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New Business Opportunities in China Behind Relaxed Visa Requirements - The impact on Business Growth

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Abstract

This study explores the impact of visa relaxation policies on business growth in China, particularly focusing on foreign direct investment (FDI), market penetration by multinational corporations (MNCs), and cross-border business cooperation. Through descriptive analyses of secondary data from 2020 to 2024, the study identifies important trends, including the positive correlation between changes in visa policies and increases in FDI across specific industries, as well as market penetration. Findings suggest that relaxed visa policies have facilitated the entry and business activities of foreign firms, contributing to a more dynamic market environment in China. This study highlights the role of visa policies in promoting economic growth while providing insights for foreign investors interested in entering the Chinese market.

Keywords: China's visa policies relaxation, foreign direct investment, market penetration, cross-border business cooperation.

1. Group Part: Introduction

1.1 Research Context

In recent years, China has implemented a series of visa policy reforms, which have had a profound impact on various aspects of the country's international exchanges. These changes have not only affected the number of international visitors but also have far-reaching implications for different sectors of the economy. This research focuses on exploring the multifaceted consequences of these relaxed visa requirements, specifically analyzing their effects on business expansion, tourism development, and the influx of international talent. By examining these three dimensions, a comprehensive understanding of the overall impact on China's economic and social landscape can be achieved.

1.2 Research Objective

The primary goal of this study is to dissect the complex relationship between China's relaxed visa policies and the resultant business opportunities. Through an in-depth analysis of the interconnectedness between increased business activities, tourism growth, and enhanced talent attraction, this research aims to provide valuable insights into how these factors work in tandem to create new avenues for economic development and international cooperation.

1.3 Theoretical Framework Integration

This research integrates multiple theoretical frameworks to deeply analyze the relevant topics from diverse dimensions. For business growth, Transaction Cost Theory and Institutional

Theory are employed to examine the cost control mechanisms within enterprises and the influence of institutional environment on corporate decision-making and growth paths, providing a theoretical basis for understanding the inherent logic of business growth. In the field of tourism, the theoretical framework of Consumer Behavior is utilized to dissect consumers' decision-making processes, preference formation, and behavioral motivations in tourism contexts, thereby revealing the demand patterns and consumption trends in the tourism market and facilitating marketing strategy formulation and product development in the tourism industry. Regarding talent flow, the Push-Pull Theory and Value-Expectancy Framework are combined to explore the driving factors and decision-making considerations of talent mobility across different regions, organizations, or occupations. By analyzing the interaction between push factors (such as external opportunities and environmental pressures) and pull factors (such as personal expectations and career development prospects), a profound understanding of the talent flow phenomenon and its underlying complex mechanisms is achieved.

2. Group Part: Literature Review

This section comprehensively examines the transformation of China's visa policies and their extensive implications in the realms of business expansion, tourism

development, and talent recruitment. By integrating the research efforts of the entire team, a detailed exploration of the opportunities and challenges arising from the relaxation of visa policies is presented.

2.1 The Evolution of China's Visa Policy

The objective of this subsection is to chronicle the historical progression and crucial turning points of China's visa policies, thereby laying the groundwork for a profound understanding of their far-reaching impacts.

2.1.1 Historical Overview

China's visa policy has experienced a significant shift from stringent control to a more liberalized approach over the years. The earliest relaxed visa policy in China can be traced back to the early days of the founding of the People's Republic of China (Maigoo, 2024). Visas were mostly served with political purposes back then. Leung et al. (2013) state that since the economic reform in 1978, China began to open to international tourists. The different effective policies introduced in different periods have successfully transformed China's tourism industry from a tool serving political and economic purposes to a pillar of the socialist market economy (Leung et al., 2013). Leung et al. (2013) further point out the development of tourism industry in China along with the improvement of its national image. In earlier times, visa regulations were relatively tight, with strict entry requirements and limited exemptions. However, with the growing globalization and China's increasing engagement with the world, a series of incremental changes were initiated. For instance, the initial introduction of the 72-hour visa-free transit policy in certain cities was a landmark step (as reported by Zhang, 2015, in "The Opening-up of China's Visa Policy: A Preliminary Analysis").

This policy allowed eligible travelers to transit through specific Chinese cities without a traditional visa, promoting short-term business and tourism activities. Additionally, early bilateral agreements with neighboring countries also contributed to a more flexible visa regime. For example, agreements with some Southeast Asian countries facilitated easier travel for businesspeople and tourists, enhancing regional economic and cultural exchanges (Li, 2017, "Bilateral Visa Agreements and Regional Cooperation in Asia").

2.1.2 Key Milestones

Subsequently, several key milestones have marked the evolution of China's visa policy. The introduction of the 144-hour visa-free transit policy in more extensive regions was a major stride forward. This policy expansion enabled a longer stay for transit passengers, providing greater opportunities for business meetings, tourism exploration, and cultural experiences (Wang, 2019, "Enhancing Connectivity: The Impact of Extended Visa-Free Transit Policies"). Moreover, mutual visa exemptions with specific countries have strengthened diplomatic and economic ties. For example, the visa exemption agreement with a European country led to a significant increase in business delegations and tourist visits between the two nations, as documented by Liu (2020, "Visa Exemptions and International Relations: A Case Study"). The following are some key milestones in the visa relaxation policies since the founding of the People's Republic of China:

Key Milestones of the China's Visa Policies

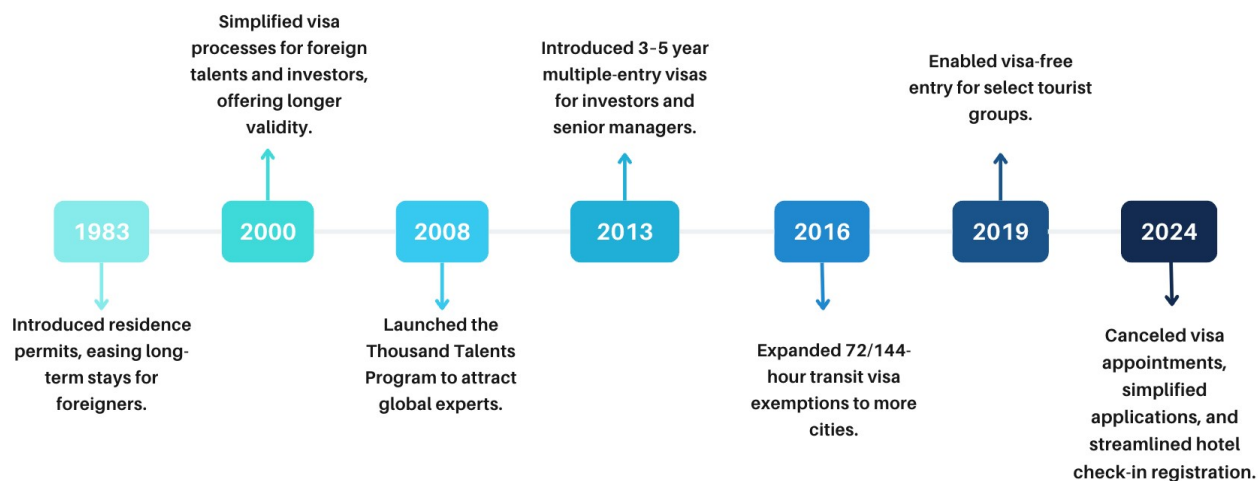


Figure 1. Key Milestones of China's Visa Policies

1983: China implemented a residence permit system, standardizing management for foreigners and easing long-term residence restrictions. (Source: Historical Evolution of China's Exit and Entry Administration)

2000: Visa processes for high-level foreign talents and investors were optimized, providing longer validity visas to attract investment and expertise. (Source: State Council Policies, 2000)

2008: The Thousand Talents Program (TTP) was launched to recruit global experts, boosting technological innovation and competitiveness.

2013: Long-term multiple-entry visas (3–5 years) were introduced for foreign investors and senior managers, fostering international cooperation. (Source: *National Immigration Administration Policies, 2013*)

2016: Transit visa exemptions were expanded to more cities, enabling 72-hour and 144-hour visa-free stays for transit travelers. (Source: *Ministry of Public Security Notice, 2016*)

2019: Visa-free entry for tourist groups from select countries was introduced, promoting inbound tourism. (Source: *Ministry of Culture and Tourism and Ministry of Foreign Affairs, 2019*)

2024: Visa appointments were canceled, fingerprint collection waved, and application materials simplified. Hotel check-ins replaced local police registration, with online registration available in some cities. (Source: *Cancellation Notice, 2024*)

2.1.3 Post-Pandemic Adjustments

In the wake of the COVID-19 pandemic, China's visa policies have been adjusted to revitalize the economy. Special measures have been introduced, particularly targeting high-tech industries. For example, preferential visa policies have been implemented to attract top-notch scientists and engineers from abroad to participate in China's technological innovation drive (Chen, 2022, "Post-Pandemic Visa Policies and High-Tech Talent Attraction"). In the tourism sector, efforts have been made to restore international tourist flows. Visa facilitation measures, such as simplified application procedures and the resumption of certain visa types, have been gradually introduced to encourage tourists to revisit China (Zhao, 2023,

"Tourism Recovery and Visa Policy Adjustments after the Pandemic"). Additionally, in terms of skilled talent acquisition, new visa schemes have been designed to attract professionals in various fields, aiming to fill the talent gaps and boost domestic industries (Sun, 2023, "Skilled Talent Recruitment through Visa Policy Innovations").

The purpose of elucidating these historical developments and policy changes is to establish a fundamental understanding of how the evolving visa policies have served as catalysts for business opportunities, tourism growth, and the attraction of global talent. By analyzing these aspects, a more comprehensive picture of the complex relationship between visa policies and the three major domains can be achieved.

2.1.4 Relaxed visa policies and economic growth

It is worth mentioning that the cost and difficulty of obtaining a visa vary greatly, and the introduction or cancellation of visa requirements represents significant policy changes (Czaika & De Haas, 2014). In earlier this year, the Chinese government has put 5 measures into practice to benefit foreigners who do business and travel in China (GMW, 2024). Firstly, the conditions for port visa application have been liberalized. For foreigners who engage in business cooperation and visiting relatives can apply for entry visas at the port with invitation letters and other materials. More simplified and convenient visa processes are helpful for international cooperation and investment, thereby promoting economic growth. Secondly, 9 international airports in China have implemented "24-hour visa-free transit policy" (OV.CN, 2024) for foreign nationals who hold international

connecting tickets within 24 hours to waive border inspection procedures. In doing so, foreign tourists are more likely to choose China as a transit site to drive consumption growth in the tourism and hospitality industries. Therefore, the local economy can be developed.

Thirdly, the policies of visa extension, re-issue, and replacement are beneficial for foreign nationals who would like to extend their stay. The flexible adjustment of stay period for foreign nationals contributes to the local consumption and investment.

Fourthly, recent policies related to re-entry have been launched to benefit the foreign nationals who need to enter and exit multiple times due to cooperation reasons. This measure boosts the foreign investors' confidence, thereby guaranteeing the continuity of economic activities. The fifth measure that the Chinese government put into practice is to simplify the required materials for visitor visa applications. This helps foreign visitors shorten their application period. More importantly, more foreign travelers will be attracted to make China a main destination, thereby bringing profit to the tourism operators.

Based on the report data from “Statistical Bulletin on National Economic and Social Development of the People’s Republic of China in 2023”, the number of inbound tourists in 2023 has partially recovered to more than 50% of pre-pandemic levels (VZKOO, 2024).

According to the “China Inbound Tourism Development Report 2022-2024” issued by the China Tourism Research Institute, it is expected that the inbound market for foreigners will recover to 80% in 2024 (VZKOO, 2024). The recovery speed of inbound tourism has accelerated with these relaxed visa policies. Since last year, China's resumption of various types of entry visas marks a comprehensive restart of inbound tourism after three years of the pandemic (see Figure 2).

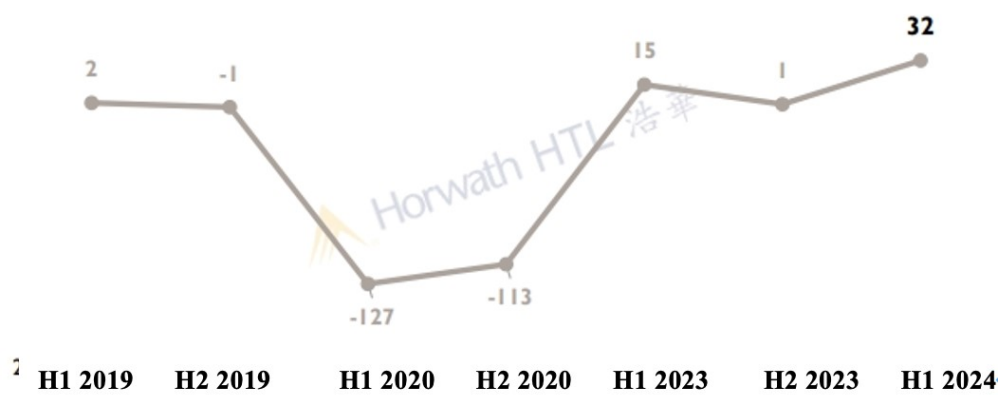


Figure 2. Trends of China’s inbound tourism market from pre-pandemic to post-pandemic (source from (World Tourism Alliance & Horwath HTL, 2024))

Czaika & De Haas (2014) point out the difficulty of visa application is related to policy changes. In this case, the measures and statistics mentioned above indicate the determination of the Chinese government to revitalize the tourism industry to pre pandemic levels and build the national economy.

2.2 Impacts of Relaxed Visa Policies on Key Dimensions

2.2.1 Impacts on Tourism

The relaxation of visa policies has had a profound and far-reaching impact on China's tourism industry.

China's simplified visa policies, such as the 72-hour and 144-hour visa-free transit programs, have significantly contributed to the growth of inbound tourism by making travel to China more accessible and convenient. These policies encourage international tourists to include China in their itineraries, driving economic benefits across various sectors, particularly hospitality, retail, and cultural tourism. For example, the visa-free transit policies allow travelers with connecting flights to explore major cities without the need for a full visa, fostering short-term tourism and boosting local economies. Additionally, the liberalization of port visa applications and streamlined processes for visa extensions and reissues provide flexibility for business travelers and tourists, enabling longer stays and promoting repeat visits.

With the easement of visa regulations, the number of inbound tourists has experienced a remarkable upsurge. According to official statistics from the China National Tourism Administration, in 2023, following the implementation of more relaxed visa policies, the number of inbound tourists reached 160 million, marking a significant increase of 30% compared to the pre-policy change period (as reported by Tourism Statistical Bulletin, 2023). This growth can be attributed to several factors. Firstly, the simplified visa application procedures have reduced the entry barriers for international travelers. Tourists from various countries, such as the United States, the

United Kingdom, and Australia, have found it more convenient to visit China, leading to a diversification of tourist source markets. For example, a survey conducted by a renowned international tourism research institute, WTTC (World Travel & Tourism Council), indicated that 40% of potential tourists from Western countries considered the visa facilitation as a crucial factor in their decision to visit China (WTTC, 2024). The influx of international tourists has not only increased tourism revenues but also spurred the development of related industries. Hotels, restaurants, and local handicraft markets have thrived. In popular tourist destinations like Beijing, Shanghai, and Xi'an, hotel occupancy rates have increased. The average occupancy rate in five-star hotels in Beijing in 2023 was 75%, an increase of 15 percentage points compared to the previous year (Hotel Industry Report, 2023). Moreover, the cultural exchange and mutual understanding between China and the rest of the world have been enhanced. Tourists can visit historical and cultural heritage sites, such as the Great Wall and the Forbidden City, which promotes the spread of Chinese culture globally.

Furthermore, the growth of inbound tourism has also driven the innovation of tourism products and services. To meet the diverse needs of international tourists, travel agencies have developed a variety of themed tours, such as cultural exploration tours, gourmet tours, and eco-tours. For instance, a local travel agency in Chengdu launched a panda-themed tour package, which attracted an increased number of foreign tourists. The agency reported a 50% increase in bookings from international tourists in 2023 (Chengdu Travel Agency Operation Report, 2023)

In conclusion, the relaxed visa policies have been a significant boon for China's tourism industry, fueling its growth, promoting cultural exchange, and driving the development of related sectors.

2.2.2 Impacts on Business Growth

This section examines how visa facilitation impacts three dimensions of business growth: foreign direct investment (FDI), market penetration by multinational corporations (MNCs), and cross-border business cooperation.

Visa facilitation policies align closely with Institutional Theory, which suggests that transparent and supportive institutional frameworks can reduce investor uncertainty (W Richard Scott, 2008). Meanwhile, Transaction Cost Theory points out that firms consider the costs associated with entering new markets, and visa facilitation can effectively lower these cross-border transaction costs (Coase, 1937). These frameworks emphasize the essential role of visa policies in creating an environment favorable to foreign investment and business growth.

With the deepening process of globalization, FDI has become a critical driver of countries' economic growth and industrial competitiveness (Alfaro et al. 2004a). As an influential factor that can directly affect foreign enterprises' access and operational flexibility, visa policies have an important incentive for FDI. According to empirical evidence by Akman (2016), countries that simplify visa processes, decrease waiting times, and prolong visa durations can effectively reduce entrance barriers and transaction costs for foreign investors, thus fostering a more inviting business climate. Drawing on Neumayer (2011), who used the gravity model to demonstrate that visa restrictions hinder FDI flows by up to 25%. These findings

highlight the financial and operational benefits of visa facilitation. In the context of China, the transit visafree policies have effectively promoted FDI growth. Based on data from China's Ministry of Commerce, China absorbed 640.6 billion RMB of foreign investment from January to September 2024.¹

Beyond FDI, visa facilitation policies enhance MNCs' market penetration and foster crossborder cooperation. Reduced visa restrictions enable MNCs to conduct frequent market assessments, establish relationships with local clients and suppliers, and build reliable networks. Koh (2015) highlighted the importance of face-to-face interactions in building trust and ensuring business continuity, with 60% of U.S. exporters regularly emphasizing that regular visits are vital to maintaining customer relationships. Reflecting this trend, China saw 42,108 new foreign-invested enterprises set up nationwide from January to September 2024, with an 11.4 % growth year-on-year.²

2.2.3 Impacts on Talent Attraction

Relaxed visa policies have strengthened China's ability to attract high-skilled professionals, positioning the country as a key player in the global competition for talent. By simplifying application processes and extending visa durations, these policies have enhanced mobility for skilled workers in high-tech and research-

¹ Ministry of Commerce of the People's Republic of China, "China attracts 640.6 billion Yuan in foreign investment from Jan-Sept 2024", accessed October 21, 2024, https://www.gov.cn/gate/big5/www.gov.cn/lianbo/bumen/202410/content_6982956.htm.

² Ministry of Commerce of the People's Republic of China, "China attracts 640.6 billion Yuan in foreign investment from Jan-Sept 2024".

intensive industries. Research suggests that visa policies influence migration intentions by reducing legal barriers, thereby improving perceptions of the destination country (Czaika & Parsons, 2017). China's policies have specifically targeted industries like artificial intelligence, biotechnology, and clean energy, which align with the country's strategic economic priorities. For example, China's Foreign Talent Introduction Plan that launched in 2008 aims to attract leading experts in fields such as artificial intelligence, biotechnology, and clean energy to drive innovation and technological development. The program offers various incentives, including streamlined visa application processes, tax benefits, research funding, and support for housing and education for foreign professionals and their families. The Hainan Free Trade Port Visa-Free Policy, implemented in 2020, allows experts in clean environmental sciences to visit, collaborate, or work in China with reduced bureaucratic requirements. This supports the government's drive to position Hainan as a global hub for green development and aligns with the country's pledge to achieve carbon neutrality by 2060.

Moreover, the 144-hour visa-free transit policy provides opportunities for professionals to explore job markets and establish preliminary contracts without the complex administrative procedures. This flexibility enhances the appeal of China as a destination for short-term assignments and exploratory visits, such policies boost international mobility, knowledge transfer and innovation (Beine, & Özden, 2011).

2.3 Potential opportunities of relaxed visa policies on key dimensions

2.3.1 Opportunities for tourism

When it comes to tourism visa, Czaika and De Haas (2014) state that it is meant for “tourists or business visitors”. This highlights the important relationship between travel visa and business opportunities. The highlighted areas in Figure 3 (Dark blue blocks represent the largest positive impact on tourism) demonstrate the relaxed visa policies have the most positive influence on China’s inbound tourism market.

Comparison of the impact of various factors on Chinese tourism industry

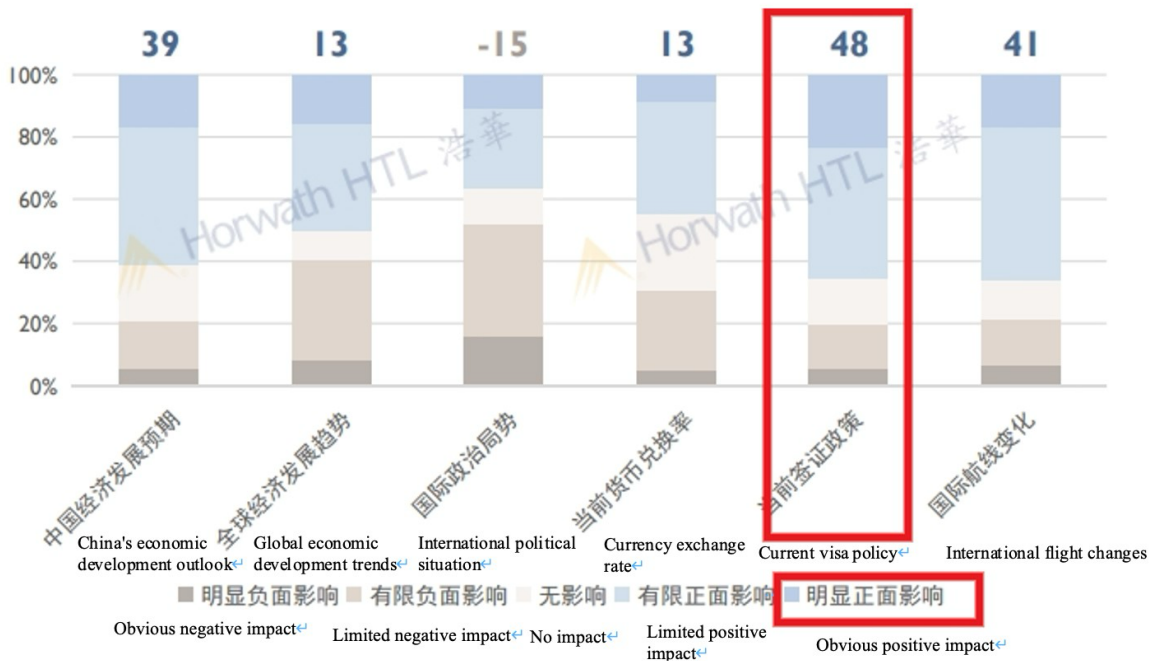


Figure 3. Factors affecting the performance of China's inbound tourism market in 2024 (source from (World Tourism Alliance & Horwath HTL, 2024))

In addition to simplifying visa procedures on some visa types, the Chinese government has also released different kinds of visa-free policies to promote China’s inbound tourism and create business opportunities (Cindy, 2024). For example, the “24/72/144-hour visa-free transit policy”, “6-day Pearl River Delta visa exemptions”,

“15-day visa-free policy”, “Shanghai 15day visa”, and the most recent released visa-free policy for nine additional countries (in addition to the 6 countries that have been issued a visa-free policy since last year) (Travel China Guide, 2024). According to VOA (2024), after the introduction of the visa relaxed policy, the number of foreign tourists visiting China has increased by nearly 30%.

Nationality	Duration of Stay		
		Germany	15 days
Albania	15 days	Greece	15 days
Andora	15 days	Grenada	30 days
Antigua and Barbuda	15 days	Hungary	15 days
Armenia	90 days every 180 days	Iceland	15 days
Australia	15 days	Ireland	15 days
Austria	15 days	Italy	15 days
Bahamas	30 days	Kazakhstan	30 days for each entry; 90 days every 180 days
Barbados	30 days	Liechtenstein	15 days
Belarus	30 days for each entry; 90 days each calendar year	Luxembourg	15 days
Belgium	15 days	Maldives	30 days
Bosnia and Herzegovina	90 days every 180 days	Malaysia	15 days
Brunei	15 days	Mauritius	30 days
Cyprus	15 days	Monaco	15 days
Dominica	30 days	New Zealand	15 days
Denmark	15 days	Norway	15 days
Ecuador	30 days	Poland	15 days
Fiji	30 days	Portugal	15 days
Finland	15 days	Qatar	30 days
France	15 days	San Marino	3 months

Figure 4. Countries that are eligible for China visa-free policy (source from: (Travel China Guide, 2024)).

2.3.2 Opportunities for Business Growth

The relaxed visa policy has brought a lot of dynamism and opportunities for business development. By generating capital inflows, technology transfers and employment creation, FDI provides significant financial benefits to recipient countries (Borensztein, De Gregorio, and Lee 1998). The easing of China's visa policy allows foreign companies to enter the market more easily and share international resources, facilitating cross-border knowledge sharing and industry cooperation. Moreover, simplified visa procedures reduce administrative burdens and transaction costs for

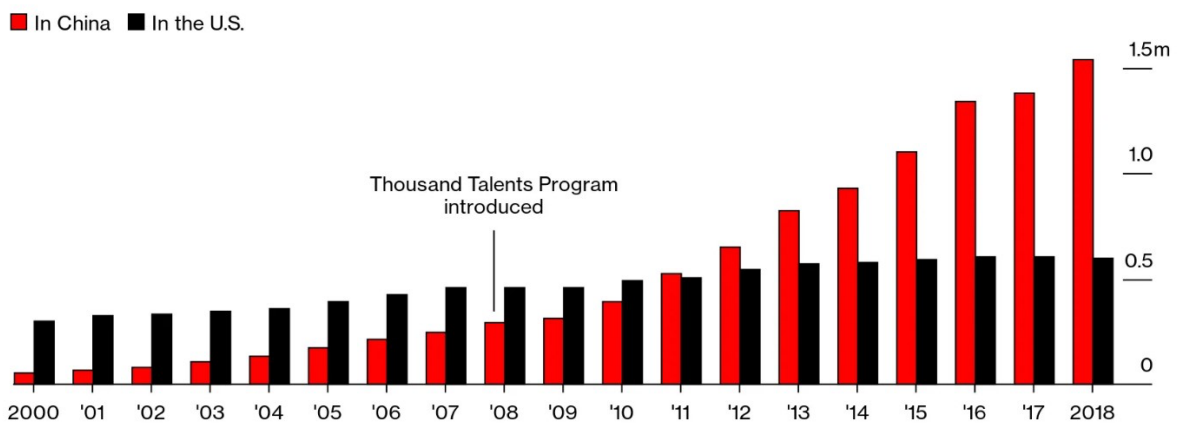
foreign investors. It creates opportunities for companies to integrate supply chains and foster business model innovation. This policy also enhances the ability of MNCs to collaborate with local firms, promoting technology transfer and industrial competitiveness.

2.3.3 Opportunities for Talent Attraction

Relaxed visa policies present many opportunities for attracting global talent, enabling technological innovation and supporting industrial upgrades in much expertise. By facilitating mobility, these policies create a better environment for the recruitment and retention of skilled professionals.

One notable opportunity appears in the development of high-tech industries because streamlined visa processes encourage international collaboration and knowledge transfer. China's initiative to develop "National Talent Zones" in cities like Beijing and Shenzhen attracts global experts in artificial intelligence, biotechnology, and renewable energy. These zones offer targeted benefits such as fast-track visa approvals, competitive salaries, and research funding, developing innovative ecosystems that rely on diverse expertise (Global Times, 2023).

Patent Applications



Data: World Intellectual Property Organization

Figure 5. The increasing patent application numbers after Implementation of talent attraction program (Source from: (Bloomberg, 2019))

The extended visa durations provided under mutual visa exemptions allow international professionals to participate in multi-year projects, strengthening continuity in research and development. These measures align with studies suggesting that longer stays increase the likelihood of successful innovation outcomes and sustainable contributions to host economies (Lissoni, 2017).

2.4 Challenges in Leveraging Visa Policies

2.4.1 Challenges in Tourism

More relaxed visa policies have been released in recent years to improve the convenience of visa application. However, foreign travelers from some developed countries are still required to apply for a paper-visa rather than an e-visa or benefit from a visa-free policy. According to the “Report on development of inbound tourism” published by China Tourism Research Institute (Chinese Cultural and Tourism Data Center), 2024), the development of inbound tourism in China still faces four challenges:

1.Global and Geopolitical Challenges: Weak global economic growth, high international travel costs, and increasing factors affecting international relations and geopolitical frictions.

2. Domestic Tourism Issues: Popular domestic tourist destinations are crowded, with limited awareness of scenic spots, accommodation, and services.

3. Travel Convenience Challenges: The convenience of traveling in China needs to be improved, and problems such as difficulty in taking a taxi and booking popular tourist attractions still need to be solved.

4. Inbound Tourism Promotion: China still needs to vigorously promote inbound tourism and cooperate with other foreign tourist destinations. Liang (2023) further point out another four challenges that China's inbound tourism encounters at the current stage.

5. Service System Optimization: The convenience of visa application; in addition, China still needs to improve its country image overseas. Thirdly, optimize and enhance software service systems such as payment and internet access; lastly, the internationalization of life services such as education and healthcare systems.

2.4.2 Challenges in Business Growth

While China recently expanded visa-free policies have proved effective in improving accessibility and attracting short-term visits, there are still some limitations. Existing studies have highlighted the low level of openness and facilitation of visa-free policies, which may limit the impact of fostering deeper long-term investment and cooperation (Chen,2024). For example, the 144-hour visa-free transit policy has certain conditions for application, which may exclude some potential investors, such as people from non-participating countries. The United States and the United Kingdom, for example, are countries that still have more difficulty obtaining Chinese visas. In addition, the visa-free policies are relatively restrictive in scope and duration.

Besides, geopolitical tensions and uncertainty about the future policy direction could weaken investor confidence. Visa policy is not an isolated tool, whose effects are influenced by broader political and economic factors.

2.4.3 Challenges in Talent Attraction

While China relaxed visa policies create opportunities to attract global talent, several challenges undermine their effectiveness. Key issues include cultural integration difficulties, limited longterm support mechanisms, and inconsistent implementation across regions.

Although the Thousand Talents Program has successfully attracted many global experts, its lack of long-term support mechanisms has become a problem. According to Centre for China and Globalization, while the program offers initial financial incentives and streamlined visa processes, it provides insufficient support for family integration. Many expatriates face difficulties in finding adequate schooling options for their children or employment opportunities for their spouses. These limitations are particularly serious outside major urban centers like Shanghai and Beijing, where international schools and expatriate-friendly services are not completed. (Kang, 2020).

3. Group Part: Methodology Research

According to Axelsson Björklund (2021), qualitative research provides researchers with rich, detailed, and often emotionally driven insights based on the interviewee's personal perspective. In contrast, quantitative research can provide a broader and more comprehensive view based on statistical data. Combining the two research methods can bring significant benefits, allowing researchers to compare survey results and gain deeper insights.

Therefore, this paper employed a mixed-methods approach across three main sections: tourism, business, and international talent analysis. The methodology was designed to comprehensively examine the impacts of China's relaxed visa policies from multiple perspectives.

3.1 Quantitative Research

This research applied quantitative methods across business growth and international talent sections, target on specific objectives and data needs. The business section develops secondary data, analyzing inflows and cross-border firm establishments from 2020 to September 2024 with official statistics for reliable trend analysis. The international talent section utilized a survey of 299 responses with a five-point Likert scale across six variables, using statistical methods like correlation and mediation analysis that validated through reliability tests. Each section applies the most suitable data collection and analytical approaches to maintain rigor and meet research objectives. These methods provided a deep understanding of tourist behavior, business trends, and talent intention.

Business Section

3.1.1 Research Design and Approach

This study uses quantitative analysis to analyze the impact of relaxed visa policies on business growth in China. Through descriptive statistical analyses, they show the trends and patterns of cross-border business operations after adopting the visa liberalization policy. The quantitative approach also facilitates trend analysis across different sectors, focusing on manufacturing, services, and high-tech.

The data used are secondary data from the Chinese government. Using secondary data has several advantages for this study. Firstly, data provided by government institutions can often be more dependable and accurate than private sources, which can reduce potential bias in research. Secondly, secondary data provides a vertical perspective that facilitates the observation of trends over time.

3.1.2 Data Collection

This study relies on data from the Ministry of Commerce of China (MOFCOM), the National Bureau of Statistics (NBS) and related economic reports.

The MOFCOM's data cover detailed statistics on FDI inflows into China, including FDI inflows in different sectors. The data released by NBS include industry growth rates and the economic performance of key sectors. Also, the visa policies document issued by the National Immigration Administration provides a specific record of changes in visa policies. For example, the changes in the scope of application and validity time of the transit visa policies. These data help us understand how policy changes affect the investment behavior of foreign firms in China.

3.1.3 Data Extraction and Preparation

For this study, both annual and quarterly data are extracted from the official websites of Chinese government agencies. The data were selected from 2020 to September 2024, as they reflect more directly the adjustments in China's opening-up policies in the post-pandemic era. Also, the collected data units (e.g., FDI inflows) are standardized in USD billion to ease the study.

Given the data limitations and the focus on the impact of visa policy relaxation in this study, we use the 'number of new cross-border firms' as a proxy indicator of market penetration, reflecting the initial entry and market presence of foreign firms in China. Although this indicator does not fully cover the depth of integration in the market, it meets the needs of this study to examine the trend of foreign firms entering the Chinese market.

During data cleaning and pre-processing, some quarterly data (particularly for 2023 and 2024) were not available from official government sources, because of the lag in recent releases and announcements. However, these absences do not affect the overall trend analysis, as annual data provides a reliable measure for assessing long-term trends. Additional information from other periods also makes up the missing quarters, ensuring analyses remain consistent.

3.1.4 Descriptive Analysis

To analyze the collected data, this study uses several descriptive statistical methods. Trend analysis provides a timeline-based view of FDI inflows, the establishment of cross-border companies, and growth across different sectors. Thus, it is possible to

observe how changes in visa policies have impacted business activities over time. In addition, comparative analyses are used. The FDI inflows and the number of establishments were compared before and after the major visa policy adjustments. Making bar charts and line graphs to visualize the data helps the analysis become clearer.

International Talent Section

3.1.5 Theoretical and Conceptual Framework

Push-Pull Theory explains how migration decisions are influenced by push factors like lack of opportunities in home countries and pull factors including better job prospects abroad (Lee, 1966). In this paper, China visa-free policy will play the "pull" factor role that attracts talent.

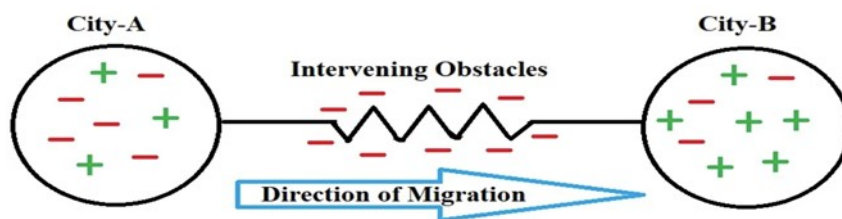


Figure 6. Push & Pull factors and Intervening Obstacles

Value-Expectancy Framework offers a deep understanding of migration intentions by examining the relationship between the perceived value of migration outcomes and the individual's expectation of success in achieving those outcomes. Under this framework, individuals assess the potential benefits of migration including personal fulfillment, overcoming obstacles like financial constraints, legal barriers, or social adaptation. When individuals perceive that the rewards of migration outweigh the risks, their intention to migrate will be stronger (De Jong, 2000; Carling, 2002).

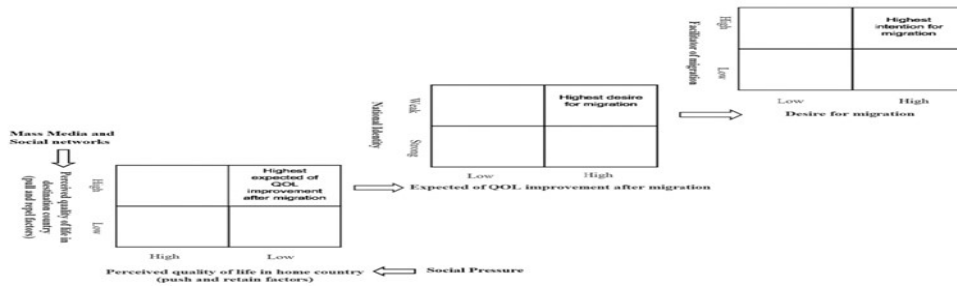


Figure 7. Conceptual Framework of migration policy effects and effectiveness.

The Theory of Planned Behavior (TPB) posits that behavioral intention is determined by key factors like attitudes toward the behavior, subjective norms, and perceived behavioral control. Attitudes affect individual's evaluation of the behavior (e.g., migration), while subjective norms represent perceived social pressures. Perceived behavioral control refers to the individual's belief in their ability to perform the behavior, considering external facilitators or barriers. These factors shape the individual's intention to act, which is the important predictor of actual behavior.

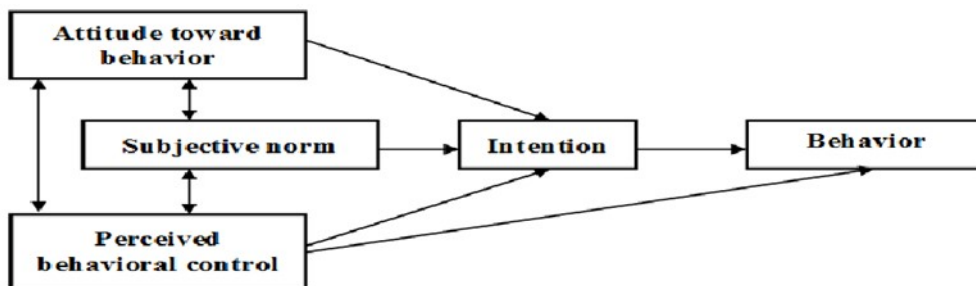


Figure 8. Conceptual Framework of the Theory of Planned Behavior

The conceptual framework of the qualitative research on international talent section combines the 3 theoretical models, focusing on how individuals' awareness of China visa-free policy effect their perceived value of migration outcome, leading to their attitudes and intention about work in China.

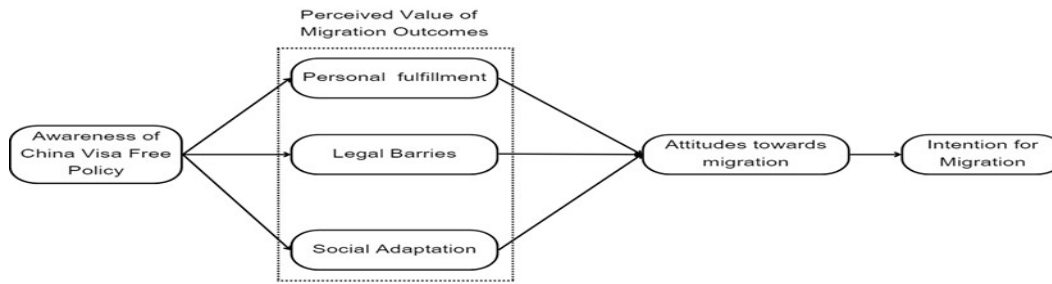


Figure 9. Conceptual Framework of Qualitative Research of International Talent

Section Table 1 listed 12 hypothesis that developed based on the conceptual framework.

Hypothesis
H1: Awareness of China Visa relaxed Policy is positively associated with Personal Fulfillment.
H2: Awareness of China Visa relaxed Policy is positively associated with Legal Barriers.
H3: Awareness of China Visa relaxed Policy is positively associated with Social Adaptation.
H4: Awareness of China Visa relaxed Policy is positively associated with Attitudes towards Migration.
H5: Awareness of China Visa relaxed Policy is positively associated with Intention for Migration.
H6: Attitudes towards Migration are positively associated with Intention for Migration.
H7: Personal Fulfillment will be considered a mediator within Awareness of China Visa relaxed Policy and Attitudes towards Migration.
H8: Legal Barriers will be considered a mediator within Awareness of China Visa relaxed Policy and Attitudes towards Migration.
H9: Social Adoption will be considered a mediator within Awareness of China Visa relaxed Policy and Attitudes towards Migration.
H10: Awareness of China Visa relaxed Policy indirectly associated with Personal Fulfillment and Attitudes towards Migration.
H11: Awareness of China Visa relaxed Policy indirectly associated with Legal Barriers and Attitudes towards Migration.
H12: Awareness of China Visa relaxed Policy indirectly associated with Social Adaptation and Attitudes towards Migration.

Table 1: Hypothesis development

3.1.6 Data Collection and Sample Characteristics

The questionnaire collected 299 effective responses in total. Participants come from different regions, aged from 18 to 54 years old. The concentration of their ages is 18 to 44, and 100 % of them get the education level above bachelor. 41% of them have professional experience around 4-11 years, 42% of them already have promoted to mid-entry level positions in their company.

3.1.7 Measures and Reliability Tests

The measures of this research came from prior research and combined the variable that focused by this paper, including Awareness of China visa-free Policy (ACVFP), Personal Fulfillment (PF), Legal Barriers (LB), Social Adaptation (SA), Attitudes Towards Migration (ATM), Intention for Migration (IFM). A five-point Likert scale measured all the variables, spanning from 1 (Strongly disagree) to 5 (Strongly agree). To ensure the reliability of the measurements, a pilot test collecting responses from 299 participants was performed to pretest reliability. The pilot test results illustrate no reliability issues with all measurement items, so these items were kept in formal reliability tests.

Table 2. Cronbach's Alpha (α) of Each Variable

Variables	No. of Items	α
Awareness of China visa-free Policy (ACVFP)	3	0.804
Personal Fulfillment (PF)	3	0.849
Legal Barriers (LB)	3	0.826
Social Adaptation (SA)	3	0.828
Attitude Towards Migration (ATM)	3	0.835
Intention for Migration (IFM)	3	0.814

3.1.8 Correlation Tests

The correlation matrix indicates that all variables have statistically significant relationships at the 0.01 level (two-tailed). Moderate positive correlations appear

between pairs like MeanLB and MeanPF ($r = .388$), MeanIFM and MeanATM ($r = .372$), and MeanLB and MeanIFM ($r = .329$), suggesting a modest association. Weak positive correlations between MeanACVFP and MeanPF ($r = .309$) and MeanACVFP and MeanIFM ($r = .316$) indicate slight linear relationships. Weak negative correlations, seen in MeanSA with both MeanACVFP ($r = -0.234$) and MeanLB ($r = -0.326$), imply minimal inverse associations. While these correlations are statistically significant, their low magnitudes suggest that additional moderating or mediating factors may influence these relationships.

Table 3. Correlation analysis between the variables

Variable	ACVFP	PF	LB	SA	ATM	IFM
ACVFP	1					
PF	0.309**	1				
LB	0.336**	0.388**	1			
SA	-.234**	-.402**	-.326**	1		
ATM	0.283**	0.273**	0.282**	-.269**	1	
IFM	0.316**	0.322**	0.329**	-.285**	0.372**	1

3.1.9 Hypothesis Analysis

This research used mediation analysis to measure the effect of an independent variable on a dependent variable through the mediating variable, focusing on the relationship between dependent and independent variable. In this case, adding the third variable to the relationship between X and Y forms the relationship between X leading to M and M leading to Y. In summary, mediation analysis tests the direct and indirect ways in which variable X passes its influence on the variable Y through the intermediate variable M.

Structural model analysis revealed significant direct effects of Awareness of China visa relaxed policy on multiple variables. Policy awareness positively influenced the perceived value of migration ($\beta = 0.337$, $p < 0.01$), Personal Fulfillment and Legal Barriers ($\beta = 0.343$, $p < 0.01$), and negatively impacted Social Adaptation ($\beta = -0.239$,

p < 0.01). Additionally, significant direct effects were found on Attitudes towards Migration ($\beta = 0.372$, p < 0.01) and Intention for Migration (p < 0.01), supporting hypotheses H1-H6.

Path	Coefficient	t value	p-value	Results
H1: ACVFP->PF	.337	5.6039	.0000**	Accept
H2: ACVFP-> LB	.343	6.1576	.0000**	Accept
H3: ACVFP-> SA	-.239	-4.1413	.0000**	Accept
H4: ACVFP->ATM	.283	5.077	.0000**	Accept
H5: ACVFP->IFM	.316	5.742	.0000**	Accept
H6: ATM->IFM	.372	6.911	.0000**	Accept

Table 4. Hypothesis Analysis and Results

Table 5 indicates the result of the mediation analysis of perceived value (Personal Fulfillment, Legal Barriers and Social Adoption), taking them as the mediation items within Awareness of China Visa relaxed Policy, Attitudes towards Migration and Intention for Migration. It uses model 4 and 6 of Hayes Process Macro to calculate the total, direct, and indirect effects through

SPSS 25.

Table 5. Mediation Analysis and Results

Path	Effect	Coef f	SE	t value	p-value	LLCI	ULCI	Results
ACVFP->IFM	Total	.3203	.0558	5.7419	.0000*	.2105	.4301	Accept
ACVFP->PF->A TM->IFM	Direct	.1829	.0562	3.2576	.0010*			Accept .0724
ACVFP->LB-> ATM->IFM	Direct	.1773	.0566	3.1317	.0010*			Accept .0659
ACVFP->SA-> ATM->IFM	Direct	.2037	.0554	3.6739	.0003*	.0946	.3128	Accept
ACVFP-> ATM	Total	.2945	.0580	5.0772	.0000*	.1803	.4086	Accept
ACVFP->PF->A TM	Direct	.22	.1106	.3460				
ACVFP->LB-> ATM	Direct	.22	.1018	.3393				
					.0002*			Accept

	Effect	Coef	Boot SE	Boot LLCI	ULCI	Results Boot
ACVFP->SA->ATM	Direct	.2423	.0583	4.1542 *	.3571	Accept .1275
				.0003*		
				*		
				.0000*		Accept
HACVFP->PF->ATM	Indirect 1	.0597	.0205	.0232		Accept .1041
ACVFP->PF->ATM->IFM	Indirect 2	.0171	.0061	.0067		Accept .0303
ACVFP->LB->ATM	Indirect 3	.0655	.0206	.0282		Accept .1024
ACVFP->LB->ATM->IFM	Indirect 4	.0190	.0070	.0073		Accept .0341
ACVFP->SA->ATM	Indirect 5	.0385	.0165	.0101		Accept .0742
ACVFP->SA->ATM->IFM	Indirect 6	.0136	.0056	.0047		Accept .0267

3.2 Qualitative research

This research adopts a qualitative approach to deeply explore the impact of China's relaxed tourist visa policy on foreign tourists and the tourism industry. Through interviews with travel agencies and foreign tourists, as well as secondary data analysis, it reveals the effects and significance of the visa policy change in aspects such as tourism demand, tourism product innovation, business cooperation, and national image enhancement, providing rich qualitative insights for a comprehensive understanding of the development trend of China's inbound tourism.

Tourism Section

The relaxation of China's inbound tourism visa policy is a significant opportunity for the development of the tourism industry, and its impacts involve multiple levels such

as tourist behavior, tourism enterprise operation, and national tourism image. The qualitative research method can deeply explore the complex causes behind the subjective experiences, attitudes, and behaviors of relevant subjects under this background, providing in-depth understanding of the comprehensive effects of this policy change.

3.2.1 Interviews with Travel Agencies

To understand the business opportunities generated by the relaxed visa policy, qualitative interviews were conducted with domestic and international travel agencies. Ten travel agencies were initially contacted via email with a questionnaire (Appendix B), but only three agencies from Shanghai, Hong Kong, and the United States responded. The interviews aimed to explore how the visa policy affected tourism product development, partnership, and overall business strategy. (See Appendix 1)

The feedback showed several key trends:

Significant Tourism Growth: All three agencies reported a noticeable increase in inquiries and bookings, especially from countries that benefited from the new visa exemptions. One agency noted a 30% increase in inquiries from European countries, attributing it to the 144-hour visafree transit policy.

Emergence of New Products: Many agencies have introduced new tour packages targeting specific cultural experiences, especially those involving Chinese intangible cultural heritage. One agency highlighted their collaboration with local artisans and performers to create "cultural immersion" tours, appealing to tourists seeking unique, off-the-beaten-path experiences.

Recognition of Multiple-Entry Visas: Travel agencies were generally positive about the new multiple-entry visa policy, believing that it helps to promote longer stays and repeat visits of tourists, which is beneficial to both the tourism industry and business cooperation. A representative of a travel agency in Shanghai mentioned that they had already planned new routes targeting business professionals who could now more easily travel in and out of China for conferences and trade shows.

3.2.2 Interviews with Foreign Tourists

Ten foreign tourists were interviewed at popular tourist destinations in Shanghai (The Bund, Oriental Pearl TV Tower, Nanjing Road) and Wuxi (Grand Canal). A semi-structured interview format was used to obtain open-ended responses. After introducing the purpose of the study, a series of questions were asked to understand tourists' perceptions of the visa policy and its impact on their travel plans.

The interviewees were from Europe, the United States, and Southeast Asia. The questions are in Appendix 2.

The interview results showed the following commonalities:

Visa Convenience Promotes Travel: Most tourists indicated that the convenience of visa application (or the option of visa-free transit) was a strong motivation for their decision to travel to China. Many said that they might not have traveled to China so easily if they had to go through the traditional visa application process.

Preference for Lesser-Known Destinations: Many tourists, especially those who had already visited Beijing or Shanghai, expressed a desire to explore less-visited cities like Wuxi, Hangzhou, and Chengdu. The relaxed visa policy was seen as a factor that made exploring these cities more appealing due to reduced administrative barriers.

Importance of Chinese food culture in tourism: These tourists expressed a deep appreciation for Chinese food culture, highlighting it as one of the key reasons for choosing China as a travel destination. Many were fascinated by the diversity of regional cuisines and the distinct culinary traditions across the country. They mentioned that food plays a significant role in planning their itineraries, as each region offers unique delicacies worth exploring. For instance, they associated Sichuan and Chengdu with the best hotpot experiences, southern cities with exquisite sweet desserts, and Beijing with its iconic Peking duck. This rich culinary variety not only enhanced their travel experience but also inspired them to explore more regions to savor the authentic tastes of China.

Attention to Cultural Heritage: Some interviewees, especially those with prior knowledge of China's rich cultural history, stated that they were eager to explore products related to Chinese intangible cultural heritage, such as tea ceremonies, traditional crafts, and culinary experiences.

Importance of Business Opportunities: A significant number of tourists from Southeast Asia believed that the easier visa process made it more convenient for them to explore business opportunities in China, especially with the increasing availability of multiple-entry visas.

3.2.3 Secondary Data Collection

In addition to the primary qualitative data, secondary data was also collected from authoritative sources, such as government reports and inbound tourism statistics, to understand the macro trends of China's inbound tourism recovery. Data from the China Tourism Research Institute (2024) indicated that the relaxation of the visa

policy significantly contributed to the recovery of inbound tourism in 2024, with the number of foreign visitors increasing by 30% compared to the previous year.

Figure 10 illustrates the recovery of China’s inbound tourism this year compared with pre-pandemic period to examine the effectiveness of visa-free transit policy.

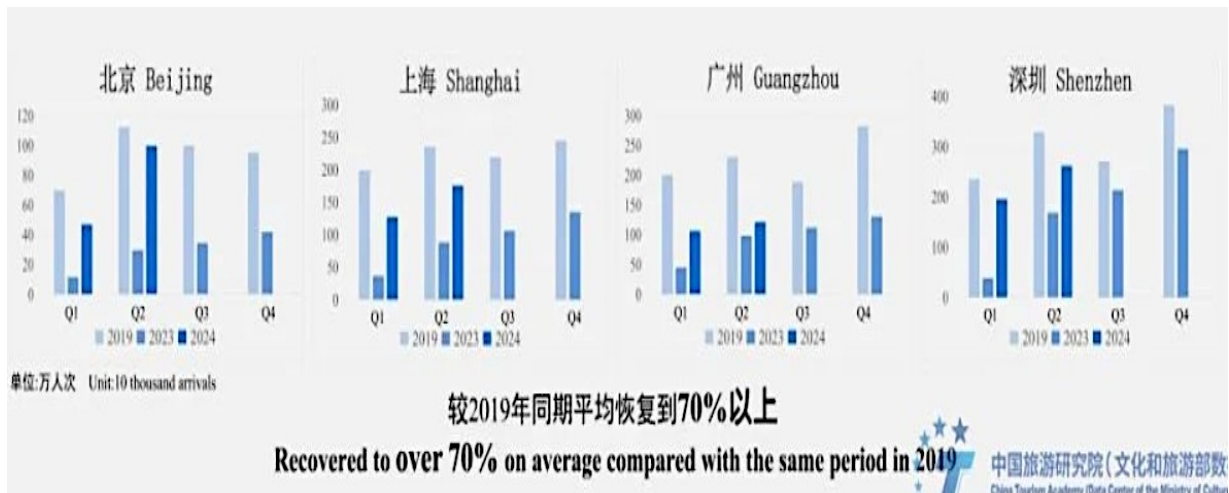


Figure 10. Comparison of the scale of inbound tourist reception in China's four largest cities in the first half of 2024 compared to the same period in 2019 (sources from (China Tourism Research Institute (Cultural and Tourism Data Center), 2024))

4 Individual Parts: Finding and Discussion

4.1 The impact on business growth -Yu Xiao

4.1.1 Overall FDI Trend Analysis

According to figure 11, which shows the trend in total FDI inflows and actual FDI use per quarter from 2020 to 2024. It is evident that FDI had significant growth from 2020 to 2022 and peaked in the fourth quarter of 2022, attracting \$189.13 billion USD in foreign investment. This surge can be attributed to China's pandemic control and economic resilience during the global downturn. However, in 2023, FDI inflows show a slight decline. This suggests that foreign investors have not fully returned to China

in the post-pandemic era, while still having weak confidence towards China's recovery. Ongoing geopolitical tensions and regulatory uncertainty have also contributed to the decline in FDI. These factors make foreign investors particularly hesitant to assess long-term investment.

In response, the Chinese government began implementing a series of visa facilitation policies starting in the third quarter of 2023, aimed at stimulating foreign investments and boosting economic recovery. By the first three quarters of 2024, FDI values show signs of recovery. China attracted \$963.13 billion USD of FDI. These fluctuations suggest that visa policy adjustments are gradually making an impact, as well as investor interest in China's dynamic markets. These fluctuations suggest that visa policy adjustments are gradually having an impact, increasing foreign investor confidence by simplifying market access and facilitating crossborder cooperation, which in turn is driving a rebound in FDI.

Despite global uncertainty, China has been able to maintain relatively high levels of FDI, reflecting its sustained attractiveness as an investment destination.

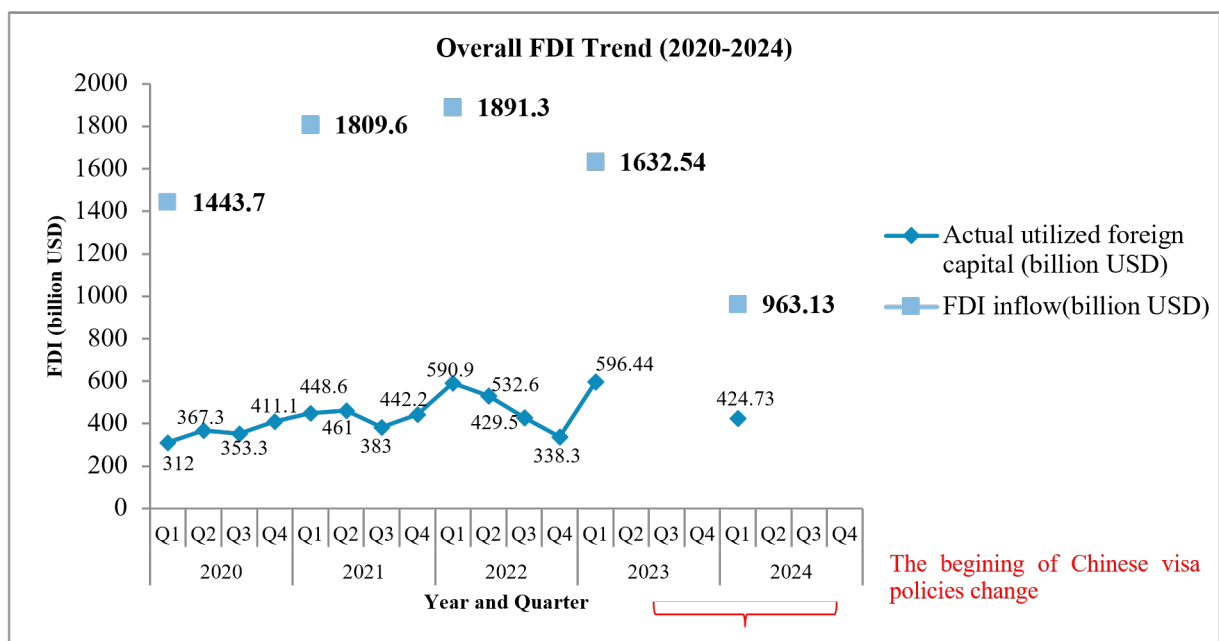


Figure 11. Overall FDI trend

4.1.2 Industry FDI Trend Analysis

The analysis of industry-specific FDI trends from 2020 to September 2024 reveals the pattern of manufacturing, services, and high-tech industries in attracting FDI.

Based on Figure 12, the service sector consistently attracted the highest level of FDI across the years. From 2020 to 2022, the service sector FDI has grown steadily, making around \$1,441 billion USD in 2021. It begins to fall slightly in 2023, as seen in Figure 13. Quarterly Cumulative Growth Rates by Industry, where the service sector showed negative growth in both the third and fourth quarters. However, the service sectors exhibited strong growth rates in 2024. In particular, the accommodation and catering services grew by 65.1 % in the second quarter. It also grew to 43.4 % in professional technical services in the third quarter, which highlights that China's strategy focuses on promoting a shift to high-value services. This increase is in line with the timeline of China's visa policy changes, indicating that easier entry for foreign businesses and personnel has led to a surge in arrivals, driving demand and development of related services. These trends demonstrate the growing importance of service-oriented industries in the development of China's economy, which is striving to diversify its economic structure.

In Figure 12, the manufacturing FDI demonstrates a relatively flat trend, growing from \$310 billion USD in 2020 to \$496.7 billion USD in 2022. In 2023, the manufacturing shrank slightly overall, falling to \$455.3 billion USD. However, followed by Figure 13, there was notable growth in the medical equipment and instruments manufacturing sector, reaching a 32.1% increase. In 2024, the

manufacturing sector showed a significant rebound. The medical equipment and instruments manufacturing growth continues to be robust, with an impressive 87.5 % cumulative growth in the second quarter. Meanwhile, high-tech manufacturing also maintained resilient growth, growing by 1.8 per cent cumulatively in 2023 and 1.5 per cent cumulatively in 2024. The remarkable growth of these manufacturing sectors highlights the strong demand for innovative technology in the Chinese market, as well as the trend towards high-quality manufacturing. It is also consistent with the timing of the visa relaxation, suggesting that the visa policy not only promotes the inflow of foreign investment but also supports the structural optimization of China's manufacturing sector.

Based on Figure 12, FDI in high-tech follows an overall upward trend, reaching a peak FDI of \$683.5 billion USD in 2022. From Figure 13, in 2023, It maintained 18 % growth in the first quarter and slowed a bit in 2024. The steady growth of the sector is aligned with the expected impact of the visa policy changes, since high-tech businesses usually benefit from the inflow of foreign expertise and capital. It is also highly in line with China's long-term strategic objectives, making the sector a key area for foreign investment. After the adjustment of China's visa policy facilitation, high-tech talents and foreign capital can enter China more flexibly, which allows easier exchanges of science and technology as well as industrial chain cooperation.

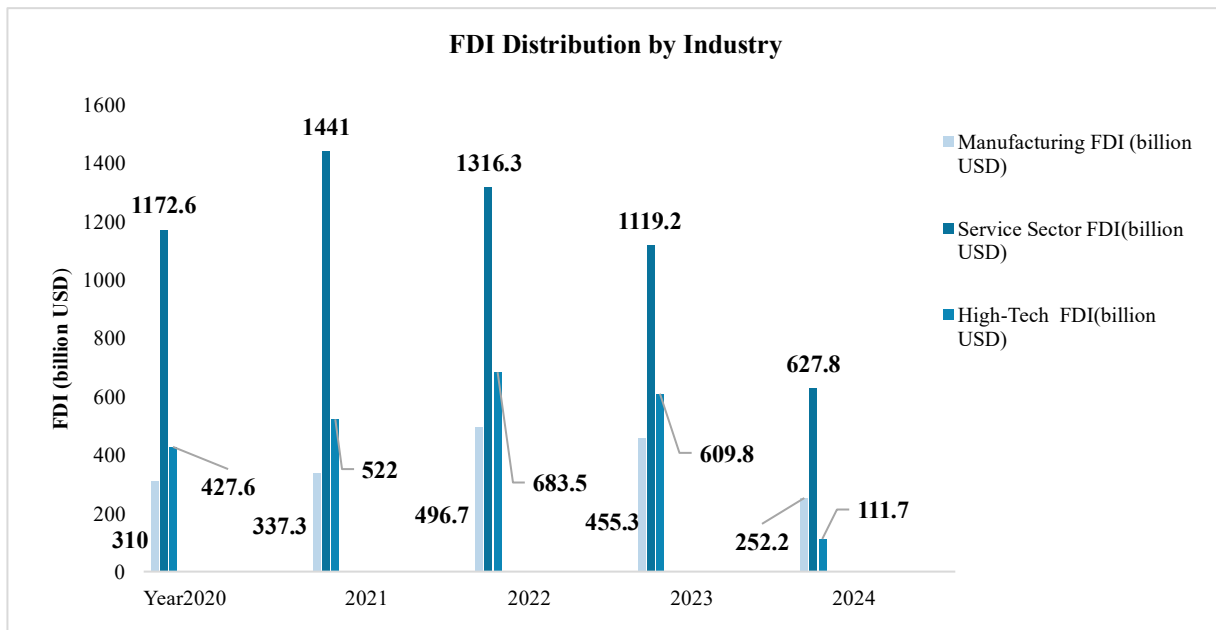


Figure 12. FDI Distribution by Industry (Manufacturing, Service, High-Tech)

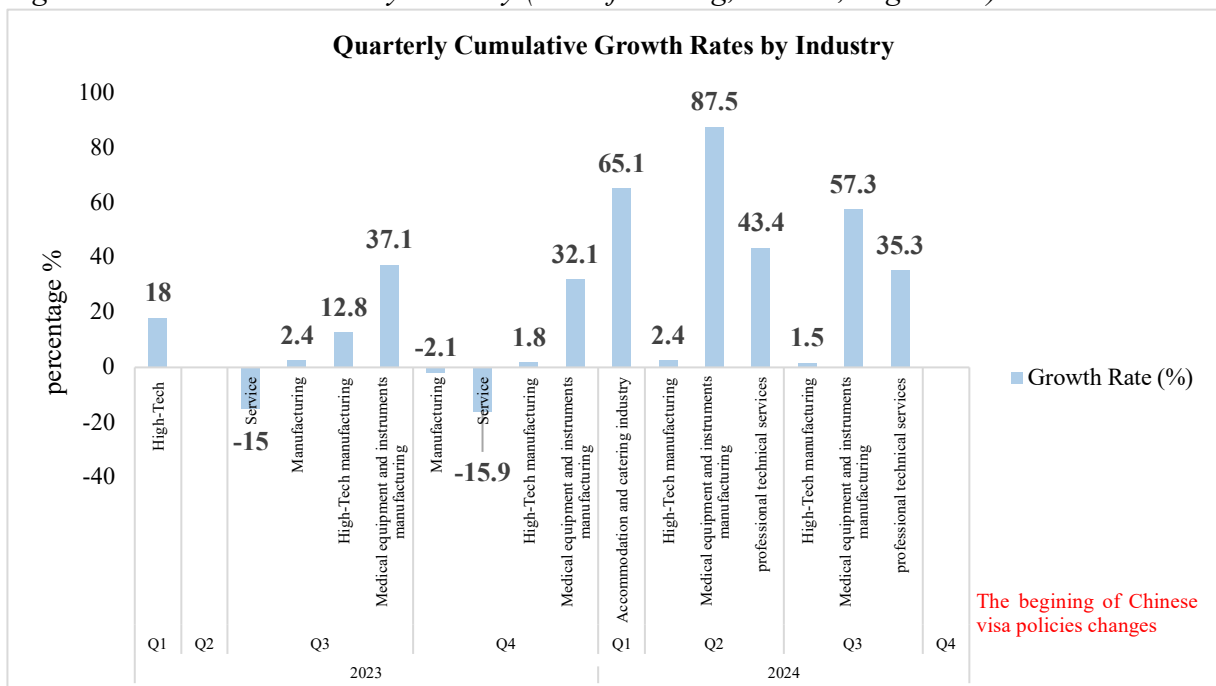


Figure 13. Quarterly Cumulative Growth Rates by Industry

4.1.3 Market Penetration: new cross-border companies

The analysis of new cross-border companies indicates that China's visa relaxation policy has had a tangible impact on market penetration. Based on Figure 14, between 2020 and 2022, the number of new cross-border companies established changed rather steadily. Increasing to 43,370 in 2021 and declining slightly to 38,497 in 2022.

This decline may be due to the global economy still recovering from the pandemic, causing firms to be more cautious in entering foreign markets. By 2023, the number of new cross-border firms has increased dramatically to 53,766, reaching a peak in recent years. This significant increase matches the implementation of many visa-free policies. For example, the expansion of the list of visa-free countries and the 72/144h visa-free transit. These policies can ease the access of foreign investors and encourage them to set up companies in China.

Meanwhile, up to September 2024, 46,893 new cross-border firms have been raised. This growth suggests that China's liberal visa policy has been effective in lowering market entry barriers, attracting international companies and promoting the integration of foreign firms into the local economy. Creating opportunities for greater cross-border cooperation, optimizing supply chain integration and developing innovative business models.

These findings demonstrate the important role of China's visa relaxation in fostering market penetration and international business expansion. China is progressively building a more inclusive economic environment and working towards its position as an international trade and investment hub.

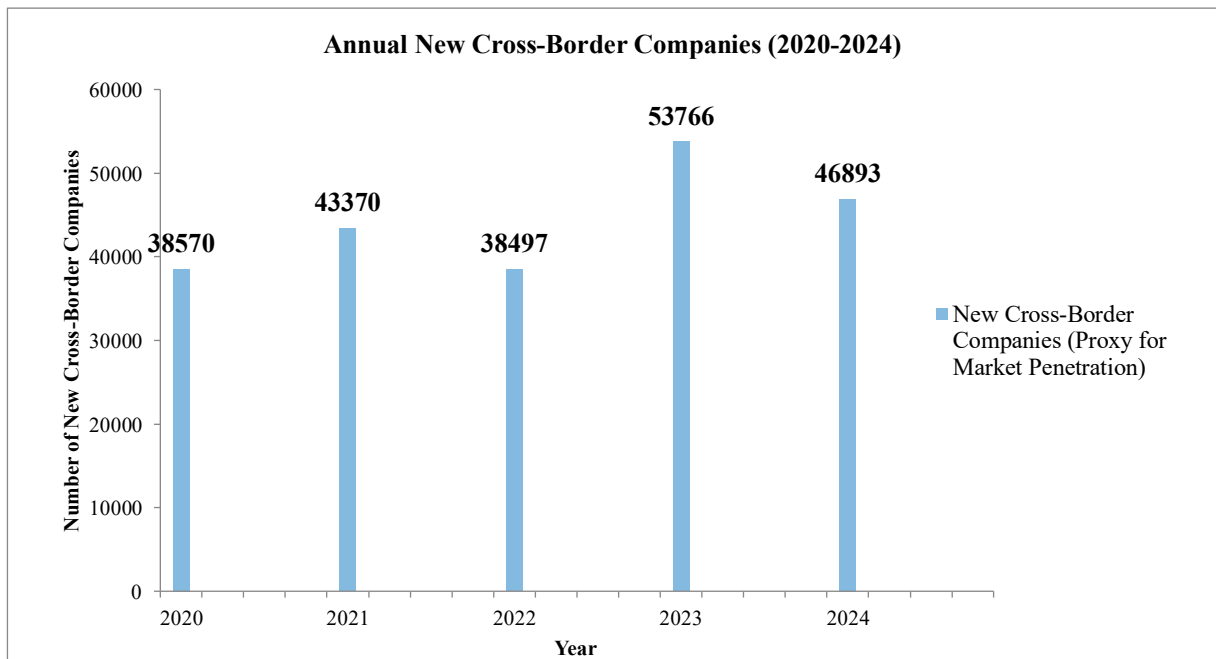


Figure 14. Annual New Cross-Border Companies (2020-2024)

In conclusion, the analyses show a positive correlation between visa policy adjustments and increased foreign investment. Although global economic factors have limited the growth of FDI in some years, China's FDI remains at a relatively high level. Examining the growth of FDI in different industries can show where foreign investors are interested in the Chinese market, further understanding the strategic focus of China's foreign trade. Meanwhile, the significant increase in new cross-border companies highlights the effect of visa policy changes on market penetration and cross-border cooperation. China is embracing foreign investment with a more open and inclusive policy environment.

4.1.4 Summary of Visa Policy Impacts

Based on the findings of this study, it is evident that China's recent visa policy relaxation has played a facilitating role in shaping FDI patterns, market penetration, and cross-border cooperation.

Firstly, the finding shows that the easing policy has a boosting effect on FDI growth, as manufacturing, services, and high-tech sectors have all demonstrated a growing trend. More and more foreign companies are beginning to make targeted investments, especially in hightech manufacturing, electronic information and professional technical services, which is highly consistent with the timeline of visa facilitation measures. It also shows that visa policies play a positive role in optimizing the structure of China's investment attraction and promoting traditional industries to high-quality and innovative ones.

Secondly, the significant increase in new cross-border firms suggests that the relaxation of visa policies has lowered market entry barriers, encouraging foreign firms to set up business in China. The surge of these foreign companies indicates the confidence of international companies in the Chinese market and shows a deeper market penetration.

Thirdly, cross-border cooperation is flourishing, especially in sectors that rely on technical services and advanced manufacturing. Visa facilitation provides a more efficient channel for introducing talent, technology and capital, and has provided resources for related industries. It facilitates the sharing of global knowledge and the reform of Chinese business management, while promoting more robust cross-border cooperation between foreign and local companies.

Meanwhile, this study's findings align with the perspectives found in the literature. The previous literature and theory, such as the study of Akman (2016) and transaction costs (Coase, 1937), reveal the importance of the liberalization of visa policies in attracting FDI. This is confirmed by Figure 13 of this study, which shows a significant

increase in growth rates across multiple industries, especially after visa relaxation in 2023. Meanwhile, Yasar, Lisner and Rejesus (2012) point out that visa relaxation policies increase the firm's flexibility and facilitate foreign investment. It is supported by Figure 14 in this study, which shows a sharp rise in new cross-border firms after visa policies change in 2023. Yet, Figure 12 indicates a significant growth in manufacturing and services after the visa policy changed. It is consistent with Borensztein, De Gregorio and Lee (1998) that FDI is the main means of technology and capital transfer.

These findings suggest that visa facilitation policies provide the foundation for a more dynamic and business-friendly environment.

4.1.5 Implication for Government

According to the findings, visa liberalization policies have a positive impact on economic development. However, achieving sustainable growth still requires the continued optimization and monitoring of these policies.

Firstly, the government should adjust the limitations of the visa policy appropriately, especially in terms of visa duration, eligible countries, and specific regions. Expanding the visa-free policy for key partner countries enables more investors to access the Chinese market easily, bringing more business opportunities and dynamism. Meanwhile, strengthening local infrastructure is crucial to support visa relaxation policies to drive growth. Optimizing transport, logistics and other facilities to meet the needs of foreign companies.

Secondly, China's visa liberalization has varying impacts across industries, requiring tailored approaches to address them. The data found that there is great potential for

high-tech manufacturing and services. For these sectors, the government should expand visa facilitation measures for professionals in areas such as artificial intelligence and digital services.

Simplifying the visa application process for technical experts and researchers, which could attract more specialized talent and lead to a more efficient introduction of foreign investment. Furthermore, governments need to monitor the impact of visa facilitation policies in the long term, especially in sustainability and economic integration. In today's world with frequent geopolitical and economic conflicts, regular assessment of policy adaptation to global trends is an important way to balance efficiency and security in industrial development. A solid legal and governance framework plays an important role in attracting foreign investment (Wei, 2000). Government should actively engage with the barriers faced by investors, adjusting regulation and policy implementation in a flexible manner.

4.1.6 Implications for Investors

For foreign investors who want to enter the Chinese market, it is important to take advantage of policy changes and adjust their strategic planning.

Firstly, the facilitation of visa policies reduces transaction costs for investors, enabling them to conduct business more efficiently. Investors should take full advantage of the policy's convenience to access markets, carry out assessment visits and build networks with local suppliers. A quicker adaptation to policy changes can provide companies with a competitive advantage in capturing market opportunities.

Secondly, the data indicate that high-tech, manufacturing and service industries are the main beneficiaries of FDI, and there has been significant growth in industries of

innovative technologies and professional services. This underlines China's strategic goal of industrial upgrading and innovation, along with the ongoing optimization of the investment structure. Foreign investors should focus on high-growth industries and make targeted investments. By combining with China's industrial transformation goals, foreign firms can achieve a win-win situation.

Thirdly, investors need to strengthen their knowledge of Chinese business regulation and business culture. While visa policies simplify short-term entry, business activities require longterm operations and development. Investors should focus on China's regional economic development strategies, such as the Greater Bay Area and free trade ports, which are orientated on clear opportunities and potential growth. At the same time, investors need to build crosscultural capacity, adapt to the Chinese commercial culture environment, and establish long-term relationships with Chinese companies.

Furthermore, although the visa policy change brings many benefits, investors must be aware of the potential risks. The effects of visa policies are simultaneously affected by larger political and economic factors, such as geopolitical tensions and changes in trade regulation. Investors should stay alert to policy updates, diversify their portfolios and balance cross-sector and regional opportunities.

4.1.7 Limitations of Business Review and Future Research

The sample data only includes the first three quarters of 2024, and some of the quarterly data has not been disclosed by the Chinese government. This may lead to an incomplete capture of subtle fluctuations. Meanwhile, this study mainly uses descriptive analyses to reveal the apparent trends and correlations between visa

policies and economic activities. However, it is unable to provide quantitative causal explanations. Future research may combine more quantitative methods, such as econometric modelling, to further validate the impact of visa policies on economic indicators.

To address these limitations, future studies should consider introducing data from different sources, including international reports. This would avoid limiting the scope of information and provide a more comprehensive view of the impact of visa policies.

In addition, more robust quantitative methods can be used to control external variables strictly, so that causality can be assessed more accurately.

5. Group Part: Integrated Conclusions

5.1 Key Business Opportunities

This research analyzes the impact of visa relaxation policies on business growth, tourism, and talent acquisition in China. It demonstrates that the policies have positively stimulated China's economic development in multiple dimensions.

Firstly, relaxed visa policies have effectively lowered market entry barriers for MNCs and investors, creating a more supportive environment for FDI. Research data show that visa changes are closely related to the growth of FDI inflows, particularly in the high-tech and manufacturing sectors. Meanwhile, simplified visas reduce transactional and administrative burdens, encouraging companies to do business in China. Policy changes such as the expansion of the 144-hour visa-free transit policy have led to significant growth in establishing crossborder businesses, deepening

market penetration. These reforms have enabled foreign firms to utilize local supply chains and restored confidence in operating in the Chinese market.

Secondly, from the tourism perspective, simplified visa policies have revitalized China's inbound tourism industry, which is crucial to the sector's post-epidemic recovery. The growth of tourism has a range of ripple effects on the economy. Not only does it directly generate revenue for the local economy, but it also boosts related industries such as hospitality, retail and services. At the same time, these economic activities add new opportunities to promote cooperation between SMEs and international markets, further facilitating their integration into global supply chains. In addition, foreign video bloggers and KOLs have also seized the opportunity to realize business gains.

Furthermore, in terms of talent acquisition, visa policies support technology transfer and industrial upgrading by attracting highly skilled talent. Visa facilitation lowers entry barriers for highly skilled migrants, enabling China to attract top global talent, and adding dynamic to innovation and economic growth. The inflow of international talent fosters R&D in technology and knowledge sharing, enhancing the global competitiveness of Chinese companies.

5.2 Current Limitation

One significant issue is the limited awareness among target group of China's relaxed visa policies, which limit the policies' full potential to attract international tourists, businesses, and talent. Furthermore, the benefits of these policies are unevenly distributed, with major urban centers such as Beijing and Shanghai get most of the

advantages, but less-developed regions struggle due to inadequate infrastructure and limited support services.

Another key limitation lies in the overemphasis on increasing the quantity of inbound tourists and foreign investments, which risks undermining the quality of the overall experience for visitors and investors. Challenges such as crowded attractions and insufficient language support detract from the policies' broader objectives of continuing sustainable and highquality growth.

Geopolitical and economic uncertainties further complicate the impact of these policies, as global tensions and regulatory unpredictability undermine the confidence of potential investors and migrants. These external factors limit the ability of the visa relaxations to achieve their intended economic and social outcomes fully.

From a methodological perspective, the study's mixed-methods approach presents its own limitations. While the quantitative analysis relies on robust official data, gaps in recent quarterly statistics and reliance on secondary sources may obscure finer trends. Also, the qualitative insights are limited by the relatively small sample size of interviewees, which may not capture the full diversity of experiences and perspectives. These methodological constraints reduce the comprehensiveness of the findings.

5.3 Future Research Directions

This study examines the economic impact of visa relaxation in China, however, there are still many areas that deserve deeper research.

Firstly, visa policies need to be analyzed in a longer-range time frame, including the sustained effects of FDI inflows, tourism and talent retention. As China's visa policy continues to evolve, it would be more accurate to study its stages and overall impact.

Secondly, future research could combine a variety of analytical methods to analyze the data more comprehensively and avoid errors. For example, using econometric models to better quantify the relationship between visa policies and economic indicators.

Moreover, future research could consider broader socio-environmental impacts. While visa facilitation policies have contributed to the growth of industry and tourism, this may be associated with greater environmental pressures. For example, whether there are coping mechanisms for environmental protection or not, and how policies could balance economic and environmental development.

6. Group Part: Recommendations

This study provides several recommendations for optimizing visa policy design and implementation.

Firstly, the implementation of visa policies should be gradually more open in terms of limitations on time and scope. Enable more foreign investors to access the Chinese market more conveniently, which could attract more foreign investment.

Secondly, policies should be implemented in a more targeted way. Based on the trend of FDI growth in industries like high-tech industries and manufacturing after visa relaxation, China could expand its policy support in these areas further. Providing

more flexible visas for hightech enterprises and technical experts and simplifying the relevant policy approval process.

In addition, local infrastructure needs to strengthen and improve international service standards. For the tourism industry, this includes upgrading tourism infrastructure, optimizing crossborder payment systems, and providing multilingual services.

At the same time, to stimulate the visa's potential for talent acquisition, it is necessary to enhance the publicity and explanation of the policy. Many foreign investors and professionals remain unaware of recent policy changes, limiting their impact. Conduct campaigns and use social media platforms to promote the policy globally, helping the realization of the policy's potential. It is also important to improve cultural adaptation programs and long-term support mechanisms. To help increase the sense of belonging and stability of foreign talents, which is crucial for talent retention.

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8. Appendix

Appendix 1: Questionnaire for Chinese travel agencies

1. What specific impacts do you think the relaxation of China's tourist visa policy has on the enthusiasm of foreign tourists to travel to China? For example, changes in tourist inquiries and bookings.
2. Has your company designed new tourism products to attract customers under the influence of the relaxed visa policy? If so, please describe the features and innovations of these products in detail.
3. Does your client's choice of destination have a significant impact on the visa-free transit policy? If so, please explain the specific manifestations, such as the shift of popular destinations.
4. How do you view the latest multiple-entry visa policy introduced by the Chinese government? What are the potential opportunities or challenges for the expansion of your travel agency's business?
5. Has your travel agency had more opportunities for business cooperation after the introduction of the relaxed visa policy? If so, please give examples of which types of partners (such as hotels, scenic spots, other travel agencies, etc.) have strengthened or newly established cooperation relationships.

Appendix 2: Survey form for foreign tourists in

Shanghai

5 represents strongly agree, 1 represents strongly disagree.

1. The convenience of visa application boosts my confidence to travel here.

- 5 4 ○3 2 ○1 ○ ○
2. I am interested in less well-known travel destinations in China.
- 5 4 ○3 2 ○1 ○ ○
3. I am interested in purchasing travel products related to Chinese intangible cultural heritage.
- 5 4 ○3 2 ○1 ○ ○
4. I am interested in doing business or finding jobs in China.
- 5 4 ○3 2 ○1 ○ ○
5. I will travel to China more frequently if more relaxed visa policies are launched.
- 5 4 ○3 2 ○1 ○ ○
6. What is your impression of Chinese food culture? Will you choose a specific tourist destination because of the food?
7. What role do you think the relaxation of China's visa policy plays in enhancing China's international image? 8. Is the promotional information about China tourism in your country sufficient? Which channels of information have a greater impact on you?
9. During your travel, do you pay more attention to the natural landscape or the cultural landscape of the tourist destination? Does the visa policy have an impact on this choice?
10. Will you recommend your relatives and friends to travel to China? What proportion does the visa policy account for in your recommendation decision?

Appendix 3: 3 Chinese travel agencies' websites

1. China Travel: [China Travel Guide: Top Destination, Things to Do, Travel Ideas](#)
2. China Insights: [China Travel Guide - An Unforgettable, Once-in-a-lifetime Experience](#)

3. Travel China Guide: [China Travel Tips: Money, Pack, Climate, Visa to Plan Tours](#)

Appendix 4: FDI data

Note: In this dataset, "Actual Utilized Foreign Capital" is used as an equivalent measure to FDI.

Year	Quarter	Actual utilized foreign capital (billion USD)	FDI inflow(billion USD)	Manufacturing FDI (billion USD)	Non-Manufacturing Sector FDI(billion USD)	High-Tech FDI(billion USD)	Visa Policy Change	Notes
2020	Q1	312	1443.7	310	1172.6	427.6	No	#N/A
	Q2	367.3						
	Q3	353.3						
	Q4	411.1						
2021	Q1	448.6	1809.6	337.3	1441	522	No	#N/A
	Q2	461						
	Q3	383						
	Q4	442.2						
2022	Q1	590.9	1891.3	496.7	1316.3	683.5	No	#N/A
	Q2	532.6						
	Q3	429.5						
	Q4	338.3						
2023	Q1	596.44	1632.54	455.3	1119.2	609.8	Yes	#N/A
	Q2	#N/A						Visa-Free Entry for Singapore & Brunei
	Q3	#N/A						China-Kazakhstan Mutual Visa Exemption; 72/145-Hour Visa-Free Transit for Norway
	Q4	#N/A						
2024	Q1	424.73	963.13	252.2	627.8	111.7	Yes	Expansion of Visa-Free Entry for 6 European Countries; Unilateral Visa-Free Entry for Switzerland;China-Thailand Mutual Visa Exemption;China-Singapore Mutual Visa Exemption
	Q2	#N/A						Extension of 15-Day Visa-Free Entry for 12 European Countries; Visa-Free Policy for Foreign Cruise Groups; Unilateral Visa-Free Entry for Australia; Unilateral Visa-Free Entry for Polish Citizens
	Q3	#N/A						144-Hour Visa-Free Transit Expansion for Henan & Yunnan; Hainan 144-Hour Visa-Free Policy for Foreign Tourists from Hong Kong and Macau
	Q4	#N/A						#N/A

Appendix 5: Visa policy change

Implementation Date	Policy Name	Policy Details	Number of Applicable Countries	Number of Applicable Ports
2023/7/26	Visa-Free Entry for Singapore & Brunei	Resumed 15-day-visa-free entry policy for holders of ordinary passports from Singapore and Brunei for business, tourism, visiting family, or transit.	2	N/A
2023/11/10	China-Kazakhstan Mutual Visa Exemption	Mutual visa exemption agreement allows holders of ordinary passports from China and Kazakhstan to stay up to 30 days, with a maximum of 90 days per 180-day period without a visa.	2	N/A
2023/11/17	72/144-Hour Visa-Free Transit for Norway	Implemented 72/144-hour visa-free transit for Norwegian citizens, expanding to 54 applicable countries in total.	54	Multiple
2024/1/15	Unilateral Visa-Free Entry for Switzerland	China grants unilateral 15-day visa-free entry for Swiss citizens.	1	N/A
2024/1/28	China-Thailand Mutual Visa Exemption	Mutual visa exemption agreement between China and Thailand, effective from March 1, 2024, allowing ordinary passport holders from both countries visa-free entry.	2	N/A
2024/2/9	China-Singapore Mutual Visa Exemption	Formal implementation of mutual visa exemption for ordinary passport holders between China and Singapore.	2	N/A
2024/3/7	Expansion of Visa-Free Entry for 6 European Countries	Visa-free entry for holders of ordinary passports from Switzerland, Ireland, Hungary, Austria, Belgium, and Luxembourg, effective from March 14 to November 30, 2024.	6	N/A
2024/5/6	Extension of 15-Day Visa-Free Entry for 12 European Countries	Extension of the 15-day visa-free policy for France, Germany, Italy, Netherlands, Spain, Malaysia, Switzerland, Ireland, Hungary, Austria, Belgium, and Luxembourg until December 31, 2025.	12	N/A
2024/5/15	Visa-Free Policy for Foreign Cruise Groups	Implementation of visa-free entry policy for foreign tourist groups arriving by cruise at 13 Chinese ports.	Multiple	13 Cruise Ports
2024/6/17	Unilateral Visa-Free Entry for Australia	China adds Australia to the list of unilateral visa-free entry countries.	1	N/A
2024/6/24	Unilateral Visa-Free Entry for Polish Citizens	China decided to grant a 15-day visa-free entry policy for Polish citizens.	1	N/A

2024/7/15	144-Hour Visa-Free Transit Expansion for Henan & Yunnan	Expansion of the 144-hour visa-free transit policy to cover multiple cities in Henan and Yunnan provinces, including additional airports and a rail port.	1	37 Ports
2024/7/30	Hainan 144-Hour Visa-Free Policy for Foreign Tourists from Hong Kong and Macau	The National Immigration Administration announced that, effective from July 30, 2024, foreign tourist groups from Hong Kong and Macau can enter Hainan for up to 144 hours without a visa.	2 (Hong Kong, Macau)	1 (Hainan Province)
2024/10/15	Visa-Free Policy for Selected European Countries	From October 15, 2024, until December 31, 2025, Chinese authorities will grant a 15-day visa-free entry for citizens from Portugal, Greece, Cyprus, and Slovenia, allowing them to visit China for business, tourism, family visits, and transit purposes.	4	N/A
2024/11/8	Expansion of Visa-Free Entry for 9 European Countries	Visa-free entry trial for ordinary passport holders from Slovakia, Norway, Finland, Denmark, Iceland, Andorra, Monaco, Liechtenstein, and South Korea until December 31, 2025.	9	Multiple

Appendix 6: Industry Growth & penetration

Note: The growth rate values represent cumulative growth from the beginning of the year up to the indicated quarter.

Year	Quarter	Industry	Growth Rate (%)	New Cross-Border Companies (Proxy for Market Penetration)	Visa Policy Change	Notes
2020	Q1	High-Tech service	15.5	38570	No	#N/A
	Q2		#N/A			
	Q3	High-Tech service	#N/A			
	Q4	Service	28.5			
2021	Q1	High-Tech service	32.1	43370	No	#N/A
	Q2	High-Tech service	43.9			
	Q3	High-Tech manufacturing	2.5			
	Q4	Service	33.4			
	Q1	High-Tech	39.4			
	Q2	High-Tech service	42.7			
	Q3	High-Tech manufacturing	29.2			
	Q4	High-Tech	29.1			
2022	Q1	High-Tech service	33.4	38497	No	#N/A
	Q2	High-Tech manufacturing	15.2			
	Q3	High-Tech	#N/A			
	Q4	High-Tech	52.9			
2023	Q1	High-Tech	18	53766	No	#N/A
	Q2		#N/A			
	Q3	Service	-15			
	Q4	Manufacturing	2.4			
	Q1	High-Tech manufacturing	12.8		Yes	Visa-Free Entry for Singapore & Brunei
	Q2	Medical equipment and instruments manufacturing	37.1			
	Q3	Manufacturing	-2.1			
	Q4	Service	-15.9			
2024	Q1	High-Tech manufacturing	1.8	46893	Yes	China-Kazakhstan Mutual Visa Exemption; 72/145-Hour Visa-Free Transit for Norway
	Q2	Medical equipment and instruments manufacturing	32.1			
	Q3	Accommodation and catering industry	65.1			
	Q4	High-Tech manufacturing	2.4			
	Q1	High-Tech manufacturing	2.4		Yes	Expansion of Visa-Free Entry for 6 European Countries; Unilateral Visa-Free Entry for Switzerland/China-Thailand Mutual Visa Exemption/China-Singapore Mutual Visa Exemption
	Q2	Medical equipment and instruments manufacturing	87.5			
	Q3	professional technical services	43.4			
	Q4	High-Tech manufacturing	1.5			
Q1	High-Tech manufacturing	1.5	144-Hour Visa-Free Transit Expansion for Henan & Yunnan; Hainan 144-Hour Visa-Free Policy for Foreign Tourists from Hong Kong and Macau	Yes	Visa-Free Policy for Selected European Countries; Expansion of Visa-Free Entry for 9 European Countries	
Q2	Medical equipment and instruments manufacturing	57.3				
Q3	professional technical services	35.3				
Q4		#N/A				

Appendix 7: China Foreign Investment Statistics Bulletin 2024

The *China Foreign Investment Statistics Bulletin* data published by the MOFCOM, provides comprehensive and authoritative data on foreign investment in China. The data from this bulletin has been supporting the quantitative analysis of this study.

Available at:

http://wzs.mofcom.gov.cn/cms_files/filemanager/195082220/attach/20249/153490693989419

8bbb5b6b86a752466.pdf?fileName=中国外资统计公报 2024.pdf

Appendix 8: China Foreign Investment Statistics Bulletin 2023

Available at:

<https://fdi.mofcom.gov.cn/resource/pdf/2023/12/19/7a6da9c9fb4b45d69c4dfde4236c3fd9.pdf>

Appendix 9: China Foreign Investment Statistics Bulletin 2022

http://wzs.mofcom.gov.cn/cms_files/oldfile//wzs/202301/20230104194934606.pdf

Appendix 10: Survey for The Impact of China's Visa-Free Policy on International talents

Migration Intentions

1. Gender

- Male Female
- Third gender Prefer not to say Prefer to self-describe

2. Age 18 or under 18-24 25-34 35-44 45-54

- 55-64 65 and above

3. Education High-school or below Bachelor Master Doctor Post-doctoral

4. *Where are you from?*

North America. South America.

Europe. Oceania. Africa. Asia. Others

5. *What Industry are You Currently Working In?*

IT and Technology Manufacturing

Luxury FMCG

Consulting Others

6. *Years of Professional Experience?*

0-3 4-7 8-11 12-15 15 above

7. *What is Your Current Position?*

Entry Level Mid-Level Senior Level Manager Director Others

Constructs/Indicators	Level of Agreement should be from Rank 1 (lowest) to Rank 5 (highest)				
	Strongly disagree				Strongly agree
1. I am familiar with China's visa-free policy	1	2	3	4	5
2. I have understood the benefits and provisions of China visa-free policy for skilled professionals	1	2	3	4	5

3. I have frequently come across information regarding China's visa-free policy for international professionals through media, employers, or government sources	1	2	3	4	5
Personal Fulfillment					
1. There are many headhunters from China contact me actively this year.	1	2	3	4	5
2. The recruitment website recommended a lot of positions in China with good prospects and high salaries to me.	1	2	3	4	5
3. I found that many job opportunities in China can fit my career plan well.	1	2	3	4	5
Legal Barriers					
1. I think the process of applying for a Chinese visa is simple	1	2	3	4	5
2. I think the conditions required to apply for long-term residence in China are easy to meet	1	2	3	4	5
3. I feel that Chinese companies are willing to actively help foreign employees in applying for visas and other procedures.	1	2	3	4	5
Social Adaptation					
1. I am confident about adapting to the Chinese language and communication style in both social and professional settings	1	2	3	4	5
2. It is easy for me to adapt to China's cultural norms and social environment	1	2	3	4	5
3. I believe I can integrate into local communities and build social relationships in China	1	2	3	4	5
Attitudes Towards Migration					
1. I am enthusiastic about the idea of working in China	1	2	3	4	5
2. I believe working in China would be a valuable experience for my career.	1	2	3	4	5
3. I feel that working in China aligns with my personal and professional goals.	1	2	3	4	5
Intention for Migration					
1. I am planning to work in China within the next two years	1	2	3	4	5

2. It is highly likely that I will be working in China in the next two years.	1	2	3	4	5
3. I have set a goal to work in China within two years.	1	2	3	4	5