

# CHINESE TOURISM INDUSTRY STAGNATING?



Chinese tourism industry has last year witnessed a first drop since 2003. The numbers of visitors have decreased to 130 million in 2008 compared to 132 million tourist arrivals in 2007. Chinese tourism has been obviously hit by the global financial crisis. The most important source market for the People's Republic is the United States, Europe and Japan, which all have problems with the economic meltdown. Local experts suppose that the country will receive a full hit from the crisis in the first half of 2009.

It is not only the global economic crisis that has caused the drop. There has been the Sichuan earthquake, snow storms in southern China and also the Tibet riots. The Olympic Games in Beijing did not attract 500,000 visitors as planned. The reason for this is partly the tougher visa policy as well as the extraordinary security measures. All these factors combined negatively impacted the Chinese tourism industry. The financial crisis, however, appears to be the major reason for the downturn.

China struggles to keep the economy up and running. They lean towards the domestic travel to balance the loss of foreign tourists. Agencies cut their prices and offer trips to sunny destinations in hope that people will enjoy escaping the winter for a while. According to surveys, the Chinese are still eager to travel.

Last year 46 million mainland Chinese traveled abroad and the number is expected to grow to 50 million this year. Chinese officials want to fight the economic problems by expanding the service industry and domestic consumption. There are even plans for a paid vacation system that would help the domestic tourism industry. The National Tourism Administration hopes there will be a 9 per cent increase in domestic travel in 2009. The competition in Chinese tourism becomes rather fierce therefore it is vital for the industry players to have a very proactive approach to the development of their products.

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