Safety and Security Issues Affecting Inbound Tourism in the People’s Republic of China

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Learning Objectives –

TO

• Acknowledge that destinations are particularly vulnerable to political, economic and social stability;
• Identify the main risk factors to tourism;
• Understand how these issues can damage destination image and impact tourism demand;
• Become familiar with tourism development in the People’s Republic of China;
• Learn about the safety and security situation in China and examine which factors deterred or might undermine tourism growth.
**Introduction**

Over the past few years, the tourism industry has been seriously undermined by the growing lack of safety and security. This factor has been identified as one of the five forces causing changes in the tourism sector in the new millennium. Crime, terrorism, food safety, health issues and natural disasters are the main areas of concern. However, these issues only started to gain more visibility after the September 11th events. Terrorist attacks have also been experienced in other parts of the world and they are pushing the travel industry to deal with a major travel paradigm shift, which is based on the fact that tourism security is now a key concern for travellers. It is now widely accepted by the international community that the success of the tourist industry in a particular country or region is directly linked to its ability to offer tourists a safe and pleasant visit. Governments, travel agents and news media periodically issue warnings about the risks associated with international tourism. Tourists are urged to buy guidebooks and obtain vaccinations as precautions against such risks.

For quite a long time the influences of safety and security for tourism had been ignored in literature, particularly the issue of safety in the destination country as a determinant of tourism demand. Tourism literature is now turning its attention to matters of safety and security, which were classified among the ten most important world tourism issues for 2004. Previous research has pointed out four major risk factors: **crime** (Albuquerque & McElroy, 1999; Alleyne & Boxill, 2003; Barker & Page, 2002; Barker, Page, & Meyer, 2002; Barker, Page, & Meyer, 2003; Brunt, Mawby, & Hambly, 2000; Dimanche & Lepetic, 1999; George, 2003; Lepp & Gibson, 2003; Levantis & Gani, 2000; Lindqvist & Björk, 2000; Mawby, 2000; Roehl & Fesenmaker, 1992); **health-related risks** (Cartwright, 2000; MacLaurin, 2001; MacLaurin, MacLaurin, & Loi, 2000); **terrorism** (Coshall, 2003; Kuto & Groves, 2004; Leslie, 1999; Pizam & Fleischer, 2002; Pizam & Smith, 2000; Sönmez, 1998; Sönmez, Apostolopoulos, & Tarlow, 1999; Sönmez & Graefe, 1998; Tarlow, 2003); **war and political instability** (Ioannides & Apostolopoulos, 1999; Neumayer, 2004; Richter, 1999; Weaver, 2000). Concern for crime and safety, whether real or perceived, has been clearly identified as adversely affecting tourism behaviour, influencing destination choice and experience satisfaction. Political instability and war can increase the perception of risk at a
destination. Similarly, terrorism can cause a profound impact on destination image. Health hazards are also regarded as potential issues that can undermine tourism development. All disasters can divert tourism flows away from affected destinations, but war, terrorism or political instability have much greater psychological negative effect on potential tourists when planning their vacations (Cavlek, 2002). This applies not only to the time of crisis, but also to the period following it.

Although there is no evidence of a threat from global terrorism in the People’s Republic of China (PRC) and the country’s image is seen as generally safe, there are some issues related to political instability, health, safety and security concerns that have caused disruptions in growth rates. Since safety and security directly influences decisions in international travel, this work researches into the consequences of relevant events that have caused major disturbances in inbound tourism in the PRC, namely the Tiananmen Square incident and the outbreak of Severe Acute Respiratory Syndrome (SARS). In addition to these two main issues, which till now were the only ones capable of deterring China’s booming domestic and international tourism industry, other important issues will be discussed. Other epidemic diseases (such as HIV/AIDS, the avian influenza and mosquito-borne diseases); crime directed at foreigners in major cities and tourist areas; road and air safety; natural disasters (earthquakes, flooding and typhoons); cross-strait relations; restrictions on public demonstrations, political and religious activities, constitute important considerations that will be also addressed throughout the work.

Tourism safety and security in China

Safety and security as seen by guidebooks

A useful way to study the evolution of travellers’ safety situation in China is through guidebooks. Although these do not constitute scholarly works, they convey the impressions of professional travel observers and are widely disseminated among prospective travellers, playing a large part in the creation of a destination image. Although nowadays there is no lack of travel guides, the present work has focused on Lonely Planet because it is one of the best-selling English-language guidebooks, and it was the first to be published on China (the subsequent guide on China – the Rough Guide – was published 13 years later). Lonely Planet’s first edition was issued in
October 1984, six years after the country’s opening up to international tourism, targeting primarily budget and independent English-speaking travellers, particularly young people. The comparison between Lonely Planet’s first edition and the last edition (8th edition, published in August 2002) is very useful to identify the consumer’s image of China’s safety and security evolution over the past eighteen years.

The 1984’s section on health sounded a bit alarming, starting with the notification that cholera and yellow fever vaccinations were required for travellers leaving certain areas. Malaria and hepatitis were identified as serious infectious diseases in China. Tetanus, diarrhoea and drinking water problems also received special attention. The 8th edition expanded on the health risks’ section, but was more reassuring. It noted that although China had particular health hazards and that some problems can be encountered in isolated areas, it is a healthier place to travel to, compared to other parts of the world. Sexually transmitted diseases, with special attention given to HIV/AIDS, were pointed out as something that foreigners should be cautious about, due to the fact that they are becoming more widespread in China.

Regarding physical safety, the first edition presented China as a not exactly crime-free country, but not especially dangerous. However, the authors devoted several paragraphs to the unsettling nature of the Chinese justice. The edition of 2002 identified economic crimes as the most common offences committed against international travellers. Foreigners were pointed out as natural targets for pickpockets and thieves, with certain cities, like Guangzhou, Guiyang and Xi’an, as the most notorious examples of this type of crime. High risk places were mainly train and bus stations. Nevertheless, some more violent crimes, with foreigners being attacked or even killed for their valuables, were reported in more rural locations, thereby stressing that individual travelling to those areas should be regarded as high risk. Terrorism activities were also reported, although it was highlighted that foreign travellers were not specific targets.

Racism in China is not a real problem. Its existence is not recognized by the Chinese people; however, racial (ethnic) purity is still the desired norm. The isolationist position imposed by the Communist leaders over more than three decades, coupled with a millenary self-centred vision of the world, did really have a lasting effect on Chinese people (Huyton & Ingold, 1997). Although it is unusual to encounter direct racism in
the form of insults or to be refused services in China, especially directed at white people coming from prosperous nations, Africans or people of African ancestry and travellers from other Asian nations can face discrimination. The old dual-pricing system for foreigners was identified in the 2002 edition as fundamentally racist. This discriminatory pricing was exemplified in the 1984 edition, referring several times to the higher costs charged to foreigners.

'The cost of hotel rooms depends on what you are. If you have a white face and a big nose then you pay the most. The Chinese also attempt to plug you into the most expensive of the tourist hotels, and to give you the most expensive rooms. They do this for two reasons; they want the money, but also they think you’re spectacularly wealthy, and that you’ll want to do things in spectacular style… they’re not trying to rip you off, they’re just trying to please you' (Samalgaski & Buckley, 1984, p. 186)

Prices and services showed racial disparities, regardless of the person’s willingness to pay. Overseas Chinese (holders of a Chinese passport who reside outside China in countries or regions other than Taiwan, Macao and Hong Kong) or compatriots (visitors from Taiwan, Macao and Hong Kong) were frequently refused service, or given poor service (anyway the quality was generally low, as employees had very little knowledge of international standards), just because they paid less than foreign visitors. Foreign visitors, on the other hand, often felt embarrassed and annoyed by their preferential treatment (Zhang, 1995).

This special treatment took place not long after the end of the Cultural Revolution. The hard-line communist leaders’ way of thinking that characterized the Cultural Revolution period had fostered anti-foreign sentiments, resulting in foreigners in China being insulted and badly treated. Under the new government kow-towing policy they received special treatment, while the government relegated its citizens to an inferior condition (Richter, 1983). The campaign against “spiritual pollution” from the West was launched in China in the mid 1980s, but it did not affect tourism, as the attack on “spiritual pollution” was deliberately kept as a low key internal affair, and most tourists were quite unaware of it (Lynn, 1993). Nonetheless, the Chinese ambivalent attitude towards foreigners has naturally affected how they handle tourists. As a 1930s writer once said, 'throughout the ages, Chinese have had only two ways of looking at foreigners, up to them as superior beings or down on them as wild animals. They have never been able to
treat them as friends, to consider them as people like themselves’ (quoted in Richter, 1989, p. 32).

**State-of-art of safety and security**

Travel warnings and advice issued by governments of the main outbound tourist markets to China were analysed in an attempt to verify major concerns regarding the safety and security of their citizens while travelling in China. With the aim of acquiring a broad picture of the nature of those concerns, research was conducted in order to identify what type of information had been released to travellers to China in each world region. Government organizations, as well as some international agencies, were the main source of information regarding potential disruptions to tourism in China. Although nine countries were firstly considered as significant to analyse (Japan, USA, UK, Canada, Malaysia, Korea, Germany, Russia and Australia), it was soon realized that only English-speaking countries, with the exception of Japan, had such information available to their citizens on the Internet, which is a useful and rapid way to disseminate information. As tourists tend to be better informed about destinations prior to their trip, travel advisories issued by competent entities are of crucial significance. The facts presented below are thus based on the information collected from travel advisories issued by governmental agencies (the content of those warnings was found to be very similar), thus permitting the construction of an image of China’s safety and security situation, and how it is regarded by its main tourist generating markets.

**Table 1 – Major inbound markets to China that have issued travel information about safety and security**

<table>
<thead>
<tr>
<th>Position in the rank of China’s inbound markets</th>
<th>Country</th>
<th>Issued by</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Japan</td>
<td>Ministry of Foreign Affairs &lt;br&gt;<a href="http://anzen.mofa.go.jp">http://anzen.mofa.go.jp</a></td>
</tr>
<tr>
<td>4</td>
<td>USA</td>
<td>Bureau of Consular Affair &lt;br&gt;<a href="http://travel.state.gov">http://travel.state.gov</a></td>
</tr>
<tr>
<td>9</td>
<td>UK</td>
<td>Foreign &amp; Commonwealth Office &lt;br&gt;<a href="http://www.fco.gov.uk">http://www.fco.gov.uk</a></td>
</tr>
<tr>
<td>10</td>
<td>Australia</td>
<td>Department of Foreign Affairs and Trade &lt;br&gt;<a href="http://www.smartraveller.go.au">http://www.smartraveller.go.au</a></td>
</tr>
<tr>
<td>11</td>
<td>Canada</td>
<td>Consular Affairs Bureau &lt;br&gt;<a href="http://www.voyage.gc.ca">http://www.voyage.gc.ca</a></td>
</tr>
</tbody>
</table>

### 1. Terrorism

Because of the economic damage that can be inflicted on a country’s tourism industry, its visibility and the leverage it may have on governments, some terrorist and organized
crime groups have targeted tourism directly. The fact that in the September 11th terrorist attacks passenger airplanes, which are a key part of the tourism system, were used as weapons, has had a damaging psychological effect. These attacks strikingly impacted the tourism sector worldwide, being more dramatic than any other crisis in recent years (WTO, 2001). In Asia, the situation has deteriorated as a result of regional terrorism, especially the October 2002 Bali bombings, which exacerbated people’s reactions regarding Asia as a tourist destination.

There is no evidence of global terrorism in China, although a small number of bomb-related actions and incidents of unrest do occur. Over the past ten years there has been an increase in bombing events throughout the country. However this does not constitute a serious threat to tourists, since foreigners are not specific targets. Nonetheless there is always the risk of indiscriminate attacks against civilian targets in public places, including tourist sites. These bombings are often the result of commercial disputes among Chinese; however terrorist attacks are also common, many of which have been linked to the Eastern Turkistan Islamic Movement (ETIM), also known as Xinjiang-Uyghur separatist movement. ETIM was designated a terrorist organization by the United Nations in 2002 and is currently active in the Xinjiang Autonomous Region. Xinjiang is largely constituted by Muslim Turkic-speaking minorities (Uygurs, Kazakhas, Kirghizs and Uzbeks) and there have been ethnic tensions between these four groups and the Han people for quite a long time. These conflicts have promoted the upsurge of a movement calling for the Turkic-speaking people to unite and form an East Turkistan state under Islam. Since the 1990s, various factions of the ETIM have engaged in a series of violent incidents (supported and funded by Al Qaeda), both inside and outside China, which were responsible for a total of 166 deaths and more than 440 injuries, and for a serious negative impact on social stability in China and in neighbouring countries (Wang, 2003).

2. Crime

Crimes against tourists result in bad publicity for destinations and create a negative image in the minds of prospective visitors. Tour operators tend to avoid destinations that have the reputation for crimes against tourists (Goeldner & Ritchie, 2002). They also play a very important role in creating the image of destination and can significantly
influence international tourism flows towards a country hit by safety and security risks (Cavlek, 2002).

Overall, China is a safe country, with a low but increasing crime rate. Serious crimes against foreigners are rare. Nevertheless, crime does occur both in Chinese cities and in the countryside. Crime directed at foreigners is becoming more frequent in major cities and in tourist sites, which attract thieves and pickpockets. Attacks and robberies of foreigners in popular expatriate bar and nightclub areas in Beijing and Shanghai and in the shopping district of Shenzhen are common. Minor thefts and sexual harassment on overnight trains and buses tend also to occur. The most remote areas of China are poorly policed and there is the risk of attack from armed bandits. In Yunnan, drug smuggling and related crimes are increasing. Money exchange on the black market at better rates is frequent in China. Foreigners tempted to exchange money this way, besides breaking the law and possibly having to incur charges, face the risk of short-changing, rip-offs and receiving counterfeit currency, which is a problem in China.

Since China started its economic reforms social institutions (which moulded thought and behaviour, rewarded compliance and punished deviance) have been seriously weakened. The loosening of formal and informal controls as a result of the changes in social structure that have accompanied economic reform, alongside the unequal distribution of health, have led to a significant increase in crime (Deng & Cordilia, 1999; Xiang, 1999). One of the most notable trends is the dramatic rise in serious economic crimes; it seems that getting rich is becoming an obsession. Indeed, since the official slogan which proclaimed that 'to get rich is glorious', materialism became the dominant ethos of the reform era. Juvenile delinquency has also drastically increased, becoming more serious and violent in nature; the criminal motivation is mainly money (Xiang, 1999).

Some of the responses adopted by the Chinese government aiming to maintain social order and to reduce crime consist of intensification of programs of legal education that teach people about the law and its requirements. The revival of traditional Confucian values to increase people’s awareness of the appropriate balance between individualism and collective responsibilities, and the revitalization of informal social controls programs can also be felt (Deng & Cordilia, 1999; Xiang, 1999). Indeed, social control
has always been successfully attained through informal organizations and indigenous institutions, which regulate much of social life. The empowerment of the masses to take control of community’s welfare (mass-policing) is one of the best ways to engage people in fighting crime.

3. Health risks

People are normally more susceptible to health hazards while travelling. These can range from minor upsets to infections caused by serious diseases. The World Health Organization (WHO) reported that the following diseases can occur in China: cholera, hepatitis A, malaria, tuberculosis and typhoid fever. Mosquito-borne diseases, such as dengue fever and encephalitis B (endemic in rural areas of Southern China from June to August) can also be encountered, although they do not pose a serious risk to travellers. Rabies’ infection is also frequent; China has 1,000 human rabies cases every year. Travellers planning to visit regions where these diseases are common are advised to take medication against them. The use of mosquito repellent is also recommended.

Western-style medical facilities with international staff are available in large cities in China. However, in rural areas, medical personnel are often poorly trained, have little medical equipment or availability of medications. Air pollution is also a problem throughout China; seasonal smog and heavy particulate pollution are an issue for travellers, especially for those with respiratory problems.

3.1 Avian influenza

Epidemics of avian influenza (bird flu) were reported in the beginning of 2004 in parts of Asia and 34 human cases were confirmed in Vietnam and Thailand, with a total of 23 deaths. Although an outbreak of bird flu was confirmed in China, no human cases were reported, but even if travellers were unlikely to be affected, they were warned to avoid bird markets, farms and places where they might come in contact with live poultry. A second wave of avian influenza infection was reported in late June 2004, when new fatal cases among poultry were communicated to the WHO, and subsequently there were more fatal human cases in Vietnam and Thailand. In July 2004, China was affected by this new outbreak, and one month later it was discovered that pigs had been infected with the strain of avian influenza. Although findings on the possible spread of the infection among pigs (and its transmission to people) are still preliminary, human
infection with avian influenza viruses still remains a public health hazard. Travel precautions are being issued in order to provide information to travellers, but no recommendation to avoid the affected areas has been made.

3.2 Sexually transmitted diseases
Although two thirds of the world’s population infected with HIV is located in sub-Saharan Africa, the preponderance of new infections is likely to shift to Asia in the coming decades (Burgess, Watkins, & Williams, 2001), being already well established in the region. Recent social and economic changes in China greatly increased the potential for a substantial HIV/AIDS epidemic, which is already causing great concern, given the growth rates observed in the past decade. Ignorance about the disease, poor sterilization practices and unsafe blood transfusions contribute to its transmission, as well as that of hepatitis. China is one of the world’s great reservoirs of hepatitis B infection.

In 2003, China ranked 13th in the world, with 840,000 people infected with HIV/AIDS; the number of deaths reached 44,000. It presented 0.1 percent of adult prevalence rate (estimated number of adults living with HIV/AIDS). HIV is currently concentrated in the south-western province of Yunnan, near the Golden Triangle. The increasing use of drugs, the rapid expansion of open commercial sex activity (prostitution has become a massive industry in China over the past decade, most noticeable in Zhuhai, Shenzhen and Macao) and liberalizing sexual climate (the emergence of the homosexual “underground”) may support an expanding epidemic throughout the country. Some experts speculate that China will have 10 million cases of HIV by 2010 (Harper et al., 2002).

In August 2004, China has revised its law on the prevention of infectious diseases to include the first reference in the legal code to AIDS, which reflects a shift in the government’s AIDS policy. The new law, which contains specific clauses on blood donation, stipulates that governments of various levels should strengthen prevention and control of AIDS and take measures to prevent the spread of the disease. It also specifies punishments for anyone concealing the spread of a disease, clearly showing a reaction to failed attempts to cover up the extent of the SARS problem.
3.3 Severe Acute Respiratory Syndrome (SARS)

SARS was first recognized as a new disease in Asia in mid February 2003. However, it has already started to spread to other parts of the country and to the world since the first case was reported in November 2002 in Guangdong Province. According to the WHO, between November 2002 and July 2003, more than 8,090 cases were reported, causing 774 deaths, from 29 countries and regions on the five continents. The most affected country by this new epidemic was China, with more than 75 percent of the cases.

In face of this unknown disease, and as a measure of precaution, the WHO decided to issue travel advisories to areas which reported the most SARS cases. Travel advisories intended to limit further international spread of SARS by restricting and reducing travel to high risk areas. It was the first time in more than a decade that the WHO had advised travellers to avoid a particular area.

Figure 1 – Chronology of travel recommendations to China issued by the WHO

<table>
<thead>
<tr>
<th>Areas under WHO’s travel advisory</th>
<th>Duration of travel advisories on SARS</th>
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<tbody>
<tr>
<td></td>
<td>April 2003</td>
</tr>
<tr>
<td>Beijing Municipality</td>
<td></td>
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<tr>
<td>Guangdong Province</td>
<td></td>
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<tr>
<td>Hebei Province</td>
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<tr>
<td>Hong Kong SAR</td>
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<tr>
<td>Inner Mongolia AR</td>
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<tr>
<td>Shanxi Province</td>
<td></td>
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<tr>
<td>Tianjin Municipality</td>
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</table>

Source: Breda, 2004

In April 2004, the Chinese Ministry of Health reported a total of nine new cases of SARS (including one death) in China. These were the first cases of severe illness and secondary spread of SARS after the 2003 outbreak. However, no further cases in China or anywhere else in the world have been reported since April 29, 2004. On May 18, the WHO reported that the outbreak in China appeared to have been contained with relatively limited secondary transmission. Nonetheless, within a relatively short period of time the SARS epidemic had already caused major damage to China’s economy, particularly affecting its tourism industry. The impact of SARS outbreak on tourism will be expanded upon in the next section.
4. **Local travel safety**

While in China, foreigners may encounter substantial differences in travelling conditions to those in their home countries. In general, many accidents occur, some of them serious, resulting from the poor quality of roads, the often chaotic traffic and the generally low driving standards (although driving etiquette in China is developing). Safety standards in public transportation differ from those in the West as well; child safety seats and seat belts are not widely available. Pedestrians and cyclists, if not cautious, are also at risk while near traffic. They are frequently involved in collisions or encounter unexpected road hazards. In fact it is not unusual to see a pedestrian or a cyclist on a sidewalk being hit by a car or bus driving in the wrong lane.

Air accidents have been reported on internal flights, mainly in routes to the north and east of Beijing. Nonetheless, the US Federal Aviation Administration (FAA) has assessed the Chinese civil aviation authority as Category 1, which means that it complies with international aviation safety standards for overseeing China’s air carrier operations. Similarly, there have been several incidents of overcrowded ferries sinking, resulting in the loss of lives. Attacks of piracy in the South China Sea should also be regarded as a threat to yachting safety.

5. **Natural disasters**

China has been greatly affected by natural disasters. The country is located in an active seismic zone and is subject to earthquakes, notably in Inner Mongolia, Yunnan and Xinjiang. The most recent earthquakes occurred in October 2003 in Gansu Province, measuring 6.1 and 5.8 on the Richter scale. Typhoons can occur along the southern and eastern coasts, affecting Hainan, Guangdong, Fujian and Zhejiang Provinces during the summer rainy season. Travellers are advised that prior departing to affected areas they should monitor weather reports. From April to October there are also many severe rainstorms that can cause flooding and landslides.

In 1998, floods along the Yangtze River devastated parts of Central China, killing more than 3,600 people, destroying 5.6 million houses and swamping 64 million acres of land (Lang, 2002). This situation is not new, and is part of the list of environmental problems that China is facing as a consequence of its rapid economic growth. Loss of forest cover
as a result of massive tree clear-cutting over the years (especially during the Great Leap Forward, when huge areas were logged to provide fuel for backyard furnaces in a disastrous campaign to make steel) led to an increasing severity in the flooding. Reforestation and ban on logging China’s natural forests in the upper reaches of the Yellow and Yangtze Rivers, along with the completion of the Three Gorges Dam project, are some of the measures of the Chinese government to help control flooding.

A study using the data envelopment analysis (DEA)-based model for the analysis of vulnerability to natural disasters in China from 1989 to 2000 (Wei, Fan, Lu, & Tsai, 2004), concluded that, in general, the western region was affected more severely. Some provinces in Central China were also badly affected, with Hunan, Guizhou and Jianxi Provinces being the worst-hit areas.

6. Political situation

There are restrictions on undertaking certain religious activities, including preaching and distributing religious materials. Foreigners are also under strictly enforced regulations against any public demonstrations, which do not have prior approval from the authorities. Travellers from Australia have been specifically advised to avoid large public gatherings or demonstrations, particularly of a political nature.

The most well-known case of severe measures taken by the Chinese authorities upon religious activities is the ban of the Falungong movement and the imprisonment of some of its followers. Nonetheless, it was not the Falungong movement, but the spread of a Christian-inspired group called the “Shouters” that initiated the “fight for investigation and the banning of heretical teachings” campaign, launched by the Chinese leadership (Kupfer, 2004). The elimination of groups which are perceived as a potential danger to underpinning political unrest, posing an ideological and organizational threat to the Chinese State, is still the guiding principle of the Communist regime.

6.1 Tiananmen Square incident

The June 4, 1989 incident in Tiananmen Square showed that the way in which China approaches and solves its domestic economic and political problems will no doubt be reflected in the extent to which foreign tourism is encouraged or constrained. The
government’s declaration of martial law and the subsequent crackdown on the student democracy movement by the People’s Liberation Army (PLA) led to the death of hundreds of protesters. The reaction of the international community to those events and how this new political environment in China has affected tourism will be further developed.

6.2 Cross-strait relations
Since the 1949 military confrontations, political relations between Taiwan and the Mainland did not begin to improve until the 1980s. After almost 40 years of strict restrictions on travel between the two divided states, the ban on travel via a third country was finally lifted in 1987, allowing Taiwan residents to enter mainland China for the purpose of visiting families. Leisure and recreational travel was, however, still prohibited. Notwithstanding the 1987 change in policy, many obstacles still remain in the development of tourism and travel between Taiwan and the Mainland, being highly dependent on the political relations between the two governments.

Nevertheless, as a result of the policy change, the flow of Taiwan visitors to China increased rapidly. Yet, the increased travel activities did suffer a severe setback in 1994, as a result of the global economic recession in the first half of the year. The China Airlines plain crash at Nagoya Airport in central Japan, which resulted in the death of 87 Taiwanese passengers; and the Qiandao Lake incident, where 24 Taiwanese visitors were murdered while on a sightseeing tour on a boat on Qiandao Lake in Zhejiang Province were also instrumental in exacerbating this setback (Huang, Yung, & Huang, 1996). The Chinese authorities’ initial dismissal of the Lake tragedy, and its attempt to cover up the case, has renewed the political tension between the two governments. It also led a large number of people in Taiwan to reassess their position and shift in favour of Taiwanese independence.

Following the incident, the Taiwanese government temporarily halted group travel to China, as well as other types of cultural exchanges and business activities with the Mainland. As a result, tourist arrivals from Taiwan decreased by 9 percent in 1994. However, this political tension did not last long, and travel activities were soon reinstated, restoring the normal development of tourist arrivals from Taiwan. In 1995, Taiwan tourists accounted for 3.3 percent of the country’s total arrivals and contributed
19 percent of China’s total tourist receipts. Taiwan tourism has since then become a major component of China’s tourism industry. Despite this rapid recovery, the Qiandao Lake tragedy might have caused a long-term impact, similar to that the Tiananmen Square massacre had on the people of Hong Kong, which deeply affected the perception of mainland China, thus strengthening general feelings for independence.

The independence of Taiwan is still in debate. However, it is something that mainland China will never accept, thus posing the question as to whether a clash between the two states will be unavoidable. According to Sheng (2002) a war across the Taiwan Strait is neither inevitable nor imminent, and is less likely in the future since China is rather confident in face of Taiwan’s current political and economic deterioration. This situation gives Beijing the opportunity to exploit, weaken and paralyse any demand of independence. The PLA has boosted its military pressure over Taiwan by modernizing its warfare capacity. By doing so, China also intends to deter US intervention in the Taiwan Strait, placing emphasis on its strike capability, rather than on its power-projection capability (Sheng, 2002).

However, China’s claim of sovereignty over Taiwan and its threat to attack the island if it formally declares independence, have led security analysts to see the Taiwan Strait as the most dangerous flashpoint in Asia. Tensions between China and Taiwan have been escalating since the March re-election of President Chen Shuibian, who is a keen independence supporter. The strain was aggravated by the recent announcement of Taiwan’s intention to buy weapons in order to help to maintain a balance of power with China, thus permitting it to make a counter-strike to hit Shanghai (China’s financial centre) if the PLA attacks Taipei.

**Observations on tourism growth in China**

International tourism in China started to develop after 1978, as a result of the “open-door” policy. Since the Chinese government’s decision to open the country to the outside world and to promote tourism as a vital economic force to earn foreign exchange earnings to help finance its modernization programme, there has been a dramatic increase in tourist arrivals. They rose from 1.8 million in 1978 up to 91.7 million in 2003, representing a 50 fold increase, with an average annual growth rate of 17 percent. Although, the growth trend of China’s international tourism industry has
been quite consistent over the last decade (excluding the year 2003), growth rates were not stable during the initial development period, with fluctuations occurring, and even experiencing a major decline in 1989 (the students’ demonstration in Tiananmen Square was the cause of a decline of 22.7 percent).

Figure 2 – Annual percentage variation of international tourist arrivals in China, 1978-2003

![Annual percentage variation of international tourist arrivals in China, 1978-2003](image)

Source: China National Tourism Administration

Over the period as a whole, the average annual growth rate of tourist arrivals showed a downward trend. Problems with accommodation, service and transport are indicated as the possible reasons for this slowdown in the growth of arrivals of overseas visitors. However, Richter (1983) contends that Deng Xiaoping’s theories about China’s socialist economy might have been considered too controversial, or may have been only temporary policies designed to get Deng Xiaoping into power, and were not necessarily created to be an ongoing programme.

The worldwide recession of the early 1980s apparently had an impact on China’s tourism industry, as tour cancellations increased from 30 percent in previous years up to 50 percent in 1982 (Lew, 1987). Overseas visitor arrivals grew only by 2 percent. To offset the slowdown in tourism, China instituted a number of new policies. Foreign tour operators were allowed to open offices in China, and the “open city” program was introduced, giving more freedom of movement to foreign travellers. This programme achieved great popularity, and the number of cities and regions opened to tourists has grown ever since.
The 1989 incident in Tiananmen Square resulted in a severe decline in arrivals from all market segments, with the exception of Taiwanese. However, even before the events of 1989, there was a slowdown of the growth rate in international visitor numbers. Declining interest in China as a destination, as a consequence of overseas perception of poor management, service problems and congested transport infrastructures, could also have contributed to the low growth rates (Choy, Dong, & Wen, 1986). The figures of total annual visitor arrivals indicate that tourism in China began to pick up shortly after 1989.

In the mid 1990s, China again experienced sluggish growth rates, motivated by a slowdown in the overseas Chinese and the compatriots segments, partly due to the 1994 incident in Zhejiang Province. Again in the 1990s, China’s tourism stood severe tests – the impact of the Asian financial crisis in 1997 (which was felt mainly in the overseas Chinese market segment) and the devastating floods occurring in the tourist season along the Yangtze River. In May 1999, demonstrations mostly aimed at the United States were held in the major Chinese cities, due to the North Atlantic Treaty Organization’s bombing of the Chinese Embassy in Belgrade. As they turned violent, the governments of the USA and the UK issued travel advisories, causing thousands of cancellations from potential visitors (Breda, 2002). But this explosion of xenophobia that hit China during this period had limited impact on tourism. After a sharp drop in bookings, airlines and hotels reported a return to normality. The lifting of travel advisories from foreign governments also helped the industry bounce back. However, these events did not have a long-lasting negative impact in the Chinese tourism industry; to prove it, in that year, China ranked fifth in the world.

The September 11th terrorist attacks had a severe impact on long-haul tourism, leading to a shift towards intraregional travel, partly compensating the loss of American and European inbound traffic. Intraregional travel is the major kind of travel in the East Asia and the Pacific Region, accounting for nearly 80 percent of total arrivals, and was a major factor in offsetting the impact felt in the travel and tourism industry. China was the best performing destination within this region (with over 6 percent increase over 2000), partly because of the close proximity to its main generating markets. For example, the Japanese outbound market, one of the world leaders in the field, replaced
destinations in America by China, Thailand and Australia (WTO, 2001). Despite the fact that China showed a robust increase in tourist arrivals over 2000, these events contributed to slow down China’s growth rates.

In 2003, China again faced a severe test. Until the SARS epidemic became public, China was one of the few countries that did not experience a decline in tourism, even during the recent war in Iraq. Despite the good results in the beginning of the year, figures had been significantly impacted as a result of the WHO’s travel advisory for SARS affected areas in China (Ap, 2003), resulting in a 7.1 decline in total arrivals over 2002. This was the most damaging event for the Chinese tourism industry since the Tiananmen Square incident in 1989.

Implications of the Tiananmen Square incident
Since the traveller must physically be in the destination country to consume the tourist product that it has to offer, any event that persuades the potential traveller to either stay at home or travel elsewhere directly impacts that destination’s exports earnings (Roehl, 1990). There is no doubt the Tiananmen Square conflict severely damaged the international tourism industry of the PRC, at least in the short term, mostly because of the economic sanctions imposed by the world community. 'Tour cancellations and a drop in foreign business activity sent hotel occupancy rates in the PRC to the lowest point since the country opened its doors to tourists in 1978' (Gartner & Shen, 1992, p. 47).

Political events of this nature clearly influence tourist demand. The low occupancy rates reflected many hotels’ reliance on business travellers. Business visits were affected by both perceptions of stability, which influenced business confidence, and also by the formal and informal sanctions that were imposed on corporations conducting business in China (Hall, 1994). The political unrest of 1989 has led to considerable difficulties for planning and investing within the Chinese tourism industry and posed substantial problems for improving the image of China as a tourist destination. 'The conflict in Tiananmen Square was carried out by major news networks throughout the world and, owing to the nature of the conflict, did not portray the PRC in a light favorable to improve its tourist image' (Gartner & Shen, 1992, p. 49). 'Many people in western
nations demonstrated moral support for the democracy-loving Chinese students by not traveling to China' (Yu, 1992, p. 10).

In a study targeting the mature travel market in the United States, before and after the conflict (Gartner & Shen, 1992), the extent of the damage to China’s tourism image was analysed. It was concluded that its overall image was still favourable and positive. The hospitality component appeared to be directly affected by the conflict, much more than the image of the attractions of its tourist sites. 'Safety and security, pleasant attitudes of service personnel, receptiveness of local people to tourists, and cleanliness of environment were all down significantly, indicating that respondents felt the PRC was less likely, after Tiananmen Square, to provide the hospitality needed for a enjoyable visit.' (Gartner & Shen, 1992, p. 51).

Not all countries of origin responded to the Tiananmen Square incident in the same way. While almost all tourist-generating markets for China registered recessions in 1989, Taiwan and the Soviet Union became the top generating markets for China’s international tourism industry, at the time when tourists from Western democratic countries declined.

'The decline of tourists from the Western democratic countries immediately after the Tiananmen Incident is logical and understandable. The perception of China as an international destination held both by the tourists and the travel industry in the West was dramatically altered by the anti-democratic actions of the Chinese government in 1989. As moral support for the democratic demonstrators in China, tourists cancelled their already scheduled trips or put off their travel plans to a later date.' (Yu, 1992, p. 11)

The drastic decline in the number of tourists was evident at Beijing’s joint-venture hotels, where all hotels reduced both their Chinese and expatriate staffs, and most remaining employees were working at some 65 percent of their normal wage package (Breda, 2002). It was also estimated that 620,000 tourism workers underwent compulsory political indoctrination aiming 'to cleanse their socialist minds, deepen their love of the Communist Party and, alarmingly, to cultivate their suspicions of foreigners' (Hall, 1994, p. 123).
The crackdown on the students’ demonstration in Beijing definitely created a new environment for Chinese tourism, which affected both the Chinese and global travel industries. There was an immediate drop in the number of incoming visitors, a total decrease of 23 percent, and a 17 percent decrease in terms of international tourism receipts. Visitation from Japan and the USA, China’s two largest markets and sources of high-expenditure visitors, showed even larger declines.

*Figure 3 – Percentage variation in China’s arrivals, by trimester, from its major inbound tourist markets in 1989*

![Bar chart showing percentage variation in China's arrivals by trimester from major inbound tourist markets in 1989.](image)

Source: China National Bureau of Statistics

Roehl (1995) estimated that the impact of Tiananmen Square incident on arrivals was greater than previously estimated. Overall, his study suggests that the impact of the events led to a decrease of 11 million compatriot arrivals than might otherwise have occurred. Likewise, foreign visitors registered more than 560,000 fewer arrivals. The incident also affected foreign investment in China, particularly in the hotel industry, which had serious consequences for both investors and lending institutions.

Although political events greatly affect the tourism industry, it seemed that the situation in China in 1989 had only a short-term impact. The crisis was between the government and its internal critics; there was no violence directed toward international visitors.
China’s tourism industry responded to this event rather well as it only experienced a 17 percent decline in receipts in 1989 and was fully recovered two years later. This quick recovery can be attributed especially to the 'continued government’s commitment to reform and open-door policies; the rapid growth of the Chinese economy; and the industry’s successful responding strategies in terms of product development, market positioning and overseas promotion' (Jenkins & Liu, 1997, p. 105).

After the Tiananmen incident, the government attempted to rebuild its international tourism industry by improving the country’s tourist image. A press release from the CNTA in June 1989 stated:

'The CNTA solemnly proclaims that the safety of overseas tourists who come to China has never been affected and can be guaranteed. Tourists may carry on their visits and tours as planned. They are welcome to visit China and do not need to change their scheduled travel plans.' (quoted in Wei, Crompton, & Reid, 1989, p. 322)

**Impact of SARS outbreak on China’s tourism industry**

China’s booming domestic and international tourism industry has recently suffered losses in tourism and related service industries, as a result of the SARS epidemic. In light of the events concerning the disease, the WHO advised international travellers to avoid visiting some areas in China that had the most SARS cases. China was the worst affected country.

The outbreak of SARS in China led to a sharp decline in inbound and domestic travel, with social and economic impact, but also had a disproportionately large psychological influence on the public, considering the relatively low morbidity and mortality of the disease. The pronounced psychological impact of SARS can be attributed to a combination of two aspects regarding information about the illness (Breda, 2004). First, there was a rapid transmission of information about the number of people infected by SARS, as a result of modern media and highly developed networks of communication. Second, there was insufficient medical information on SARS and great uncertainty over the nature of the disease. The lack of accurate, timely and transparent provision of information on the nature and extent of SARS increased the public’s fears, caused second-guessing and naturally led to an exaggerated perception about the danger of the disease. Concealing health information from tourists, as well as not taking adequate
measures to prevent the outbreak of communicable diseases, can be almost as lethal for tourism as the disease itself.

Tourism was thus especially affected by SARS-induced panic (McKercher & Chon, 2004). Even some destinations that had not recorded any cases of infection had suffered almost as much as the areas actually affected. The rapid and wide geographical spread of the disease by travellers, cases of transmission during hotel stays, in restaurants, places of entertainment or even during airplane trips, made SARS a phenomenon that was perceived to be linked with tourism itself.

The intra-regional tourism market is an important source of visitors to China. As the SARS epidemic started to spread into other countries within the Asia-Pacific Region, China suffered a major decline in tourist arrivals. Some airlines that offer service to China cancelled regularly scheduled flights due to insufficient bookings. Governments from some foreign countries advised their citizens not to visit China, thus causing the cancellation of a significant number of package tours (Chien & Law, 2003; Overby, Rayburn, Hammond, & Wyld, 2004).

China’s inbound travel suffered seriously, but had a somewhat lower accumulated loss of 11.7 percent in the first two quarters of the year, due to the positive results in the first months of 2003. The worst period recorded was during the months of April and May, both for foreign and compatriot arrivals, registering decreases of 61.8 and 25.1, respectively. With the SARS outbreak over in June, decrease rates started to become less and less accentuated, showing that recovery was underway. Foreign arrivals suffered greater losses and took a little longer to recover. In the beginning of 2004, arrivals from both markets have already shown positive growth rates.
Data for the period 1998 to 2002, regarding compatriot and foreign markets sending the most visitors to China, was used to estimate what might have occurred with arrivals in China in 2003 if visitor growth trends had remained unchanged. Particularly, regression analysis was used to develop equations to estimate the number of arrivals in 2003. The dependent variable, the yearly total number of visitors from a particular source, was modelled as a function of time. In all cases the linear trend was statistically significant at the 0.95 confidence level, thus the derived equation was used to estimate arrivals in 2003.
Table 2 – Estimates of the impact of SARS outbreak on arrivals in China from selected countries in 2003 (in thousands)

<table>
<thead>
<tr>
<th>Origin</th>
<th>2003 Arrivals</th>
<th>Forecasted 2003 Arrivals</th>
<th>Forecast Method $^a$</th>
<th>Naive Impact Method $^b$</th>
<th>Forecasted Impact Model $^c$</th>
</tr>
</thead>
<tbody>
<tr>
<td>Japan</td>
<td>2,160.3</td>
<td>3,159.3</td>
<td>R$^2$.97</td>
<td>-765.2</td>
<td>-999.0</td>
</tr>
<tr>
<td>Korea</td>
<td>1,945.1</td>
<td>2,455.5</td>
<td>R$^2$.99</td>
<td>-179.2</td>
<td>-510.4</td>
</tr>
<tr>
<td>Philippines</td>
<td>457.5</td>
<td>551.2</td>
<td>R$^2$.97</td>
<td>-51.1</td>
<td>-93.7</td>
</tr>
<tr>
<td>Singapore</td>
<td>398.3</td>
<td>523.2</td>
<td>R$^2$.94</td>
<td>-98.8</td>
<td>-124.9</td>
</tr>
<tr>
<td>Malaysia</td>
<td>429.9</td>
<td>639.1</td>
<td>R$^2$.95</td>
<td>-162.5</td>
<td>-209.2</td>
</tr>
<tr>
<td>USA</td>
<td>821.2</td>
<td>1,204.7</td>
<td>R$^2$.96</td>
<td>-300.0</td>
<td>-383.5</td>
</tr>
<tr>
<td>Canada</td>
<td>230.0</td>
<td>307.6</td>
<td>R$^2$.97</td>
<td>-61.3</td>
<td>-77.6</td>
</tr>
<tr>
<td>UK</td>
<td>287.8</td>
<td>359.4</td>
<td>R$^2$.96</td>
<td>-55.2</td>
<td>-71.6</td>
</tr>
<tr>
<td>Germany</td>
<td>221.8</td>
<td>301.4</td>
<td>R$^2$.99</td>
<td>-60.0</td>
<td>-79.6</td>
</tr>
<tr>
<td>France</td>
<td>155.9</td>
<td>243.7</td>
<td>R$^2$.99</td>
<td>-66.2</td>
<td>-87.8</td>
</tr>
<tr>
<td>Russia</td>
<td>1,380.7</td>
<td>1,471.3</td>
<td>R$^2$.96</td>
<td>-109.1</td>
<td>-90.6</td>
</tr>
<tr>
<td>Australia</td>
<td>245.2</td>
<td>312.5</td>
<td>R$^2$.98</td>
<td>-46.1</td>
<td>-67.3</td>
</tr>
<tr>
<td>Other foreign</td>
<td>2,669.2</td>
<td>3,180.2</td>
<td>R$^2$.97</td>
<td>-300.0</td>
<td>-511.0</td>
</tr>
<tr>
<td>Total foreign</td>
<td>11,394.0</td>
<td>14,710.6</td>
<td>R$^2$.99</td>
<td>-2,045.5</td>
<td>-3,316.6</td>
</tr>
<tr>
<td>Compatriots</td>
<td>77,527.4</td>
<td>86,908.2</td>
<td>R$^2$.99</td>
<td>-3,280.8</td>
<td>-9,380.8</td>
</tr>
</tbody>
</table>

$^a$ A linear trend model with time as the independent variable was used to estimate expected 2003 arrivals. The linear trend was statistically significant at the 0.95 confidence level. The model’s adjusted $R^2$ is presented.

$^b$ Naive impact model measures the impact of SARS as arrivals in 2003 minus arrivals in 2002.

$^c$ Forecasted impact model measures the impact of SARS as actual arrivals in 2003 minus forecasted arrivals for 2003.

Source: China National Bureau of Statistics

If the growth trend in foreign arrivals had continued through 2003, the total number of visitors in China would have been nearly 15 million (as estimated by the regression of total foreign visitors against time, $R^2 = 0.99$), which means that foreign visitors registered 3 million fewer arrivals. Overall, in 11 of the 12 selected countries, when estimated arrivals for 2003 are compared to actual arrivals, the decline is greater than when arrivals in 2002 are used to estimate what should have happened in 2003. Similarly, regression results suggest that in 2003 China received 9 million fewer compatriot visitors than would have otherwise been expected. When applying the same model to compare estimated international tourism receipts (21,998.1 million USD) with actual receipts (17,396.0 million USD) in 2003, it reveals that the impact of SARS was greater than just comparing it to 2002 values (4,602.1 against 1,613.1 million USD).
According to the International Labour Organization (ILO), countries or areas directly affected by SARS were estimated to lose more than 30 per cent of their travel and tourism employment. The World Travel and Tourism Council (WTTC) estimated that China was expected to lose more than 2.8 million jobs. However, if also taking into consideration the indirect impact of SARS, its real impact would be even greater. China was expected to suffer, directly and indirectly, a SARS related loss of 6.8 million jobs and 20.4 billion US dollars of GDP (WTTC, 2003).

Although the SARS outbreak significantly slowed the development of Chinese tourism, it also facilitated the reorganization of Chinese tourist agencies. Many hotels, restaurants and other attractions remained closed while the public continued to avoid such frequented locations; however they seized the opportunity to undertake renovation projects and to introduce unprecedented hygiene measures, in an attempt to build consumer confidence (Breda, 2004). This slow growth period was thus used to perform renovations and employee training, representing a means of improving China’s service industry. During the post-SARS period, the tourist industry of various parts of China, driven by new changes and new market demands, has been absorbing new ideas and approaches to future strategies. These positive developments and improved public health measures have added weight to arguments that SARS, although serious, contributed to the improvement of sanitary conditions and caused only a temporary shock to economic growth.

The industry players designed aggressive revitalization campaigns in an attempt to accelerate recovery and a series of high-profile special events have been organized, beginning with the ASEAN tourism ministers meeting in August, the WTO General Assembly in October and the travel fair in Kunming in November, all part of the “seeing is believing” campaign (WTO, 2003). The Women's World Cup in 2007, combined with the Olympics in Beijing in 2008 and the International World's Fair and Exposition to be held in Shanghai in 2010, which is considered the world's third largest event after the Olympics and the World Cup, will contribute to boost the image of the country.
Conclusion
There was hardly any international tourism in China before the Chinese government’s decision to open the country to the outside world, and to promote tourism as a vital economic force to earn foreign exchange to help finance its modernization programme. With the introduction of reform and the open-door policy since 1978, tourism in China caught on and entered the international tourist market. In recent decades, tourism has been a boom industry in China, and has come to play an extremely significant role in economic and regional development, as well in international relations. It has become one of the most important tourist destinations in the world. In 2002, it ranked fifth in the world, showing a substantial increase over the total international tourist arrivals achieved during the initial stage of tourism development.

The spectacular boom experienced during this period was partly due the fact that initial policies affecting tourism were directed to maximizing growth rates of visitor arrivals, especially foreign travellers. However, unlike the domestic and compatriot tourism industry, which is conditioned largely by location and access, the foreign tourism market is competitive and risky; it is highly dependent upon fashion trends and political, economic and social stability. Experience and studies have shown that the special character of the tourism industry makes it more liable to independent events than other sectors. It is vulnerable to variations in politics and economics, as well as any major change in policy or ideology, and these changes can significantly modify its development process. However, until now there is no evidence that China might want to change its reform and open door policy; on the contrary, major policies within the tourism sector show a greater openness to the outside world. The increased dependence on tourism as a source of economic growth also shows that it would be extremely difficult for China to halt tourism development. The WTO estimates that China will receive 130 million foreign tourists by 2020, making China the world’s number one tourist destination.

Concept definitions
Terrorism – Use of pre-meditated violence (or threat of violence) by organized groups, against civilians or unarmed military personnel, in order to attain political, religious or ideological goals.
Crime – Any act punishable by law, motivated by economic, political, racial or religious reasons. It can range from petty offences to violent crimes.

Health hazard – Any source of danger that can be harmful to people’s physical condition, ranging from minor upsets to infections caused by serious diseases.

Natural disaster – A phenomenon not caused by humans, involving the structure or composition of the earth, ranging from eruptions, avalanches or earthquakes to landslides, floods, hurricanes or typhoons.

Political instability – Disturbances motivated by political, racial, ethnic or religious conflicts, which can lead to social disorder and instability.

Review questions

• What are the main factors regarding safety and security affecting the tourism industry? What might be the implications of those issues for destinations?
• How do the main tourist markets see the safety and security situation in China, and how do they perceive it as a tourist destination?
• The growth trend of China’s international tourism industry has not been consistent over the years. What factors have caused disruptions in tourism growth?
• Explain the major implications of the Tiananmen Square incident to China’s tourism industry.
• Why did the SARS outbreak have had such a repercussion on China’s tourism sector?

References


