



**Supplementary Notebook (RTEP - Brazilian academic journal, ISSN 2316-1493)**

## **PERSPECTIVES OF THE DEVELOPMENT OF TOURIST FLOWS BETWEEN CHINA AND RUSSIA**

*Svetlana Alexandrovna Shabalina*<sup>1</sup>,  
*Vesta Igorevna Maximova*<sup>2</sup>,  
*Oleg Alexandrovich Bunakov*<sup>3</sup>,  
*Mikhail Viktorovich Rozhko*<sup>4</sup>,

<sup>1</sup>*Svetlana Alexandrovna Shabalina, PhD, Associate professor, Institute of Management, Economics and Finance, sshabalina74@gmail.com.*

<sup>2</sup>*Vesta Igorevna Maximova, Student, Institute of Management, Economics and Finance, vesta.maximova@bk.ru.*

<sup>3</sup>*Oleg Alexandrovich Bunakov, PhD, Associate professor, Institute of Management, Economics and Finance, oleg-bunakov@mail.ru.*

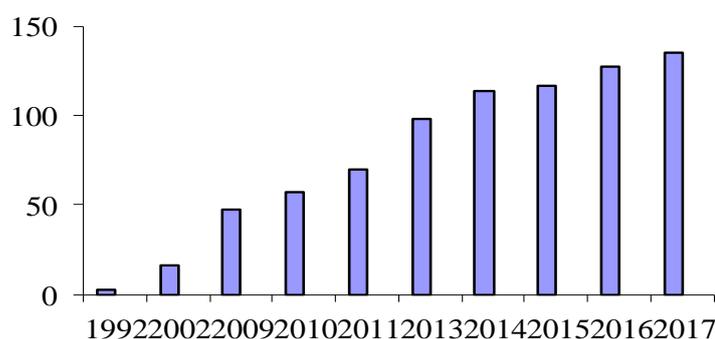
<sup>4</sup>*Mikhail Viktorovich Rozhko, Senior lecturer, Institute of Management, Economics and Finance, romikhail@yandex.ru.*

**Abstract:** The article analyzes the current state of mutual tourist flows between China and Russia. The economic importance of tourism in the economy of China and Russia, the contribution of tourism to the formation of the country's GDP and the expenses of tourists on a trip are indicated. The dynamics of visits is graphically shown and the economic situation in countries is assessed, which contributes to the development of entries and exits from them. It is determined that the number of tourists from China to Russia is 39% of the total number of visits. Based on the significance, the task of studying the current situation and prospects for further development is determined. Based on the assessment of the analytical situation in the future, using mathematical methods, forecasts are made for 2019 and 2020, respectively, for each country. To improve the calculation accuracy is determined by the confidence interval, which is obtained according to optimistic and pessimistic figures in several flows of travel. Based on the values obtained, conclusions are drawn on the prospects for the development of tourism relations between countries. Particular attention is paid to projects implemented in Russia for Chinese tourists - "Red Route" and "China Friendly". Further implementation of these projects will create a comfortable environment for Chinese citizens to stay in Russia.

**Keywords:** tourism, Russian-Chinese relations, tourism in China, tourism in Russia, China Friendly.

## INTRODUCTION

Cooperation with the Republic of China in the field of tourism today is one of the most promising areas for Russia. China, in turn, actively spreading its culture abroad, supplies our country with the largest number of inbound tourists and is the first tourist supplier in the world. To reach the international level of the tourism industry, Russia needs the systematic development and solution of existing problems of the lack of proper infrastructure and quality of tourism services, while China today occupying one of the leading positions in the global tourism rating and striving to become the largest tourist nation (2). Starting from the 2000s, outbound tourism has been considered by the Chinese government as a promoter of Chinese culture and as a new tool to strengthen China's influence abroad (both political and economic) (fig. 1). Confirming to studies, the average citizen of China does not intend to reduce travel expenses. As well, according to two major online services, in 2017 the Chinese were more than 5 billion of tourist trips and spent a total of ~ \$ 725 billion. According to the 2017 total contribution of the tourism industry in the formation of the country's GDP was ~ \$ 1.35 trillion (11% of the total contribution) (The official website of the Federal Tourism Agency). According to forecasts, the contribution of tourism to the national economy and social development will increase every year, improving the country's national image and contributing to the development of international cooperation.



**Fig. 1.** Outbound tourism of China for 1992-2017, million people. Source: compiled by the authors.

Over the past few years, the Russian tourism industry has also budged and indicators have begun to grow. Tourism infrastructure was partially established in certain regions of the Russian Federation, as well as the quality of services and the active promotion of resorts. Currently, the contribution of tourism to the GDP of the Russian economy is 3.5%. According to the plan, by 2025 this figure will reach 5%. The interaction between the Russian Federation and the PRC in the field of tourism is largely strategic in nature. While Chinese tourists have become more affluent and are increasingly coming to Russia not only for cultural and educational tourism, but also for shopping, the flow of tourists from Russia to China, notwithstanding recent years, has markedly decreased (Fig. 2). To strengthen and expand mutually beneficial tourism relations between China and Russia in the period from 2006 to the present time the joint large-scale projects are created: National Years of Russia and China (2006-2007) Years of Russian and Chinese languages (2009-2010), tourism Years (2012 -2013), The Years

of the Russian-Chinese Youth Exchange (2014-2015). In February 2018, the Year was launched for the Years of Interregional Cooperation between Russia and China (2018-2019). Each of the above projects includes several hundred events, such as exhibitions, conferences, festivals. The Chinese tourist is the target area for the development of the Russian tourism industry today, which is explained by the country's economic interest. According to data received from the GfK Institute for Marketing Research (The official website of the GfK Group), a resident of China spends on average about 15 thousand yuan (~ \$ 2,400) for one trip. Thus, the current volumes of tourist flow from China into the budget of our country more than \$ 3.5 billion annually (3).

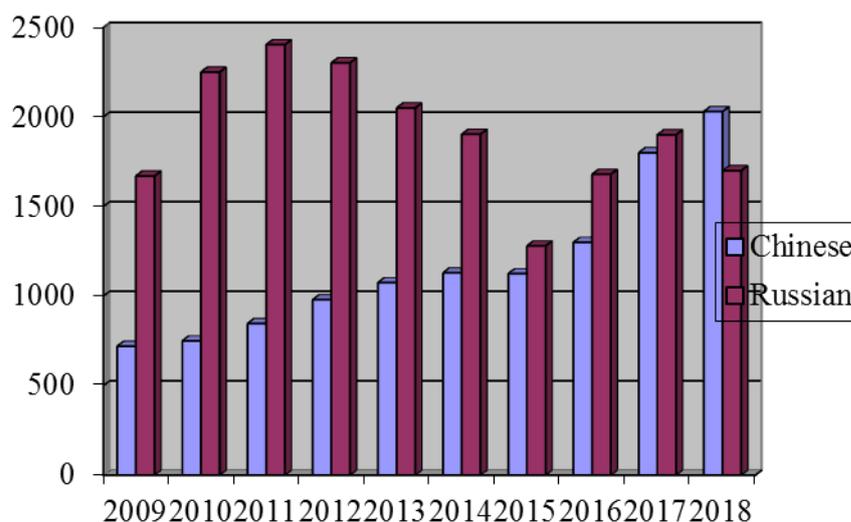


Fig. 2. Comparison of tourist exchange between China and Russia for 2009-2018, thousand people. Source: compiled by the authors according to the Federal Tourism Agency.

Traditionally, the 1st and 2nd places of leadership in tourist flow among the Chinese are shared by Moscow and St. Petersburg. In both cities, in 2018, there was an increase in tourist flows of residents of the PRC: by 16% and 40%, respectively. Another discovery over the past few years for Chinese tourists has been Kazan and Lake Baikal. According to the Director of the Tourism Development Committee of Kazan, Daria Sannikova, in 2017, about 9 thousand Chinese tourists visited the capital of the Republic of Tatarstan (4). A significant role in this was played by the participation of the city of Kazan in the cultural and educational tour of the "Red Route", dedicated to the return to the roots of the socialist past of our country. There is an active development of cross-border tourism between the two countries in good natural and socio-economic conditions. In the North-East of China, a land transport system is developed, and in the Far East of Russia, sea, land and air transport networks are developed. Between border cities transport links are established.

## METHODS

To build a forecast of the dynamics of tourist flows between countries, we used the medium-term forecasting method. Medium-term forecasts are compiled for 2-5 years. These predictions are usually based on the assumption that current trends in the

future, taking into account the impact of proposed changes in various factors. Basic extrapolation algorithms provide a point predictive estimate. However, an exact match between the actual data and the predictive point estimates obtained with their help is unlikely. Therefore, such an assessment is not enough, and it is necessary to obtain an interval estimate. In this case, the forecast, covering a certain range of values of the predicted variable, is more reliable. In general, the confidence interval for a trend is determined by the formula:

$$\hat{y}_t \pm t\alpha \times S_{\hat{y}}$$

where  $\hat{y}_t$  – estimated value of  $y_t$ ;

$t\alpha$  – table value of Student's t-test;

$S_{\hat{y}}$  – dynamic vibration value of levels.

To determine the confidence interval, find variability showing dynamic series of layers:

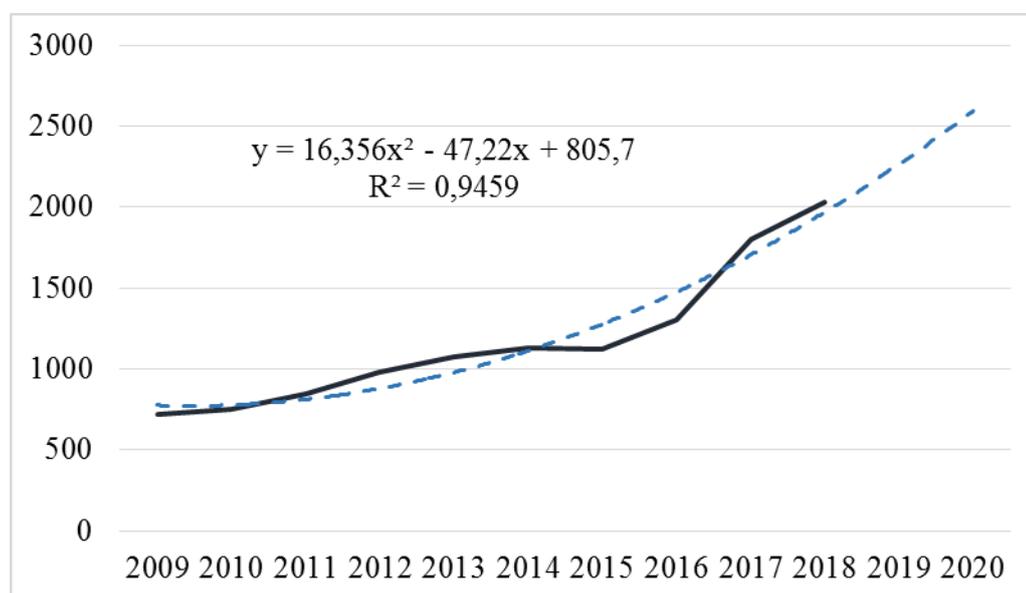
$$S_{\hat{y}} = \sqrt{\sum ((y_t - \hat{y}_t)^2) / (n - m - 1)} = \sqrt{91103,09 / 7} = \sqrt{13014,73} = 114,0821;$$

where  $n$  – number of measurements;

$m$  – the number of parameters in the equation of the trend without a free member.

## RESULTS

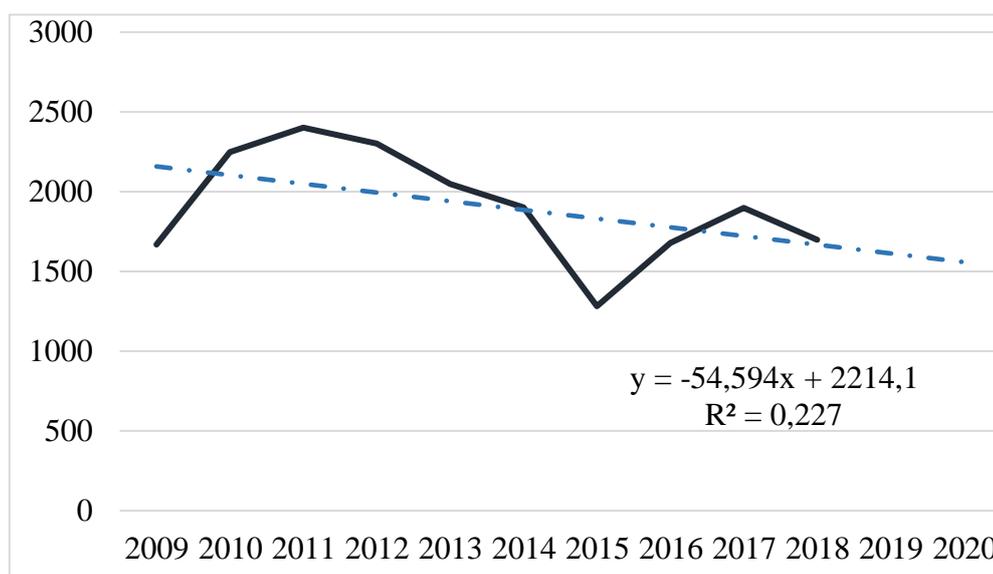
When using the polynomial curve,  $R^2$  is 0.9459 (i.e., the indicator closest to 1), this graph most clearly describes the dynamics of growth of tourist flows from China to the Russian Federation (Fig. 3).



**Fig. 3.** The dynamics of tourist flows of Chinese tourists to Russia for 2009-2018 and the medium-term forecast for 2019-2020, thousand people. *Source: compiled by the authors.*

So, according to the existing formula, a medium-term forecast for 2 years is made. Forecast results for the flow of tourists from China to Russia are able to a positive trend. According to the forecast, in 2019, 2265 thousand Chinese tourists will visit Russia. As for 2020, here about 2,600 thousand people are expected to be guests from China. For

the medium-term forecast of the dynamics of Russian tourist flows in China consider it appropriate to use a polynomial of the first degree (Fig. 4).



**Fig. 4** Dynamics of tourist flows of Russian tourists to China for 2009-2018 and the medium-term forecast for 2019-2020, thousand people. Source: compiled by the authors.

So, according to the existing formula, we will make a medium-term forecast for 2 years. As for the results of the forecast on tourist flows from Russia to China, they have a negative tendency. According to the forecast in 2019, about 1,614 thousand Russian tourists will travel to China. In 2020, the number of our compatriots who visited China will decrease slightly and amount to almost 1,560 thousand people. The reasons for the decrease in Russian tourist flow in China are obvious. The economic crisis and the unstable political situation still have a negative effect on all spheres of life of our citizens, including tourism - this is an objective reality. As for 2018, we assume that the cause of reducing the flow of Russian tourists to China was the passing summer in Russia, the world event - the FIFA World Cup. However, we are confident that with the adoption of the new Agreement on visa-free group tourist trips soon, the flow of tourists from Russia to China will again begin to gain momentum.

Further, to identify the most optimistic and pessimistic forecasts of Russian-Chinese tourist flows for the next two years, we decided to use the confidence interval method. With our values of  $\alpha = 2.306$ , it turns out that in 2019 the tourist flow of Chinese citizens to Russia can range from 2002 to 2528 thousand people, and in 2020 that the tourist flow of Chinese citizens to Russia is expected to range from 2331 to 2857 thousand person. Next, we evaluate the possible values of the tourist flow of Russians to China. It turns out that in 2019 the tourist flow of Russian citizens to China will range from 867 to 2360 thousand people, and in 2020 it is expected that the values can be from 812.844 to 2305.1 thousand people.

Comparing the method of confidence intervals with the medium-term forecast method, we see quite serious differences in the results. If forecasting method shows a trend of gradual falling stream of our compatriots in China, the interval method involves just two variants of the situation, from the most pessimistic to the most optimistic.

However, the reasons for these circumstances remain the same: a decrease in the purchasing power of citizens of the Russian Federation due to problems in the country's economy, deterioration in the standard of living of Russian citizens, and others.

## SUMMARY

The flow of Chinese citizens to Russia is growing, and accordingly the need for the tourism industry for staff that is fluent in Chinese will also grow, since most Chinese people who come to our country do not know any language other than their native language. Further expansion of the China Friendly program should be the key to solving many of the problems faced by the Chinese who decided to visit Russia. China Friendly standards by which many tourist organizations are working today in our country - it is not just a set of services and an environment that includes, first, respectful and tolerant attitude towards guests and the desire to provide them with a more comfortable environment. To become a member of the China Friendly program, you need to get a quality mark, as well as evidence of compliance with the needs of Chinese tourists. The validity of this sign is exactly one year, after which it must be confirmed again.

China Friendly unites about 100 organizations of the tourist industry in 17 regions of Russia ("Xinhua" - the Chinese state news agency [electronic resource]). Participants in the program can be hotels, restaurants, museums, tour operators and airports. This program is included in the structure of the project of the Federal Agency for Tourism «Russian hospitality» associated program service means for different groups of tourists throughout the country. To attract Chinese tourists and expand the tourism market, the Russian side launched another important and interesting project for the Chinese – «Red Route». This tour includes visits to several cities: Moscow, Ulyanovsk (the homeland of V.I. Lenin), Kazan (5) and St. Petersburg. The geography of the «Red Route» is expanding rapidly On March 1, 2018 has been signed an agreement to join in the project of new areas related to Soviet history of our country (6).

The basis of the idea of the «red route» laid down rules for the growth of the social basis of friendship between the two countries, cultural and educational ties, contributing to the strengthening of mutual trust and creates a strong social soil of interstate cooperation. The «Red Route» project, like China Friendly, has an official website with translation in two languages: Russian, Chinese[8]. Thus, any Chinese citizen can go to one or another site and easily see the necessary information. The project also has an English version of the site. If we talk about "red tourism" and "red route" as one of the most important directions in the field of tourism cooperation between our two countries, the most important it is not only to attract tourists to us, but also to expand the list of cities visited Chinese tourists in Russia. Both China Friendly and the «Red Route» are both projects that were created with the aim of increasing the flow of Chinese tourists to Russia, as well as with the aim of raising awareness and interest of Chinese citizens in our country. These projects are making progress in the Chinese market, helping to promote Russian tourist product on the international market.

## CONCLUSION

The prospects for tourist interaction between Russia and China today are quite promising, even despite the mixed results of the forecast of flows of Russian tourists to China. As for Russia, according to market participants, significant changes will await the

Russian entry market in the next few years, which will indicate new mechanisms for working in the Russian-Chinese direction. The following changes are expected: the quality of the regional tourist product will change, there will be means of actively investing in Russian tourist sites from partners from China, as well as new forms of mutually beneficial cooperation between the two states in the field of increasing mutual tourist flows. The status of China in world tourism today is high and constantly confirmed. High demands and constantly changing Chinese tourists' preferences stimulate the Russian tourism industry to positive changes, which is (in addition to revenues from the host Chinese tourists in our country) is strategically important for the successful development of the tourism industry in Russia, and to continue the cooperation in this area with By China.

### ACKNOWLEDGEMENTS

The work is performed according to the Russian Government Program of Competitive Growth of Kazan Federal University.

### REFERENCES

1. "Xinhua" - the Chinese state news agency [electronic resource]. - Access mode: <http://russian.news.cn/>.
2. Kotyhova, K.A. (2018). Sovremennoe razvitie rossijsko-kitajskih otnoshenij v sfere turizma na osnove sozdaniya sovmestnyh proektov. *Innovacionnye podhody v otraslyah i sferah*, 20-23.
3. Maksimova, V.I., & Shabalina, S.A. (2018). Sovremennoe sostoyanie i perspektivy razvitiya turistskih svyazej Kitaya i Rossii. *Prioritetnye napravleniya i problemy razvitiya vnutrennego i mezhdunarodnogo turizma v Rossii: sbornik I Vserossijskoj konferencii. - g. Simferopol'*, 110-115.
4. Official site of the city of Kazan Tourism Development Committee [electronic resource]. - Access mode <https://www.kzn.ru/napravleniya-raboty/turizm/>.
5. Rubtzov, V.A., Rozhko, M.V., Gabdrakhmanov, N.K., Pratchenko, O.V., & Trofimov, A.M. (2015). Economic-geographical aspects of competitiveness and positioning of countries and regions. *Mediterranean Journal of Social Sciences*, 6(3), 741 - 745.
6. The official website of the "red route" [electronic resource]. - Access mode: <http://redrouterussia.com/#top>.
7. The official website of the Federal Tourism Agency [electronic resource]. - Access mode: <https://www.russiatourism.ru/>.
8. The official website of the GfK Group [electronic resource]. - Access mode: <https://www.gfk.com/home>.