

The Future of Tourism Post-COVID-19

15 April 2020



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Many estimates are being thrown around about the potential impact of COVID-19 on global and national economies. Perhaps the only thing they agree on at this stage is that it will be bad – the main source of disagreement seems to be on exactly how bad it is going to get. The answer largely depends on a number of things: how long the pandemic will last, the severity of social distancing restrictions on business, and the magnitude and effectiveness of government stimulus packages.

New Zealand Prime Minister Jacinda Ardern called the choice between health and economy a false dichotomy: it is not a trade-off – if unaddressed, the long-term costs of letting the virus roam free will be much higher than the short-term pains involved in slowing the spread due to local transmissions.

Is it too early to talk about what to do when things start to look better? After all, many countries are just starting to introduce more stringent physical distancing measures as COVID-19 crosses their borders.

Nevertheless, there are countries that think they are passing the peak phase of infections and are already planning how to remove some restrictions. On Monday, 7 April, previously shut restaurants in Beijing and Shanghai were bustling with activity (though a new normal now includes masks on people faces). Photos of busy public parks have been making their way around the net. On Tuesday, 8 April, China reported the first day without COVID-19 related deaths for the first time since January 2020.

However, even China, a previous staunch advocate of keeping borders open during the pandemic, has now effectively shut its borders to international travellers to ward off imported cases. It is not alone: nearly 120 economies now have some sort of travel restrictions – ranging from outright blanket bans to all travellers – to selective geographical restrictions – for the same reason.

As a result, the most immediate and perhaps the most prolonged impact would be on travel and tourism sectors. The figure depicts the share of international travel services exports in Asia-Pacific economies' GDPs (for which data is available, latest years). Macao, China; and Maldives are in the most dire positions, followed largely by Pacific small island developing states (SIDS), as well as countries in Central Asia and South-East Asia.

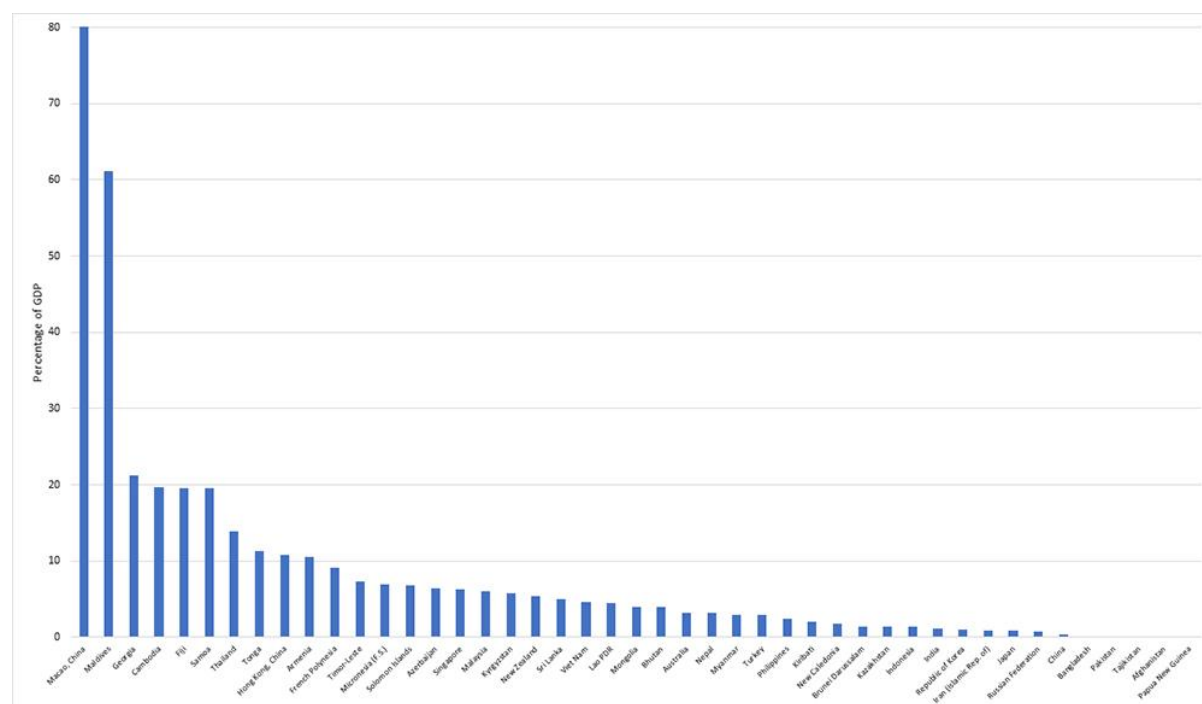


Figure: Share of international travel services exports in GDP in Asia Pacific economies, latest years (percentage)

Source: ESCAP, based on data from ESCAP statistical database and WTO Services Trade data, accessed 20 March 2020.

As the world slowly turns back to normal it is very likely that international travel restrictions will linger on to avoid “importing” new COVID-19 cases, particularly among some SIDS who have yet to report a case (e.g. Samoa). To support their tourism sectors, countries may purposefully restrict outward travel and encourage local tourism as a substitute (e.g. by easing private loans while industry itself will work with price incentives). In essence, domestic travel and tourism will be expected to substitute foreign tourism demand, at least for the time being. For some countries, this will not nearly be enough, especially in terms of generating foreign currency revenues.

Additionally, it may well be that governments will support travel and tourism sectors more directly through bailout packages but these details are not available at present and it is hard to see how those with a narrow fiscal space will be able to afford those.

At some later stage, there will first be a slow, gradually intensifying, competition for foreign tourists' dollars. At the beginning, countries may require a COVID-19 free certificate. However, here is where potential problems (and a second wave of COVID-19) may be. Even in the longer term, it would be desirable to have internationally recognized tests and accredited laboratories. To jump start this process, governments may wish to already start discussing such provisions, including mutual recognition arrangements, accepted international standards and so forth.

Paradoxically, it may be that source countries that are now worst hit (in absolute numbers) may initially be the most promising tourist markets (like the United States at the moment). If it becomes evident that COVID-19 survivors become immune to subsequent infections and transmissions, an immunity certificate (like Yellow Fever booklet) may become a requirement for both outward and inward travel. Already the United Kingdom is considering issuing "immunity passports" so people can leave the lockdown early.

Needless to say, host countries themselves will also need to show they are safe for tourists. This goes beyond having low reported infection numbers, but also having credible systems in place in case tourists do get sick. Such provisions may include government guarantee for private treatment (as opposed to nearly impossible to get insurance for it now).

And of course, recipient countries will have to make it easier for travellers to arrive. This will mean improving visa application processes (making them online), or outright waiving them, perhaps as part of bilateral arrangements.

These things take time. Perhaps some of the planning/implementing can be done by government agencies working remotely from home?

Source: <https://www.unescap.org/blog/future-tourism-post-covid-19>