



## Indonesia Tourism Recovery in Collaboration with China as a Powerful Country in Travel

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### Abstract

**Purpose:** The 2019 novel coronavirus (Covid-19) outbreak is projected to have unprecedented effects on the global tourism especially to the hospitality industry. This paper aims to examine how the outbreak may alter Chinese tourists' travel behavior, lifestyle changes and tourism preferences in the short and long term.

**Research methods:** This paper employs qualitative research method to understand the most aspect influence towards Indonesia and China partnership in the tourism post-pandemic. It is based on the synthesis of news broadcasted by several media outlets to be supported by an overview of the related literature on online travel, tourism marketing, tourism management and tourist behavior.

**Findings:** China have that hidden potential in the tourism sector awaiting to be awoken. Data shows that only about one-tenth of China's 1.4 billion people hold passports, a relatively small figure. It is reported that Chinese travelers spent more than 120 billion U.S. dollars overseas last year, surpassing other countries.

**Implication:** China should be the focus for Indonesia's tourism rebound post Covid-19. The massive volume and projected spending of travelers could support the economy of Indonesia both in short and long period of time.

**Keywords:** China, Indonesia, tourism, economy, recovery, socio-culture.

## INTRODUCTION

The business world is (in)directly influenced by various external factors, namely, global, economic, sociocultural, demographic, political and technological. Changes in these factors will lead to consequent changes in business performance in all industries. Such impacts can be industry- or region-

specific. Pandemics such as Covid-19 have a global reach and may soon appear as an established external factor in curricula on a strategic management. During this unprecedented time of 2019 novel coronavirus (Covid-19); today, its possible social consequences remain ambiguous and no vaccine is yet available.

Tourism is especially prone to changes in external factors given the globalized nature of the world's economic and political systems. In recent years, the literature has framed the relationship between pandemics and tourism in terms of risk. Page et al. (2006) examined how VisitScotland prepared to respond to an influenza pandemic, providing a case study of best practice. Kuo et al. (2008) found that international tourism demand was adversely influenced in SARS-affected countries but not in avian flu-affected countries. Afterwards, Page et al. (2011) assessed the impacts of the global economic crisis and swine flu on inbound tourism demand in the UK. Novelli et al. (2018) studied the Ebola-induced tourism crisis in Gambia. Recently, Hanrahan and Melly (2019) suggested that measures be taken in Ireland to prevent potential biosecurity threats due to global disease outbreaks.

China as one of the powerful actors in global integration become a part of any cooperation. As a number one population in the world and the world's second- largest economy consistently appears among the top five trade partners for ASEAN members. Some ASEAN countries depend heavily on China, especially as a source of imports like Indonesia (Salidjanova et al., 2015). For the greater cooperation between Indonesia and China it will become one of a large cooperation in the world as both are top 5 largest population in the world but achieving the international unity will be so difficult. Indonesia was the first Southeast Asian country that established official diplomatic relations with China in July 2015 (Hong, 2015). Indonesia and China recognized their bilateral cooperation in the early 1950 and then suspended its relations with China due to an abortive coup in October 1965 that why their relationship is unstable.

Nowadays China is in the elevated position for their political and economic development growth. Many countries want to cooperate with China and be a major main market in the Asia and even in the world as China provide the big market with big consumer inside. As the largest population in the world, it will be easy to get a big customer in China. If we are looking carefully, almost all the market in every country had China product with the cheap price.

## RESEARCH METHODS

This paper is based on the synthesis of news broadcasted by several supported media outlets and supported with a related literature on tourism marketing, tourism management and tourist behavior. The authors' experience China-owned Online Travel Platform, investigating trends in tourism and hospitality at the local and international level have also contributed to the study.

## FINDINGS

The Chinese power in the tourism industry has been in the focus of both domestic and international discussions since the reform and opening of the People's Republic in the late 1970s. Overall, tourism and travel accounted for 11 percent of China's total GDP in 2018. The World Travel and Tourism Council projects that by 2028, China's economy will benefit from travel and tourism more than any other country, at \$2.7 trillion in contributions to GDP. Many people believe that in the many years later they will be the most productive country with the fastest growing economic development in the world. For Indonesia travel rebound after the pandemic, China would be consequently the main actor for global integrations as well as one of strategic partners for the country.

China has that hidden potential in the tourism sector awaiting to be awoken. Data shows that only about one-tenth of China's 1.4 billion people hold passports, a relatively small figure. However, it is reported that Chinese travelers spent more than 120 billion U.S. dollars overseas last year, surpassing other countries. A strong influence for Chinese to have passport is extended through the Chinese passport fees dropped from 160 yuan to 120 yuan since July 1st, 2019. The fee reduction can certainly encourage travelers to get their passport now, to travel one day. From the graphic below, we could see the number of Chinese outbound travelers are increasing time to time over the decade.

Despite that small amount of Chinese's passport holders, their incomes continue to increase, the remaining 90% of China's population could all be potential customers for international travel. With post 80's Chinese now have a family with young children and retired. With this potential, it has concurrently made China ranked as number 1 tourism spender with over \$261,1 billion internationally.

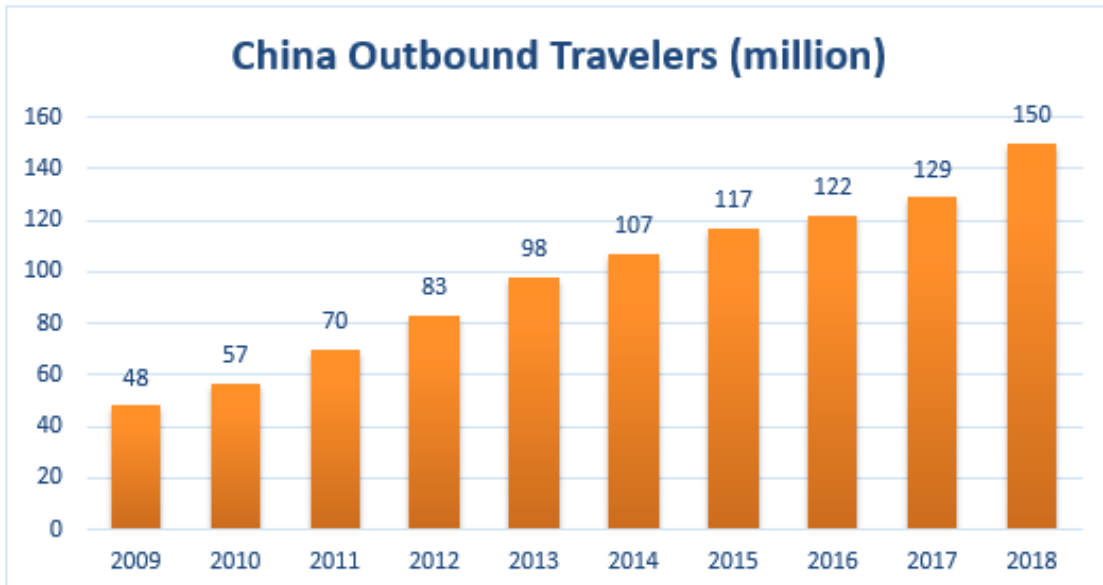


Figure 1. China Outbound Travelers (million)

For China taken up as the world largest population in the world, China had a lot to offer. Economic progress, infrastructure developing, culture, sports, big market and so on. The domestic markets benefit a lot from the large population, that is also the reason that China also take it seriously to transform their tourism industry. The World Tourism Organization predicts that China will become the largest travel destination and the fourth largest source country by 2020. In that year, there will be 137.10 million international travelers to the country, taking up 8.6% of the global share (Travel China Guide, 2016).

Under the incumbent President Joko Widodo leadership, it seems the government tries to strengthen their relationship with other country use tourism sector as a marketing system in order to boost up their economic progress. President Joko Widodo targets to boost tourism industry to 7,5% of GDP by 2019, China is on track to become the biggest tourist market for Indonesia for the first time this year, overtaking Singapore. That's after a 46 percent surge in visitors from the world's second-largest economy to 1.4 million in the first eight months of the year (Salna, 2017). Indonesia knows better than to boost the tourism sector it will strengthen their relationship also because the biggest group of tourists comes from China, so it will be important to make China to always comes to Indonesia every year and their number will be increasing also. Every country tries how to gain China people trust to travel in the country because Chinese tourist

are famous to travel with a large group and it will easy to gain their trust collectively.

Foreign tourist arrivals in Indonesia during 2019 reached 16.11 million visits missing the government’s revised target of 18 million visits after previously being targeted at 20 million visits. The number, however, rose 1.88 percent compared to 15.81 million visits recorded in the same period in 2018.

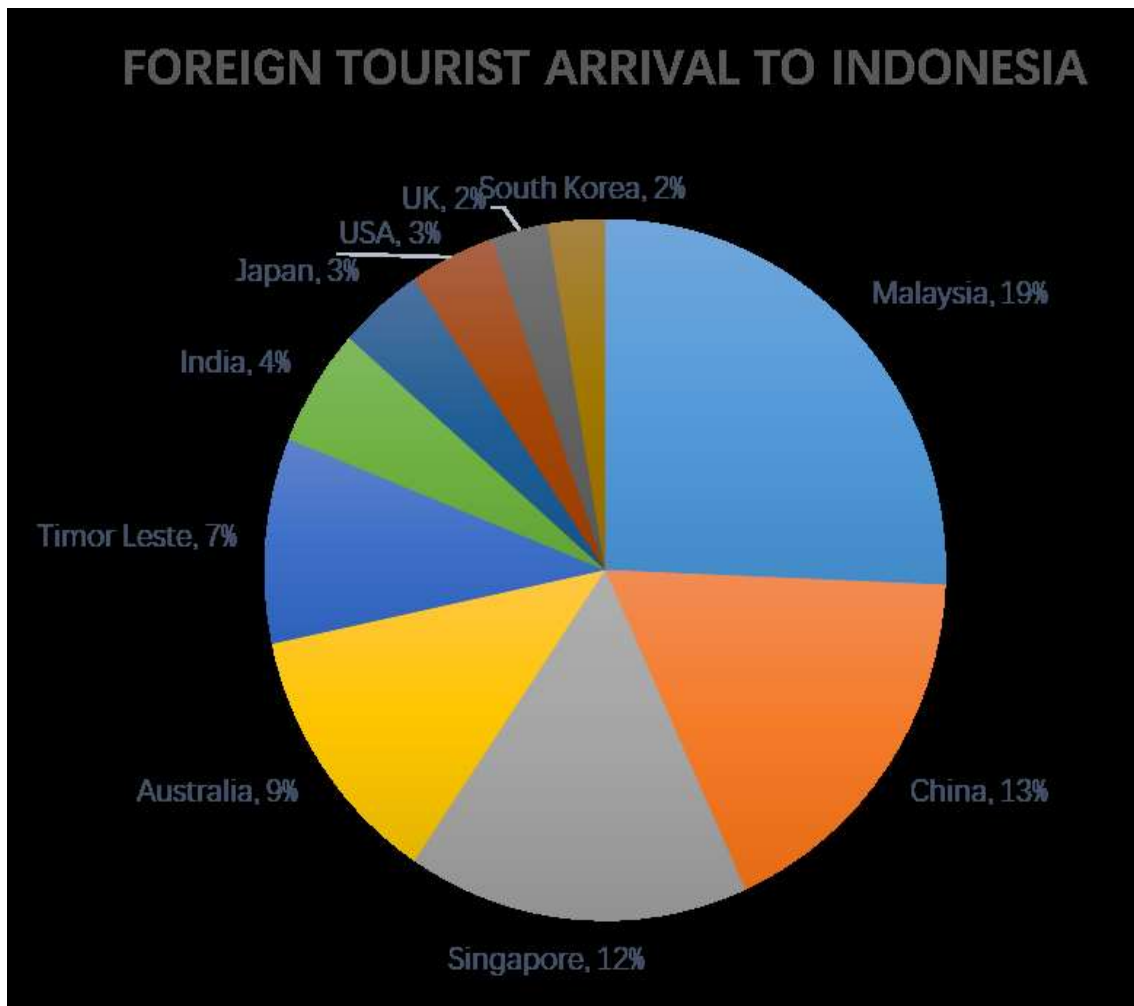


Figure 2. Foreign Tourist Arrival to Indonesia

Over last year, the tourist came from Malaysia with 2.98 million visits (18.51 percent), followed by China of 2.07 million visits (12.86 percent). The third-place occupied by Singapore with 1.93 million visits or 12.01 percent, Australia 1.39 million visits or 8.61 percent, and Timor Leste with 1.18 million visits or 7.32 percent. Meanwhile, Chinese has declared to cancel all outbound travels internationally with the requirement of self-quarantine whenever the travelers

back to China. President Joko Widodo in 2019 has set a target to attract 10 million Chinese tourists annually to Indonesia, which has become even more difficult numbers to achieve as the outbreak has declared a pandemic since March 11th, 2020. Also, to consider significant drop of Chinese tourist arrivals to Indonesia in monthly basis for some natural events issues.

The increasing number of tourists in both countries also because of two biggest airplanes in both countries Air China, China South Airlines, and Garuda Indonesian airlines opened direct flights between the two countries so it will be easy to fly over the countries. The Indonesia-China Association of Economic, Social and Cultural Cooperation was founded in July 1992, and the China-Indonesia Association of Economic and Cultural Cooperation was founded in August 1993. The two associations signed an MOU on cooperation. In addition, the two sides signed an MOU on the promotion of cooperation in tourism, and MOUs on health and sports cooperation. In July 2000, the two countries signed an agreement on mutually granting judicial assistance to each other. In September 2000, China approved Indonesia to be a destination for the outbound tour of Chinese citizens (China Embassy in Indonesia, 2011).



Figure 3. China Tourist Arrival 2018-1019

According to the explained major points, China would still be considered as the potential emerging country that keeps expanding strongly for the beneficial development of Indonesian Tourism, especially post-pandemic whereby all target and focus should have been in a strategic recovery planning. The bonding between these two countries also needs to be strong in some respects. For the

cultural aspect, Indonesia and China are rather similar because as a large country both customs and traditions of its people vary by geography and ethnicity. With more than 1.4 billion people live in China representing 56 ethnic minority groups. The largest group is the Han Chinese, with about 900 million people. Other groups include the Tibetans, the Mongols, the Manchus, the Naxi, and the Hezhen, which is the smallest group, with fewer than 2,000 people (Zimmermann, 2015). It is quite a lot of different customs live in one country and this is also the point to promote China in international level. In Indonesia, more than thousand ethnic group and many local languages across the archipelago that is united into one nation with Indonesian language as its primary. Its similarity in cultural aspect, tradition, and numerous beautiful differences that Indonesia has to offer.

During this unprecedented time of Covid-19 pandemic, we are to work on a strategic plan to keep introducing the beauty of culture and nature of Indonesia to the international eye, especially to Chinese. Virtual promotion is a new era to touch base of homebound customers, social distancing, and an unpredictable that forced into a crisis. Wonderful Indonesia campaign must reach wider audience in the emerging market through a timely and relevant marketing tools. With the estimation of 300 million Chinese are English language learners, we therefore need to touch the other 1,1 billion Chinese strategically.

Chinese literature also famous in Indonesia, many institutions open the Chinese language course and Chinese is the most famous foreign language after English and place second as the foreign language that most people in the world can speak (Nurridha, 2017). It is proven also with many Chinese language center open in Indonesia. Youth believe that as the number one biggest population in the world and look at the reality that Chinese almost everywhere in every region of a country around the world make them understood to study the language as the globalization era forcing right now. The need for Chinese language expert in Indonesia is very helpful for many institutions as the language also the national language for United Nations.

For the fast improvement, China proves to be the single country who move so fast for the economic development growth. China literature, culture and identity spread over the world. The term that “China’s everywhere” is not only a term but the proof that the Chinese are in every position for a big company around the world. Every year China imports a lot of product to Indonesia and the Chinese

product is so cheap compared with the local product that is why Indonesian product needs a lot of arrangement for the price even the quality is Indonesia the best.

Cultural ties between both countries must be an open door for the other various fields as culture, science, and technology, education, health, military affairs, religion, tourism, communication, agriculture, and forestry. China as the powerful country will be a real challenge for Indonesia because the other perspective will think that China closer ties with Southeast Asia countries like Indonesia to make China get more access and power in the region and make them open the big market, especially in South East Asia.

Cooperation between local governments in both countries also makes a good impact. Beijing built up ties of friendship cities with Jakarta, the Indonesian capital city and letters of intent have been reached for establishing friendship relation at provincial level between East Java and Shanghai, Guangdong Province and North Sumatra, Fujian Province with Central Java and Hunan Province with West Nusa Tenggara. Last Beijing Olympics in China is not only about sports competition. They were intended to showcase "China's economic, technological, cultural, social and environmental achievements to the rest of the world. They set the agenda for how China would be understood both within the country and throughout the world.

The travel and tourism industry, one of the global growth engines, is bearing the brunt of the coronavirus pandemic's damage. To revive the industry, recovery of domestic travel businesses should be the first step, Jane Sun, Trip.com Group CEO shared with CGTN. According to the World Travel & Tourism Council (WTTC), the travel and tourism sector accounts for 10 percent of total jobs and GDP globally. That's an estimated 8.8 trillion U.S. dollars annually. And the growth of the industry has been hindered by the pandemic.

Trip.com Group is the largest online travel agency in China and one of the largest travel service providers in the world NASDAQ (TCOM). The corporation enjoyed surging growth in 2019 but projected a sharp decline of up to 50 percent for its revenue in the first quarter in 2020 due to the pandemic. Official data shows that China's tourism sector achieved 6.63 trillion yuan of revenue last year, increasing 11 percent compared to a year before, while domestic tourism totaled 5.72 trillion yuan, up 11.7 percent year on year.



Chinese online travel giant Trip.com was one of the first in the global tourism industry to be hit when the coronavirus outbreak began in China in late January. The booming Chinese outbound travel market soon came to a screeching halt as millions of Chinese hunkered down and countries-imposed entry restrictions on travelers from China. The most difficult challenging issue during the coronavirus outbreak falls into two stages. The first wave came when the virus was severe in China, there were lots of trip cancellations. While the second wave is handled well after the virus is under control in China, so Trip.com Group has come up with very creative products so that consumers can resume confidence in travel and boost the recovery of domestic business.

The rest of the world now is suffering from lockdown even as China is opening again. Trip.com Group sees signs of recovery now from the domestic market in China as it has been the first couple of companies to return to work and now is in full operation. For the recovery of international market, Trip.com also celebrates its collaboration with Macao government and the revitalization of travel as mainland Chinese tourists can once again travel to the city. James Liang, co-founder and chairman of the company hosted the Boss Live livestream from Macao to promote travel to the southern Chinese hub. The Macao government, Trip.com Group and Tencent plan to issue travel coupons worth a total of RMB 150 million to mainland Chinese tourists to use when booking hotels in Macao. From September 23 mainland Chinese tourists are able to travel to Macao, leading the way for the tourism revival in the region.

Macao is a leading destination for mainland Chinese tourists, welcoming over 27 million mainland Chinese visitors in 2019, according to Macao Tourism Plus. Trip.com Group tour and independent travel data shows the number of mainland Chinese tourists booking Macao vacations increased by 33% during 2019. Travelers can use coupons on Trip.com Group's app and enjoy up to 50% or RMB 500 off when they make their reservation.

James Liang's Boss Live show broadcast from Macao on September 23 attracted over 5.7 million viewers, with GMV exceeding RMB 65.34 million from a total of 35,821 orders. Trip.com Group's Boss Live shows have become a major event for the travel in the region, promoting travel and sharing incredible discounts with customers. Occurring weekly, the Trip.com Group chairman and

co-founder has hosted over 28 Boss Live shows, immersing viewers in destinations and sharing discount packages tailored for the post-COVID traveler.

From mainland China to Japan, South Korea, Hong Kong SAR, Singapore and Thailand, Boss Live and Trip.com LIVE livestreams target localized audiences and feature an incredible selection of travel products. To date, these shows have generated over RMB 1.5 billion in transactions, helping to reinvigorate tourism throughout the region.

## CONCLUSION

Chinese has always been one of the most important and promising market for the rebound of Indonesia tourism. Considering China in the world's eye is an emerging country that keeps expanding strongly for the beneficial development of Indonesian Tourism, especially post-pandemic.

The increasing number of Chinese tourists visiting Indonesia is because of two biggest airplanes in both countries Air China, China South Airlines, and Garuda Indonesian airlines opened direct flights between the two countries so it will be easy to fly over the countries. It caters not only individual travelers but also Group business for both leisure and or business. With more cities covered with direct flights, it becomes essential part of Chinese tourists to pay a visit with the free visa on arrival regulation in all Indonesia's international airports.

Chinese will resume back stronger in the tourism business through Trip.com Group as the country's biggest online travel service provider and one of the biggest online travel agents in the world. Its commitment in the betterment of travel recovery through their Revival Plan (V for victory) is convinced to become the major turning point. Looking at the successful recovery collaboration they have implemented with their neighbor country, it is with high confidence if we are strategically plan this better for the recovery of Indonesia's tourism, it will help the rebound of not only tourism but also the economy of the people of the Republic of Indonesia.

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