

Date of Hearing: April 26, 2017

ASSEMBLY COMMITTEE ON ARTS, ENTERTAINMENT, SPORTS, TOURISM, AND
INTERNET MEDIA

Kansen Chu, Chair

ACR 50 (Chu) – As Introduced April 5, 2017

SUBJECT: 2016 U.S.-China Tourism Year.

SUMMARY: This measure would recognize the importance of promoting the leadership of California's tourism industry in continuing to welcome Chinese travelers and would commemorate the mission and success of the 2016 U.S.-China Tourism Year by encouraging continued travel and tourism between California and China, as well as between California and California's other domestic and international markets and partners. Specifically, **this Resolution** makes the following findings:

- 1) On September 25, 2015, the United States and China announced an agreement for each country to participate in a year of tourism cooperation, known as the 2016 U.S.-China Tourism Year, designed to effectively position themselves for increased trade in travel services by enhancing visitors' travel and tourism experience, cultural understanding, and appreciation for natural resources.
- 2) The United States Department of Commerce and the China National Tourism Administration have been supporting the 2016 U.S.-China Tourism Year by developing and deploying programs that focus on new and better travel itineraries, hosting workshops at various international travel trade shows to share best practices to improve the visitor experience, working with relevant authorities to improve signage and other translation and interpretation in order to benefit visitors, communicating travel and entry requirements to the United States and Chinese travel industry and making this information accessible to visitors, promoting training of industry personnel to enhance understanding of cross-cultural issues, communicating the needs and preferences of United States and Chinese visitors to the tourism industry, and creating programs to increase visitor interest and traffic to natural resource sites and leveraging these sites as tourism assets for both countries.
- 3) California's contribution to the mission of the 2016 U.S.-China Tourism Year is represented by, among other things, the first flight between Los Angeles International Airport and a tier II Chinese city, Changsha; the Disneyland Resort and Universal Studios Hollywood hosting of Lunar New Year Festivities; Californians' participation in the "1,000 American Tourists Visiting the Great Wall" event in Hebei Province, on March 25, 2016; the production, hosting, and distribution of various informational resources designed to ensure China's and California's respective travel industries' readiness to effectively welcome visitors; and the California Travel and Tourism Commission's ongoing efforts to directly reach Chinese audiences through localized media.
- 4) California's tourism industry is a vital part of the state's economy, with over 80 tourism business districts located across all regions of California. This industry is an important hedge against economic downturn and labor market changes as jobs in the industry are largely hands-on and cannot be moved overseas or replaced by technology.

- 5) In 2016, total direct travel spending in California was \$125.9 billion, which supported 1.09 million jobs with earnings of \$44.3 billion, and which generated \$4.9 billion in local taxes and \$5.4 billion in state taxes.
- 6) China is the world's largest source market for outbound travel, and is California's fastest growing market, experiencing double-digit percentage growth in terms of visitation and economic impact over the last six years.
- 7) During the 2016 U.S.-China Tourism Year, California welcomed an estimated 1.3 million Chinese visitors who spent approximately \$2.9 billion in the state, representing an 11.9 % increase in visitors and a 13.9 % increase in spending from 2015, and a 30.5 % and 20 % increase, respectively, from 2014.
- 8) The California Travel and Tourism Commission projects that, by 2018, 2 million Chinese visitors will spend \$5 billion in California.
- 9) An increase in visitation and spending from Chinese travelers will help support travel and tourism industry jobs throughout California, and increase the amount of local and state taxes generated.

FISCAL EFFECT: None. This Resolution is keyed non-fiscal by the Legislative Counsel.

COMMENTS:

- 1) *Author's statement:* In commemorating the mission and success of the 2016 U.S.-China Tourism Year, the author wishes to offer the following statement: "Our tourism industry is one of California's economic success stories, contributing significantly to the national, state, and local economies. In 2016, over \$125 billion in travel spending was directly spent in California, supporting over 1 million jobs, and generating \$4.9 billion in local taxes and \$5.4 billion in state taxes. With over 80 tourism business districts located across all regions of California, our tourism industry creates benefits statewide. And because jobs in this industry are largely hands-on and cannot be moved overseas or replaced by technology, tourism serves as an important hedge against economic downturns and labor market changes. The significance of our tourism industry is difficult to understate.

"The Chinese market is of particular importance to California's tourism industry. China is not only the world's largest source market for outbound travel, but is also California's fastest growing market. Every year for the last six years, the number of visitors from China as well as the economic impact of those visitors has grown by double-digit percentages. During the 2016 U.S.-China Tourism Year, California welcomed an estimated 1.3 million Chinese visitors who spent approximately \$2.9 billion in our state, representing an 11.9% increase in visitors and a 13.9% increase in spending from 2015. The California Travel and Tourism Commission projects that, by 2018, 2 million Chinese visitors will spend \$5 billion in California. Chinese travelers tend to spend more money and stay longer in California than other visitors, and are but another factor making China an essential market and partner to our state.

"The 2016 U.S.-China Tourism Year gave California a unique opportunity to capitalize on the strength of our tourism industry, and on Chinese travelers' growing interest in our state as

a travel destination. While Los Angeles welcomed a record number 1 million Chinese visitors in 2016 and the Bay Area continued to welcome nearly half that amount, other regions of California have started to see an increase in Chinese visitors as well. Regions like the Napa Valley, the Central Coast, the San Joaquin Valley, Orange County, and more all saw a significant rise in visitors from China, and as such, benefitted from Chinese travel and tourism.

“California’s participation in and contribution to the Tourism Year should be recognized and celebrated. An ongoing, cooperative, and successful travel and tourism relationship with China is an important step toward maintaining California as China’s premier travel destination and toward ensuring our state’s economic security.”

- 2) *Statements in support:* In support of Chairman Chu’s commemoration of the 2016 U.S.-China Tourism Year, several offices have offered the following statements:

Pat Fong Kushida, President & CEO, California Asian Pacific Chamber of Commerce. “We strongly support this resolution as it provides the necessary focus on promoting the growth in bilateral tourism and associated cultural, economic, educational, and diplomatic activities generated through these direct contacts.”

Lynn S. Mohrfeld, CAE, President & CEO, California Hotel & Lodging Association.

“California’s tourism industry is a vital part of the state’s economy and it helps support the over 5,500 hotel properties that are located in the state. Without tourism, the hotel industry would not be able to support the 1 million California jobs and \$51 billion of labor income supported by the hotel industry.... With Chinese tourism becoming an ever more important market for hotels, it is likely that more hotels will be built in popular Chinese tourist destinations such as San Francisco and Los Angeles as tourism continues to increase. As an industry, we recognize that tourism plays an important role in supporting hotels throughout the state and we want to ensure that California maintains its status as the premier travel destination for China.”

Barbara Newton, President & CEO, California Travel Association. “ACR 50 will recognize the importance of supporting California’s tourism industry with Chinese travelers.... Our members recognize and appreciate the critical and growing value of Chinese visitors to California, and the importance of continuing to cooperate with China in promoting travel and tourism.”

Carlos J. Valderrama, President, Center for Global Trade & Foreign Investment, Los Angeles Area Chamber of Commerce. “As a nationally recognized, member-driven business association working to ensure the success of commerce and industry in the Southern California region, the Chamber believes the region will benefit greatly from this resolution.... We applaud Chairman Chu’s focus on this region and efforts to enhance California’s relationship with China.”

Eric Garcetti, Mayor, City of Los Angeles. “California and China have a vital partnership in the global economy, climate change, and in the movement of goods and services.... Chinese tourists invest, provide ground breaking advances, and contribute to our diverse cultural celebrations among many things.”

3) *Prior legislation:*

- a) SCR 26 (Costa), Resolution Chapter 93, 1999, extended an invitation to the people of the Inner Mongolian Autonomous Region of China to join with California in a friendship state relationship.
- b) ACR 166 (Chu), Resolution Chapter 58, 2016, proclaimed the month of May 2016, and every May thereafter, as California Travel and Tourism Month to celebrate the leadership of California's tourism industry in growing California's economy and improving the quality of life for all Californians.

REGISTERED SUPPORT / OPPOSITION:

Support

California Asian Pacific Chamber of Commerce
California Chamber of Commerce
California Hotel & Lodging Association
California Travel Association
Los Angeles Area Chamber of Commerce
Mayor Eric Garcetti, City of Los Angeles

Opposition

There is no opposition on file.

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