



MANJU VON ROSPATT | RESEARCH FELLOW, NEPAL ECONOMIC FORUM

Chapter Overview

Chinese tourist arrivals have a documented statistical relationship with Nepal's foreign exchange reserves, yet recovery since the pandemic has been slow, the 2025 Visit Nepal Year for China fell well short of its targets, and value leakage through Chinese-owned intermediaries means that even the visitors who arrive generate limited domestic benefit. This section examines the institutional gaps — in digital marketing, service quality, and value chain regulation — that prevent Nepal from competing strategically for any segment of a highly differentiated Chinese outbound market.

04

Tourism

Overview

Tourism is an essential pillar of Nepal's domestic economy. In particular, regional tourists represent an important and reliable stream of visitors to Nepal, underpinning both the stability and seasonal resilience of the country's tourism sector (Shrestha and Kharel, 2025). Within this broader landscape, Chinese tourism has emerged as a particularly consequential component of the tourism economy in Nepal. The scale of the opportunity for Nepal is large with China being the world's largest outbound tourism market. Despite this, Chinese arrivals to Nepal remain a fraction of what geography, connectivity, and bilateral ties would suggest. The barriers suppressing that potential such as lack of strategic marketing, infrastructure challenges, and inadequate Chinese-language services are not structural inevitabilities but rather tractable policy problems. At the same time, the costs of continued inaction are mounting, as competing destinations accelerate investment in Chinese market development and Nepal risks ceding ground it may struggle to recover.

For policymakers and the tourism industry, this translates into a strategic question: how to leverage Chinese tourism in ways that maximize foreign exchange earnings, decent work, and community benefits. The design of visa regimes, investment incentives, destination branding, and regulatory standards are all arenas for enacting these economic objectives. This section examines Chinese tourism to Nepal from a tourism industry and government perspective, with focus on the trajectory of Chinese tourism, diplomatic relations, foreign direct investment, and the diverse profile of Chinese tourist segments. It argues that closing the gap between Nepal's Chinese tourism potential and its current performance is one of the highest-return policy interventions available to Nepal's tourism sector, and examines what a credible strategy to do so would require.

Tourism Sector in Nepal

A 2023 World Travel & Tourism Council report estimates that travel and tourism account for around 6.6% of Nepal's GDP and support roughly 15.2% of jobs nationwide, underscoring its importance for growth, employment creation, and fiscal stability (World Travel and Tourism Council, 2023). Tourism has long been framed in national development plans as a tool for poverty alleviation, particularly in rural and mountainous areas where alternative livelihood options are limited. The extensive backward linkages of the tourism sector, to agriculture, transport, crafts, hospitality, and informal services, mean that increases in tourist arrivals can quickly diffuse benefits across a wide range of households and enterprises.

Kharel, Upadhyay, and Kharel (2021) demonstrate that Chinese tourist arrivals have a strong and statistically significant relationship with foreign exchange reserves in Nepal, with their regression model explaining around 82% of the variation in reserves. This finding highlights how Nepal-China tourism ties extend beyond simple visitor numbers and hotel stays to shape macroeconomic indicators central to external sector stability. At the micro level, tourism generates both formal and informal employment, from hotel and trekking staff to guides, porters, transport operators, and small vendors, amplifying the distributive impacts of Chinese arrivals across local economies.

At the same time, tourism is more than an economic activity: it functions as a key instrument of public diplomacy and people-to-people relations, cultivating familiarity, mutual trust, and cultural exchange between Nepal and its neighbors (Karna and Khanal, 2022; Bhandari, 2025; Yang, 2025). Viewed from this angle, the entanglement of geopolitics, soft power, and political-economic interests helps explain how Chinese outbound tourism reshapes relations across national borders (Lang et al., 2024).

Tourism Flows from China to Nepal

Nepal Tourism Board (NTB) data shows that after Indian tourists, Chinese tourists rank among the most frequent visitors to Nepal (Shrestha and Kharel, 2025). These dynamics are shaped by broader shifts within China itself as well as bilateral relations between Nepal and China. As the Chinese economy has expanded, the number of outbound Chinese tourists has risen steadily, driven by growing middle-class incomes, expanding leisure time, and an escalating demand for diverse travel and cultural experiences (Chan, 2016). According to the 2024 China Outbound Tourism Development Annual Report, outbound travel from China remains predominantly regional, with 72.8% of trips directed toward surrounding Asian countries (China Tourism Academy, 2025). The bulk of these journeys are to Hong Kong, Macao, and Taiwan regions, followed by destinations across Southeast and Northeast Asia, positioning South and East Asia as the primary arena in which Chinese outbound tourism, and by extension, Nepal-China tourism relations, continue to evolve (China Tourism Academy, 2025).

Before 2001, Chinese citizens were not permitted to travel to Nepal for tourism (Bhandari, 2019). In 2002, Nepal became the first country in South Asia to receive China's Approved Destination Status, thereby facilitating Nepal-China flights, Chinese investment in the hospitality and tourism sector, and ushering an inflow of Chinese visitors (Bhandari, 2019; Bhandari, 2025). Stakeholder consultations with industry experts and data from NTB reveal that tourism from China peaked in 2013/2014, before reducing massively in 2015 due to the earthquakes and subsequent oil blockade. In fact,

reports show that the number of Chinese visitors fell by nearly 50% from 123,805 in 2014 to just 64,675 in 2015 (Prasain, 2025). The Government of Nepal's subsequent decision in 2016 to waive tourist visa fees helped recover Chinese tourism to Nepal (Bhandari, 2025). By 2019, Nepal had some 169,543 Chinese tourists, coinciding also with a state visit from Xi Jinping in October 2019 (Prasain, 2025).

However, with the onset of the 2020 COVID-19 pandemic, outbound tourism from China was sharply reduced and effectively stopped, with state approvals for travel to Nepal only re-opening in early February 2023 (Prasain, 2023). Despite the reopening of tourism to Nepal and the easing of the effects of the pandemic, tourist inflows from China have only slowly and incrementally recovered since, as displayed in Figure 1. This same trend is observed in other Asian tourist destinations such as Cambodia, Malaysia, and Singapore (Long et al., 2024). Since the pandemic, there have been efforts to increase the visitor amount in Nepal, particularly from Chinese visitors. On July 2024 at the 16th round of the Nepal-China diplomatic consultation mechanism meeting, Chinese officials announced 2025 to be "Visit Nepal Year in China" citing a goal of reaching 500,000 Chinese tourists to Nepal (Prasain, 2026). However, the goal was not reached with only 95,480 Chinese visitors recorded in Nepal in 2025 (Prasain, 2026). The decline in tourist inflows from China remains a cause of concern for the tourism industry in Nepal as found during stakeholder consultations. Tourism thereby remains a matter of priority for the diplomatic relations between the countries.

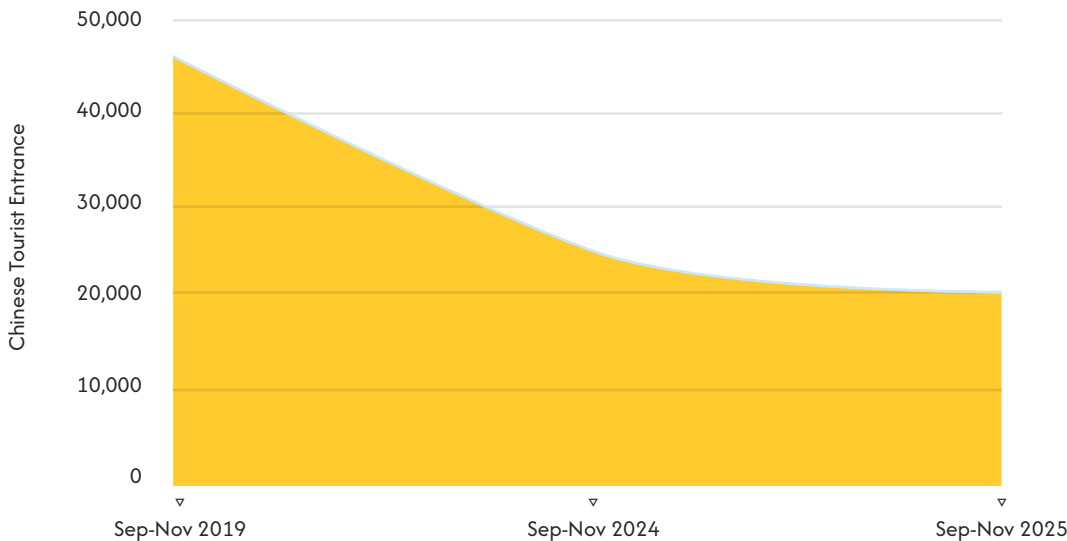


Figure 1. Chinese Tourist Inflows Decline (Peak Season), Sep-Nov 2019 to Sep-Nov 2025

Note. Tourist arrivals from China have decreased significantly (44%) in the same period from 2019 to 2025.
Source: National Tourism Board, September, October, November 2025

Nepal–China Diplomatic Collaboration on Tourism

Tourism has become a visible pillar of Nepal–China relations, with Chinese tourism to Nepal encouraging both governments to frame tourism as a strategic area of cooperation alongside trade, energy and infrastructure. Importantly, tourism as a cornerstone of bilateral relations between Nepal and China remains embedded in wider efforts to regionally integrate Nepal and China with the BRI and Silk Road Economic Belt strategy (Karna and Khanal, 2021). As part of the Silk Road Economic Belt strategy, the National Development and Reform Commission of China recommended promoting “border trade and tourism and culture cooperation between Tibet Autonomous Region and neighboring countries such as Nepal,” (NDRC, 2015). Nepal’s decision to join the Belt and Road Initiative (BRI) in 2017 created additional space for Chinese investment to tourism-relevant infrastructure, including airports, roads, and hospitality investments that shape how Chinese visitors access and experience Nepal. The Nepal-China corridor, also referred to as the Trans-Himalayan Multi-Dimensional Connectivity Network, includes investments and infrastructure projects, particularly in transport, energy, and urban development (NDRC, 2015).

Beyond diplomatic declarations, Nepal and China have developed more specialized bilateral coordination mechanisms that touch directly on tourism. The January 2026 meeting of the China–Nepal Coordination Mechanism on Border Trade and Cooperation signaled renewed political attention to tourism within a wider trade agenda. The discussions advanced plans for a sister-city link at the Rasuwa–Jilong border, which, if operationalized, could institutionalize regular exchanges between local governments, chambers, and tourism stakeholders, and create a platform for joint promotion of cross-border circuits. The committee is tasked with designing an action plan for a proposed Jilong–Rasuwa Transborder Tourism Zone, which aims to leverage cross-border pilgrimage, trekking, and cultural tourism in the Himalayan region (Government of Nepal, Ministry of Foreign Affairs, 2024). At the same Nepal–China joint meeting, officials announced plans to reopen the Kathmandu–Lhasa bus route after nearly two decades of closure (myRepublica, 2026). The route’s resumption, expected in the near future, is anticipated to further boost cross-border trade and tourism, including cross-border pilgrimage (Karna and Khanal, 2022). As of March 2026, the final details have yet to be announced. In practice, the effectiveness of these agreements will depend on follow-through, clear timelines for implementing agreed measures, coordination between central and provincial authorities, and integration of tourism considerations into border management, customs, and security protocols. Consultations with senior officials at the Nepal Tourism Board and researchers familiar with Nepal-China

cooperation in the field of heritage detail the institutional support of Nepal’s tourism sector by Chinese counterparts (Bhandari, 2025). The NTB and the Chinese embassy collaborate to bring tourism delegations from provincial, regional, and municipal bodies in China to Nepal which has been reported to increase the institutional capacity of the NTB (Bhandari, 2025).



Cultural Events and Heritage Conservation

Bhandari (2025) describes tourism as a tool for public diplomacy, through which tourism has become a channel for direct contact with the Nepali public outside of formal channels. Beyond diplomatic collaboration, the Chinese embassy hosts tourism and cultural promotion events in Nepal such as the Nepal-China Dragon Boat Race Festival in Pokhara, Lantern Show, Mountain Cross Country Marathon, Friendly Football Match, and Chinese New Year festivities (Bhandari, 2025). As noted above, the Visit Nepal Year in China also represented an important aspect of joint-tourism promotion and tourism cooperation between the two countries, though in the end the initiative failed to reach its target to attract half a million Chinese tourists in a year. Furthermore, an important component of tourism cooperation between Nepal and China has been heritage conservation and aid of important political and religious sites. Important sites include post-earthquake reconstruction of the Basantapur area, a UNESCO world heritage site, as well as reconstructions of temples in Nuwakot (Bhandari, 2025). These initiatives highlight how tourism, particularly through heritage conservation and cultural events, functions as a significant instrument for fostering mutual understanding and strengthening people-to-people ties, reinforcing broader diplomatic relations through shared cultural engagement and visibility.

Foreign Direct Investment and Tourism Infrastructure

Tourism development in Nepal is closely tied to broader patterns of business and infrastructure investment, where China has emerged as a prominent actor in Nepal. Official data indicate that between 1991 and 2018, China was associated with nearly 500 approved Foreign Direct Investment (FDI) projects in Nepal, with a particularly strong concentration in services and tourism (Rai, 2024). A 2022 CESIF study also found tourism to be a key sector for Chinese foreign direct investment, particularly for tourism outlets and joint ventures (Karna and Khanal, 2022). Chinese investment pledges peaked in fiscal years 2015–2016 and 2016–2017, when they accounted for more than 70% of Nepal's total FDI commitments. By July 2021, the tourism industry had attracted the single largest share of Chinese FDI commitments, reaching about USD 125 million (AIDIA, 2023). These investments have been framed domestically in Nepal as upgrades of critical transport and hospitality infrastructure, while for China they also serve commercial and strategic objectives linked to connectivity and regional influence (Karna and Khanal, 2022; AIDIA, 2024).

Air connectivity in particular represents an important aspect of tourist infrastructure. Nepal Airlines, Himalaya Airlines, China Southern Airlines, China Eastern Airlines, Air China, Sichuan Airlines, and Tibet Airlines are the airline carriers connecting the two countries, with reports in 2019 citing around 100 flights per week in 2019. Starting in late 2025, Nepal Airlines started operating Kathmandu to Guangzhou flights (Republica, 2025). Furthermore, China was invested significantly in Nepal's airport infrastructure. Pokhara International Airport, conceived as a gateway for international tourists to western Nepal, was built under an engineering, procurement, and construction contract with China CAMC Engineering, backed by a concessional loan of around USD 215 million from China Exim Bank. Similarly, the expansion of Tribhuvan International Airport's runway and associated works were contracted to China National Agro Technology International Engineering Corporation for approximately NPR 3.75 billion, with the aim of accommodating larger aircraft and improving safety margins on Nepal's main international gateway (Karna and Khanal, 2022). At Gautam Buddha International Airport in Lumbini, another key node for religious tourism, financing has been blended: the Asian Development Bank provided USD 42.75 million in loans and 15.75 million USD in grants, complemented by a USD 15 million loan from the OPEC Fund for International Development, while China's Northwest Civil Aviation Airport Construction Group undertook major construction contracts worth around NPR 6.22 billion (Karna and Khanal, 2022). Together, these projects are intended to support growth in tourist arrivals, including from China, by diversifying entry points and enhancing regional access



to major destinations. However, questions about debt sustainability, project viability, and oversight, especially in high-profile cases like Pokhara International Airport, have sparked domestic debates on the long-term economic returns and governance of such projects.

Beyond large-scale airports, Chinese investors and entrepreneurs have also entered hotels, restaurants, and tourism services, particularly in hubs such as Kathmandu, Pokhara, Lumbini, and Thamel, often tailoring products to Chinese language, food, and payment preferences (Nepal Economic Forum, 2025). This micro-level investment complements state-to-state infrastructure cooperation and strengthens the ecosystem that supports Chinese package tours and independent travelers alike.

Nepal Tourism Board

The Nepal Tourism Board (NTB) is legally mandated to develop and market Nepal as an international tourist destination, with responsibilities spanning brand promotion, market research, product development support, and coordination with public and private stakeholders. In principle, this mandate positions NTB as the central institution to lead strategic engagement with priority source markets such as China, including segmenting the Chinese market, tailoring digital campaigns, and aligning route development with tourism promotion. Bilateral diplomatic agreements between Chinese counterparts and NTB have and are expected to improve the enabling environment for tourism by upgrading connectivity, reducing travel time, and expanding the hospitality base. State-to-state tourism cooperation is channeled primarily through the NTB, which engages Chinese counterparts in activities such as sister-city collaborations, capacity-building workshops on the Chinese market, and hosting delegations of Chinese tourism councils in Nepal.

However, stakeholders participating in the focus group discussion for this study described NTB's engagement with the Chinese market as fragmented, reactive, and often overshadowed by domestic promotion activities. National-level campaigns are largely generic and English-language, with limited systematic efforts to communicate in Chinese or to adapt content to specific platforms such as WeChat, Baidu Maps, RedNote, Weibo, or Douyin, even though these shape travel decision-making for different age cohorts of Chinese tourists (Rajbhandari, 2025). This gap is particularly striking given that NTB has allocated NPR 1.12 billion, around 70 percent of its total NPR 1.59 billion budget in FY 2082/83 (2025/26) to international marketing and has officially branded 2025 as "Nepal Tourism Year for China," (NTB, 2025).



Visa Reciprocity and Mobility Arrangements

Visa policy has been one of the most tangible levers used by both governments to encourage tourism flows. In 2016, Nepal waived tourist visa fees for Chinese nationals, a move widely credited with facilitating a rapid expansion of Chinese arrivals in the years before the COVID-19 pandemic. This unilateral concession signaled Nepal's strategic interest in positioning itself as an accessible, welcoming destination for Chinese tourists and helped lower the upfront cost barrier to travel. Based on consultations with tourism stakeholders, though the 2016 visa waiver for Chinese tourists helped post-earthquake tourism recovery, it has not automatically translated into sustained post-pandemic recovery for Nepal's tourism industry, underlining that visa facilitation must be complemented by robust marketing, improved connectivity, and higher service standards to fully unlock tourism potential.

China's decision to waive visa fees for Nepali travelers from 1 May 2024 introduced a reciprocal dimension to these mobility arrangements, with symbolic and practical implications (Shrestha and Kharel, 2025). Reciprocity reinforces the narrative of a balanced partnership and may encourage more outbound travel by Nepalis for education, business, and tourism, deepening people-to-people ties.

Digital Payment Infrastructure

Digital payment infrastructure has become another important interface between Chinese tourism and Nepal's financial system. While Nepal initially banned the use of Chinese mobile wallets such as WeChat Pay and Alipay in 2019 due to concerns over unregistered transactions and tax leakage, subsequent regulatory reforms allowed licensed Nepali banks to partner with these platforms (Sharma, 2019). Chinese-side payment modalities outside formal channels prevented spending from entering Nepal's taxable fiscal space, limiting recorded foreign exchange inflows and government revenue (Rai, 2024). Consultations with a researcher familiar with Nepal-China tourist relations indicate that Nepali entrepreneurs serving Chinese clientele sometimes rely on informal networks of intermediaries to access Chinese digital payment solutions, effectively settling transactions in China rather than in Nepal. This reliance on opaque payment chains raises concerns around regulatory oversight, tax compliance, and the broader integrity of Nepal's tourism-linked financial flows.

Since 2023, agreements such as the NMB Bank-WeChat Pay cross-border payment arrangement have enabled Chinese visitors to pay for goods and services in Nepal by scanning QR codes in yuan, with settlements routed through the formal banking system and counted as foreign exchange earnings (Prasain, 2023). This integration of WeChat Pay and Alipay into Nepal's tourism economy reduces friction for Chinese tourists accustomed to cashless transactions, while also highlighting the need for clear regulation to ensure that digital payments support, rather than circumvent, Nepal's fiscal and monetary objectives.



Tourism Segments and Market Analysis

Nepal is an important destination for spiritual and cultural tourism from China, especially Lumbini, the birthplace of the Buddha (Bhandari, 2019). There has been a growth of China-focused travel and tour operator agencies in Nepal. Increased Nepali and Chinese-run businesses such as restaurants, hotels, tour operators, and guesthouses have emerged in Nepal, particularly in the tourist district of Thamel, to cater to the growing number of Chinese tourists in Nepal (Linder, 2019). Importantly, the growth of social media and digital platforms have also facilitated information shared between prospective travelers in China about Nepal as a travel destination (Rajbhandari, 2025; Yang, 2022).

Chinese tourists in Nepal are generally seeking a mix of natural, cultural, and spiritual experiences, often within a relatively short travel window. Cultural immersion is another key segment, centered on heritage sites, Buddhist and Hindu temples, and especially Lumbini, where visitors combine religious devotion, pilgrimage, and sightseeing. Increasingly, younger and middle-class Chinese travelers also look for experiential products such as local food tours, immersive English language or skill training courses, short outdoor activities, and opportunities to share social media friendly content, which amplifies Nepal's visibility on Chinese social media platforms.

Stakeholder consultations also highlight several recurring priorities for the overall tourism market for Chinese travelers: the quality of infrastructure and connectivity, the availability of Chinese-language services, and overall affordability of the tourism experience. Affordability is particularly salient; a 2025 study of Chinese tourists in Pokhara found it to be the most important factor contributing to their perceived quality of life while visiting the city (Sharma and Poudel, 2025). Stakeholder consultations also point to an emerging segment of wellness and luxury tourism, which tourism industry experts increasingly view as a priority area for product diversification and higher-value visitor spending.

Spiritual Tourism

Nepal's religious tourism sector is anchored in its status as the birthplace of the Buddha, with Lumbini and associated Buddhist circuits positioned as key pilgrimage destinations for regional and international visitors (Kharel, 2024). Spiritual and religious tourism constitute a particularly important segment of the Chinese market, as many travelers seek merit-making, temple visits, and encounters with Buddhist heritage alongside conventional sightseeing. Chinese interest in this segment reflects centuries-old Buddhist linkages as well as contemporary initiatives that deliberately mobilize religion and heritage as tools of diplomacy and soft power. Monastery-led exchanges, official delegations, and joint cultural programs have become regular features of

Nepal–China engagement, while Nepali and Chinese institutions have launched targeted campaigns to promote Lumbini and other Buddhist sites within Chinese media and online platforms (Kharel, 2024; Lumbini Development Trust, 2024).

According to expert consultations, Lumbini functions as a flagship, state-driven project to consolidate Buddhist diplomatic relations, whereas other sites such as Boudhanath (Boudha) in Kathmandu attract a more diffuse flow of Chinese tourists interested in everyday devotional practices, monastery life, and urban cultural experiences. In both locations, Chinese businesspeople have increasingly opened restaurants, hotels, guesthouses, and souvenir shops, embedding commercial ties within these religious landscapes and catering specifically to Chinese language, food, and service preferences. At the same time, the growth of spiritual tourism is constrained by practical bottlenecks in infrastructure and connectivity, including limited direct air links to Lumbini, uneven quality of accommodation, and gaps in visitor facilities at heritage sites (Kharel, 2024; Shrestha and Kharel, 2025).

Chinese engagement with Nepal's tourism sector also extends into the preservation and redevelopment of key heritage sites, most notably in Lumbini. Recent visits by high-level Chinese officials and Buddhist delegations to Lumbini, and discussions on expanding air connectivity and structured tourism cooperation, suggest that religious tourism is increasingly framed as both a cultural bridge and a strategic economic opportunity for Nepal (Lumbini Development Trust 2024; Rising Nepal 2024). Municipal and provincial actors around Lumbini have sought to leverage these ties through sister-city relationships, cultural festivals, and investment promotion for hotels, museums, and meditation centers. These initiatives operate not only as cultural or development projects, but also as instruments of Chinese state soft power, reinforcing Beijing's influence over Buddhist narratives and institutions beyond its borders. Investments in Lumbini, including support to Lumbini Buddhist University and affiliated educational institutes, can therefore be read as part of a broader strategy to shape the future institutional landscape of Buddhism (Bhandari, 2025; Karna and Khanal, 2022).

However, evidence from media reports and stakeholder interviews indicates that expectations around Chinese spiritual tourism sometimes outpace realized arrivals and investment, reflecting broader volatility in Chinese outbound travel and changing domestic regulations on overseas pilgrimages. Local stakeholders in Lumbini and other Buddhist sites have also raised concerns about uneven benefit-sharing, with some communities experiencing congestion and cultural commodification without commensurate economic gains, underscoring the need for more deliberate planning and safeguards in this segment (Tourism & Society TT, 2024).

Solo Travel

In recent years, the pattern of Chinese tourism to Nepal has shifted notably from large, organized group tours toward a growing segment of younger, more independent travelers. Many of these visitors rely heavily on digital platforms for trip planning, using apps such as WeChat, Douyin, Weibo, and RedNote to book flights and accommodation, crowd-source itineraries, and share real-time reviews and short videos (Shrestha and Kharel, 2025). This has helped popularize “word-of-mouth” destinations beyond the classic Kathmandu–Pokhara–Chitwan circuit and has enabled small Nepali operators to reach Chinese clients directly through social media marketing.

Stakeholder consultations also highlight solo female travelers as a visible and expanding niche within Nepal’s international visitor base, especially in trekking, backpacking, and culture-focused tourism. Nepal is frequently described as relatively safe for women traveling alone compared to many regional destinations, with well-established infrastructures on routes such as Annapurna and Everest and a growing ecosystem of female guides, women-focused tour products, and female-only accommodation. This combination of perceived safety, dense trekking networks, and tailored services positions solo female travelers as a potentially high-value source market, particularly for longer-stay and higher-spend segments interested in trekking, wellness, and deeper cultural immersion.

Emerging reporting on “burnout” among Chinese youth further illuminates why Nepal is attractive to this demographic (Zhen, 2025). Young Chinese visitors are increasingly drawn to Nepal not only for short holidays but also for longer stays that blend retreat, language learning, and informal study, including enrollment in English-language and other training centers at comparatively low cost (Yiwen, 2025). These individuals occupy a gray zone between tourist, student, and digital nomad, what some observers describe as “soft residents with a schedule”, seeking respite from the pressures of urban life in China, greater personal freedom, and the flexibility afforded by relatively accessible visas and affordable living costs (Yiwen, 2025). According to stakeholder consultations, social media content on platforms such as RedNote plays a crucial role in shaping these imaginaries, circulating images of Nepal as a friendly, low-cost, and spiritually rich destination that is further legitimized by the close diplomatic ties between the two countries.

High-Value Luxury Tourism

For Nepal, high-value luxury tourism from China is seen as a promising but still underdeveloped segment, with many new high-end hotels and resorts explicitly hoping to attract higher-spending Chinese visitors alongside other regional markets (Shrestha and Kharel, 2025).

Stakeholders in the tourism industry describe Chinese tourists as concentrated in semi-luxury and deluxe categories, with strong interest in shopping, curated cultural experiences, and nature-based stays that can be packaged into premium products (Shrestha and Kharel, 2025). Stakeholders also point to retired and older Chinese travelers as a particularly important potential source market, noting that this group is more likely to have disposable income and time for longer, higher-spend trips that combine religious sites, wildlife areas, and scenic destinations in Nepal (Shrestha and Kharel, 2025).

Vulnerability and the Risks of Overreliance

Despite the clear economic opportunities, several critiques and vulnerabilities accompany Nepal's growing dependence on Chinese tourism. Observers caution that heavy reliance on a single source market leaves exposed to abrupt shifts driven by changes in China's domestic policies, outbound travel regulations, or diplomatic priorities, which could rapidly alter tourist inflows and associated revenues (Bhandari, 2025; Long, 2024). Furthermore, on the ground, language barriers and cultural differences between Chinese visitors and Nepali tourism workers can create service gaps, cultural misunderstandings, and missed opportunities for higher-value engagement, as highlighted by tourism stakeholders and empirical studies on Chinese tourists in Nepal (Sharma and Poudel, 2025; Rajbhandari, 2025).

There are also geopolitical sensitivities with respect to Chinese investments in infrastructure and tourism, particularly with respect to Nepal's securitization and oversight of any anti-Chinese activity in Nepal (Karna and Khanal, 2022). Nepal's formal adherence to the One-China policy has translated into a tightening of surveillance of Tibetan communities and restrictions on their public gatherings, cultural events, and political expression (Ghosal and Kang, 2025). This securitized environment shapes the practices of law enforcement in key urban and touristic spaces and often places local authorities at the intersection of tourism promotion, border management, and transnational security cooperation with China (Ghosal and Kang, 2025). As a result, Nepal-China tourism relations cannot be analyzed in isolation and disentangled from such broader political sensitivities.

Institutional Gaps in Leveraging the Chinese Tourism Market

Institutional Capacity

Although interest in Nepal as a destination exists among Chinese travelers, Nepal's institutional and strategic engagement with the Chinese tourism market remains fragmented and reactive. That is, despite high-level diplomatic discussions on tourism, practical engagement with China relies heavily on private sector initiatives with limited policy coordination from the Government of Nepal.

Marketing and Digital Visibility

Institutionally, the NTB was established to lead international tourism promotion. However, many private tour operators in Nepal lack the capacity and know-how to use Chinese digital platforms effectively, underscoring the need for NTB to provide structured guidance, training, and co-created campaigns rather than one-off promotional events. These gaps have limited Nepal's ability to shape its image, influence traveler decision-making, and attract higher-spending tourist segments. NTB is engaged in ongoing internal discussions and with the Chinese embassy on rethinking social media promotion toward the Chinese market.

Key Challenge: Lack of Social Media Presence of Nepal Tourism Board in China

NTB has allocated NPR 1.12 billion, which is 70% of their total NPR 1.59 billion budget, to international marketing in the current fiscal year 2082/83 (FY 2025/26) (NTB, 2025). Though 2025 was branded by the NTB as "Nepal Tourism Year for China," NTB's presence on core Chinese platforms is minimal according to consultations with tourism industry experts and entrepreneurs. There is an urgent need for age-segmented, platform-specific marketing strategies on platforms such as RedNote (小红书) for younger people, Weibo (微博), Dǒu yīn (抖音) and Wechat (微信) for older generations. A focus group discussion with tourism stakeholders in December 2025 highlighted that several Kathmandu-based Nepali travel agencies face capacity constraints and limited familiarity with Chinese social media ecosystems, hindering their ability to effectively market to Chinese tourists. Consultations with tourism industry experts further reinforced that the lack of strategic social media marketing by NTB towards prospective Chinese tourists is a key gap and important frontier moving forward. Consultations with members of the Nepal Tourism Board reveal that increased social media presence has become a priority action area for the agency.

Affordability, Infrastructure, Safety, and Service Quality

Stakeholder consultations reveal that Chinese tourists are deterred by negative perceptions about Nepal regarding affordability of flights, safety, political stability, and service quality — concerns that intensified following the September 2025 Gen Z protests. The absence of NTB's presence in the Chinese social media ecosystem compounds this, creating information gaps and misconceptions that go unaddressed. Furthermore, airline policies, including airfare pricing and flight frequencies, are not consistently aligned with tourism promotion objectives, as mentioned by Nepali tourism stakeholders during consultations. Nepali tourism stakeholders also raised concerns about a lack of Chinese-language staff at critical tourist locations, particularly the Tribhuvan International Airport, as well as a lack of clean, modern tourist facilities in tourist destinations. There is a greater need for guide and hospitality staff training in Mandarin. Stakeholder consultations with tourism leaders further confirmed these insights. Together, these issues prevent Nepal from transitioning from low-cost, standardized tourism toward a more sustainable, high-value model.

Economic Leakages and Value Chain Issues

Stakeholder consultations reveal that economic benefits of Chinese tourism are not fully accruing to Nepal due to the dominance of Chinese-owned or Chinese-linked intermediaries across the tourism value chain, including hotels, restaurants, tour agencies, and travel services. Industry concerns emphasize that this creates a closed ecosystem in which Chinese tourists are served primarily by Chinese businesses, resulting in profit repatriation rather than local value retention. There is no Nepal-specific data that can accurately capture this trend. However, the monopolization of some parts of the tourism value chain by Chinese businesses is a trend seen in other Asian destinations as well, such as in the Sri Lankan hospitality sector (Oxford Business Group, 2019). With the rising trend of solo and independent travelers from China who do not book tours through group tour agencies, these trends of Chinese businesses capturing the tourism market in Nepal may well also naturally shift moving forward.

Tourism industry experts also point to a negative effect of the oversaturation of Chinese tour operators in Nepal to be price undercutting, which compresses margins for Nepali service providers and discourages investment in quality improvements. As a result, stakeholder consultations revealed that Nepali tour operators and guides face a race-to-the-bottom environment, characterized by low wages, potentially lower service quality, and limited incentives for professional development. Over time, these conditions may erode Nepal's tourism reputation and constrains its ability to attract travelers from China.

Policy Recommendations

While Chinese tourism continues to drive Nepal's visitor growth, the challenge lies in translating this momentum into sustainable, high-value gains for the domestic economy. China recorded around 146 million outbound trips in 2024, with projections suggesting 165–175 million outbound trips by 2026 (China Tourism Academy, 2025; Jennings, 2026). Nepal is currently capturing only a very small share of China's outbound tourism market. Nepal can focus on expanding its share in the market of Chinese tourism in the context of the growing post-pandemic outbound tourism recovery from China. Nepal must leverage its comparative advantages relative to other popular Asian destinations for Chinese travelers.

By targeting higher-value niches, strengthening the NTB, upgrading local enterprises, modernizing digital and infrastructure systems, and investing in effective and creative social media based marketing strategies at the private sector level and within NTB, Nepal can build a more competitive, high-value, and sustainable tourism economy. The following policy measures aim to reduce structural vulnerabilities, enhance local value capture, and reposition Nepal's tourism sector toward more diversified and resilient growth.

1. Develop high-value tourism products (NTB, private sector/tourism industry)

a. NTB, in partnership with private-sector associations, should commission market research on high-value segments such as wealthy retirees, wellness and spiritual tourists, solo female travelers, and special-interest visitors from China and global markets (e.g., photographers, wildlife enthusiasts).

b. Based on this research, NTB can facilitate co-design of differentiated products, luxury wellness retreats, meditation and yoga programs, agri-tourism, and cultural immersion packages, by offering technical support, marketing, and co-financing product-development pilots to the private sector, and curating these products in its international campaigns.

c. Supporting Nepali SMEs to move into higher-margin activities through concessional finance and technical support.

2. Uplift tourism entrepreneurs and tackle value-chain leakages (Inter-ministerial coordination, private sector/tourism industry)

a. Capping the share of fully Chinese-controlled operations in key zones unless they partner with Nepali firms; Incentivizing joint ventures and local sourcing

3. Shift marketing and digital strategy toward Chinese platforms (NTB, private sector/tourism industry)

a. NTB should establish a dedicated China desk responsible for professional Chinese-language content, partnerships with major Chinese social media/travel platforms, and coordination with Nepali tour operators for joint campaigns. This can be done by hiring dedicated social media staff with Chinese language and culture exposure, such as young people who have recently returned from studying in China.

4. Invest in tourism-relevant infrastructure and services (NTB, Ministry of Physical Infrastructure and Transport, private sector/tourism industry, educational institutes)

a. In the near term, NTB and private-sector associations can expand investment for co-fund Chinese-language training for guides and frontline workers, while line agencies responsible for civil aviation, culture, and urban development upgrade airport and heritage-site facilities, internet connectivity, and digital payment acceptance.

b. Addressing hygiene, sanitation, and road quality requires coordinated medium- to long-term investment and regulatory enforcement by relevant ministries and local governments, with NTB playing a supporting role in identifying priority tourism corridors and channeling donor or public-private investment.

Conclusion

Over the past two decades, Nepal–China tourism relations have evolved from a marginal connection into a structurally significant axis of the political economy of Nepal’s tourism sector. Chinese visitors now influence foreign exchange reserves, sectoral employment and entrepreneurial opportunities, while Chinese capital and state-linked initiatives shape key tourism-relevant infrastructures such as international airports, religious sites, and digital payment ecosystems. On the demand side, the Chinese market is increasingly differentiated, encompassing families, pilgrims, “burnout” youth seeking retreat and language training, wellness and luxury clients, and solo travelers, mediated through Chinese digital platforms that co-produce representations of Nepal as affordable, spiritually rich, and geopolitically “friendly.” This heterogeneity creates scope for Nepal to move beyond low-cost, volume-driven models towards more diversified, higher-value, and longer-stay segments that can support regionally distributed development and deepen people-to-people ties.

At the same time, the deepening of tourism linkages foregrounds a set of structural vulnerabilities and governance challenges that demand analytical and policy attention. Nepal’s growing dependence on a single external market, the political conditionalities associated with the One-China policy, the soft-power logics underpinning investments in Lumbini and heritage circuits, and the emergence of partially enclosed Chinese business and payment ecologies together raise questions about sovereignty, accountability, and distributive justice. These dynamics highlight a tension between short-term gains from expanded arrivals and infrastructure financing, and longer-term risks of policy capture, economic leakages, and constrained space for domestic deliberation over development priorities. Harnessing the full potential of Chinese tourism will depend on strengthening Nepal’s institutional capacity, clarifying the NTB’s strategic role, improving regulation of investment and digital payments, and embedding tourism planning within a broader vision of economic diversification, social safeguards, and foreign-policy autonomy.

Chinese tourism offers Nepal a significant opportunity to enhance foreign exchange earnings, generate employment in the tourism sector, and facilitate cross-cultural exposure. However, without strategic intervention, Nepal risks remaining locked into a low-value, intermediary-dominated tourism model. Insights from the private sector underscore that the key constraints are systemic, spanning market access, institutional capacity, infrastructure, and business models. By focusing on differentiated high-value tourism products, strengthening visibility within China’s digital ecosystem, investing in language and service quality, and pursuing coordinated government-to-government engagement, Nepal can reposition itself as a premium destination for Chinese travelers. Such a shift would not only increase tourism revenues but also ensure that the benefits of tourism are more equitably distributed within Nepal’s economy, supporting long-term and sustainable sectoral growth.



References

- AIDIA. (2024, January 3). Strategies and trends: Evaluating Chinese investments in Nepal. Asian Institute of Diplomacy and International Affairs. <https://www.aidiaasia.org/public/old/page/strategies-and-trends-evaluating-chinese-investments-in-nepal.html>
- Bhandari, K. (2019). Tourism and the geopolitics of Buddhist heritage in Nepal. *Annals of Tourism Research*, 75, 58–69.
- Bhandari, K. (2025). China's Modes of Engagement in Nepal's Tourism and Heritage Sector. In Xavier, C. & Jacob, J. T. (Eds). *How China Engages South Asia: In the Open and Behind the Scenes* (pp. 29-38). Center for Social and Economic Progress. Retrieved from <https://csep.org/ouAL4VF>
- Chan, Y. W. (2016). What drives China's outbound tourism? *East Asia Forum*. <https://eastasiaforum.org/2016/12/16/what-drives-chinese-outbound-tourism/>
- China Tourism Academy. (2025, April 16). "China's outbound tourism development annual report 2024" released online. China Tourism Academy (Data Center of the Ministry of Culture and Tourism).
- Government of Nepal, Ministry of Foreign Affairs. (2024, May 5). Press release on the third meeting of China–Nepal Coordination Mechanism on Border Trade and Cooperation. Government of Nepal.
- Jennings, R. (2026, January 11). China's outbound travel set to soar by 10 million trips in 2026. *South China Morning Post*
- Karna, V. K., & Khanal, A. B. (Eds.). (2022). China's engagement in Nepal. Center for Social Inclusion and Federalism (CESIF).
- Linder, B. (2019). 'This looks like Chinatown!': Contested geographies and the transformation of social space in Jyatha, Kathmandu. *City & Society*, 31(3), 392–415. <https://doi.org/10.1111/ciso.12211>
- Lumbini Development Trust. (2024, June 29). Friendly relationship between Lumbini, Nepal and Leshan, China.
- Kharel, K. R., Upadhyay, Y. M., & Kharel, S. (2021). Nepal-China bilateral economic cooperation empowering Nepalese economy. *Patan Pragya*, 9(2), 128. <https://doi.org/10.3126/pragya.42031>
- Kharel, B. (2024, September 22). Nepal's Buddhist heritage: A gateway to religious tourism. *Nepal Economic Forum*. <https://nepaleconomicforum.org/nepals-buddhist-heritage-a-gateway-to-religious-tourism/>
- Long, F., Dahles, H., Ong, C. E., Ooi, C.-S., & Sin, H. L. (2025). Chinese outbound tourists and the changing political economies of Cambodia, Malaysia, and Singapore. *Journal of China Tourism Research*, 21(2), 340–363. <https://doi.org/10.1080/19388160.2024.2333909>
- myRepublica. (2026, January 25). Kathmandu–Lhasa bus service to resume. <https://myrepublica.nagariknetwork.com/news/kathmandu-lhasa-bus-service-to-resume-75-31.html>
- National Development and Reform Commission (NDRC). (2015). Vision and actions on jointly building Silk Road Economic Belt and 21st-century Maritime Silk Road. [https://policy.asiapacificenergy.org/sites/default/files/Vision%20and%20Actions%20on%20Jointly%20Building%20Silk%20Road%20Economic%20Belt%20and%2021st-Century%20Maritime%20Silk%20Road%20\(EN\).pdf](https://policy.asiapacificenergy.org/sites/default/files/Vision%20and%20Actions%20on%20Jointly%20Building%20Silk%20Road%20Economic%20Belt%20and%2021st-Century%20Maritime%20Silk%20Road%20(EN).pdf)
- Nepal Tourism Board. (2025a, July). Nepal Tourism Board announces budget for FY 2082/83. <https://trade.ntb.gov.np/nepal-tourism-board-announces-budget-for-fy-2082-83/>
- Nepal Tourism Board. (2025b, November). Nepal tourism insights. <https://trade.ntb.gov.np/wp-content/uploads/2025/12/Tourism-Insight-November.pdf>
- Nepal Tourism Board. (2025c, October). Nepal tourism insights. <https://trade.ntb.gov.np/wp-content/uploads/2026/01/Nepal-Tourism-Insights-October.pdf>
- Nepal Tourism Board. (2025d, September). Nepal tourism insights. <https://trade.ntb.gov.np/wp-content/uploads/2026/01/Nepal-Tourism-Insights-September.pdf>
- Oxford Business Group. (2019). Outbound tourism from China drives sector growth across South Asia. <https://oxfordbusinessgroup.com/reports/indonesia/2019-report-economy/trend-setters-outbound-tourism-from-china-drives-growth-across-asia-pacific>
- Prasain, K. (2023). Chinese tourists can now use mobile pay in Nepal. *The Kathmandu Post*. <https://kathmandupost.com/money/2023/06/26/chinese-tourists-can-now-use-mobile-pay-in-nepal>
- Prasain, S. (2023). Chinese tourists are returning to Nepal after three years. *The Kathmandu Post*. <https://kathmandupost.com/money/2023/03/10/the-chinese-are-coming-after-three-years>
- Prasain, S. (2026). Beijing's 'Visit Nepal' push fails as Chinese arrivals fall. *The Kathmandu Post*. <https://kathmandupost.com/money/2026/01/03/beijing-s-visit-nepal-push-fails-as-chinese-arrivals-fall>

Sharma, L. K., & Paudel, V. (2025). The role of Chinese tourists in enhancing Pokhara's economy and quality of life. *The Academia*, 5(1), 70–86.

=Sharma, R. (2019, May 20). Use of Chinese digital wallets banned in Nepal. *The Himalayan Times*. <https://thehimalayantimes.com/business/use-of-chinese-digital-wallets-banned-in-nepal>

Shrestha, A., & Kharel, B. (2025). A glance at regional tourism: Unlocking new horizons. *Nepal Economic Forum*. <https://nepaleconomicforum.org/a-glance-at-regional-tourism-unlocking-new-horizons-2/>

Raj, N. (2022). Aid, infrastructure, and diplomacy: A primer. *Policy Entrepreneurs Incorporated*.

Rajbhandari, A. (2025, December 13). Tealeaks: Did you know 2025 is Nepal tourism year for China? *The Araniko Project*. <https://thearanikoproject.substack.com/p/tealeaks-did-you-know-2025-is-nepal>

Rising Nepal. (2024, June 12). Chinese team arrives at Lumbini.

Tourism & Society Travel & Tourism. (2024, December 1). Chinese restrictions on pilgrimages in Tibet impact tourism in Nepal.

World Travel & Tourism Council. (2023). Nepal annual research: Key highlights. *World Travel & Tourism Council*.

Yang, Z. (2022). The transnational flow of tourism and daigou between China and Nepal before and during the COVID-19 pandemic. *ASIEN*, 162–163, 77–94.

Yang, Z. (2025). Guesthouses as Sites of Geopolitical Practice: Rethinking China–Nepal Relations Through Tourism, *Geopolitics*, DOI: 10.1080/14650045.2025.2556720.

Zhen, H. (2025, July 31). From Dali to Kathmandu: Why burned-out Chinese millennials are fleeing to Nepal. *The China-Global South Project*. <https://chinaglobalsouth.com/2025/07/31/chinese-youth-burnout-nepal-migration-trend/>

Zheng, Y. (2025, August 12). Why China's 'migrant learners' are turning to Nepal. *The World of Chinese*. <https://www.theworldofchinese.com/2025/08/why-chinas-migrant-learners-are-turning-to-nepal-himalayas/>