

**HAINAN'S PUSH FOR DEVELOPING
ITS TOURISM INDUSTRY:
HOW FAR CAN IT GO?**

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Executive Summary

1. The Chinese central government has identified tourism as a key means to stimulating domestic consumption and transforming China's economic development pattern from investment and export-driven to consumption-led. Tourism could also make an important contribution to transforming China into a low-carbon economy.
2. Hainan is the only province in China that is clearly identified for tourism development by the central government in Beijing. It is expected to become a test zone for China's tourism reform and to take a leading role in the development of tourism and associated industries.
3. Recreation and holidaying are becoming a priority for China's growing middle and wealthy classes. Hainan was chosen by the Chinese central government for developing into a high quality and lucrative tourist destination to satisfy this growing domestic demand.
4. Natural geographic advantages and local tourist attractions have given Hainan a regional and international edge in tourism development. Its tourism sector has developed rapidly over the past ten years. Domestic tourism receipts rose to 16.5 billion *yuan* in 2008 from 6.9 billion *yuan* in 2000, with annual growth of 11.5%.
5. Speculation is rife that the local government will expand the lottery industry in Hainan and that the island's strict lottery regulations will be relaxed.
6. The local government views the tourism sector as a key means to increasing local employment, boosting regional economic development and reducing regional disparities between Hainan and the prosperous eastern provinces.
7. However, tourism development in Hainan has not been particularly promising over the last decade. International tourist arrivals to the island made up barely

1.1% of the country's total in 2008. Hainan has also recorded poor performance in foreign exchange earnings from international tourism among Chinese regions.

8. The plan for transforming Hainan into an international tourist destination is still in its planning stage. Whether this will become a reality in the near future remains uncertain. The same could be said of the central government's ambitious plan to develop Hainan into a top-level international tourist destination by 2020 as it is likely to be fraught with obstacles at the local level.
9. The lack of skilled personnel or inadequate training resources in tourism and hospitality remain an unresolved issue. In the absence of such training resources, preferential policies and capital investment may contribute little to Hainan's tourism sector. A comprehensive, efficient and advanced transportation system is also essential to realising robust tourism development in Hainan.