

As president-elect Tsai Ing-wen (蔡英文) prepares to assume office on Friday next week, China has been maneuvering to limit the number of Chinese allowed to visit Taiwan. This is a worrying development for the tourism industry, but it could also provide an opportunity for innovation and renewal.

From the time cross-strait tourism was relaxed, Taiwanese travel agencies have continually fought for an increase in the number of Chinese tourists allowed to visit Taiwan. Beijing was more than happy to oblige, permitting more Chinese to travel to Taiwan to boost profits on both sides of the Taiwan Strait and burnish the Chinese Nationalist Party's (KMT) record of achievements.

However, along with the relaxation, Chinese tourists seem to have taken over Taiwan's scenic areas and historical sites, crowding out both local and other international tourists, and destroying the quality of domestic tourism. It has also affected the quality of life of Taiwanese in the same way that people in Hong Kong have been negatively affected by Chinese tourism.

Tour fees for Chinese tour groups vary among Taiwanese travel agencies, but are, on average, between US\$30 and US\$50 per person per day. This includes accommodation, tickets, transportation, food and drinks. This is a bit on the low side and could mean losses for some local travel agencies, which try to make up for it by earning commission on sales at tourist spots.

Shopping tours have become the largest niche for Taiwanese travel agencies. Diamonds and coral, though not produced in Taiwan, are billed as "local specialties" to entice Chinese tourists into buying them, along with local specialties such as pineapple cakes and oolong tea. Some shops pay a commission to travel agencies for these purchases, which, if known, makes Chinese tourists feel cheated.

However, along with the political changes in Taiwan, Chinese authorities have lately begun controlling the number of Taiwanese travel permits they issue and restrict the number of Chinese allowed to travel here, due to what they say are "unclear cross-strait policies."

This is a textbook example of politics meddling in economic affairs and comes as no surprise to anyone. This affects Taiwan because, even though some of the tour buses, restaurants and hotels are partly Chinese-owned, most of the people they employ are Taiwanese. The possible unemployment that might result is an issue that the incoming government will have to address.

The upshot of this is it gives Taiwan a chance to reconsider what kind of tourists it wants, as well as the kind of tourism industry it wants to foster. Chinese tour groups are currently limited to 5,000 people per day, but they are already taking over all of the nation's tourism resources and have become a target of local criticism.

Taiwanese travel agencies have resorted to cutthroat pricing competition to attract Chinese tourists, and that is another aspect that urgently needs to be addressed. The government cannot afford to let Chinese tourism — which can easily become a tool for political manipulation by Beijing — be seen as a recipe to help resolve the unemployment problem. It would only make things worse by inviting disaster.

Beijing may be stopping Chinese nationals from visiting Taiwan for political reasons, but it is in fact offering Taiwan's tourism industry a perfectly good reason for reform. Just as in other businesses, it is necessary to reduce dependence on a single supplier, one target market and pricing competition.

As the shrinking number of Chinese tourists poses a political risk for the incoming Tsai administration, it will have to propose a new set of tourism policies aimed at developing international tourism and reducing dependence on China.

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