



No. 126

November 2020

Covid-19 and its Impact on the Tourism Industry of the Tibet Autonomous Region

Dolma Tsering

Dissertation fellow at the Taiwan Foundation for Democracy and
Research Scholar, Centre for East Asian Studies, JNU

dolma19@gmail.com

Abstract

The outbreak of coronavirus crisis hit one of the linchpins sectors of the global economy that is the tourism sector. The imperative to impose travel restriction to combat the spread of the virus had put tourism sector in halt. Tourism economy may not be one of the key contributors to the national GDP growth, but the sector constitutes one of the vital sources of employment, especially those of the informal sector. While the rest of the world and China continue with the travel restriction, the Tibet Autonomous Region of China was the first province to reopen tourist centre as early as March 2020. The region received millions of domestic tourist during the Mid Autumn Festival and the National Day Holiday regardless of the concern over the spread of coronavirus. One can see the urgency in the reopening of the regional tourism economy. The paper attempts to examine that urgency, through which it explores the tourism sector of the TAR and its contribution to provincial GDP share and employment share.

Keywords

Tibetan Economy, China, Covid-19, Tourism Economy

The ICS is an interdisciplinary research institution, which has a leadership role in the promotion of Chinese and East Asian Studies in India. The ICS Analysis aims to encourage debate and provide informed and balanced inputs for policy formulation and is based on extensive research and interactions with a wide community of scholars, experts, diplomats and military personnel in India and abroad.

The outbreak of coronavirus has shaken the world with more than 1,443,804 deaths and millions of infected patients. Implementation of travel restriction in response to combat the spread of the virus across the globe impacted one of the linchpins of the economy that is the tourism industry. According to the United National World Tourism Organisation, 95.6 per cent of world destination faces travel restriction.¹ Global and the national economy began to witness the impact of travel restriction with a sharp decline in numbers of tourist and tourism nearly came to a halt. The adverse implications of COVID-19 for tourism raise numerous concerns, given that it is one of the significant contributors to the GDP growth and also source of income and employment. Many of informal labour, dependent on the tourism industry, was worst hit and that remains as a primary imperative.

Implementation of travel restriction in response to combat the spread of the virus across the globe impacted one of the linchpins of the economy that is the tourism industry.

The Tibet Autonomous Region (TAR) was no exception when coronavirus waved China and global, and consequently, travel restriction also hits the tourism industry of the region. The tourism industry, especially the hotel and catering sector, has the second-largest share of

the total regional total number of employed persons in the urban private sector.

The industry also has the second-largest share of the self-employed person in the region's urban sector. The Tourism industry also shelters a large percentage of regional informal labour. The tourism industry particularly has become a hub of the source of employment in the wake of the rural resettlement and the rapid urbanisation development plan. The industry is also recognised as a crucial source of revenue for the regional economy.

The travel restriction in Tibetan areas in the wake of COVID-19 exposes the vulnerability of the TAR local economy that is heavily dependent on low-value-added service sectors like wholesale and retail sectors and hotel and catering sector. It is imperative for the Beijing government to continue open the tourist economy. One can see the urgency of reopening the tourism economy despite concern over the spread of coronavirus. Therefore, this paper assesses the role of the tourism industry in the regional and local economy, especially concerning job creation. The paper argues that the government urgency to reopen the tourism economy not only exposes the vulnerability of local economy that is heavily dependent on the sector but the expose development crisis of jobless growth and its political repercussion as well.

Covid-19 pandemic in the TAR and Reopening of Tourist spots

In the wake of concern over the spread of Covid-19, the Beijing government on January 27 issued a notice about the suspension of all tour in China.² On January 28, the government announced the travel restriction to the TAR and suspension of all tourist attraction in the TAR. Unlike others areas in China, the government soon reopened the local tourist economy in late February. In the mid-March, some areas in the TAR started reopening, and by the end of March 27, the region received 470,000 new visitors.³ In April, the government further reopened some of Tibetan areas in Shigatse⁴ and some 214 monasteries in rural Lhasa for local tourism. The government announced further relaxation of travel restriction on the occasion of May-Labour day holiday. Given that the occasion is celebrated as the peak tourist season, the TAR received 517 flights with about 55,517 passengers in the first week of May⁵. In June, Lhasa areas witnessed reopening, including Jokhang areas. Still, the region is open only to domestic tourist with either a green QR code or a damaging result on a nucleic acid test.⁶

The tourism industry has become a hub of the source of employment in the wake of the rural resettlement and the rapid urbanisation development plan.

In the most recent case, on the occasion of the National Day Holiday, the TAR received about 1.4 million tourists, while the number of coronavirus patients continues to increase in China⁷. In short, unlike other provinces in China, the TAR had only about less than a month of lockdown during January. Tibetan areas, especially the Tibet Autonomous Region usually remained closed during February and March owing to Tibetan New Year and Tibetan National Uprising Day, which is often known as “Sensitive March”. The fact that the tourism industry of the Tibet Autonomous Region reopened earlier than rest of China indicates the urgency of the Beijing to the government to reopen the economy and importance of the tourism industry for both economic and political reason.

Tourism Industry and its Contribution to Regional GDP Share

On January 2019, Global Times published an article which mentioned that among 31 provinces that revealed their economic achievement of 2018, Tibet (the Tibet Autonomous Region) ranked first with the 10 percent GDP growth rate⁸. It further mentioned that the TAR is the only region that for the last 26 years maintained a double-digit GDP growth rate. The article argued that the rapid growth rate of the construction sector and the tourism industry were the prime drivers of the region’s rapid GDP growth rate.

Tibet is a landlocked territory, where industrialisation has failed to flourish due to geography of high and difficult terrain and subsequently high-cost maintenance. Professor Jin Wei from Beijing Central Party School argued that the history of industrial development in Tibet is mainly the history of disastrous failure except for the initial stage of development.⁹ As a result, in 1980, with the policy of “Opening up and Reform policy”, the Second Tibet Work Forum designated tourism as an essential source of financial revenue for the TAR regional development. In 1981, the TAR started receiving tourists, and in the same year, 1,059 overseas tourists were registered in Tibet. Since then tourism industry emerged as the key to generating revenue for both the regional and local economy. The TAR, since then continues to receive millions of tourists every year.

Tourism Industry and Its Contribution to the Regional GDP share

There is no specific mention of the GDP share of the tourist industry in the statistical yearbook published by the National Statistical Bureau of China (NBSC). However, the book does mention the hotel and catering sector, which is one of the vital sectors of the tourism sector. Nevertheless, if one goes by the total revenue generated by the tourism industry versus the full GDP share of the region, then the tourism industry constitutes one of the primary sectors in the TAR regional economy.

In 2006, the tourism industry generated about 1.58 billion Yuan which accounted for 5.17 percent of the provincial total GDP value.¹⁰ The share increased from 5.17 percent in 2006 to 35.12 percent in 2019. In 2019, the total revenue generated by the TAR was about 56 billion Yuan, which constitutes 43.12 percent of the regional total GDP value.¹¹ The overall development of the tourism industry of the region thus is unprecedented.

The gap between the revenue generated by the tourism industry and GDP growth rate of the hotel and catering service indicates loopholes in the data published by the Chinese government or of the regional development strategy.

Besides, the data on the total revenue generated by the tourism industry, the statistical yearbook published by the NBSC, do mention the data on hotel and catering service. The data on the hotel and catering sector indicates that it ranks as the fifth-largest with regards to regional total GDP share. The GDP share of the sector declined from about 5.3 percent of the provincial total GDP share in 2014 to 2.6 percent in 2017.¹² By the end of 2017, the total GDP share of the hotel and catering sector constitutes about 2.6 percent. The gap between the revenue generated by the tourism industry and GDP growth rate of the hotel and catering service indicates loopholes in the data published by the Chinese government or of the

regional development strategy. However, in terms of the GDP contribution of the tourism industry does play a significant role in GDP share.

Tourism Industry and its Contribution to the Regional Employment Share

As aforementioned the data published by the NBSC, have no mention about the tourism industry in specific, but it does mention about hotel and catering sector. Based on 2018, statistical yearbook, the TAR in 2017 had 2.6 million employed persons, of which 53 percent constitutes population employed in rural areas and 34.24 percent with urban private enterprises.¹³ The state-owned units had 10 percent of the regional total employment share. Hence rural sector, urban private enterprises unit and self-employed had the largest share of the total number of regional employed persons. Among hosts of the sectors, the agriculture, forestry and animal husbandry had the largest share about 37.34 percent of the provincial total employment share followed by construction sector with 13.17 percent, wholesale and retail sector with 12.7 percent, hotel and catering sector with 6.6 percent and finally public management, social security and social organisation with 6.6 percent. As far as employment creation is concerned, it is the fourth largest sector. The sector, by the end of 2018 had 6.6 percent of the provincial total employment share and number increased from merely 1.2 percent in 2000. The sector is one

the major hub for an employment opportunity, especially those transited out from the primary sector and those in the urban area.

By the end of 2018, the hotel and catering sector had 6.6 percent of the provincial total employment share and number increased from merely 1.2 percent in 2000.

Furthermore, it is significant to note that out of 175,452 employed persons in the hotel and catering services, 79.51 percent these employed persons were with the urban private and self-employed units. In 2017, the region had 908,787 employed persons in the urban private enterprises, and self-employed persons, the hotel and catering sector consumed 139,511 which accounted about, 15.35 percent of the regional urban private enterprises and self-employed persons. These data, therefore, informs us that the hotel and catering sector shelters large share regional urban private sector and self-employed persons. If we add wholesale and trade sector, both these sector shelters 16 percent of the regional total employment share and 46.9 percent of the regional total urban private enterprises and self-employed persons.

In short, the tourism industry contribution had greater role in local economy than the regional economy.¹⁴

The Greater Concern

As seen in above section, the GDP contribution of the tourism sector is less than 5 percent. Furthermore, more than 90 percent of the regional annual revenue is sourced from the central government subsidy. Therefore, travel restriction imposed in response to combat the spread of virus has less impact on the regional economic growth rate. However, the fact that the tourism industry shelter large share of regional employment especially informal labour raises a series of serious concerns.

Firstly, over the last six decades of Chinese leadership in Tibet, the regional economy encountered an unprecedented structural transformation that eventually caused a shift of labour from the primary sector to the service sector. Unfortunately, most of these shifts have been towards an informal, and small value-added service sectors like the wholesale and retail sale plus hotel and catering sector. The two sectors have the third largest sector of the regional total employment share, and these numbers consist of those of registered employee. If one includes the number of non-registered, then the number would have been more. These two sectors not only accommodate a large share of the urban employment share but also have the largest share of the self-employed persons. In addition to the hotel and catering sector, the wholesale and retail industry is also dependent on regional tourist development. Therefore, deterioration the

tourist sector will have a serious impact on urban private sector employment opportunity and employee. In other words, it jeopardises more than 20 per cent of the regional total registered employed persons. If one accounts the self-employed persons, more than 30 percent of that registered employee is impacted by the COVID-19 and ban on tourism and transportation.

The two sectors (hotel and catering plus wholesale and retail have the third largest sector of the regional total employment share,

The share of registered employment in these sectors includes both Tibetan and Chinese. Andrew Martin Fischer argued that migrant labours (Han Chinese) dominated most of this registered employment of these sectors.¹⁵ If one compares the impact of closure of tourism economy between Tibetan and Chinese, it had greater impact on Tibetan. Given the China-Tibet conflict and more specifically due to the Chinese language, domestic travellers, mainly the Han Chinese visits Tibet through a travel agency owned by Chinese and also reserve hotel which is owned by Chinese. Tibetans are mostly dependent on foreign tourist, one travel agency noted that “local Tibetan-owned travel businesses depend heavily on foreign travellers, much more so than their Chinese counterparts. Therefore, the government policy of reopening of tourist place Tibet for domestic tourist

would be more beneficial to Chinese business owner than the Tibetan in the region.¹⁶ The agency further noted that as a result, Tibetan travel agencies had created some ways to bring income with discounted tour offers.

Secondly, since the last few decades, the region witnessed rapid urbanisation through various development programs like rural resettlement, ecological migrants that forced a shift of labour from the agriculture sector to the service sector. These development plans also caused growing numbers of migrants from rural to urban area and even migrants from other provinces. Due to lack of job opportunity, most of these migrants are concentrated in these two sectors as seen in data mentioned above. The second section of a group of people that prove to be the most vulnerable victim includes migrants labour.

The tourism industry of the TAR is the hub of employment opportunity, especially for those of migrants labour, and most of the labours engaged in the sector are informal with low value-added.

Thirdly, the, unlike other provinces, the added value of the wholesale and retail sector plus, hotel and catering sector continues to remain low with the growing number of employee in the sectors. On the one hand, the GDP share of

the hotel and catering sector continue to remain stagnant and slow as increased only about 0.3 from 2010 to 2017. On the other hand, the number of people registered as an employee of the sector, double from 3.4 percent in 2010 to 6.6 percent in 2017.¹⁷ As a result of slow growth, the value-added of the employee of the sector continues to remain low. The GDP/labour ratio of the sector, for instance, declined from 0.70 in 2010 to 0.39 in 2017. The fall in this ratio indicates marginalisation of this sector from the value-added norm of the economy even despite the rapid transfer of labour into the sector. Therefore, the per capita value added of this sector is about equal to those in the agriculture, forestry and farming sector. It ranked as lowest, just behind the agriculture, animal husbandry and forestry sector. Furthermore, the per capita GDP of an employee of the hotel and catering service accounted only about 19,948 Yuan in 2018, which could be 1662.33 Yuan (\$242.16) per month. The per capita GDP of the wholesale and the retail sector accounted about 22,099 Yuan in 2019 would be 1841.58 Yuan per month.

Fourthly, many of employees dependent on the sector are informal labour given that the value-added of enterprises involved in the industry is low. The TAR, in general, lacks high value-added sector as well as industry. According to Luo Ke in 2010, the TAR failed to make an entry into the list of 500 China's Strong Individuality run Enterprises, and the reason is

that most of the enterprises in TAR are small in size.¹⁸ Andrew Fischer and Zenz argue that private enterprises in the TAR is not similar to those of personal corporate.¹⁹ The region lacks strong private corporate enterprises that offer employee social benefits like life and health insurance, pension and unemployment pension. Therefore, most the employee engaged in a sector like a hotel and catering lack such services.

Conclusion

The tourism industry of the TAR is the hub of employment opportunity, especially those engaged in urban private sector. Furthermore, the tourism industry emerges as an essential source of employment for those Tibetan who had been forced to resettle as well as a shift from agro-pastoral livelihood to a cash income through development projects like rural resettlement and ecological migrants. Tourism and construction sector are the only sources of income for whose livelihood impacted by the rapid urbanisation projects. Considering that tourism economy is the heart of local Tibetan economy, it is imperative for the Chinese government to reopen the industry as earliest as possible. The economic closedown of the sector will not only jeopardise the employment of the vast majority of urban employment but it can fuel local population resistance that is already a major concern within the Chinese leadership. It can endanger China's Tibet policy of development and stability.

Notes

¹ International Labour Organisation.2020. "COVID-19 and employment in the tourism sector: Impact and response in Asia and the Pacific", International Labour Organisation, 24th April 2020,

https://www.ilo.org/wcmsp5/groups/public/---asia/---ro-angkok/documents/briefingnote/wcms_742664.pdf

² Tibet Autonomous Region. 2020. "文化和旅游部：全国旅行社暂停团队旅", 27/01/2020

³ Tibet Online (2020), "Step by step, Tibet wins against corona virus", 27/03/2020, <http://en.tibetol.cn/html/News/Tibet/ES/2020/0327/8857.html>

⁴ Yowangdu Experience Tibet .2020. "Tibet Travel Advisory" (2020), 15 October2020 <https://www.yowangdu.com/tibet-travel/tibet-travel-advisory.html>

⁵ Tibet Online .2020. "Passenger throughput surpassed 50,000 during May Day holiday" 14/05/2020 <http://en.tibetol.cn/html/News/Tibet/ES/2020/0514/9198.html>

⁶ Yowangdu Experience Tibet.2020. "Tibet Travel Advisory" 15 October2020 <https://www.yowangdu.com/tibet-travel/tibet-travel-advisory.html>

⁷ CGTN .2020. “SW China's Tibet sees over 1.14 million visits in first four days of Golden Week”, 05/10/2020
<https://news.cgtn.com/news/2020-10-05/Tibet-sees-over-1-14-million-visits-in-first-four-days-of-Golden-Week--Ulxs8JL9y8/index.html#:~:text=Southwest%20China%27s%20Tibet%20Autonomous%20Region,festive%20atmosphere%20during%20the%20holiday>

⁸ Global Times .2020. “Tibet leads China’s GDP growth as tourism, infrastructure drive economic expansion”, 30/01/2019
<http://www.globaltimes.cn/content/1137593.shtml>

⁹ Jin Wei .2015. “Tibet as Recipient of Assistance and Its Sustainable Development”, China Policy Institute Policy Paper 2015: No 9, <https://www.nottingham.ac.uk/iaps/documents/cpi/policy-papers/cpi-policy-paper-2015-no-9-jin-wei-final-051015.pdf>

¹⁰ Zhao Peiyan. 2019. “Research on Difference of Regional Tourism Economy in Tibet” International Journal of Hospitality & Tourism Management, Volume 3, Issue 1, Pages: 9

¹¹ Xinhua Net. 2020. “Tibet receives over 40 million tourists in 2019”, http://www.xinhuanet.com/english/2020-01/07/c_138684566.htm

¹² Provincial annually, National Bureau of Statics, available at <http://data.stats.gov.cn/english/easyquery.htm?cn=E0103>

¹³ Tibet Statistical Year Book, 2018, National Bureau of Statics, China

¹⁴ Local economy refers to economy of local Tibetan population, where as regional economy refers to the TAR overall economy. Growth rate of regional is determined by the state subsidies and investments, therefore travel restriction imposed on tourism sector in response to the spread of corona virus has less impact on regional economic growth as we see from the GDP share of the sector.

¹⁵ Fischer, Andrew Martin .2011. “The Great Transformation of Tibetan Economy”, Himalaya 30(1), <https://digitalcommons.macalester.edu/cgi/viewcontent.cgi?article=1811&context=himalaya>

¹⁶ This is not to say that it an intentional. However, it is important to examine such disempowered and polarised development approach.

¹⁷ Province Annually, National Bureau of Statics China, available at <http://data.stats.gov.cn/english/easyquery.htm?cn=E0103>, Tibet Statistical Yearbook 2011, 2018, NBSC

18 Ke Luo.201. “ Study of Private Economy in Tibet” *Asian Agricultural Research*, 2011, vol. 03, issue 12, 6

Tibetan Representation and Preferentiality in China's Contemporary Public Employment System”, *China Quarterly*, Volume 234, pp. 527-551

¹⁹ Fischer, Andrew Martin and Adrian Zenz 2018. “The Limits to Buying Stability in Tibet:

Dolma Tsering is a dissertation fellow at the Taiwan Foundation for Democracy and PhD candidate at Chinese Division, Centre for East Asian Studies, Jawaharlal Nehru University. She was former Research associate with National Maritime Foundation

The views expressed here are those of the author and not necessarily of the Institute of Chinese Studies.

ICS ANALYSIS *Back Issues*

| Issue No/ Month | Title | Author |
|------------------------|---|-----------------------|
| No. 125 November | Abating India-Iran Chabahar Partnership: Prospective Leverage for China | Neha Mishra |
| No. 124 November | Time for India to Rethink its Taiwan Policy | Sana Hshmi |
| No. 123 October | Interpreting the US' China Military Power Report 2020 | K K Venkatraman |
| No.122 October | Crises in the Subcontinent and Understanding Chinese Intentions | Adveetya Kachiar |
| No. 121 October | The Belt and Road Initiative in the Post-Covid-19 World | Aadil Sud |
| No.120 Oct 2020 | Deciphering India's dependency on Chinese imports | Santosh Pai |
| No.119 Oct 2020 | India as Teacher by Negative Example: Chinese Perceptions of India During the British Colonial Period and Their Impact on India China Relations | Shyam Saran |
| No. 118 Sept 2020 | Growing Chinese Engagement in Bangladesh: Implications for India | Sayantana Haldar |
| No. 117 August2020 | Sino-Japanese Relations: Forced Engagement or Healthy Rivalry? | Mohd Adnan |
| No. 116 August 2020 | Clashes in Trade and Causes of Migration: The Case of India and China as the Dynamic to the World | Sangit Sarita Dwivedi |

PRINCIPAL SUPPORTERS TO ICS RESEARCH FUND

TATA TRUSTS



MINISTRY OF EXTERNAL AFFAIRS
GOVERNMENT OF INDIA



INDIAN COUNCIL OF
SOCIAL SCIENCE RESEARCH

GARGI AND VIDYA
PRAKASH DUTT FOUNDATION



JAMNALAL BAJAJ
FOUNDATION

PIROJSHA GODREJ FOUNDATION

ICS PUBLICATIONS



A short brief on a topic of contemporary interest with policy-related inputs



Platform for ongoing research of the ICS faculty and associates



Authored by the faculty, also emerging from research projects and international conferences



Draft paper of ongoing research

ICS JOURNAL



ISSN 0974-4851

In its 56th year, *China Report* is a refereed journal in the field of social sciences and international relations. It welcomes and offers a platform for original research from a multi-disciplinary perspective, in new and emerging areas, by scholars and research students. It seeks to promote analysis and vigorous debate on all aspects of Sino-Indian relations, India-China comparative studies and multilateral and bilateral initiatives and collaborations across Asia.

China Report is brought out by Sage Publications Ltd, New Delhi.

Editor
Associate Editor
Assistant Editor
Book Review Editor

Sreemati Chakrabarti
G. Balatchandirane
Rityusha Mani Tiwari
Vijay K Nambiar



INSTITUTE OF CHINESE STUDIES

8/17, Sri Ram Road, Civil Lines,
Delhi 110054, INDIA
T: +91 (0) 11 2393 8202
F: +91 (0) 11 2383 0728

<http://www.icsin.org/>

info@icsin.org



twitter.com/ics_delhi



facebook.com/icsin.delhi



in.linkedin.com/icsdelhi



soundcloud.com/ICSIN



youtube.com/ICSWEB



instagram.com/icsdelhi

