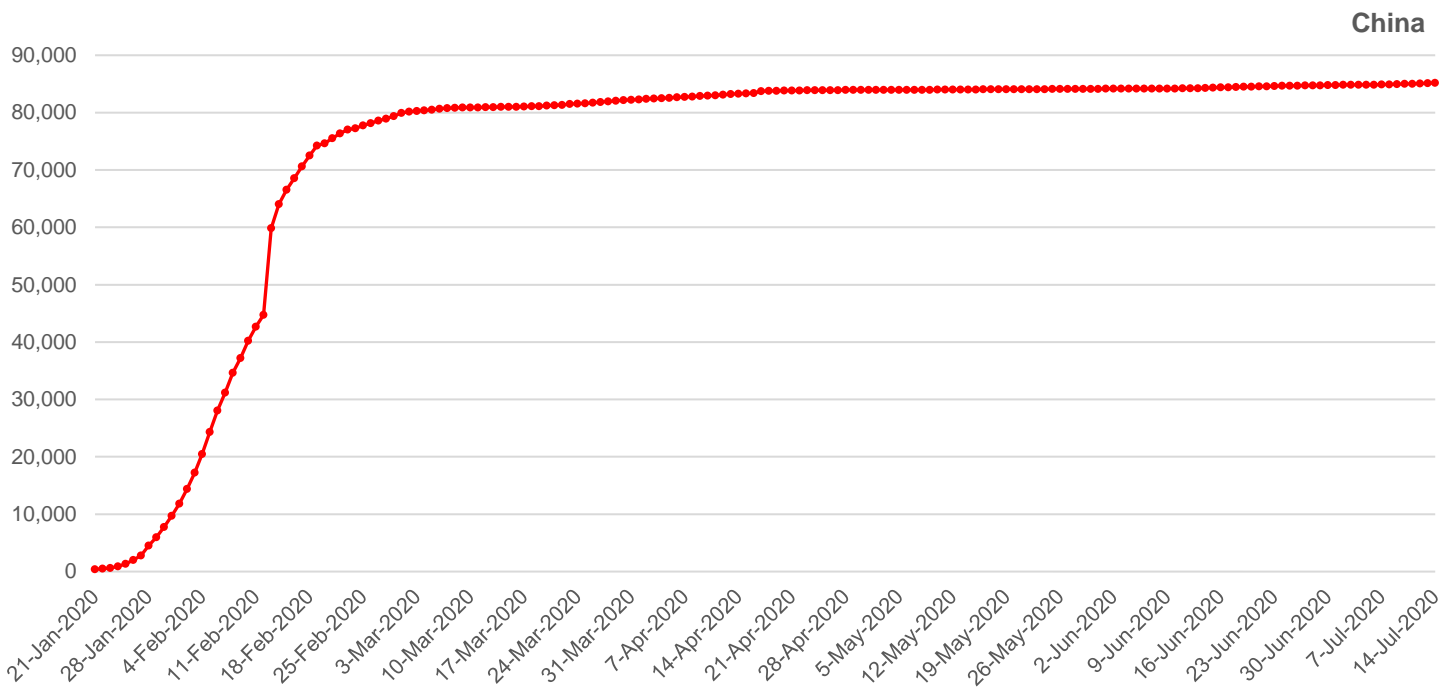
1. **COVID-19 Cases and Related Restrictions:** The number and growth rate of cases as of a certain date. Given the fluidity of the situation, these numbers may be out of date very quickly, but the intent is to provide context for analysis, as well as a sense of the scale. It also provides the known travel bans and restrictions in the country.
2. **Estimated Impacts on Travel to Canada:** The effects of COVID-19 on tourism revenue in Canada. This includes estimated spend inside the country, but excludes spending on transportation to get to Canada.
3. **Recovery Signals:** The comprehensive approach to understanding when the market is recovering from a travel perspective based on data and analysis in partnership with Ctrip (the largest Online Travel Agency in China), Expedia, and more. Destination Canada uses this information to estimate the stage of recovery of the market.
4. **Methodological Notes:** An explanation of the methodologies in the different sections and relevant sources.

1. COVID-19 CASES AND TRAVEL RESTRICTIONS IN CHINA

As of July 14, 2020, the COVID-19 pandemic **continues to plateau** in China in terms of the reported number of confirmed cases and deaths. Current numbers¹:

- Total Confirmed: 85,117
- Total Deaths: 4,641
- Total Recovered: 79,907

Confirmed COVID-19 Cases



Source: European CDC (as of July 14, 2020)

Effective March 18, 2020, Canada closed its borders to non-Canadian citizens/permanent residents.²

On January 24, 2020, China's Ministry of Culture and Tourism issued a ban for travel agents on organizing any outbound group travel.³ On July 14, 2020, the Ministry of Culture and Tourism lifted the ban for domestic travel but continued the ban for outbound travel.⁴

On April 2, 2020, the National Immigration Administration of China issued a notice advising Chinese citizens to avoid travelling to 26 countries (including Canada) considered high risk for COVID-19.⁵ On July 6, 2020, the Chinese Ministry of Foreign Affairs issued a travel alert to Canada due to "local protests and frequent violent actions of local law enforcement."⁶

As of March 28, 2020, the Ministry of Foreign Affairs of China temporarily suspended the entry of any foreign nationals holding valid Chinese visas or residence permits.⁷ This border closure is still in effect for any non-essential travel. However, China has loosened the travel restrictions from several countries, including Germany, South Korea and Singapore, by resuming essential business and official travel.⁸

Currently there are no restrictions for domestic Chinese travellers within, and across, city or provincial boundaries. The Ministry of Culture and Tourism has approved inter-provincial, city or district level group travel to resume conditionally as well.⁹ As of July 19, 2020, more than ten provinces and regions including Shanghai have lifted restrictions for inter-provincial, city and district group travel.¹⁰

2. ESTIMATED IMPACTS ON TRAVEL TO CANADA

As of July 12, 2020, based on data from payment cards, Statistics Canada, cancellations of previously planned trips, new bookings and forward-looking scheduled air capacity, Destination Canada estimates the economic impact from COVID-19 on Canada to be outlined as below.

Estimated Change in Tourism Export Revenue Compared to 2019 by Quarter (\$M)

	JAN	FEB	MAR	Total Q1	APR	MAY	JUN	Total Q1+Q2	JUL	AUG	SEP	Total Q1+Q2+Q3
\$ change compared to 2019 (\$M)	-\$3.9	-\$30.8	-\$59.7	-\$94.5	-\$139.9	-\$155.2	-\$160.0	-\$549.6	-\$200.8	-\$215.8	-\$198.0	-\$1,164.1
% change	-4.1%	-27.0%	-60.3%		-97.1%	-96.8%	-97.0%		-98.5%	-98.8%	-96.9%	

Source: Destination Canada Estimates (data as of July 12, 2020)

Estimated Change in Tourism Export Revenue Compared to 2019 by Province (in \$M)

	CAN	BC	AB	SK	MB	ON	QC	NB	NS	PEI	NL	NORTH
Jan - Jun	-\$549.6	-\$234.8	-\$33.9	-\$4.3	-\$9.9	-\$187.9	-\$53.1	-\$8.2	-\$9.1	-\$3.4	-\$1.8	-\$3.2
Jan - Sep	-\$1,164.1	-\$467.8	-\$105.1	-\$11.0	-\$17.0	-\$398.9	-\$113.3	-\$12.8	-\$18.1	-\$7.5	-\$3.8	-\$8.8

Source: Destination Canada Estimates (data as of June 12, 2020)

Destination Canada has commissioned Tourism Economics¹¹, to develop a series of models to estimate the impact of COVID-19 on the Canadian economy and travel. This analysis considers two scenarios: **Virus Contained Scenario**: (travel is possible in July and August) and **Virus Not Contained Scenario** (no travel possible in July and August).

Assessing the current trajectory of COVID-19 against these models will allow Destination Canada and its partners to continue to refine the estimated impacts and understand the speed and scale of recovery. The chart below compares the current estimates against these models.

Estimated Tourism Spend Versus Tourism Economics Virus Contained and Virus Not Contained Models, as of July 12, 2020 (\$M)



Source: Destination Canada Estimates, Tourism Economics Estimates

As Chinese citizens generally book their travel to Canada up to two months in advance, we do not currently have enough data to assess the impacts past September.

Destination Canada currently assesses that the estimated tourism spend in July, August and September are on track to fall below the Virus Not Contained Scenario. Destination Canada foresees that actual August and September travel may continue to fall as airlines have yet to announce cancellation notices for flights departing in these months, which would trigger ticket cancellations or conversions to vouchers for future travel.

3. RECOVERY SIGNALS

In response to COVID-19, Destination Canada has established a framework and analytical approach to identify signals from consumer and industry behaviour to understand when, where and at what pace travel and tourism will resume. Destination Canada collaborated with partners in destination marketing, media, technology and travel to identify these indicators and signals. The framework has identified multiple phases of recovery, which aligns with user sentiment and intent to travel. The summary of the methodology and terms can be found in Section 4. Methodological Notes.

The framework below provides analysis on when travellers may be considering, planning and reserving travel.

Destination Canada's Assessment of the Chinese market:	II Domestic	Government restrictions on movement and travel are gradually being lifted. Domestic travel within China is being considered and planned.
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Assessment Summary:

	Phase				Analysis
	I COVID Response	II Domestic	III Tentative Int'l	IV Regularized Int'l	
Travel Search Index		●	○	○	Overall, YOY travel search has been fluctuating since early January 2020, with an upward trend since end of May 2020. DC will closely monitor the signals for this measure to assess if this trend is stable.
Rate of Hotel Booking		●	○	○	YOY domestic accommodation bookings have been on a downward trend during January 2020, and have bounced back with an upward trend since February 2020.
Rate of Air Travel		●	○	○	YOY air travel bookings have been on a downward trend during January 2020, followed by some fluctuations from February 2020 to April 2020, and an upward trend since May 2020.
New COVID Cases		●			The number of weekly new cases in China has plateaued since the week ending March 15, 2020, after declining from the peak of 31,344 news cases in the week ending Feb 16, 2020.

Legend: Current phase ● Not there yet ○ Signal not applicable □

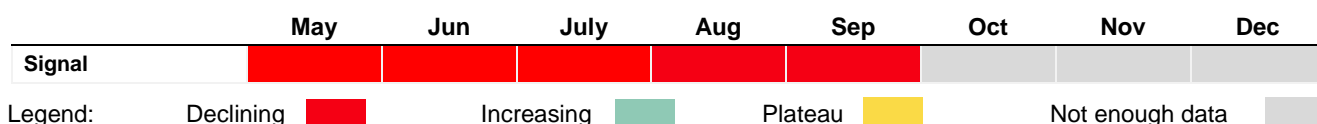
Future Planned Travel

The chart below provides an assessment of when travellers are booking travel to Canada. This assessment is based on changes to net planned travel (new bookings, less cancellations) from the country to Canada, compared to past travel behaviour.

- A 'declining' signal indicates that the year-over-year net planned travel to Canada is falling week over week and is likely not a period currently being considered for travel.
- A 'plateau' signal indicates no change week over week.
- An 'increasing' signal indicates there is an increase in year-over-year net planned travel, week over week and that this time period is being considered for travel to Canada.

A 'not enough data' signal indicates that travellers do not normally book that far in advance so we cannot assess the signal at this time.

Planned Travel for China to Canada compared to 2019, as of July 12, 2020



4. METHODOLOGICAL NOTES

I. COVID-19 Cases: The intention for this section is to provide context on impact and recovery analysis by providing a snapshot in time of the state of the pandemic and government restrictions. For the most current information on COVID-19 in that country, readers are encouraged to seek information from official government sources.

II. Estimated Impacts: The estimates are based on data from spending on credit and debit cards in Canada for January, February and March 2020, normalized against Statistics Canada data. For April 2020 onwards, forward-looking air booking and cancellation data for return tickets from IATA accredited travel agencies is used. Destination Canada estimates that these IATA bookings account for 25% of the air travel market from China to Canada in 2019.

Also used in the analysis is the forward-looking scheduled air capacity. These impacts are based on modelled estimates from 2018 spending data, adjusted for travel growth, and using payment card data from 2019 and 2020 wherever possible. The analysis should be taken as indicative only.

Based on in-market intelligence, we know that travel agents and operators have prioritized repatriation of clients in areas with outright travel bans (e.g. Middle East, India, Peru) and are not processing cancellations normally. Different airlines also use various systems to re-book travel, some of which are incenting late rebooking (i.e. closer to the original date of travel). As such, the forward booking data may over-represent the amount of travel that will happen and should be taken as an upper bound.

III. Recovery Signals: The Recovery Measures are listed in their order of importance in understanding travel behaviour, with the primary measures in black and supporting measures in dark grey. A brief description of each measure is provided below.

Destination Canada has developed a framework to understand the phases of recovery of the travel market. These phases are:

- I. **COVID-19 Response:** Governments are responding with measures such as shelter-in-place orders and mandatory quarantines. Movement is restricted and travel is either not possible, desirable or encouraged.
- II. **Domestic Travel:** Travel by multiple means (air, car, trains, etc.) within the country, across provincial/territorial/state boundaries.
- III. **Tentative International Travel:** Some international travel, likely only required travel such as family-related or urgent business. There may be some leisure travel as some less risk-averse travellers seek to capitalize on reduced prices or increases availability. Airlines may not have restored international routes beyond major hubs.
- IV. **Regularized International Travel:** Regular international travel. Some business meetings and events are re-introduced and attended, leisure travel is closer to pre-COVID-19 levels.

A solid dot in the Assessment Summary table signifies that Destination Canada assesses we are in that phase of travel. A hollow dot means we have not yet reached that indicator and the crossed off box would signify that the measure does not apply for that phase of recovery. Some measures are currently being developed and will be updated as progress is made.

Description of the Measures

- **Travel Intent Search Index:** Ctrip search queries for travel-related keywords in 2020 compared to 2019 searches, broken down by month. Available for China's domestic market, and Canada-specific travel search terms.
- **Rate of Accommodation Bookings:** Accommodation bookings in 2020 on Ctrip against a rate of 2019 bookings, broken down by month. Available for China's domestic market, accommodation bookings. This is provided as a rate rather than a volume of bookings.
- **Rate of Air Travel:** The volume of 2020 air bookings on Ctrip by month to Canada versus 2019 air bookings. By comparing against the 2019 average of when travel was booked for and when it was booked, this establishes the amount of impact against each month of travel. When appropriate, this assessment is supplemented by analysis of the forward-looking planned air seat capacity within a country and to other countries.
- **Weekly New COVID-19 Confirmed Cases:** The weekly total of new confirmed COVID-19 cases, as provided by the European Centre for Disease Prevention and Control. Number of cases in the market and within Canada will likely be a determining factor for both governments allowing phased return of travel, as well as consumer confidence in traveling to a market.

Sources:

¹ Johns Hopkins Coronavirus Resource Center, July 14, 2020 5:00pm PST <https://coronavirus.jhu.edu/map.html>

² <https://nationalpost.com/news/canada/trudeau-travel-restrictions-ban-coronavirus-covid19-canada>

³ http://www.gov.cn/xinwen/2020-01/26/content_5472279.htm

⁴ http://www.gov.cn/zhengce/zhengceku/2020-07/14/content_5526872.htm

⁵ <https://www.nia.gov.cn/n794014/n1050181/n1050489/c1269923/content.html>

⁶ <http://cs.mfa.gov.cn/gyls/lsgz/lsty/t1795221.shtml>

⁷ https://www.fmprc.gov.cn/mfa_eng/wjbxw/t1761867.shtml

⁸ <https://www.wsj.com/articles/china-loosens-business-travel-from-korea-and-germany-pressuring-other-countries-11590688856>

⁹ http://zwgk.mct.gov.cn/auto255/202007/t20200714_873506.html?keywords=

¹⁰ <http://www.bjnews.com.cn/news/2020/07/19/750316.html>

¹¹ Tourism Economics, COVID-19's Impact on Canadian Tourism, March 23, 2020 <https://www.destinationcanada.com/en/coronavirus-updates/covid-19-research>