

## Cross-Border Tourism on the Russian–Chinese Border in 2014–2019: Customization of the Service Sectors of Border Cities for Chinese Tourists

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**Abstract**—The article examines cross-border tourism and changes in the tourism industry that occurred at the Russian–Chinese borderland since 2014. Using two city pairs—Blagoveshchensk/Heihe and Khabarovsk/Fuyuan—as case studies, the article reveals that owing to the altered structure of tourist flows after the 2014 devaluation of the ruble, Russian and Chinese border cities have customized their services for Chinese tourists. Fieldwork data and data collected from the media analysis allowed mapping the service sector openness of border cities and demonstrating that central districts of border cities concentrate the majority of businesses catering to clients from the neighboring state. This finding confirms the role of central districts of border cities as thermometers of cross-border dynamics as they react first to fluctuations in exchange rates and tourist flows. Based on an assessment of the impact of the COVID-19 pandemic on cross-border flows and the tourism industry at the Russian–Chinese borderland, it was concluded that an earlier reorientation towards domestic tourists (after 2014) allowed Heihe and Fuyuan to be more prepared for the next external shock. The tourism industry in Blagoveshchensk and Khabarovsk suffered significant losses and found itself in a situation of high uncertainty, in which it was impossible to predict the timing of resumed arrivals of Chinese tourists.

**Keywords:** cross-border tourism, Russian–Chinese border, customization of the service sector, Russian Far East, Northeast China, border cities, devaluation of the ruble, Chinese tourists

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### INTRODUCTION

Exchange rate fluctuations are commonly seen as a macroeconomic indicator that affects the attractiveness of territories as tourist destinations. Strengthening of the currency of the destination country can lead to both a reduced stay and amount of expenses for travelers, as well as refusal to visit it in favor of more affordable recreational destinations. Tour operators specializing in accompanying travelers from regions where the purchasing power has significantly decreased with respect to the currency of the destination country are faced with a choice: to adapt the package of services, change their specialization, or leave the market.

Devaluation of the national currency usually has dual consequences for the tourism industry. On the one hand, residents of the state whose currency has been devalued find themselves limited in the possibilities of overseas recreation and are forced to revise their usual consumption patterns, which creates the need to reorganize business specializing in outbound tourism. On the other hand, the cheapening of goods and services caused by devaluation contributes to the

growth of inbound tourist flows and the creation of new service jobs catering to them. Hence tourism industry becomes a significant way to attract stronger currencies into the country and a vehicle of the economic recovery.

Publications considering the relationship between the exchange rate and international tourist flow in the context of currency appreciation of the destination country, usually aim at identifying the countries most susceptible to changes. For example, based on the analysis of international tourist flows to Hong Kong, Cheng (2012) names Japan as the country most susceptible to the strengthening of the Hong Kong dollar. Consequently, tour operators working with Japan are the first who have to adapt their service package offered in the event of another increase in the exchange rate.

Studies dealing with countries whose national currency is depreciating interpret the scope of international tourist arrivals as an indicator of economic recovery, since the tourism industry is becoming a significant means of attracting foreign currency to the country. A number of articles focus on strategies for

attracting tourist flows from a specific region. An example is (Higham, 2000), which lists the key methods of attracting tourists from Europe used by Thailand after the 1997 Asian financial crisis.

The 2014-ruble depreciation brought in a significant shift in Russia's place in international tourist flows. While outbound flows dropped, the inbound tourism increased with the most pronounced growth associated with Asian and particularly Chinese tourist arrivals. Russian realities in the context of the depreciation of the ruble in 2014–2018 and the growth of inbound tourist flow were considered in a small number of works. Among them, one should highlight (Aleksandrova, 2017; Aleksandrova and Maikova, 2017). From 1995 to 2015, the share of tourists from Asia in the inbound segment of the Russian tourist market increased about five times, from 9.3 to 42% (Aleksandrova, 2017). Since 2016, China has played a leading role in shaping the inbound flow of tourists from non-CIS countries to Russia. One of the determining factors for the increase in the arrivals of Chinese tourists to Russia was devaluation of the ruble in 2014 (Zaklyaz'minskaya, 2018).

The increase in the share of tourists from Asia in the international inbound tourist flow is a global trend associated primarily with the growth of international tourist departures from China, which in turn is due to the growth in the share of the middle class, the continuing rise in household incomes, and the expansion of consumer lending in China (Zaklyaz'minskaya, 2018). For 2009–2017, the number of Chinese tourists departing abroad tripled to 139.5 mln trips.<sup>1</sup> According to the tourism association “World without Borders,”<sup>2</sup> the number of tourist arrivals from China to Russia over the same period increased 12.8 times and amounted to about 1.5 mln trips in 2017. Although this number of trips corresponds to only 1% of the total number of international departures from China in 2017, in Russia tourists from China accounted for 20% of tourist arrivals from non-CIS countries.

Cross-border tourism was heavily affected with the 2014 currency fluctuations, too. Publications addressing the specifics of Russian–Chinese cross-border tourism after 2014 are few. Some authors explore the shadow turnover in the tourism industry on the Russian–Chinese border (Glazyrina and Peshkov 2018, Zuenko 2018), others discuss the redistribution of roles in cross-border shopping (Ryzhova and Zhuravskaja 2015). However, a study of border cities as main platforms of cross-border tourism activities and adaptation they have undergone has been missing. This article aspires to fill this gap by examining cross-border tourism through the lens of urban studies. More

specifically, the study attempts to identify directions and tools of adaptation used by Russian and Chinese border cities in response to the 2014 currency fluctuations and consequent changes in the structure of tourist flows. Blagoveshchensk and Heihe and Khabarovsk and Fuyuan, two city pairs with a high cooperation potential (Larin 2005; Ryzhova 2009; Xiuting 2020), were chosen as a testing ground for the study.

## RESEARCH METHODOLOGY

The article uses case study analysis to examine Blagoveshchensk and Heihe and Khabarovsk and Fuyuan. The selected cities have a number of significant similarities:

(1) they are located in the middle reaches of the Amur River, along which the Russian–Chinese border runs in this section;

(2) the primary transport links between them are by river, which are most intensive during the summer navigation season;

(3) the cities in pairs have a similar administrative status: the Russian side is represented by regional capitals (Blagoveshchensk and Khabarovsk), the Chinese side is represented by the administrative centers of urban districts (Heihe and Fuyuan);

(4) both city pairs face similar challenges: asynchronous urbanization on the Russian and Chinese sides of the border (Chinese neighboring cities are much younger than the Russian ones) and different benefits from existing cross-border flows (until 2014, the development momentum was felt more strongly in Chinese border cities).

Alongside with these similarities, the cities under consideration have a number of important differences, including proximity to each other, demographic potential, as well as the duration, intensity, and significance of cross-border interactions for their development in recent decades. Blagoveshchensk and Heihe, separated by 600 m of water surface and in direct contact over the past 30 years, have formed a solid framework of professional ties in business, culture, education, and healthcare. Khabarovsk and Fuyuan are 65 km apart. Due to remoteness and the strong ruble, until recently, cross-border contacts developed around Russian citizens visiting Fuyuan. According to the 2014–2016 reports of the Khabarovsk city administration's international office, since 2014 inter-city cooperation has expanded, but it has not yet yielded concrete results. For more populated Khabarovsk, which was the center of the Far Eastern Federal District in 2000–2018, the border position is not decisive in the identity of the local population.<sup>3</sup> At the same time, the continuous building layout of Blagovesh-

<sup>1</sup> Statistics of outbound tourist flows in 2009–2018. <https://www.travelchinaguide.com/tourism/>. Accessed October 10, 2020.

<sup>2</sup> Official website of the travel association “World without Borders.” [www.visit-russia.ru](http://www.visit-russia.ru). Accessed 10.10.2020.

<sup>3</sup> See quotes by the philosopher L. Blyakher and geographer A. Filonov in the article “Two capitals: why Khabarovsk and Vladivostok argue for the title of the main city of the Far East.” <https://dv.land/spec/dve-stolityc>. Accessed March 1, 2018.

chensk and Heihe, became the basis for their self-perception and tourist positioning (Billé, 2014; Ryzhova, 2008; Mikhailova and Wu, 2018).

The study relies on statistical, sociological and cartographic methods. During field trips to Blagoveshchensk–Heihe (April 2017) and Khabarovsk–Fuyuan (August 2017), the marketing tools used to attract customers from the neighboring state as well as the location and economic profile of enterprises catering to them were recorded. Foreign language marketing materials targeting tourists from a neighboring state were used as additional sources of identifying changes in the service sector. One-time field trips, undoubtedly, are a limitation of the study. To minimize the effect of one-off urban observations, local and regional media materials for 2012–2020 were used in the course of the study.

The paper follows the tradition of studying cross-border tourism in border cities and particularly relies on Dolzblasz and Raczek (2012) and Lara-Valencia and Dolzblasz (2019)—two publications using cross-border twin cities as case studies. Dolzblasz and Raczek (2012) classify 836 service establishments in twin cities on the German-Polish border based on observations and map the level of business openness towards cross-border customers using this data. Lara-Valencia and Dolzblasz (2019) compare the German–Polish and American–Mexican border twin cities in terms of their orientation towards cross-border customers and conclude that prices of similar goods and services and the difference in incomes of the cross-border residents determine the retail trade specialization. Both publications assess the openness of service enterprises to cross-border clients. Businesses were defined “open” if (1) they had a signage and (2) information materials (price tags, handouts, business cards, menus) in the language of a neighbouring country; (3) they accepted payments in the currency of a neighbouring country; (4) their staff had a basic knowledge of a neighbouring country’s language. This provision was used for collecting and analyzing the empirical data for this study.

#### CROSS-BORDER FLOWS AND MOTIVATIONS TO CROSS THE RUSSIAN–CHINESE BORDER: AN OVERVIEW

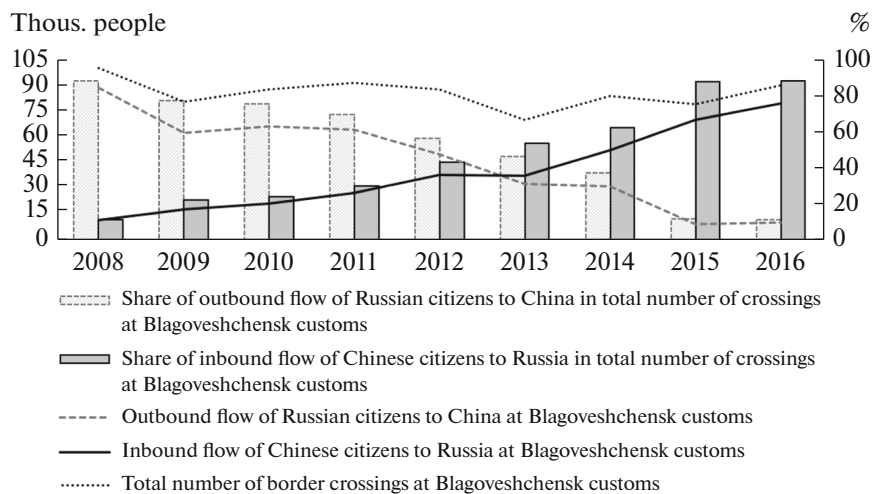
Until recently, the study of cross-border flows on the Russian–Chinese border was more concerned with shuttle trade and illegal labor migration than with tourism. The opening of the Russian–Chinese border in the late 1980s gave rise to barter trade. As old-timers note, the first contacts between residents of the border areas of the USSR and China were dictated by an acute shortage of goods, not by curiosity.

The location of border checkpoints and establishment of transport links laid the foundation for shuttle trade—informal trade of goods imported by Russian

citizens from China as if for personal use, but in practice sold in small wholesale markets. For many borderlanders involved in “gray” import, the border became a source of income and primary capital accumulation. Ryzhova and Simutina (2007), in addition to shuttle trade, distinguish four more variations of business practices that use the Russian–Chinese border as a resource: “*kirpichestvo*,” “*realization*,” “*mediation*,” and “*frontman*.” The first and the second practices arose in the process of optimizing cross-border trade. The third and the fourth practices were a response to the restrictive actions of Russian authorities. Gradually, the competition of large import companies and wholesalers as well as restrictive actions of Russian authorities transformed the shuttle trade into well-established ternary networks composed of “a goods owner,” “a cargo organizer,” and “frontmen transporting goods” (Zhuravskaya, 2011). The proliferation of online commerce in China and the development of the leading e-commerce platforms Taobao and AliExpress have contributed to the emergence of a new business practice in the Russian–Chinese border area: an online trade mediation, which consists of assistance in purchasing online goods and delivering them across the border (Ryzhova, 2018).

Along with the intensification of trade exchange, opening of the border created opportunities for Chinese labor migration to Russia. Following that development, some Russian politicians at the federal and regional levels started alarming the electorate with the threat of the “Chinese demographic expansion.” That rhetoric despite its unfoundedness was an easy and powerful tool to win popularity among voters (Zayonchkovskaya, 2005). The academic community posits that as of 1999, the number of Chinese more or less permanently residing in Russia ranged from 200 000 to 450 000 people (Gelbras, 2001). In the Russian Far East, the key form of Chinese migration was pendulum migration, implying a periodic return to the place of departure. A more “sedentary” Chinese community has formed in Moscow (Gelbras, 2001). Three main categories of Chinese migrants to Russia in 1991–2009 were (1) merchants; (2) workers employed in agriculture, construction and logging; and (3) students and knowledge workers (Repnikova and Balzer, 2009). Repnikova and Balzer suggest that Chinese labor migration is a missed opportunity for Russia’s development (2009). This thesis, put forward during the economic crisis of 2008–2009, has partially confirmed: due to complication of the country’s economic situation and the ruble depreciation, Chinese migrants almost ceased arriving to Russia and started moving out since 2010 (Larin 2017, p. 68).

Leisure motivation became an independent driving force for crossing the Russian–Chinese border much later than economic motivation, which resulted in Russian shuttle trade in Chinese goods and Chinese labor migration to Russia (Ilyina and Mikhailova, 2015). Signing the inter-governmental agreement on



**Fig. 1.** Dynamics of inbound and outbound visa-free tourist travel registered at the Blagoveshchensk Customs in 2008–2016, in absolute values and in percentage.

*Compiled from* data provided by the Ministry of Foreign Economic Relations, Tourism and Entrepreneurship of Amur Oblast.

visa-free tourist group travel in 2000 was an important step forward in developing bilateral, including cross-border, tourism. Chinese border areas, in particular, Manzhouli, Suifenhe, Tongjiang, and Heihe, endowed with the status of “open trade cities,” gradually developed infrastructure catering to Russian tourists. Russian border cities became interested in increasing their tourist appeal to Chinese tourists in the early 2010s (Mikhailova, 2015).

#### INFLUENCE OF CURRENCY FLUCTUATIONS ON TOURIST FLOWS ON THE RUSSIAN–CHINESE BORDER

The drop in oil prices in 2014 amid financial sanctions by the United States and Europe against Russia led to long-term devaluation of the ruble. The longest upward trends in the yuan against the ruble were observed from July 2014 to January 2015, when the exchange rate almost doubled from 5.8 to 11.2 rubles per yuan, then from April 2015 to January 2016, when the Chinese currency strengthened again against the ruble.

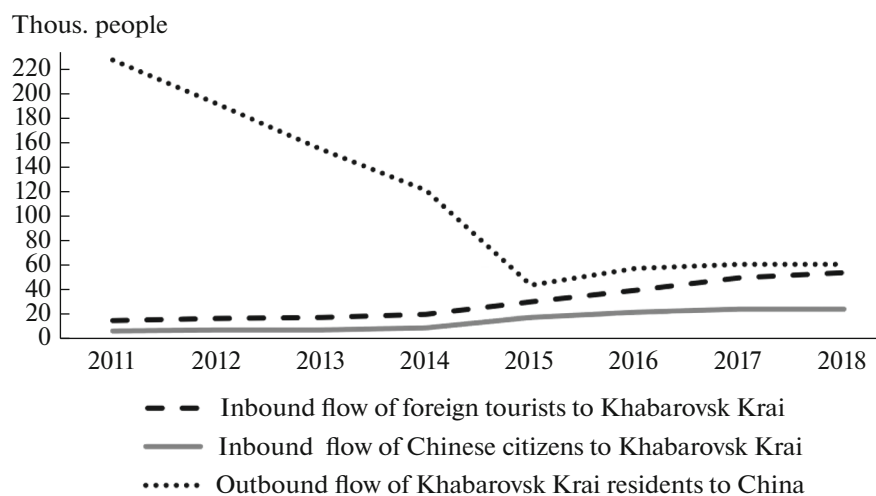
The average annual rate in 2015–2016 was 9.9 rubles per yuan, which when compared with the recent exchange rate of 4.9–5.2 rubles per yuan in 2012–2013 became a significant shock for the economic relations of the Russian Far East and China’s Northeast. Significant changes in exchange rates have disrupted two countries’ purchasing power parity. As a result, Chinese citizens began to visit Russian cities (in particular, border cities) much more often to purchase imported goods.

According to the statistics for visa-free travel of tourist groups for 2008–2016, in Amur Oblast, the inbound flow from China began to exceed the out-

bound flow since 2013. Over the past decade, tourist flows to China from Amur Oblast and from China to Amur Oblast have reversed: whereas in 2008, 88.5% of visa-free tourist groups crossings the border between Blagoveshchensk and Heihe accounted for the outbound flow to China, in 2017, 88.5% of crossings were tourist groups from China (Fig. 1). Although the growth in the inbound flow from China to Blagoveshchensk occurred almost continuously since 2008 (with the exception of a slight decrease in 2013), it has accelerated in recent years. In 2016, the number of Chinese tourists who entered Blagoveshchensk via the visa-free program was about 80000, more than twice the number of tourists recorded in 2012. At the same time, the total number of crossings of the Russian–Chinese border via the visa-free corridor through the Blagoveshchensk customs for 2008–2016 decreased by almost 10000 trips.

According to the tourist portal of Khabarovsk Krai, for 2011–2018, the inbound flow of foreign tourists to the region increased 3.5 times, reaching 55 400 people in 2018 (Fig. 2). Every second foreign tourist in the region was a Chinese citizen. The number of Chinese tourists increased 3.4 times over the same period. The highest growth rates of the inbound flow from China were recorded in 2015, when the number of Chinese tourists reached 18 700 people (178% of the 2014 level). The most significant changes in the departure of residents of Khabarovsk Krai to China took place in 2015: the number of people leaving the country decreased by more than five times versus 2011 and amounted to only 44 500 people.

As comparison of the chronology of currency fluctuations and changes in the dynamics of tourist flows on the Russian–Chinese border in 2011–2018 has shown, following the twofold strengthening of the



**Fig. 2.** Dynamics of tourist flows in Khabarovsk Krai in 2011–2018.

Compiled from annual final reports of Tourism Department of Ministry of Culture of Khabarovsk Krai. <http://www.travel.khv.ru/sections/11>. Accessed September 20, 2020.

yuan against the ruble in 2014, there was a sharp decline in the departure of Russian tourists to China: compared to 2014, the number of Russians who visited China for tourist purposes in 2015 decreased by 64% at the Khabarovsk customs and 70% at the Blagoveshchensk customs. The number of arrivals of Chinese tourists continued to increase: after stagnation in 2013, when the increase in arrivals from China amounted to –1% at the Blagoveshchensk customs and 0.2% at the Khabarovsk customs, 2014 and 2015 were marked by a high growth rate: 40 and 33% at the Blagoveshchensk customs and 28 and 78% at the Khabarovsk customs.

#### CHANGES IN THE SERVICES SECTOR OF BORDER CITIES OF THE RUSSIAN FAR EAST AND NORTHEAST CHINA AFTER 2014

The redistribution of the roles of buyers and sellers between residents of the Russian and Chinese shores of the Amur River in fall 2014 was accompanied by reluctance of the Russian borderlanders to accept the new reality, in which the “Chinese “younger brother,” commonly perceived as poor and with limited needs, suddenly began to buy elite goods that became inaccessible for the Russian “elder brother” (Ryzhova and Zhuravskaya, 2015, p. 213). However, amid the falling solvency of the local population, business representatives quickly reacted to the growing demand from Chinese tourists.

Next three subsections present directions and tools for adapting Blagoveshchensk/Heihe and Khabarovsk/Fuyuan to the new economic realities, notably the new structure of tourist flows, after 2014.

#### *Adaptation of Blagoveshchensk and Heihe*

Since 2014, service providers in Blagoveshchensk have rapidly begun customization for Chinese clients. Many shopping malls, brand stores, and catering establishments in the downtown of Blagoveshchensk have put up signs, provided price information, and published brochures in Chinese. The speed and the scale of the change was impressive given that during author’s first fieldtrip to Blagoveshchensk in 2013 only four signs in Chinese were documented in the entire city.

Based on studying eight<sup>4</sup> Chinese-language brochures collected in April 2017 in Blagoveshchensk hotels, shopping malls and museums, the following marketing techniques were identified in the marketing materials targeting Chinese customers:

- advertising from the position of welcoming neighbors (the brochures referred to potential Chinese customers as “guests” and “friends from China”);
- using information channels (QR codes, WeChat messenger) and promotion techniques (discounts and coupons) familiar to Chinese customers;
- in the case of a company’s specialization in the sale of Russian goods, emphasizing their quality, health benefits, durability and prestige of a purchase;
- using red and golden colors in advertisement design;
- using photographs of an advertised product and store (both the retail space and entrance), use of schematic maps, listing of brands.

<sup>4</sup> Six advertising brochures and leaflets were dubbed into Russian. Two Chinese-language brochures were translated into Russian by Dr. I. Chubarov, with whom the author conducted a field trip in April 2017.

The above list of successful marketing techniques applied by Blagoveshchensk enterprises targeting Chinese clients can be used by enterprises interested in attracting Chinese clients in other Russian cities, including non-border ones.

Among the Chinese-language advertising materials collected in 2017, the most thoughtful and informative were: (1) a gastronomic map of Blagoveshchensk, made in 2015 by the Amur Guild of Culinary Experts and Restaurateurs, and (2) an advertising magazine printed by a regional Russian publishing house. The gastronomic map included advertisements for restaurants, cafés and coffee houses, indicating their interior features, entertainment and souvenir sales. The advertising magazine included ads both to attract customers and to find Chinese and Russian partners. The most frequently advertised items were such Russian products as amber, gold, jewelry, furs, shoes, honey, wine, natural cosmetics and medicines.

The need to serve Chinese customers and create the visual and marketing image of Blagoveshchensk in Chinese has boosted the demand for specialists proficient in Chinese. According to the Russian online recruitment company HeadHunter, since 2014, the number of vacancies for Chinese-speaking candidates has quadrupled in Amur Oblast over two years since 2014.<sup>5</sup>

Due to the increase in the flow of Chinese tourists after the 2014 ruble devaluation, two shopping malls were opened or significantly expanded in Blagoveshchensk. Both of them are located outside the city center, but surpass other shopping malls in Blagoveshchensk in terms of assortment and design. One of these shopping centers is a branch of a federal supermarket chain. Opened in 2017, it was originally equipped with signs in Chinese across the entire 7000 m<sup>2</sup> sales area. It is highly probable that the opening of a supermarket of this size in Blagoveshchensk, with a population of 220000, already saturated with shopping centers during a period of declining purchasing power of the local population was based primarily on the increase in the number of arriving Chinese tourist groups.

The second shopping center has traditionally served as a shopping destination for Chinese tourists. In 2016, after the opening of its third section, the area of the shopping center increased from 80000 to 110000 m<sup>2</sup>. A Chinese-language brochure describes this newly expanded shopping area, stylized as 19th century architecture, as “wide squares and cozy streets that combine elements of old Blagoveshchensk, Venice, Odessa, and Santa Barbara”; i.e., the interior design is used as an additional incentive to visit a remote shopping center.

<sup>5</sup> In Amur Oblast, they are looking more often for workers who know Chinese. Amur.info. November 17, 2016. <http://www.amur.info/news/2016/11/17/118057>. Accessed August 5, 2017.

In response to strong currency fluctuations and changes in the structure of tourist flows, Heihe had to reorient itself to serve domestic tourists. A sharp decline in the flow of Russian tourists and a decrease in their purchasing power brought significant losses to the city's companies. A number of them went bankrupt and closed, while others refocused to sell Russian goods to locals and Chinese tourists from elsewhere.

A new source of economic recovery in Heihe after 2014 was e-commerce, concentrated in the 100000 m<sup>2</sup> Cross-Border E-Commerce Park, created in 2012. The park gained momentum in 2014–2015, when the fall in ruble's purchasing power, coupled with the virtual absence of import duties in Russia, contributed to the rapid growth of retail Internet deliveries from China to Russia (Pickover, 2020). By 2015, Heihe Cross-Border E-Commerce Park hosted 120 e-commerce companies. By 2016, the Park and the Alibaba Group Internet Corporation entered into a strategic cooperation agreement leading to the opening of Taobao and AliExpress universities at the Park premises. Fostering city's new specialisation, Heihe officials encouraged Amur Oblast business community to join the new type of trade. The Heihe City Administration organised visits to the Park and arranged express courses in Russian about the basics of e-commerce and its features in China<sup>6</sup> for Amur Oblast entrepreneurs.

In addition to companies serving Russian shoppers, the Heihe Park started to establish companies supplying organic products from Russia to China. Epinduo, founded in 2016, became the flagship in this field. For the four years of its existence, the company reached a daily sales level of RUB 4 mln, created a network of retail stores of Russian products in China, and entered China's largest electronic trading platforms—Tmall, JD, 1688, Pinduoduo, etc. In 2019, Heihe's Epinduo has been recognized as the best store selling imported food products on the JD.com platform.<sup>7</sup>

An important result in the new economic and geopolitical conditions was the signing of an agreement on the construction of a cross-border bridge across the Amur River near Blagoveshchensk, bilateral negotiations on the construction of which had been underway since 1988. Construction work was completed at the end of 2019. In May 2020, permission from the Ministry of Construction of Russia was obtained to put the bridge into operation. The opening of the bridge is

<sup>6</sup> Blagoveshchensk will be taught to open shops on Taobao in the Heihe business incubator. Amurskaya Pravda, 2016. <https://ampravda.ru/2016/10/06/070197.html>. Accessed October 13, 2020.

<sup>7</sup> O. Gordienko, WEF: The first online store of Russian goods on Tmall is ready to sell Amur products. Amurskaya Pravda, 2020. <https://ampravda.ru/2019/09/04/090752.html>. Accessed November 10, 2020.

planned after the lifting of the COVID-19 epidemiological restrictions.

#### *Adaptation of Khabarovsk and Fuyuan*

Similar to Blagoveshchensk, service enterprises in Khabarovsk since 2014 started customising their services and marketing for Chinese clients: they created signs and information materials in Chinese. However, as the 2017 fieldwork revealed, the number of such organizations was relatively small, mainly concentrated in the Central District of the city.

According to the city administration, banners in Chinese were placed on the central streets of Khabarovsk in 2016.<sup>8</sup> In 2017, a Chinese-language city guide was published for the first time.<sup>9</sup> A mobile travel guide app with a Chinese version was launched in 2019.<sup>10</sup> Curiously, passenger transport companies attempted to cater to Chinese tourists too: in 2017 one of Khabarovsk's bus routes covering city's central streets and, therefore, the majority of organizations providing services to Chinese tourists, was dubbed into Chinese.<sup>11</sup>

Fuyuan's reorientation towards the Chinese domestic tourist flow was easier than in Heihe due to the smaller size of the city and obvious seasonality of tourists from Russia. Prior to the commissioning of charter flights between Khabarovsk and Fuyuan in 2016, the use of geographic proximity and visitation of the neighboring city was possible only from May to October during the river navigation period.

In addition, orientation towards tourists from other regions of China had already existed in Fuyuan. After completion of the demarcation of the eastern section of the Russian–Chinese border in 2008, China funded the recreational development of the country's easternmost point—the Chinese part of Bolshoi Ussuriysky (Heixiazi in Chinese) Island, which belongs to the Fuyuan county. In 2011, the first two tourist sites were commissioned: Sun Square, in the center of which there is a 49-meter high monument in the form of the hieroglyph for East, and a wetland park. In 2014, an 81-meter pagoda, the easternmost in China, was

erected in close proximity to the state border. In 2015 the internal flow of tourists visiting this recreational complex was 1000 people per day.<sup>12</sup> According to the Heilongjiang Provincial People's Government Committee on Construction and Management of the Chinese Part of Bolshoi Ussuriysky Island, in 2016 260 000 domestic tourists visited China's easternmost point. During the same year, the tourism department of Khabarovsk Krai reported that 20 650 tourists from China (that is, every 12th tourist) took the opportunity to visit neighboring Khabarovsk and entered the city through the river port.<sup>13</sup>

#### *Assessment of Business Openness of Cities on the Russian–Chinese Border with Respect to Clients from a Neighboring State*

Based on Dołzbłasz and Raczyk's methodology (2012), schematic maps of the level of business openness with respect to clients from a neighboring state were compiled for each of the four cities under consideration. Figure 3 was compiled on the basis of data from <http://vheihe.ru/> (the website targeting Russian tourists visiting Heihe), media materials (on organizations with regular active cross-border contacts with the neighboring city), and print advertising materials collected during the field trip. Information about the Chinese side is presented on the schematic map to a lesser extent than the Russian side, which is due to the peculiarities of the organization of Heihe service sector enterprises. Business oriented towards Russians in Heihe forms several clusters: large shopping centers and long shopping streets housing hundreds of small retail outlets and hotels; some are on the second floor, making it difficult to analyze and map urban space at the organizational level.

Figure 3 confirms the conclusion of (Dołzbłasz and Raczyk, 2012) that service establishments targeting clients from a neighboring state are concentrated in the centers of border cities and along major transport routes. In Blagoveshchensk and Heihe, the places of concentration of such organizations are embankments and areas near passenger ports (in Blagoveshchensk, two main streets: 50th Anniversary of October Street and Lenin Street). Nevertheless, in Blagoveshchensk, service enterprises oriented towards clients from the neighboring state are gradually moving beyond these areas. Two of the eight shopping malls that group businesses targeting Chinese customers are

<sup>8</sup> Development of tourist ties of Khabarovsk Krai with foreign countries in 2016//Website of the Tourism Department of the Ministry of Culture of the Khabarovsk Krai. <http://www.travel.khv.ru/pages/171>. Accessed July 5, 2017.

<sup>9</sup> A city guide in Chinese was released in Khabarovsk. HabInfo, 2017, July 18. <https://habinfo.ru/kitajskij-gid-po-habarovsku/>. Accessed November 9, 2017.

<sup>10</sup> Vasiliev, A. A mobile guide to Khabarovsk with legends and stories has been developed. Khabarovsk News at DVHAB.RU, 2019, February 11. <https://www.dvnovosti.ru/khab/2019/02/11/95049/>. Accessed January 3, 2020.

<sup>11</sup> Murzina, K. Buses in Khabarovsk were made convenient for Chinese tourists. Vostok Media, 2017, July 27. <https://vostokmedia.com/news/city/27-07-2017/avtobusy-v-habarovske-sdelali-udobnym-dlya-kitajskih-turistov>. Accessed August 12, 2017.

<sup>12</sup> Leonkin, A. Fuyuan began to develop a tourist brand for Chinese tourists: trips to Khabarovsk. City of Fuyuan. <http://fuyuan.ru/6465/>. Accessed October 7, 2020.

<sup>13</sup> Andreev, I. Companies from Fuyuan and Khabarovsk have created an association of the tourism industry of the Asia-Pacific region. Vostok Media, 2017, May 16. <https://vostokmedia.com/news/society/16-05-2017/kompanii-iz-fuyuanya-i-habarovska-sozdali-assotsiatsiyu-turindustrii-stran-atr>. Accessed October 9, 2020.





**Fig. 3.** Service enterprises in Blagoveshchensk and Heihe targeting clients from a neighboring state. Compiled from advertising brochures in Chinese distributed in Blagoveshchensk in April 2017, materials from the website <http://vheihe.ru/> and data obtained during fieldwork.

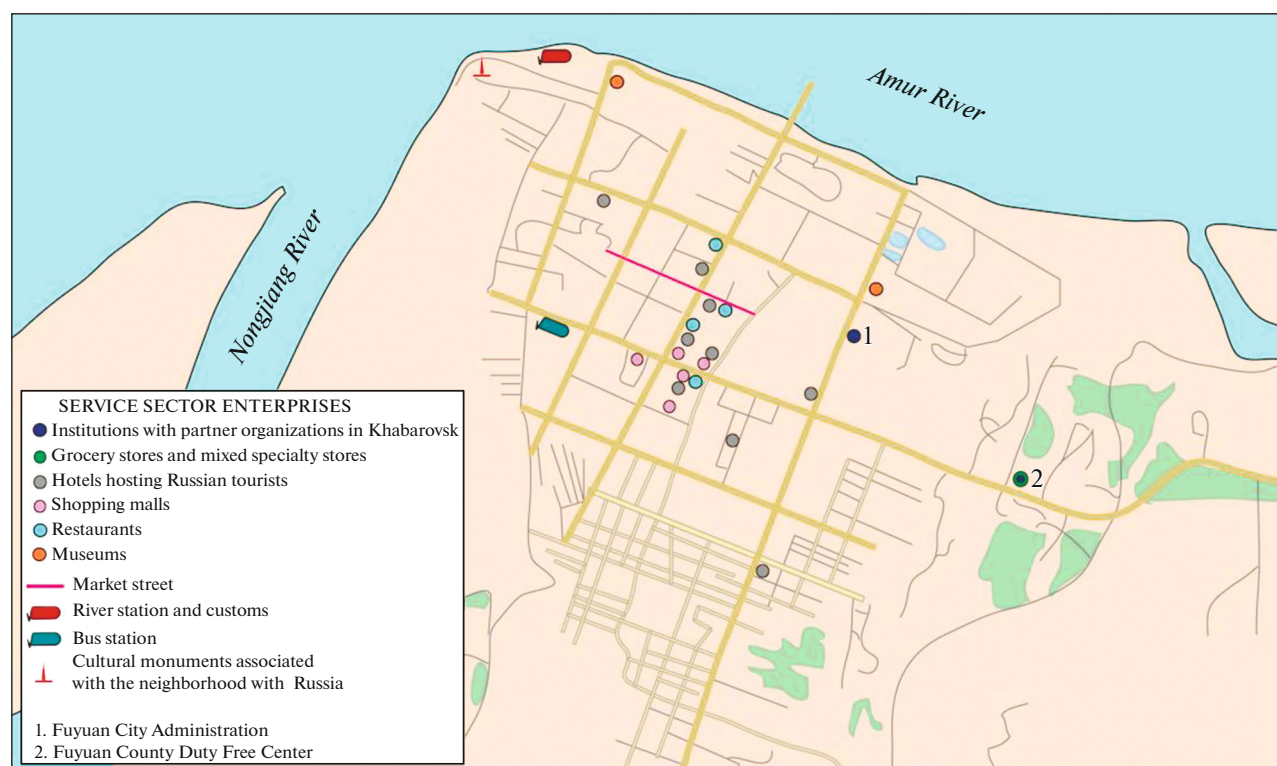
located at a significant distance from the port and city center.

Figure 4, which is dedicated to Fuyuan, shows that there are significantly fewer service enterprises in the city, whose main clients in recent years have been Russian tourists, than in Heihe. We can talk about their compact localization in the city center between the pedestrian shopping street, Xiangjianlu and Zhengyanlu Street, which leads to the bus station. Most of the mini-clusters providing services to Russian tourists include a shopping center, a hotel, and a restaurant. Four hotels that for several years have been advertised in the Russian-language travel guide to Fuyuan, are

located at a relative distance from the center and the rest of Russian-oriented service establishments. It can be assumed that earlier there were other service enterprises specializing in Russian-language service nearby, which either closed or changed their profile of activities due to a decrease in Russian tourist flow.

Figure 5 shows the Central District of Khabarovsk—the business, leisure, and scientific center of the city. This area is home to establishments that specialize in catering to Chinese clients. Most of these enterprises are located on the main transport routes: Muravyov-Amursky Street, Karl Marx Street, and Amur Boulevard. Travel agencies specializing in sell-





**Fig. 4.** Fuyuan service enterprises targeting Russian customers, compiled from Russian-language guides to Fuyuan for 2011–2017 and field notes.

ing Fuyuan tours to Khabarovsk residents are located near the river port.

Comparison of the schematic maps leads to the following conclusions:

- the greatest focus on clients from the neighboring state, according to data for 2017, was revealed in Blagoveshchensk, the capital of Amur Oblast;
- the business segment oriented towards attracting clients from a neighboring state is localized in the central districts of border cities, which are “thermometers” of the cross-border dynamics (Arreola and Curtis, 1993), which means that they react faster than other parts of the urban space to fluctuations in exchange rates and tourist flows.

Cartographic materials produced in this study can be used by local governments of border municipalities (both on the Russian–Chinese border and on other Russia’s borders) to develop measures transforming the urban environment. Knowing the allocation patterns of the service enterprises catering to clients from a neighboring state, border municipalities could both improve the comfort of urban areas already frequented by tourists from a neighboring state and expand these areas at the expense of nearby territories by duplicating street names and putting up information kiosks about cultural monuments and pointers to tourist attractions in foreign languages. Such cartographic materials can also be used by local governments and entrepreneurs

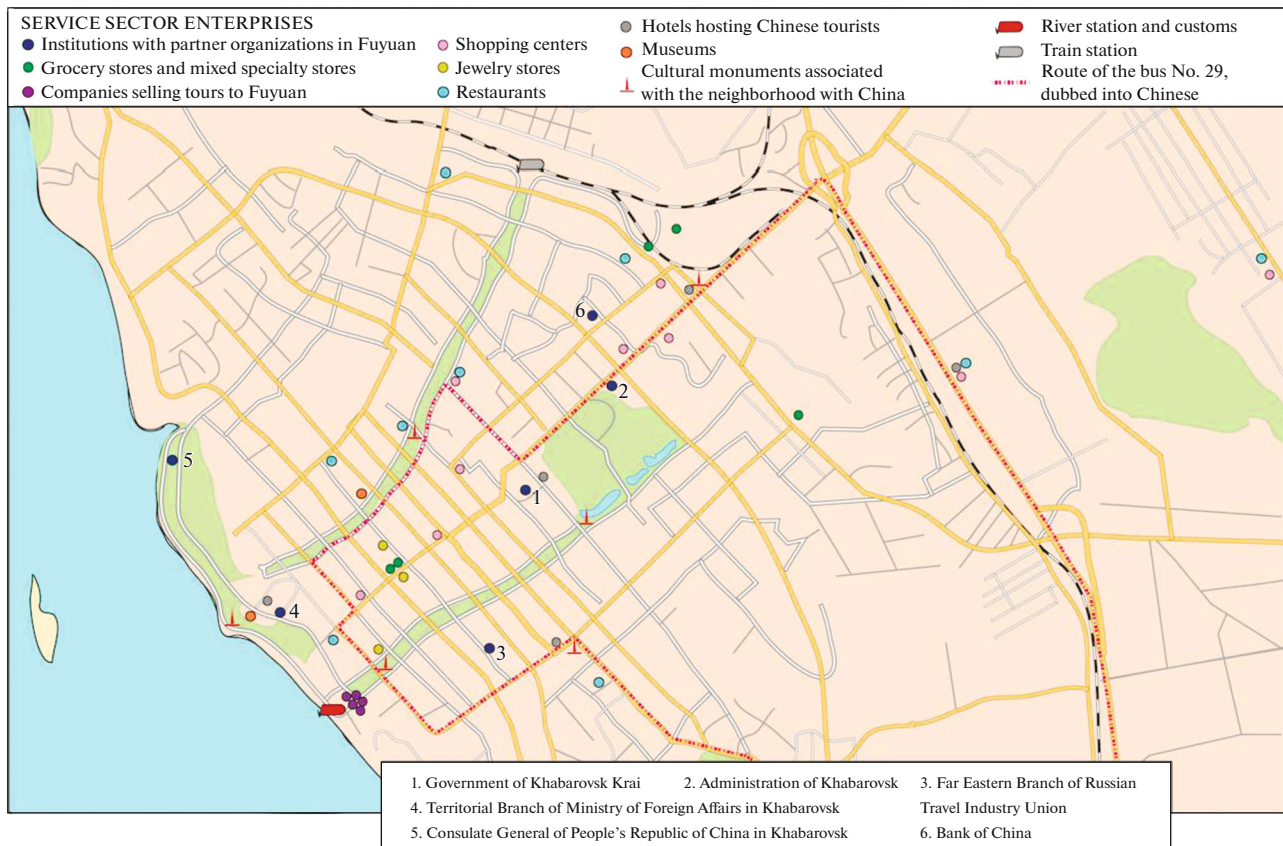
of border cities as a guide for preparing a map of their own city for tourists from a neighboring state.

#### INFLUENCE OF THE CORONAVIRUS PANDEMIC ON CROSS-BORDER FLOWS AND TOURISM INDUSTRY ON THE RUSSIAN–CHINESE BORDER

The COVID-19 pandemic has led to a global health crisis, the return of border controls to previously transparent state borders, and a global recession. One of the heavily affected industries in the world and the study region is the tourism industry.

On January 31, 2020, by the Order of the Government of the Russian Federation, traffic through checkpoints on the Russian–Chinese border was restricted.<sup>14</sup> Regular passenger traffic through border checkpoints in Amur Oblast and Khabarovsk Krai was suspended on the eve of the Chinese New Year. From that moment to the present (February 2021), tourist passenger traffic across the Russian–Chinese border has not been resumed.

<sup>14</sup>Order of Government of the Russian Federation no. 140-r of January 30, 2020 On Temporary Restriction of Traffic through Checkpoints on Certain Sections of the State Border of the Russian Federation with the People’s Republic of China. <http://government.ru/docs/38879/>. Accessed October 21, 2020.



**Fig. 5.** Khabarovsk service enterprises oriented towards clients from China. Compiled from interviews and field notes.

According to the World Tourism Organization,<sup>15</sup> in the first eight months of 2020, the world recorded 700 mln (i.e., 70%) fewer foreign arrivals versus the same period in 2019. This led to losses from the export of tourism services of over RUB 56 trln, which is eight times higher than for the global tourism industry in 2009 crisis. According to the Federal Tourism Agency and the Russian Travel Industry Union, in 2020, the domestic tourism industry will lose about RUB 600 bln, i.e. more than 70% of the export of tourism services in 2019, due to the lack of foreign tourists and, above all, tourists from China.<sup>16</sup> According to the Amur Oblast Government,<sup>17</sup> in the first five months of 2020, the revenue of companies working with Chinese

tourists decreased by 90%. In Khabarovsk, where the flow of Chinese tourists is noticeably smaller than in Blagoveshchensk and mainly falls on the summer navigation season, the main losses were incurred by travel agencies, hotels, and restaurants catering to Chinese tourists, souvenir and jewelry stores.

In the pandemic, tour operators around the world, including in Russia and China, are reorienting towards domestic tourism. Heihe and Fuyuan, which intensified their orientation towards the domestic market after 2014, turned out to be more prepared for the next external shock. Blagoveshchensk and Khabarovsk suffered significant losses and found themselves in a situation of high uncertainty, where it was impossible to predict when and to what extent Chinese tourists will return.

Restrictions on the movement of citizens, reduction in trade traffic, suspension of production, and temporary closure of service establishments led to a drop in oil prices and new currency fluctuations. According to data for nine months of 2020, the average monthly exchange rate of the yuan against the ruble was 10.12 rubles per yuan, which exceeds the indicators of 2015–2019. As the study shows, strengthening of the yuan against the ruble increases the tourist attractiveness of the Russian borderland. After stabili-

<sup>15</sup>UNWTO 2020. International tourism down 70% as travel restrictions impact all regions. <https://www.unwto.org/news/international-tourism-down-70-as-travel-restrictions-impact-all-regions>. Accessed October 28, 2020.

<sup>16</sup>Interfax 2020. The Russian tourism industry will lose RUB 600 bln without foreign tourists. <https://www.interfax.ru/russia/732199>. Accessed September 30, 2020.

<sup>17</sup>Government of Amur Oblast 2020. The regional government, together with business, has prepared proposals for an additional package of measures to support the tourism industry. <https://www.amurobl.ru/posts/news/pravitelstvo-regiona-sovmestno-s-biznesom-podgotovilo-predlozheniya-po-dopolnitelnomu-paketu-mer-pod/>. Accessed September 20, 2020.

zation of the epidemiological situation, it will be possible to assess the role of this factor in the restoration of Chinese tourist flows to Russia.

## CONCLUSIONS

Regions along the Russian–Chinese border, a large part of whose economies have been outwardly oriented since the opening of the border and liberalisation of foreign trade, have been the quickest to feel the changes in the exchange rate and the structure of tourist flows between Russia and China since 2014.

Russian and Chinese border cities, due to currency volatility observed since 2014, gradually began to reorient themselves to domestic Chinese tourists. At the same time, the Chinese border cities, previously oriented exclusively towards tourists from Russia, incurred significant costs. Service establishments in Russian border cities needed to invest in hiring Chinese-speaking professionals and change marketing strategies. At the same time, service sector establishments of Blagoveshchensk customized themselves for Chinese tourists faster and on a larger scale than similar institutions in Khabarovsk. Fuyuan's service sector has suffered less losses than the one in Heihe due to the city's smaller size, its parallel orientation towards domestic Chinese tourists, which preceded the ruble devaluation in 2014, and the clearly pronounced seasonality of tourists from Russia. A case study of Blagoveshchensk and Khabarovsk has shown that (1) the number of enterprises oriented towards catering to Chinese clients has increased and the list of marketing techniques has been expanded; (2) with the increase in the number of signs in Chinese, the cities have changed in appearance; (3) with the expansion of the segment of Chinese tourists in the total volume of the tourist market of Blagoveshchensk and Khabarovsk, the labor market of these cities saw a new demand for Chinese-speaking staff to work in the tourism industry.

Theoretical studies on the service sector transformation under currency fluctuations distinguish two parallel models of tourism industry adaptation: reorientation of a country whose currency has been devalued towards foreign tourists and the reorientation of a country whose currency has strengthened to new markets and/or for domestic tourists. The new target audience of service enterprises in the Russian and Chinese border cities coincided: both of them reoriented towards Chinese tourists from other regions.

Due to the growth in the purchasing power of the Chinese population and the volume of this market, specialization on Chinese tourists is becoming one of the most popular strategies of tour operators around the world. Reorientation towards Chinese tourists revealed in the Russian and Chinese border cities is a new reality which residents of the Russian–Chinese borderlands need to adjust to.

Given the increase in the flow of Chinese tourists in the Russian–Chinese borderlands and their growing socioeconomic differentiation, a study of their leisure motivation seems to be a promising area of research.

The study has tested the methodology for assessing the business openness with respect to clients from a neighboring country, proposed in (Dołzbłasz and Raczyk, 2012; Lara-Valencia and Dołzbłasz, 2019), based on materials from Russian–Chinese borderlands. The different cultural context made it difficult to map the service establishments of Chinese border cities at the organizational level, since businesses catering to Russians form clusters: large shopping centers and long shopping streets, where hundreds of small outlets and hotels are located. On the Russian side of the border, the methodology did not need to be adapted.

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## CONFLICT OF INTEREST

The author declares no conflict of interest.

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