

Studies of Current Situation and Problems in Economic Development under the Constructive Background of ‘One Belt, One Road’

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Abstract. The momentum of cruise industry in Hainan Province is bright. Although our country is in advanced level, there are still disadvantages: limited cruise terminal, lacking of cruise and fleets, lacking of hinterland and economic support, big investment and small returns due to the investment of private enterprises, inconveniences of passenger clearance, backward of supporting facilities and lacking of professionals and so on. Hainan province should make full use of the policy strengths of special economic zone, natural resources and location to develop cruise industry so that to better serve the construction of ‘One Belt, One Road’.

Introduction

In 28th, March 2015, National Development and Reform Commission, Foreign Ministry, and Ministry of Commerce jointly issued the Vision and Proposed Actions Outlined on Jointly Building Silk Road Economic Belt and 21st-Century Maritime Silk Road (Hereinafter referred to as ‘file’) in Boao Forum for Asia. This programmatic document in particular mentioned that we should further open Hainan province as an international tourism island. Cruise industry is an important part as well as a shining point and new growth point in the construction of Hainan International tourism island.

The Current Development Situation of Cruise Industry in Hainan Province

In 6th, December 1989, Panama cruise which is called Small Ocean Pearl berthed at Sanya Port, which marked the beginning of cruise visiting in our province. Thereafter, Star Pisces, Gemini, SuperStar Libra and other 5 cruises owned by Star Cruises berthed at Xiuying Port and Nova port in Ma Village, which opened the development of cruise in Haikou city. In the early 1990s, Ming Hui Princess opened up the tourism route from Haikou city to Ha Long Bay in Vietnam, which made Hainan cruise a home port prototype for the first time. In 2000, Star Cruise opened up the route from Hang Kong to Haikou city then to Ha Long Bay in Vietnam. At present, Hainan has two cruises terminals, which are Haikou Xiuying Port Terminal and Sanya Phoenix Island International Cruise Terminal, and other four port terminals are under construction. Sanya Phoenix Island International Cruise Terminal has the most complete facilities for exclusive use of cruise port in China. The cruise routes of Hong Kong-Sanya-Vietnam and Sanya to Vietnam are stop over and departure. After all aspects of hard work and struggle, Phoenix Island International Cruise Terminal opened up a new route, ‘Coconut Princess’, from Sanya to Xisha in 2nd, September 2014. It would take four days and three nights, and once a week. Tickets were like gold dust since the opening of the route. Due to the fact that the ship is too small which is less than ten thousand tons, the facilities are bad, they are not the real cruises, however, the tickets sells well, which shows that people eager to travel around South China Sea. Haikou Xiuying Port would gradually turn into international cruise terminal and yacht base. Besides, the cruise route from Haikou to Vietnam departures at Haikou Xiuying Port. In 16th November 2015, Star Cruises, one of the three biggest cruise companies declared that they would regard SuperStar Virgo as their home part for 2016, adding a new chapter for cruise industry in Sanya, and it will formally set sail in January 2016. This new cruise, which is Sanya-Guangzhou-Hong Kong-Ha Long Bay in Vietnam is a new bold attempt. Star Cruises will put a tailored cruise called ‘Genting dream’ or ‘Star Cruises’ on the market for Asia especially for Chinese High-end cruise market. It will operate on Sanya homeport routes. The

displacement of this cruise reaches at 150 thousand tons, and can hold 3 thousand tourists and 2 thousand crews. It is under construction in Germany. It proves that Sanya is gradually striding the primary threshold of cruise economy and is heading towards the real cruise home port.

From January to August in 2015, the entry and exit cruises are 52 ships, and the population of arriving and departing passengers are 64889. On the cruise line, there are successively 'Allegra', 'SuperStar Virgo', 'SuperStar Libra', 'Balance treasure star', 'Rhapsody of the seas', 'Diamond', 'SuperStar Europe', 'SuperStar Pisces', 'SuperStar Leo', 'SuperStar Bird', 'Voyager of the Seas' and other types of large liners coming from Hong Kong, Singapore, Japan, America, England, Bahamas, Italy, Norway, Spain and other countries and regions to Haikou and Sanya. According to Hainan Cruise Yacht Industry Development Plan(2015—2030), in the following five years, there will be ten ships regarding Hainan as the home port, and the number of the cruise berthing will be 300. Compared with other developed cruise economy, there are still disadvantages over the software and hardware, although Hainan cruise industry ranked the front.

Problems During the Development of Cruise Industry in Hainan

Little Cruise Terminal Berth. Xianyun Zeng, chairman of Sanya Phoenix Island International Cruise Port Development Co., Ltd. says, after three years of the first stage of Phoenix Island, it couldn't satisfy the requirement of International Cruise, therefore, we launched the second phase of the construction immediately. Sanya Phoenix Island International Cruise Port is the first 80-thousand-ton of international cruise terminal in China. It was formally navigable in November 2007. Besides, it is the only cruise port for tourists at present. It opened Xisha and Vietnam routes. People thought it could have been in use for ten years, however, with the rapid development of cruise industry in China, the original equipment couldn't satisfy the requirement. One day in 2003, there were two ships berthing at the port. Due to the traffic jam in Sanya city, which cause the tourists could not get on the cruise on time, therefore, the cruise couldn't departure on time. The cruise behind couldn't berth at the port on time, thus the tourists behind the cruise cannot get their way to the airport on time, causing 52 tickets in vain. Passengers refused to get off the ship, they asked for compensation for their tickets, arrangement for hotel, and transportation to the airport for the send day. If we had two wharves, this can't happen. In the early morning of the Lunar New Year's Day 2015, Queen Mary 2 arrived at the port, this 150-thousand-ton cruise held 2650 tourists and hoped to berth at Sanya port. Unfortunately, due to the fact that this 80-thousand-ton port cannot bear the weight, it had to stop on the sea. Finally the cruise port could do nothing but to pick up the tourists who had interests to travel with ferries. Therefore, it took a lot of time. Before 5pm, the tourists were sent to the cruise through ferries. They did not enjoy themselves. Such similar things happened more than once. There are more and more cruises and they are bigger and bigger, Sanya lost many opportunities for reception and development. There are 16 cruise ports in Miami, with its old port, whose frontage reaches over 2 thousand meters, with seven cruise port and can berth six ships, which is a magnificent sight. There are nine ports in Fort Lauderdale new port which was built in 2009. Except Sanya and Haikou(Xiuying port, vans), there are no other cruise ports in the coastal cities. There are 300 million people in America, 1300 million in China. There are 600 million people in America, 3800 million in Asia. There is a big gap between Sanya and Miami, Hainan and Florida in cruise ports, they are totally different. Sanya lies in the two big home port of Asia between Hong Kong and Singapore, its stop by international cruise ships ranks the first each year in China. Sanya is the only tropical seaside tourist city in China. In winter, the cruises in northern coast ports would like to departure in Sanya. Therefore, cruise industry would be pillar industry in Hainan province. It can support Marine Silk Road linking China to India ocean and the South Pacific Ocean, and drive the economic development in southwest coast of China and ASEAN countries along the South China Sea. Therefore, Sanya should build the biggest home port cruise of Asia in accordance with National Coastal Port Layout Planning issued by State Department of transportation.

Lacking of Cruise and Fleets. Hainan is a big maritime province, which lies in tropical and subtropical and has unique features on climatic conditions and marine tourism resources. Therefore,

it is suitable to develop cruise tourism all the year round, and is comparable to that of Caribbean and Florida. There are 28 cruises in Miami, of which the biggest 225-thousand-ton cruises called 'Oasis of the seas' and 'Allure of the seas' can hold 6000 tourists, from Miami to Caribbean, North and South America, European and all over the world. There is no cruise departing except Sanya and Haikou. At present, Sanya has a Ro-Ro passenger ship called 'Coconut Princess' which departure at Sanya to Xisha, there are only 250 tourists, whose passenger capacity is less than 1/20 than that of 'Oasis of the seas'. 'Star Aquarius' and 'Gemini', which belongs to Star Cruise, and 'Henna' which belongs to Hainan Airline Group are from Sanya and Haikou to Vietnam, however, because of the impact of the relationship between the two countries and lacking of communication, the route suspended for more than a year. It was in the end of 2015 that they resumed sea navigation.

On 10th April 2013, JinPing Xi, general secretary make it clear that we should have our own cruises when he made his inspection to Phoenix Island international cruise port. Cruise manufacturing, being the upstream of cruise industry chain, is monopolized by Germany, French, Italy and Finland. Our country is incapable to make cruises, even if the small tonnage ones. If we want to buy foreign cruises, no cruises that are more than 10 years of age allowed in our country. There are no used cruises that are less than ten years all over the world. In fact, if we keep them in good repair, we can use 20 to 40 years. What's more, we have to pay for 27% import duties for the purchase of cruises. In addition, lottery industry is not allowed on Chinese cruises. Therefore, the income of cruises can be influenced directly. All in all, Chinese companies can't and are not willing to purchase cruises that are over ten years old. 'Henna' of Hainan airline, 'The Taishan' of Bohai joint stock company, 'Tianhai' of Ctrip International Travel Agency are all flying the flag of Malta, registered in Hong Kong. According to Maritime Law, which regulates that without the approval of the transportation department of the State Council, foreign vessels shall operate between the People's Republic of China's maritime transport and port towing. Therefore, there would be no cruises that can be used for the development of cruise traveling in south sea and Hainan Island. The facilities of 'Coconut Princess', from Sanya to Xisha for tourism, is in bad condition, but its price is higher than luxury cruise and the tickets were like gold dust. To solve the problems above, Xigui Liu, the governor of Hainan, demanded that we should ask strait of shares to change big ship. The ship was bought, but due to the bad influence of Oriental Star accident, transformation of approval was in trouble. Therefore, the cruise market in Hainan is mainly possessed by foreign cruise companies.

Lacking of Hinterland and Economic Support. Hainan is surrounded by the sea, thus it lacks of a wide hinterland for cruise industry, which is a natural disadvantage. Small hinterland directly limits the number of the tourists in Hainan. However, other cruise ports own wide hinterland so that they have adequate tourists. Sanya Phoenix Island international cruise home port can hardly be the real home port due to the small number of tourists, it can be called a big port of call at most. To develop cruise industry, we need strong financial support. Of all the cities which have relatively developed cruise industry mentioned above, Hainan is the weakest one. As mentioned above, take the total GDP of 2014 as an example, Hainan ranks last but three in China, higher than Qinghai province, Ningxia Hui Autonomous Region and Tibet Autonomous Region. GDP in Guangdong, Shandong, Jiangsu, Shanghai, and Tianjin is separately 19.37, 17, 18.59, 6.73 and 4.5 times as much as Hainan. The huge difference in economy makes Hainan incompetent to develop its cruise industry.

Big Investment and Small Returns due to the Investment of Private Enterprises. The construction of Sanya Phoenix Island International Cruise Port has fall far behind the Wusong Cruise Port of Shanghai and the Cruise Port of Tianjin. There are six coastal cities with cruise ports, all of them, except for Sanya, are supported by the local government. The money the cruise paid for berthing at the port, less than 10 percent of it was owned by the port, while more than 90 percent was owned by the government departments, pilot station, agencies, travel agencies and tourist attractions. All the cruise ports, except Wusong Cruise Port of Shanghai, are in deficit. Since eight years ago when Sanya Phoenix Island International Cruise Port started to sail, it was in deficit

situation all the time. Since the preparation of Sanya Phoenix Island International Cruise Port in 1996, all the facilities of the port was invested by Hainan Sanya Phoenix Island international cruise home port development Co. Ltd. The second stage of construction would remain a investment of three billion RMB, which means a great financial pressure for the private enterprise.

Inconveniences of Passenger Clearance. There are over ten million overnight tourists in Sanya every year. However, only one hundred thousand are cruise tourists, which is less than one-hundredth of the overnight tourists. One of the main reason is that the cruise are foreign, which means that getting on the cruise is going abroad, therefore, they have to go to the travel agency to register, applying for a Visa, and going through complex procedures. Tourists who want to take a cruise don't bring their passport or they have no time to get the certificate. In addition, the route of the cruise is lack of attraction, and the transportation between Sanya to the mainland of China is not that convenient as Shanghai. Therefore, the total number of tourists of Wusong Cruise Port of Shanghai reaches two million, while Sanya only has one hundred thousand. In March, as the World Cruise Conference in Miami shows, the number of cruise tourists in 2014 is 48000000, and the income of the port is 17 billion dollars, which shows a great gap between Sanya and Miami.

Backward of Supporting Facilities. The supporting facilities of the port are poor, for example, catering, hotels, stores, banks, office buildings, and leisure and recreation facilities. Xiuying Port of Haikou lacks of convenient transportation network facilities, sufficient supplies, maintenance and support facilities, waste disposal facilities and so on. The supporting facilities of Sanya International Phoenix Island are not completed. Due to the fact that there is no cruise port in Sansha on the Sanya to Sansha route, and lacks of basic tourism facilities, therefore, we cannot develop on a large scale. Poor supporting facilities make Hainan weaker in the competition.

Lacking of Professionals. Competition of the cruise economy, in the final analysis, is the competition of talents. For example, to develop cruise industry requires cruise port service, professionals for cruise tourism, supplies of cruise, maintenance technical personnel, cruise tourism management and operational technical personnel on the sea and so on. The development of the talents relies on education. However, Hainan province is far behind other areas not only in the education, but also in the aspect of talent introduction. Cities such as Beijing, Shanghai, Shenzhen and Guangzhou attract many talents, and most of the talents lie in those areas. However, Hainan province does not have the ability to attract the talents. Colleges are the foundation for cultivating the talents. However, there are few colleges, and their quality is low, besides, they do not start cruise courses. Therefore, lacking of cruise professionals is an obstacle for Hainan to develop cruise industry.

Being as the strategic fulcrum and bridgehead of 'One Belt, One Road', to speed up the development of cruise industry has significant meaning for the '21st Century Maritime Silk Road', the further development of Hainan economy and the expansion of the influence of international tourism island. Therefore, Hainan province should make full use of the policy strengths of special economic zone, natural resources and location and overcome the disadvantages to be an important cruise terminal and an international cruise destination in the Asia Pacific region.

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