

Chapter 3

Active Connection to “The Belt and Road” Initiative to Enable the Great-Leap-Forward Development of Shanghai Cruise Economy



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In September 2013, China first proposed to jointly build the “Silk Road Economic Belt” in Kazakhstan, in October the same year, Indonesia proposed to step up maritime cooperation with all ASEAN countries to jointly build the 21st century “Maritime Silk Road”, by now, the “Belt and Road Initiative” was officially proposed. In March 2015, the China Development and Reform Commission, the Ministry of Foreign Affairs and the Ministry of Commerce jointly issued the document “Promoting the Vision and Action of Building the Silk Road Economic Belt and the 21st Century Maritime Silk Road”, which further specified the direction for the development of the Belt and the Road initiatives. The National Development and Reform Commission, Ministry of Foreign Affairs of the People’s Republic of China and Ministry of Commerce of the People’s Republic of China jointly issued the document titled *Vision and Actions on Jointly Building Silk Road Economic Belt and 21st Century Maritime Silk Road*, further indicating the development direction of “the Belt and Road” initiative.

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1 Background and Significance of Research

1.1 Accelerated Integration of “The Belt and Road” Initiative with Cruise Industry

The first 46-day South Pacific Rim cruise route departing from the home port in China cunningly developed by Caissa Tourism has become an important practice of the Maritime Silk Road into tourism. In June of the same year, the ministerial meeting for the Silk Road tourism approved *Tourism Ministerial Meeting of Countries along the Silk Road Economic Belt*. In July 2016, on the Maritime Silk Road Financial Summit Forum 2016 and Hainan Finance Expo, it is proposed to open cruise routes and non-stop air routes between Hainan and counties/regions along the Belt and Road, and to promote the multi-stop-on-one-trip cruise tourism with joint efforts of national and international major cruise port cities. With the help of island touring policy forum, endeavor should be made to form the tourism union for the 21st Century Maritime Silk Road. In September, the first session of Silk Road (Dunhuang) International Cultural Expo was organized with the theme of promoting cultural exchange and seeking cooperation and development. In November, the working session 2017 of Chinese Silk Road Tourism Promotion Union was held in Haikou City of Hainan Province to discuss the development plan for the Maritime Silk Road. In January 2017, the Silk Road Tourism Belt was included in the 13th Five-Plan for tourism. In May 2017, the Belt and Road Forum for International Cooperation was held in Beijing on which China entered into several agreements with international parties on tourism cooperation. In June, Xi’an Silk Road Culture Tourism Research Association signed a Memorandum of Understanding with Kazakhstan Tourism Association on cultural tourism research.

1.2 Active Participation of Port Cities in the Construction of 21st Century Maritime Silk Road

The proposal of the Belt and Road development strategy brings a lot of development opportunities for tourism—cruise industry in particular. Port cities also seize the opportunity to promote port development and accelerate the integration into the construction of the 21st Century Maritime Silk Road.

As the first home port city in China, Shanghai takes an active stand on responding to national development strategy by establishing the first Experimental Area for China Cruise Tourism Development in China. It defines the working target of accelerating the formation of cruise industry chain and formulates the action plan for cruise economic development integrating the zone and ports, so as to fully push forward building Shanghai into an international cruise city. Additionally, it cultivates the cruise industry chain, innovates new patterns of Baoshan international

cruise services, and expands spaces for cruise development, striving to build the cruise industry into a pioneering industry for the Maritime Silk Road.

Fujian Province signs cooperation agreements with ports along the Belt and Road to strongly impel its ports to play a greater role in constructing the Belt and Road and the Maritime Silk Road; to channel more investment in port infrastructure construction and effectively improve the carrying capacity; to deepen the participation of countries along the Belt and Road in port development and construction, unceasingly expanding back-lands at coastal ports; and to compete for the implementation of “Early and Pilot Implementation” policy. The State Council approves to launch a pilot program in Pingtan County regarding sea transportation to Taiwan. The Ministry of Transport of People’s Republic of China authorizes the provincial Department of Transport to issue the *Administrative Measures for Road Transport in Fujian Province and Taiwan*, and the *Tentative Administrative Measures for Road Freight Transport between Fujian Pingtan County and Taiwan*, enabling increasingly close connection between Fujian and Taiwan. Fujian and other countries/regions in Asia, Africa as well as Hong Kong, Macao and Taiwan have complementary advantages in terms of resource composition, industrial structure and commodity trade, indicating a wide vision of cooperation in port shipping services.

As a port of departure, Guangzhou also takes advantage of the opportunity of national construction of the Belt and Road to develop hub port economy. It opens the sea routes with the destinations of Hong Kong, Vietnam and Japan. In *Several Measures for Accelerating the Development of Guangzhou International Cruise Industry*, a plan is proposed for building Guangzhou into one of largest cruise home port in Asia by 2020, and building Spratly into an international navigation center.

Shandong Province issues the *Opinions on Putting the Document No. [2014] 32 about Promoting Health Development of Shipping Industry Issued by the Development Research Center of the State Council into Practice* which specifies it will perfect cruise services at ports in Weihai City, Qingdao City, Yantai City and Rizhao City, gradually forming a reasonably distributed and well arranged cruise port system integrating home port, port of departure and visiting port. It also delineates the route map for Shandong to develop shipping industry, which is helpful to create an internationally competitive environment for shipping industry development, providing important opportunity for related enterprises to integrate into the construction of demonstration area for the Belt and Road strategy and local economic cooperation in Sino-Korea Free Trade Zone.

Guangxi Province supports a series of cities such as Fangchenggang to accelerate the development of cruise tourism; to promote the construction of cruise service infrastructures; and to accelerate the upgrading of berth and joint port inspection hall, trying to open international cruise routes from Fangchenggang to Ha Long Bay and to Da Nang in Vietnam as scheduled, thus achieving the great leap in the construction of the Maritime Silk Road and pushing ahead with the development of “the Belt and Road” cruise tourism.

Haikou City strengthens its industrial cooperation with Philippine. The local government delegation negotiate successively with Philippine Ports Authority and

CITIC Cruise Line regarding opening the cruise tourism from Haikou to Manila, which facilitates the development of cruise industry in Haikou and give full play to its advantage as the pivot city on “the Belt and Road”.

2 Literature Review

With “the Belt and Road” being the center of attention, academic circles also start preliminary research on the connection of “the Belt and Road” with tourism and with cruise industry. Search the keywords “the Belt and Road”, Maritime Silk Road and Cruise Tourism on www.cnki.net, you will see the network chart as shown in Fig. 1. Evidently, scholars focus their researches on industrial development strategy, marine economy and port cooperation.

After the presentation of “the Belt and Road” initiative, Luo [1] was the first to carry out the research on impacts of the Belt and Road strategy on cruise



Fig. 1 Network chart of keywords (Cruise Tourism and the Belt and Road) coexistence

industrial development, analyzing the status and opportunities of cruise industrial development in Fujian case study and recommending Fujian to accelerate the integration into the 21st Century Maritime Silk Road construction. Soon afterwards, Zhang (2017) analyzed the cruise tourism market in Sanya City by means of PEST model to identify the issues existed in Sanya cruise tourism market and made a series of recommendations including strengthening the promotion of cruise tourism, uncovering cruise tourism safety secrets, cultivating cruise professionals, developing new routes relying on the Maritime Silk Road and opening more onshore sightseeing routes.

In the context of the Belt and Road strategy, the largest development opportunity and breakthrough for cruise industry is to establish long-term partnership with countries/cities along the Belt and Road and to develop industrial cluster accelerating the industrial development. Lu et al. (2017) determined the degree of maturity of supporting facilities for cruise industry in Xiamen City and its surrounding regions by means of location quotient, analyzed the potential of developing cruise industrial cluster in Fujian Province, and recommended to develop cruise-related industries with Xiamen being the center, Xiamen-Zhangzhou-Quanzhou being the sub-center, promoting the development of cruise home port in Fujian. Deng and Chunxiang [2] analyzed the status and issues of the tourism cooperation between Hainan Province and ASEAN, and pointed out five advantages for this cooperation—location, platform, human geography, industry and routes. Finally, recommendations were made in six aspects—tourism cooperation mechanism, utilization of overseas Hainanese resources, cruise cooperation enhancement, differentiated partnership implementation, exertion of comparative advantages and tourism education enhancement.

Cruise economy and the Belt and Road strategy are hot topics and develop rapidly, driving the development of many industries. How is the relationship between them? Ma et al. [3] studied such a relationship in Xiamen case study.

Starting with cruise industry development status, he made five recommendations for cooperative advantages under the political and economic background for cruise industry to be integrated into the Belt and Road construction, including the improvement of infrastructures, exploration of new routes relying on geographical advantage, enhancement of partnership with travel agencies, strengthening of partnership with economic circle and the enhancement of talent education assurance system and talent fostering.

With the rapid development of cruise industry, talent demands become increasingly higher. The presentation of the Belt and Road initiative enables the improved partnership with countries along the Belt and Road while it is pushing forward the flow of hi-tech talents, thus facilitating the exchange of talent fostering methods. However, the studies on cruise talents are less. The only literature available was from Yao (2016), which analyzed employability and marine tourism features, recommending that cruise talents should have marine skills, relevant job operational experience, language skills and thoughts.

Scholars' researches on the combination of Belt and Road strategy with cruise industry are mainly from the view of marine economy and cruise economy as its

results, and secondly from partnership of port cities along the Belt and Road. So single is the research view and so limited are the contents that those researches are far from meeting demands from national cruise industry for rapid development.

3 Object and Goal of Research

On basis of the current hot spot of study, taking Shanghai cruise industry as the major object of study, this paper analyzes, by referring to a great number of academic literature and news reports as well as interviews of senior experts and insiders and field visits of Shanghai Wusongkou International Cruise Terminal, new opportunities that the Belt and Road development strategy brings to Chinese cruise industrial development. Furthermore, by taking into account the political and economic environment for the development of Shanghai cruise industry, it discusses how Shanghai cruise tourism connects with the Belt and Road initiative so as to enable the great-leap-forward development of Shanghai cruise economy.

4 The Development Opportunity for Chinese Cruise Industry Under the Belt and Road Strategy

At present, the rapid development of China's tourism industry has enabled the tourism industry to fully integrate into the national strategic system and become a strategic pillar industry of the national economy. The scale of outbound tourist volume and the tourism consumption are the highest in the world, and the cooperation with various regions and international tourism organizations has been continuously strengthened. Impelled by the great development and prosperity of Chinese tourism industry, China has become the first cruise market in Asia and Pacific area, and the second in the world. As a highly global, dynamic and open emerging industry, the distinctive advantage is that cruise tourism takes the lead to make connection. The Belt and Road strategy brings a lot of opportunities for the development of Chinese cruise industry.

4.1 The Belt and Road Provides New Development Concepts for Cruise Industry

Cruise tourism is characterized of innovation, coordination, openness and interaction, environmentally friendliness as well as joint development and shareability. Five new development concepts, namely innovation, coordination, greenness, openness and shareability, facilitate the improvement of development concept for

international cruise industry. The development of cruise industry transforms from relying upon element-driven pattern to innovation-driven pattern, which means it changes from relying upon capital, hardware construction and lands to be dependent on technical, managerial and institutional innovation. Following the Silk Road spirit of being peaceful and cooperative, open and inclusive, happy to learn from each other and mutually benefit, partnership is established with nationally and internationally reputable cruise tourism cities for mutual development, in the aim of creating a community of international cruise development, thus jointly pushing forward the innovative development of global cruise industry.

4.2 The Belt and Road Provides New Development Patterns for Cruise Tourism

At present, China is during the transformation from cruise tourism to cruise industry and from low-end industry chain to high-end industry chain. It will complete the transformation from traditional industry chain to innovative chain and value chain, thus continuously improving its creativity. The Belt and Road development brings about the transformation of Chinese cruise industry from “fighting alone” to “developing together”, and the effective connection with governments, associations, cruise-related enterprises and cruise research institutions in countries along the Belt and Road, so as to facilitate the collaborative development of the Belt and Road international cruise organization, enable the effective connection with cruise industry development strategies and policies, and strengthen the integration of resources and funds. To create a favorable environment for industrial development with joint efforts is helpful to foster new development patterns and formation of cruise industry.

4.3 The Belt and Road Provides New Development Motivation for Cruise Industry

At present, the world is seeing very rapid development of cruise tourism with the compound annual growth rate of 8% which is continuously higher than the global economic growth rate and traditional tourism growth rate. The globalization of cruise market and internationalization of tourism competition become intensified. The Belt and Road, particularly the 21st Century Maritime Silk Road provides it with innovative development motivation. Chinese cruise tourism has raised its international position increasingly. The tourism amount at home ports ranked the second in the world in 2016. Cruise tourism plays an important role in promoting concept propaganda and internationally cultural spread, cooperating with national

diplomacy strategy and promoting peaceful and mutually benefit development in the world, revealing its bridging effect.

4.4 The Belt and Road Provides New Development Space for Cruise Industry

Cruise tourism development has strong cross-regional feature, making it a new window for promoting friendly partnership among countries along the Belt and Road and a new path to pushing forward the international cooperation and joint development of tourism industries in countries along the Belt and Road. China's cruise tourism is currently in a period of route adjustment and diversification.

Cruise ships are allowed to navigate from Chinese coastal ports to the Indian Ocean (or even Europe) and the South Pacific Ocean through the South China Sea.

5 Development Status of Shanghai Cruise Industry

5.1 Shanghai Cruise Industry Economy Grows Continuously to Raise Its International Position

As an intersection of the 21st Century Maritime Silk Road and Yangtze River Economic Zone, Baoshan District has become the most important water gateway in Shanghai and the international passenger transport port as well as the location of the largest cruise home port in Asia. In 2016, 471 cruise ships/times were received as well as 2.84 million inbound and outbound tourists. In the first quarter of 2017, cruise terminals received 104 cruise ships/times, representing a year-on-year growth of 33%, including 99 ships loaded or unloaded at home ports, representing a year-on-year growth of 38%. The throughput was 593,824 passengers, representing a year-on-year growth of 27%. Now, Wusongkou International Cruise Terminal in Baoshan has become the cruise home port in Asia that receives the most tourists (Figs. 2 and 3).

5.2 Baoshan Puts Great Efforts into the Development of Cruise Economy to Be the first to Create Cruise Industry Chain

With the upstream position, Wusongkou International Cruise Terminal, together with China State Shipbuilding Corporation (CSSC), China Investment Corporation, Fincantieri S.p.A., Carnival Corporation & PLC and Lloyd's Register of Shipping,

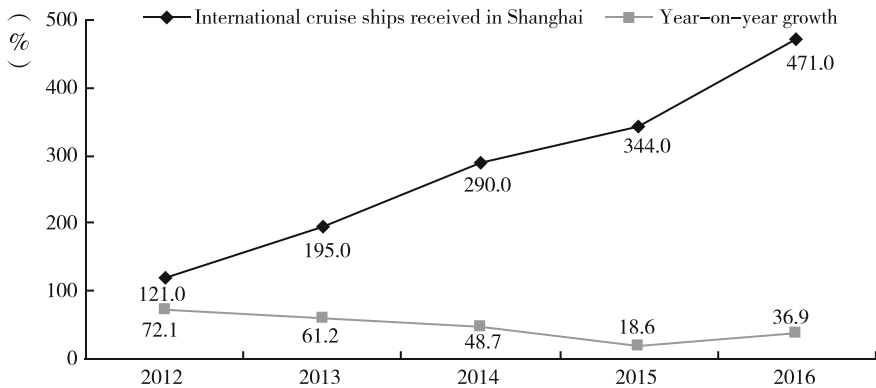


Fig. 2 Trend of international cruise ships/times received in Shanghai between 2012 and 2016

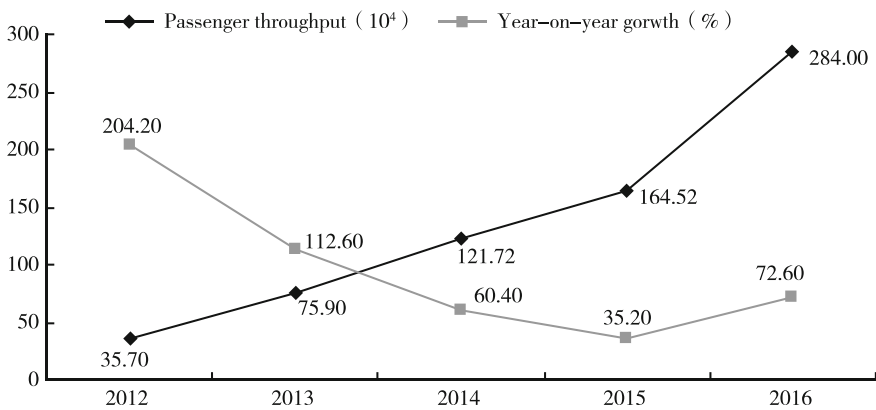


Fig. 3 Trend of inbound and outbound passengers received in Shanghai between 2012 and 2016

forms a union for native luxury cruise industry development, trying to build a system for supporting industries for cruise construction. At the midstream, by continuously improving investment attraction service level and deepening the partnership with large cruise enterprises, success is made in importing more than 30 cruise enterprises including Costa Cruises and MSC Cruise. At the downstream, by making innovation in launching services such as cruise insurance, cruise “through train” and convenient barcode for cruise clearance, establishing “Wusongkou” cruise services brand, which boosts Baoshan economy. Baoshan gradually steps from the City of Iron into the City of Cruise, continuing its glorious history of Gateway on Oceans.

The first round of cruise industry fund (30 billion yuan) is registered in Shanghai CSSC International Cruise Industrial Park. In the future, this fund will focus on cruise design and building, investment operation and supporting services

for project funding, which helps to promote and foster Chinese native cruise building industry chain and attract more cruise supporting services enterprises to register at the park, providing impetus to Shanghai cruise industry growth acceleration. In addition, the subsequent works of Wusongkou International Cruise Terminal costing a total of 800 million yuan commenced in 2015. After the expansion, the total shoreline length is expected to extend from 774 to 1600 m, with 4 large cruise berths. The entire project is expected to start commissioning this year and to develop the capacity for accommodating 4 ships by 2018. The aims during the 13th Five-Year Plan period include that 20–30 cruise ships end their journey at this terminal, 800–1000 ships/times departed from this terminal carrying 5–6 million passengers; the amounts of cruise ship berth and tourist reception rank among the top three in the world; over 20 additional cruise institutions are established, thus continuously accelerating Baoshan's transformation from being a traditional industrial district to being a modernized and internationalized city.

5.3 Wusongkou International Cruise Terminal Leads Chinese Cruise Industry into an Era of Big Ships While It Is Making Leap-Forward Development

From the determination of site selection to formal operation, it succeeds in increasing the number of voyage from 60 to 471 and the tonnage from 70,000 to 160,000. The year 2017 greets Norwegian Joy, Superstar Virgo, Majestic Princess of Princess Cruises, the first ship customized for Chinese market. Many large cruise ships with Chinese elements, one after another, choose Wusongkou International Cruise Terminal as home port, driving Chinese cruise market to soar.

6 Recommendation on the Connection of Shanghai Cruise Industry with the Belt and Road Strategy

Cruise industry plays an active role in facilitating organized and free flow of navigation, efficient resource allocation and deep integration of cruise market in countries along the Belt and Road, promoting these countries to implement open-up policies and effecting regional cooperation to a greater extent, higher standard and deeper level. To push forward the effective connection of Shanghai cruise industry with the Belt and Road strategy is a necessary path to the realization of stable and further development of Shanghai cruise industry, the enhancement of partnership with international cruise industries and the improvement of international competitiveness; it is an important path to accelerating the development of Shanghai cruise industry chain, innovation chain and value chain, and fully improving the

innovative development of cruise industry. To better connect with the Belt and Road strategy, recommendations are made as follows for Shanghai cruise industry.

6.1 Promote the Internationalized Application of Port Advantages and Standards Along the Belt and Road

Cruise ports play an important and fundamental role in cruise industry development. Over the decade, Shanghai cruise ports have improved hardware facilities, accumulating abundant infrastructure construction experience and operational management experience as well as strong technical strength. The construction of international cruise home port will become a key aspect of “the Belt and Road”—base tourism. Countries and regions along “the Belt and Road” and the 21st Century Maritime Silk Road own abundant maritime resources which are ideal for developing the cruise industry. Cooperation will be continued with AIIB, New Development Bank, the World Bank and other multi-lateral development organizations to support Chinese enterprises to construct cruise terminal infrastructures in countries along “the Belt and Road” and promote regional advantages of China and the internationalized application of terminal standards. Shanghai is the leader of the cruise industry that can accelerate the output of intelligence and talents as well as operation and management experiences in China’s cruise terminals to countries and regions along “the Belt and Road”. Efforts shall be made to complete the educational and training system for the cruise industry and to form Chinese standards in the international cruise industry.

6.2 Promote the Development of Cruise Products Along the Belt and Road

56 Countries and regions along “the Belt and Road” will become the destination of outbound tours of Chinese citizens. Promote the “multi-port call” policy along “the Belt and Road” and diversify cruise routes of the world. Cruise tours are usually international and trans-regional and thus can integrate tourist resources, destinations and ports along “the Belt and Road”. The promotion of the “multi-port call” policy is an important path of development and can diversity the world’s cruise routes. Open the boutique cruise routes along the Belt and Road with distinctive regional characteristics, so as to accelerate the exploration of long intercontinental and global voyages with Shanghai being the home port and visiting port.

6.3 Promote the International Marketing Promotion Along the Belt and Road

The tourism industry can enhance cultural exchange and civilization integration of people along “the Belt and Road”. China has become an important destination for outbound tours of residents of many countries along “the Belt and Road”. According to the statistics of CNTA, it is expected that during the 13th Five-Year Plan, China will attract 85 million international tourists from countries along the Belt and Road, stimulating tourism consumption amounting to USD110 billion. According to the report on inbound tourism provided by CTRP, about 14.5% of inbound tourists come to Shanghai per year, and it is predicted on this basis that Shanghai tourism consumption will be as high as USD15.95 billion. Cruise tourism, as a high-end travel mode, has developed rapidly in China with China as the home port, but the inbound tourism has been in slow pace. As an important water gateway and the location of international passenger transport port and the largest cruise home port in Asia, Shanghai needs to actively seek partnership with countries/regions along the Belt and Road, push forward the construction of such a tourism brand as Cruise Tourism—Maritime Silk Road, jointly hold large promotion events such as 21st Century Maritime Silk Road Tourist Year and Silk Road International Cruise Tourism Festival, thus raising the reputation and influence of Chinese cruise tourism along the Belt and Road and Shanghai Wusongkou International Cruise Terminal.

6.4 Promote the Interconnection of Cruise Industry Development Along the Belt and Road

“The Belt and Road” initiative has provided a new development platform for the international cruise industry that effectively interconnect China with the western cruise market. The high openness of the industry needs the support from the think tank as well as international exchanges of the industry, academic circle, government agencies and industrial associations. As an intersection of the 21st Century Maritime Silk Road and Yangtze River Economic Zone, Shanghai should be active to develop relative unified rules and standards for international cruise industry development together with countries along the Belt and Road, establish a high-quality exchange platform for international cruise tourism with joint efforts, and establish strategic partnership with cruise port cities. It should also strengthen communication in regard to cruise clearance, supervision, information, data and procedures on collaborative basis. By simplifying process cost of cruise development, furthering mutual recognition of law enforcement, data, information and standard sharing, active efforts should be put into the exploration of new patterns

and approaches of interconnected supervision; it should promote convenient visa procedure, particularly attaining visa-free entry for Chinese cruise tourists to more countries. Promote traffic right opening, mutual recognition of certificates and tourism insurance.

6.5 Carry Out Researches on Talents Fostering Programs for International Cruise Tourism Along the Belt and Road and the Related Subjects

Professional talents are the primary resource to develop and expand the cruise industry. The cruise industry is a highly combined and international industry that requires highly internationalized talents who have global perspectives and views. The need for cultivating and attracting such talents is urgent. To this end, Shanghai should provide support for talent cultivation for cruise industry development in countries along the Belt and Road. Under the unified planning by Ministry of Education and Shanghai Municipal Government, universities/colleges with plentiful cruise expertise, for example, Shanghai University of Engineering Science may attract students from countries along the Belt and Road to study cruise expertise for bachelor’s and master’s degree.

Meanwhile, Shanghai should actively push forward the formation of multinational and trans-regional teams for international cruise industry study along the Belt and Road. During the development of cruise industry in countries and regions along the Belt and Road, certainly there will be many questions for study. It is necessary to give full play to the expertise and influence of Shanghai International Cruise Business Institute, hold conferences on cruise industry along the Belt and Road, establish the association of international cruise industry along the Belt and Road, and formulate new standards for international cruise industry along the Belt and Road.

7 Conclusion

The presentation of the Belt and Road development strategy brings new development concept, new development motivation, new development space and new development pattern for cruise industry. As the cruise port city with best development advantage and most development potential, Shanghai has high-quality development resources, superior geographical location and good development environment, and therefore should be more active to connect with 21st Century Maritime Silk Road construction in the era of opportunity. It should seize the opportunity to push forward the internationalization of native cruise industry with its advantages; make innovation of cruise routes with its port resources; push

forward the international marketing of native cruise tourism with cultural exchange platform; actively reach friendly partnership agreements with countries along the Belt and Road so as to facilitate the interconnection of cruise industry; focus on studies on international flow of talent cultivation and related subjects, so as to achieve the leap-forward development of Shanghai cruise economy and promote all-round upgrading of Shanghai cruise industry.

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