COVID-19: Reviving Tourism Amid the COVID-19 Pandemic

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Webinar Series
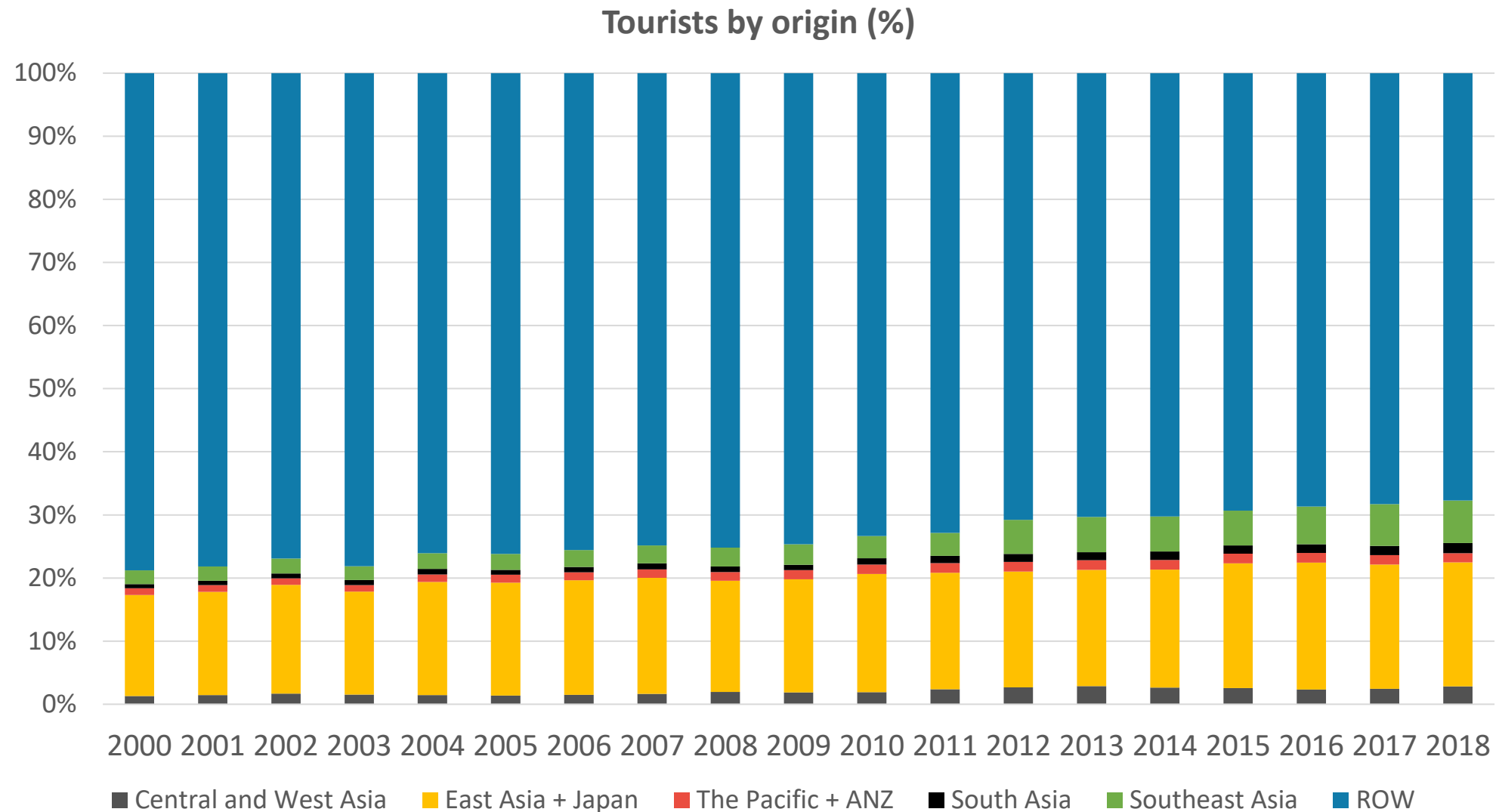**Tourism Recovery through Travel Bubbles?**
14 July 2020

ADB

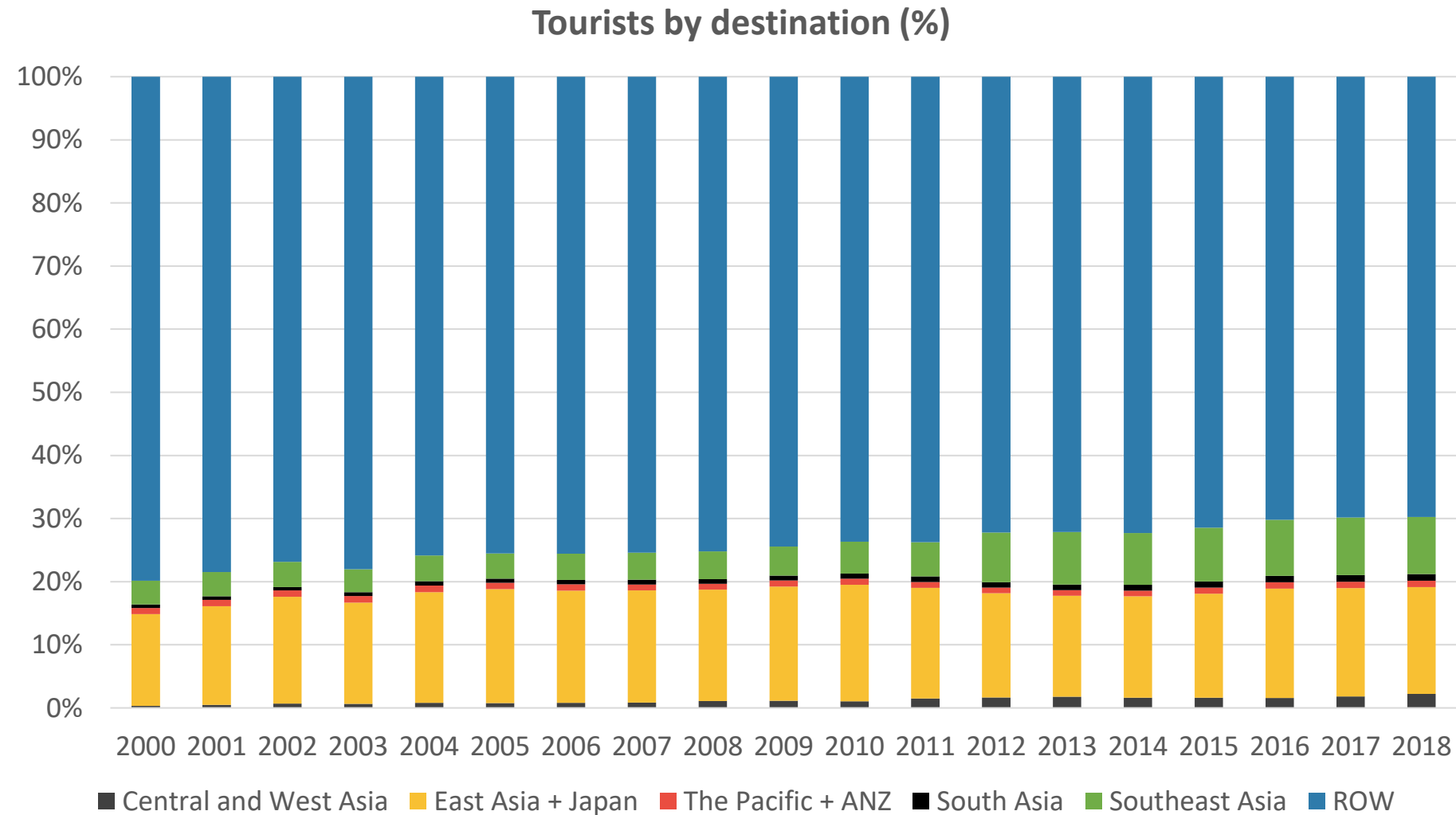# The COVID-19 Shock to Tourism in Asia-Pacific

Prior to COVID-19: Every third traveler was from Asia-Pacific...

Tourists by origin (%)

Legend: ■ Central and West Asia ■ East Asia + Japan ■ The Pacific + ANZ ■ South Asia ■ Southeast Asia ■ ROW

And 30 % of world travelers visited the Asia-Pacific region.

Tourists by destination (%)

Legend: Central and West Asia | East Asia + Japan | The Pacific + ANZ | South Asia | Southeast Asia | ROW

COVID-19: Sharp contraction and only slow recovery

International RPK growth, yearly
(airline region of registration basis)

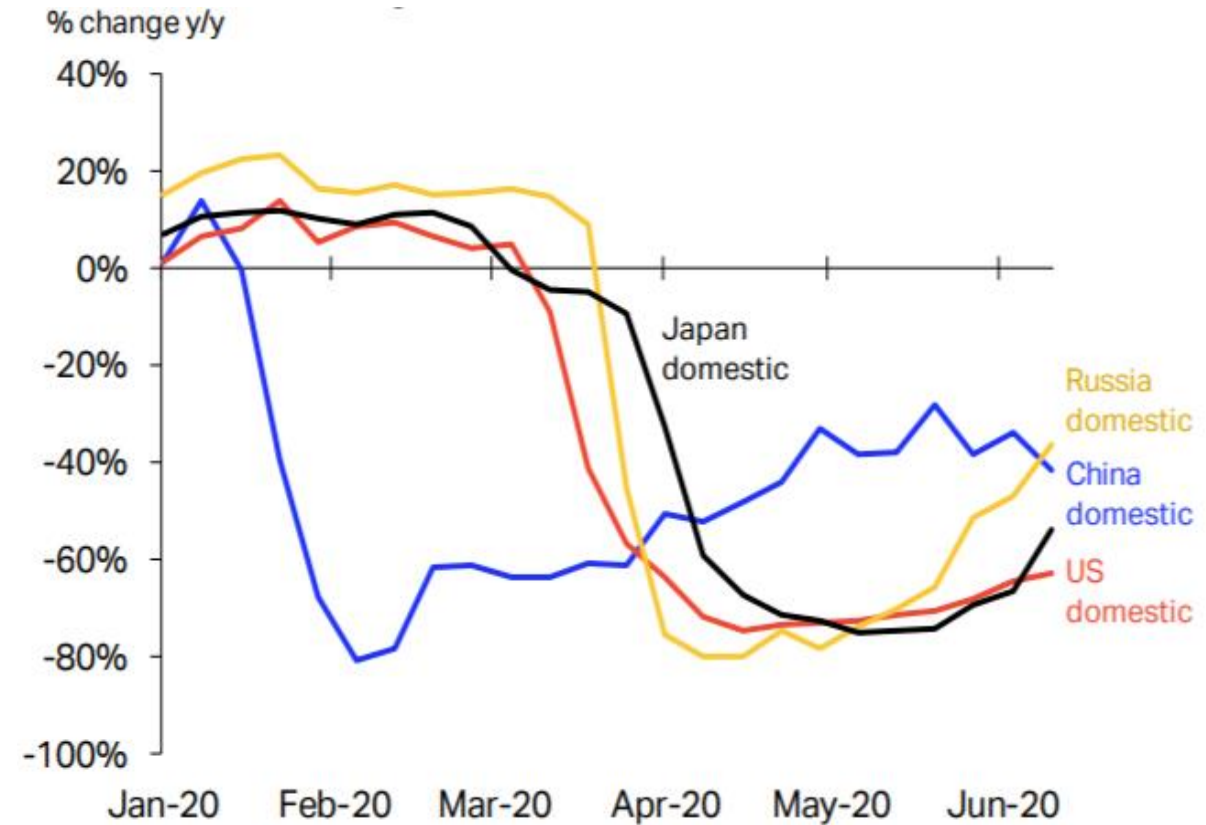■ May 2020 ■ Apr 2020

Region	May 2020	Apr 2020
Industry	-98.3%	-98.4%
Asia Pacific	-98.0%	-98.2%
Middle East	-98.0%	-97.3%
L. America	-98.1%	-98.2%
N. America	-98.2%	-98.4%
Africa	-98.2%	-98.7%
Europe	-98.7%	-98.9%

International revenue passenger kilometres (% year-on-year)
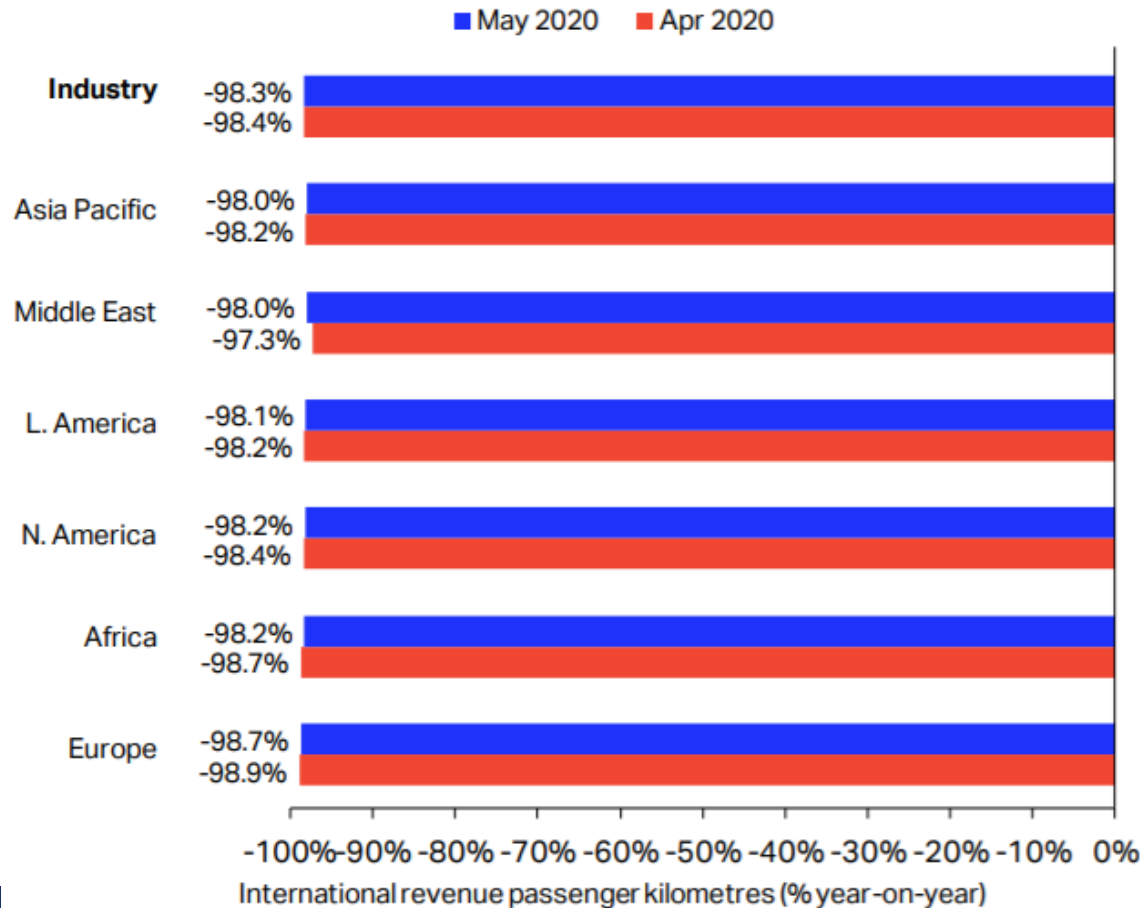
Flights in selected domestic markets

% change y/y — Japan domestic, Russia domestic, China domestic, US domestic
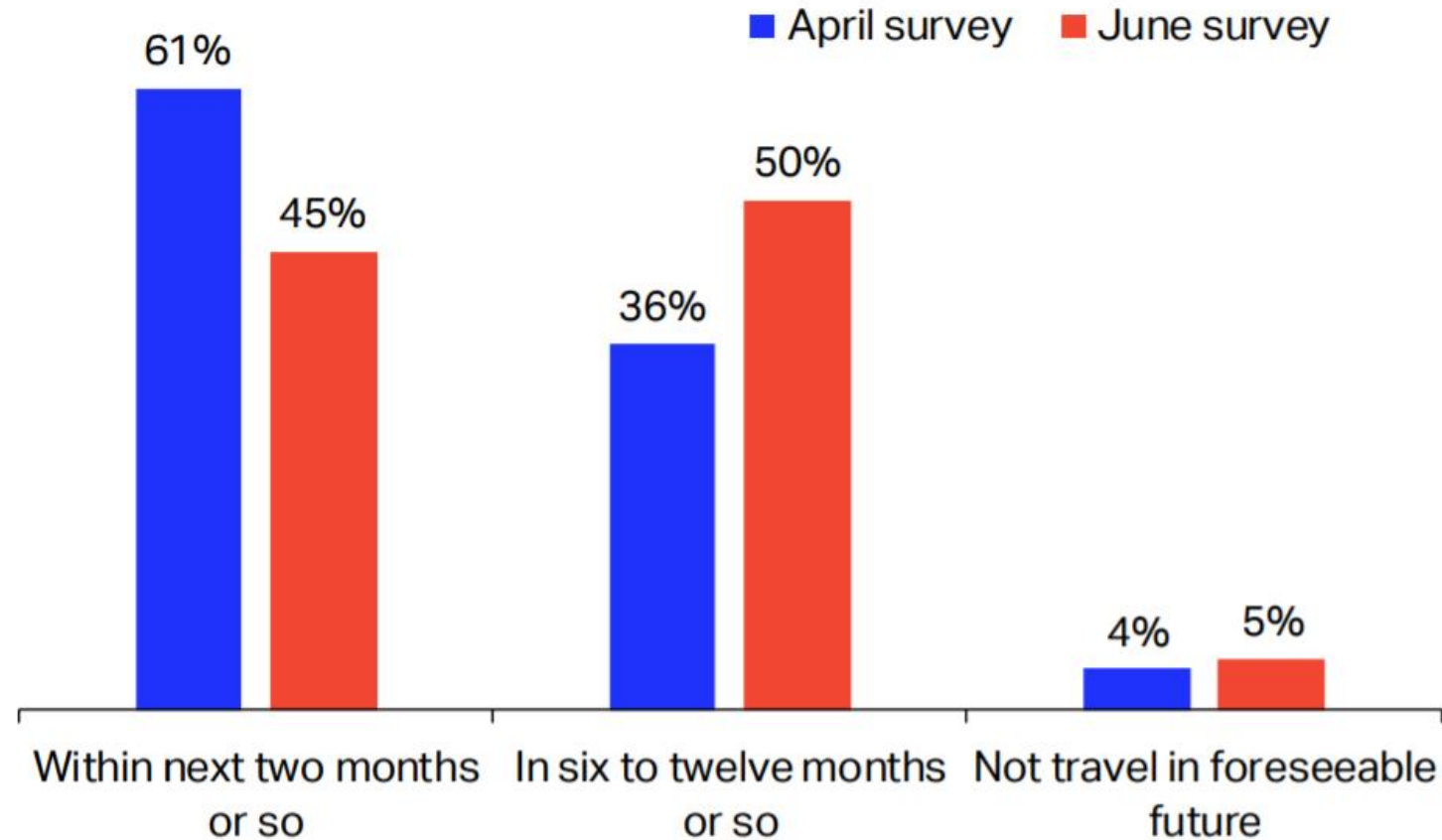
Source: IATA (2020)

Traveler sentiment remains subdued:
Only slow return to travel after containment

Returning to Travel After Containment

April survey — June survey

61% / 45% — Within next two months or so
36% / 50% — In six to twelve months or so
4% / 5% — Not travel in foreseeable future

Source: IATA (2020)

Recovery: Scenario Analysis

Three Recovery Strategies

- **Scenario 1: Domestic tourism**

- **Scenario 2: Preferential partner travel bubbles**

- **Scenario 3: Sub-regional travel bubbles**

Scenario 1: Domestic Tourism

- Idea: «**Redirecting**» international travelers to domestic destinations.

- Many travelers prefer to stay closer to home and avoid mass transportation.

- Scenario 1: Calculate the «**travel balance**» measured as difference between outbound and inbound tourists (based on UNWTO data).

- Possible outcomes:

  - **Surplus**: Domestic tourism is possibly a viable option.

  - **Deficit**: Additional measures needed.

- Challenges: Mismatch in terms of reasons for travel and demand/supply; no foreign exchange earnings; economic downturn; local lockdowns.

Results for Scenario 1:
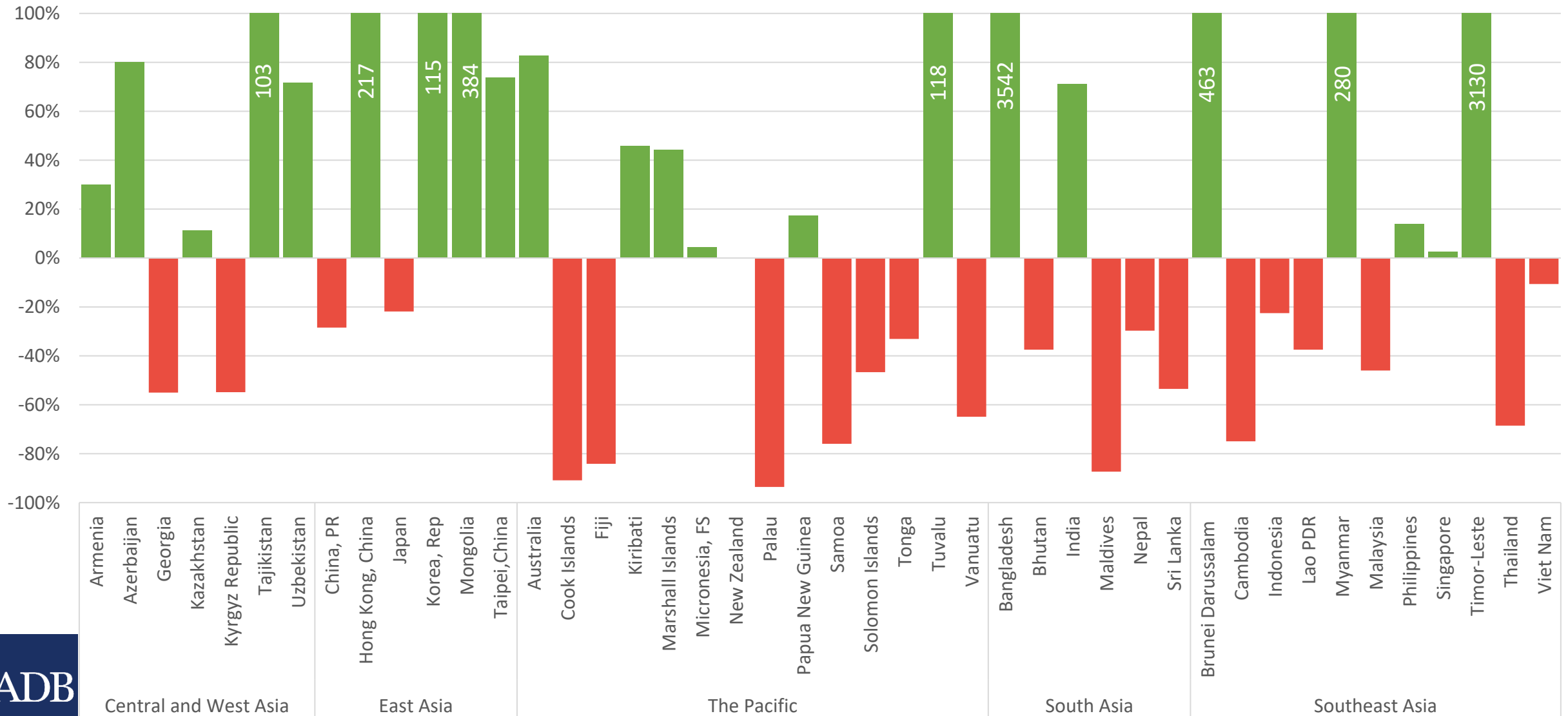
Source: UNWTO statistical database, ADB calculations

Scenario 2: Preferential Partner Travel Bubble

- Idea: Bilateral agreement between economies to allow business and/or leisure travelers to travel bilaterally complying with a strict health protocol.

- Scenario 2: Economies enter **bilateral reciprocal travel bubbles** with largest source of tourists.

- Key assumptions:

  ➢Number of bilateral tourists reaches the pre-crisis level (2018).

  ➢Not all international travelers can be redirected to the partner.

- So far, four travel bubbles in place and several under negotiations/ consideration in the Asia-Pacific region.

- Challenges: Complex to negotiate and uncertain demand.

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Results for Scenario 2: Preferential Partner
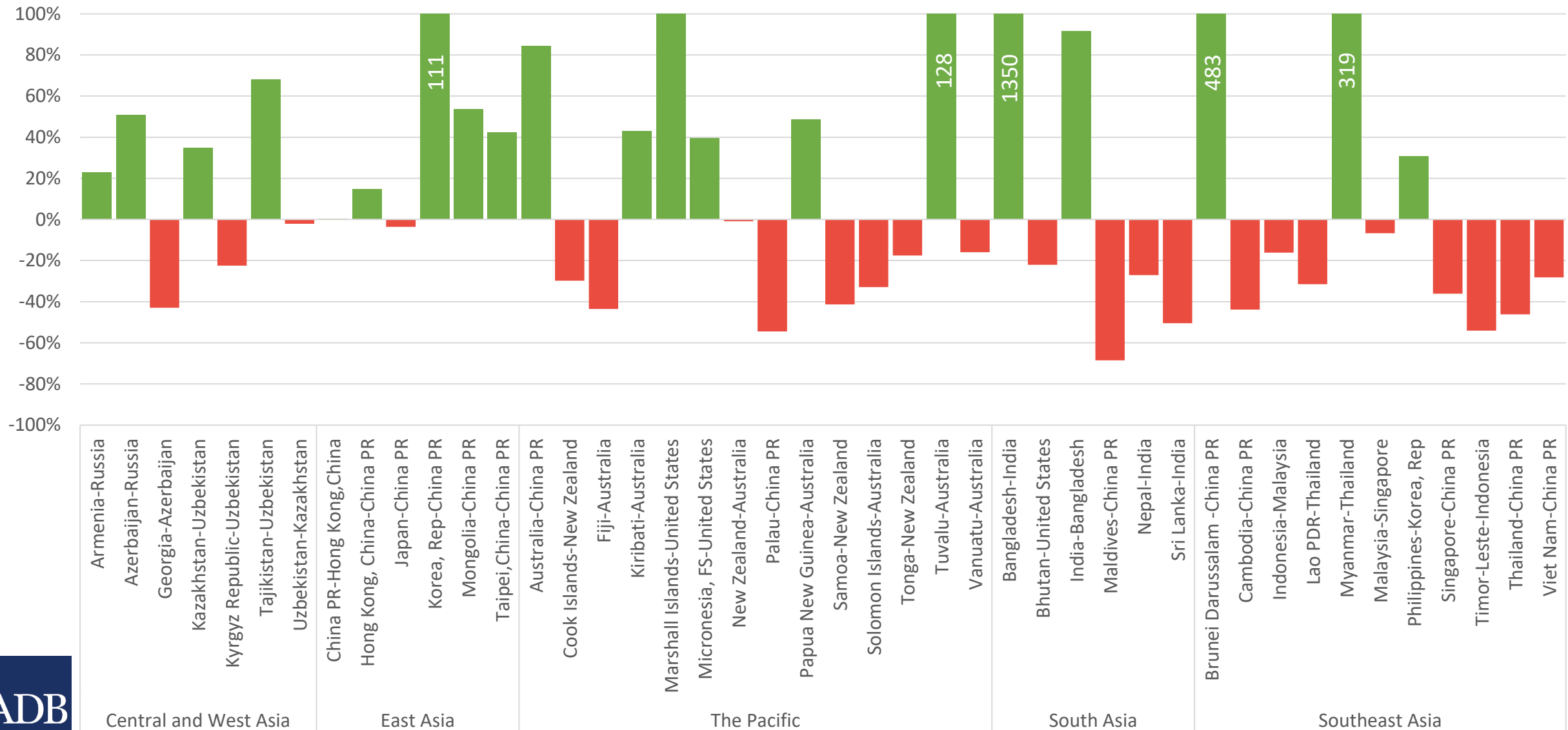
Source: UNWTO statistical database, ADB calculations

# Travel bubbles in the Asia-Pacific region (as of 14th July 2020)

Economies involved	Effective since	Main provisions
1 PRC - Rep. of Korea	1 May 2020	• For business travelers only (sponsored by a company) • 10 provinces in PRC only • Special disease control procedure: Take COVID 19 72 hours before departure and another one upon arrival.
2 PRC - Singapore	8 June 2020	• For business travelers only (sponsored by a company) • 6 provinces in PRC only • Traveler undergoes PCR and stays at a designated center for 1-2 days to wait for result
3 Japan – Viet Nam	25 June 2020	• Business travel only (both businessmen or workers) • Special Chartered Flight(s) arranged by the Japanese Chamber of Commerce to Vietnam • Temperature check before flight; PCR test upon arrival, then quarantined for two weeks in a hotel.
4 Hong Kong, China, PRC; Japan, Rep. of Korea, Singapore – Thailand	1st July 2020	• Aimed as foreigners working in Thailand, foreigners seeking medical treatment excluding COVID-19, and foreign students. • Special disease control procedure: Take COVID-19 72 hours before departure and another one upon arrival, then 14-day quarantine at alternative state quarantine at own expense.

Under negotiations/consideration: Australia - New Zealand ("Trans-Tasman Bubble"); Hong Kong, China – PRC (Macau and Guangdong); Fiji, Australia, and New Zealand ("Bula Bubble"); Rep. of Korea – Taipei,China; Indonesia-PRC, Rep. of Korea, Japan and Australia.

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Scenario 3: Sub-regional Travel Bubbles

- Idea: **Three or more countries** within same sub-region agree on allowing business and/or leisure travel to restart following a strict health protocol.

- Current examples under negotiations:

  - ➢ "Bula bubble": Australia, Fiji and New Zealand

  - ➢ Brunei Darussalam, Malaysia and Singapore

- Assumption: Tourism reaches pre-crisis level between partners.

- Sub-regional bubbles simulated: CAREC, East Asia, Pacific, SAARC, GMS

- Challenges: More difficult to negotiate (ex. diverging interests) and to maintain.

Results Scenario 3: Subregional Travel Bubbles

Source: UNWTO statistical database, ADB calculations

15
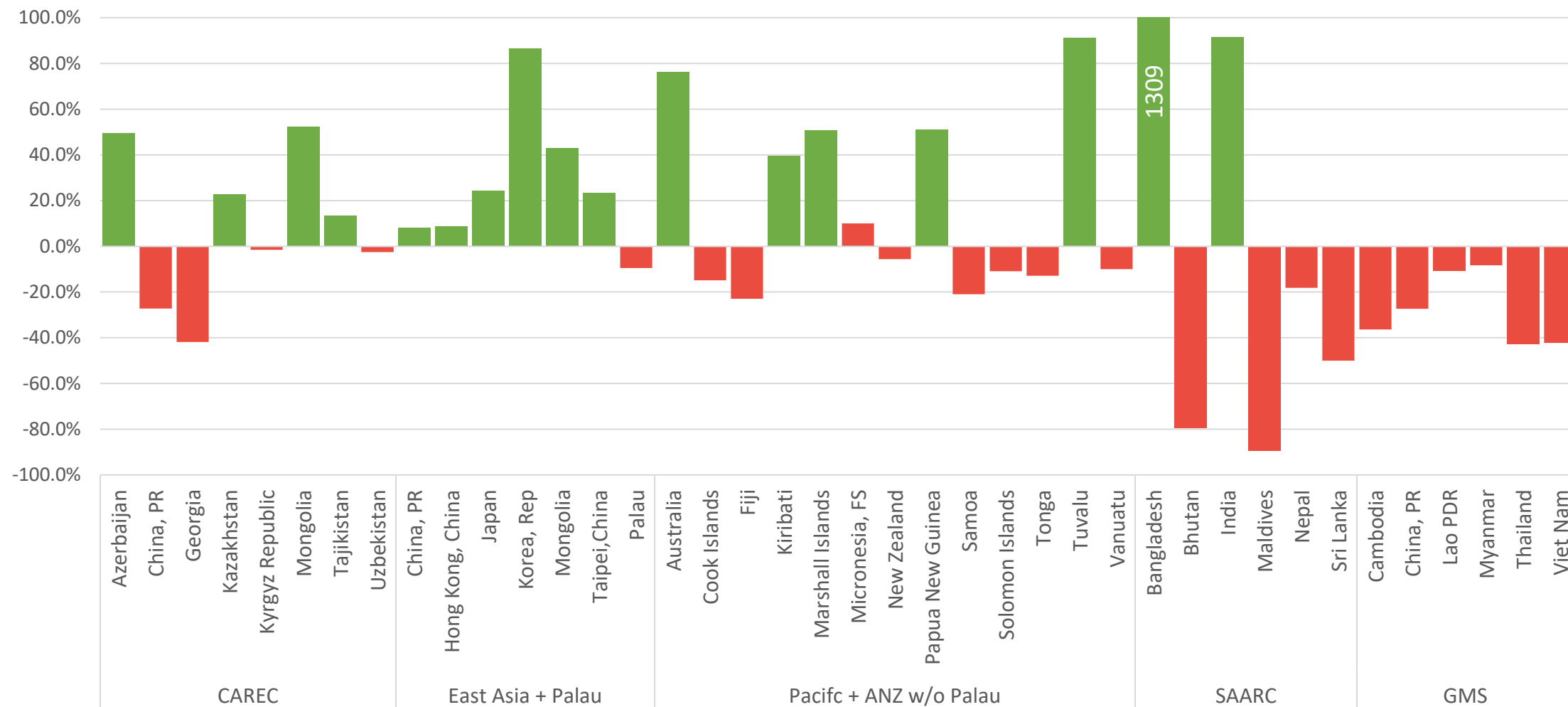
Public health considerations

- **COVID-19 pandemic situation**:

  - Situation by early July 2020

  - Considered ready for negotiations of bubble, if average daily rate of new infections is below 3 % compared to peak.

- **Pandemic preparedness**:

  - Measure developed by Deep Knowledge Group (DKG)

  - Six dimensions: Quarantine efficiency; government efficiency and risk management; monitoring and detection; healthcare readiness; regional resilience; and emergency preparedness.

  - First two tiers considered as well prepared.

Results for Scenario 2: Preferential Partner

Results for Scenario 2: Preferential Partner — bar chart showing percentage results by economy pairs grouped under Central and West Asia, East Asia, The Pacific, South Asia, and Southeast Asia.

Green bars with values shown: Korea, Rep-China PR = 111; Tuvalu-Australia = 128; Bangladesh-India = 1350; Brunei Darussalam-China PR = 483; Myanmar-Thailand = 319.

Economy pairs (left to right):
Central and West Asia: Armenia-Russia, Azerbaijan-Russia, Georgia-Azerbaijan, Kazakhstan-Uzbekistan, Kyrgyz Republic-Uzbekistan, Tajikistan-Uzbekistan, Uzbekistan-Kazakhstan
East Asia: China PR-Hong Kong,China, Hong Kong, China-China PR, Japan-China PR, Korea, Rep-China PR, Mongolia-China PR, Taipei,China-China PR
The Pacific: Australia-China PR, Cook Islands-New Zealand, Fiji-Australia, Kiribati-Australia, Marshall Islands-United States, Micronesia, FS-United States, New Zealand-Australia, Palau-China PR, Papua New Guinea-Australia, Samoa-New Zealand, Solomon Islands-Australia, Tonga-New Zealand, Tuvalu-Australia, Vanuatu-Australia
South Asia: Bangladesh-India, Bhutan-United States, India-Bangladesh, Maldives-China PR, Nepal-India, Sri Lanka-India
Southeast Asia: Brunei Darussalam –China PR, Cambodia-China PR, Indonesia-Malaysia, Lao PDR-Thailand, Myanmar-Thailand, Malaysia-Singapore, Philippines-Korea, Rep, Singapore-China PR, Timor-Leste-Indonesia, Thailand-China PR, Viet Nam-China PR

1-Pandemic preparedness in first two tiers   2-Both passed the peak

17

Conclusion

- Domestic tourism could possibly fill the gap in half of the cases. However, tourism plays often a minor role in those economies.

- In economies that are highly dependent on tourism, domestic tourism will not be enough.

- Bilateral travel bubbles help to reduce the gap. However, large gaps remain in important destinations.

- Sub-regional bubbles could be a viable option for East Asia. However, they are challenging to negotiate and to maintain.

- The current pandemic situation and pandemic preparedness gives only a small number of economies the possibilty to negotiate bubbles.

Appendix: Deep Knowledge Group Results

Country	Rank	Score	Tier
Central and West Asia			
Afghanistan	196	310	4
Armenia	81	484	3
Azerbaijan	75	499	3
Georgia	39	550	2
Kazakhstan	71	508	2
Kyrgyzstan	108	429	4
Pakistan	148	370	4
Tajikistan	124	414	4
Turkmenistan	131	403	4
Uzbekistan	121	421	4
East Asia			
China, PR	7	717	1
Hong Kong, China	13	698	1
Taipei,China	16	667	1
Mongolia	76	499	3
Republic of Korea	10	712	1
Japan	5	738	1

Country	Rank	Score	Tier
The Pacific			
Cook Islands	-	-	-
Fiji	120	421	4
Kiribati	-	-	-
Marshall Islands	-	-	-
Micronesia, FS	115	427	4
Nauru	-	-	-
Palau	117	426	4
Papua New Guinea	155	360	4
Samoa	-	-	-
Solomon Islands	165	350	4
Tonga	-	-	-
Tuvalu	-	-	-
Vanuatu	145	378	4
Australia	8	716	1
New Zealand	9	715	1

Country	Rank	Score	Tier
South Asia			
Bangladesh	84	482	3
Bhutan	140	392	4
India	56	532	3
Maldives	112	428	4
Nepal	142	390	4
Sri Lanka	85	482	3
Southeast Asia			
Brunei Darussalam	-	-	-
Cambodia	98	448	3
Indonesia	97	450	3
Lao PDR	99	442	3
Myanmar	83	482	3
Malaysia	30	565	2
Philippines	55	532	3
Singapore	4	744	1
Timor-Leste	133	402	4
Thailand	47	541	3
Viet Nam	20	637	1

Note: not all countries were included in the Deep Knowledge Group's study