SOUTHEAST ASIA TOURISM RECOVERY POLICY DIALOGUE

REBUILDING ECONOMIC & SOCIAL BENEFITS; RE-INSPIRING TRAVELLER CONFIDENCE

INTRODUCTON

The purpose of this paper is to summarize the economic and social impacts of the COVID-19 pandemic on the Travel & Tourism (T&T) sector globally and in Southeast Asia and present policy solutions that governments could adopt to accelerate the recovery. The paper provides global good-practice examples of effective tourism-crisis recovery policies and proposes a phased approach (below) to build back more resilient and sustainable tourism.

Managing and Mitigating the Crisis (underway)	Re-starting Sector Operations	Reaching Recovery	Re-design for the "New Normal"
- Protect the livelihoods of workers - Ensuring fiscal support - Injecting liquidity & cash - Supporting the informal sector - Complying with travel bans	- Coordination across the sector - Define new global protocols - Create regulatory relief for the sector & reinvesting - Using metrics & strategy - Prioritising T&T - Remove travel restrictions - Build sustainability	- Lead with domestic travel - Re-inspire wanderlust while reassuring and re-building travellers' confidence. - Facilitate recovery through supportive regulation & incentives	- Determine new requirements & expectations - Collaborate on new policies - Embrace new technologies and their adoption - Communicate openly and promote both domestic and international travel to revitalise the sector

CONTEXT & IMPACT

The latest World Travel & Tourism Council (WTTC) annual research reveals that the Travel & Tourism sector experienced 3.5% growth in 2019, outpacing that of the global economy (2.5%) for the ninth consecutive year. Over the past five years, one in four new jobs were created by the sector, reinforcing the T&T's role as a key driver of economic growth and job creation. In 2019, the T&T sector's direct, indirect, and induced impact, globally, and in Southeast Asia is shown below[i]:

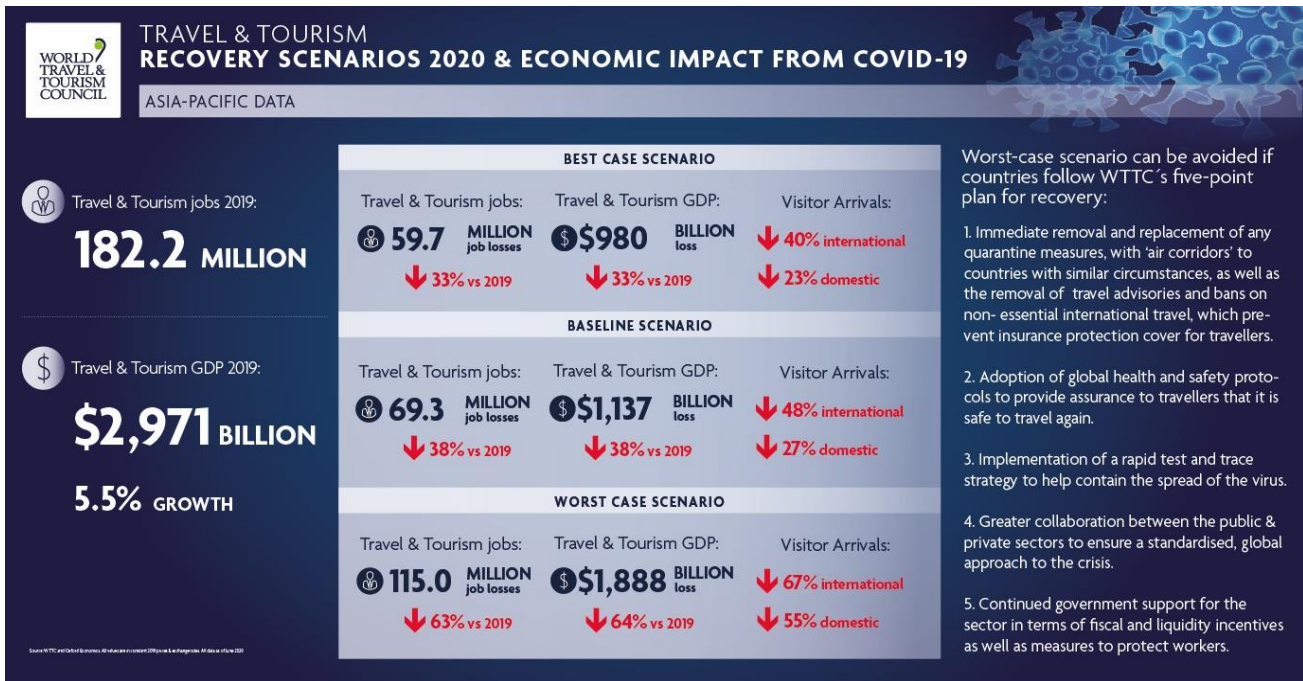|	Global	Southeast Asia
Total contribution to GDP	$8.875 trillion (10.3%)	$380 billion (12.1%)
Total contribution to employment	329.6 million jobs (10.4 %)	42.3 million jobs (13.3%)
Visitor exports	$1.7 trillion (6.8% of total exports, 28.3% of global services exports)	$164.3 billion (9.1% of total ASEAN exports)
Capital investment	$948 billion (4.3% of total investment)	$54.5 billion (6.4% of total ASEAN investment)

	2019 T&T contribution to GDP (US$ billion)	2019 T&T % of total economy GDP	2019 T&T GDP growth (%)	Domestic spend, % of total, 2019	International spend, % of total, 2019	2019 T&T employment contribution (000s)	2019 T&T % of total employment
Southeast Asia	**380.2**	**12.1**	**4.6**	**50**	**50**	**42,346**	**13.3**
Brunei Darussalam	0.8	5.9	6.2	56	44	16	7.9
Cambodia	7.1	26.4	8.6	23	77	2,371	26.4
Indonesia	63.6	5.7	3.6	58	42	12,569	9.7
Laos	1.8	9.1	6.5	38	62	330	9.6
Malaysia	41.8	11.5	6.6	49	51	2,217	14.7
Myanmar	3.7	4.6	4.5	42	58	1,073	4.8
Philippines	90.9	25.3	8.6	85	15	10,238	24.1
Singapore	40.4	11.1	-2.5	29	71	527	14.1
Thailand	107.0	19.7	1.8	29	71	8,055	21.4
Viet Nam	23.1	8.8	7.7	49	51	4,951	9.1

While T&T's historical growth has been strong, the COVID-19 pandemic and resulting government-mandated border closings, travel restrictions and business closures, including airlines, restaurants, tourist attractions and hotels, have undercut T&T demand across the world, including in Southeast Asia.

WTTC research projects that under a baseline scenario - where barriers to global travel, such as blanket anti-travel advisories and quarantine measures are removed, and restrictions to domestic, short-haul/regional, and intercontinental travel ease as of June, July and September respectively, 121.1 million jobs will be lost in 2020 as a result of COVID-19[ii], (36.7%); and T&T 's contribution to global GDP will drop by $3.4 trillion. This compares to 197 million T&T job losses and $5.5 trillion reduction in GDP if anti-travel advisories and quarantine measures remain in place. The Asia-Pacific region is expected to be the most heavily impacted with 69.3 million job losses in a baseline scenario and $1.1 trillion lower contribution to GDP.

TRAVEL & TOURISM JOB AND GDP LOSS PREDICTIONS BY REGION

TOTAL T&T JOB LOSS PROJECTIONS FOR 2020, BY REGION, IN MILLIONS			
Job Losses	Upside	Baseline	Downside
Asia Pacific	-59.7	-69.3	-115.0
Europe	-14.2	-18.4	-29.5
EU	-8.8	-11.4	-18.3
Africa	-7.6	-10.9	-17.4
Americas	-14.0	-19.2	-30.7
North America	-8.1	-11.4	-18.2
Latin America	-4.7	-6.1	-10.4
Caribbean	-1.2	-1.6	-2.0
Middle East	-2.7	-3.4	-4.9
World	-98.2	-121.1	-197.5

TOTAL T&T GDP LOSS PROJECTIONS FOR 2020, BY REGION, IN US$BN			
GDP Losses	Upside	Baseline	Downside
Asia Pacific	-980	-1,137	-1,888
Europe	-771	-1,000	-1,608
EU	-568	-739	-1,187
Africa	-53	-75	-120
Americas	-781	-1,098	-1,750
North America	-673	-955	-1,520
Latin America	-84	-109	-185
Caribbean	-27	-34	-44
Middle East	-99	-125	-179
World	-2,686	-3,435	-5,543

TRAVEL & TOURISM
RECOVERY SCENARIOS 2020 & ECONOMIC IMPACT FROM COVID-19
ASIA-PACIFIC DATA

ASEAN member countries reported a 34% decrease in international visitors in the first quarter of 2020 compared to 2019, with the Pacific Asia Travel Association (PATA) predicting a 22% annual drop in Southeast Asia this year and $34.6 billion less T&T spending (-20%)[iii]. Growth in the region is expected to resume in 2021 and reach PATA's pre-COVID-19 forecast by 2023.

The short, medium and long-term impacts in Southeast Asia will vary depending on a variety of factors, including the overall strength of economies, the relative importance of T&T to their economies (e.g. Cambodia, the Philippines and Thailand will be more exposed than Brunei and Myanmar), the proportion of tourism that is domestic (as tourism recovery is likely to be led by domestic tourism, countries where domestic spend contributes relatively higher to overall spend, such as the Philippines and Indonesia may bounce back faster than those that rely more on international markets), and their ability to support the sector, particularly crisis management and recovery efforts.

DEMAND SIDE
Tourism demand may not bounce back immediately due to a mix of economic, psychological, and regulatory effects of the pandemic. The recovery could further be hindered should there be an economic recession, which would likely reduce disposable incomes. While certain groups are excitedly awaiting the time when they will be able to travel, the crisis may simultaneously increase risk aversion of certain groups and demographics. Indeed, new research from the travel analytics firm ForwardKeys shows the sentiment to travel remains strong, with flight search data revealing that consumers are still dreaming about travel[iv]. Regulations will also influence demand, as the number of visitors allowed to access attractions and service may be reduced. Governments have an important role in helping to stimulate demand, encourage longer stays per visitor to offset lower demand, and to carefully consider the effects regulations would have on T&T business operations.

SUPPLY SIDE
The Travel & Tourism value chain is extensive, cutting across a multitude of industries including airlines, hotels, cruises, tour operators, digital platforms, Geographic Distribution Systems (GDS), restaurants, airports, and car rentals, among

others. The crisis will affect each industry in different ways, and how operators fare will depend on the restrictions they face, the nature and geographic scope of operations, their demand profile, and their financial health. Currently, nearly all Travel & Tourism operators have reduced or suspended operations, waiting for lockdowns to ease and travel to resume. Given the typically narrow margins and low cash reserves of Travel & Tourism operators, bankruptcies and closures are inevitable unless governments are able to provide significant and ongoing support in the way of injecting liquidity, providing wage subsidies and deferring and/or cancelling debts.

Importantly, Travel & Tourism in Southeast Asia, and globally, is characterized by a large proportion of small and medium-sized enterprises (SMEs), accounting for 80% of the sector. Businesses such as homestays, hostels, cafés, and restaurants are often small family-run businesses and are thus particularly exposed to lengthy crises. To avoid mass closures, efforts will need to focus on supporting SMEs in accessing credit.

CLOSER LOOK: HOW COVID-19 WILL AFFECT AVIATION

IATA estimates that, on average, airlines had two months of cash reserves at the start of 2020[v]. With ForwardKeys' analysis of the first 15 weeks of 2020 showing a 50% drop-off in global flight arrivals compared to the same period in 2019 (49.4% in Southeast Asia) as well as an 86.6% drop in bookings, many airlines will struggle to survive. IATA expects global passenger demand (measured in revenue passenger kilometers, RPKs) to be at least 24% below 2019 levels and 32% lower than their October 2019 Air Passenger forecast for 2021. 2019 RPKs are not expected to be exceeded until 2023[vi].

Airlines' resilience will depend on a number of factors, including: (a) their cash balances; (b) their access to affordable credit lines; (c) their ownership structure (e.g. smaller private carriers and state owned carriers in developing countries, where governments lack the financial capacity to extend support, are more vulnerable); and (d) their business model (e.g. budget carriers operating on small margins and serving mostly leisure travel will be less solvent).

Given aviation's extensive value chain, which touches on virtually every part of the T&T sector, including operations linked directly to the running of an airport, as well as travel agents, tour operators, hotels, taxis, etc, the collapse of airlines would have far-reaching socio-economic impacts. Job losses may be further exacerbated by a process of consolidation in the wake of bankruptcies. How the aviation industry copes will be contingent on the length and severity of the crisis, how quickly demand rebounds, the price of oil and its pricing implications, how much support is offered by governments and financial institutions, and the impacts of new protocols and regulations.

LESSONS

Analysis of previous major viral epidemics by WTTC shows that the average recovery time for visitor numbers to return to pre-crisis levels in a destination was 19.4 months, but with the right response and management, substantial recovery could occur in as few as ten months. Yet, there is no doubt that COVID-19 will affect the demand and supply sides of the Travel & Tourism sector more profoundly than previous epidemics, not only because of the scale of the pandemic, but also because tourism has more than doubled in size since, for example, SARS hit in 2003; and much of the growth has been driven by the People's Republic of China (PRC), which is a top market for ASEAN countries.

As we have learned from previous crises, no one stakeholder can drive recovery on its own. It is essential for public and private T&T stakeholders to plan a coordinated and consistent approach to mitigate COVID-19 impacts and ensure speedy and effective recovery once the crisis has stabilised[vii].

In this context, WTTC has identified four principles to ensure the swiftest possible Travel & Tourism sector COVID-19 recovery:

1. **Joint public-private coordinated approaches to re-establish effective operations**, remove travel barriers and reopen borders. This would ensure the efficient resumption of flights, movement of people and widescale travel that is essential to re-build Travel & Tourism confidence.
2. **Enhance the safe and seamless traveller journey** experience, combining the latest technology and protocols to increase health & hygiene standards. Consider the "new normal", integrating health, security, hygiene, and sustainability into a traveller centric approach.
3. **Work with the private sector and health experts to define global protocols** for the new normal, grounded in science which can be easily adopted by businesses of every size across all travel industries and can be implemented worldwide.
4. **Continue to aid and assist the Travel & Tourism sector during the recovery phase**, throughout the entire travel eco-system. Financial support for workers and businesses and for promotion to enable a prompt recovery. It is vital to avoid a domino effect of business closures which would further delay recovery once the pandemic subsides.

RESPONSE AND RECOVERY

1. Managing and Mitigating the Crisis (underway)
2. Re-starting (of operations) the Sector
3. Reaching Recovery
4. Re-design for the "New Normal": The Future of Travel & Tourism and the Future Traveller

PHASE 1: MANAGING & MITIGATING THE CRISIS
Aim: Significant and swift measures are needed to support the Travel & Tourism sector in the turbulent months ahead. Governments should implement policies that will directly support the sector across the following five areas, namely:

1. **Protecting the livelihoods of workers:** Financial assistance to protect the incomes of millions of workers.

   Governments around the world have put in a variety of measures to reduce the administrative burdens of reducing working hours and implementing furloughs, while providing wage compensation schemes, including special pay-outs for self-employed persons and freelancers. Unemployment benefits have also been widely extended, with looser requirements for accessing them. Workers have also typically been allowed more flexible working arrangements, such as working from home, and extended sick- and family care-leave.

2. **Fiscal support:** Waiving taxes, fees, and other government charges for 1-year or longer.

   The last few months have seen governments suspending or relaxing tax obligations, including social security contributions, VAT, property, and business taxes, etc., for periods ranging from a few months to well over a year. This has also included deferring debt repayments and reducing/removing interest rates.

3. **Injecting liquidity & cashflow:** Cash flow assistance to support large and small Travel & Tourism businesses is critical, as well as offering targeted support to severely affected industries within the sector. Governments could

consider extending vital, appropriately sized interest-free loans to global Travel & Tourism companies and SMEs to prevent them from collapse.

Maintaining liquidity is a pressing need for Travel & Tourism companies, and governments have offered unprecedented support in this area, including increased and favourable loan facilities (e.g. lower interest rates and extended debt repayment periods) and public guarantee schemes that help to mobilize significant extra resources. Several countries have also launched financial assistance packages such as grant funding and low interest credit lines for vulnerable industries like tourism. Beneficiaries range from SMEs to airports, airlines, and convention centres.

Strengthening travel company liquidity and consumer confidence through the Danish Travel Guarantee Fund
The Danish Travel Guarantee Fund, funded by Danish travel organisers, provides compensation to consumers subject to cancellations resulting from travel organiser bankruptcy. However, due to the extreme rise in cancellations and the increasing number of Danish travel organisers facing a severe liquidity crunch, the Danish government opted to provide a state loan facility of up to DKK 1.5 billion ($223 million) to the Travel Guarantee Fund in order to strengthen and widen the extent of its coverage. The fund now covers travel packages that were cancelled due to the exceptional circumstances caused by COVID-19 and the subsequent travel restrictions imposed by the Danish Government. This thereby ensures companies can settle travellers' claims quickly and efficiently while preserving business continuity.

---

4. **Support the informal sector, including business registration:** Support from government and financial lending institutions can typically be most effectively delivered to registered entities.

   Worldwide economic relief efforts have largely focused on providing income replacement support to companies or individuals and on tax reliefs to individuals and businesses. Moreover, a lack of institutionalised sick leave means that for many informal employees, health and financial survival can turn into an outright trade-off. As such, there is good reason to help informal enterprises register their business, particularly when increased unemployment is likely to push more and more people into the informal economy. However, governments should consider the equity implications of expanding the tax net and assess the significant risks for workers and businesses, including over-taxation of small informal businesses that may already be paying a variety of informal fees and payments. Moreover, support should also be provided to unregistered businesses to ensure that they are not being left further behind. Types of assistance could include (a) unconditional cash transfers, perhaps through small geographically-targeted administrative units (targeted, means-tested transfers may be feasible if systems are in place to deploy them rapidly), and; (b) revenue reliefs that affect informal workers, e.g. utility fees, market taxes and fees, and mobile money / payment taxes.

5. **Complying with travel bans**: Travel & Tourism policies should support public health directives to ensure swift recovery. Consistency with, and promotion of, health and safety measures are critical.

   National Tourism Organisations and Administrations, as well as private operators, have taken a variety of measures to support public health directives, including operations suspension/adaptation to comply with the directives, and are reinforcing the messaging of public health authorities in consumer communication. In many cases, such communication has also included creative content to engage consumers and inspire them to travel once the crisis has passed.

Positive and swift tourism-related crisis mitigation measures in Southeast Asia and beyond[viii]

Singapore: The Government rolled out several policies and measures to support the Travel & Tourism sector with a focus on confidence building and providing aid. To build confidence, the Government is providing support for professional environmental cleaning and disinfection costs for hotels that provided accommodation for suspected/confirmed cases. Singapore created a Clean Certification to provide assurance to locals and visitors on tourism venues and facilities implementing rigorous preventive measures. Among other measures to support the sector, Singapore also waived the licence fees for STB-licensed hotels, travel agents, and tourist guides for 2020; reduced by 50% the industry participation fees for STB-led tradeshows; enhanced the training scheme, and is funding up to 90% of training course fees and trainer fees; provided salary support through Workforce Singapore of up to 70% of fixed monthly salaries, capped at $2,000 per month per employee for the training duration for up to six months; provided licenced self-employed tourist guides with wage support of $1,000 to assist with some of their basic living expenses, provided they are Singaporean citizens or permanent residents; implemented rebates on aircraft landing and parking charges as well as rental rebates for shops and cargo agents at Changi; and more. The Government is ready to consider further measures if and when necessary.

The Philippines: The Philippine Department of Tourism implemented policies and initiatives such as the moratorium on the collection of accreditation fees from new and renewing applicants from Tourism Enterprises and Tourism–Related Enterprises for the year 2020; provisions of financial assistance to displaced tourism workers; and enhanced training schemes such as online learning sessions for tourism stakeholders.

People's Republic of China: The Party Central Committee and the State Council deployed three batches of tax and fee policies to support the epidemic control and resumption of work. The first batch focused on epidemic prevention and control. The second batch focused on reducing the burdens of enterprises on social insurance premiums, pension, unemployment, work-related injury insurance contributions, medical insurance premiums, and reducing the cost of employment procedures. The third batch focused on small-scale enterprises, individually owned businesses and on small-scale VAT taxpayers, to supplement landlords who reduce or deduct rents. The Ministry of Culture and Tourism and the Industrial and Commercial Bank of China (ICBC) also signed a strategic cooperation agreement to help cultural & tourism enterprises. ICBC is providing RMB100 billion credit lines for affected cultural & tourism enterprises and making financing succession arrangements to meet capital needs through "anti-epidemic loan", "employment loan", and "tax loan", to help privately-owned enterprises and MSMEs in culture and tourism. The Civil Aviation Administration of China's measures include tax relief and subsidies; VAT exemptions for revenues from transporting anti-epidemic materials and express delivery; and waiving airlines' payment to the civil aviation development fund starting from 1 January.

Portugal: The Portuguese government placed particular emphasis on the T&T sector by establishing a dedicated €60 million credit line for micro-businesses and by working closely with Turismo de Portugal to bolster national capacity to respond to the challenges resulting from COVID-19. Key measures include €200 million credit line for businesses, €60 million credit line for T&T micro-enterprises, extraordinary support for the maintenance of employment contracts in a company in the amount of 2/3 of remuneration and ensuring 70% of Social Security, the remainder being borne by the employer, offering of training scholarships in the Institute for Employment and Vocational Training in Portugal and extending the deadlines for payment of taxes and other declarative obligations. The Government approved State-guaranteed credit lines including €200 million for travel agencies, recreational services enterprises, and event organisers, of which €75 million are for micro and small businesses; €900 million for hotels and accommodation establishments, of which €300 million are for micro and small businesses; and rent relief. For residents, all Turismo de Portugal's Tourism Schools are now delivering online classes and tuition fees are suspended. Together with private sector associations Turismo de Portugal has made available a fund of €250,000 to support accommodation and hotel owners with electricity, water, gas, and cleaning costs.

PHASE 2: RE-STARTING THE SECTOR
Aim: Ensuring the successful resumption of Travel & Tourism through strategic coordination, the prioritisation and implementation of relief measures, removal of restrictions and the definition of new protocols and metrics.

1. **Coordinating across the Sector:** Ensure coordinated, holistic approaches to re-starting different Travel & Tourism segments to avoid the "chicken and the egg" problem, e.g. airlines/cruises with hotels ('no seats, no rooms: no rooms, no seats'). Coordination is also required between and among governments to ensure wider management as markets open in phases.

Sri Lanka Tourism: Operational guidelines with health protocols
Sri Lanka has released guidelines for limited resumption of international tourism from 1 August. Sri Lanka Tourism produced the guidelines, based on extensive feedback from all relevant tourism stakeholders, associations and individuals, and in line with the guidance received from the Ministry of Health (MoH) and the World Health Organization (WHO), The guidelines provide a road map with key criteria and steps to be taken for the 'Safe and Secure' restoration of tourism activities, with a focus on repeated testing and pre-booking. The comprehensive guidelines will be implemented by the Sri Lanka Tourism Development Authority (SLTDA) with the cooperation, support and involvement of all relevant public and private bodies and other development partners. Sri Lanka has synthesised the information in a clear, user-friendly Q&A for travellers on their website.

---

2. **Defining new Global Protocols:** Protocols should be implemented for the various tourism industries to rebuild confidence among consumers, so they are assured of safe travel once restrictions are lifted. Consistency is needed among destinations and countries, as well as guidance to travel providers, operators, and travellers, about the new approach to health and hygiene in a post COVID-19 world. The post 9/11 experience, whereby governments implemented different protocols for safety and screening at airports creating uncertainty, confusion, and slowed recovery, demonstrated clearly that public-private cooperation and coordination is paramount, both nationally and internationally, to avoid fragmentation and to ensure an effective response and implementation of the necessary principles. Ideally, protocols should be industry-led, following internationally accepted guidelines, and backed by governments regulations.

Global safety and hygiene stamp
WTTC has introduced a global safety and hygiene stamp, which will allow travelers to recognize governments destinations and businesses that have adopted global health and hygiene standardized protocols. The "Safe Travels" stamp has also received the backing of the United Nations World Tourism Organization (UNWTO) and CEOs from major tourism groups. Eligible businesses, such as hotels, restaurants, airlines, cruise lines, tour operators, restaurants, outdoor shopping, transportation and airports, will be able to use the stamp once the health and hygiene protocols, outlined by WTTC, have been implemented. Destinations will also help award the stamp of approval to local suppliers.

---

3. **Regulatory Relief & Reinvestment:** Implement moratorium on penalties linked to the drop in tourism, for instance by providing tax relief and reducing charges for aircraft slot allocations. Reinvest tourism-specific taxes to protect public goods important for tourism and into specific Travel & Tourism projects that upgrade public products and services that support sustainable and inclusive growth.

Re-investing in Icelandic Tourism [ix]

As part of the COVID-19 response package, the Icelandic government approved a special **ISK 15 billion investment acceleration initiative, comprising several Travel & Tourism projects**:

- Allocated additional 650 million ISK for infrastructure at national parks and protected areas including public tourist sites as well as an extra 200 million ISK (USD 4.8 million) for the Tourist Site Protection Fund.
- Extending Akureyri airport terminal in North Iceland and improvements at both Akureyri airport in North Iceland and Egilsstaðir airport in East Iceland.
- Improving the Harbour and road improvements across the country.
- Accelerating infrastructure investment for the electrification of harbours and rental car fleets.
- Renovating the Harpa Concert and Conference Centre in Reykjavik.
- Allocated 400 million ISK (USD 3 million) to boost tourism innovation through the Technology Development Fund.

---

4. **Metrics & Strategy:** Establish metrics to measure and manage the rate/extent/time of recovery. On this basis, establish timely plans and criteria on how and when to re-open borders in a safe, timely and coordinated manner. Use this information to deliver evidence-based communication to travellers and thereby inspire confidence.

Experience from past crises has shown that they are best managed when properly monitored and evaluated, allowing for evidence-based decision-making across industry and government. Coordination with international organizations and industry associations allows for trusted, useful, and unified platforms for identifying and displaying commonly agreed upon metrics. The PATA Tourism Recovery Monitor[x] is an example of an effective effort to bring together an array of experts and partners to share valuable data, content and trends of leading tourism indicators.

Metrics that define success may also need to be adapted. Measuring success in terms of international tourist arrivals was already a problematic proposition, but should demand take longer to recover, it will be even more important to place added focus on metrics such as length of stay, spending and yield, and dispersion.

5. **Prioritising Travel & Tourism:** There will be a continued need to address private sector liquidity through explicit political and financial commitment from governments, such as the implementation of tourism stimulus packages, with support to both large businesses and SMEs. Governments may also need to support private sector financing solutions to enable businesses to restructure to a "new normal" and to ensure that those firms best positioned to lead recovery ramp-up operations when demand resumes.

In addition to supporting existing businesses, governments may wish to incentivise Travel & Tourism business expansion and entrepreneurship, for example through waiving permit/license fees for both new issuance and renewals for hospitality enterprises, travel agents, tour guiding and transportation providers.

6. **Removing Travel Restrictions:** Ensure that any travel restrictions remain proportionate to the public health threat and manage them accordingly. Share information on the lifting of travel restrictions. Address the need for expatriate and migrant workers by relaxing/removing visa requirements and other restrictions to labour mobility.

As travel restrictions ease, governments should collaborate across borders and administrative levels to ensure access to "safe" areas, as well as make effective use of global gateways. For example, to support the reopening of operational supply, they may reduce or temporarily remove landing fees and passenger airport taxes and expand bilateral and/or multilateral flights.

Travel Bubbles / Green Zones

An interesting proposal generating substantial discussion presently is the notion of allowing travel in bubbles, or between safe / green zones. Estonia, Latvia and Lithuania have already opened a "Baltic bubble" and an Australia-New Zealand bubble looks set to open in September. The bubbles allow quarantine-free flow of people between countries. Elsewhere, Viet Nam is reportedly looking at a similar arrangement with PRC, the Republic of Korea and other countries in Southeast Asia.

However, in the EU, where the principle of non-discrimination is of particular importance (when a Member State decides to allow travel into its territory or to specific regions and areas within its territory, it should do so in a non-discriminatory manner) the discussion has gone further, looking instead at delimiting a country into zones, labelling them red or green according to their epidemiological situation, and finally limiting travel from and within red zones, but gradually allowing travel between green zones – independently of which country they are in. This would, on the one hand, control the spread of the virus, and, on the other hand reduce the economic and social impact of the pandemic. Two critical success factors will be determining common risk-based criteria for when a zone is Green, Amber or Red and achieving cross-recognition of zone status by governments. The most contentious point is the notion of restricting travel within regions of a country, while allowing people from regions of other countries to enter.

---

7. **Building in Sustainability through Strengthened Destination Stewardship:** Generate a discussion among public and private sectors and communities on how to better deliver on shared objectives of developing, promoting, and managing sustainable tourism experiences that deliver on market expectations and support the needs of host communities.

Renowned Southeast Asian destinations such as Maya Bay in Thailand and Boracay in the Philippines temporarily closed even before COVID-19 due to overcrowding. The focus is now on sustainability rather than arrival numbers. COVID-19-induced closures offer destinations an opportunity to re-imagine tourism. There is a need for better dialogue and the creation of a shared agenda, underpinned by new and innovative models for collaboration and shared measurements of success to create a stronger, more sustainable, responsible, and resilient Travel & Tourism. This is particularly urgent in destinations which have faced significant pressures from tourism overcrowding – and which may be subject to very rapid growth once tourism resumes.

As Travel & Tourism recovers and re-grows, it will be important to demonstrate that it follows a more sustainable and 'green' principles than previously. Given consumers are likely to seek natural experiences far from crowds, destinations should also consider diversifying their products, shifting from concentrated enclaves to lower density, dispersed development, emphasising healthy activities in well-managed natural settings.

PHASE 3: REACHING RECOVERY

Aim: By rebuilding traveller confidence, re-inspiring wanderlust and implementing enabling policies, the sector can reach recovery

1. **Leading with Domestic Travel:** Recognise that domestic travel is likely to start sooner and more quickly than international travel.

   Plans should be in place for marketing activities and incentives that will facilitate domestic travel and encourage increased length of stay. This can be done through competitive pricing, special promotions, and travel incentives by employers, especially in destinations heavily reliant on Travel & Tourism. Promotions should also focus on other resilient markets (friends and relatives, repeat visitors and less risk averse nationalities and age groups. After Nepal's earthquake, the first tourists to return were climbers and trekkers. And after Sri Lanka's terrorist attack, surfers were among the first to return.

Promoting domestic tourism in the wake of COVID-19

Viet Nam

The tourism promotion campaign "Vietnamese People Travel in Vietnam" debuted in mid-May 2020 to "introduce quality tourism products and service packages at reasonable prices". Similar efforts followed in Thailand, Indonesia and the Philippines, in parallel with easing travel restrictions

Iceland

Icelandic residents over 18 years of age will collectively receive ISK 1.5 billion ($11 million) worth of travel vouchers from the Government, to spend domestically. This action will be coordinated by the Icelandic Travel Industry Association. A promotional campaign for domestic and international travel to Iceland is being developed for when conditions allow. (Source: Ministry of Industries and Innovation, Government of Iceland)

---

2. **Re-inspiring wanderlust while providing reassurance and re-building travellers confidence:** Communicate positively and proactively, while working to facilitate travel and designing promotions to re-inspire and regenerate travellers' wanderlust. These should consider appropriate pricing, packaging, and reservation/cancellation policies. Provide travellers reassurance through better visibility of health and safety protocols and offering simple, reliable, and guaranteed travel insurance to ensure travellers feel safe- "Travel Safe, Travel Now". Consistent communications should highlight that Travel & Tourism is fully and safely open for business.

   Effective communication and marketing inform travellers that a destination is ready to welcome tourists and motivates travellers to return. Given consumers' reliance on user-generated social media content and possible reductions in government destination marketing budgets, destinations should consider enhanced social media promotions to encourage travel and rebuild traveller confidence. These would be anchored on genuine traveller and local reviews, live-feeds, geo-tagged and time-stamped pictures, celebrity and local testimonials, influencers as well as messaging focused on community readiness. In today's hyper-visual era, communication should also be heavy on pictures and videos to show that a destination or business is ready and eager to welcome tourists.

It will also be important to rebuild tourism workforce confidence and avoid de-skilling of workers. Destinations should consider providing skills training during the downturn and expand training programmes as demand recovers. The tourism workforce can also be vocal Travel & Tourism advocates on social and mainstream media.

Re-inspiring wanderlust and traveller confidence

Travel facilitation [xi]
Following the containment of Middle East Respiratory Syndrome (MERS) in 2015, Government of the Republic of Korea (ROK) announced that Chinese tourists holding group tourist visas issued by the Government of Japan would be allowed to enter ROK and remain in the country for a maximum of 15 days without a ROK visa. Additionally, the ROK government waived the $15 tourist visa fee for visitors from PRC, Cambodia, Indonesia, the Philippines and Viet Nam between July and September 2015. Moreover, tourist visas issued between March and June 2015 were automatically extended from three to six months.

Tailored travel insurance
Following civil unrest in 2014, Thailand launched special insurance coverage known as the "Thailand Travel Shield".to address the fact that most travel insurance policies had exemptions specifying that claims will not be paid should they be the result of martial law or civil unrest. This special insurance product was set up by the Tourism Authority of Thailand (TAT) in partnership with four well-known insurance companies, costing as little as $13 for a 1-7-day trip.

Visual, engaging communication – keeping tourists aware of your destination
With attractions and beaches closed due to the pandemic, the Greater Miami Convention & Visitors Bureau launched the Miami Shines campaign, designed to advertise the city in order to help drive business back to hotels, restaurants, museums and attractions. It calls upon Miami locals for their support through the Miami Shines Toolkit, which encourages residents to show their pride by sharing their own #MiamiShines moments on social media. It also includes a live feed so that travellers can see for themselves what is happening on their beaches and boardwalks.

---

3. **Facilitating Recovery through Supportive Regulation & Incentives:** Ensure that any necessary regulatory actions facilitate recovery, increase resilience, and ensure healthier Travel & Tourism in the longer term. In this context, implement positive incentive measures to boost Travel & Tourism, such as the promotion of attractions, reduced prices for public facilities such as museums. Also, increase direct investment in Travel & Tourism, including in national and regional tourism agencies.

Tax and regulatory review. As countries recover from the pandemic, hard-hit governments are likely to face the temptation to capture new revenues just as equally hard-hit companies are starting to re-open and regain footing. As such, governments will need to find a balance between generating public funds and enabling the Travel & Tourism sector's ability to drive growth and generate jobs. Health & safety regulations, such as arrival quarantines if adopted, will need to be managed carefully to avoid dissuading visitors. Governments can consider creating incentives to support SMEs and fast-track investments in infrastructure and tourism FDI. Countries should also continue to support open skies policies, including pushing forward with the EU-ASEAN deal when appropriate, while reviewing the use of air space and routes with the aim of reducing fuel costs and CO_2 emissions.

> **Proposed regulations must be carefully considered – the case of arrival-based quarantines**
> IATA strongly urges governments to find alternatives to maintaining or introducing arrival quarantine measures as part of post-pandemic travel restrictions. IATA's April survey of recent air travelers showed that *86% were somewhat or very concerned about being quarantined while traveling, and 69% would not consider travelling if it involved a 14-day quarantine period.* Instead, IATA proposes a temporary risk-based layered approach to open their borders without quarantining arrivals. This includes temperature screening and other measures to prevent travel by those who show COVID-19 symptoms. IATA also advises using a robust system of health declarations and vigorous contact tracing.

> **Strengthening the Hong Kong Tourism Board**
> At the end of February 2020, Hong Kong, China, approved a decision to allocate an additional HKD 700 million (US$90.2 million) to its Tourism Board to bolster external promotion. The Hong Kong Tourism Board will launch a plan to strengthen support for tourism and joint promotions, with an aim to speed the recovery. Initiatives will cover local and overseas travel agencies, hotels, airlines and attractions, as well as the retail, dining and Meetings, Incentives, Conventions and Exhibitions (MICE) industries.

PHASE 4: RE-DESIGN FOR THE "NEW NORMAL": THE FUTURE OF TRAVEL & TOURISM & FUTURE TRAVELLER
Aim: Domestic and international travel return to pre-crisis levels and the sector has successfully adapted to the shifting expectations and requirements

1. **Determining new requirements & expectations:** Through data and research, gain an understanding on the shifting trends as well as the shifting expectations and requirements of each travel segment.

   The pandemic is likely to leave an indelible mark on travellers' expectations, ranging from health and safety to demand for more environmentally and socially responsible travel. It is important for destinations to keep track of these trends to ensure that their offers remain relevant. Destinations should try to be proactive rather than reactive in meeting consumer demand and ensure that the entire destination Travel & Tourism ecosystem works towards similar ambitions.

2. **Collaborating on new policies:** Ensure that the Travel & Tourism sector is involved in the definition and implementation of new policies and regulations relating to the sector. This new normal will require an agile mindset and adaptability, as well as robust platforms with the ability to virtualise operations.

   Destinations should review crisis plans, collect and sharing best practices and ensure there are clear guidelines and protocols for the future. Special efforts should be invested in increasing capacity for crisis management, e.g. incentivising private sector participation and expanding training and certification programmes for managers to be qualified in tourism crisis management and response

3. **Embracing new technologies and their adoption**, such as biometrics, that help address new and changing requirements and improve the traveller experience and remove friction to enable a safe and seamless traveller

journey. From an employer perspective, COVID-19 will likely have accelerated the trend of remote work, in turn impacting IT and staffing, and potentially requiring new training.

In WTTC's Discussion Paper on Data Facilitation for the Seamless Traveller Journey[xii], guidelines are provided on how destinations can take advantage for the technological advances in digital identities that are entering the marketplace and enabling verified digital identities that use biometrics to confirm, with high certainty, the identity of a user. In a post-COVID-19 world, the use of traveller biographic, biometric, loyalty, credit card, travel history, proof of immunity or vaccine and other personal information will be particularly important in allowing governments and travel providers to more efficiently and safely move the traveller through journey touchpoints, especially as they can obviate the need for travellers to present and verify their identity and relevant travel (e.g. recently visited countries) and medical history (e.g. vaccine) at multiple touchpoints. Key factors are (a) interoperability (scalable solutions seamlessly interacting between the public and private sectors); (b) data collection and sharing (data shared in a fully transparent manner with minimum data); (c) data privacy, and; (d) intergovernmental and private sector cooperation (bilateral data sharing agreements between multiple governments and between the public and private sector required).

4. **Communicating openly, promoting both domestic and international travel to revitalise the sector.** With trust as a key currency, all stakeholders including travellers will demand transparent communication and a better experience, particularly digitally.

SUMMARY

The Travel & Tourism sector has been especially hard hit by the crisis, not only in Southeast Asia but across the world. Global challenges require global solutions based on effective partnerships and evidence. As Southeast Asia works to revive its Travel & Tourism sector, it should:

- Collaborate through a trust-based coalition between key Travel & Tourism stakeholders to speed up recovery and enhance individual and joint resilience.
- Rebuild confidence by being transparent and taking ownership of the crisis, with an honest articulation of what happened, what has been done in the wake of the crisis and what will be done to mitigate the impact of such a crisis in the future.
- Provide continued financial, fiscal, and technical assistance to the Travel & Tourism sector during the recovery phase.
- Share and collate lessons learned from COVID-19 and best practices.
- Encourage stakeholders across Travel & Tourism to review their outbreak emergency plans.
- Use the opportunity of re-starting and re-growing to 'build in' sustainability and stewardship. Going beyond self-interests and serving society will be key in this new normal.
- Publicise and share recovery success stories.
- Clearly inform travellers when the transition from crisis management to recovery has taken place.
- Use effective communication and marketing to let travellers know when a destination is safe to travel to and incite travellers to come back.
- Revisit any existing travel advisories and bans and implement policies and initiatives to persuade travellers to come back to the affected destinations.

- Enhance the seamless traveller journey experience, combining the latest technology and protocols to increase health standards.
- Promote solidarity and the celebration of diversity, cautioning against actions that promote discrimination, prejudice, and xenophobia.

The World Travel & Tourism Council is the global authority on the economic and social contribution of Travel & Tourism.

WTTC promotes sustainable growth for the Travel & Tourism sector, working with governments and international institutions to create jobs, to drive exports and to generate prosperity. Council Members are the Chairs, Presidents and Chief Executives of the world's leading private sector Travel & Tourism businesses.

Together with Oxford Economics, WTTC produces annual research that shows Travel & Tourism to be one of the world's largest sectors, supporting 330 million jobs and generating 10.3% of global GDP in 2019. Comprehensive reports quantify, compare, and forecast the economic impact of the sector on 185 economies around the world. In addition to individual country fact sheets, and fuller country reports, WTTC produces a world report highlighting global trends and 25 further reports that focus on regions, sub-regions and economic and geographic groups. To download reports or data, please visit www.wttc.org

CONTACT

For any questions or to discuss engagement further please contact, Tiffany Misrahi, Vice-President of Policy, WTTC at tiffany.misrahi@wttc.org.

ENDNOTES

[i] World Travel & Tourism Council: Economic Impact Report - April 2020

[ii] World Travel & Tourism Council 2020 https://wttc.org/News-Article/WTTC-now-estimates-over-100-million-jobs-losses-in-the-Travel-&-Tourism-sector-and-alerts-G20-countries-to-the-scale-of-the-crisis - 24 April 2020

[iii] Pacific Asia Travel Association (PATA), https://www.pata.org/pata-asia-pacific-visitor-numbers-likely-to-reduce-by-32-in-2020-but-return-in-2021/ - 23 April 2020

[iv] ForwardKeys, https://forwardkeys.com/consumers-still-plan-to-travel-as-bookings-continue-to-dive/ - 27 April 2020

[v] IATA, https://www.iata.org/en/iata-repository/publications/economic-reports/liquidity-is-crucial-for-airlines-to-overcome-covid-19-pandemic/ - 13 March 2020

[vi] IATA, https://www.iata.org/en/pressroom/pr/2020-05-13-03/ - 13 May 2020

[vii] WTTC Crisis Readiness Report (November 2019)

[viii] World Travel & Tourism Council: Government COVID-19 Hub, https://wttc.org/COVID-19/Government-Hub

[ix] Ministry of Industries and Innovation, Government of Iceland

[x] Pacific Asia Travel Association (PATA): https://ptrm.pata.org/tourism-recovery-monitor/

[xi] WTTC Crisis Readiness Report (November 2019)

[xii] World Travel & Tourism Council: WTTC Discussion Paper: Data Facilitation for the Seamless Traveller Journey - January 2020.