

**TOURISM DEVELOPMENT IN HAINAN:
AN UPDATE**

YU Hong

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Executive Summary

1. Tourism investment-driven strategy has played an important role in boosting economic growth in Hainan, particularly its tertiary industry, since 2009 when the Chinese authority outlined its tourism development plan for the island.
2. According to the state plan, Hainan will be elevated to a world class global tourism destination by 2020.
3. The tourism and travel industry has become increasingly important for boosting local economic growth for this tropical island. Thanks to the massive investment in infrastructure and hotel and resort facilities, the growth of the tourism sector has been impressive for the past few years.
4. Nevertheless, in the past few decades Hainan's overall economy is weak and fragile, and has become highly reliant on agriculture and tourism.
5. In the state's tourism plan for Hainan, Hainan is a test zone for national tourism reform and innovation. The island would take a lead in developing tourism and associated industries in China.
6. The plan for making Hainan an international tourism destination however remains just a plan after almost 10 years. Hainan is facing intense competition from other booming tourist spots in the region.
7. China's domestic tourism industry is still highly regulated, with various restrictions on foreign firms. Access to the domestic tourism market is never easy for domestic private operators and is particularly difficult for foreign firms.
8. Domestic tourism is still the dominant segment in Hainan's tourism industry. Hainan has yet to establish itself as a world-renowned tourist spot on par with that of Hong Kong, Singapore, Barcelona and Bali.

9. Hainan remains a popular domestic or regional tourism destination at best, with domestic travellers accounting for 97% of its total inbound tourist arrivals. Hainan is relatively unknown to the global tourist market and to Western tourists in particular.
10. The Chinese government intends to transform Hainan into a world class international tourism destination in Hainan by 2020. Building the necessary state-of-art infrastructure facilities is a relatively easy task, but developing a truly world class and internationally recognised tourism spot is a highly challenging goal that money alone cannot achieve.
11. A shortage of talents and skilled workforce has long been an unresolved issue for Hainan.