

THE BIG PICTURE

China's Tourism Tumble

A look at the state of China's tourism industry.

BY ELIOT CHEN — JULY 24, 2022



Credit: Ling Tang via [Unsplash](#)

Airports in Europe and North America are buckling under the weight of the summer holiday surge. Meanwhile, China's long-suffering tourism industry continues to struggle to keep the lights on, having never recovered since the start of the pandemic.

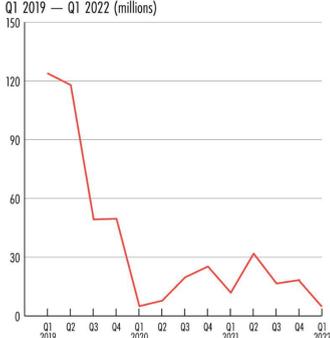
Chinese tourists completed 3.2 billion domestic leisure trips last year — a little over half the number in 2019. Figures from the first quarter of this year paint an even more dire picture for the industry.

This week, *The Wire* looks at the state of China's tourism industry: why it's struggled during the pandemic and questionable hopes for its recovery.

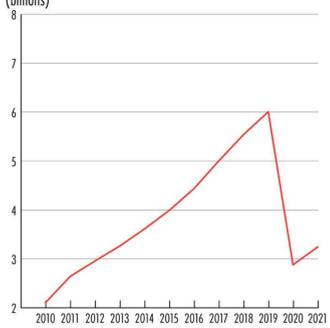
HARD LANDING

Fits and Starts

Travel Agency Organized Domestic Tourism Trips by Quarter, Q1 2019 — Q1 2022 (millions)



Total Domestic Tourist Trips by Year, 2010-2022 (billions)



Tourism within China is a huge business: At its peak in 2019, the domestic industry generated revenue of \$745 billion, according to data from the Ministry of Culture and Tourism. More than half of that revenue was wiped out in 2020, the first year of the pandemic. Turnover improved slightly last year, but remained down 40 percent from its pre-pandemic high.

Provinces vary in their tourism numbers: figures for organized tours show that the wealthiest provinces like Zhejiang, home of lakeside metropolis Hangzhou, and Jiangsu, home of Suzhou and its renowned gardens, are both major dispatchers and receivers of tourists. Others, including the southern provinces of Guizhou and Hainan, take in more tourists than they send out.

In the last two years, China's travel agencies have fared especially poorly. Early figures from the first quarter of 2022 show that they collectively arranged 84 percent fewer trips compared with the same period in 2019. That's almost as steep a decline as in early 2020, during the initial outbreak of the coronavirus in Wuhan.

Bluntly imposed travel restrictions are one reason why Chinese travel is so depressed: for months, the tourism ministry blocked package tours — the industry's most profitable service — from traveling to provinces experiencing Covid outbreaks, even if they were contained within smaller localities.

Onerous quarantine periods and cumbersome Covid testing demands have discouraged other independent travelers from going far. Instead, interest in [camping](#) has flourished, as families look for simpler getaway opportunities closer to home. That is little consolation for firms like [Trip.com](#) (formerly known as Ctrip), however, which make most of their money from hotel and ticket commissions. The travel booking platform has posted two successive years of net losses and its stock is trading 45 percent below its 2019 high.¹

Other platforms have fared worse: in May, Airbnb [announced](#) that it was permanently shutting its China business. The San Francisco-based firm had long struggled to gain a foothold in the country, with China accounting for less than one percent of company revenue.

Hainan's Tourism Boom

The southern island of Hainan is one area of China that has done comparatively well on tourism during the pandemic. Tourists are drawn to its sandy beaches and duty free shopping, with the island serving as an alternative to Hong Kong for shopping amid the latter's strict travel restrictions.

Officials upped tourists' duty-free quota from 30,000RMB to 100,000RMB last year in an effort to promote consumption. By 2025, the entire island will be a designated duty free zone.



Data: media reports

RECOVERY GLIMMERS

Recent policy tweaks announced by the authorities have been aimed at aiding a tourism recovery. In June, the tourism ministry [announced](#) that curbs on package tours would be based on the risk levels of destination cities, instead of provincial-wide bans.

Soon after, the government announced a minor [update](#) to the country's mandatory travel code app (行程卡), [removing](#) an feature on individuals' records that used to highlight travel histories to Covid-affected cities. That change, along with the lowering of mandatory quarantine times for overseas arrivals from 21 days to 10, briefly sparked an [uptick](#) in travel inquiries.

But hopes for a sustained recovery of the tourism industry may be short lived. Just as parts of the country including Shanghai seemed to be coming over the hill of the last round of restrictions, the emergence of the BA.5 variant in China has sent new parts of the country into [lockdown](#). The industry's woes are expected to drag on.



Eliot Chen is a Toronto-based staff writer at The Wire. Previously, he was a researcher at the Center for Strategic and International Studies' Human Rights Initiative and MacroPolo. [@eliotcxchen](#)



COVER STORY



New Kid on the Block

BY CHANG CHE

Thanks to He Yifan, China is pioneering its own state-backed version of Web3, internet infrastructure that runs on blockchain. But now that He's network is ready to go international, many are wondering how the West will react to a Chinese-made internet.

Q & A



Sebastian Mallaby on American-style Venture Capital in China

BY DAN XIN HUANG

The financial journalist talks about the evolution of American venture capital in China — from its role in the rise of Alibaba to the split today over China's politics.

NEWS AND ANALYSIS



Powering Utah, with China's Help

BY ISABELLA BORSHOFF

Even the new poster-child for domestic energy innovation relies on critical inputs from China.



Visit News Products Store

News Products

Our best open-source China research and Chinese companies, as well as industry guides to 100 of the most influential people in a China-focused industry.

The Wire China Archives

[Read More Articles >](#)

Your account

