

The International Tourism and the COVID-19 Pandemic – Present and Perspectives

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Abstract

This paper presents the current situation of tourism and the main possible consequences of the pandemic on tourism in the coming period, using the forecasts of the UNWTO, the European Commission and comparisons with some economic and social crises of the last 20 years.

Due to the limited mobility and the social distancing, tourism is the most sensitive economic sector in terms of pandemic control measures. The restrictive measures introduced to limit the spread of the pandemic have affected the economic activity and paralyzed tourism. There are many studies that show the effect of some previous global crises on tourism, but none of the past pandemics had such severe effects that this one seems to have. However, tourism is recovering rapidly. UNWTO, other relevant organizations and governments have been continuously involved in supporting tourism during the COVID-19 pandemic. In addition to the immediate measures to support tourism, a sustainable approach to tourism is needed, to learn from the crisis and anticipate trends.

Key words: tourism, COVID-19 pandemic, international tourist arrivals, tourism development

J.E.L. classification: Z30, Z32, L83

1. Introduction

In the last six decades, tourism has experienced a continuous expansion and diversification, becoming one of the most dynamic economic sectors in the world. Tourism has become a key factor of the socio-economic progress, by the emergence of many tourist destinations around the world (in addition to traditional destinations in Europe and North America), investment in tourism, creating jobs and enterprises, producing revenues from exports of tourism products and services and infrastructure development.

Within months of the occurrence of Coronavirus (December 2019, China), the COVID-19 pandemic has profoundly affected people's lives and the economic activity worldwide. The virus has been a major public health challenge in all countries (7.5 million cases and more than 400,000 deaths in June 2020, WHO), and the governments have taken drastic measures to protect their citizens. The international travel bans and the restrictions on public gatherings and population mobility have paralyzed tourism since March 2020. In many tourist destinations, hotels have lost customers, and many restaurants, bars, tourist attractions, theme parks and museums have been closed. The trade exhibitions, the congresses and the cultural events have been canceled or postponed. Many sports events, such as the Euro 2020 Football Championship and the Olympic Games, have been postponed until 2021.

This paper compares the effects of COVID-19 on tourism with some previous epidemics / pandemics and other types of global crises and explores how the pandemic could change society, economy and tourism.

2. Literature review

Since Coronavirus appeared recently, there were no studies until 2020 to analyze the effects of the pandemic caused by this virus. However, there are studies that analyzed the impact of epidemics or pandemics on the economy, in general and on tourism, in particular. There are a number of scientific papers that demonstrate that epidemics or pandemics are a major threat to society and implicitly to tourism, both in the field of tourism (Gössling, 2002; Hall, 2006, 2020; Page et al, 2007; Scott et al, 2015), as well as health research (Bloom et al, 2019; Fauci et al, 2012), studies of government agencies (National Academies of Sciences, Engineering and Medicine, 2017, 2018) and institutions (Jonas, 2014; World Bank, 2012). There are papers and studies that sound the alarm about the current climate change and its effects on tourism.

There is evidence that the COVID-19 pandemic will be different and transformative for the tourism sector. The crisis of this pandemic is sounding the alarm about the strength of the tourism system. In case of a crisis caused by the ongoing climate change, the future effects could be even more devastating than COVID-19 (Gössling et al, 2020).

There are also several studies and reports of various international organizations (UNWTO, WTTC, OECD, European Commission) that try to assess the economic impact of this pandemic on tourism and the measures needed to revive the global economy.

3. Research methodology

The research methodology was based on the analysis and interpretation of the data provided by some international institutions, using the descriptive statistics. In this paper, we used the theoretical research, the analysis and the synthesis. The theoretical research consisted in the study of the specialized literature. We used the analysis to interpret the data provided by the UNWTO, WTTC, OECD and EC and the synthesis to present certain conclusions. Through the method of graphic modeling, we made suggestive diagrams using the Microsoft Office Excel application, subsequently interpreted in relevant conclusions.

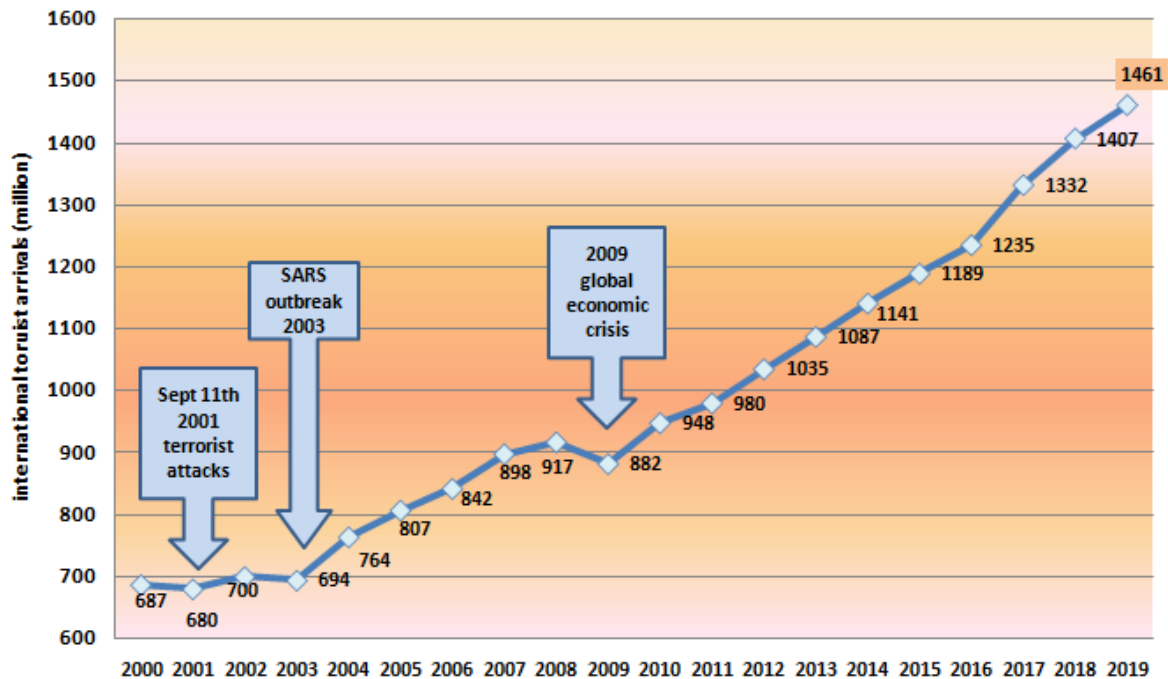
4. Findings

Tourism is the largest industry in the world, as it provides the most jobs (330 million jobs or 1 in 10 jobs) and provides 10% of GDP (UNWTO, Tourism Highlights, 2020). Tourism is a major category of the international trade with services, accounting for 7% of world exports of goods and services.

Tourism has grown faster than world trade in the last five years. Viewed as an international export category, tourism ranks third after chemicals and fuels and ahead of automotive and food products. In many developing countries, tourism is the first export category. The international tourist flow has increased sharply and practically without interruption over time, despite the occasional shocks, demonstrating the strength and resilience of this economic sector. The international tourist arrivals have doubled in the last 20 years: from 687 million in 2000 to 1.461 billion tourists in 2019 (Figure no.1).

The average multiannual growth rate of tourism in the last 20 years (2000-2019) was 4.10%, with high values in the periods immediately following the crises of 2004 (10.09%), 2010 (7.48%), but also 2017 (7.85%). The significant negative value of the annual growth rate of tourism was registered in the period 2008-2009 (-3.82%), due to the negative effects of the global economic crisis. There is a significant increase in 2016-2019 (5.77%) compared to the last 8 years, when there was a steady growth trend of about 4% annually (Figure no. 2). The sharp increase in the number of international tourist arrivals in the last three years exceeds the UNWTO forecasts on the annual growth rate of tourism for the period 2010-2020 (4-5%).

Figure no. 1. The evolution of international tourist arrivals worldwide in the last 20 years (2000-2019) and the impact of major crisis events on global tourism



Source: Data processed from Tourism Highlights, 2003-2019, UNWTO and World Tourism Barometer, 2020, UNWTO

The receipts from international tourism have also increased from \$ 495 billion in 2000 to \$ 1,451 billion in 2018. In addition to the receipts from destinations, the international tourism also generated \$ 256 billion in exports through the international passenger transport services in 2018, raising the total value of tourism exports to \$ 1.7 trillion (Tourism Highlights, 2019, UNWTO).

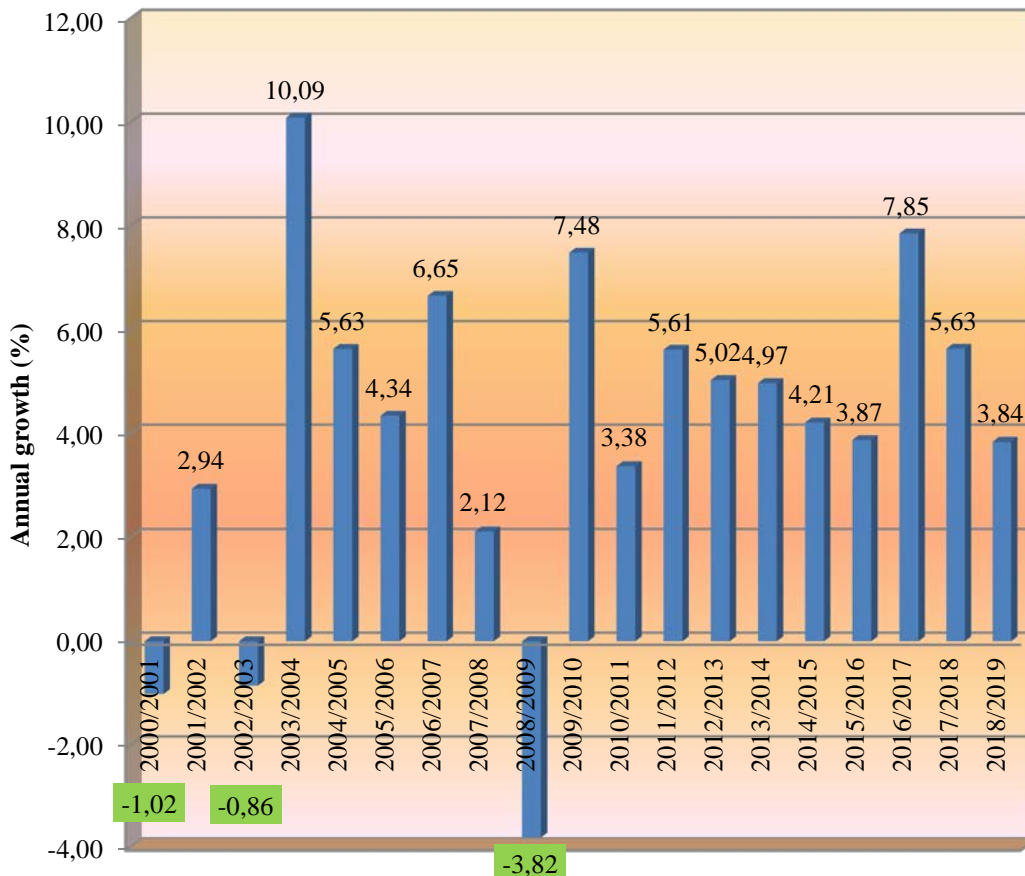
The current crisis caused by the new Coronavirus is not the first of its kind in the history of the hospitality and tourism industry. Traffic restrictions and flight bans had negative effects on the tourism sector during past epidemics. There are many studies that show us what happened in the past, as an effect of these pandemics, but none of the past pandemics have had such serious effects that it seems to have this (Figure no.1).

We recall the terrorist attacks of September 11, 2001, the SARS epidemic (severe acute respiratory syndrome) in 2003, the global economic crisis in 2008-2009, the MERS epidemic (Middle East respiratory syndrome) in 2012, the terrorist attacks in Europe, in 2014- 2018. None of these events led to a long-term decline in the global development of tourism, and some of them were not even noticeable on the growth curve of international tourism; only the terrorist attacks of September 11, 2001 (-1%), SARS (-0.9%) and the global economic crisis (-4.0%) decreased the number of international tourists. This suggests that tourism as a system has been resistant to external shocks. Humanity in the 21st century has already experienced four pandemics: SARS in 2002, bird flu in 2009, MERS in 2012 and Ebola in 2013-2014 (Coker et al, 2011; Greger, 2007; Wu et al, 2017), but also a series of natural disasters: tsunami in Indonesia 2004 and Japan 2011, volcanic eruption in Iceland 2010, earthquake in Haiti 2010, earthquakes in Turkey 2003 and 2020, etc. They negatively influenced tourism in the respective regions, but the overall increase in the number of international tourists was not significantly influenced. However, there is evidence that the impact and recovery from the COVID-19 pandemic will be unprecedented.

According to European Commission estimates, receipt losses at European level have reached 85% for hotels and restaurants, 85% for tour operators and travel agencies, 85% for long-distance rail and 90% for cruises and airlines. The EU tourism industry reports a reduction in bookings of 60% - 90% compared to the corresponding periods of previous years.

The crisis has hit SMEs hardest, as they are facing a lack of liquidity and uncertainty and the threat of bankruptcy. Jobs are also in danger. Tourism is based on seasonal and temporary workers (23%), many of them young (37% of tourism workers are under 35 years old), women (59%) and from other countries (15% EU or non-EU). Without urgent action to support employment, the crisis could lead to a loss of around 6 million jobs in Europe and could have a negative impact on the livelihoods of many people in different EU Member States.

Figure no. 2. The annual growth rate of international tourist arrivals, during the last 20 years (2000-2019)



Source: Data processed from Tourism Highlights, 2003-2019, UNWTO and World Tourism Barometer, 2020, UNWTO

Many countries depend on tourism, a sector that is currently blocked and we cannot anticipate its evolution. For example, in several European countries, the share of tourism in GDP was significant in 2018 (25% Croatia, 22% Cyprus, 21% Greece, 19% Portugal, 15% Austria, Sweden and Estonia, 13% Italy - WTTC data). Among the first tourist destinations in the world are the European countries such as France, Spain, Italy and Germany which will record significant losses in the number of international tourists and receipts from international tourism.

The restrictive measures introduced to limit the spread of the pandemic have affected the economic activity and paralyzed tourism. The economic agents in the hospitality and tourism industry face serious challenges, being threatened by a significant decrease in income, the danger of bankruptcy, with immediate consequences in terms of job loss. Without urgent action and emergency funding to pass the period until the resumption of tourist flows, many companies could go bankrupt in the coming weeks or months.

Although highly uncertain, UNWTO estimates for 2020 show that the number of international tourists could fall by 20 to 30% compared to 2019. This would mean a loss of \$ 300-450 billion in international tourism receipts. In comparison, the SARS epidemic of 2003 led to a decrease of only 0.4% in international tourism receipts in that year. The Organization for Economic Co-operation

and Development (OECD) estimates that the economy of international tourism will decline by 45-70%. The World Travel and Tourism Council (WTTC) predicts that by 2020, travel and tourism could lose 75 million jobs worldwide and 6.4 million jobs in the EU. Given the evolving nature of the situation, it is too early to estimate the full impact of the COVID-19 pandemic on global tourism (Țigu, 2020).

In the short term, people will be afraid to travel far from home, so they will prefer domestic destinations, relatively close to home. The personal car will be used to travel, so that the sale of tourist transport services is expected to decrease. The forms of sustainable tourism will be preferred during this period, because after a long period of restrictions, people will feel the need to go out more in nature, preferring outdoor activities that can ensure social distance measures: ecotourism and rural tourism, but also health tourism (medical, spa, sea-side). Instead, tourism for events (conferences, congresses), festival tourism and sports tourism will be negatively affected (Țigu, 2020).

It is difficult to estimate what the evolution of economic activity will be both globally and regionally. Will the virus be eradicated and how will states react otherwise? Also, the recovery of the economy will depend on the measures that governments will take. The fate of tourism has become an important concern during this pandemic. UNWTO and other relevant organizations (WTTC, EC) as well as governments have been continuously involved in supporting tourism during the COVID-19 pandemic, identifying measures to help national organizations, promoting good practices for businesses, entrepreneurs and SMEs, communities and tourism employees: sustainable development, digitalization, non-discrimination, equity in employment, respect for the rights of tourism employees, tourists and local communities.

5. Conclusions

This paper presents the current situation of tourism and the main possible consequences of the COVID-19 pandemic on tourism in the coming period, using the forecasts of the UNWTO, the European Commission and comparisons with some economic and social crises of the last 20 years.

There are also several studies and reports from various international organizations (UNWTO, WTTC, OECD, European Commission) that try to assess the economic impact of this pandemic on tourism and the measures needed to recover the global economy.

The European Commission's Communication "Tourism and transport in 2020 and beyond" is accompanied by a package of clear guidelines for citizens and ways to revive tourism and transport, to ensure that the European Union maintains its position as a world leader in sustainable and innovative tourism. The package brings together a number of guidelines and recommendations, including:

- safe restoration of free, unrestricted movement and reopening of internal borders;
- safe restoration of transport;
- resumption of tourist and hospitality services; the gradual resumption of tourism activities and the application of appropriate health and safety protocols on accommodation, catering and leisure services.
- liquidity crisis and restoring consumer confidence (through travel vouchers);
- promoting local tourism: domestic and intra-EU tourism will predominate in the short term;
- encouraging EU Member States affected by the slowdown in tourism through the investment initiative to support tourism SMEs, as part of the ongoing reprogramming of cohesion funds.

Due to the limited mobility and the social distancing, tourism is the most sensitive economic sector in terms of pandemic control measures. However, previous global crises have shown that tourism is recovering rapidly. The crisis triggered by SARS-COV2 is not the first of its kind in the history of the tourism and hospitality industry, but none of the past pandemics had such serious effects that this one seems to have this (Țigu, 2020). Compared to the effects of the economic crisis of 2008-2009 on tourism, we consider that tourism could recover in a few years (the recovery of tourism was surprising, much faster than forecasted at the time).

Beside the immediate measures to support tourism, an approach of the future of tourism and transport in the EU is needed, in terms of their sustainability, learning from the crisis and anticipating new trends and consumption patterns related to it, towards a sustainable blue and green economy. The common goal is to maintain Europe as the world's leading tourist destination in terms of value, quality, sustainability and innovation. This vision should guide the use of financial resources and investments at European, national, regional and local level (European Commission).

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