

# **The Impact of Approved Destination Status on Chinese Travel Abroad: An Econometric Analysis**

Shawn Arita, Christopher Edmonds, Sumner La Croix, and James Mak

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**Abstract:** Since the early 1990s China's government has negotiated Approved Destination Status (ADS) with 120 countries. The agreements allow government-approved travel agencies to market group tours and obtain visas in bulk to ADS destinations. We apply a gravity model framework to analyze how ADS has affected Chinese outbound tourist travel from China using Chinese visitor arrivals data from 61 main foreign destinations of mainland Chinese tourists (which account for vast majority of international departures from China) from 1995 to 2005. Fixed effects estimates indicate ADS resulted in significant increases in arrivals from China (averaging 52 percent over three years). We also find evidence of travel diversion as more countries received ADS.

**Key Words:** China Outbound Travel, Approved Destination Status, Gravity Model, Tourism, International Agreements, Travel Liberalization

**Authors:** Shawn Arita is a doctoral student in the Department of Economics, College of Social Sciences, University of Hawaii at Mānoa. Christopher Edmonds is Assistant Specialist with the Center on Family of the College of Tropical Agriculture and Human Resources, University of Hawaii at Mānoa. Sumner La Croix and James Mak are Professors in the Department of Economics, College of Social Sciences, University of Hawaii at Mānoa.

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**Contact:** Please address correspondence to: Christopher Edmonds, College of Tropical Agriculture and Human Resources, 2515 Campus Road, 103 Miller Hall, Honolulu, Hawaii 96822, USA; cedmonds@hawaii.edu.