

Title: The political economy of China's outbound tourism

1. Introduction

Tourism is often claimed to be the world biggest industry, but there is no clear idea of what is included and what is excluded. Tourism is a dynamic mix of economic, cultural and political phenomena: it has multiple meanings and applications loaded with many ambiguities (Burns & Novelli, 2007). The politicization of culture together with economic forces may shape tourist destinations, reflect political imperatives and be related to matters of ideology and power. Tourism generates people flows, trade, cultural exchange: it is a source of bitter controversy and yet a topic of intense international collaboration and national politics. Modern tourism generally presumes equal opportunities in economics and social spheres as much as freedom of movement of both humans and capitals. Based on these conditions, tourism and travel quintessentially have been related to modern capitalism. The commodification of tourism in terms of the consumption of fun and entertaining experience has made tourism the realm of consumer sovereignty and relatively free of political consequences (Zhang & Yan, 2009)

Chinese outbound tourism has grown from 4.5 million departures in 1995 to 143 million in 2017 (World Bank, 2019a). Given the growing importance of tourism flows from China, it seems relevant to pay closer attention to the roles of the government, policy-making and the ambiguity laying in the outcomes in the context of outbound tourism. China is a country where the government has an overwhelming role of coordinator, planner and regulator, which has been dealing with major domestic and international changes and challenges. Looking at Chinese outbound tourism offers an opportunity to delve into China's policy-making in relation to a particular industry sector whose perceived role is broadly associated to the sphere of consumption but that can actually enlighten different realities and objectives. The tourism sector combines economic, social and political features and it brings together policy-making, statecraft and business actors. China's outbound tourism provides an interesting context from different perspectives. Its development spreads lights on the evolution of China's political ideology and economic progresses at different stages. Furthermore, the relation between tourism and policy-making in China has become a topic of research only in recent times and thus makes it an interesting subject for analysis. Lastly, considering the controversial political nature of the People's Republic of China, where policy-making serves as an overarching umbrella for development (Airey & Chong, 2010), it is worth investigating the role played by a specific industry segment within the national grand strategy.

As China's outbound tourism rose in its economic function and an active policy area, it has exhibited some distinctive characteristics that are not readily explainable by the established

theories of international leisure travel prompted by motivators and facilitators¹ (Arlt, 2006; King & Tang, 2009; Tse, 2008). While many scholars of international relations recognize that tourism is one expression for state actors to maintain and increase soft power, the topic itself has not entered the real discourse of the discipline. Only recently there have been attempts at filling the gap of the usually overlooked political effect of outbound tourism (Richter, 1983). China comprises an attractive case since it sets rules and regulations to control tourists' flows. From 1949 to 2013 the Chinese government has issued 379 policy papers regarding tourism (Tang, 2017). This number indicates that tourism policies enjoy a prominent status in policy-making and that tourism has been re-evaluated as a comprehensive political and economic endeavor and a driving force for development. China also stands out for being one of the very few countries to have produced such articulated and complex regulations on tourism. In this context, Chinese outbound tourism cannot only be understood from the commercial angle, but should also be analyzed as part of the promotion of a comprehensive national tourism development strategy that includes the enhancement of international exchanges and other aspects' of the country's soft power (Dai et al. 2017). Exploring the links between Chinese outbound tourism, foreign policy discourse, economic strength and soft power diplomacy will present Beijing's perception of its lack of soft power and of its harnessing of growing economic strength and integration in the world economy.

While the absolute number of outbound Chinese tourists is impressive, it is only a relatively small fraction compared to the total population. There is, therefore, a tremendous growth potential and interest for Chinese outbound tourism, not only for its economic leverage but also for its political implications.

The thesis structure is comprised of three sections. The first one introduces the general concept of power, soft power and China's stands in relation to its soft power status and claims. The second section contains an analysis of tourism outbound policies in correlation with the country's economic and ideology evolution. The last section, as an integration of the first two parts, provides a series of instances, with more focus on developing countries, of Beijing's displays of different forms of power through outbound tourism.

The following work relies on desk research and analysis of policy papers, official speeches and datasets from both English and Chinese sources. With regard to policies and speeches, the main sources have been accessed through the relevant Ministries and State Councils online archives of the People's Republic of China. Whenever available, the official English versions have been used, after comparison with the Mandarin version for crosscheck of eventual content differences. In case of lack of official English versions, the Mandarin ones have been accessed. Data have been collected through the World Bank, United Nations World Tourism Organization (UNWTO) and National Bureau of Statistics of China (NBSC). As UNWTO and NBSC yearbooks on China's outbound data do not report great discrepancies,

¹ E.g. income, available leisure time, reasons for travel etc.

it has been given preferential status to UNWTO data as easier to navigate and with more friendly formats and outlines. The data have been compared with the policies to tentatively trace correlations between policy-making/political discourse, China's economic growth, relations with destination countries and outbound flows.

2. The concept of power and China's Power

The concept of power has been a constant in the field of international relations since the ancient Greek during the Peloponnesian War, as exemplified in Thucydides Melian dialogues (Thucydides, 2009). Throughout ancient, modern and contemporary history the concept has been discussed, analyzed and still remains one of the most important but least agreed upon idea. Gilpin describes power as the "military economic and technological capabilities of states" (1983, p.13). Power is an integration of different dimensions inherently belonging to a state, spanning from economic to military and capabilities. Dahl (1957) connects power to the ability for 'one actor to influence the actions of another actor that would have not occurred otherwise'. Different types of power have emerged during the evolution of political science and international relations, with many undertakings to include or exclude the place and relevance of norms, ideology, morality and international public opinion as shades or component of power (Foucault, 1980; Gramsci, 1971; Griswold & Carr, 1941).

It goes beyond the scope of this project to find a consensus regarding which components make up for a country's power, nonetheless, it is useful to start with a simple distinction between 'hard power' and 'soft power'. The concept of 'hard power' is the expression of a country's power through force and coercion. Hard power is at best exemplified by a country's deployment of military means and economic sanctions. The diametrically opposed notion of 'soft power' was recently theorized and developed by the American scholar, J. Nye in a course of papers and books. In Nye's words, soft power is "the ability to get what a [state] wants through attraction; it arises from the attractiveness of a country's culture, political ideals and foreign policy" (2004, p.11). Hard power is, instead, coercion exercised through military and economic sanctions (Nye, 2008). Soft power employs culture whose content and practices are attractive to others; values that are prevalent domestically and shared abroad and foreign policies that are seen as legitimate as in opposition to the use force and other coercive means (Nye, 2004). Different elements add to the formulation of the concept of soft power: for instance the passive use of military and economic intimidation can be a source of attraction for other countries in opposition to its active use in terms of hard power. In Nye's formulation, soft power relies on a state positive image generated by its actions, policies or inherent characteristics (Nye, 2004). This will increase a state possibility to attract and therefore obtaining more chances to influence other countries that will be more prone to accommodate its wishes, imitate its policies, values or institutions and follow its lead in the international arena. The capability to influence other countries will be strictly

related with forms of intangible power like ideology, institutions or culture that will affect the way other state actors develop preferences and define their interests in way consistent with its own (Nye, 1990). In a broader way, soft power infers that a country is able to persuade others through its level of attractiveness. Nye encloses the concept of soft power in the field of international relations and strategies, as can be summarized as “when one country gets other countries to want what it wants” (Nye, 2004). Rothman (2011) provides a revision of soft power by generating a continuum, rather than an opposition of power, based on the tools useful for implementing different degrees of power. The ‘hard/soft’ dichotomy conceals the interrelation between the two forms of power, like the potential use of hard power means to generate soft power and vice versa. The categories of hard and soft power are more nuanced and placed on a continuum. In its elaboration of the concept of powers, it is useful to streamline the typologies and look at the idea of power utilizing both the soft and harder power concepts while allowing flexibility so that many resources may fit in generating the relationship between the two (Rothman, 2011). The power continuum model conceptualizes the exercise of power as dynamic; ‘different types of actions or behaviors are softer or harder depending on their location within the diagram’ (Rothman 2011) and can be used simultaneously with different objectives. The diagram is not a mere transformation of the opposition into categories but it shows the underlying variations across the continuum. At the left extreme lays the hardest form of power that can result in the annihilation of another actor. In this scenario the target actor is left with only two choices: abide to desire of the actor or accept physical coercion as manipulation to change behaviour. At the extreme right is the softest form of power: the one that does not deploy physical means over other actors and it involves the use of morals, ideas and norms.

Between the two extremes, there are economic and institutional resources as form of power. The nature of economic power is ambivalent and subject to different level of usage and interpretation. Economic resources shift from harder to softer forms: actors can retain goods in form of sanctions or provide material and financial aid to alter the decision-making progress of other actors. The use of economic sanctions and rewards is widely implemented in international relations and can modify the target country outcome as they affect the ability to survive in the international system or maintain domestic power. A state domestic economic security is strictly related to political stability therefore economic resources can influence actors by making some choices more attractive than others.

Institutional resources as in agenda-setting power do not call for manipulation of other actors instead they requires knowledge of the agenda system of other actors and estimation of the preference orderings. Agenda setting requires a mix of resources including certain level of institutional power as well as understanding of others’ objectives and strategies to set the agenda of other actors (Rothman, 2011).

Lastly, framing and rhetoric are the softest expression of power. Framing consists both of

identifying an issue at moral, emotional level. Attending at those issues is the necessary thing for generating a causality that links causes and consequences in a unique way. The creation of causality narratives involves identifying problem, difficulties and attributions of blame or responsibility. In both ways rhetoric acts in affecting behaviours either as the way other actors look at specific moral issues or includes them in the victim/enforcer discussion, thus re-evaluating their position, costs and benefits.

As mentioned above, Nye identifies three resources for generating soft power: culture, political values and foreign policies. He rightly pointed out the value of getting international support and legitimacy as means to cultivate a positive image of a country that would generate appeals and attractions. However, if soft power is co-optive and generates attraction, then the sources for appeal lack some elements. For instance, it is legitimate to argue that the attraction towards the United States after the Second World War was generated not only from American popular culture, as Nye argued, but also by the country potential military capability, economic prowess, trade opportunities and technological advancement (Lai & Lu, 2012). All these elements brought about the idea of the US as a worthy leader. In this context, Rothmans spectrum of power, better exemplifies the interchangeable and interdependent relations between the two extremes in a fluid and dynamic continuum. This framework will be a useful tool to enclose China's attempt at establishing soft power in different forms and nuances.

2.1 China's soft power

After almost four decades of exceptional growth, China is the world's second largest economy and it has contributed around thirty per cent of global growth in the past eight years (World Bank, 2019c). Complementary to its rapidly expanding economy is China's allegedly growing global influence together with its expanding soft power. Since the beginning of the new millennium much has been written about China's growing influence, boosting the overall understanding regarding the nuances and elements of the country soft power. Among these aspects there are the tools deployed by China to advance its soft power quest; the immediate popularity achieved by the concept of soft power within the country domestic borders and the country's effort to bolster its soft power globally, but mostly among Asia and the developing world. China's attempts and efforts to bolster soft power have been the center of discussion in recent literature. One of the earliest and comprehensive publications about the topic is by J. Kurlantzick (2007) where he extensively describes the attempts at positive image building in South East Asia and Africa. Similarly, Kurlantzick (2009), Zhu (2009), Deng & Zhang (2009) provides example of China's efforts at cultivating soft power in the developing world. It emerges that China's predominant tools to expand its soft power include reassuring political discourse; diplomatic attitude coupled with self-restraint in the midst of controversial issues; cultural and public diplomacy; trade opportunities, investment, assistance and financial aid. All these tools are ancillary to build

the image of a peaceful China, a developing country with a successful model of development, implementing good neighbour policies and promoting mutual cooperation for economic development and win-win solutions in a harmonious society.

Since the concept of soft power was introduced in China in the early 1990's, it immediately gained presence and importance in both the academic and official discourse. It has been found that the average number of articles with reference to soft power counted 'eight between 1994-2000, it rose to 53 during the following four years and escalated to 314 between 2005-2007' (Lai & Lu, 2012, p.12). The Chinese Communist Party official documents started including the notion of soft power around 2004. The Chinese leadership fully internalized the discourse on soft power and understood that it has become the most important mode in international arena to shape other actors position. Since then, Beijing has been investing on the ideas of China's traditional philosophy and social sciences as core components for the development of soft power to embark on the journey to gain international recognition and respect (Lai & Lu, 2012). President Hu Jintao (Mo, 2007) emphasized the importance of culture for national cohesion and overall national power. In various occasions, China's leadership has been calling for the enhancement of culture and expansion in national soft power through elements of traditional culture, export of cultural products and initiatives and technological innovation. The theme has been an ever present element in the political discourse and it has witnessed an escalation of importance and relevance especially in the last five-year after the new leadership takeover. In 2017, president Xi Jinping stated that by 2050, China would become a global leader in terms of composite national strength and international influence (Xi, 2017). In line with official statements about culture as a driver for soft power, cultural public diplomacy has become one of the most used tools. China has been promoting Mandarin language as well as organizing programs and activities for cultural exchanges, overseas media coverage, and showcasing China through movies and athletic stars (Lai & Lu, 2012). Another initiative is the use of official discourse in foreign policy. Since China opened up to the world, each leadership has embraced a narrative that would be expanded and developed throughout the succeeding change of mandate. Since the late 1990's the foreign policy discourse has been connoted by the themes of 'multilateralism', 'peaceful rise', 'peaceful development', 'harmonious world' (Hu, 2005), 'China dream', 'road to rejuvenation' (Xi, 2014) and the most recent 'fostering a community of shared future for the mankind' (Xinhua, 2019a). The emphasis on China's peaceful role purports to display that the country is avoiding any form of military conflict and it is willing to respect the international order.

However, if on one side Beijing has been working on culture and diplomacy, on the other side, China's rise and quest for soft power has been driven by economic development and related economic clout. It is been claimed that the economic wealth of a country is one of the fundamental precondition for building soft power. People aspire to be similar to those in

wealthier societies rather than poorer and underdeveloped one. Furthermore, most soft power is based on and made possible by economic wealth (Jaques, 2012). The impressive economic changes and fast growing economic power allowed China to further the development of soft power initiatives. China's transformed economic position has enhanced the transformation of emerging material and structural power into political influence and agential capacity (Beeson, 2009). China's growth has generated visibility globally, especially among the developing world and emerging markets. The rapid economic growth began to attract particular international momentum when Ramo published the 'Beijing Consensus' in 2004. This manifest of China's success and achievement, gained particular attention for its provocative tone as a response to the Washington Consensus. Ramo advocates that China's economic development and growing international influence are a result of China's modernization through innovation and technological progress whose productivity wealth is widely shared even though the Central Party maintained control of the developmental policies (Kennedy, 2010). Although it is largely considered a misguided and inaccurate summary of China's actual reform progress (Kennedy, 2010; Zhu & Pearson, 2013), the Beijing Consensus, which was never embraced by China's leadership, however, initiated the discussion on the China Model, a western epithet for what in China is officially called 'the Chinese way'. The China Model discourse has been implicitly endorsed by the CCP as a mean to legitimize China's divergence from the free-market democratic ideals (Kennedy, 2010) and has been associated with an alternative model of development that resonates powerfully with some states in Asia, Africa and Latin America (Beeson, 2009). China's leadership is, in fact, well aware that foreigner's public opinion toward China is mainly influenced by the country's economic and political situation (Meng, 2012). Despite the many efforts, China is informed that the road to soft power is very long and requires extreme caution as it takes few wrong actions to destabilize many years of hard work on public opinion. Concurrently, China's leadership is alerted of the challenges to its global soft power quest. Firstly, content difference in terms of political views with the West-led democratic-liberal soft power hegemony, and, secondly, an effective lack of a substantial cultural presence. Even though China's super power status as the second largest economy is universally recognized, the aforementioned challenges frame China in a relative weak position compared to the current leading soft power actors. It is peculiar, therefore, to delve into China's strategy to overcome its soft power deficit without changing its current domestic political status. In light of the wish to satisfy the power gap, China has been mounting its efforts in building network of free trade associations by initiating targeted free direct investments and foreign aid and loan projects. China's economic statecraft is aimed, on one hand, at obtaining greater geoeconomic security as precondition for development that will ensure domestic stability; on the other hand, to project abroad a peaceful image of China through funding developmental and aid projects to further advance from the status of great power to the one of an influencing great power.

China stepped up its overseas presence one decade ago by largely expanding its foreign investment. One of the key policies is to increase its footprint in developed economies, where it can acquire technologies, brands, and management skills, as well as access to major markets including the Eurozone (Le Corre, 2018). Outward foreign direct investment (OFDI) has also been directed towards many developing or least developed countries in a quest for natural resources to sustain China's domestic development (Economy & Levi, 2014). In the last few years, the OFDI trend has begun to include the funding of infrastructure projects, including public building, energy projects, railways, roads and ports. From the neighbour Asia to Africa and Latin America it is very hard to neglect China's presence (Lee, 2017; Ferchen, 2011; Oh, 2018). Since 2013 many of these projects have been comprised under the umbrella of the Belt and Road Initiative (BRI), a major project undertaken by Xi Jinping himself aimed at building or renovating infrastructure across Asia and Europe (State Council of the PRC, 2015). Originally launched as a connectivity project, it has stirred into a slight different direction with broader ambitions, that include financial integration, linkage of information and communication networks and barriers reduction on trade and investment. Given the massive amount of projects listed under the plan, the BRI is gaining more and more attention globally and is progressively getting support from local authorities of recipient countries (Le Corre, 2018). The BRI aims to create a new, colossal economic platform to maximize the political influence that Beijing derives from its new role of international investor. Simultaneously, the BRI shows China's intention to cooperate with other states, especially the developing ones, by building infrastructure and igniting the global economy through its own initiative. However, many experts and analyst of the projects have noted that China's aid is conditional to rally political benefits for both Beijing and the local elites of beneficiary countries (Rolland, 2017). In this view, Beijing geo-economic assertiveness has enticed a lot of consideration among policy makers and academics regarding the true final objective hiding behind the peaceful development rhetoric.

With regard to the matter of developmental aid, China has emerged as a leading provider of overseas assistance, especially in post-conflict settings, though the real input is hard to assess. Data are very opaque as Beijing is neither a member of any cooperation and development organization nor shares data with the Aid Transparency Index. The increasing emergence of China as top development partner for a growing number of countries that have experience armed conflict can be justified by the fact that Beijing is in need for diplomatic support and to show solidarity in antithesis to western imperialism (Tower, 2017). China requires support in the international community to advance its quest for influence: financial aid to disrupted post-conflict countries favours China's international prestige and abets building a positive image in the recipient countries. Simultaneously, the aid is ancillary to set the basis for good commercial dynamics, allowing Chinese entrepreneurs to have greater access to business opportunities especially in contexts where political elites can approve projects with little to no-consultation with public audiences (Tower, 2017). Whether

economics or liberal politics are the key to success in developing states, it seems that Beijing frequently resorts to its economic clout on its path to a bigger goal.

In the global context, China has strengthened its role as a strong and cooperative player in international and multilateral institutions. Although it has created independent institutions (Asian Investment Bank, Silk Road Fund, China Development Bank) they are, for now, showcase of best practice of multilateralism approach rather than a challenge to the existing international order (Naughton, 2019). In addition, China has been very proactive in developing strong bilateral relations with most countries in the world; the exception being a handful of states that still recognize Taiwan diplomatically. Chinese diplomats have been very operative throughout the whole network of embassies and consulates to spread the rhetorical diplomacy of peaceful and win-win cooperation supported by the exemplary and successful economic progress. Since the appointment of Xi Jinping the Ministry of Foreign Affairs budget has increased fifteen per cent (Clover & Sherry, 2018).

China has been building a narrative and creating new links; in many more countries local business communities engage with Chinese actors in an increasing number of activities. Unlike other actors that have been interfering in the political systems of other states, China stands by its principle of non-interference of domestic issues and therefore its presence overseas is more opaque and attentive. As Le Corre (2018) argues, 'lobbying may be an English word but the Chinese have certainly made it their own'. Beijing has been employing many forms of resources, from economic to institutional to rhetoric that are instrumental to progress on the spectrum of the power continuum to fully grasp soft power.

3. Literature review

China's actual population counts almost 1.4 billion people and in 2018 the number of citizens that travelled abroad reached almost 150 million in 2018, up 14.8% year-on-year (Cheng, 2019).

Outbound tourism is mostly studied by employing the 'Destination Choice' paradigm. (Henshall et al., 1985; Crompton, 1992; Yuksel and Akgul, 2007). The framework is concerned with the matter of supply and demand, whereby tourism organisations package their various tourism products in ways that increase their relative competitiveness within a broader tourism market. Destination choice is influenced by an elaborate and complex combination of consumer needs and destination perceptions (Crompton, 1979). Specifically, current literature on Chinese outbound tourism has been focusing on three broad areas of research: destination related (Zhang and Heung, 2002; Zhang and Qu, 1996; Qu and Li, 1997; Cai et al., 1999), tourist related (Mok and DeFranco, 1999; Xie and Li, 2009; Lam and Hsu, 2004; Ryan and Zhang, 2007) and source market related (Zhang and Heung, 2002; Xiao, 2006; Tse, 2013). Considering that Chinese outbound tourism is rather unique, conventional destination research and travellers behaviours and motivations could not adequately explain

the phenomenon. It is unique not only because of the sheer volume but also due to its socialist system backdrop. In fact, if we look closely at the different stages of evolution it is possible to assert that outbound flows have been determined by political ideology and domestic economic reforms.

Research on the politics of tourism has long been neglected by political science discipline and only over the last three decades tourism has been addressed as a phenomenon with power, ethical, ideological dimensions and a flexible tool for wielding domestic and international influence (Richter, 1983). The research encompasses different areas including discussion about the ideological nature of tourism (Airey, 1983; Thurot and Thurot, 1983); studies about the development policies of regions and individual countries (Hall, 1991; C. M.Hall, 1994; Richter, 1989; Richter and Richter 1985). Elliot (1997) and C.M. Hall (2000) look at the correlation between tourism, nationalism and ideology claiming that democracy is the underpinning ideology of modern tourism as it provides the preconditions of equal social and economic opportunities paired with freedom of movement in both human and capital matters. Fulcher (2004) frames tourism as a leisure activity resulted from capitalism and therefore international tourism advances capitalistic practices. He also argues that the growth of international tourism is one of the many expressions of economic links between countries. D.R. Hall (1991) investigated the relation between tourism and ideology in the former socialist countries finding that tourism flows were promoted among socialist states to advocate communist ideology, behaviors and establish bonds. The aim was to reach economic and political goals by persuading tourists that socialist ideology was superior in creating economic development.

Richter (1989) and Zhang & Yan (2009) recognize the important force of tourism in influencing political policies as it allows both the host country to show a positive image to the world and it also mirrors a country's prosperity, culture and values through its citizens. Consequently, the tourist exchange among countries is an indicator for analyzing political relationships and diplomatic ties. Governments may restrict or promote tourism to achieve political leverage (Richter, 1989).

A thorough understanding of tourism policy requires knowledge about the context that gave birth to it. Zhang and Yan (2009) introduced a framework that entangles power, ideology, and interest groups for tourism policymaking finding that the three major branches of tourism development in modern China (international, domestic and outbound tourism) have all been pronounced with strong governmental involvement and intervention in their trajectories of development. Qiao (1995) alleges that tourism has been used as a tool of foreign policy: allowing citizens to travel abroad is part of state's political, foreign, economic and commercial policies. Governments have the capability to impose restrictions to limit or neglect citizens to travel out of the domestic borders: visa and passport regulations, extremely time consuming bureaucratic and administrative procedures and departure taxes just to mention a few.

Very recently, scholars started to conduct studies on China's outbound tourism politics. Airey and Chong investigate the process of tourism policy making and how it has affected China since 1949. Tse and Hobson (2008) enlarged the perspective and listed the forces influencing Chinese outbound tourism concluding that socio-economic and political elements play a decisive role. Xiao (2006) discourse analysis of Deng Xiaoping speeches on tourism highlights the economic doctrine of 'socialism with Chinese characteristic' that includes a developing tourism map based on the country actual condition and references to the international practice. Arlt (2006) interrogates the link between China's political demand and people's social desire. The book draws on the relation between Chinese citizens that aspire to travel abroad and the attempts of the Chinese government to keep outbound tourism within the boundaries of China's foreign politics interests. Li (2011) lays out different stages of tourism policies and development according to the country's political leadership. Notwithstanding the abundance of literature on Chinese tourism there is still too little emphasis on phenomenological questions about outbound travel; about the relationship between political ideology and outbound travel and regarding the soft power and economic bargaining chips entangled in Chinese outbound tourism.

4. China's Outbound Tourism evolution

Tourism is a comprehensive industry covering many sectors and fields, with multiple departments participating in formulating development policies at the same time (Tang, 2017). Generally, public tourism policymaking results from two factors, namely the level of evolution of tourism industry and the government targets (Tang, 2017).

China's tourism policies are an interesting context for both the historical evolution and different incremental functions. In the People's Republic of China, the core policy makers are the specialized agency for tourism, namely: China National Tourism Administration² (CNTA); the comprehensive management agencies, National Development and Reform Commission (NDRC) and the Ministry of Finance and Commerce (MoFCom); the quality administration agency, State General Administration of Quality Supervision; the policy think-tank, the Chinese Academy of Social Sciences and the country local governments (Airey & Chong, 2010). In the following sections, by looking at outbound tourism policy-making through the different country' leadership, the aim is to examine the intertwining links between political ideology and outbound tourism policy-making as tools to set the ground for soft power enhancement and to achieve economic goals.

4.1 1949-1978: the leading role of politics

² Merged into the Ministry of Culture and Tourism in 2017

Since the founding of the People's Republic of China in 1949, the country has gone through massive ideology change that started with the Mao Zedong Thought, an anti-revisionist Marxist theory as transitional path to socialism (Bramall, 2006) characterized by anti-imperialism, and anti-bourgeois spirits. That was the time when the newly instituted state was still dealing with the legacies of imperialist claims of the early twentieth century, where China had to endure the domination of 'foreign powers'³ during the so called 'century of humiliation' (Scott, 2008). The historical evaluation of the events preceding the Second World War originated the idea of 'foreign devils'; a synonym for colonial imperialism conforming to the widespread myth that devil is intrinsic in foreign contacts.

The Maoist era tourism policies were tactful and negative. People's movements to and from the country were strictly controlled, particularly during the decade of the Cultural Revolution when all sort of tourism activities were suspended. Mao's doctrine predicated anti-imperialism; tourism was then considered a form of bourgeois leisure activity and an unnecessary expense of scarce hard currency, therefore to be despised. Centralized bureaucratic organization, inflexibility and antipathy towards individualism resulted in constrained mobility that neglected the development of tourism in general (D.R.Hall, 2001). During the thirty years of Mao's leadership, tourism mainly served the political aim of promoting the achievements of Socialist China, expand its political influence and enhance international understanding and friendship between communist countries or non-aligned developing countries. Travel services were used for the sole purpose of visiting Chinese residents overseas. Tourism was regarded not as an industry but as part of foreign affairs and diplomacy (Mak, 2013); it was not intended to project positive shades on China to the outside world.

During the Mao era, outbound tourism was almost non-existent; the few people that left the domestic borders were part of exchange groups, seeking no economic benefit for the country. Furthermore, during the Cold War, many western countries did not allow entrance to people coming from communist regimes. Tourism policies between 1949 till 1976 were highly political determined and cautious in attitude.

4.2 1978-1993: politics tainted with economic consideration

After 1978 and Deng Xiaoping's 'opening up to the outside world', autarky and self-reliance shifted towards global commerce and transnational exchange. The process to internationalization was very gradual and kept under regulatory control. Deng decision to place economic modernization above class struggle as one of the Party's priority resulted in interaction with the global economy as beneficial to the modernization drive. This first period of reform was dominated by rapid labor force growth and export-led development. China, after the Cultural Revolution, was left in a backward economic condition and was in

³ Namely France, Italy, Germany and Great Britain

desperate need of foreign investment to sustain further economic development. Given that the leadership had criticized the evils western capitalistic global economy for much of the preceding decades, introduction into the global economy had to be gradual and careful. In 1979, the PRC promulgated a law that allowed joint ventures and foreign investment in specific and delineated areas, the Special Economic Zone thus mitigating fears of bourgeois pollution (Breslin, 2013). Economic development came hand in hand with domestic stability after the chaos and turmoil of the Cultural Revolution. Deng's was firmly convinced that enhancing economic prosperity would ensure domestic stability and, consequently, continuity of power for the Communist Party. His path to political stability included adherence to the socialist path with Chinese characteristics, widely regarded as China's transition towards a socialist market economy. The open-door policy initiated in 1978 also witnessed a revival of foreign policy, to integrate the country in the international community. However the intent to open up, it is necessary to remember that Deng's objectives were clearly domestically oriented; China's foreign policy in the 1980's and early 1990's clearly reflects the position of a minor player in international affairs. The negative image subsequent the Tiananmen crackdown together with the end of the Cold War sent a strong message to China's leaders. The country had to steer away from the risk of becoming the new primary antagonist of the post Cold War politics; therefore maintaining a low profile was deemed a better option given China's adverse image in the international reception. Deng's mission was fairly straightforward: gain foreign interests in China's economic development to develop and enrich nation while the involvement in international affairs would occur at a later stage (Chen and Lee, 2008).

During this state of reform, tourism in general received full support from the party leadership. Deng himself delivered important speeches about tourism and recognized its economic benefits, especially as a mean to earn foreign exchange (Xiao, 2006). The country opened up to foreign tourists, with tourism receipts increasing from "US\$ 262,9 million in 1978 to US\$1.25 billion in 1985' (Zhang et al., 1999, p477).

This phase set also the beginning of outbound tourism, which began under tight control in fear of foreign exchange leakage. In 1983 the government allowed a limited number of organized tours of Guangdong residents to visit family members and friends, firstly in Hong Kong and, later, in Macao, as long as the expenses were covered by the relatives not living in China (Keating and Kritz, 2008). Further steps ahead were made in 1990, when the government issued the first law on outbound tourism and signed bilateral agreements with Malaysia, Thailand and Singapore. Philippines were further added in 1992. Chinese citizens were entitled to self-fund leisure travel in the three countries through the newly established Chinese Travel Service (CTS) (Keating and Kritz, 2008). The set of countries chose as the first abroad travel destinations underpins political and economic reasons. Firstly, it served to tighten bonds with the ethnic overseas Chinese community by parading the economic success. Secondly, due to export-led growth economy, China held large volume of trade with the aforementioned South-east Asian states; choosing them as a destination for self-

funded Chinese tourists could be considered a form of reciprocation. Moreover, China and Vietnam had long been at disputing over borders issue: tightening foreign relations and trade exchange with Thailand would limit Vietnam's moves.

In 1991 was launched the 'Travel Abroad' campaign, encouraging professional, government officials and selected students to go abroad and engage in economic and cultural activities, especially international conferences. With the excuse of attending business conference or meetings, groups travelled out of the domestic borders with itineraries mainly made up by leisure activities: the business label attached to the travelling purposes served to downplay the role of leisure, as not fully incorporated in the socialist ideology (Arlt, 2006). However, the successful export growth paired with the flow of foreign investment and hard currency easier to obtain, the number of business-leisure trips to foreign country paid by public funds experienced enormous growth. It is still worth noting that in 1993 obtaining a passport was not easy and it was granted only to residents of few main and costal cities (Arlt, 2006)

4.3 1993-2003: a balanced mix of politics and economics

This decade mirrors the "miracle growth" phase: economy is still dominated by labor force growth, high investment and expansion of exports that maintained a gross domestic product growth above 10% per years, reflecting the expansion of labor-intensive manufactures in which the country had an underlying comparative advantage. This outstanding performance was aided by a significant renminbi (RMB) depreciation throughout the whole decade. Export expansion, in particular, fit into the broader economic orientation and till the Asian Financial Crisis the export/GDP ratio was around 20 percent (Naughton, 2019). Under the Jiang Zemin and Zhu Rongji decade (1993 -2003) the country emerged as a recipient for foreign direct investment (FDI) to continue on the path of economic development. FDI were encouraged to produce exports for external markets, in a sort of liberal internationalized export regime counterbalanced by a relatively closed and protected domestic trading reality. This context was partly designed to safeguard domestic producers from competition; 'it protected state owned enterprises (SOEs) from inefficient loss from international competition and ensured relatively stable income for agricultural producers while providing price advantage to domestic exporters (Breslin, 2013, p.87).

Under Jiang Zemin leadership, China's reforms had been reinvigorated and moved closely towards a market-oriented economy. Twenty years had made the country a rising economic power. Jiang begun to introduce the concept of 'developing China into a comprehensive power' (Jiang, 2001), thus was marking a shift toward growing confidence in domestic developments. China grew into an embedded network of international relations and Beijing stepped up its involvement in international institutions and organizations. At the dawn of the new millennium, China was a member of almost all major international regimes, celebrated with the culminating World Trade Organization entry in 2001. Beijing has since shown its willingness to participate in international affairs and proactively shaped the international

environment. For instance, The CCP leadership strongly encouraged further economic cooperation with Southeast Asian neighbors, resulting in the formation of the China-ASEAN Free Trade Area (CAFTA) (Breslin, 2008).

It is within this scenario that surged international tourism from China. The Party leadership set the basis for activating low level of domestic consumption, by implementing the five-days working week and started promoting the weekend as 'double-leisure days'. Vacation is favored as patriotic and not an attribute of privileged bourgeois and elites. Japanese style 'golden weeks' were created with three seven-day annual national holidays around the Chinese New Year, Labor day (May, 1st) and National Day commemorating the founding of the People's Republic of China on October, 1st (Gerth, 2010).

As China opens up, slowly relaxes its rules and stimulates domestic purchasing power, people increase their desire to travel, in and out of the country. In 1995 the Chinese government instituted the Approved Destination Status (ADS) system, to allow more organized outbound tourism flows but still under the control of the central government. The ADS system is based on "bilateral tourism agreements whereby a foreign government allows self-funded Chinese tourists to travel for pleasure to its territory within guided package group tours and with a special visa. Only ADS countries can openly be promoted as tourism destination in Chinese national media' (Arlt, 2006, p.42). The ADS system comprises only tourism for leisure purposes; students, business and official travellers are not included.

Two years after the implementation of the ADS system, China signed the first two agreements with non-Asian country, Australia and New Zealand. Practical outcomes of the Approved Destination system include easier and shorter visa procedure, as Chinese can apply through designated travel agencies. Citizens that desire to travel independently can always apply for individual visa, though the process is bureaucratically more complicated, time-consuming and with high chances of paperwork rejection. Furthermore, travelling for leisure is institutionally legitimate and there is no further need to mask under business or family reunion purposes. Conversely, countries assigned with the approved status can actively promote their country as tourist destination, stimulating the desire to travel among Chinese citizens. Each Memorandum of Understanding signed under the ADS system came with a list of companies authorized to handle tourist groups, both in and out of China.

The first few years of the ADS system resulted in long negotiations between countries. Many regulations about reciprocity and limitations were included, in addition to a series of preconditions that the receiving country should meet to welcome Chinese tourists. For instance, the country applying for Approved Destination Status should be a source of outbound tourism to China; should behold good political relations with China and offer facilities suitable to Chinese travellers. Moreover, the country should be easily accessed from China and guaranteed freedom from discrimination for China's citizens (Arlt, 2006, p.46). Even though many countries did not meet the standard conditions, were still deemed with the ADS status. Arlt (2006) argues that the approved destination status was a 'gift' from the Foreign Ministry 'to be used in future against some governments for political reasons'.

After Australia and New Zealand in 1997, Malta was the first European country to be added in 2002 followed by a group agreement with most of the European Union countries in 2004. The ADS status increased from 5 in 1990 to 28 in 2003⁴.

During the Jiang and Zhu decade, the state allowed market forces to play a role in developing the tourism industry, however the government retained the core philosophy of controlling the movements of its citizens. Outbound tourism was neither criticized nor promoted, the state, however would maintain the ultimate control and had the means to intervene and correct the path if needed (Tse, 2008).

5.4 2003-2013: social, economic and politic considerations

The World Trade Organization (WTO) membership did bring quick and tangible results: trade and foreign investment increased with exports outstripping imports. In urban China one of the most visible consequence was the large increase in car ownership while the forecast of a collapse in rural income due to global competition had failed to materialize (Breslin, 2013).

In 2003 the country administration was took over by Hu Jintao and Wen Jiabao who were faced with the new challenges brought in by the rapid development. The most tackling issues concerned widening regional disparities between the richer eastern regions and the poorer inland western ones; a torn social and welfare system; structural poverty and rising environmental issues. Hu prioritized rebuilding social services, bolstering agriculture by cutting taxes and providing protection by developing robust industrial policies (Naughton, 2018). These policies were, still, complementary to the market-oriented reforms implemented during the former Party leaderships. This consequential break with the past 25 years, however, did not completely disrupt the strong and self-reinforcing pro-growth economic framework already in place. Following the beginning of the new millennium, China's export-led economy started to change culminating in a real turning point around 2007. Since then, China's export ratio has declined, force growth has slowed and wages have increased (Naughton, 2019). Trade played (and still plays) an important role but is less relevant to China's political economy. In 2010 China witnessed the end of the miracle speed growth to the point that GDP will never surpass 10%. The country had reached a stage of normal growth, still accelerated in global comparative terms but less than the miracle-growth decade of 1992-2002 (Naughton, 2019).

While the first years of the new Party leadership still strongly displayed the echoes of the market-oriented policies of the former reformers, 2007 marks the year for the first results of the implementation of Hu's new political economic approach. Concepts like 'scientific development' and 'harmonious society' (Hu, 2005) delineated the path to pursue a more sustainable mode of development. The new discourse mechanism served as an ideal

⁴ see Appendix 1 for the full list of ADS countries

platform to articulate the policy vision providing the domestic audience with new developmental objectives. 'Harmonious' is synonym for China progressing into a new phase, while 'scientific' imply a new advancing attitude embodied in people-oriented, coordinate and sustainable development aimed at achieving all-round economical, social and human progress.

On the foreign policy sphere, China was surrounded by new external factors: separatist movements, transnational terrorism and excessive trade imbalances. Establishing a harmonious society within the national borders spelled out into building a harmonious world on the foreign policy front (Hu, 2005). China relies on a stable and peaceful international environment for its domestic economic wellbeing, as it remains the highest national and political priority. This international attitude is nonetheless an extension of the domestic policies: a domestic developing China is 'going out' and bringing itself on a par with the rest of the world and assuming deeper commitment in international affairs (Brown, 2012). Under Hu's leadership the urge to reach out is comprised in the economic and cultural spheres. As export growth slowed down, China's Central Bank stopped accumulating official foreign exchange reserves, which had previously done to limit Renminbi appreciation and keep competition in the export sector. In 2007 significant currency appreciation was allowed for the first time. The not-so-expected 2008 Global Financial Crisis substantially changed the conditions of China's engagement with the world. Domestically, the impact of the global financial crisis brought out a brisk response from the central government. As other major economies (Bremmer, 2009), the comeback implicated a major temporary government expansion, with the Central Bank pumping credit into the economy that eventually reduced part of the trade surplus accrued over year of export-led growth. Meanwhile, the rest of the enormous foreign reserve accumulated became available to be invested abroad in various forms. Chinese brands and firms grew competitive and were strongly encouraged to 'go abroad', invest, operate and be listed in foreign stock exchange (Buckley et al. 2009; Hurst, 2011). Since 2010, China has changed from an important recipient of foreign direct investment into a source of outgoing foreign direct investment (Naughton, 2019). In other scenarios, China has offered foreign aid to least developed and developing countries (State Council of PRC, 2006; State Council of PRC, 2008).

As China has started building a global strategy, it also begun to actively promote culture and arts to expand its influence under the harmonious world diplomacy discourse. The Party launched Confucius Institutes, Chinese language and culture schools created at leading local universities in countries from north to south, east to west, with funding and material help provided by the Chinese Ministry of Education (Kurlantzick, 2007). The main goal of the institutions is to spread knowledge on Chinese language and culture thus enhancing greater mutual understanding under the idea of 'harmonious world' (Brown, 2012). Through this new mentality, China 'going out' fully takes place after three decades into its 'open door' policy debut. The social domestic reforms and the strong political and economic globalizations are well reflected in the tourism policies. 2003 was an important year for the evolution of

outbound tourism. Firstly, 'the administrative regulations on outbound tourism' further simplified passport application and extended the permits for passport application from 25 to 100 cities (Mak, 2013). Secondly, the number of local travel agencies that could operate China's outbound tourism increased from 67 to 528 in 2003 (Mak, 2013), revealing a will to stimulate outbound flows by loosening administrative restrictions. Thirdly, Chinese citizens were then allowed to travel individually to Hong Kong and Macao⁵, now part of China under the 'One Country, two systems' umbrella. Mainlander citizens from the major urban centers could apply for individual travel permits valid for three months (Tourism Commission of the Government of Hong Kong SAR, 2019a). Successively in 2005, the China National Tourism Administration (CNTA) vigorously revised both inbound and outbound tourism development. The CNTA openly advocated for a strong improvement of domestic tourism infrastructure so to attract more inbound flows and better cater for it. Regarding the outbound regulations, CNTA stressed the importance for 'organized, planned and controlled' policies as the opportune and pertinent criteria for development. Organized refers to travel activities that should be undertaken in groups. Planned indicates the need of guidelines to determine the scale of outbound flows; each year the Tourism Administration would estimate the annual outbound tourism based on previous years data and current year economic forecast. Controlled infers checking on the volume, spending, point of departures and so on of outbound tourists. The Hu Jintao leadership also set another milestone for the advancement of outbound tourism: in 2011 Chinese citizens were allowed to travel individually to Taiwan. As largely advocated in the Harmonious Society discourse, enhancing tourism flows with Taiwan can provide an opportunity for tourism development in general, but could also be a moment for mutual exchange and understanding as part of the plan to achieve progress and establish peaceful and harmonious ties in the global context.

4.5 2014-present: dogmatic politics and economic pragmatism

The discourse of the current leadership seems to be rather in line with its predecessors. The narratives of the former leaders have been embedded and further developed into Xi Jinping's thought of a "community of common destiny". China's vision of a harmonious world comes hand in hand with the great rejuvenation of a strong, prosperous, advanced and modern socialist state to be achieved at the centenary of founding of modern China in 2049 (Xi, 2017). Based on a 'win-win strategy, China's foreign policy will continue to hold high the banner of peace, development, cooperation, mutual benefit and strive to uphold world peace and promote common development'. 'China will strive to establish relations for long-term stability and create a new type of great power relations' (Xi, 2017). This narrative shows an emerging global outlook, a new win-win model in international relations in terms of

⁵ The former British and Portuguese colonies were returned to the PRC in 1997 and 1999 and then became part of the country as Special Administrative Regions (SAR), benefitting a certain level of autonomy and independence.

mutual collaboration instead of the old zero-sum model of the Cold War(Lam, 2018). In this view, Xi massive development project, the Belt and Road Initiative, seems to be the practical exemplification of the shared community rhetoric. Underlying, however, it appears there is, in Kurlantzick (2007) words, a 'charm offensive' strategy. Beijing is trying to convince its neighbours that China's growth will spur developmental opportunities for the rest of Asia, and, as the largest developing country, is uniquely qualified to represent the interest of other developing countries among great powers (Dittmer, 2015). China's more assertive stances give the impression that the country has moved from a slightly passive developing state into a major power deserving and looking for international recognition. Domestic growth slowed down following the trend initiated in 2007 and China continued to assure its status of main source of FDI. Since the new leadership takeover China revolves between nationalistic-assertive politics and pragmatic economics.

2013 marked an important milestone for China's tourism as the State Council approved the Tourism Law. The law aims at regulating malpractices in the tourism industry, with particular focus on coercive shopping and low price-poor quality tours. As the law regulations have been fully implemented only recently, it is too early to assess the consequences on outbound tourism. The law also includes intervention programs to regulate outbound tourists' ethical behaviours, often seen problematic in other countries. In addition, the new law calls for innovation in the form of new products and models with macroeconomic regulations and public service as the government elements of tourism management. In 2018, China's tourism entered a brand new phase. As part of State Council institutional restructure, it was announced that the Ministry of Culture and CNTA (China National Tourism Administration) are to be merged into a new Ministry of Culture and Tourism. The institutionalization of tourism and culture is aimed at coordinating the development of the two spheres, enhancing the country's soft power and cultural influence, and promoting cultural exchanges internationally. The new developments suggest that China's outbound tourism is all about the government's point of view to increase influence.

5.China, outbound tourism and displays of power

China's rapid economic growth has generated worldwide attention and it has shown admirable work in terms of poverty reduction and improving living standards. The economic clout has served the country to increased the capacity to use soft power, however, there is still missing a causal strong link between the country cultural diplomacy and image abroad. Beijing's political ideology and economic system are very different from the western/US-centric ideologies. Nonetheless, Beijing has been differentiating itself from these ideologies in the domains of democracy, human rights and free-market economy, to ensure a continuation of autonomy, unity and identity and to present an alternative governance

model (Lam, 2018). As Secretary General Xi stated, the 'century of rejuvenation⁶' will 'win heart and minds at home and abroad' (Xi, 2014).

Within the national borders, Beijing has successfully used soft power in relation to domestic tourism. As Nyiri (2007) clearly indicates, domestic tourism policies have strongly orchestrated the national tourism development with the scope to augment national identity, cohesion, and nationalistic spirit and to impart education about the Communist Party genealogy and ideology. Red tourism, a tourism product that refers to state-sponsored nationalistic tourism sites, such as war ruins of the Chinese revolutionary era, historical monuments of the CCP, residences of former communist leaders and patriotic figures, and other remnants of communist heritage (Zuo et al., 2017) has been created and promoted to inspire patriotic sentiments. The same practice has been unfolded for natural and cultural scenic spots and approved theme parks that are strategic to popularize national modernization and spread patriotic education. Given the enormous success at home and the increasing volume of trade generated by tourism, China has been trying to assist its quest towards soft power through outbound tourism.

5.1 Outbound tourism

In 2017 the number of Chinese tourists crossing the border amounted to 140 million (UNWTO, 2018a) with spending originated in China equivalent to 260 million US dollar. The outstanding performance awarded China with the status of leading outbound tourism market. In addition to extensive purchasing power of Chinese tourists abroad, China is expanding tourism related investment overseas. One of the core pillars of the Belt and Road Initiative is to develop and enlarge transport and trade links where tourism plays an important part. Contextually, many Chinese corporations and enterprises linked to the tourism industry, like hospitality and aviation providers, real estates companies and travel agencies have been stimulated by the growing numbers of outbound tourists and started to invest in Chinese preferred destinations (Li et al., 2014).

Considering the big numbers of tourists and the potential purchasing power that comes with them, the Chinese government has acknowledged the intrinsic potential of outbound tourism relatively to cultivate international relations, image and international perception. The following sections analyze the various different forms.

5.2 Outbound tourism as a form of diplomacy

⁶ In contraposition to the twentieth century, called the 'century of humiliation' when China had to grant access and concession to foreign powers.

Many scholars recognize the use of the Approved Destination Status scheme as a diplomatic tool. The system amply described in the previous section, consists of a bilateral agreement between China and other countries so that Chinese citizens can undertake leisure group trips to that specific country. Only countries that signed the ADS can officially promote their market for tourism purposes in China. As of 2019, the ADS status scheme comprises 131 countries (MCT, 2019). Having control over outbound destination countries means that the Chinese government keeps the development of outbound tourism under regulation and it has the final say on the matter. Many countries have used the ADS negotiations to mediate on other political and economic matters with China. China, as well, as the largest exporter of tourism outbound, is a key source for many destinations countries in terms of Chinese tourists expenditure. Beijing has been proactively using the Destination Status as a side-tool to state its position toward a state or to gain further benefits. During ADS negotiations, in many stances, 'China has effectively turned the position around: from seeking permission to visit a country to granting permission to visit a country' (Tse, 2013). Emblematic to this matter are the case of Canada and the United States. Canada was engaged in talks about the Approved Destination country for many years. Back in 2007, Mr. Emerson, the then Canadian Minister of Commerce, accused China that failure to give the ADS was discriminatory and could warrant action. It seems that China's delay in approving a deal was a reprisal for the then Canadian Prime Minister Stephen Harper's criticism of China's human rights record, in addition to his meeting with the Dalai Lama, whom Beijing sees as a traitor and separatist (Reuters, 2008). On China's agenda there was also the issue of extradition of a Chinese citizen charged of corruption and smuggling, who fled to Canada (Reuters, 2008). After complex negotiations, the convict was returned to China, sentenced to death punishment and Canada gained the Approved Destination Status in 2012, the last western country to sign the deal.

In the case of the United States, the obstacle to conclude the deal was related to visa issues. The US is very stringent on visa issue to citizens of developing country for the risk of illegal overstay. China's goal was to obtain smother and faster visa procedures, antithetically, the United States was very worried about Chinese citizens overstaying illegally. After years of talks at senior level from both sides, the two countries reached an agreement in 2004 (News Travel, 2004) and the USA was officially granted the ADS status in 2008. The fact that both Canada and the United States finalized the ADS after more than hundred countries received the same status, signals that China is extremely attentive and conscientious at playing the right cards when handling outbound tourism with important countries.

Other cases where tourism has been used analogously are the Special Administrative Regions (SAR) of Hong Kong and Macao. After the reunification with 'proper' China respectively in 1997 and 1999, the economy of the two regions suffered or was bound to hit a setback due to non-political related issues. Hong Kong was affected quite strongly by the Asian financial crisis in 1998 and by the avian flu and SARS epidemic in 1997 and 2003. Over

the five years Hong Kong faced strong deflation and high unemployment rate (World Bank, 2019b). Promoting outbound tourism to the newly reunited region demonstrated to be an effective and fast solution to boost Hong Kong economy. It is no coincidence that China developed the Individual Visit Scheme (IVS) right when Hong Kong economy was at its worst in 2003. With the IVS system individual Chinese citizens could then visit Hong Kong as independent travellers, without the need to join group tours or use the pretext of visiting families and relatives. AS of 2018, mainland visitors' accounted for 78% of the inbound tourists (Hong Kong Government, 2019b) and the total tourism expenditure associated to inbound tourism is equivalent to 42 billion USD (Hong Kong Government, 2019b). The Individual Visit Scheme proved to be an effective solution to stimulate the economic downturn showing another attempt of China at building soft power.

If Hong Kong is one of the world main financial hub, the neighbor Macao has always been one of Asia main destination for casino gaming and gambling. When the former Portuguese colony was returned to China, Beijing had to find a way to sustain the economy of the Special Administrative Region given that gambling and casinos are illegal in China mainland. As a result, in 2002, the casino market was deregulated to allow access to foreign investment and development by granting new gambling licenses. The expansion of Macao's gambling-led economy augmented its position globally, but mostly regionally, as an entertainment destination in the economy of tourism. Macao's casino deregulation happened in conjunction with the implementation of the Individual Visiting Scheme, allowing Chinese mainlanders to visit the city. In truth, since gambling was officially banned in mainland in 1949, Macao has virtually held the exclusive control of legalized gambling in the area and, after 2003, the sector has broadly benefitted, particularly because of Macao strategic position within the highly populated area of the Pearl River Delta, one of China's most developed and richest area. Gambling has been introduced as a strategy to capture economic benefits from 'exporting' games of chance to customers from neighboring areas where the activity is otherwise prohibited (Zandonai, 2019). The economic boom generated after the casino liberalization, pushed for the development of other modalities of service related to the tourism industry. Considering the skyrocketing increase in gambling revenues over the last fifteen years and given that the visitors from mainland China account for 71.2% of the total (followed by Hong Kong visitors 18.3%) (Macao Government Tourism Office, 2019), it is fair to draw a parallel between Macao's tourism economic evolution and Beijing's doing, as Chinese tourists are the most important group of patrons.

The Taiwan case, given the historical dispute, poses a more complicated case, but even here, Beijing made use of outbound tourism to court soft power through economic crafting. Beijing states that 'Taiwan is an alienable part of China' (State Council of the PRC, 2000), while Taiwan claims the rights of a self-governed entity. Sovereignty issues aside, there are broader geopolitical issues at stake and of relevant importance for China. Taiwan, in fact, could constrain Beijing ability to develop and project maritime security in the South China

Sea, a key channel for China's resource transit. Even though the threat of force has always been on the table for the cross-strait relations, Beijing has been increasingly relying on a strategy of economic encirclement and penetration to push Taiwan closer to abide to the 'one country-two systems' paradigm (Blackwill & Harris, 2016). From Beijing perspective, the more economic interdependence there is between the two sides, the less likely Taiwan will bid for independence (Blackwill & Harris, 2016). Since 2008, the two governments have outlined an extensive agenda for economic cooperation and tourism is one of the main pillars. Travelling bans between the two sides were dropped in 2008 (Tan & Hu, 2012) and agreements were signed to increase the number of flights connection to facilitate tourism exchange. The charged history, the shared language and the geographical proximity makes Taiwan a very appealing tourist destination and attracts more than 4 million Chinese tourists per year, overtaking the Japanese and Koreans as the biggest Group (Taiwan Tourism Bureau, 2019). Chinese outbound tourism to Taiwan is 'the most significant change in the travel industry in Taiwan in the past thirty years; it has changed the travel industry completely. In addition, the financial benefits of the thaw in relations between the two sides are highly considerable: Taiwan government says that mainland visitors can bring an equivalent of 330million USD in tourism receipts (Foster, 2011). The changing status of political relations between China and Taiwan from confrontational to neighborly resulted in better and more frequent direct flight, improvements in general economic cooperation and a boost in Taiwan tourism industry. Once again, Beijing has been using outbound tourism as an ancillary tool in its quest for influence.

5.3 Outbound Tourism as foreign aid

In 2004 the powerful earthquake stroke off the Indonesian coast, leaving many coastal countries on the Indian Ocean in desperate conditions. Thailand, Indonesia, Malaysia, India and Sri Lanka were the countries most damaged by the tsunami, killing thousands of people and destroying most of the tourism business, a core component of the economies of these countries (The Guardian, 2009). As a consequence, there was an immediate halt in overseas tourists inbound. In the case of Indonesia, where China is the main source of tourists, Beijing showed efforts to help restore the country's tourism industry by sending "tourism officials and travel agencies managers to conduct field studies and to arrange fro travel packages for Chinese tourists to visit Indonesia and help reinvigorate the tourism business (Tse, 2013). Few days after the tsunami at the Special ASEAN Leaders' Meeting, Premier Wen Jiabao vouched for 'rebuilding our homes together' and proposed a study on concrete ways and means to revive tourism in the afflicted countries through 10+3 Tourism Ministers' Meeting and other mechanisms. 'The Chinese Government will encourage [its citizens] to travel to these countries as soon as conditions return normal' (Wen, 2015). As a consequence of the disaster, Air China opened direct airline routes to Phuket, a main vacation island in Thailand (Tse 2013).

Another recent case where China deployed tourism as a form of aid is in the aftermath of the Japanese earthquake and nuclear crisis in 2011. 'A Chinese delegation of around 100 officials from local government tourism bureaus, travel agencies and Chinese airlines visited [Japan] after Chinese Premier Wen Jiabao toured the areas affected by the disaster (The Japan Times, 2011). The Director of the China National Tourism Administration added that China will send large groups of tourists to all parts of the nation except for the disaster-hit areas to support the unprecedented crisis Japanese tourism is facing (The Japan Times, 2011). China and senior level officials responded promptly with promise of supports in the aftermath of natural disasters in Asian countries. China is proud of helping neighbors when hit by hard times: enabling and facilitating tourism outbound add credibility to China's diplomacy and international relations. Meanwhile, it enhances China's positive image building. In fact, outbound tourism to disaster-affected destinations shows China's empathy and attaches moral authority to this exercise of soft power.

5.4 The 'hard side' of Outbound Tourism

China's territorial claims in the South China Sea are various and with different countries. One of the disputes is over the Diaoyu/Senkaku islands with Japan. China-Japan strings have been characterized as 'warm economic ties and cold political relations' (Zhu, 2013). In 2012, Japan nationalized the territories of the islands in question. If originally, for Beijing, the archipelago was claimed to develop oil and gas reserves, recently the dispute carries an image of national honour and, more importantly regional strength in Asia, where China is aiming to be the key influencing actor. Since the signing of the ADS status in 2005, China has been the main provider of tourists, accounting for the 27% of the overall inbound flows (Japan Tourism Bureau, 2019). In the aftermath of the 2012 Diaoyu/Senkaku islands embroilment, Ctrip, the biggest online travel agent in China, curbed the promotion of tours to Japan just few weeks before China's October national holiday, the golden week for travelling and leisure. China International Travel Service (CITS), China's national travel operator, similarly, cut down the promotion of tours and cancelled the already booked trips to Japan arranging for refunds (Tse, 2013).

Similar events took place over the territorial dispute with the Philippines for the Huangyan/Scarborough Shoals islands reef in the South China Sea. Even if the claims are over such small territories, the islands represents an underlying interest in developing untapped energy reserves and in building strategic military outposts (Blackwill & Harris, 2016) to push the US navy beyond the South and East China Seas. In 2012, a Philippine ship tried to arrest Chinese fishermen that were working off the coast of the contented island reef. As a response, China decreased airline service to the Philippine archipelago. Furthermore, many Chinese tour agencies suspended or cancelled tours to a country where Chinese tourists count as the fourth largest source of tourism (Corr & Tacujan, 2013). China National Tourism Administration issued bulletins to postpone tours to the Philippines and,

immediately, Ctrip and Beijing Caissa International Travel Service⁷ suspended or cancelled tours (Bloomberg, 2012).

The decision to stop promoting outbound tourism to certain destinations, even though carried through third party actors, is subjected to Beijing encouragement and results in Chinese citizens boycotts of vacations and leisure trips to Japan and the Philippines. These two cases exemplify how the Chinese government is willing to use the leverage underlying outbound tourism as a way to express and exercise its power.

5.5 Outbound Tourism for international cooperation

In 2013, China's president Xi Jinping officially launched the Belt and Road Initiative (BRI). The action plan of the giant network of projects states that 'the Belt and Road Initiative aims to promote the connectivity of Asian, European and African continents and their adjacent seas, establish and strengthen partnerships among the countries along the Belt and Road, set up all-dimensional, multilayered and composite connectivity networks, and realize diversified, independent, balanced and sustainable development in these countries. The connectivity projects of the Initiative will help align and coordinate the development strategies of the countries along the Belt and Road, tap market potential in this region, promote investment and consumption, create demands and job opportunities, enhance people-to-people and cultural exchanges, and mutual learning among the peoples of the relevant countries, and enable them to understand, trust and respect each other and live in harmony, peace and prosperity' (State Council of PRC, 2015).

In this view, tourism plays a conspicuous role in enhancing cultural exchange, generating job opportunities and mutual learning and understanding. Under the BRI framework, many 'tourism forums' are held in the participating resulting in the establishment of World Tourism Association (WTA) in 2017 (Xinhua News, 2017). The WTA is another global and comprehensive international tourism organization initiated by China Tourism Association to strengthen international exchanges, share experience and deepen cooperation in the tourism industry (Xu et al, 2018).

Warming political relations and closer business connections among the member countries as part of the Belt and Road Initiative, inspired Chinese travellers and have shown curiosity towards many countries along the BRI route. China has become a major driving force for tourism for these countries: the number of trips made by Chinese tourists grew from about 15.5 million in 2013 to more than 27 million in 2017 (Wang, 2019). For instance, Chinese citizens' willingness to visit Italy and Montenegro rose respectively of 28% and 161% after the countries signed memorandum of understanding with China about the BRI (Xinhua News, 2019b). Infrastructure development comes with policy coordination: the BRI framework has enhanced bilateral visa relaxations among China and the adhering countries. 'China has

⁷ One of China's main private tour agencies with outlets worldwide.

concluded agreements on mutual visa exemption with 55 countries along the route, and 22 countries unilaterally exempt visa or offer visa on arrival to Chinese citizens' (State Council of PRC, 2017).

Eloquent are the cases of most of the South East Asian countries, recipients of many BRI projects and developments. It appears that China is using its economic dynamism as a catalyst and as force multiplier to convert latent shared preferences into actual regional economic integration (Goh, 2014). In this view, tourism is an ancillary channel in China's strategy, especially in countries where tourism revenue is relevant for the national economy. Touristic flows generate goodwill between people, which is a core component of states relations; soaring tourism will facilitate cultural exchanges and further promote and enhance cooperation in a wider range of fields. Thailand in 2018 became the world largest recipient of Chinese tourists (16.8 million; UNWTO, 2019), while other countries registered a spike increase in Chinese arrivals compared to the previous two years: Lao + 26 %; Philippines + 29%; Malaysia +29%; Cambodia +67% (UNWTO 2018b; 2019). In 2019, the Ministry of Culture and Tourism of China announced that would channel more financial support for tourism related projects in the BRI framework. At the same time 'direct flights have been launched between China and 45 BRI countries and regions and more than 110 new flight routes have been opened, connecting nearly 84% of Chinese province to BRI members (Xinhua, 2019b; China Daily, 2019).

The African continent is also included in the BRI project, a region where China has been cultivating relations to secure natural resources, consumer markets and establish its status as champion of the developing world. The Sino-African relations date back to the Mao era, when China was diplomatically isolated and only a few African countries recognized the People's Republic of China as the sole and legitimate government. Since then, China has been committed in progressing economic relations with many African countries, which translated in an increasing number of Chinese visitors the continent. The expansion of commercial relations in Africa resulted in increased direct air connection with China. Most African countries are part of the ADS scheme, and some of them were among the first ones to be included. Even though the Destination Status calls for reciprocity in terms of tourist flows, Beijing's behaviour in the continent has been very compromising. China understands that cannot obtain equivalent tourist-related economic returns from less-developed countries. Nonetheless, Beijing supports and encourages the African path to 'rejuvenation to further progress harmonious relations, common development and mutual benefit (State Council of the PRC, 2006). China is eager to spread the message that is a benevolent power and that it is willing to make compromises, especially with smaller players, and undertake sacrifices for the common good of the developing world and the disproportion of tourism-related economic benefits it's an example (Chen and Duggan, 2016). Consistent with this, Chinese companies are engaged in large-scale development projects in the Maldives, for the construction of resorts and the expansion of the airport to handle the tourists (Chung, 2018). In the Maldivian archipelago, tourism contributes to 23% of the GDP and Chinese tourists

account for 22% of the market share, the largest followed by Germany (8%) (Ministry of Tourism of the Republic of the Maldives, 2018).

Tourism plays rather an important role within the massive Belt and Road Initiative, suggesting an increasing level of institutional control and agenda-setting objectives.

6. Conclusion

Tremendous economic growth has elevated China to the position of prime player and has given Beijing enough confidence to play a more active role in international relations and to assertively engage in the global game. With China's rise and growth into a middle class economy, its citizens can often afford more tips and leisure activities, outbound tourism being one of them. Tourism flows directly benefits other countries economies and it drives development of international trade and technology. While economic, people and cultural exchanges facilitate interactions, how these can actually meet a country's strategy is very hard to quantify and prove. However, looking at evolution of outbound tourism and policies in China, it appears that the leadership ideology not only plays a rather significant role in shaping the progress of tourism itself but also maintain the ultimate intervention control to modify its development because of its political weight. When it comes to China, there is a largely agreed level of ambivalence and uncertainty in defining the real strategies and objectives, as the official discourse is often too tainted with good rhetoric and blurry policies. Similarly, ambiguity and contradiction distinguish the 'real' role of outbound tourisms from China. Chinese government does use outbound tourism, as one of the tools to exert economic leverage and eventually soft power in the way it perceives its relations with the country in question. Outbound tourism seems to be an ulterior method to sustain China's leadership rhetoric of peaceful and harmonious development. There are cases in which outbound tourism as been used in its less-soft version of 'power', however it was not implemented in the form of a direct economic sanction. The objective was to exacerbate expressions of national and patriotic sentiment that, eventually, culminated in boycotts of products, in these specific cases, Japan and the Philippines. The South China seas disputes are the rare cases where Beijing attempted at showing a harder touch, exceptions to the long-standing approach to the area characterized by cooperation and multilateralism. As Goh argues, China's overall 'strategic goals in South East Asia have been to assure and pacify the region in order to achieve stability in the periphery for China' economic development and create safe conduits for natural resource import in the short term while creates interdependence and goodwill to forestall resistance to China's leadership and strategies in the long run' (Goh, 2014). The other analyzed cases of economic incentives of outbound tourism are more conform to the goal of building soft power. They also suggest that deeper political and economic cooperation, exemplified by relaxed visa policies as another form of soft-power diplomacy, coupled with cultural similarities, make Asia the most

popular tourist destinations for Chinese travellers. Europe ranks second, followed by Africa that surpassed the Americas in 2014 (Travel China Guide, 2014).

Depending on the economic power associated with outbound tourism, China's government uses outbound tourism in the form of institutional control, agenda setting by having the ultimate power in directing tourism flows and thus affecting or benefitting the destination countries. The status of China as largest and most dynamic source of global tourism is progressively projected on destination countries as they have been making improvements to cater for a better service to Chinese tourists. Most international hospitality chains, airlines and retail shops nowadays provide mandarin speaking service and payment through Alipay, Wechat and Union Pay (Credorax, 2019). Furthermore there has been an increasing number of websites, agencies and institutes⁸ specialized in dispensing training and compiling manuals for tourism corporate businesses about Chinese outbound tourism best practices and comprehensive information.

However, beside the few changes in terms of service, the cultural influence is still relatively small than its economic and political ones. Europe and North America in particular, make two compelling cases, as they have been the leaders of soft power and influence exporters since the end of the Second World War. Hence, while in western countries, China's flaws in the domains of human rights, democratic ideology and mercantilist approaches makes it difficult for Chinese outbound tourism to build soft power. On the opposite, the same strategy seems to be more effective in the developing world and emerging economies. Group tour is still the prevailing travelling approach to Europe (50.6%) (China Tourism Academy, 2019) while, for instance, travellers to southeast Asian destinations are mostly independent tourists, where the opportunities for interaction with local peoples and experience first hands the destination country are much higher. In addition, most of these developing economies rely on China's investments on infrastructure, development and Chinese tourists massive expenditure. Similarly, most developing countries share China's ideology of strong government intervention. Lastly, Chinese 'free-spending' tourists travelling to developing countries are the walking example that the 'Chinese way' of development is proving to be successful.

The Chinese government uses outbound tourism as a diplomatic mean to build soft power by deploying various strategies: from approved destination status, to culture activities, foreign aid and tourism cooperation mechanisms. The people-to-people interaction as a tool of soft power has still too many limits, though its potential has been interiorized by the Chinese government who is taking action in rolling out policies and regulations to optimize Chinese tourists ethical and business behaviors abroad. It emerges from the analyzed cases that China's wished outcomes are still relying on economic clout and agenda setting rather

⁸COTRI (China Outbound Tourism Research Institute) based in Germany, provides training to different European tourism related industry actors about best practices when dealing with Chinese tourists.

than attraction or success, flexibly moving back and forth on the power continuum but still unable to unfold the softest sides of power. The cup of Chinese influence is half-full and half-empty at the same time. Capability to influence other states and civil societies requires long time, plenty of efforts and different types of inputs. China is still at a premature stage in reaching the status of global soft power and it will be some time before China, its citizens and its business actors will grasp the sensitivity needed.

The scope, sources, resources and time available for compiling this MA final project limit the findings to the aforementioned ones. It would be fruitful to analyze each country actual response to China's outbound tourism. A crosscheck with destinations countries in terms of tourism policies outcomes, best practices implementation and tourism business promotions would provide more insights on which extent China's outbound flow is changing global tourism and, conversely, would shed lights on the power and tools used by other actors to make sense and decipher what China's moves imply for its relations to Beijing and other international actors.

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Appendix 1 – Approved Destination Status (ADS) Scheme (last updated October 2019)

#	Country	Year	#	Country	Year	#	Country	Year
1	Hong Kong	1983	45	Slovenia	2004	89	Syria	2007
2	Macao	1983	46	Slovakia	2004	90	Oman	2007
3	Thailand	1988	47	Cyprus	2004	91	Namibia	2007

4	Singapore	1990	48	Denmark	2004	92	USA	2008
5	Malaysia	1990	49	Iceland	2004	93	Taiwan	2008
6	Philippines	1992	50	Ireland	2004	94	French Polynesia	2008
7	Australia	2006	51	Norway	2004	95	Israel	2008
8	New Zealand	2006	52	Romania	2004	96	Capo Verde	2008
9	South Korea	1998	53	Switzerland	2004	97	Guyana	2009
10	Japan	2004	54	Liechtenstein	2004	98	Montenegro	2009
11	Vietnam	2000	55	Ethiopia	2004	99	Ghana	2009
12	Cambodia	2000	56	Zimbabwe	2004	100	Ecuador	2009
13	Myanmar	2000	57	Mauritius	2004	101	Dominican Rep.	2009
14	Brunei	2000	58	Tanzania	2004	102	United Emirates	2009
15	Nepal	2002	59	Tunisia	2004	103	Papua New Guinea	2009
16	Indonesia	2002	60	Seychelles	2004	104	Mali	2009
17	Malta	2002	61	Kenya	2004	105	North Korea	2009
18	Turkey	2002	62	Zambia	2004	106	Micronesia	2009
19	Egypt	2002	63	Jordan	2004	107	Uzbekistan	2010
20	Germany	2003	64	Mariana Islands	2005	108	Lebanon	2010
21	India	2003	65	Fiji	2005	109	Canada	2010
22	Sri Lanka	2003	66	Vanuatu	2005	110	Serbia	2010
23	Maldives	2003	67	England	2005	111	Iran	2011
24	South Africa	2003	68	Chile	2005	112	Madagascar	2012
25	Croatia	2003	69	Jamaica	2005	113	Colombia	2012
26	Hungary	2003	70	Brazil	2005	114	Samoa	2012
27	Pakistan	2003	71	Mexico	2005	115	Cameroon	2012
28	Cuba	2003	72	Peru	2005	116	Rwanda	2013
29	Greece	2004	73	Antigua and Barbuda	2005	117	Ukraine	2014
30	France	2004	74	Russia	2005	118	Costa Rica	2015
31	Netherlands	2004	75	Barbados	2005	119	Georgia	2015
32	Belgium	2004	76	Laos	2005	120	Macedonia	2016
33	Luxemburg	2004	77	Mongolia	2006	121	Armenia	2016
34	Portugal	2004	78	Tonga	2006	122	Senegal	2016
35	Spain	2004	79	Grenada	2006	123	Kazakhstan	2016
36	Italy	2004	80	Bahamas	2006	124	Sudan Rep.	2017
37	Austria	2004	81	Argentina	2007	125	Uruguay	2017
38	Finland	2004	82	Venezuela	2007	126	Sao Tome and Principe	2017
39	Sweden	2004	83	Uganda	2007	127	French Caledonia	2017
40	Czech Rep.	2004	84	Bangladesh	2007	128	Albania	2018
41	Estonia	2004	85	Andorra	2007	129	Qatar	2018
42	Latvia	2004	86	Bulgaria	2007	130	Panama	2018
43	Lithuania	2004	87	Morocco	2007	131	Bosnia - Herzegovina	2019
44	Poland	2004	88	Monaco	2007			