

## **FOREING DIRECT INVESTMENT AND THE TOURISM INDUSTRY. The case of China.**

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### **Abstarct**

The main aim of this paper is to analyse the curret state of FDI in China and the impact in Tourism Sector in terms of flows, geographocal distribution, employment, type and quality of services, etc. Furthermore, it will be attented to estimate its effects on the domestic tourism industry and the national economy at large. For the accomplishment of these objectives a statistical data will be employed. The international literature demonstrating motives and effects of FDI would form the theoretical basis of analysis.

### **1. Introduction**

China's evolving role as a world leader began with Deng Xiaoping's (1904-1997) dream when he returned to power in 1978 as leader of the Communist party. To become a developed country, he believed, China had to achieve what he called the four "modernizations" meaning the modernization of industry, agriculture, national defense, and science and technology. He said that the country must be able to learn from other countries and obtain a great deal of foreign assistance (Xiaoping, 1994). As a key element of the country's development, he advocated the acquisition of advanced technology and equipment as developed by the rest of the world. Deng Xiaoping's advice, particularly as regards learning from other countries and introducing advanced technology, continues to be taken seriously by current Chinese leaders. The government has had much success in obtaining the help of foreign industries, especially of those firms that could provide China with the state-of-the-art technology (Waters, 1997:1-14). As the steering leader to initiate these open policies for the whole country, Deng Xiaoping was credited as the leader who initiated the change of policies regarding travel and tourism in China (Xiao, 2005). He brought a period of political calm and opened the country to international trade and tourism.

Foreign Direct Investment (FDI) may occur when a firm invests directly in new facilities to produce a product and/or service in a foreign country (Hill, 1994:173). According to Liu, it is attained in the form of (1) establishing a new subsidiary/branch, (2) acquiring a control share of an existing firm, or (3) participating in a joint venture (Liu, 1997:1).

### **2. FDI in China**

FDI in China has undergone a rapid growth in the last 25 years. The rising trend started in 1979, when the FDI inflow was US\$18,2 billion while it reached US\$69,468 billion in 2006. The cumulative level of FDI in China stood at US\$691,898 billion at the end of 2006 (Appendix, Table 1). Analysis forecasts that FDI will

continue to pour into China as investment barriers are reduced under China's WTO commitments and Chinese demand for imports continues to increase.

Based on cumulative FDI for 1979-2004, about 43% of FDI in China has come from Hong Kong. The United States is the second-largest overall investor in China, accounting for 8.5% (\$48,0 billion) of total FDI, followed by Japan (\$46,8 billion), Taiwan (\$39,6 billion), and the British Virgin Islands (\$36,9 billion) and South Korea (\$25,9 billion) (Appendix, Table 2). U.S. FDI in China for 2004 was \$3,9 billion, accounting for 6,1% of FDI inflows for that year, and ranked 5<sup>th</sup> after Hong Kong, the British Virgin Islands, South Korea, and Japan.

In the last decade, FDI inflow in China has rapidly extended to almost every field of economy. Both the Olympic games of 2008 to take place in Beijing, and the expectation that China will be receiving 120 million tourists per year until 2020 have favoured the inflow of FDI to the Tourism sector. Tourism is an area in which the movement to a "socialist market system" has been most rapid and pronounced. Also, the international tourism industry is an expert sector and enjoys national incentive legislation (Xu, 1999:20).

### **3. Development of Tourism**

Asia-Pacific is undoubtedly, the most dynamic regional tourism market in the world. Between 1990 and 2000, alone, the number of international tourist trips in the region doubled. By 1999, the region accounted for 16 per cent of all international tourist trips, globally. However, it is intraregional travel accounts for the rapid growth of tourism in the region. For example, in North-East Asia, which includes China, Taiwan and Japan, 82 per cent of all arrivals in the region were of tourists from elsewhere in the same region, in 1999 (Horner & Swarbrooke, 2005: 94).

China employs over six million employees in tourism to serve 100 million foreign tourists. China Airlines has expanded its international reach and serves destinations such as Dubai from Beijing. This has contributed to the GDP and growth of China. Tourism-related foreign exchange for that nation is expected to reach or exceed U.S.\$40 billion by 2010 (Kotler et al, 2006:726).

The data in Appendix, table 3, reflect the development of tourism in China during 2001-2006 period. They mainly include: number of travel agencies (International and domestic); the engaged persons in travel agencies (International and domestic); the number of star-rated hotel (refer to hotels rated with stars as assessed by the relevant tourism authorities according to GB/T14308-2003 standard with reference to their infrastructure, facilities and service hotels); and the number of overseas and domestic visitors (arrivals and tourism earnings).

By the end of 2006, there were 18.475 travel agencies all over the country, including 1.688 international ones and 16.787 domestic

International travel agencies accounted for about 12% of the national total in terms of number, 39% in terms of employment and about 92% in terms of business profit. Domestic travel agencies took up approximately 88% of the national total by number, 61% employment and 8% by business profit.

By number of travel agencies, Shandong, Jiangsu, Zhejiang, Liaoning, Guangdong, Shanghai, Henan, Hebei, Beijing and Sichuan, were the top ten provinces, autonomous regions and municipalities directly under the central government.

After the WTO agreement, about access of travel agencies, foreign service providers were allowed to set up joint venture and cooperative travel agencies in the state-level resorts approved by the State Council and Beijing, Shanghai, Guangzhou and Xian. In the 3 years followed WTO agreement, foreign parties were allowed to hold majority equity in joint venture travel agencies and after 6 years, the wholly foreign owned travel

agencies were allowed to be established but had to be restricted on geographical location. Registered foreign direct invested capital of travel agencies should be no less than RMB 4 million and would be brought down to no less than RMB 2,5 million 3 years after WTO accession. The amazing is that 6 years after WTO accession, the lowest level of registered capital for foreign invested travel agencies would be equal to that required for domestically funded ones. Foreign invested travel agencies were allowed to operate inward and domestic tourism, although there was no permission for outward tourism by Chinese citizens. Moreover they could choose a Chinese travel agency or a Chinese unit outside the tourism sector as partner in order to establish joint venture and cooperative travel agencies.

Besides, at the end of 2001 and according to the Regulations on Travel Agencies, announced by the State Council and Provisional Regulations on Majority and Wholly Foreign Owned Travel Agencies issued by the State Tourism Administration and the Ministry of Commerce, majority and wholly foreign owned travel agencies were allowed to be established in state-level resorts approved by the State Council and Beijing, Shanghai, Guangzhou, Xian and Shenzhen. So those out of the country investors could apply for the establishment of travel agencies with foreign majority equity as their annual total tourism business value was over USD 40 million.

Moreover, by the end of 2002, Chinese government approved 10 foreign invested travel agencies (5 in Beijing, 2 in Guangdong and 1 in Yunnan, Jiangsu and Tian-jin), with total investment of USD 8.47, million. Among these, 3 were funded by Hong Kong, 2 by Japan and US and 1 by Switzerland, France and Singapore. As for tourist business revenue, these 10 foreign invested travel agencies accounted 1,3% of the total of international agencies.

As for hotel industry by the end of 2002, there had been 8.800 star hotels in China with 900.000 guest rooms, 1,73 million beds and RMB 91,4 billion worth of sales revenue.

Moreover, at the same period, there had been 686 foreign invested hotels, accounting for about 8% of the star hotels in China with 130.000 guest rooms, taking up 14% of the national total, generating an annual taking of RMB 26,9 billion, 29% of the national total. It has to be underlined that the majority of the world's top ten multinational companies in hotel management have invested in China.

In addition foreign investment in the hotel industry after China's commitments on WTO were as follows: Foreign service providers were allowed to construct, transform and operate hotels in China through joint venture and cooperative form with foreign investors permitted to hold majority equity. Wholly foreign owned hotels are permitted only 4 years after China's accession to the WTO (China Foreign Direct Investment Report, 2003).

At present, China has about 12.000 first and three star hotels, which is a big stock of economy hotels. Moreover, at the same time China has given license to majority and wholly foreign owned travel agencies ahead of its commitment; therefore it can be estimated that the number of foreign invested travel agencies will grow rapidly.

China has become one of the world's most popular tourist destinations. In Appendix, Table 4 presents the world's destinations in terms of tourist arrivals (2001-2006). China was the fastest growing destination from 2001 to 2006. According to WTO, China was ranked fifth in international tourist arrivals in 2000, and seventh in international tourism receipts, earning US\$16,231 million. Furthermore, China had 4,5% of the world's market share of tourist arrivals in 2000. Revenues from international tourism have risen from US\$7,223 billion in 1994 to US\$18,53 billion in 2002 (NTA, 2002-4). However, as it is also the case with broader economic development in China, both domestic and international activity is heavily concentrated on the coastal gateways. From 1995 to 2006, the regions east area of China occupied the biggest amount of arrivals and the foreign exchange earnings from international tourism (Appendix, table 5, 6, 7). Within East Asia and the Pacific region, China was ranked first in international tourist arrivals and international tourism receipts in recent years. This information highlights the

important role which China is playing as an integral part of the international tourism industry (Lim and Pan, 2005).

FDI inflows to the tourism sector promoted the growth of incoming tourism and consumption. Foreign investors have brought their established or potential tourist sources to the Chinese market increasing inward tourism and promoting the development of China's tourism economy. Through cooperation with foreign tourism companies, domestic ones can draw upon experience and methodology in building marketing networks and managerial practices so as to improve the overall level of China's tourist enterprises and facilitate their internationalisation process.

#### **4. Improvement and Problems**

The positive points of China's tourism industry are the following:

- Rich tourist resources
- Healthy products food
- Strong political that will develop tourism
- Safety
- Friendly and welcoming people
- Diversity of cultures and ethnics

On the other hand, the problems appeared in China's tourism industry are the following:

- Lack of public funds
- Lack of knowledge on services
- Hygiene and sanitary conditions
- Bad and costly transportation, long distances
- No tourism strategy

#### **5. Conclusions**

Conclusively FDI Inflow in the tourism sector has been supported by the growth of inward tourism and consumption. Foreign investors, with their popularity, brought to Chinese market their established or potential tourist source; consequently they contributed to the increasing of inward tourist source and promoting the development of China's tourist economy. Through cooperation with foreign tourist companies, domestic ones had the opportunity to draw upon experience and methodology in forming a marketing network and managerial mechanism so as to improve, on the whole, the level of China's tourist enterprises and accelerate their internationalized process. The multi-brand business strategy adopted by world famous hotel management companies was extremely helpful for domestically funded hotels in order to cultivate their own brands and prepare them to participate in the competition of international tourist market.

It must be underlined the great opportunity for China's tourism industry, the Beijing Olympic Games 2008, as well as the great interest that the rest of the world has for China. On the other hand the pollution and Global warming is a big threat for China's tourism industry

## APPENDIX

**Table 1**  
**Utilized Foreign Direct Investment in China from All Sources (1979-2006) (In 100mil.USD)**

Year	Utilized FDI
<b>1979-1984</b>	30,6
<b>1985</b>	16,58
<b>1986</b>	22,44
<b>1987</b>	23,14
<b>1988</b>	31,94
<b>1989</b>	33,92
<b>1990</b>	34,87
<b>1991</b>	43,66
<b>1992</b>	110,08
<b>1993</b>	275,15
<b>1994</b>	337,67
<b>1995</b>	375,21
<b>1996</b>	417,26
<b>1997</b>	452,57
<b>1998</b>	454,63
<b>1999</b>	403,19
<b>2000</b>	407,14
<b>2001</b>	468,78
<b>2002</b>	527,43
<b>2003</b>	535,05
<b>2004</b>	606,30
<b>2005</b>	603,25
<b>2006</b>	694,68
<b>Total</b>	6.918,98

Source: National Bureau of Statistics of China

**Table 2**  
**Major Foreign Investors in China: 1979-2004 (\$ billions and % of total)**

Country	Cumulative Utilized FDI: 1979-2004		Utilized FDI in 2004	
	Amount (\$ billions)	% of Total	Amount (\$ billions)	% of Total
<b>Total</b>	563.8	100.0	64.0	100.0
<b>Hong Kong</b>	241.6	42.9	19.0	29.7
<b>United States</b>	48.0	8.5	3.9	6.1
<b>Japan</b>	46.8	8.3	5.5	8.6
<b>Taiwan</b>	39.6	7.0	3.1	4.8
<b>British Virgin Islands</b>	36.9	6.5	6.7	10.5
<b>South Korea</b>	25.9	4.6	6.2	9.7

Source: Chinese government statistics. Top six investors according to cumulative FDI from 1979 to 2004.

**Table 3**  
**Development of Tourism 2001-2006**

<b>Item</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>
<b>Number of Travel Agencies (unit)</b>	<b>10532</b>	<b>11552</b>	<b>13361</b>	<b>14927</b>	<b>16245</b>	<b>18475</b>
International Travel Agencies	1310	1349	1364	1460	1556	1688
Domestic Travel Agencies	9222	10203	11997	13467	14689	16787
<b>Engaged Persons of Travel Agencies (person)</b>	<b>192408</b>	<b>229147</b>	<b>249802</b>	<b>246219</b>	<b>248919</b>	<b>293318</b>
International Travel Agencies	72801	89128	100742	89342	89250	
Domestic Travel Agencies	119607	140019	149060	156877	159669	
<b>Number of Star-rated Hotel (unit)</b>	<b>7358</b>	<b>8880</b>	<b>9751</b>	<b>10888</b>	<b>11828</b>	
<b>Number of Overseas Visitor Arrivals (10 000 person-times)</b>	<b>8901,29</b>	<b>9790,83</b>	<b>9166,21</b>	<b>10903,82</b>	<b>12029,23</b>	<b>12494,21</b>
Foreigners	1122,64	1343,95	1140,29	1693,25	2025,51	2221,03
Chinese Compatriots From Hong Kong and Macao	7434,45	8080,82	7752,73	8842,05	9592,79	9831,83
Chinese Compatriots From Taiwan Province	344,20	366,06	273,19	368,53	410,92	441,35
Overnight Tourists (10.000 person-times)	3316,67	3680,26	3297,05	4176,14	4680,90	4991,34
<b>Number of Chinese Outbound Visitors (10.000 person-times)</b>	<b>1213,44</b>	<b>1660,23</b>	<b>2022,19</b>	<b>2885,00</b>	<b>3102,63</b>	<b>3452,36</b>
For Private Purpose	694,67	1006,10	1481,09	2298,00	2514,00	2879,91
<b>Number of Domestic Visitors (100 million person-times)</b>	<b>7,84</b>	<b>8,78</b>	<b>8,70</b>	<b>11,02</b>	<b>12,12</b>	<b>13,94</b>
<b>Tourism Earnings</b>						
Foreign Exchange Earnings from International Tourism (100 million USD)	177,92	203,85	174,06	257,39	292,96	339,49
Earnings from Domestic Tourism 100 million yuan)	3522,36	3878,36	3442,27	4710,71	5285,86	6229,74

**Source:** China Statistics Yearbook (various years)

**Table 4**  
**Number of overseas visitors arrivals by country (10.000 person)**

<b>Region</b>	<b>1995</b>	<b>1998</b>	<b>1999</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>
<b>Total</b>	<b>588,67</b>	<b>710,77</b>	<b>843,23</b>	<b>1016,04</b>	<b>1122,64</b>	<b>1343,95</b>	<b>1140,29</b>	<b>1693,25</b>	<b>2025,51</b>	<b>2221,03</b>
<b>Asia</b>	<b>338,26</b>	<b>400,06</b>	<b>499,27</b>	<b>610,15</b>	<b>686,42</b>	<b>851,89</b>	<b>726,08</b>	<b>1073,14</b>	<b>1249,99</b>	<b>1358,82</b>
Korea, D.P.Rep.	6,64	6,12	6,98	7,64	7,71	7,93	7,71	11,21	12,58	11,01
India	4,50	6,57	8,42	12,09	15,94	21,36	21,91	30,94	35,65	40,51
Indonesia	13,28	10,46	18,29	22,06	22,42	27,47	23,18	34,98	37,76	43,30
Japan	130,52	157,21	185,52	220,15	238,57	292,56	225,48	333,43	339,00	374,59
Malaysia	25,18	30,01	37,29	44,10	46,86	59,24	43,01	74,19	89,96	91,06
Mongolia	26,19	26,48	35,45	39,91	38,71	45,31	41,83	55,38	64,20	63,12
Philippines	21,97	25,65	29,83	36,39	40,80	50,86	45,77	54,94	65,40	70,42
Singapore	26,15	31,64	35,25	39,94	41,50	49,71	37,81	63,68	75,59	82,79
Republic of Korea	52,95	63,28	99,20	134,47	167,88	212,43	194,55	284,49	354,53	392,40
Thailand	17,33	14,43	20,64	24,11	29,84	38,63	27,54	46,42	58,63	59,20
<b>Africa</b>	<b>4,08</b>	<b>5,43</b>	<b>5,21</b>	<b>6,56</b>	<b>7,32</b>	<b>9,85</b>	<b>10,42</b>	<b>17,34</b>	<b>23,80</b>	<b>29,38</b>
<b>Europe</b>	<b>159,06</b>	<b>187,33</b>	<b>211,27</b>	<b>248,90</b>	<b>268,38</b>	<b>294,86</b>	<b>260,00</b>	<b>377,71</b>	<b>479,14</b>	<b>527,96</b>
United Kingdom	18,49	24,29	25,89	28,39	30,25	34,30	28,83	41,81	49,96	55,26
Germany	16,65	19,19	21,76	23,91	25,34	28,18	22,20	36,53	45,49	50,06
France	11,85	13,80	15,56	18,50	19,95	22,21	15,61	28,11	37,20	40,22
Italy	6,37	7,25	7,22	7,78	7,77	9,17	6,58	12,24	19,70	19,53
Netherlands	3,49	5,89	7,01	7,60	9,30	10,04	6,79	11,74	14,58	16,78
Portugal	2,56	3,85	4,02	2,28	2,68	3,61	3,01	3,95	4,38	4,45
Sweden	3,52	4,06	4,68	5,36	5,28	6,28	5,00	8,72	11,03	12,96
Switzerland	3,43	2,84	2,99	3,07	3,08	3,24	2,37	4,07	5,14	5,79
Russia	48,93	69,20	83,30	108,02	119,62	127,16	138,07	179,22	222,39	240,51
<b>Latin America</b>	<b>5,37</b>	<b>7,46</b>	<b>7,59</b>	<b>8,29</b>	<b>7,45</b>	<b>9,66</b>	<b>8,01</b>	<b>13,25</b>	<b>16,05</b>	<b>19,58</b>
<b>North America</b>	<b>64,36</b>	<b>87,33</b>	<b>95,01</b>	<b>113,28</b>	<b>120,31</b>	<b>141,26</b>	<b>105,29</b>	<b>165,67</b>	<b>198,53</b>	<b>221,00</b>
Canada	12,88	19,60	21,37	23,66	25,39	29,13	23,03	34,80	42,98	49,91
United States	51,49	67,73	73,64	89,62	94,92	112,12	82,25	130,86	155,55	171,03
<b>Oceanic and Pacific</b>	<b>15,85</b>	<b>22,48</b>	<b>24,38</b>	<b>28,18</b>	<b>30,97</b>	<b>35,32</b>	<b>29,98</b>	<b>45,19</b>	<b>57,36</b>	<b>63,86</b>
<b>Islands</b>										
Australia	12,94	18,64	20,35	23,41	25,51	29,13	24,54	37,63	48,3	53,81
New Zealand	2,29	3,00	3,14	3,76	4,44	5,02	4,34	6,46	7,84	8,86
<b>Others</b>	<b>1,69</b>	<b>0,68</b>	<b>0,50</b>	<b>0,68</b>	<b>1,79</b>	<b>1,11</b>	<b>0,59</b>	<b>0,96</b>	<b>0,65</b>	<b>0,43</b>

Source: China Statistics Yearbook (various years)

**Table 5**  
**Foreign Exchange earnings from international tourism by region 1995-2006 (USD million)**

Region	1995	1998	1999	2000	2001	2002	2003	2004	2005	2006
Beijing	2182	2384	2496	2768	2946	3115	1904	3173	3619	4026
Tianjin	133	202	209	232	280	342	329	413	509	626
Hebei	42	100	124	142	157	167	85	190	209	243
Shanxi	21	38	43	50	59	75	36	81	116	164
Inner Mongolia	91	126	120	126	137	149	138	253	352	404
Liaoning	189	262	304	383	463	550	454	613	738	934
Jilin	41	38	45	58	76	86	66	96	120	137
Heilongjiang	61	121	148	189	250	297	244	302	340	492
Shanghai	939	1218	1364	1613	1808	2275	2053	3041	3556	3904
Jiangsu	260	529	620	724	822	1050	1132	1763	2260	2787
Zhejiang	236	361	410	514	699	928	873	1300	1716	2133
Anhui	31	51	67	86	106	124	83	141	186	227
Fujian	484	651	725	894	942	1100	915	1065	1305	1471
Jiangxi	25	43	50	62	70	72	47	80	104	140
Shandong	154	220	265	315	382	472	370	567	780	1014
Henan	60	101	114	124	133	145	63	160	216	274
Hubei	73	88	105	146	201	284	136	192	276	320
Hunan	65	156	185	221	271	311	46	313	390	503
Guangdong	2393	2942	3272	4112	4484	5091	4267	5378	6457	7533
Guangxi	121	156	202	307	301	321	164	288	359	423
Hainan	81	96	105	109	106	92	80	82	128	229
Chongqing		88	97	138	163	218	113	203	264	309
Sichuan	125	84	97	122	166	200	150	289	316	395
Guizhou	29	48	55	61	69	80	29	80	101	115
Yunnan	165	261	350	339	367	419	340	422	528	658
Tibet	11	33	36	52	46	52	19	37	44	61
Shaanxi	139	247	272	280	309	351	198	361	446	511
Gansu	21	30	37	55	45	54	21	44	59	63
Qinghai	2	3	4	7	9	10	5	9	11	13
Ningxia	1	1	2	3	3	2	1	2	2	2
Xinjiang	74	82	86	95	99	99	49	91	100	128

Source: China Statistics Yearbook (various years)

**Table 6**  
**Number of overseas visitor arrivals by region (10.000 person)**

Region	1995		2000		2005		2006	
	Total	Foreigners	Total	Foreigners	Total	Foreigners	Total	Foreigners
Beijing	206,87	166,52	282,09	237,96	362,92	311,62	390,29	338,27
Tianjin	20,06	16,27	35,62	32,14	74,01	67,46	88,05	81,16
Hebei	16,50	13,59	41,43	35,90	62,65	57,39	72,48	65,40
Shanxi	7,12	5,15	16,53	11,66	42,15	25,40	57,37	33,02
Inner Mongolia	30,09	29,46	39,19	38,74	100,16	99,56	123,24	122,34
Liaoning	26,38	21,46	61,22	50,05	130,20	111,11	161,29	137,25
Jilin	15,61	14,49	22,27	19,19	37,32	30,68	43,48	35,43
Heilongjiang	16,23	13,94	55,17	50,47	82,15	76,42	106,37	99,48
Shanghai	136,79	107,54	181,40	143,90	444,54	379,93	464,63	399,79
Jiangsu	76,77	48,68	160,95	98,15	378,30	262,15	445,19	314,88
Zhejiang	67,27	36,65	112,59	64,75	348,05	232,92	426,82	281,37
Anhui	14,29	7,28	31,84	16,79	63,29	41,06	80,37	52,59
Fujian	90,64	22,41	161,33	49,75	197,39	72,36	229,67	78,97
Jiangxi	7,36	2,34	16,31	5,54	37,25	13,63	49,72	18,41
Shandong	45,09	30,43	72,31	48,01	155,11	124,78	193,13	156,04
Henan	21,84	9,12	32,50	18,21	60,05	34,73	75,74	45,39
Hubei	27,09	16,83	45,08	35,74	82,57	62,68	105,57	85,70
Hunan	17,73	7,18	45,40	15,79	71,98	60,88	97,08	73,11
Guangdong	620,68	122,07	1198,94	212,85	1896,99	476,53	2089,71	534,65
Guangxi	41,85	30,74	122,91	50,80	147,71	88,66	170,77	104,66
Hainan	28,71	5,75	48,68	9,37	43,19	26,94	61,69	46,57
Chongqing			26,61	19,29	52,39	41,81	60,32	48,82
Sichuan	37,67	24,51	46,20	19,97	106,28	68,27	140,17	85,76
Guizhou	13,66	7,79	18,39	7,12	27,62	9,26	32,14	10,70
Yunnan	59,69	47,38	100,11	66,59	150,28	99,65	181,00	111,17
Tibet	6,78	6,54	15,00	13,58	12,13	11,10	15,48	13,61
Shaanxi	44,23	39,73	71,28	58,48	92,84	74,57	106,10	83,16
Gansu	9,09	7,07	21,31	14,34	28,85	17,20	30,32	18,46
Qinghai	1,33	0,87	3,26	1,46	3,52	1,46	4,21	2,77
Ningxia	0,37	0,28	0,78	0,58	0,82	0,66	0,86	0,78
Xinjiang	20,36	18,55	25,61	20,84	33,11	29,01	36,25	31,31

Source: China Statistics Yearbook (various years)

**Table 7**  
**Foreign Exchange earnings from international tourism by region 1995-2006 (USD million)**

<b>Year</b>	<b>Domestic Tourists (mil. person)</b>	<b>Urban Residents (mil. person)</b>	<b>Rural Residents (mil. person)</b>	<b>Tourist earnings (100mil. Yuan)</b>	<b>Urban Residents Expenditure (100mil. Yuan)</b>	<b>Rural Residents Expenditure (100mil. Yuan)</b>	<b>Per capital expenditure (Yuan)</b>
1994	524	205	319	1023,5	848,2	175,3	195,3
1995	629	246	383	1375,7	1140,1	235,6	218,7
1996	640	256	383	1638,4	1368,4	270,0	256,2
1997	644	259	385	2112,7	1551,8	560,9	328,1
1998	695	250	445	2391,2	1551,1	876,1	345,0
1999	719	284	435	2831,9	1748,2	1083,7	394,0
2000	744	329	415	3175,5	2235,3	940,3	426,6
2001	784	375	409	3522,4	2651,7	870,7	449,5
2002	878	385	493	3878,4	2848,1	1030,3	441,8
2003	870	351	519	3442,3	2404,1	1038,2	395,7
2004	1102	459	643	4710,7	3359,0	1351,7	427,5
2005	1212	496	716	5285,9	3656,1	1629,7	436,1
2006	1394	576	818	6229,7	4414,7	1815,0	446,9

Source: China Statistics Yearbook (various years)

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