Land Policy and the Production of Tourist Destinations in China: A Case Study of the Tourist Industrial Park in Guangdong

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Abstract: For the past twenty years, both the national economy and tourism sector in China have been very much shaped and affected by the issue of land. This study examines the role of the existing land tenure and allocation system in Chinese tourism development, and attempts to understand the issue through a case study of the Nanhai Tourist Industrial Park in Guangdong province. The park, whilst innovative in its integrated design model, is beholden to the current land allocation system, which this study finds is insufficiently adapted to support the project. Consequently, the park represents a high risk for investors and a potential for misuse of land that affects local communities. Recommendations are provided to adapt and improve land policy for tourism development.

Keywords: tourism development, China, land policy, industrial tourism park

Introduction

The development of a modern tourism industry in China began after the country opened its borders in 1978. Within a very short period, China became a popular tourist destination and the tourism industry has become one of its most important economic sectors. The total contribution of the tourism industry to GDP (including the wide effects from investment, the supply chain and induced income impacts) in China was ¥5,810.7 billion in 2014, accounting for 9.4% of GDP, and is forecast to reach ¥11,398.3 billion by 2025, accounting for 10.3% of GDP (WTTC 2015).
In this process, various types of tourist destinations have been developed, such as resorts, natural attractions, hotels and so on. One of the major features of Chinese tourism development has been increasingly large-scale tourism projects under the rubric of “major project, huge push”, with the assumption that major projects can bring leapfrog development. For example, according to the National Tourism Investment Report for 2014, in that year there were 1,749 projects with a total projected investment of ¥1 billion, 341 projects worth ¥5 billion, and 165 worth ¥10 billion, making up 14.4% of the national total of big projects (CNTA 2015).

Recently, a new type of major project referred to as ‘industrial tourism parks’ has been introduced in China. An industrial tourism park is described as a cluster of tourism-related businesses inside a clear boundary and with an integrated plan. Its main business is the tourism industry, consisting of tourism enterprises, affiliated enterprises, auxiliary enterprises and other related organizations, with the aims of exploiting tourism resources (Dong and Wang 2012). It is supposed to be different from the traditional integrated tourist resort in its attempts to link upstream and downstream businesses within a concentrated area. It is also intended to be environmentally sound and act as a major push for regional development.

To date, there have been many studies exploring the various factors that contribute to the rapid growth of Chinese tourism and the increase in big projects, such as the Chinese specific institutional context and the growing domestic demand (Wang and Wang 2014; Wang 2014; Yu and Lu 2010). It is widely recognized that any understanding of Chinese tourism must acknowledge its transitional context, namely, the ongoing transition from a centrally planned economy towards a market economy. While the market is playing an increasing role in tourism development, the tourism sector is still largely influenced by the state’s central planning system, especially in the process of land allocation and the intervention in businesses by the government. Over the past 20 years, the Chinese economy has been very much shaped and affected by the land system and land policy, and big tourism projects which demand substantial land resources cannot be understood without a detailed examination of the role that land policy plays.

This study attempts to understand the main features of the Guangdong Nanhai Tourism Industrial Park and the role of the land system and land policies in
the production of this new tourist destination. It first introduces the present condition of China’s tourism development, then gives a brief account of the country’s land tenure system before turning to the Park itself. The important role of land in Chinese tourism development is then summarized in the conclusion.

**Chinese tourism development**

This section discusses Chinese tourism development with reference to the ongoing upgrades of the tourism industry and Chinese transitional economic context.

**Upgrading the tourism industry**

Tourism has been developed very rapidly in China and has turned into a centrally important industry. It has been observed that Chinese tourism has entered a stage where segmented markets have gradually developed, and that more diversified tourism products are needed. Some scholars have argued that most of the tourism products in China still target only sightseeing tourists, and that they therefore lack diversity. To promote tourism, it is necessary to identify new growth engines and develop a complete production and supply chain (Wang 2016; Zhang 2015). To this end, the Chinese central government issued tourism promotion policies in 2009 and 2014 to facilitate upgrades to the tourism industry. However, the meaning of “upgrade” is not specifically defined and is therefore subject to interpretation. It is often interpreted as the development of leisure, holiday and other tourism products to meet diversified tourists’ needs, and the integration of tourism with other industries (Wang 2012; Huang 2009).

The tourism cluster model has been considered one of the potential strategies to facilitate upgrades to the tourism industry. Industrial tourism parks are one proposed form of tourism cluster, and are developed within clear boundaries. An industrial tourism park is supposed to have a clear theme and brand, and should provide diversified products, a well-structured and integrated industry and a complete production and supply chain. Usually, an industrial tourism park needs substantial investment and occupies a large amount of land (Chen et al. 2015; Yang 2012). Although the promotion of such new tourism development model can be seen as a response to the market, the current understandings
of Chinese tourism are deeply embedded in Chinese social, economic and political contexts.

Tourism development in the transitional context

China is undergoing a transition from a planned economy to a more market-oriented economy. Although the role of the market has begun to have greater effect, government planning and control are still the major forces in shaping the tourism industry in China. For instance, Wang and Xu (2011, 2014) point out that some tourism companies operate not only to generate profit, but also to meet a political agenda, and therefore their investments are not necessarily in response to market forces. In addition, a lack of careful market analysis of tourism industry investment has always been an issue in China (Chen et al. 2014).

The land system in China

This section first discusses China’s dual land system and land economy, then the land quota allocation system, and finally the issue of land allocation for tourism development in China.

The dual land system and the land economy

In China there are two forms of land ownership status: firstly state-owned land, controlled by the government, and secondly collective land that is owned by villages. With the exception of very small-scale projects, new construction can only be undertaken on state-owned land. The state, however, “may, in accordance with the law, expropriate land which is under collective ownership, if it is in the public interest” (Statistics Bureau of Guangdong Province 2004).

In this period of economic transition, the land tenure system has undergone some changes, but unlike other market elements in the production process such as capital and human resources, land is the only one which remains in a dual market system. However, since the separation of use rights and proprietary rights has been implemented, state-owned lands can be transferred in the free market. With the prerequisite that the land still belongs to the state, land
use rights can be sold to specific users through auction, agreement or tender, and the lands can be traded, leased or mortgaged. However, collective lands remain under the control of the village collectives. By law, while villagers have the right to use and manage their collective lands with the government’s approval, they cannot directly trade the lands in the market.

In this dual market, land transactions proceed respectively in two ways: firstly, land can be expropriated from village collectives by the government; secondly, land can be transacted between the government and potential land users. In the first instance, villagers have little empowerment to negotiate during the expropriation. This form of land expropriation in China has been described as “taking coercive measures to acquire collective land under compensatory arrangements by the government in the public interest” (Shang 1998). In the second instance, buyers can negotiate with dexterity regarding price and scale. Needless to say, land is sold in the market at a much higher price than the compensation paid to villagers in government expropriations.

In 1994, the Chinese government introduced a reform to the tax distribution system. This reform determined that the majority of taxes collected would go to the central government. Due to the tax reform, the income of local governments decreased significantly. However, the role that local governments are expected to undertake has stayed the same, namely, to develop their local economies. Local governments therefore have to come up with new strategies to increase their financial income. Since the tax reform clearly defines that the income from land sales belongs to local governments, the incentive for them to take collective land at low prices and then sell it at high prices in the land market has been largely increased. The percentage of Chinese local government income generated from land sales increased from 38.9% in 2006 to 65.9% in 2010 (Pan and Li 2011).

The dual market system and the reliance on land sales to obtain income have two consequences: a) Since investors have powerful bargaining power with the government, the high profits from land expropriation is distributed among local governments and business sectors only; and b) the excessive demand for expropriated land and its subsequent conversion for construction projects has led to the centralization of land management by the central government.


**Land quota allocation system**

While the economic transition in China is often associated with decentralization and market reform, land management is becoming increasingly centralized. From 1982 to 1986, the conversion of agricultural land to non-agricultural use reflected more decentralization. Under the 1986 Land Management Law, projects that used up to 0.2 hectares of farmland required approval of the Land Bureau at the county level; those using between 0.2 and 0.6 hectares of farmland required approval at the prefecture level; and those using between 0.6 and 66.7 hectares of farmland required approval at the provincial level. Projects that used more than 66.7 hectares of farmland required approval of the State Council.

The tool used in the late 1980s to manage the conversion of rural land was the Annual Land Plan, which set quotas for the expropriation of rural land (Chinese Academy of Social Science 1992). Each year the quotas were set nationally and then distributed downwards, first among provinces, then among prefectures, counties, and finally townships. While the Annual Land Plan provided guidelines and set overall limits, the actual control was done through a hierarchical system that could review and approve proposals for the use of agricultural lands in development projects. This decentralized policy failed to control the expropriation of land for construction because local governments were always under the huge pressure to develop their own economies, and therefore had no incentives to monitor expropriation.

In the 1990s, although the central government attempted to control land quotas for construction, it was unable to do so due to not being fully cognizant of the changes in land use practices. In the early 1990s the central government determined to undertake a nationwide land survey to collect accurate information about China’s land resources. Although the survey took nearly eight years to cover all the localities in China, the influence remained limited.

In 2006, at the fourth meeting of the Tenth People’s Congress, a clear target to guarantee 0.12 billion hectares cultivated land was established. The rubric of land management changed from simply “guarantee development” to “guarantee development and resources”. Policies and actions were taken to control the conversion of agricultural land for construction, and in 2009, a strict land regulation policy was implemented. The central government
formulated an annual land use plan that strictly controlled the use of land for construction. The potential for local governments to secretly expropriate lands in excess of their quota was thereby very much reduced.

**Land allocation for tourism development**

The tourism sector has always faced problems in obtaining land for development, and as a result, researchers have continually called for more favorable land policies for tourism. For instance, Chen (2007) argues that strict land policies may reduce land transactions and increase land prices, which have negative impacts on tourism development. Wang *et al.* (2005) suggests that a proactive land policy can speed up tourism development process and attract investors from other sectors, and Meng, Huang and Liu (2007) argue that guarantees of land for tourism-industry construction should be built into tourism development plans at the national level.

On the other hand, the wasting of land in tourism development is also observed. This frequently happens in cities or counties that are dependent on tourism development or where tourism is identified as a key industry. In these cities, land quotas are always given to the tourist sector, yet it has been found that tourism is often used as an excuse, and in reality it is simply being developed as real estate, often with one or two luxury brand hotels (Jiang *et al.* 2011; Xu *et al.* 2012).

Overall, land is very important for tourism development in China, and there is a need to carefully examine the relationship between land and tourism development (Xiao 2012). However, studies that focus on this issue are very limited.

**Research method**

**Guangdong Province and Nanhai Tourist Industrial Park**

In this paper, land issues in Chinese tourism are examined through a case study of the Nanhai Tourist Industrial Park in Guangdong Province.

While the central government decides the quotas for provincial governments, it is the responsibility of the provinces to translate those decrees into practical
policies (Landry 2008; Oi 1995; Zhou 2008). Fierce competitions for land quotas among different local governments are carried out at the provincial level, and therefore there is a need to examine land quota allocation at this level first.

Guangdong has been selected for the case study for two reasons: first, it has been the most economically active province in China since the reform, and secondly, the level of tourism income in Guangdong has been among the top three provinces for the past 35 years. In 2014, foreign exchange earnings from international tourism in Guangdong were $17.106 billion, and the income from domestic tourism was ¥822 billion (Statistics Bureau of Guangdong Province 2014). The tourism income in 2014 for Guangdong Province ranked first in the country (Liu 2015). In addition, Guangdong was granted the status of National Tourism Demonstration Province in 2009 by the Chinese National Tourist Agency. It is subsequently expected that Guangdong will take initiatives in its tourism development and serve as the demonstration model for other provinces. The Nanhai Tourist Industrial Park is intended to be such an innovation. It is the largest tourism project in Guangdong and the first industrial tourist park in China.

**Data collection**

The research is mainly based on secondary data from websites and government policy documents, including plans, documents from developers, and provincial tourism bureaus. The fieldwork was carried out primarily in 2014, in order to assess the progress of the projects. Officials from the provincial land and tourism management bureaus were interviewed, in addition to staff from local tourism bureaus, the senior manager of the Nanhai Industrial Tourism Park, and villagers of local communities.

The research also draws on the personal experience of the authors. One author was twice invited to participate in seminars on the Nanhai Industrial Tourism Park organized by the provincial tourism bureaus. Two of the authors have been involved in various tourism projects over the past decade.
Findings

Land allocation and tourism development in Guangdong province before 2008

Before 2008, the process of land allocation was accomplished in two steps: 1) all the municipal authorities submitted their plans for the land and construction; and 2) the provincial government allocated quotas to each city. The key criteria for the provincial government to allocate land were GDP performance, total capital investment, and population density. In accordance with this, most of the land quotas in China were distributed in the Pearl River Delta region, where the GDP and population growth were the highest. More than half (58%) of the reduction in agricultural land occurred in this region (Lin 2009). Even so, each city still secured access to a land quota. This system has been described as “spreading spices but with propriety”.

Meanwhile, most of the areas that are keen to develop tourism are in less-developed regions, such as in eastern and western Guangdong province. Obtaining land quotas in these regions is very difficult, but still possible. As a result, tourism development in Guangdong is seen as comprising attractions that are mainly operated by small and medium-sized enterprises. Relying on natural resources, tourism corporations have developed such attractions as resorts built around hot springs, nature-oriented tourism and theme parks.

The development of the Tourist Industrial Park in Guangdong

Since 2009, Guangdong has gradually implemented a differentiation strategy for land allocation. In 2011, the Management of Annual Land Use Plan of Guangdong decree was issued. In line with this policy, the process of how to allocate land use quotas was clarified in detail. The Administrative Measures of the Annual Land Utilization Plan of Guangdong Province (see Guangdong Land Resources and Planning Commission 2011) indicates that apart from the quotas allocated to city-level governments, quotas were allocated to major projects considered to be of provincial significance, for instance, key provincial infrastructure and development projects. The quotas assigned to major projects were guaranteed, and projects with over ¥1 billion of investment would obtain the land earmarked by the provincial government.
The land quotas are then mainly allocated to large-scale projects, and very few plots of land are available for each city. As a result, if a city wants to obtain a land quota, it has no other way but to come up with a large project that could be recognized as a key provincial project that forms part of a development strategy at the provincial level.

Around 2010, tourism gained some supports from the Guangdong government for its potential role in promoting domestic consumption and facilitating economic restructuring. In 2008, the Guangdong provincial government issued a policy entitled: ‘The Guidance to Speed up the Reform of Tourism Industry in Guangdong and Develop a Strong Tourism Province’ (Guangdong Provincial Government 2008). In this directive, land was addressed as one of the key factors in tourism development. Consequently, in 2011 and 2012, a significant number of tourism-related projects were included as key provincial projects. Especially in 2012, 17 out of 67 major projects received special quotas of land in Guangdong as major tourism projects, accounting for a quarter of the total allocation, and the Nanhai Tourist Industrial Park was included. The old “scenic spots” relying on natural resources and operated by small and medium-sized enterprises rapidly gave ways to industrial tourism parks driven by large-scale projects.

*The Nanhai Tourist Industrial Park*

*Cooperation between local government and the CTS Company*

The Nanhai Tourism Industrial Park is largely a product resulting from collaboration between the local government and the China Travel Services Company (CTS) in Guangdong. Foshan is located in the center of the Pearl River Delta region (Figure 1 and Table 1) and is one of the most developed cities in Guangdong due to the economic leaps it made in the manufacturing industry. Xinqiao, a township of Foshan, was traditionally a tourist attraction by virtue of its beautiful mountains, but failed to attract much government support in the 1990’s because tourism was not a significant sector in Foshan. Although there were some small businesses close to the mountains, these were not sufficiently geared to drive the economy when compared with the city’s other townships and their powerful secondary industries. Xinqiao was subsequently the poorest township in Foshan.
Since 2010, Foshan has been subject to a program of economic restructuring. Nanhai District’s government wished to develop Nanhai into an “Important Cultural District”, and two directives to this end were released: ‘The Opinion on Further Strengthening the Construction of Culture in Nanhai (Nanhai District Government 2010b) and ‘The Cultural Development Action Plan on the Dragon Dance and Lion Dance (2010-2015) (Nanhai District Government 2010a). The district government’s intention was to attract a major developer. It was assumed that only a major project operated by a large company would result in the successful implementation of these directives.

Guangdong CTS, a state-owned enterprise and one of the biggest tourism companies in China, proposed the concept of an industrial tourism park in 2010, and this new concept immediately attracted the interest of the local government. The first project, West Nanhai Tourist Industrial Park, was a joint proposal by Guangdong CTS and the local government that would require 566.6 hectares of land and an investment of more than 10 billion RMB. It is the biggest tourism project ever undertaken in Guangdong province, with construction planned in three phases over 10 years. The first phase will utilize 177.2 hectares of land, the second 99.1 hectares, and the third 233.3 hectares.
### Table 1. GDP and the proportion of tourism income in the GDP of cities in Guangdong Province, 2014

<table>
<thead>
<tr>
<th>No.</th>
<th>City</th>
<th>GDP (100 million)</th>
<th>Tourism Income (100 million)</th>
<th>Proportion (Tourism Income/GDP)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Guangzhou</td>
<td>16,706.87</td>
<td>2,521.82</td>
<td>15.09%</td>
</tr>
<tr>
<td>2</td>
<td>Shenzhen</td>
<td>16,001.98</td>
<td>1,091.65</td>
<td>6.82%</td>
</tr>
<tr>
<td>3</td>
<td>Foshan</td>
<td>7,603.28</td>
<td>496.27</td>
<td>6.53%</td>
</tr>
<tr>
<td>4</td>
<td>Dongguan</td>
<td>5,881.18</td>
<td>374.60</td>
<td>6.37%</td>
</tr>
<tr>
<td>5</td>
<td>Huizhou</td>
<td>3,000.7</td>
<td>273.2</td>
<td>9.10%</td>
</tr>
<tr>
<td>6</td>
<td>Zhongshan</td>
<td>2,823</td>
<td>210.23</td>
<td>7.45%</td>
</tr>
<tr>
<td>7</td>
<td>Maoming</td>
<td>2,349</td>
<td>126.57</td>
<td>5.39%</td>
</tr>
<tr>
<td>8</td>
<td>Zhanjiang</td>
<td>2,258.72</td>
<td>201.81</td>
<td>8.93%</td>
</tr>
<tr>
<td>9</td>
<td>Jiangmen</td>
<td>2,082.76</td>
<td>279</td>
<td>13.40%</td>
</tr>
<tr>
<td>10</td>
<td>Zhuhai</td>
<td>1,867.21</td>
<td>261.79</td>
<td>14.02%</td>
</tr>
<tr>
<td>11</td>
<td>Zhaoqing</td>
<td>1,845.06</td>
<td>221.17</td>
<td>11.99%</td>
</tr>
<tr>
<td>12</td>
<td>Jieyang</td>
<td>1,780.44</td>
<td>155.03</td>
<td>8.71%</td>
</tr>
<tr>
<td>13</td>
<td>Shantou</td>
<td>1,716.51</td>
<td>190.89</td>
<td>11.12%</td>
</tr>
<tr>
<td>14</td>
<td>Qingyuan</td>
<td>1,187.74</td>
<td>218.39</td>
<td>18.39%</td>
</tr>
<tr>
<td>15</td>
<td>Yangjiang</td>
<td>1,168.55</td>
<td>153.61</td>
<td>13.15%</td>
</tr>
<tr>
<td>16</td>
<td>Shaoguan</td>
<td>1,111.54</td>
<td>225.11</td>
<td>20.25%</td>
</tr>
<tr>
<td>17</td>
<td>Meizhou</td>
<td>885.83</td>
<td>254.3</td>
<td>28.71%</td>
</tr>
<tr>
<td>18</td>
<td>Chaozhou</td>
<td>850.2</td>
<td>115.9</td>
<td>13.63%</td>
</tr>
<tr>
<td>19</td>
<td>Heyuan</td>
<td>758.95</td>
<td>177.01</td>
<td>23.32%</td>
</tr>
<tr>
<td>20</td>
<td>Shanwei</td>
<td>716.99</td>
<td>96.44</td>
<td>13.45%</td>
</tr>
<tr>
<td>21</td>
<td>Yunfu</td>
<td>664</td>
<td>196.83</td>
<td>29.64%</td>
</tr>
</tbody>
</table>

Source: Statistical Bulletins for National Economic and Social Development, or Statistical Yearbooks of Cities in Guangdong 2014a.

In 2011, the government of Nanhai district and Guangdong CTS signed a strategic co-operation agreement for the second phase of the project. The project was renamed the “Guangdong CTS Nanhai Tourist Industrial Park”, and was approved by the China National Tourism Administration (CNTA) (China National Tourism Administration 2011).
The Nanhai Tourist Industrial Park develops so smoothly because the idea of developing tourism industrial park is consistent with the overall development plan of Nanhai district. Therefore, with approval from the China National Tourism Administration (CNTA), the Nanhai tourism Industrial Park was extended from the original 533.3 hectares to the west of Nanhai district, including Xiqiao, Jiujiang and Danzao towns. And Nanhai district government promised to support the construction of infrastructure and public facilities in the tourism industrial park (interview with the president of Guangdong CTS Nanhai Industrial Tourism Park).

Overall, the development of [the] tourism industrial park is an achievement in cooperative land development between the local government and [the] company. The government would like to promote tourism through land development and the company would like to control and obtain profit through tourism land development (interview with the Mayor of Xiqiao town).

**Seeking support from the Guangdong provincial government**

The project cannot move forward with only an agreement between CTS and the Foshan government. They also need to obtain further support from the provincial bureaus. Specifically, the Nanhai Tourist Industrial Park needs to be listed as a key provincial project among 500 others, and then be listed again as a key project by the Provincial Land Bureau. “Land can only be approved for use when it is listed as a priority project.” (interview with the staff of Guangdong Land and Resources Bureau).

The advantages recognized by the various government levels are the project’s potential industrial linkages between the different business sectors. Other tourism cluster projects only brought together consumer services such as hotels, entertainment and sightseeing facilities, conference and sports venues, and so on. A Tourist Industrial Park however, is intended to comprise a complete set of industrial tourism chains. Various business forms including entertainment ventures, MICE, wellness facilities, high-end resorts, and creative or culture-based businesses should complement and integrate with each other. The plan would also include travel company headquarters, consulting firms and schools (see Table 2), resulting in a comprehensive tourism supply chain.
The project developers claim that this new mode of tourism development will serve as a demonstration model for upgrading the tourism industry in Guangdong. It was pointed out that the current model of tourism development is highly dependent on culture and natural resources, and that there is a lack of supporting infrastructure and services, as well as a lack of diversified and high-tech tourism products. For example, the policy paper entitled ‘On the Implementation of Domestic Tourism and Leisure by Guangdong Province (2013-2020)’ (Guangdong Provincial Government, 2014) recommended that Guangdong should intensify its research on tourism development, improve the tourism and leisure facilities, promote integrated tourism development, and increase diversified and high-tech tourism and leisure products. The Nanhai Tourist Industrial Park is expected to meet these goals.

The China National Tourism Administration (CNTA) has nominated Guangdong as the ‘National Tourism Demonstration Province’. The nomination was intended to promote and facilitate innovations in tourism development, and the Nanhai Tourist Industrial Park can be understood as an effort in this direction.

Figure 2. Map of different zones of the Nanhai Tourism Industrial Park
Table 2. Different zones of the Nanhai Tourist Industrial Park

<table>
<thead>
<tr>
<th>Zone</th>
<th>Scale</th>
<th>Characteristic</th>
<th>Project</th>
</tr>
</thead>
<tbody>
<tr>
<td>MICE, Meetings; Incentives; Conferencing/ Conventions; Exhibitions/ Exposition and Event (first phrase)</td>
<td>31.9 hectares are planned</td>
<td>The main businesses are MICE; wedding services; high-ended receptions</td>
<td>The underground floor of the hotel</td>
</tr>
<tr>
<td>Urban residential area (first phrase)</td>
<td>31.3 hectares are planned</td>
<td>Focusing on the development of urban recreational real estate to gather wealth and recoup investment</td>
<td>longevity community; fashion community; yacht system; lakeside landscape system; a street with water for leisure</td>
</tr>
<tr>
<td>Entertainment District (second phrase)</td>
<td>82.3 hectares are planned</td>
<td>Entertainment as the main function, and support facilities to attract people</td>
<td>South Bay tourist center; water park; the first village in Guangdong; forest park; herbal park</td>
</tr>
<tr>
<td>Health care project (second phrase)</td>
<td>133.1 hectares are planned</td>
<td>Presenting the theme of this project is health, emphasizing longevity and health</td>
<td>square; double village project; Taoist temple; scenic cave area</td>
</tr>
<tr>
<td>High-end resort and cultural &amp; creative industry (third phrase)</td>
<td>184.9 hectares are planned</td>
<td>Taking landscape resort as the core content, highlighting the characteristics of the creative economy.</td>
<td>Cultural and creative town; mountain park town; golf town; Guangdong style water town; international tax-free store; helicopter airport</td>
</tr>
</tbody>
</table>

Source: Master Plan of Guangdong CTS Naihai Industrial Tourism Park (2012)
Challenges

As a result of the cooperation between the government and the CTS, the Nanhai Tourist Industrial Park project was launched successfully. Whether it qualifies as a sound model of tourism development and land management is yet to be ascertained, and the risks associated with the project are high for all the stakeholders.

In terms of land management, the overall goal of land allocation is to reduce the conversion of agricultural land into construction sites. However, there is a lack of systematic guidance on how to plan and manage mega-tourism industrial parks, which may result in potential misuse of the land. Currently, the land bureau relies on the decree entitled ‘The Guidance on Controlling Industrial Park Construction Land’ (Ministry of Land and Resources 2004) to guarantee the effective use of land. This guideline attempts to promote the economical and intensive utilization of land in industrial parks through investment intensity, plot ratios, building coefficients, ratio of green space, administrative offices and residential facilities. In addition, there is also a dedicated policy to support industrial park projects. For instance, the projected size of the industrial park can remain flexible. Construction is monitored through a process of continuous evaluation, which allows for applications to expand the area of construction. With this close monitoring and flexibility, the effective use of the land is hoped to be guaranteed. In addition, there are also policies to reduce potential costs for the industrial park investors, for example, land can be purchased at cheaper prices, and infrastructure can be funded through public investment (Hong 2005).

These policies are important factors in facilitating the success and sustainable development of industrial parks; however, there are no further supporting policies for industrial tourist park projects. Given the difficulty to expand in a project’s later stages, the park may initially apply for more land than is necessary. Due to a lack of further land management policies, land management bureaus cannot check whether the land use scale is appropriate and feasible.

In terms of business operations, the risks are also high. Unlike a regular industrial park, which can always obtain government support, a tourist industrial park has no supportive policy to rely on, and the costs for obtaining
land are higher than for the industrial park. In addition, tourist industrial parks are characterized by unusually diverse forms of land use. Consequently, the land use plan for this park does not correspond with any existing plan (e.g. agricultural, industrial, forest). Therefore, the legitimacy of the land use is continuously being challenged.

The business risks are increased as a consequence of the large investment costs, high operating costs and a long payback period. As a result, the heavy debts owed to banks make the management of construction difficult. “Construction has stopped a few times so far” (interview with the staff of Guangdong Land and Resources Bureau).

Also, because of the project’s extended length, the relationship with local communities becomes difficult. The community’s daily life was disturbed by the construction work, and villagers complained about the damage to roads by heavy trucks, the noise, and so on. The villagers were supposed to benefit from the project through employment and the establishment of their own small tourism-oriented businesses. However, the projected start date for business operation of the first phase at the end of 2014 was delayed, since the construction progressed much slower than planned.

Meanwhile, there also lacked detailed and reliable market investigations. The project was based on the general assumption that with increasing personal incomes, the market would expand and tourists would begin to choose leisure services and resorts over sightseeing. However, it is still uncertain whether this assumption is justified.

Due to the development of real estate market in China, speculation in land has also increased. It can be observed that for land slated for construction, residential houses represent more than 50% of that construction, and those residential houses are all arranged in the first phase of development (Table 3). The speculation in real estate can in the short term bring some returns to investors, but in the long run it will reduce the attractiveness and target of the tourist industrial park, and renders the project vulnerable to new national policies. Whether this project is simply another real estate development is therefore a legitimate question.
Table 3. Land use in the Nanhai Industrial Tourism Park

<table>
<thead>
<tr>
<th>Land Type</th>
<th>Scale</th>
<th>Distribution</th>
</tr>
</thead>
<tbody>
<tr>
<td>Residential land</td>
<td>124.9 hectares</td>
<td>Mainly distributed in 5 residential areas which occupy 53.57% of total land</td>
</tr>
<tr>
<td>Commercial service facilities</td>
<td>23.8 hectares</td>
<td>Land mainly used for holiday hotel, commercial street, and enterprise headquarters</td>
</tr>
<tr>
<td>Tourism land</td>
<td>24.8 hectares</td>
<td>Mainly distributed in the art and creative city in south sea; mountain park town; golf town; Guangdong style water town</td>
</tr>
<tr>
<td>Road and square</td>
<td>12.5 hectares</td>
<td>To occupy 5.35% of total land; 2.7 hectares for square; 1.8 hectares for public parking lot; main entrance from south to north.</td>
</tr>
<tr>
<td>Green land</td>
<td>22.5 hectares</td>
<td>To occupy 12.27% of total land; 20 m² of green land per person</td>
</tr>
<tr>
<td>Government infrastructure</td>
<td>8 hectares</td>
<td>To occupy 3.43% of total land</td>
</tr>
</tbody>
</table>

Outside the scope of planned land use: water plant, sewage treatment plant, small fire station, and a small gas station.

Source: The Master Plan of Guangdong CTS Naihai Industrial Tourism Park (2012)

Conclusion

This study attempts to understand the impact of the land system and land policy on Chinese tourism development through a case study of the first tourist industrial park in China: Nanhai Industrial Tourism Park in Guangdong province. During this period of economic transition, land, the most valuable input in any production process, plays a significant role in shaping the development of tourist destinations. To a certain extent, how tourism is developed is not just driven by touristic demand, but also by input factors that are determined through the allocation system.
In the tourism sector, the current land system allows for innovations such as the creation of tourist industrial parks, which appear to represent a potential new model for development. However, the risks associated with these parks are high, especially when decisions are not made based on market demands. For investors, there is a high risk of failure because of the high investment costs and the lack of detailed market analyses. The high percentage of real estate within parks can also indicate a failure of land management by the land bureaus. The risks for local governments, which rely on large-scale tourism projects to bring about economic restructuring and development, are also high.

This study shows that although there is a growing awareness of the need for local governments to understand the importance of tourism for social and economic development, generic land management guidance cannot be used directly in the tourism sector. There is a need for the Chinese government to formulate tailored and systematic policies for sustainable tourism development.

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Notes

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