

International Competitiveness Analysis of China International Tourism Service Trade

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Abstract—With the prosperity of world economy and expansion of international contact, tourism has turned into the largest industry, where various countries strive to open themselves and participate in the competition, so does China international tourism service trade. This paper makes an overview of current situation of China and world tourism service trade. By means of international market share index, trade competition index and comparative advantage, it analyzes the status of competitiveness of China tourism service trade in world tourism service trade, and then puts forward the countermeasures for developing China tourism service trade.

Index Terms—Tourism Service Trade, International Competitiveness

I. OVERVIEW OF DEVELOPMENT OF WORLD TOURISM SERVICE TRADE

A. Introduction of Tourism Service Trade

Tourism service trade refers to the activity that tourism employees from one country (region) serve tourism service consumers from other countries (regions) with earning remuneration, which includes both local tourists' outbound tourism (expenditure tourism) and foreign tourists' inbound tourism (international income tourism). According to the provisions of service trade in WTO Service Trade Council, tourism and relevant service contain the following items: accommodation, catering, food and relevant services provided by hotel and restaurant; services provided by travel agency and operators; tour guide service; other tourism services.

As the component of international service trade, tourism service trade occupies important status in various countries' national economy because it can increase foreign currency earnings, create more employment opportunities, optimize industrial structure, and drive the development of relevant industries.

B. Progress of World Tourism Service Trade

Tourism industry is one of the industries that develop the fastest in world service industry, which keeps increasing with development of social economic and enhancement of people's living quality. Meanwhile, the development of tourism also brings extension of its scope

as well as degree of international exchange; that is to say, the tourism service trade grows quickly with occupying increasingly important share in international service trade. The statistics show that, in 2016, the gross export of world tourism service trade was USD 1.205 trillion, which was 25.1% of total export of world service trade with a growth rate of 14%. As WTO (World Tourism Organization) predicted, the international tourism service trade will maintain its positive development trend in the coming years. By the end of 2020, the number of global international tourism will reach to 1.6 billion with USD 0.2 billion of tourism consumption income, where the population of international tourism will take up 3.5% of world total population and tourism service trade will play important role in global economic structure.

II. INTERNATIONAL COMPETITIVENESS ANALYSIS OF CHINA TOURISM SERVICE TRADE

A. Development Status of China Tourism Service Trade

China tourism promoted tourism economy to realize rapid growth in 2016, where 0.26 people participated in outbound tourism with growth rate of 3.9%; 0.138 people were in inbound tourism with year-on-year growth of 3.5%. In addition, the international tourism income was USD 120 billion, which increased by 5.6% compared with that in the same period of last year. In 2016, the number of Chinese outbound tourism citizens was 0.122 billion with year-on-year growth of 4.3%, and their USD 109.8 billion of expenditures in outbound tourism increased by 5.1% compared with that in the same period of last year.

B. International Competitiveness Analysis of China Tourism Service Trade

1) International market share index.

International market share indicates the ratio of a country's gross export on world total export, which reflects a country's entire export competitiveness: $\text{export market share} = \frac{\text{gross export}}{\text{world total export}}$. Applying this index to tourism service trade industry, which is the ratio of a country's gross export on world total export, can also directly reflect the realistic state of international competitiveness of tourism service trade and the change of various countries' competitiveness or competitive position with prominent economic analysis significance.

TABLE 1
Export market share of world major tourism service trade exporters %

	2004	2007	2010	2013	2016
US	14.8	13.9	14.1	14.6	17.2
Spain	7.1	6.8	6.0	5.1	5.0
France	6.4	6.3	4.9	4.7	3.5
China	4.1	4.3	4.9	4.4	3.7
Italy	5.6	5.1	4.1	3.7	3.4
Germany	4.4	4.2	4.0	3.5	3.1
UK	4.5	4.5	3.2	3.5	3.3

Data resource: acquired from WTO website DATABASE<https://www.wto.org/index.htm>

The data shows that, US, Spain and France are the first three trade exporters. US has always been the largest tourism exporter except for EU, whose export amount increases stably with export of world tourism service trade; in 2016, its export amount of tourism service trade reached to USD 206.8 billion. As the second largest tourism service exporter except for EU, Spain keeps following after US but it presents tendency of gradual decrease; Spain export amount during 2004-2010 maintained above 6%, but it declined below 6% after 2010. In 2016, Spain export amount of tourism service trade was USD 60.44 billion, which was 5.0% in global amount. Following US and Spain, France is in the third place that in spiral dive, which rises and falls in fluctuation but the overall amplitude is small in decline trend.

The export amount of China tourism service trade in 2005 was USD 29.296 billion, which ranked the 6th place after US, France, Spain, Italy and UK. In 2008, it surpassed UK with becoming the fifth major export country. Since the year 2010, China surpassed Italy with

export amount reaching to USD 45.814 billion, which was 4.81% of export amount of global tourism service trade. Later, its export amount started to grow stably while its ratio in the world declines gradually, which was 4.55% in 2012, 4.36% in 2013 and 3.7% in 2016 following US, Spain and France.

2) Trade competitive index.

Trade competitive advantage equals to TC index, which is also named as trade professionalism index; it indicates the proportion of a country's export trade balance on total export-import volume. TC index is a powerful tool for analyzing international competitiveness of industrial structure, which can reflect the comparative advantage of calculating objects. The formula is $TC\ index = \frac{\text{export} - \text{import}}{\text{export} + \text{import}}$, whose value range is [-1, 1]; when index approaches to 0, it means the competitive advantages is getting close to average level; when index approaches to 1, it means stronger competitive advantage; otherwise indicates poorer industrial competitiveness.

TABLE 2
Tourism service trade competitive index of world major tourism service trade exporters

	2004	2007	2010	2013	2016
US	0.15	0.19	0.23	0.29	0.26
Spain	0.58	0.49	0.52	0.57	0.50
France	0.22	0.20	0.10	0.14	0.03
China	0.15	0.11	-0.09	-0.43	-0.71
Italy	0.27	0.22	0.18	0.24	0.24
Germany	-0.44	-0.39	-0.39	-0.36	-0.37
UK	-0.33	-0.30	-0.21	-0.12	-0.23

Data resource: acquired from WTO website DATABASE<https://www.wto.org/index.htm>

According to the TC index in Table 2, from 2004 to 2016, the tourism service trade TC indexes in US, Spain, France and Italy were positive, while the Germany and UK were negative. The comparison of various countries' TC indexes during 2004-2016 found that, Spain international competitive index was the highest, whose mean values all exceed 0.5, so Spain has extremely strong comparative advantage in tourism service trade; US and Italy enjoy stronger comparative advantage, and the other countries are vulnerable.

Chinese TC index fluctuates dramatically, which was within (0,0.3) before 2008 with extremely low competitive advantage. The import amount of China tourism service trade in 2009 was USD 4.3702 trillion, which was 402.7 billion so that the TC index even

triggered negative value. This situation was maintained during 2009-2016. The TC index was within (-0.3,0) during 2010-2011, which was in slight disadvantage; by the end of 2013, it reached to -0.4272 within (-0.6,-0.3); in 2016, this index reached to -0.71. This situation, on the one hand, describes that China possesses certain competitiveness although its modern tourism starts relatively later; on the other hand, it presents the large gap between China and other tourism powers such as US, Spain and Italy, so China needs to make more efforts to comprehensively enhance tourism competitiveness and authentically step into tourism power.

3) Revealed comparative advantage index (RCA).

RCA refers to the ratio between percentage of a country's export amount of tourism service trade in the country's gross export of goods as well as service and percentage of world tourism service trade export amount in gross export of world goods as well as service; it manifests the comparative advantage between export of a country's certain product and world average export level.

If RCA value is smaller than 1, it means this country's service trade is in comparative disadvantage; otherwise, it indicates the country's service trade is in comparative advantage. The larger the value is, the stronger the comparative advantage will be, so does the international competitiveness.

TABLE 3
Tourism service trade revealed comparative advantage index of world major tourism service trade exporters

	2004	2007	2010	2013	2016
US	1.48	1.51	1.47	1.52	1.60
Spain	3.02	3.02	2.79	2.58	2.23
France	1.43	1.53	1.32	1.37	1.01
China	0.71	0.55	0.53	0.43	0.27
Italy	1.45	1.39	1.43	1.39	1.04
Germany	0.47	0.47	0.46	0.47	0.35
UK	0.94	1.06	0.96	0.97	1.13

Data resource: acquired from WTO website DATABASE<https://www.wto.org/index.htm>

As shown in Table 3, the RCA index in US was stable during 2004-2016, which basically fluctuated within 1.5; so US international competitiveness is always strong. Spain RCA index is also relatively stable, which is above 2.5; although it presented spiral dive since 2005, the index in 2013 was still higher than 2.5, so Spain enjoys large advantageous status in export of this industry. France RCA index is slightly lower than US, whose RCA index was within 2.5~1.25, so France tourism service trade also possesses larger advantageous status. However, Chinese RCA index is lower, which is maintained under 0.8, so Chinese competitiveness in this aspect is weak.

Based on analyzing the RCA indexes of these countries during 2004-2016, it can be known that, US, France, Italy, Germany and UK were in balance, so their competitiveness is stable. The trade index in Spain is maintained above 2.5, but it presents trend of declining. Since the 2012, Chinese RCA index is getting lower than that in Germany with becoming the country in lowest index, so China has no competitive advantage in tourism export, and it manifests tendency of stable decline within 2004-2016. Even if the gross export of tourism service trade ranks top in the world, it is necessary to realize that, there is still a large gap compared with most European and American developed countries. China is a tourism nation rather than tourism power, so we shall learn and refer to European and American developed countries' experience, facilitate export of Chinese tourism, and gradually develop into tourism power.

III. COUNTERMEASURES FOR ENHANCING INTERNATIONAL COMPETITIVENESS OF CHINA TOURISM SERVICE TRADE

A. Improving relevant legal systems on tourism service trade

To maintain the sound development of service industry, China should strengthen researches on WTO relevant service trade clause, and accelerate the completion of legal system of tourism service trade,

improving the legal support for service development. Over three decades of study and three deliberations, Tourism Law of People's Republic of China was finally passed on April 25, 2013 and put in place on October 1, 2013. The essence of the Tourism Law is to maintain tourists' rights and interests, and regulate market orders.

B. Perfecting tourism infrastructure

Many problems bring about inconvenience to tourists due to relevant weak infrastructure in tourist spots, impeded links between spots to traffic lines, and incomplete supporting facilities on environment and sanitation. China should rationally plan tourist communications. While improving transportation infrastructure, China will learn from advanced experience abroad, appropriately arrange and improve the transport capacity.

Facilitating tourism informationalization and further improve tourist enterprises informationalization. All sorts of tourist enterprises should step up and enhance informationalization according to their own features, set up internal asset management system as well as online booking system, and carry out marketing the tourism products via internet.

C. Optimizing tourism product structure

On the basis of protecting natural environment, China should make the most of its own advantages and upgrade existing tourism products. To transform from single product structure to multilevel product structure requires further enriching Chinese traditional tourist cultural products, such as scenery with mountains and rivers, cultural relics and historic sites, and building up various resorts to expand the market. Under the principles of sustainability and people first, developing ecological tourism products is in line with China's state policy on environmental protection. It also serves trend of international tourism development by creating tourism products with Chinese characters, enhancing their contents, underlying cultural emotion, local features,

national customs and increasing participation of tourist projects.

D. Exploiting diverse markets

China receives foreign tourists most from Asia, which are highly dependent on the region that not only expands tourist market, increases competence and popularity and consolidates existing traditional export markets, but also accelerates new market expansion. In order to exploit the new markets of Chinese tourism trade, China needs to improve the economy, boost trades with Europe, America, Japan and South Korea, strengthen exchanges and cooperation, and explore markets in developed countries for tourism service trade export. Moreover, it is necessary to increase the cultural exchanges with the rest of the world, expand cultural communication in all social levels, reinforce attraction and emotion among distinguished cultures, build a positive image as an international power, advance tourism development, and finally enhance international competitiveness of tourism service trade export.

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