

**BIODIVERSITY CONSERVATION:
STUDIES IN ITS ECONOMICS AND
MANAGEMENT, MAINLY IN YUNNAN,
CHINA**

Working Paper No. 14

**Trends in Tourism Development in China:
Issues and Opportunities**

by

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Research for ACIAR project 40, *Economic impact and rural adjustments to nature conservation (biodiversity) programmes: A case study of Xishuangbanna Dai Autonomous Prefecture, Yunnan, China* is sponsored by the Australian Centre for International Agricultural Research (ACIAR), GPO Box 1571, Canberra, ACT, 2601, Australia. The following is a brief outline of the Project

Rural nature reserves can have negative as well as positive spillovers to the local region and policies need to be implemented to maximise the net economic benefits obtained locally. Thus an 'open' approach to the management and development of nature conservation (biodiversity) programmes is needed. The purpose of this study is to concentrate on these economic interconnections for Xishuangbanna National Nature Reserve and their implications for its management, and for rural economic development in the Xishuangbanna Dai Prefecture but with some comparative analysis for other parts of Yunnan

The Project will involve the following:

1. A relevant review relating to China and developing countries generally.
2. Cost-benefit evaluation of protection of the Reserve and/or assessment by other social evaluation techniques.
3. An examination of the growth and characteristics of tourism in and nearby the Reserve and economic opportunities generated by this will be examined.
4. The economics of pest control involving the Reserve will be considered. This involves the problem of pests straying from and into the Reserve, e.g., elephants.
5. The possibilities for limited commercial or subsistence use of the Reserve will be researched.
6. Financing the management of the Reserve will be examined. This will involve considering current sources of finance and patterns of outlays, by management of the Reserve, economic methods for increasing income from the Reserve and financial problems and issues such as degree of dependence on central funding.
7. Pressure to use the resources of the Reserve comes from nearby populations, and from villagers settled in the Reserve. Ways of coping with this problem will be considered.
8. The political economy of decision-making affecting the Reserve will be outlined.

Commissioned Organization: University of Queensland

Collaborator: Southwest Forestry College, Kunming, Yunnan, China

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Trends in Tourism Development in China: Issues and Opportunities

ABSTRACT

Rapid growth has occurred in tourism to China since 1978 and although 1989 resulted in a large reduction in the number of external visitors to China, resumed growth since then has established new records for levels of tourism arrivals in China. In addition, a new attitude to the development of domestic tourism emerged in 1992. China has decided to increase the relative size of its tertiary sector by the year 2000 and is to encourage the development of domestic tourism. Expansion of foreign tourism to China was needed because of China's opening up to the outside world and has been encouraged. Nevertheless, some difficulties have emerged in its tourism development. These include (1) inadequate attention to demand (2) unbalanced growth with associated strains on infrastructure.(4) in some cases, overly generous concessions to foreign investors and (5) economic wastes or losses arising from political and bureaucratic control over the development of the industry. Tourism is now being treated as a leading industry and particular care will be needed to avoid economic mistakes. On the whole, the development of the industry has not counteracted uneven regional development in China but has reinforced it. A study of tourism development in Xishuangbanna Prefecture suggests that even at this local level, tourism development tends to be relatively centralised. Opportunities for Australia and Australians from the expansion of the Chinese tourism industry are discussed.

Trends in Tourism Development in China: Issues and Opportunities

1. Introduction

Few industries have benefited more from China's economic reforms than its tourism industry. As the Chinese economy has grown, so too has its tourist industry. Significant increases have occurred not only in the number of its arrivals from abroad but also in the number of its domestic travellers. In fact since 1978 (if 1989 is excluded), visitor arrivals to China and its tourism receipts have grown at a much faster rate than China's GDP. The number of arrivals in China from abroad increased by more than eighth-fold between 1980 and 1993 and of course, by much greater amount compared to pre-1978. Before China's reforms, its inward tourism was largely restricted to politically motivated visits.

Since China's reforms began, significant foreign investment has occurred in its tourism industry and a positive government attitude towards the development of this service industry has emerged. Along with many other service industries, it is no longer stigmatised in Marxian terms as unproductive. In fact, the development of tourism is being encouraged in many parts of the country as a leading industry, e.g., in Xishuangbanna Prefecture and in Yunnan generally. It is also considered to be a clean or green industry of special merit in promoting sustainable development especially when it is oriented towards ecotourism.

In this presentation, I shall consider the general trends and patterns of tourism in China, policy aspects, the role of tourism in decentralisation in China and report on some research on tourism development in Xishuangbanna Dai Autonomous Prefecture in Yunnan. Before concluding this presentation, prospects for Australia and Australians from tourist development in China are considered

2. Patterns and General Trends in Tourism in China

In 1993, China received 41.5m external tourists, that is persons visiting and staying at least 24 hours. Most were from Hong Kong and Macao and over a million were from Taiwan. Of

the 41.5m visitors, 36.9m were compatriots according to Chinese reckoning, that is from Hong Kong, Macao or Taiwan or overseas Chinese (that is Chinese overseas citizens holding Chinese passports). Foreign visitors amounted to 4.66m of the total. It is estimated (State Statistical Bureau, 1994, p. 533) that China earned the equivalent of US\$4,683m in foreign exchange (gross) from its foreign visitors in 1993. This amounts to approximately US\$1,005 per foreign visitor on average.

By any standard the tourist industry in China is becoming very large, a significant part of the economy and a major export earner. The number of external visitors to China now exceeds that to the Australian several fold and the number of its foreign visitors exceeds the number of overseas visitors to Australia. The Chinese tourism industry has made a spectacular recovery since 1989 when negative growth was recorded because of repercussions from the events in Tiananmen Square. Very strong growth in tourism has been recorded since 1989. By 1992, external visitors and foreign receipts from tourism were in excess of 1988 levels. For example, the number of foreign visitors increased by almost 33% between 1991 and 1992 and in 1993 by just over 16%. While there now appears to be some tapering off in the rate of growth of external visitors, the rate of growth is still very high.

The majority of external visitors to China are ethnic Chinese and approximately two-thirds of all visitors are male. While statistics on the purpose of the visits are difficult to gather, the National Tourism Administration (1993, p. 17) suggests from one sample, that just over 50 per cent of visitors come for business-related purposes or official business. However, the proportion may well be higher. This indicates that much of the growth in tourism (external visits) to China is driven by economic opportunities in China. One might expect China's external tourism to be sensitive to changing economic conditions in China. A type of accelerator relationship appears to exist. Tourism is a very sensitive industry to changing economic conditions (Tisdell and Wen, 1991a).

The tourism industry has a wide range of economic linkages as is clear from Chinese estimates of foreign tourism expenditures by category. These refer to primary expenditures and do not include secondary effects or linkages such as those which might be explored by input-output modelling or general models of economic interdependence. For 1992, the National Tourism Administration (1993) estimated the following breakdown of expenditure:

- Long-distance transport and communication	28.0%
- Accommodation	24.5%
- Shopping	20.6%
- Local transport, entertainment and others	14.8%
- Food and beverages	12.1%
Total	100.00%

It is also interesting to consider the origin of foreign tourists by country. As pointed out, Chinese practice is to exclude compatriots and overseas Chinese from these statistics, but it might be noted that there were 1.32m visitors come from Taiwan to mainland China in 1992, a larger number than from any foreign country. Table 1 sets out the total number of visitors to China from foreign countries in 1993, and lists the top eleven of these.

Table 1: Total numbers of tourists to China – 1993 and main countries of origin

	Number in thousands	% of Totals
TOTAL	4656	100
1. Former USSR	929.3	19.96
2. Japan	912.0	19.59
3. US	399.7	8.58
4. Singapore	200.0	4.29
5. UK	153.9	3.3
6. Thailand	152.3	3.27
7. Philippines	146.7	3.15
8. Germany	138.6	2.98
9. France	115.0	2.47
10. Canada	105.0	2.26
11. Australia	99.3	2.13

Source: Based on State Statistical Bureau (1994, Table 16.8, p. 533)

Countries of the former USSR head the list closely followed by Japan. Then with considerably fewer numbers, follows the US and Singapore. The visitor rate for Singapore is very high in proportion to its population. Australia is in eleventh place and accounts for slightly more than one in fifty of all foreign tourists to China. Its visitation rate is high (as is New Zealand's) compared to other predominantly European countries. The growth rate in the number of Australian visitors is strong. As for the former USSR, Chinese authorities seem to 'discount' the high number of visitors from here because partly the visits are a result of worsening economic conditions in the former Soviet Union and are motivated mostly by the 'need' to purchase supplies in China. Thus the high number of visitors from the former Soviet Union may be an aberration. Not taking account of the former USSR, Japan has dominated foreign visitors to China in the last 15 years or so and the United States has been the second most important source of visitors after Japan.

Although I do not have recent statistics on foreign investment in Chinese hotels, Hong Kong, Japan and the United States and Singapore are major investors. Of the 2,552 tourist hotels in China at the end of 1993; 488 were either foreign joint ventures, foreign co-operative ventures or solely foreign owned. In Beijing, almost one-third of tourist hotels were foreign joint ventures. Foreign joint ventures or foreign co-operative venture tourist hotels accounted for a higher proportion of tourist hotels in major foreign tourist destinations. It seems likely that Australia's involvement with the Chinese hotel industry is negligible. However, Australia's direct investment in China is expanding rapidly. It amounted to US\$11m in 1993 and although larger than direct investment by most European countries, was small compared to that of Hong Kong, Taiwan, US and Japan. After Hong Kong, Taiwan was the major direct investor in China in 1993 followed by US and Japan (State Statistical Bureau, 1994, Table 16-3). The National Tourism Administration (1993, p. 23) reported that in 1992, 66 joint-ventures and co-operative hotel projects were approved involving a total investment of US\$1.051 billion of which US\$514 million was supplied by foreigners.

In recent years greater scope has been allowed for non-state-owned enterprises, particularly independent enterprises, to operate in the tourism industry. This is reflected in a decline in the percentage of external visits arranged through the China International Travel Agency and the China Travel Agency. These declined from 16.6% of the total in 1980 to 3.6% in 1993 based on China Statistical Bureau (1994, Table 16-7) data.

Domestic tourism is also showing substantial growth in China. This is partially a

consequence of the decision in 1992 of the Party Central Committee and the State Council to accelerate the growth of tertiary industry and is also a consequence of rising incomes. According to (CNTA) the National Tourism Administration (1993, p. 22), about 330 million people engaged in domestic travel in 1992, a 10% increase over the previous year and associated expenditure was about 25 billion yuan, up 25% on the previous year. An increasing proportion of domestic travellers are making use of travel agencies. About one-third of all domestic travellers in 1992 availed themselves of the service of travel agencies. CNTA (1993, p. 23) observes that 'Domestic tourism is now transforming from [a] state of spontaneous travel to being marketed and organized by travel services'.

It is estimated that the 38.1m external visitors to China in 1992 and its 330 million domestic travellers spent between them around US\$4 billion (State Council, 1994, p. 5).

3. Policy Aspects

Following China's economic reforms and the introduction of its open-door policy, it was necessary for China to expand its tourist industry to cater for overseas visitors in order to expedite business deals, investment and foreign assistance. After 1978 China's tourism policy emphasised the economic benefits of foreign tourism in China, whereas before this the main emphasis was on political benefits (Uysal et al., 1986, p. 113). The importance of foreign tourism as an earner of foreign exchange came to be increasingly stressed. The earning of foreign exchange was seen as important as a means for enabling China to carry out its modernisation programme. Zhao Ziyang (1987) in addressing the Thirteenth National Congress of the Communist Party of China, on behalf of its Central Committee, emphasized that more should be done to expand export-oriented industries especially the tourism industry catering for foreigners so as to increase foreign exchange earnings.

However, the development of domestic tourism was not afforded a priority and still suffered from the Marxian stigma of being regarded as an unproductive industry. Nevertheless, domestic tourism increased despite the lack of positive Government support for it. It was only in 1992 that the State Council decided to look upon the expansion of tertiary industries favourably, including the expansion of the domestic tourism industry.

In line with the new attitude of the Chinese Government towards domestic tourism, the State

Council in August 1992 decided to provide incentives for the development of holiday resort areas. In October, 1992, 11 national resort areas were approved: Jinshitan in Dalian, Shalaoran in Qingdao, Tai Lake in Jiangsu, Hengshadao in Shanghai, Zhijiang in Hangzhou, Mt. Wuyi in Fujian, Meizhoudao in Fujian, Nanhu Lake in Guanzhou, Dimanchi Lake in Kunming, Sanya in Yalong Bay and Yintan in Beihai (National Tourism Administration, 1993, p. 13). The National Tourism Administration (1993, pp. 13-14) reports:

'The development of national holiday resorts is a measure taken to transform China's traditional sightseeing tourism to a combination of sightseeing and holiday-making' and to help China realize its goal of a total expenditure on tourism of US\$10 billion by 2000. By 1993 infrastructure construction was underway at most of these resorts.

China wisely plans to increase the share of tertiary industry in its gross national product by the year 2000 and as part of this strategy it aims to 'develop non-polluting environment friendly 'green' tourism' (Administrative Centre for China's Agenda 21, 1994, p. 12). It suggested in China's Agenda 21: White Paper on China's Population, Environment and Development in the 21st Century (State Council, 1994, p. 58) that, 'New routes for tourist attractions should be opened up and tourism resources should be protected to promote pollution-free and environmentally-sound tourism. Tourist-oriented road transportation facilities, airports and related services (including catering establishments) should be constructed. Appropriate ways should be found to solve problems in sewage disposal, refuse collection, goods transportation, waste disposal and to strictly control sources of hazardous pollution at scenic spots.'

This suggests that the tourism industry may not be as clean an industry as sometimes painted. One of the earlier arguments put forward in China in 1980s for expanding the tourism industry to cater for foreigners was that it is an environmentally benign industry. However, this is not necessarily the case. The infrastructure required for the industry can be environmentally damaging, its wastes can cause problems and so on. A number of examples are given in Tisdell and Wen (1991b). In assessing the environmental impacts of tourism one must not only look at first round effects but secondary effects also e.g., increased demand for power and water and their infrastructure requirements. Very often tourist demand shows a seasonal peak, as at Guilin, and this overloads public utilities at critical times of the year. At least *China's Agenda 21* points to the need for tourism development to be environmentally sensitive.

China also intends to use tourism as part of its plans for conservation of biodiversity. Ecotourism demonstration projects are planned. *Agenda 21* (State Council, 1994, p. 177) states the following: 'This type of project can be carried out in nature reserves such as Mount Changbai, Mount Wuyi and Changli Golden Beach. In terms of recreational tourism, the projects will include establishing tourist routes, defining the carrying capacity for tourism and establishing the necessary service and management facilities. Tourist activities will be designed to offer education about the protection of biodiversity so that public awareness-issues can be raised in the process of realising economic benefits'. The possibility of using ecotourism as a support for biodiversity conservation is also mentioned in *China: Biodiversity Action Plan* (Xie Zhenhua, 1994) and the Ministry of Forestry is developing a number of ecotourism projects.

The increased emphasis on developing tourism is growing at the provincial, prefectural and county levels. For example in February 1993, the Yunnan Provincial Government accepted a document setting out recommendations for enhancing the development of tourism (Yunnan Provincial Government, 1993). It recommends amongst other things, the setting up of a Tourism Development Fund of 200 million Rmb mainly for the provision of infrastructure favourable to tourism and the supply of tourism properties. Departments of the Provincial Government are asked to treat tourism development favourably and financial institutions are requested to make finance available for the development of tourism projects on favourable terms. Joint ventures are to be encouraged. In general this document gives the 'green light' to the development of the tourism industry and to departments giving special support to this. The document also stresses the Province's intention of increasing its level" of tourism with Southeast Asia. As the discussion of the case of Xishuangbanna illustrates, tourism is now being case as leading industry for economic development.

While there has been considerable growth in tourism in China, as Tisdell (1993, Ch. 11) and Tisdell and Wen (1991a,b) point out it is not all plain sailing. Some of the problems that have emerged are the following:

- (1) Inadequate attention to market demand prior to constructing hotels resulting in excess capacity especially in remoter areas and in accommodation not always tailored to the needs of foreign tourists. There has been, for example, a relative oversupply of high class accommodation and an undersupply of economy-type accommodation. There is still much non-business influence on tourism

development in China.

- (2) There has been a tendency to concentrate on investment in private goods, e.g., hotels, for tourism and in relative terms, to neglect the upkeep of public facilities for tourism, e.g, gardens, museums, natural environmental attractions.
- (3) Tourism development has frequently been unbalanced. For example, hotel construction and capacity in some areas has expanded at a much faster rate than the capacity of infrastructure to service tourists, e.g, the capacity of the transport and telecommunications systems to cope with tourists. In addition, tourism staff in the past have not always been adequately trained.
- (4) In some areas, environmental problems have emerged due to the rapid expansion of tourism. In the peak tourist season in Guilin for example, it proved impossible to treat all the sewage.
- (5) Doubts have also been raised about whether the special concessions such as tax holidays, given to foreign investors in the Chinese tourism industry are too generous in relation to the net economic benefits received by China.
- (6) In making tourism a leading-industry, China must be careful to avoid the type of mistakes that it made in the past by adopting 'commanding heights' strategies. For example prior to 1978, it concentrated on the growth of heavy industry without proper attention to demand and economic efficiency considerations.

In the latter respect, it should be noted that the development of the Chinese tourism industry is still significantly influenced by government officials. Many seem to believe in supply-led tourism development with the need for a big-push involving investment in tourism projects and infrastructure to establish the industry firmly. Consequently pressure is placed on the government to supply infrastructure to encourage this growth of tourism. Usually its supply constitutes an indirect subsidy to the tourism industry. Political pressure for the provision of more infrastructure may come initially from those in the tourism industry but it is often supported by other local people or their representatives because they also hope its benefit from such infrastructure. The economics of such development may not always be well assessed because of such political pressures.

4. Tourism and Economic Decentralisation in China

As is well known, China has experienced uneven economic development with its eastern provinces showing much faster economic development than its western provinces. Considerable inequality in regional incomes has emerged and the gap, between regional incomes appears to be increasing at least in absolute terms. It is interesting to consider in this context the role which tourism development might have played in offsetting this uneven development. It is sometimes claimed that tourism development favours decentralisation.

Nevertheless, Chinese evidence does not support the hypothesis that its tourism development has on the whole reduced inequality in its regional development. In fact, the evidence points the other way - to date tourism development has reinforced the inequality of China's regional development. The bulk of its foreign tourists and external visitors spend most or all of their time and outlays for tourism in the eastern provinces of China. For example, in 1992, nine cities/provinces in the east (Beijing, Tianjin, Liaoning, Shanghai Jiangsu, Zhejiang, Fujian, Shandong, Guangdong) earned 67 per cent of China's GDP, accounted for 31 per cent of its population but receive 97.8 per cent of its foreign tourists and 85 per cent of their expenditures.

When Gini coefficients are considered, the contribution of foreign tourism to inequality becomes clear. In 1992, the Gini coefficient for provincial (regional) gross product was 0.392 based on data in the Almanac of the Chinese Economy 1993. Jie Wen, using data in the National Tourism Administration (1993), has estimated the following Gini coefficients for tourism inequality between provinces/localities: Number of foreign tourist arrivals (0.705), tourist receipts (0.747) and hotel receipts (0.781). The higher the Gini coefficient the greater the degree of inequality indicated. Thus we conclude that foreign tourism indicators suggest that tourism is much more unequally distributed than regional gross product. In fact, tourism development in China has reinforced inequalities in development that have otherwise occurred in China. This is not to say that some provinces in the west have not benefited from tourism - Shaanxi, Sichuan and Yunnan have but not to the extent of major eastern localities.

It might also be noted that the above inequality coefficients correspond to first round effects and do not take account of economic leakages from localities or indirect centralisation in the provision of tourism services. Economic leakages tend to be higher from remote localities and transport and communication services are often highly centralised in their provision. Thus the

impact of tourism in decentralising development may be even smaller than suggested by the above statistics. Research on this topic is still in progress.

5. The Nature and Development of Tourism in Xishuangbanna Dai Autonomous Prefecture

As pointed out above, the development of the tourism industry in China has been uneven with the most growth occurring in the major cities and eastern localities. Xishuangbanna Dai Autonomous Prefecture in southern Yunnan for example, did not start to be targeted for tourism development until 1985 and its southernmost county, Mengla county was not opened to foreign tourists until 1993. Let us consider the nature and development of tourism in this Prefecture.

According to the Director of the Tourism Development Bureau of Xishuangbanna, the tourism industry caters for six activities: (1) eating and dining (2) accommodation (3) travelling (4) purchases of souvenirs and commodities (5) entertainment and (6) local sightseeing. It is consequently an industry with wide economic implications especially when one considers the indirect economic impacts of such activities.

According to the Director of Tourism Development Bureau of Xishuangbanna, the number of domestic tourists to Xishuangbanna in 1993 was estimated to be 1 million and foreign tourists to be 15,300 (including persons from Hong Kong and Taiwan who constituted the bulk of such visitors). In terms of tourist numbers, Xishuangbanna is the fourth prefecture in Yunnan but in terms of income generated it is second after Kunming (Pers. comm. Director of Tourism Development Bureau of Xishuangbanna, Oct. 1994). Numbers of tourists are rising at about 20 per cent per year.

Tourism has been accepted by the Ministry of Economic Development as a pioneer industry or important industry for the economic development of Xishuangbanna and it is anticipated that it will develop into a major industry for Xishuangbanna. The Ministry of Economic Development is providing special incentives to promote tourist and border industries supportive of tourism. Development zones have for example been established in a number of towns and tourist-related industries encouraged to locate in these.

In 1994 there were about 100 tourism-related enterprises in the Prefecture. Furthermore, in 1993 tourism accounted for an estimated 20 per cent of the value of the gross product of Xishuangbanna. So it is already a significant industry in the Prefecture.

The Director of the Xishuangbanna Tourism Development Bureau (pers. comm. October, 1994) has outlined a number of tasks to be done and difficulties to be overcome to develop tourism. These are:

- (1) To improve the 'software' of the local tourism industry, mainly to improve the quality of services and mechanisms for the management of tourist businesses and the industry.
- (2) Major constraints on the growth of tourism in the Prefecture are transport bottlenecks and difficulties. Although Jinghong, the capital of Xishuangbanna, is only 20-30 minutes from Kunming by air, the only airline permitted to fly there is Yunnan Airlines. Demand for seats exceeds available places. The alternative is a rather arduous bus journey of about 2½ days from Kunming to Jinghong. To rectify this situation, authorities in Xishuangbanna Prefecture are pressing for:
 - a. permission for airlines from any part of China to fly directly to Jinghong and,
 - b. for Jinghong Airport to be upgraded to an international one able to receive direct flights from other countries. Flights from Thailand, Singapore and Vietiane (Laos) are seen as possibilities.
- (3) A survey of the tourism resources of Xishuangbanna is to be completed. This is being done on a county basis. The survey has been completed for Mengla county, was in progress in October 1994 for Jinghong county, and will be completed in 1995 for Menihai county, thus completing the survey for all of the three counties in the Prefecture. Surveys so far have helped to identify tourism assets which were previously not known.

After these surveys are completed (after August 30, 1995), the Xishuangbanna Tourism Development Bureau will prepare an overall plan for tourism development in the Prefecture and will formulate some regulations controlling the management and use of tourism resources.

- (4) The Tourism Bureau will focus on the training of tourist guides and managers. It will require guides to be registered and to wear an identification card.
- (5) The Bureau plans to accelerate scenic site development and development of the manufacturing of tourist products while at the same time instituting quality control and measures to ensure conservation of tourism assets. The following is intended:
- a. *Scenic sites.* Once the cataloguing of the scenic sites is completed for the Prefecture, a **limited** number will be selected for development. These are likely to be those which it is easiest to reach and account will be taken of the environmental impact of tourism in selecting sites and in managing these. Expression of minority cultures is to be encouraged and steps will be taken to preserve the built environments of minorities.
 - b. The Tourism Bureau will control investment in tourism by the state, collectives, individuals, the Nature Reserve Bureau and the Forestry Department under regulations which give the Tourism Bureau this power. Each authority involved in tourism or having a substantial investment in it will be required to draw up a tourism development plan for approval by the Xishuangbanna Tourism Bureau. Investment in tourism development will require the approval of the Bureau and must accord with the Prefectural Tourism Development Plan.
 - c. The Bureau will address the question of competition between development and conservation. It intends to support conservation actively not passively. In cases where a tourist site is to be opened for tourism, it will need to be sure that it can be protected. If insufficient resources are available to protect any sites, the preference of the Tourism Bureau is to have the sites closed to tourism therefore preserving these for future generations.

The average tourist to Xishuangbanna spends 3 nights there. This is also the average length of stay in Jinghong. Most tourists make Jinghong their base only venturing out for day tours. Consequently tourism is relatively centralised in the Prefecture. Day tours are often very long and may involve journeys to Laos and Myanmar (Burma): The length of stay of Chinese tourists in Xishuangbanna is quite short because the period which Chinese have for annual holidays is very short. Given the range of attractions available in Xishuangbanna, a stay of 5-

7 days would appear to be more appropriate for a tourist to see the main attractions. The Director of the Xishuangbanna Tourism Development Bureau estimates, that tourists to Xishuangbanna spend on average ¥1000 during their visit (Pers. Comm. October, 1994). His suggested breakdown of this expenditure for a 3 night (4-day) stay is:

	%	¥	¥ per day (approx.)
Food and drink	12	120	30-40
Accommodation	15	150	50
Local transport	20	200	40
Air fare	35	350-	-
Other	18	180	45

He estimates that approximately 40 per cent of the goods purchased by tourists in Xishuangbanna Prefecture are obtained from outside the Prefecture. However, economic leakages are bound to be much higher in some cases than indicated for this figure, for example in relation to the air fare.

Six standard tours are available using the Prefecture as a base. These are:

- (1) Jinghong to Dalao at the border with Myanmar (Burma) crossing to Xia Mengla on the Burmese side.
- (2) Jinghong via Gannanba (Menglung and Mengla) to the Menghan crossing to Laos.
- (3) Down the Lancang (Mekong) River by ferry to the Golden Triangle in Thailand.
- (4) Tours within Jinghong County.
- (5) Tour from Jinghong to Mengyang village to San-Ca-He scenic site in Mengyang Subreserve.

The Director of the Xishuangbanna Tourist Development Bureau said that 90 per cent of tourists to Xishuangbanna participate in a cross border tour with most travelling to Burma. Most Chinese visitors do not participate in ecotourism even though the Chinese government is interested in developing ecotourism. He suggested as reason's that:

- (a) Chinese adopt a passive rather than an active approach to recreation as a part of tourism.
- (b) Most Chinese have a very short time for their holidays.
- (c) They generally regard the forest as a dangerous and hostile environment.

Despite this, the Director agreed that the Nature Reserve Bureau and the Ministry of Forestry have an important role to play in promoting tourism in Xishuangbanna. It is regarded as the 'green gem' of China and its nature reserves and forest may be attractive to foreign visitors. It seems in any case that a 'halo effect' from the presence of the Reserve and forests may help generally in attracting tourists to Xishuangbanna but no in depth study has been done on this subject as yet.

During my field trip to Xishuangbanna in October 1994, a study of tourism development in Mengla County was completed and in addition ecotourism development within Xishuangbanna State Nature Reserve was studied. The results of these studies will appear in the working paper series *Biodiversity Conservation: Studies in Economics and Management, Mainly in Yunnan, China*, Department of Economics, The University of Queensland. These studies provide first-hand accounts of recent tourism developments in China and of the problems being encountered.

6. Opportunities for Overseas Businesses and Conclusions

China has experienced a rapid increase in foreign tourism. In addition, domestic tourism has started to grow rapidly in China. This is taxing China's infrastructure for supporting this industry. Deficiencies in transportation and in telecommunications have become evident. Provision of infrastructure is providing business opportunities for overseas firms and as well there is considerable overseas investment in China's hotel industry.

Opportunities exist in China for overseas travel agencies to increase their links with Chinese travel agencies. There are now a large number of independent travel agencies in China. In addition, The Ministry of Forestry has established travel agencies specialising in ecotourism. For example, the Yunnan Forestry Department has such an Agency and is anxious to establish foreign contacts. The Bureau of the Xishuangbanna State Nature Reserve also has

such an agency and welcomes foreign contacts. Foreign partners for involvement in joint ventures to develop ecotourism are being eagerly sought, e.g, by this Bureau.

It is now becoming easier for foreigners to visit China. For example, direct and frequent between Thailand and Yunnan make it easy for Australians to visit this part of China. Direct air links with different locations in China and Southeast Asia are expanding.

On the other hand, Chinese visits to foreign countries are primarily limited to visits for business and education and rarely (at least, officially) are for pleasure. As Chinese incomes rise, particularly those on higher incomes, political pressure is likely to increase to permit freer international travel and overseas countries may gain Chinese tourists as a result. Already China has made it possible for Chinese to visit Hong Kong and Thailand solely for tourist purposes. For the time being, however, the balances of tourism is likely to remain in China's favour.

In undertaking any business venture in China or elsewhere, care is of course needed. It is not hard to find examples of joint ventures in tourism development in China which have been in financial failure. For example, a Dai village was built in the grounds of the Menglun Botanical Gardens in Xishuangbanna as a joint venture of the Chinese Academy of Science with a Hong Kong business partner. The village was intended to provide accommodation. However, it has had very low occupancy rates and has continually made a loss. Consequently the Hong Kong partner has withdrawn from this venture.

Despite such problems and difficulties noted in this article, China's tourism industry will continue to expand. There is still scope to increase the number of external visitors but in the next few decades domestic tourism may experience the largest amount of growth and domestic tourism may become more leisure-oriented as for .example foreshadowed by plans to develop national holiday resorts. Just how well tourism development will be combined with environmental protection remains to be seen. *China's Agenda 21* suggests that a high priority will be given to harmonising these two aspects. However, considerable vigilance and wise policy choices will be needed to make this harmonisation a reality.

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