

Impact Assessment of the COVID-19 Outbreak on International Tourism

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Tourism is travel for pleasure or business; also the theory and practice of touring, the business of attracting, accommodating, and entertaining tourists, and the business of operating tours. The World Tourism Organization defines tourism more generally, in terms which go "beyond the common perception of tourism as being limited to holiday activity only", as people "traveling to and staying in places outside their usual environment for not more than one consecutive year for leisure and not less than 24 hours, business and other purposes". Tourism can be domestic (within the traveller's own country) or international, and international tourism has both incoming and outgoing implications on a country's balance of payments. Tourism numbers declined as a result of a strong economic slowdown (the late-2000s recession) between the second half of 2008 and the end of 2009, and in consequence of the outbreak of the 2009 H1N1 influenza virus, but slowly recovered. Globally, international tourism receipts (the travel item in balance of payments) grew to US\$1.03 trillion (€740 billion) in 2005, corresponding to an increase in real terms of 3.8% from 2010.^[6] International tourist arrivals surpassed the milestone of 1 billion tourists globally for the first time in 2012, emerging source markets such as China, Russia, and Brazil had significantly increased their spending over the previous decade.^[8] The ITB Berlin is the world's leading tourism trade-fair. Global tourism accounts for c. 8% of global greenhouse-gas emissions.

International tourism has seen continued expansion, despite occasional shocks, demonstrating the sector's strength and resilience and benefiting all regions in the world. International tourism has only experienced declines in 2003 following SARS and the Iraq war and in 2009 amid the economic and financial crisis, with strong and rapid recovery the following years.

The tourism sector is currently one of the hardest-hit by the outbreak of the coronavirus disease (COVID-19), with impacts on both travel supply and demand, particularly in China, the world's leading outbound market in spending, and other key

Asian and European destinations such as Italy. Travel restrictions and flight cancellations/frequency reduction have significantly diminished the supply of travel services (both domestic and international) while demand continues to retract. COVID-19 has become a new downside risk in a context of an already weaker world economy. Furthermore, the COVID-19 outbreak comes on top of a rather uncertain scenario of continued geopolitical, social and trade tensions, post-Brexit effects, and an uneven performance among major outbound travel markets.

Considering the evolving nature of the situation, it is too early to estimate the full impact of the COVID-19 on international tourism. As of today, factoring the SARS scenario, the size and dynamics of the global travel market, current travel disruptions, the geographic spread of the COVID-19 and its potential economic impact, UNWTO estimates international tourist arrivals could decline by 1% to 3% in 2020 globally, down from a 3% to 4% growth estimated in early January. This would translate into an estimated loss of 30 to 50 billion USD in international visitor spending in destinations (international tourism receipts). At the moment, Asia and the Pacific is expected to be the most affected region with a decrease of 9% to 12% in international tourist arrivals in 2020, down from 5% to 6% forecasted growth in early January. These estimates should be interpreted with caution due to the volatile evolution of the outbreak which could lead to further revisions of the forecast. Estimates for other world regions are currently premature in view of the rapidly evolving situation.

The impact of the COVID-19 outbreak will undoubtedly be felt across the whole tourism value chain. Small and medium enterprises are expected to be particularly affected. This calls for support and recovery measures for the tourism sector in the most affected countries. UNWTO will continue to monitor the impact of COVID-19 on international tourism and providing updated data and analysis.

Over the past years, most of the countries have considered tourism as a contributor to economic growth and is widely accepted that year after year throughout the world a massive investment continues to pour in its development.

Think Strawberries was among the first companies in the travel vertical to respond to the pandemic. As a company, we announced work from home for our employees from March 18. We wanted to make a conscious effort to 'break the chain' and it has worked to our advantage. All our employees are safe and working from home and we are proud to announce that their productivity is up. We are able to service all our clients during these testing times with minimum turnaround times. No cases have been reported in our offices in New Delhi, Mumbai or Gurgaon.

To clients, we have been doing crisis management exercise with daily situation updates. Outlook in the travel industry all points to recovery with lower volumes. Leisure will be hit most, business mandatory travel will resurge. This will be in phases – Phase I from May to September, Phase II September to December post vaccine and virus control.

International short-haul to ‘safe’ destinations will emerge first, honeymoons by Phase II and by summer 2021 we envisage resuming of International travel. The company's business strategy for the rest of 2020 and 2021 will be to help our clients dynamically to make the most of the evolving market and roll with it.. maintain brand awareness when we cannot do business. For example -design incentives and packages.

Whenever there has been any major impact on the economy of any country, tourism has always been the first one to get affected as people start to cut down on their travel budgets first. However, tourism relatively had a direct role to play when it comes to COVID-19 which has widely spread most in the countries with a high number of tourists.

This pandemic is the biggest challenge that any country has ever faced as international travel could be adversely impacted by up to 25 per cent this year which is equivalent to a loss of three months of travel.

During this time when on-ground activities are not possible, we are already planning ahead so that whenever there is a slight window open for tourists by any of our clients, we are absolutely prepared to take a lead on the opportunity and ensure the best result.

Since travel has become an important part of everyone’s life and is no longer considered as a luxury but a necessity to break away from a mundane routine and rejuvenate, we are positive that travel will revive soon. However, destination marketing services will see a drastic shift. The usually not so conventional destinations, who have seen a controlled exposure to the pandemic might see an upward trend in terms of tourists or as an alternate destination for some of the conventional ones for the time being. Luxury travel will take its time to again play an important role in an individual’s life and domestic market and self-driven accommodations at boutique hotels and home-stays will be the focus till next summers as social distancing and staying at smaller properties reduce the risk of the virus. South East Asia and Middle East will play a key role in India Outbound tourism as they have close proximity and fewer Covid-19 cases.

Regarding MICE Travel, there will be a reduction in the travel budget and companies will keep on promoting Work from Home and conference calls/ meetings to reduce the risk and expenses.

The WTTC (World Travel and Tourism Council) predicts potential jobs impact of COVID-19 to the global Travel & Tourism Sector. Impact to be felt on both white and blue-collar jobs and up to 50 million jobs are at risk globally, representing a reduction in jobs of 12 to 14 per cent, the government should accept the proposal from TAAI and should also consider a complete GST Tax-free Holiday for the Tourism, Travel & Hospitality Industry for the next twelve months till the time the recovery happens. While we all try to resist the crisis situation, the show must go on. We are confident that together we can overcome this situation as well.

The recovery might be slow, but we are sure, once we manage to control this virus, the tourism industry will be the first one to see major growth. After a very long time of no international travel, people would be looking forward to explore once again.

The World Travel and Tourism Council has warned the COVID-19 pandemic could cut 50 million jobs worldwide in the travel and tourism industry. Asia is expected to be the worst affected. Once the outbreak is over, it could take up to 10 months for the industry to recover. The tourism industry currently accounts for 10% of global GDP. The coronavirus epidemic is putting up to 50 million jobs in the global travel and tourism sector at risk, with travel likely to slump by a quarter this year, Asia being the most affected continent, the World Travel and Tourism Council has said.

This impact would depend on how long the epidemic lasts and could still be exacerbated by recent restrictive measures, such as those taken by the U.S. administration on travel to Europe, WTTC's managing director Virginia Messina told Reuters. "Certain measures are not helping and they can prompt the economic impact to be way more significant," Messina said referring to the U.S. decision. She argued that such policies are too generic and not proven to be effective to contain the virus. She also said that such restrictions could complicate travel by medical experts and delivery of medical supplies. Around 850,000 people travel each month from Europe to the United States, equivalent to a \$3.4 billion monthly contribution to the U.S. economy, Messina said.

Of the 50 million jobs that could be lost, around 30 million would be in Asia, seven million in Europe, five million in the Americas and the rest in other continents, she projected. The equivalent to a loss of three months of global travel in 2020 could lead to a corresponding reduction in jobs of between 12% and 14%, the WTTC said, also calling on governments to remove or simplify visas wherever possible, cut travel taxes and introduce incentives once the epidemic is under control. She also encouraged flexibility in the sector, so that travelers can postpone and not cancel their plans. By sector, airlines and cruise ships were currently being more impacted than hotels, the official added. The tourism industry accounts for 10% of the world's GDP and jobs.

The WTTC official defended the confinement of certain towns - as is currently happening in Italy and Spain - if health officials recommend it to contain the outbreak, but only in specifically targeted areas or for certain age groups.

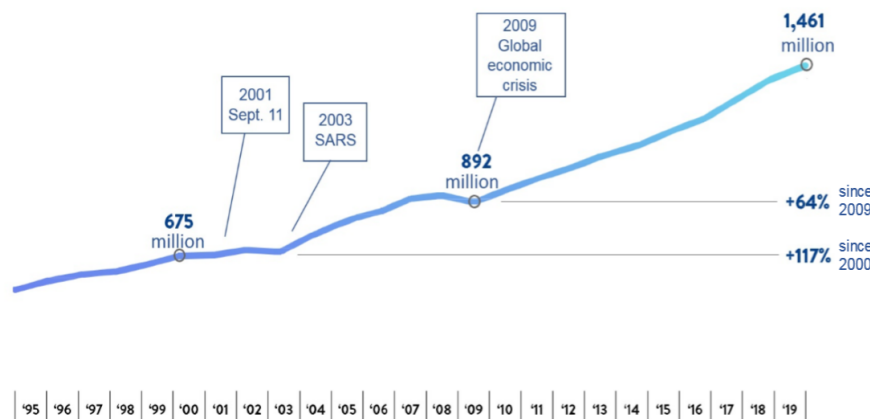
The tourism industry has always been one of industries hardest hit by pandemics and crises. Throughout history, the industry has borne the brunt of major pandemics and plagues, notably, the Black Death (1346-1353), Spanish Flu (1918-1920), SARS (2002-2004), H1N1 Swine Flu (2009-2010) and Ebola Virus (2014-2016). The Spanish flu for instance, restricted travel for four months and killed 21 million people during that short period. Also, the swine flu pandemic led to the Mexican tourism industry alone losing almost a million overseas visitors over a five-month period which translated into losses of about US\$2.8 billion. The tourism industry is in a unique situation because transport serves as a vector for spreading the virus therefore it is usually targeted for breaking the chain of spread of the virus. Tourism has a dynamic element which involves movements and this invariably fuels the spread of viruses. The movement of people via air travel increases the risk of the spread of viruses at a much faster pace than normal. Thus, tourism is both a catalyst for the spread of viruses and a victim of the spread. Pandemics and outbreak of diseases render destinations unattractive to tourists who are risk averse. Usually, travel restrictions, border closures, quarantine and social distance measures are instituted by governments to minimize or curtail the spread of viruses. The World Health Organization also issues travel advisories to discourage travel to destinations with cases of pandemics. These measures coupled with media sensationalism in news reports render destinations affected by pandemics unattractive. These result is fear of travel to those destinations and cancellation of flights, hotel reservations and other scheduled events. During the outbreak of pandemics, almost everything connected to tourism is affected perhaps with the exception of the environment. In Italy, one of the countries hardest-hit by COVID-19, popular tourist destinations like Rome, Venice and Milan are deserted and occupancy rates have slumped to as low as 6%. On 26 March, the World Tourism Organization predicted a 20-30% loss in international arrivals in a press release. Meanwhile, the World Travel and Tourism Council has indicated that 50 million travel and tourism jobs are at risk due to COVID-19. In spite of the monumental impacts on the tourism and hospitality industry, it appears tourism's loss could be the environment's gain. There has been a concomitant fall in greenhouse gas emissions especially in industrialized countries as evident from satellite images of coronavirus hot spots around the world. This has been widely circulated on social media. In China for instance, emissions fell by 25% when factories were shut and cities were on lockdown. Also, the use of coal fell by 40% in the six largest power plants in the country. While there is a lot of panic about the

pandemic, nature is undergoing a healing process. It is expected that by the time we are done with the pandemic, nature would have been troubleshooted. Since the environment is the base product of tourism, destinations would become more attractive.

Airlines, tour operators, travel agents, attraction sites, car hire, restaurants and hotels have all been adversely impacted. All businesses and service providers along the tourism value chain including the farmer who supplies vegetables to a restaurant and a taxi driver who shuttles tourists from the airport to hotels are all affected.

International tourism - growth and resilience

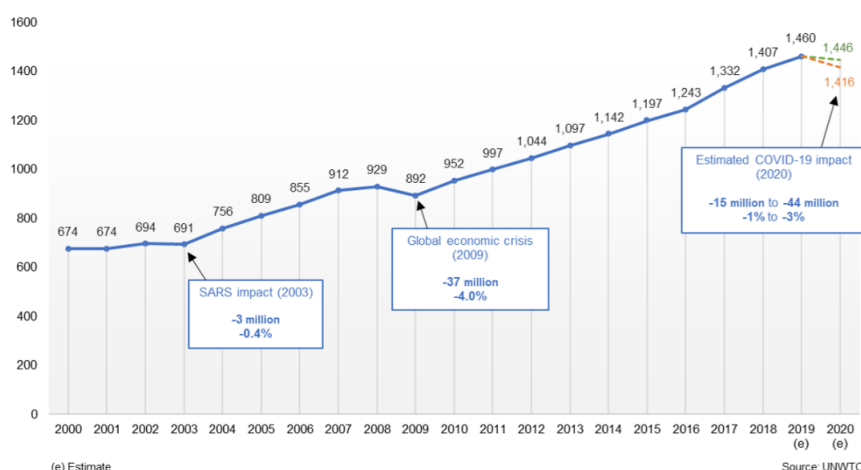
International Tourist Arrivals (1995-2019)



International tourism has seen continued expansion, despite occasional shocks, demonstrating the sector's strength and resilience and benefiting all world regions.

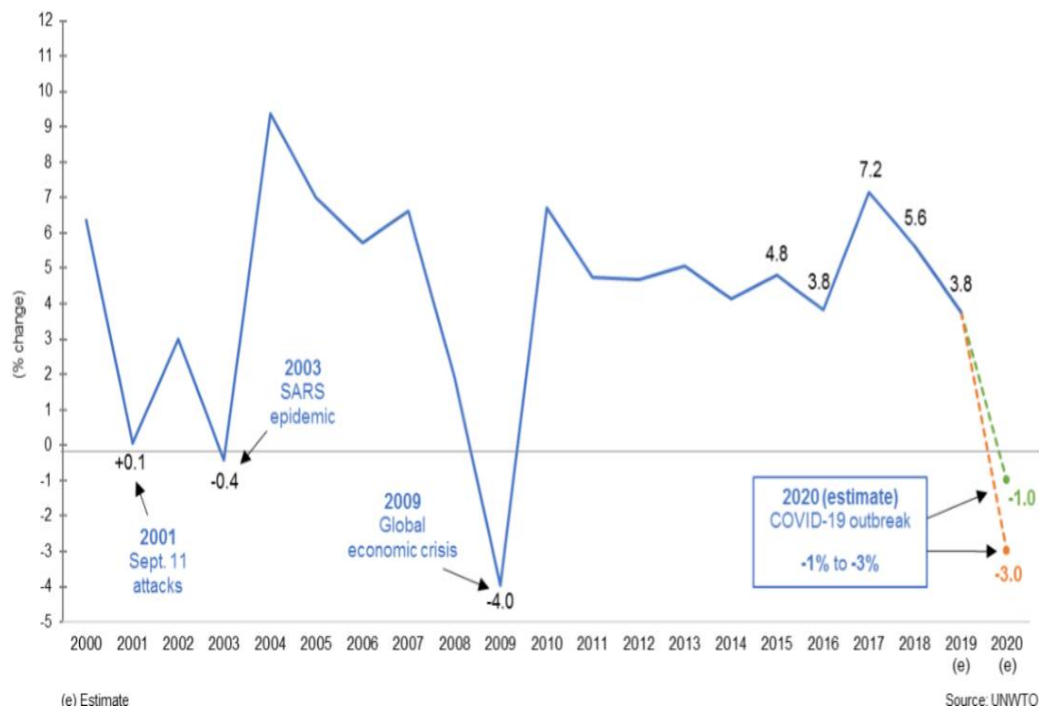
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Revised 2020 forecast - international tourist arrivals, world (million)



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Revised 2020 forecast - international tourist arrivals, world (% change)

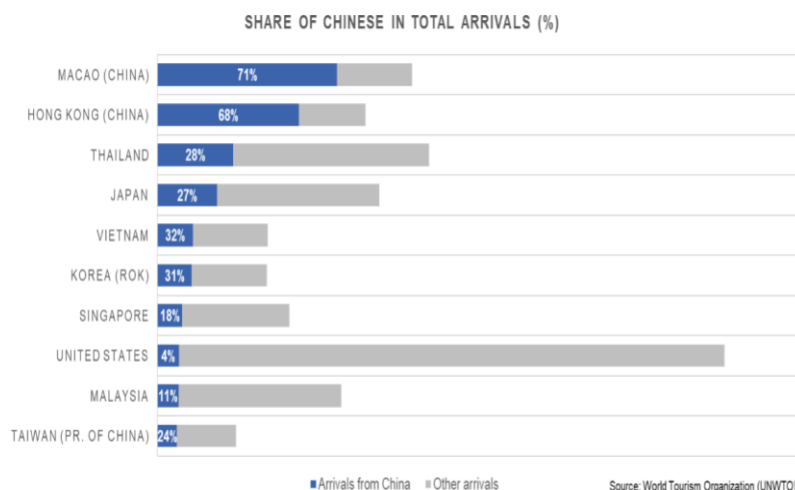


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China as a source market

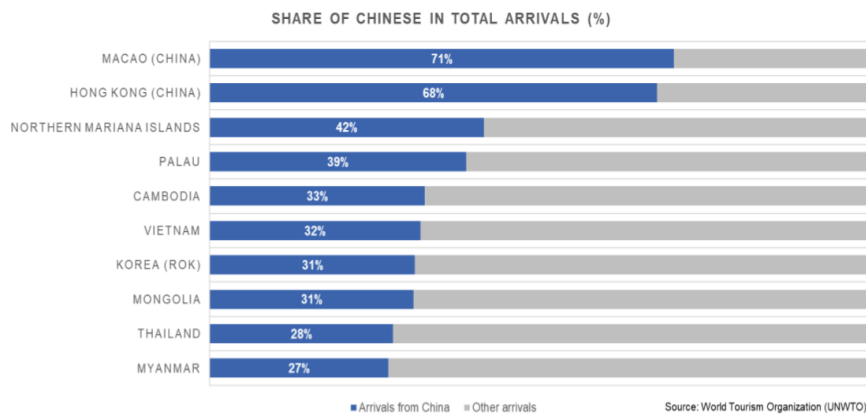
In 2003 China was the 7th largest economy in the world, accounting for 4% of global GDP. Today it is the 2nd largest and accounts for 16% of the world economy. In 2003, China represented 3% of total spending on international tourism, today it accounts for 20%.

Top 10 destinations by Chinese arrivals 2018 (absolute terms)



The most affected destinations considering the current volume of the Chinese market, besides Macao, (China) and Hong Kong (China), are set to be the USA, Thailand and Japan.

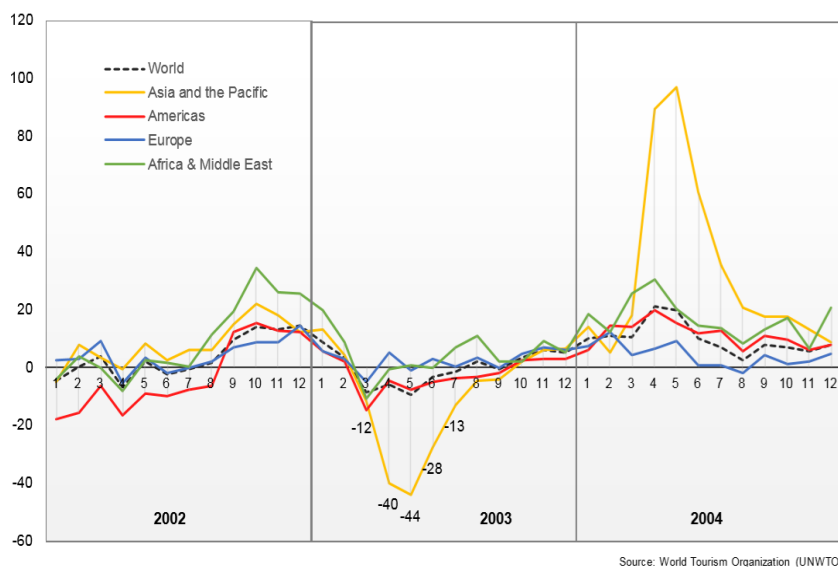
Top 10 destinations - share of Chinese arrivals (%)



Yet, considering the weight of the Chinese travellers smaller, less resilient destinations such as Palau, Cambodia, Vietnam or Myanmar could face a higher impact.

International tourism - growth and resilience

Monthly growth in international tourist arrivals (%), World regions



Experience shows that international tourism tends to rebound strongly from external shocks and crisis.

It has often been argued that the tourism sector has high resilience and the capacity to adapt to and recover from catastrophic or unexpected phenomena. This time, however, the sector will have a very severe stress test to pass. There are analysts who believe that once the worst moments have passed, we will gradually return—they do not venture to offer a timescale—to a certain level of normality, or at least to a situation relatively similar to that which existed pre-crisis (Navarro Jurado et al., 2020). If this is the case, the black swan theory would be confirmed. That theory posits that once an unexpected event of great socioeconomic impact, such as this crisis, has passed, it becomes rationalised, making it seem predictable or explicable and giving the impression that its occurrence was anticipated (Taleb, 2007). According to such a

point of view, the current crisis would not imply substantial change to the tourism sector, at least in terms of its future management and planning. Rather, a 'business as usual' philosophy would prevail. This would be worrying, if we consider the repeated warnings that the sector has received both for its unsustainability (lack of long-term vision) and for the increasingly recurring risks it poses with respect to climate change and global health emergencies (Jamal & Budke, 2020). Ignoring these risks would be reckless.

In light of the current situation, there have been calls for taking advantage of this period of stoppage in order to make far-reaching structural changes to the tourism sector, starting with a reflection on its sustainability. This is particularly relevant if we are to take account of criticisms levelled in recent years, mainly by the academic field, around the concept of sustainable tourism. Those criticisms highlight the need to rethink that concept and bring it closer in line with resilience (Bosak, 2016; Cheer & Lew, 2017; Hall et al., 2018). With the current crisis, this need has become more evident than ever.

Higgins-Desbiolles (2020), for example, wonders whether the COVID-19 crisis is really an epic disaster. Given that human activities need to change if we are to avoid the worst effects of climate change, this crisis, she says, presents us with an unexpected opportunity. Rather than return to our previous operating model as soon as possible, COVID-19 challenges us to think about the unsustainability of the pre-crisis travel and tourism industry. This links into another debate that began a few years earlier, which highlighted the need to curb what appeared to be the unchecked (and, therefore, unsustainable) growth of international tourism travel and to opt instead for degrowth strategies, especially in oversaturated destinations suffering from 'overtourism' (Higgins-Desbiolles et al., 2019). However, suddenly and unexpectedly, those destinations that previously suffered from this problem are now faced with the completely opposite concern: 'undertourism' or, rather, the absence of tourism. It should be said that this crisis has nothing to do with degrowth, which entails voluntary and planned contraction. Nevertheless, as authors such as Fletcher et al. (2020) suggest, even if the COVID-19 crisis ends relatively soon, we cannot afford to return to levels of travel experienced previously, particularly by the wealthiest segment of the world's population. This is not only because of the social unrest overtourism provoked, but also because the industry's environmental damages (including climate change as well as pollution and resource depletion) which were already beyond unsustainable.

According to the same authors, the current restrictions and controls on mobility of people imposed by the health crisis show how, where there is the will and political consensus to do so, it would be possible to regulate tourist flows according to certain

sustainability standards—when it had often been argued that this was not possible (Fletcher et al., 2020).

Despite the uncertainty we referred to at the beginning of the article, one of the most likely consequences of this crisis is the bolstering of proximity tourism (Navarro Jurado et al., 2020), understood it as doing tourism and travelling near home (Diaz-Soria, 2017; Jeuring & Haartsen, 2017). This prediction is based on the fact that with greater social and environmental awareness (Lew, 2020), post-crisis tourists will probably choose to travel to destinations closer to their place of residence. In the context of growing insecurity and uncertainty, nearby destinations could be considered ‘less risky’ by many potential tourists who, having been noticeably affected by the economic crisis arising from the health crisis, have seen their purchasing power reduced. Added to this, there may in fact be restrictions on international (long-distance) travel, at least for a while; in helping to reduce overall emissions, this would certainly be in line with both the promotion of more sustainable tourism and the concept of degrowth.

Conclusion

Needless to say, there is considerable concern over the sustainability of destinations and tourism companies (in this case, sustainability in the sense of survival). Faced with an uncertain future, destinations that appear to be in a less disadvantaged, more resilient, position are those that have a more diversified offer, are less dependent on a particular market and have opted for qualitative rather than quantitative criteria (i.e. development instead of growth). As for the tourism companies, the larger ones may have more wriggle room compared with small ones, although nothing is guaranteed (consider the collapse of giant Thomas Cook, in September 2019). If we consider the above-mentioned predictions, companies that have believed in and been loyal to the principles of sustainable tourism, regardless of their size, are those that could be well positioned in the new context. At this point, we should make special reference to the myriad of micro and small enterprises that are deeply rooted in the destination: those companies that offer ecotourism products or products based on the local natural and cultural heritage and do not contribute to overcrowding, offering both high-quality experiences for tourists and high added value to the destination. In any case, as Lew (2020) has pointed out, companies that survive the pandemic will need to make their products more resilient to future pandemics—which health experts warn will continue to occur—and be able to adapt to the predicted change in consumer interests, which will include greater demand for sustainable products.

In developed countries and emerging economies, where most of the world's tourism demand is concentrated and where proximity tourism is expected to help save the sector, the situation is more promising than it is in developing countries. The latter are highly dependent on outbound markets that come mostly from developed countries. Therefore, the challenge to the global tourism sector is major. Sustainability tells us to look for balances (i.e. between the environment, society and the economy). Thus, the challenge for global sustainable tourism will be to strike a balance between maintaining activity in rich countries, while avoiding overcrowding, and bringing activity to poor countries, some of which are overly dependent on the sector and markets that will need a lot of incentives to recover. Tourism can be a good tool for local development, but it should not be the only one. Thus, it will also be necessary to find a social balance in terms of equity and justice, as well as an economic one, in every destination. This is where tourism planning and management policies come into play, in terms of implementing sustainability and resilience at all scales (local, national and international) and with appropriate forms of governance, integrating the public and private sectors in a co-ordinated manner.

In brief, all stakeholders, including us as researchers, have a task of great responsibility: to help redirect tourism—from the point of view of both supply and demand—towards a truly sustainable and resilient profile that is fit for a future that is constantly changing and full of new challenges.

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