China Sustainable Development Tourism Market Trends And Structure

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KEYWORDS	ABSTRACT
	In the current context of booming global tourism, China's tourism industry has developed at an even faster pace, driving rapid economic growth. However, this has exerted profound impacts on the ecological environment, socio-cultural environment, and economy. Faced with multiple challenges such as global climate change, overpopulation in tourist areas, and the risk of cultural heritage loss, transitioning to a sustainable tourism model has become a core policy direction for the Chinese government. This study focuses on modern strategies in China's sustainable tourism sector, covering key issues including regulatory frameworks, green technology applications, ecotourism development, and balancing economic benefits with natural resource conservation. The paper will explore trends and structural patterns in China's sustainable tourism market under these circumstances, offering relevant research findings and proposing thought-provoking suggestions.

INTRODUCTION

In the context of intensifying global environmental challenges, worsening socio-economic imbalances, and increasingly fierce competition in the international tourism market, China's tourism industry is facing an urgent need for a transition to sustainable development. Despite vigorous infrastructure construction and continuous growth in tourist numbers, the following issues persist: ecological pressures (including regional pollution and natural environment degradation); socio-cultural risks (commercialization of cultural heritage and loss of authenticity); and economic imbalances (overdevelopment of popular areas while underutilizing regional potential). This paper will elaborate on the theoretical and methodological foundations of sustainable tourism development, the current status and regulatory framework of China's tourism industry, as well as organizational mechanisms and policy recommendations to enhance its sustainable development. Practical suggestions are proposed to improve the effectiveness of sustainable tourism development amid rapid economic growth. The aim is to provide references for optimizing China's tourism policies and offer insights for other countries facing similar challenges.

1.Theoretical and methodological basis of sustainable tourism development

1.1.Conceptual evolution of sustainable tourism

In the initial development phase, the economy prioritized tourist numbers and foreign exchange earnings as sole growth drivers, treating tourism merely as a tool for economic expansion. Ecologically, passive and end-stage conservation approaches prevailed, focusing on "reducing environmental damage" through establishing protected areas and pollution control. Social responsibility dimensions were largely overlooked, with local communities often reduced to passive observers and laborers whose cultural rights and principal status remained marginalized[1].

As the sector enters a phase of development and deepening, fundamental concepts have undergone comprehensive evolution across multiple dimensions. Economically, the focus has shifted from quantity-driven expansion to

quality-oriented development, with increased emphasis on high-value initiatives like ecotourism and cultural tourism while prioritizing local economic retention. Ecologically, management approaches have transitioned from post-incident remediation to proactive process prevention, emphasizing ecological efficiency throughout operations. Social responsibility has gained prominence, advocating for equitable community benefits and ensuring their voice in decision-making processes.

Today's philosophy emphasizes systemic collaboration and mutual benefit. Economically, the focus has shifted to "inclusive growth" and "economic resilience," prioritizing support for local SMEs and vulnerable groups to build a resilient diversified economy. Ecologically, we transcend mere "reduction of harm" by embracing "proactive regeneration," transforming tourism into an eco-restoration force through carbon neutrality initiatives and sustainable tourism models. Social responsibility now elevates to "empowerment" and "co-creation," ensuring communities take ownership while safeguarding employee welfare and cultural authenticity, guiding tourists to become responsible stakeholders.

1.2. International best practices in sustainable tourism regulation

In May 2025, the European Union (EU) officially implemented three core sustainability regulations: the Corporate Sustainability Reporting Directive (CSRD), Green Consumption Transition Directive (ECGTD), and Green Communications Directives (GCD) (as shown in Table 1). These measures enhance corporate transparency by clarifying reporting obligations and standardizing product information and environmental claims, while combating greenwashing practices and driving industry-wide transitions toward a greener economy—including tourism. This trend aligns closely with global sustainable tourism agendas——At the 2024 APEC Tourism Ministers 'Meeting, countries discussed "pioneering innovative pathways for sustainable tourism growth," emphasizing digital technology to boost industry resilience, optimize sustainable supply chains, and promote regional collaboration through joint declarations. Meanwhile, the UN World Tourism Organization (UNWTO) advanced climate action in tourism via the Glasgow Declaration, which advocates grassroots community engagement, incremental strategies, and multi-stakeholder

coordination, recognizing tourism's potential to drive sustainable development across environmental, economic, social, and cultural dimensions. From EU regulatory frameworks to global multilateral cooperation, sustainable tourism has established a development path anchored in policy coordination, technological innovation, and cross-sector collaboration, providing clear operational guidelines and partnership opportunities for destination management organizations and related enterprises[2].

Name of regulation	Key content	suitable object
CSRD	Mandatory reporting of ESG data by large enterprises requires third-party auditing; Introducing Voluntary Reporting Standards for Small and Medium sized Enterprises (VSME)	Enterprises with over 1000 employees or an annual turnover of over 50 million euros; Non EU companies that meet business standards in Europe must also comply with
ECGTD	Prohibit vague environmental statements (such as "ecological harmony"), require third-party certification for labels, and conduct a full lifecycle assessment	All businesses facing EU consumers (including non-EU businesses).
GCD	Refine the verification standards for environmental declarations, requiring independent third-party audits, and fines of up to 40 percent of annual turnover for violators.	All enterprises except for micro enterprises (<10 people, annual turnover<2 million euros)

Table.1. Core requirements of the three regulations

1.3. Details of China's tourism model: Challenges and opportunities for sustainable development

The challenges and opportunities of sustainable development in China's tourism industry are systematically described

using SWOT analysis to balance economic growth and ecological protection, address the impact of climate change, and overcome the dilemma of homogeneous competition. Advantages: China's tourism industry has abundant natural and cultural resources, including numerous A-level scenic spots, intangible cultural heritage, and government supported policy frameworks, providing a foundation for innovative development. In promoting the "limited quantity, appointment, staggered" mechanism and dynamic pricing, some scenic spots have already possessed digital management capabilities, which can effectively regulate passenger flow and reduce ecological pressure. At the same time, the development of experiential products such as intangible cultural heritage interaction and small group customization, relying on profound cultural heritage, has increased tourist participation and demonstrated the inherent potential of the industry in product innovation and resource integration. In addition, the gradual improvement of emergency management systems, such as the strengthening of meteorological warning systems, also provides support for responding to emergencies. Disadvantage: There are significant shortcomings within the industry, mainly reflected in a single income structure and inadequate ecological management. Some scenic spots overly rely on the "ticket economy", with secondary consumption far below the level of developed countries, resulting in a low proportion of non ticket revenue and limiting the sustainability of economic growth. At the same time, A-level scenic spots generally face the problem of ecological carrying capacity exceeding the limit, and excessive concentration of tourists exacerbates environmental degradation. In addition, traditional tourist attractions and standardized hotels are trapped in homogeneous competition, lacking differentiated experiences, and difficult to attract high-value customer groups, reflecting internal weaknesses in product innovation and operational models. Opportunity: The external environment provides broad opportunities for the transformation of the tourism industry. By promoting the "limited quantity, appointment, staggered" mechanism and dynamic pricing, the distribution of passenger flow can be optimized, the tourist experience can be improved, and the ecological environment can be protected. Developing high value-added products such as intangible cultural heritage interaction, small group customization, and "summer vacation+health care" composite products can effectively increase the proportion of non ticket revenue and cater to the trend of consumer upgrading[3].At the same time, the rise of "reverse tourism" has opened up new markets for exploring niche destinations, which helps to disperse passenger flow and alleviate homogeneous competition. Threats: The external threats faced by the tourism industry mainly come from climate change and market competition. In recent years, extreme weather events have occurred frequently, such as the reduction of outdoor tourism projects due to high temperatures in North China in the summer of 2024, and the interruption of operations caused by floods in the south, directly threatening tourism safety and industry stability. Climate change may change tourism patterns and increase operating costs in the long term. Meanwhile, homogenized competition has intensified market saturation, causing traditional scenic spots and hotels to engage in price wars, affecting overall profitability. If these threats are not addressed in a timely manner, they may lead to tourist loss and further ecological degradation, which will constrain the sustainable development of the industry.

1.4.Methodology for assessing sustainability

Currently, ESG (Environmental, Social, and Governance) has become the core framework for evaluating sustainable tourism development. It goes beyond a single environmental perspective and provides a three-dimensional structure (as shown in Figure 1, Analysis of the Composition of the Tourism ESG Sustainable Framework). The environmental (E) dimension focuses on resource impacts and climate change responses, such as carbon emissions, water resource management, and biodiversity conservation; The social (S) dimension focuses on people and communities, covering employee rights, tourist safety, and cultural heritage protection; The governance (G) dimension examines the internal mechanisms of the enterprise to ensure the effective implementation of sustainable strategies.

To support the ESG framework, specific quantitative indicators are essential. For instance, environmental metrics often include "energy consumption per customer night" or "waste diversion rate"; social aspects measure "local employee representation in management" or "community development income share"; governance focuses on "issuing third-party verified sustainability reports". These indicators collectively form the foundation for performance tracking. Building on this, independent certification systems like the Global Sustainable Tourism Council (GSTC) provide

globally recognized standards and market recognition, verifying sustainable practices through third-party audits[3].
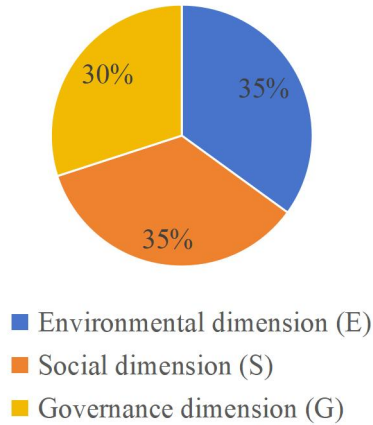

Fig.1. Analysis of the Composition of Tourism ESG Sustainable Framework

2.The Current Situation and Regulatory Framework of China's Tourism Industry

2.1.The trend and structure of China's tourism market

The trends in China's tourism market are reflected in the following aspects: growing demand for personalized and customized tourism, integration of tourism with other industries, widespread adoption of intelligent tourism services, green tourism becoming mainstream, and intensified competition in the international tourism market. Over the past few years, China's tourism industry has achieved remarkable development accomplishments, with continuously expanding market scale, emerging tourism formats constantly emerging, culinary tourism becoming a new hotspot, and increasing digitalization and intelligence. However, the industry also faces challenges such as regional development imbalances and uneven service quality across tourism sectors. In the future, the domestic tourism industry will develop towards personalization, diversification, intelligence, and greening. The integration of tourism with other industries will deepen further, while competition in the international tourism market will intensify increasingly.

The regulatory framework of China's tourism industry is reflected in four aspects: implementing market supervision responsibilities according to law, improving the comprehensive regulatory mechanism for the tourism market, comprehensively enhancing the level of integrated supervision in the tourism market, and strengthening the guarantee capabilities of comprehensive supervision. These regulatory policies aim to further establish and improve a well-defined, coordinated, efficient, and robust comprehensive regulatory mechanism for the tourism market. They coordinate between government and market forces, development and safety, focus on addressing prominent issues such as disruptions to tourism market order and infringement of tourists' rights, optimize the consumption environment in the tourism market, enhance tourists' consumption experiences, and promote high-quality development of the tourism industry.

Dimension	Core features	Embody
Market recovery and size	Prices and quantities are rising, and the scale is significant	During the 2025 National Day and Mid-Autumn Festival holidays, 888 million trips were made nationwide, with a total expenditure of 809.06 billion yuan
Changing growth patterns	From scale expansion to quality and integration driven	On the demand side: From sightseeing to immersive experience and emotional resonance, "slow travel, deep travel, private travel" is on the rise; On the supply side: The deep integration of "culture and tourism" with performing arts, sports, intangible cultural heritage, technology and other industries
Regional difference	Many points of flowering, diverse patterns	Leading economic powerhouses: Jiangsu, Guangdong, and Zhejiang dominate in tourist arrivals and tourism revenue. Central and western regions showcase distinctive development: Sichuan and Yunnan stand out with unique resources in county-level tourism

		competitiveness rankings. Small cities make a comeback: Characteristic resources have boosted the popularity of small cities like Jingdezhen and Ma'anshan.

Table.2. Core Trends and Structural Characteristics of China's Tourism Market

2.2.Legal and policy framework for sustainable tourism (national plans, legislation, standards)

Currently, China has established a multi-level and systematic sustainable tourism policy framework to promote the transformation of the tourism industry towards sustainability. At the national strategic level, policies focus on cultivating new growth drivers. Relevant documents from the State Council propose measures to boost cultural and tourism consumption through consumer benefits, expanding high-quality supply, developing nighttime economy and immersive experiences, as well as optimizing visa-free entry and tax refund upon departure. At the local level, specific pathways for building international tourism consumption centers and promoting cultural-tourism integration have been clarified[4].In terms of regulatory mechanisms, a coordinated and efficient comprehensive supervision system has been established. Led by cultural and tourism authorities, over ten departments including public security, market regulation, and transportation collaborate to form a regulatory synergy, providing institutional safeguards for healthy market development. The industry standard system is undergoing a critical shift from macro advocacy to micro quantification. China's first ESG disclosure standard for travel services provides a framework for sustainable performance in the industry; the Green Low-Carbon Cultural Tourism Activities Evaluation Guidelines establish carbon emission accounting norms; while the Ecological Culture Construction Guidance promotes the integrated development of "ecological culture + tourism". This framework demonstrates three major trends: First, strengthening systematic supervision and interdepartmental coordination; second, advancing standardization and quantifiable management through tools like ESG disclosures and carbon accounting to provide measurement benchmarks for the industry; third, deepening industrial integration to drive innovative convergence between tourism and sectors such as performing arts, sports, and wellness, shifting focus from scale expansion to quality enhancement and comprehensive value improvement.

2.3.Institutional governance mechanisms

Currently, China's tourism industry has formed a three-tier governance framework led by the state, implemented by local governments, and driven by state-owned enterprises. At the national level, the Ministry of Culture and Tourism serves as the top-level designer, responsible for formulating industry development strategies and standards. By establishing cross-departmental collaborative supervision mechanisms, it coordinates with public security and market regulation departments to jointly maintain market order. Local governments act as planners and implementers of regional tourism development, focusing on integrating national strategies with local characteristics. Through cultivating large-scale tourism enterprises and promoting models such as "enterprise-local cooperation," they achieve effective integration of regional tourism resources and the creation of distinctive brands. State-owned enterprises play dual roles as strategic investors and industrial leaders within this system. On one hand, they maintain dominance in traditional sectors like scenic area development and hotel management; on the other hand, they actively participate in standard-setting for emerging industries such as low-altitude tourism and digital cultural tourism, driving overall industrial chain upgrades. This governance mechanism demonstrates two key features: First, it achieves a transition from departmental oversight to collaborative governance, forming a new pattern of coordinated supervision with clear responsibilities; Second, it completes the transformation from administrative dominance to market leadership, where state-owned enterprises become crucial bridges connecting government strategies with market operations, collectively advancing the sustainable development of the tourism industry.

3.Strengthening the Organizational Mechanisms and Policy Recommendations for Sustainable Development of China's Tourism Industry

3.1.The transformation of the regulatory model towards systematization

The regulatory framework for sustainable tourism is undergoing profound structural transformation, shifting from traditional government-led unilateral control to a tripartite governance system involving governments, enterprises, and local communities. In this transition, the government's role has evolved from an all-encompassing authority to a platform builder and rule coordinator. Specifically, authorities no longer rely solely on administrative orders but establish institutionalized consultation platforms—— such as regular "Tourism Development Coordination Meetings" or "Community Roundtable Discussions," integrating tourism enterprises' operational capabilities and professional expertise with community members' local knowledge and practical needs into decision-making processes. A notable example is the "community co-management" model implemented in national nature reserves and cultural heritage sites. Under this framework, residents receive professional training to become ecological rangers or cultural interpreters, while tourism companies assume financial investment and market operation responsibilities under community supervision. This structure not only effectively resolves inherent conflicts between conservation and development but also establishes a new governance paradigm of shared responsibility and benefit-sharing through granting communities substantive management rights and revenue entitlements. Consequently, sustainable goals are genuinely internalized as a common pursuit among all stakeholders[5].

3.2.Institutional construction of regional differentiated governance

Faced with the vast regional disparities across China's vast territory, sustainable tourism governance must abandon the "one-size-fits-all" model and instead establish a refined classification guidance system. For ecologically sensitive areas such as national parks and nature reserves, the core of governance lies in establishing an "ecological carrying capacity red line" management system based on scientific assessment. For historical cities and intangible cultural heritage villages, the focus of governance is to implement a "living inheritance" mechanism. This requires supporting indigenous communities in developing intangible cultural heritage workshops and folk performance industries to preserve the authenticity and vitality of culture during tourism experiences. In urban leisure zones, the governance objective shifts toward "host-guest sharing," integrating tourism routes, service facilities, citizens' daily living spaces, and public service systems through urban planning to prevent urban functions from being fragmented by tourism development. This differentiated institutional toolkit serves as a crucial foundation for achieving sustainable development of all-for-one tourism.

3.3.Digitalization as a driving force for sustainable development

Digital technologies such as big data and artificial intelligence are driving the sustainable transformation of tourism at an unprecedented scale. Their core value lies in reshaping management models through comprehensive, real-time, and precise data perception and intelligent decision-making. Specifically, building a destination-wide "digital twin" platform that integrates multi-source data from transportation, ticketing, hotels, and environmental monitoring enables panoramic insights and dynamic simulations of tourist flows, resource consumption, and environmental pressures.Leveraging this, AI algorithms can accurately predict peak visitor numbers and automatically trigger crowd management solutions — such as synchronizing adjustments to scenic area entrances, opening temporary access routes, and pushing alternative itineraries — to effectively alleviate overcrowding at popular attractions[6]. In resource conservation, heritage sites like Dunhuang Mogao Grottoes have established digital archives for each fragile artifact through high-precision registration systems, dynamically linking their real-time conditions with reservation systems to achieve a delicate balance between preservation and utilization. This digitalization has transformed sustainable management from passive "post-facto remediation" to proactive prevention and real-time regulation during operations.

3.4.Development of regional sustainable tourism performance evaluation criteria

Establishing a scientific and effective regional sustainable tourism performance evaluation system is crucial for guiding development directions and measuring practical outcomes. This framework must transcend the long-standing single economic dimension focused on tourist numbers and tourism revenue, building a comprehensive assessment system that integrates economic, social, environmental, and cultural dimensions. In the economic dimension, traditional indicators should be supplemented with "local industrial chain completeness" and "community income-sharing ratio." For environmental metrics, incorporate "carbon emission intensity," "water resource recycling rate," and "biodiversity index." The socio-cultural dimension requires evaluating "resident satisfaction," "preservation of cultural authenticity," and "employee rights protection." A pioneering initiative involves introducing a "tourism happiness index," using quantifiable metrics to comprehensively assess how tourism development impacts local residents' quality of life, community identity, and living costs. Ultimately, these standards should be linked to local government performance evaluations, while encouraging the publication of sustainability reports based on such criteria to establish robust value orientation and behavioral constraints[7].

3.5.Institutional coupling of market incentives and community empowerment

The enduring driving force for sustainable development lies in establishing institutional arrangements that deeply integrate market incentives with community rights protection. The key is to design mechanisms that closely link economic value creation with social value distribution, ensuring local communities are not only participants but also beneficiaries and leaders of development. In terms of benefit distribution, the "resource equity participation" model can be promoted, allowing residents to contribute their land, forestland, houses, or intangible cultural heritage skills as shares in tourism projects, thereby securing long-term stable dividend income rather than one-time compensation. Regarding employment, a "local employment priority" system should be established, requiring enterprises to prioritize hiring local residents under equal conditions and setting localization targets for key positions (such as middle management and tour guides). More importantly, a comprehensive vocational training system should be developed to enhance residents' employment levels and development capabilities. This integrated framework of "transforming resources into assets, funds into capital, and residents into shareholders" aims to fundamentally stimulate internal community motivation, shifting from external "blood transfusion" to internal "blood generation," thus solidifying the social foundation for sustainable development[8].

Conclusion

Through a comprehensive analysis of the trends and structure of China's sustainable tourism market, this paper elaborates on the theoretical and methodological foundations of sustainable tourism development. In addition, it identifies a series of issues and challenges while revealing numerous successful cases and experiences. Governments, enterprises, and the public should strengthen collaboration to formulate and implement more effective policies and measures, thereby promoting the sustainable development of the tourism industry and achieving the goal of sustainable tourism in China. Moving forward, efforts should focus on transforming systematic regulatory models, establishing institutional frameworks for differentiated regional governance, leveraging digitalization as a driving force for sustainable development, developing regional sustainable tourism performance evaluation standards, and enhancing institutional coordination between market incentives and community empowerment. These initiatives will further strengthen cross-departmental and cross-regional cooperation and coordination, elevate societal awareness and commitment to sustainable tourism development and ecological civilization planning, and collectively propel the tourism industry toward a healthier and more sustainable development trajectory.

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