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Mitigating the impact of COVID-19 on tourism and supporting recovery

OECD

Mitigating the Impact of COVID-19 on Tourism and Supporting Recovery

At the time of publishing this report, the outlook for the tourism sector remains highly uncertain. The coronavirus (COVID-19) pandemic continues to hit hard, with international tourism expected to decrease by around 80% in 2020. Domestic tourism is helping to soften the blow, at least partially, and governments have taken impressive immediate action to restore and re-activate the sector, while protecting jobs and businesses. Many countries are also now developing measures to build a more resilient tourism economy post COVID-19. These include preparing plans to support the sustainable recovery of tourism, promoting the digital transition and move to a greener tourism system, and rethinking tourism for the future.

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This report was prepared by the OECD Centre for Entrepreneurship, SMEs, Regions and Cities (CFE), led by Lamia Kamal-Chaoui, Director, as part of the programme of work of the OECD Tourism Committee. It examines policy measures introduced to respond to the COVID-19 crisis, support the reopening and prepare the recovery of the tourism sector. It also draws initial lessons from the crisis, to build a more sustainable and resilient tourism economy.

The report was co-ordinated and drafted by Jane Stacey, Head of the Tourism Unit, under the supervision of Alain Dupeyras, Head of the Regional Development and Tourism Division, and with the support of Anna Bolengo, Junior Policy Analyst, who provided significant co-ordination, research and drafting inputs. The report benefitted from additional inputs and support from Peter Haxton, Policy Analyst. Laetitia Reille, Statistician provided statistical support, and Monserrat Fonbonnat, Assistant, provided administrative support.

This report builds on survey responses and significant contributions, feedback and guidance from policy makers from 44 OECD member and partner countries: Australia, Austria, Belgium, Brazil, Bulgaria, Canada, Chile, Colombia, Costa Rica, Croatia, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Israel, Italy, Japan, Korea, Latvia, Lithuania, Mexico, Morocco, Netherlands, New Zealand, Norway, Peru, Poland, Portugal, Romania, Russia, Saudi Arabia, Slovak Republic, Slovenia, Spain, Sweden, Switzerland, Turkey, United Kingdom, and the United States.

The report has also been informed by a series of virtual policy dialogues bringing together policy makers, private sector representatives and international organisations to share knowledge and identify potential solutions and priority areas for policy action. Private sector representation included: Booking.com, European Tourism Association (ETOA), European Hospitality Association (HOTREC), EU Travel Tech, International Air Transport Association (IATA), STR, TUI Group, World Economic Forum (WEF), World Travel and Tourism Council (WTTC). International organisations also participated in these discussions, including: International Labour Organization (ILO), UN Environment, UN Educational, Scientific and Cultural Organization (UNESCO), UN World Tourism Organization (UNWTO), World Bank, and World Trade Organization (WTO).

The development of this paper has benefited from discussions and exchanges with policy makers and the private sector in other fora, including the UNWTO Global Tourism Crisis Committee, the European Tourism Convention, the European Tourism Forum of the Germany EU Presidency, G20 Tourism Working Group and Tourism Ministers Meetings, and the WTTC Taskforce on COVID-19. The report also benefitted from discussion with colleagues in the OECD Centre for Entrepreneurship, SMEs, Regions and Cities and other OECD Directorates, including the Directorate for Employment Labour and Social Affairs (notably the Health Division) and the International Transport Forum.

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Key messages: Rebuilding tourism is a priority but the sector must become more sustainable and resilient in the future

Tourism continues to be one of the sectors hardest hit by the coronavirus pandemic and the outlook remains highly uncertain.

OECD expects international tourism to fall by around 80% in 2020. Destinations that rely heavily on international, business and events tourism are particularly struggling, with many coastal, regional and rural areas faring better than cities.

Encouraging news on vaccines has boosted hopes for recovery but challenges remain, with the sector expected to remain in survival mode until well into 2021.

Domestic tourism has restarted and is helping to mitigate the impact on jobs and businesses in some destinations. However, real recovery will only be possible when international tourism returns. This requires global co-operation and evidence-based solutions so travel restrictions can be safely lifted.

The survival of businesses throughout the tourism ecosystem is at risk without continued government support and although governments have taken impressive action to cushion the blow to tourism, to minimise job losses and to build recovery in 2021 and beyond, more needs to be done, and in a more co-ordinated way. Key policy priorities include:

- Restoring traveller confidence
- Supporting tourism businesses to adapt and survive
- Promoting domestic tourism and supporting safe return of international tourism
- Providing clear information to travellers and businesses, and limiting uncertainty (to the extent possible)
- Evolving response measures to maintain capacity in the sector and address gaps in supports
- Strengthening co-operation within and between countries
- Building more resilient, sustainable tourism

While flexible policy solutions are needed to enable the tourism economy to live alongside the virus in the short to medium term, it is important to look beyond this and take steps to learn from the crisis, which has revealed gaps in government and industry preparedness and response capacity. Co-ordinated action across governments at all levels and the private sector is essential.

The crisis is an opportunity to rethink tourism for the future. Tourism is at a crossroads and the measures put in place today will shape the tourism of tomorrow. Governments need to consider the longer-term implications of the crisis, while capitalising on digitalisation, supporting the low carbon transition, and promoting the structural transformation needed to build a stronger, more sustainable and resilient tourism economy.

Mitigating the Impact of COVID-19 on Tourism and Supporting Recovery

Unprecedented scale of the tourism crisis, and outlook extraordinarily uncertain

The COVID-19 crisis has hit the tourism economy hard, with unprecedented effects on jobs and businesses. Tourism was one of the first sectors to be deeply impacted by the pandemic, as measures introduced to contain the virus led to a near-complete cessation of tourism activities around the world. The sector also risks being among one of the last to recover, with the ongoing travel restrictions and the global recession. This has consequences beyond the tourism economy, with the many other sectors that support, and are supported by, tourism also significantly impacted.

The unprecedented shock to the tourism economy is being compounded by the evolving sanitary situation. While positive news on vaccines has boosted the hopes of tourism businesses and travellers alike, challenges remain. Vaccine roll out will take some time, and the sector is potentially facing stop/start cycles for some time. This will further damage business and traveller confidence, and business survival prospects. Despite the proven resilience of the tourism economy to previous shocks, the sheer scale and combined economic and health nature of this crisis means that the road to recovery is highly uncertain. While there has been some resumption of international tourism activity, this remains very limited. Domestic tourism has restarted in many countries, but can only partially compensate for the loss of inbound tourism.

OECD now estimates international tourism¹ will fall by around 80% in 2020. No meaningful recovery in international tourism flows is foreseen until well into 2021, and is likely to take some years. This is in line with recent projections by other organisations. Latest UN World Tourism Organization (UNWTO) estimates point to a 70% decline year-on-year in international tourist arrivals in the first eight months of the year, with the loss in export revenues from international tourism eight times that recorded in 2009 amid the global financial crisis.² UNWTO now foresees a decline in international arrivals close to 70%, with recovery to pre-crisis levels not expected before 2023.

Domestic tourism is providing a much needed boost to help sustain many tourism destinations and businesses, and will continue to be a key driver of recovery in the short to medium term. There has been some pick up in domestic tourism activities since the middle of the year, due in part to displacement effects of international travel restrictions. However, this has been hindered as many countries face further waves of the virus, and domestic tourism is expected to end the year significantly down on pre-COVID levels. Spain and the United Kingdom, for example, are forecasting a decrease in domestic

¹ International tourism refers to tourism that crosses national borders for tourism purposes (leisure, business etc.). OECD estimates are based on international tourism arrivals in the OECD area.

² UNWTO (2020), World Tourism Barometer, Volume 18, Issue 6, <https://doi.org/10.18111/wtobarometereng>. October 2020.

tourism by 45-50% in 2020. Also, not all destinations or businesses have benefited, due to ongoing restrictions on movement within countries and altered demand patterns and behaviours.

This is having very tangible economic and social consequences for many people, places and businesses, and the wider economy. Tourism generates foreign exchange, supports jobs and businesses, drives regional development and underpins local communities. Before the pandemic, the sector directly contributed 4.4% of GDP, 6.9% of employment, and 21.5% of service exports in OECD countries, on average (and 6.5% of global exports according to the World Trade Organisation³). However, these shares are much higher for several OECD countries, where tourism is a major driver of economic activities, such as France (7.4% of GDP), Greece (6.8%), Iceland (8.6%), Mexico (8.7%), Portugal (8.0%) and Spain (11.8%). The indirect impacts of tourism are also significant, exacerbating the size of the shock on national and local economies.

The halt in tourism is having a knock-on impact on the wider economy, given the interlinked nature of the sector. The OECD estimates that more than a third of the tourism value added generated in the domestic economy comes from indirect impacts, reflecting the breadth and depth to linkages between tourism and other sectors (e.g. food production, agriculture, transport, business services).⁴ UNCTAD, meanwhile, estimates that global GDP losses due to the crisis in tourism could amount to 2.8% of the world's GDP (USD 1.2 trillion), if international tourist arrivals drop by 66%, with the consequences most marked in countries like Croatia (potential drop in GDP of 8%), Portugal (6%), Morocco (4%), Greece (4%), Ireland (3%) and Spain (3%). This could rise to a fall of 4.2% of world's GDP (USD 3.3 trillion) if international tourism flows are at a standstill for 12 months.⁵

The crisis is putting millions of jobs in the tourism sector at risk. Tourism is highly labour intensive and provides a high volume of jobs for low skilled workers, together with higher skilled jobs. According to the International Labour Organization (ILO), the accommodation and food services subsectors alone globally provides employment for 144 million workers, about 30% of whom are employed in small tourism businesses with 2–9 employees.⁶ Many of these jobs are customer-facing, exposing workers also to the health risks from the virus (e.g. waiters, air stewards, hotel receptionists).

The scale of job losses is not yet apparent, as government supports have protected workers from the full impact of the pandemic. However, the World Travel and Tourism Council (WTTC) estimates that that up to 174 million job are at risk globally in 2020.⁷ The European Commission's Joint Research Centre forecasts that between 6.6 - 11.7 million jobs in businesses operating and/or dependent on tourism-related activities could be at risk of reduction in working hours or permanent losses in 2020, representing between 3.2% and 5.6% of the total active population in the European Union.⁸ Women, young people, rural communities, indigenous people and informal workers are disproportionately affected – groups that are more likely to be employed in micro or small tourism businesses.

³ World Trade Organisation Working Paper (2020), [International trade in travel and tourism services: economic impact and policy responses during the COVID-19 crisis](#), 26 August 2020.

⁴ OECD (2019), "Providing new OECD evidence on tourism trade in value added", *OECD Tourism Papers*, No. 2019/01, OECD Publishing, Paris, <https://doi.org/10.1787/d6072d28-en>.

⁵ UNCTAD (2020), [Covid-19 and Tourism: Assessing the Economic Consequences](#) (UNCTAD/DITC/INF/2020/3), 2 July 2020

⁶ ILO Briefing note (2020), [The impact of COVID-19 on the tourism sector](#), June 2020

⁷ WTTC Press Release, [174 million Travel and Tourism jobs could be lost due to COVID-19 and travel restrictions](#), 29 October 2020

⁸ European Commission Joint Research Centre (2020), [Behavioural changes in tourism in times of Covid-19: Employment scenarios and policy options](#), JRC Science for Policy Report

Box 1. Forecasts for tourism performance and recovery: selected country examples

Canada: Revised tourism estimates from Destination Canada in July 2020 were based on a re-opening of the Canadian border in January 2021. Destination Canada developed two possible scenarios for 2020, based on different possible conversion rates of outbound Canadian tourism towards domestic travel:

- Scenario 1: assuming only 20% of Canadian outbound tourism demand is converted to domestic tourism, tourism expenditures drop by 61% (to CAD 41.3 billion) and jobs attributable to tourism drop by 55% (to 324 000).
- Scenario 2: assuming 100% of Canadian outbound tourism demand is converted to domestic tourism, tourism expenditures drop by 43% (to CAD 59.7 billion) and jobs attributable to tourism drop by 41% (443 500)

Croatia: Forecasts for tourism flows are revised every 15 days, following a review of the latest travel safety recommendations and epidemiological situation. This is informed by data from the e-Visitor system, which that provides daily updates. A 50% drop in tourism traffic is expected in 2020.

Germany: The German Federal Competence Centre for Tourism's latest "Recovery-Check" forecasts from July 2020 identify three possible scenarios for domestic and international tourism recovery. Under the central scenario, domestic tourism is expected to recover to 2019 levels in summer 2021, with international tourism recovery forecast for April 2023 (i.e. two years longer). Annual booked turnover compared to 2019 is expected to decline by: 42% in domestic and 57% in international tourism in 2020, 14% in domestic and 52% in international tourism in 2021, and 30% in international tourism in 2022.

Switzerland: According to the Swiss Economic Institute (KOF) the number of overnight stays is predicted to fall by 34% on 2020. The slump in domestic demand is forecast to be relatively small (down by 14%), with the loss in international business significant (down by 55%). Domestic and European demand is expected recover steadily, but demand from overseas markets is not expected to recover until 2023. With the exception of a few hotspots, hotel prices are also expected to fall and recover in 2022. Fares on mountain railways could rise significantly if passengers numbers are drastically reduced.

United Kingdom: VisitBritain have modelled a range of scenarios of the short-term impact on inbound and domestic tourism. Under the central scenario, inbound tourism arrivals are forecast to decline by 73%, with a corresponding decline in spending of 79% (last updated early October 2020). For domestic tourism, the central scenario forecasts a 49% decline in trips and spending.

National level estimates similarly reflect the scale of the impact on tourism, together with the challenges in making predictions in a fast moving and uncertain situation. Quantifying the current and future impacts of the crisis on the tourism sector is challenging, with the crisis exposing shortcomings in tourism statistical information systems, including a lack of robust, comparable and timely data to inform policy and business decisions. Available evidence highlights the precipitous drop in international travel flows and tourism spending, as well as the contraction of domestic tourism activities.

Attempts to forecast the impact of the pandemic on the tourism economy have repeatedly been overtaken by the rapidly evolving sanitary situation, and changes to containment measures. Traditional forecasting methods are unreliable in the current environment. Box 1 presents forecasts for domestic and international tourism performance in 2020 from selected countries. As with the OECD projections, scenario-based approaches provide some directions for tourism recovery, but are necessarily based on assumptions and simplifications, and subject to ongoing adjustment and revision.

The outlook for tourism is extraordinarily uncertain, and recovery will depend on the interlinked consequences of the economic and health crisis on demand and supply side factors. These include the evolution of the pandemic, availability of a vaccine (or alternative control measures), and the lifting of travel restrictions, as well as the survival and readiness of businesses throughout the tourism ecosystem to meeting demand, impacts on consumer confidence and travel behaviour, and developments in the wider economy. The global scale and extended duration of the crisis, continued uncertainty, and the interlinked economic and health nature of this crisis makes it unlike any previous shock to the tourism system.

Beyond the tourism economy, the pandemic has triggered a global economic crisis, and this in turn has consequences for tourism recovery. OECD predicts that global GDP will fall sharply by 4.2% in 2020, before returning to pre-pandemic levels by the end of 2021. The road ahead is brighter as progress on vaccines has lifted hopes, but challenges remains and recovery will be uneven across countries, and across sectors. Growth has rebounded in many parts of the economy, but tourism and other sectors have been slower to bounce back, and this is impacting recovery in many countries⁹.

It is too early to say what the long term implications of the crisis will be for tourism, but a return to business as usual is highly unlikely. The tourism sector will be a very different in 2021 to what it was in 2019. The longer the crisis continues, the more businesses and jobs will be lost, the greater the implications for traveller behaviour, and the tougher it will be to rebuild the tourism economy. This brings challenges for the sector, but also opportunities to encourage innovation, drive new business models, explore new niches/markets, open up new destinations, and move to more sustainable and resilient tourism development models. **Box 2** presents some of the potential long term impacts which may arise, and their policy implications.

The crisis is a call for governments at all levels to take strong and co-ordinated policy action to mitigate the impacts and support the recovery. It is also an opportunity to take advantage of new technologies, implement green recovery strategies, and shift to policy and business practices that better balance the environmental, social and economic impacts of tourism. Policy makers should leverage the opportunity to reboot the tourism economy on a stronger, fairer and more sustainable footing. The crisis, and the recovery plans that are being put in place, are a once in a lifetime opportunity to move towards more sustainable and resilient models of tourism development.

In this environment, tourism is high on the global policy agenda, and similar calls have been made by other international institutions, including the United Nations¹⁰, World Bank¹¹ and World Trade Organisation¹². The G20 Tourism Ministers, in the Diriyah Communiqué¹³, recognised that COVID-19 may result in a paradigm shift for the travel and tourism sector, and committed to continue to work together to support those most impacted by the crisis, and support a sustainable and inclusive recovery of the tourism sector¹⁴.

⁹ OECD (2020), *OECD Economic Outlook, Volume 2020 Issue 2: Preliminary version*, OECD Publishing, Paris, <https://doi.org/10.1787/39a88ab1-en>. 1 December 2020

¹⁰ United Nations Secretary General Policy Brief (2020), [COVID-19 and Transforming Tourism](#), August 2020

¹¹ World Bank (2020). *Rebuilding Tourism Competitiveness : Tourism Response, Recovery and Resilience to the COVID-19 Crisis*. World Bank, Washington, DC. <https://openknowledge.worldbank.org/handle/10986/34348>

¹² World Trade Organisation Working Paper (2020), [International trade in travel and tourism services: economic impact and policy responses during the COVID-19 crisis](#), 26 August 2020.

¹³ G20 [Diriyah Communiqué](#), Tourism Ministers Meeting, 7 October 2020

¹⁴ [G20 Tourism Ministers Statement](#), 24 April 2020

Box 2. Potential long lasting tourism policy implications: initial country views

Sustainability may become more prominent in tourism choices, due to greater awareness of climate change and adverse impacts of tourism. Natural areas, regional and local destinations are expected to drive the recovery, and shorter travel distances may result in a lower environmental impact of tourism.

Domestic tourism is expected to benefit, as people prefer to stay local and visit destinations within their own country. Domestic tourists are often more price-sensitive and tend to have lower spending patterns.

Traveller confidence has been hit hard by the crisis, and the ongoing uncertainty. This may lead to a decline in demand and tourism consumption that continues well long after the initial shock.

Traveller behaviour will be influenced by the evolution of the crisis, as well as longer term consumer trends that are reshaping in the way people travel. This may include the emergence of new niches and market segments, and a greater focus on safety protocols and contactless tourism experiences.

Safety and hygiene have become key factors to select destinations and tourism activities. People are likely to prefer 'private solutions' when travelling, avoiding big gatherings, and prioritising private means of transport, which may have an adverse impact on the environment.

Structural change in tourism supply is expected across the ecosystem. Not all businesses will survive the crisis and capacity in the sector is likely to be reduced for a period, limiting the recovery.

Skills shortages in the tourism sector may be exacerbated, as many jobs are lost and workers will redeploy to different sectors.

Reduced investment will call for active policies to incentivise and restore investment in the tourism sector to maintain the quality of the tourism offer and promote a sustainable recovery.

Digitalisation in tourism services is expected to continue to accelerate, including a higher use of automation, contact-less payments and services, virtual experiences, real-time information provision.

Tourism policy will need to be more reactive and in the long term it will move to more flexible systems, able to adapt faster to changes of policy focus. Crisis management will be a particular area of focus. Safety and health policy issues also.

Survival of businesses throughout the tourism ecosystem are at risk, particularly SMEs

Tourism sector is highly fragmented and diverse, and the ongoing crisis is exposing the interdependent nature and fragilities of the tourism ecosystem. Some branches of the sector have been more impacted than others. Where hotels, restaurants and visitor attractions have been able to resume operations, new health protocols mean that these businesses are operating with restricted capacity. These health protocols and containment measures are also changing in line with the sanitary situation, sometimes at short notice. This creates challenges for the operation of these businesses (e.g. last minute booking cancellations, pre-purchased stock reserves). Other parts of the sector have yet to reopen, at least to any significant extent. The international aviation network remains largely grounded, while there is minimal (if any) activity in the meetings, incentive, conference, exhibition and events sector (MICE).

Table 1. Reported impacts and future expectations in selected branches of the tourism ecosystem

Transport	<ul style="list-style-type: none"> • International Air Transport Association (IATA) expects air travel to be down 66% in 2020.¹⁵ • International Civil Aviation Organisation (ICAO) estimates a decline of 51% in the number of seats offered by airlines, and with almost 3 billion fewer passengers, and between USD 388 billion to 392 billion in lost airline revenues in 2020.¹⁶ • Cruise Lines International Association (CLIA) estimates the worldwide impact on cruising between March and September 2020 will be a loss of USD 50 billion in economic activity, 334 000 jobs and USD 15 billion USD in wages.¹⁷ • International Union of Railways (UIC) estimates total revenue losses of up to USD 125 billion for both 2020 and 2021, following a loss of more than USD 36 billion in the first semester 2020.¹⁸ • Hertz, a major international car rental company, reported a fall in global revenue by 67% in Q2 2020.¹⁹
Tour Operators and Travel agencies	<ul style="list-style-type: none"> • TUI Group, one the largest tour operators, reported a 98% drop in revenues in the second quarter of 2020 [down to EUR 75 million] reflecting business standstill for most of the quarter with partial operations successfully resumed from mid-May.²⁰ Winter season 2020/21 bookings were also reported to be down 59%, while the situation looking more promising for the summer.²¹ • Booking Holdings, a large online tourism agency, reported a year-on-year decrease in room nights booked by 87% in Q2²², and by 43% in Q3 2020²³.
Hotels and shared accommodation	<ul style="list-style-type: none"> • STR reports occupancy levels of 26% in Europe, 67% in China, 45% in North America in the week ending 25 October 2020 (taking into account rooms in closed hotels)²⁴ Between January and the end of June 2020, hotel revenues per available room (RevPAR) was 64.8% lower than the previous year (27 global markets included in the analysis), and short-term rental RevPAR was down 4.5%. Hotels bottomed out at 17.5% occupancy for the week ending 28 March, while short-term rentals fell to a low of 34.3%. Hotels were hit harder due to greater reliance on group demand and business travel.²⁵ • Marriott international, a hotel group with more than 7000 properties global, reported a net loss of USD 234 million in Q2 2020, compared to reported net income of USD 232 million for the same period in 2019.
Business, meetings, event travel	<ul style="list-style-type: none"> • Global Association of the Exhibition Industry estimated, on the 20 July, a contraction in global exhibition business by 60% in 2020, resulting in a potential loss of USD 180 billion of total output and 1.9 million jobs affected in exhibition and tourism-related activities.²⁶
Culture, sport, entertainment	<ul style="list-style-type: none"> • UNESCO: World Heritage sites in 26% of countries were closed completely as of 23 November 2020, with these sites reopened (44% of countries) or 30% partially opened (30%) in other countries. At one point during the year, 90% of countries had closed their World Heritage sites. The medium and long term implications are significant, as many natural and cultural World Heritage sites rely on tourism revenue to carry out conservation or archaeological work.²⁷
Travel technology	<ul style="list-style-type: none"> • Amadeus Group, a travel technology company, reported a contraction in revenues of 59.8% in the first nine months of 2020, driven by the COVID-19 impact on the travel industry.²⁸

¹⁵ IATA presentation, [View the Outlook for Air Transport and the Airline Industry presentation](#), 24 November 2020

¹⁶ ICAO presentation, [Economic Impacts of COVID-19 on Civil Aviation](#), 12 November 2020

¹⁷ CLIA website, [Cruise Industry COVID-19 Facts and Resources](#), accessed on 13 November 2020

¹⁸ UIC (2020), [First estimation of the global economic impact of Covid-19 on Rail Transport](#), COVID-19 Taskforce, 21 July 2020

¹⁹ Hertz Press Release, [Hertz Global Holdings Reports Second Quarter 2020 Financial Results](#), 10 August 2020

²⁰ TUI Group financial statement, [FY20 Quarterly Statement](#), 13 August 2020

²¹ TUI Group presentation, [Group Investor Presentation](#), September 2020

²² Booking Holdings, [Booking Holdings Reports Financial Results for 2nd Quarter 2020](#), 6 August 2020

²³ Booking Holdings, [Booking Holdings Report Financial Results for 3rd Quarter 2020](#), 5 November 2020

²⁴ STR Webinar, [COVID-19 impact on Europe hotel performance](#), 6 November 2020

²⁵ STR; AirDN, [COVID-19 impact on hotels and short-term rentals](#), 10 August 2020

²⁶ Global Association of the Exhibition Industry (UFI) Media Release, [UFI updates figures on the global hit that exhibitions and trade shows have suffered due to COVID-19](#), 20 July 2020

²⁷ UNESCO website, [Monitoring World Heritage site closures](#), 23 November 2020

²⁸ Amadeus IT financial results, [Quarterly financial results, Q3 2020 Results Press release](#), 6 November 2020

The survival of tourism businesses that were viable before the pandemic is now threatened, with the many small scale businesses particularly vulnerable. Small, medium and micro-enterprises (SMEs) are generally less resilient and lack the capacity and resources to cope with the changes and costs that such shocks entail. A survey early in the crisis found that one third of SMEs (across all sectors) feared they would be out of business without further support within one month, and there was a serious risk that up to 50% of SMEs would not survive beyond three months.²⁹ The crisis has particularly exposed the financial fragility of many small tourism businesses, which are facing acute liquidity shortages.

Many small tourism businesses are heavily dependent on other businesses in the tourism ecosystem. Tourism services are often interdependent and a crisis in one part of the tourism ecosystem, such as aviation and tour operators, can have disastrous follow on effects through the tourism value chain. Bigger tourism businesses support many SMEs through their supply chains, and through the key role they play in the tourism ecosystem. Businesses of all sizes that are heavily reliant on international tourism, business travel and city tourism are particularly impacted.

Large tourism businesses are also facing significant challenges in weathering the crisis. IATA reports that airlines continue to operate below breakeven point, as the pace of recovery slowed and then stalled in August and September. The outlook has not improved since IATA downgraded its air travel forecast to be down 66% in 2020³⁰. Tour operator TUI reports an almost full revenue loss during March-June 2020, with a modest summer restart following the introduction of health protocols. However, travel restrictions continue to hamper a return to meaningful operations, and the short term future remains uncertain.

Government supports have limited business failures since the start of the pandemic, but many tourism businesses are now facing existential decisions about their future. For some businesses the cost of staying open may outweigh the cost of closing. Hibernation is a possibility for some businesses, but for others the only remaining option is to cease trading. Table 1 provides the latest available evidence and forecasts on the impact of the crisis on selected industry branches, showing a dramatic situation across the ecosystem.

Recovery will be slower in destinations more exposed to the shock to the tourism system

Some destinations are more exposed to the tourism crisis triggered by the pandemic, and just as the impacts vary from place to place, so too will the recovery. The extent of the economic impact at destination level depends on a number of factors, including the nature of the tourism offer, impact of travel restrictions on visitor flows, extent to which restrictions coincide with peak tourism periods, speed which the economy picks up in main source markets, the scale and complexity of business operations, the size of the domestic tourism market and exposure to international source markets. Additionally, places where there is a lack of economic diversity and a heavy reliance on tourism to support local jobs and businesses are more vulnerable.

The easing of travel restrictions and reopening of tourism activities has benefited some destinations more than others. This is likely to continue as governments take more localised approaches to travel restrictions and containment measures. As tourism activities restarted, tourists have preferred to visit more remote and rural destinations and natural areas. This has opened up opportunities in places where tourism had not previously been well developed. It remains to be seen how much these new travel

²⁹ OECD (2020), Policy Responses to Coronavirus (COVID-19), [Coronavirus \(COVID-19\): SME policy responses](#), Updated 15 July 2020

³⁰ IATA presentation, [COVID-19 Downgrade for global air travel outlook](#), 29 September 2020

patterns and traveller behaviours will evolve. Domestic tourism is expected to sustain the sector in the short term, followed by tourism from neighbouring countries.

Destinations dependent on international markets are most exposed (particularly long haul), as are urban destinations where business and MICE tourism in particular are important. This is not surprising, given the tourism offer in cities tends to be based on indoor cultural and heritage attractions and events involving large numbers of people. Early estimates from Tourism Economics forecast the recovery of domestic city tourism in 2021, but recovery of international city tourism to take two years or more. Tourism in major cities was expected to recover first, with more widespread recovery in international tourism to cities not expected before 2024.³¹

This is borne out by experience on the ground since the summer months. In Italy, for example, it is estimated that around 70% of hotels in cities like Rome and Florence did not reopen over the summer period, compared to a 20% in coastal areas.³² In Croatia, the difference in tourism performance across destinations has been stark, with overnights recorded in the city of Dubrovnik this summer around 81% lower than the previous year, compared to an average drop of 65% nationally. Similarly, in Iceland, businesses in the capital Reykjavik and the south-western part of the country where Keflavik International Airport is located have been especially hard hit due to their dependency on international visitors and corresponding lack of domestic tourism.

A recent report from the European Commission Joint Research Centre (JRC) on tourism behaviours similarly showed new preferences for low tourist density destinations and outdoor activities away from big cities and in regions with a safer image in terms of COVID-19 circulation.³³ This follows on from previous JRC work highlighting the tourism hotspots most vulnerable to travel restrictions, taking into account seasonality and the scale of tourism relative to the size of the local population, with coastal regions expected to be most impacted (Figure 1³⁴).³⁵

Tourism destinations often show the highest shares of jobs potentially at risk, and regions with higher specialisation in tourism are more economically exposed to the crisis.³⁶ This includes European destinations such as the Ionian Islands in Greece and the Balearic and Canary Islands in Spain, as well as the Algarve region in Portugal. In North America Nevada (which includes Las Vegas), Hawaii and Florida stand out as potentially the most affected states, while in Korea Jeju-do is the region with the highest risk.³⁷

³¹ Tourism Economics presentation, [City Tourism Outlook and Ranking: Coronavirus Impacts and Recovery](#), 15 April 2020

³² CNN News, [The tourists are leaving Italy. Now catastrophe looms](#), 13 September 2020

³³ European Commission Joint Research Centre (2020), Behavioural changes in tourism in times of Covid-19: Employment scenarios and policy options, JRC Science for Policy Report, <http://publications.jrc.ec.europa.eu/repository/handle/JRC121262>

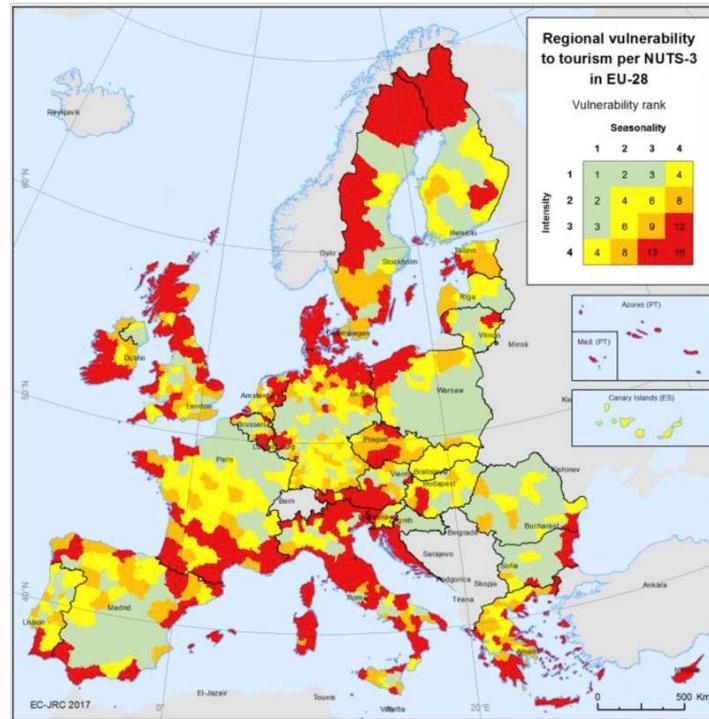
³⁴ Batista e Silva, F., Herrera, M. A. M., Rosina, K., Barranco, R. R., Freire, S., & Schiavina, M. (2018). "Analysing spatiotemporal patterns of tourism in Europe at high resolution with conventional and big data sources". *Tourism Management*, Vol. 68, No. 101, p.115, <http://dx.doi.org/10.1016/j.tourman.2018.02.020>

³⁵ European Commission Joint Research Centre Territorial Development (2020), EU Regional impact on GDP from travel restrictions for non-residents

³⁶ OECD (2020), Policy Responses to Coronavirus (COVID-19), [The territorial impact of COVID-19: Managing the crisis across levels of government](#), Updated 16 June 2020

³⁷ OECD (2020), Policy Responses to Coronavirus (COVID-19), [From pandemic to recovery: Local employment and economic development](#), Updated 27 April 2020

Figure 1. Vulnerability of European tourism destination to shocks



Source: European Commission Joint Research Centre (2018)

Some destinations are using the crisis as an opportunity to rethink their tourism development model. OECD work on *Managing Tourism Development for Sustainable and Inclusive Recovery* looks at destinations that have introduced initiatives supporting the green transition and sustainable tourism development as part of the COVID-19 response and recovery actions. For example, recovery efforts in Corsica, France are focusing on ecological values, while destinations in Finland are promoting and investing in sustainability to restore demand. Box 3 describes some of the destinations case studies developed as part of this work.

The decline in tourism has not always been unwelcome, with anecdotal reports that residents in some cities previously experiencing overtourism have been reclaiming their cities (e.g. Prague³⁸). There are also reports that the drop in demand for short-term Airbnb-style accommodations has freed up apartments to meet long-term local housing needs (e.g. Dublin³⁹, Paris), and of visitors being less welcome by local community due to perceived risks of contagion. However, local people are also seeing the disappearance of transport, retail, food services, and other services, which relied on tourism to be viable and available to meet local demand. While these destinations may miss the revenues from tourism, and the services it supports, the crisis provides an opportunity to manage the recovery to avoid to return to a pre-crisis situation, which was putting pressure on infrastructure, the environment and local populations.

³⁸ DW, [Overtourism in Prague, ideas for post-coronavirus times](#), June 2020

³⁹ The New York Times, [Tourism Slump in Dublin Lays Bare Airbnb's Damage to Rental Markets](#), 21 September

Box 3. Promoting sustainable destination recovery: selected destination examples

Corsica, France: The shock raised local stakeholders' awareness on the vulnerability of the sector in Corsica, and created a strong impetus to ensure recovery efforts support a greener transition. Corsica is implementing a roadmap for tourism sustainability with a thorough consultative approach, to mainstream green measures in the long-term recovery.

Posio, Finland: This small emerging travel destination in Finnish Lapland welcomed a record number of tourists for the 2020 summer season, boosted by domestic travel. Sales increased significantly and web traffic nearly doubled in July 2020, compared to the same period in 2019. However, service providers report low awareness, interest and spending on products compared with international visitors (e.g. husky safaris). Further investment in sustainability is needed to tackle the challenges COVID-19 poses now, and for the future. One of the key issues in moving forward sustainability programmes is ensuring the long term commitment of private sector. This has been accentuated by the crisis.

Kyoto, Japan: The Kyoto Destination Management Organisation is repositioning its recovery strategy to re-orient toward local needs and support sustainable growth. It is using the crisis as an opportunity to rethink the tourism management system, and strive for growth with a greater focus on the needs of the local population. The recovery strategy aims to develop the city as a high quality destination for residents and tourists at the same time.

Bay of Plenty, New Zealand: The regional destination of the Bay of Plenty is responding by promoting a more sustainable, and a more regenerative sector. Developed by the Regional Tourism Organisation of *Tāpoi Te Moananui ā Toi* |Tourism Bay of Plenty, a destination management plan calling for regenerative tourism was in place prior to COVID-19. The funding that the New Zealand government is providing to support Regional Tourism Organisations in New Zealand post-COVID-19 will now help to accelerate the implementation of the plan.

Co-ordinated action required to rebuild the tourism economy, with a key role for private sector

Getting the tourism ecosystem back up and running will require a co-ordinated and integrated approach, across government and with the private sector. Tourism's cross-cutting nature means that the actions of different policy areas and levels of government have implications for its recovery. The private sector, which is at the forefront of this crisis, also has a key role to play in working with policy makers to ensure response measures across government are well targeted and effective. The challenge for government is to engage with a fragmented tourism sector with sometimes divergent interests and competing demands.

Tourism businesses have responded rapidly, to protect visitors and workers, ensure business survival, and be ready for the recovery. Those businesses that have reopened have also had to be responsive to changing situation, at times requiring significant investment of time and resources (financial and human). Peak industry bodies are playing an important role in identifying and promoting opportunities for tourism operators to manage and pivot their business, and are taking the lead in informing businesses of recent developments, providing support to access assistance, sharing accurate information, and liaising with governments. Steps taken by tourism businesses include:

- **Managing cash flow and accessing government supports to protect business:** e.g. reducing operating costs, business size and capacity, furloughing or laying off employees, hibernating business.

- **Promoting COVID-safe business operations:** e.g. developing and implementing health and safety protocols, standards and labels, training workers, providing information to visitors, marketing and promotion campaigns.
- **Adapting business model and service offering:** e.g. offering takeaway food services, flexible booking conditions, adjusted pricing, changing operating hours, closing parts of business, offering digital experiences, new products and packages, upgrading facilities, restructuring business.
- **Pivoting operations to cater to new markets:** e.g. domestic tourism market, student accommodation, alternative work spaces for teleworkers.
- **Supporting the pandemic response effort:** e.g. providing meals, hotel rooms and vouchers for medical staff, making hotel facilities available for patients and people self-isolating or in quarantine.

In Denmark, for example, some hotels are renting rooms to students, mitigating both the reduction in the normal levels of hotel guests and a student housing shortage. In the Slovak Republic, the Bratislava Hoteliers and the Bratislava Tourist Board created a joint “72-hour city” promotional campaign, under which selected hotels offer tourists staying two nights to extend their trip with a third night free. TUI Group has introduced strict health and safety guidelines for hotels, for aircraft, cruise ships, among other measures, to make sure operations can resume safely. It recognises that in the long term the travel sector will need to consider increased and accelerated digitalisation, sustainable travel and a tailored customer experience.

Tourism businesses have also taken proactive steps to raise the needs of the sector and propose solutions to government. This includes coming together through industry associations and setting up dedicated taskforces, at national and international level (Box 4). In the United States, for example, the US Travel Association has mobilised a COVID Relief Coalition, and worked closely with medical experts to prepare guidance for COVID-safe operations. At international level, the WTTC COVID-19 Taskforce brings together private sector representatives and international organisations to find common solutions to ease the pressure on tourism businesses.

Private sector are also engaging in the COVID-19 response activities of international organisations. Representatives of the private sector have participated in a series of policy dialogues with the OECD Tourism Committee, bringing perspectives of businesses of all sizes and different branches of the tourism economy. Other initiatives include the UNWTO-led Global Tourism Crisis Committee, which is a public-private initiative to co-ordinate the pandemic response, including through the publication of recommendations for government action and recovery priorities. The International Civil Aviation Organisation (ICAO) Council Aviation Recovery Taskforce (CART), meanwhile, aims at providing practical, aligned guidance to governments and industry operators in order to restart the international air transport sector and recover from the impacts of COVID-19 on a co-ordinated global basis. On the 9 November 2020, the ICAO Council endorsed new ‘Take-off’ Guidelines for international air transport, which provide recommendations on specific priorities including general hygiene, masks and face coverings, health screening and declarations.⁴⁰

These efforts go in the right direction, but more needs to be done and in a more co-ordinated and integrated way to support tourism recovery, at national and international level. Governments must approach tourism recovery in a more integrated manner – involving all levels of government, private sector and civil society in a practical and actionable plan to revive the tourism sector. There is also a need to strengthen multi-lateral co-operation, as the actions taken by one government has implications for travellers and businesses in other countries, and for the global tourism system.

⁴⁰ ICAO Press release, [ICAO Council endorses new updates to COVID-19 global aviation recovery guidelines](#), 10 November 2020

Box 4. Selected initiatives and policy solutions proposed by the private sector

Cruise Lines International Association: CLIA members have adopted a core set of enhanced health protocols to support a phased approach to resumption of passenger operations.

European Tourism Association: ETOA is calling for continued support so the sector can survive ‘three winters’, better co-ordination of public policy on borders and public health measures, and reform of financial protection frameworks. ETOA reports that it has often been difficult to access for MSMEs, and oftentimes excludes some sub-sectors (e.g. coach transport).⁴¹

HOTREC: The European hospitality association is calling for tourism to be prioritised in EU Recovery Plan, and make sure all funds are easy accessible to tourism SMEs. Support should be given to build a more sustainable tourism ecosystem that includes changes in the infrastructure of buildings for more environmentally friendly sector, spreading the offer to different destinations and guaranteeing the quality of the product offer. Training the workforce to adopt a greener code of conduct and to address the challenges of the digital age is also key priorities.

International Air Transport Association: IATA is calling for broader COVID-19 testing to facilitate travel, and continued relief measures. This should include direct financial assistance, and regulatory relief, such as pre-existing rules for slot allocation, due to the volatile context. IATA has developed an interactive dashboard containing information on the latest Flight Information Region, airport, and State restrictions posted via Notice to Airmen and Aeronautical Information Service data.

World Economic Forum: A new tourism Industry Action Group (IAG) has been created to promote co-ordination with the public sector. WEF is currently collaborating with the Common Pass initiative to launch a harmonised, interoperable global trust framework for health information, based on open-standards

World Tourism & Travel Council: WTTC’s 100 Million Jobs Recovery Plan contains 12 actions and commitment from the private sector, and calls for a public-private approach to achieve these, including: eliminating quarantines and other travel barriers through the implementation of an international testing regime, combined with rigorous health and safety protocols, to enable the world to adapt to living with the COVID-19 virus. WTTC launched the *SafeTravels* Protocols and Stamp in May 2020, to encourage the use of harmonised practices, across sub-sectors, to boost traveller confidence on safety measures.

Agile policies are needed to support tourism recovery in an uncertain and shifting environment

Governments have taken exceptional steps to mitigate the impact of COVID-19 on the economy, while responding to the health crisis. These measures have most often taken the form of economy-wide stimulus packages to protect workers, households and businesses. The tourism sector has benefited greatly from these supports, and in some countries has been earmarked as a target sector. Governments have adjusted these measures as the crisis has evolved, and are also introducing sector-specific initiatives and recovery packages and plans to better address the needs of tourism businesses and prepare the recovery of the sector as a whole.

The tourism economy will be among the last sectors of the economy to fully resume service activities and recover lost demand. The sector is dependent on travel and people-to-people interactions

⁴¹ ETOA website, [Monthly newsletter](#), November 2020

targeted by containment measures. Much more needs to be done, and quickly, to support tourism businesses and workers, restore traveller confidence, stimulate demand and prepare for the recovery. The crisis has also accentuated the crucial need for integrated policy responses, to ensure tourism measures are well-targeted, and consistent and complementary to general economic stimulus packages.

A review of country policy responses since the start of the crisis highlights three major response categories and types of responses, which continue to evolve. Sub-national governments have also introduced similar measures, to support the local tourism sector, and to complement and extend national programmes.

Supporting jobs and workers and businesses, particularly SMEs

Government support in the early stages of the crisis focused on protecting visitors and workers, and ensuring business survival following a near-complete cessation of tourism activities in many countries. Supports aimed at getting financial aid out to the widest possible net of workers and businesses, as quickly as possible – with tourism benefiting from general economic stimulus measures, in addition to more targeted supports. Some countries identified tourism as a priority sector for support from the outset of the crisis in some countries, reflecting the scale of the impact and importance of tourism to the economy.

Most initiatives in the emergency response and mitigation phase aimed to provide some income continuity for tourism workers, and liquidity supports to tourism businesses, so they are in a position to restart operations when containment measures come to an end. The modalities and details vary by country. These supports have protected many workers and household incomes, sustained employer-employee relationships, and ensured vulnerable-but-viable businesses stay afloat, particularly SMEs. However, the full scale of the impacts are not yet known - not every tourism business can survive, and not every tourism job can be saved.

Many countries report that these measures have generally reached the tourism sector effectively, with tourism often one of the main beneficiaries of the schemes and a good uptake of tourism-specific measures. However, there have also been challenges to rapidly design and roll out effective policy supports (e.g. process capacity, incomplete applications, lack of manpower and resources, poor communication, gaps in coverage, implementation delays).

Adjustments to both general and tourism-specific measures have been needed to make the measures more accessible and better address needs of the sector. Issues include: eligibility criteria and thresholds (e.g. inappropriate for tourism business size, particularly micro-enterprises turnover and number of employees levels too high, self-employed not covered, risk profile), duration and terms (e.g. interest rate too high, grace and repayment period too short, supports ends too soon) and gaps in provision (e.g. tour guides, destination management organisations [DMOs], some workers and businesses fall between the stools due to rules).

The crisis has exposed the financial fragility of many tourism businesses, particularly small and micro enterprises whose cash reserves were already depleted, including following the winter low season in Europe and capital outlays to prepare for the upcoming summer season. Elsewhere, tourism businesses in Australia were just emerging from the impact of the summer bushfires, while the early end to the winter ski season in other countries also hit balance sheets. The capacity of many of these businesses to take on additional debt is limited.

The easing of containment measures allowed the initial reopening of many tourism businesses in many countries, but this remains partial and changeable. Many governments have responded by extending and adjusting these measures, and there will be a continued need for flexible policy supports as the crisis evolves. An ongoing challenge is finding the balance between general supports and sector-specific supports, and developing and implementing these as quickly and efficiently as possible. While recognising the exception nature of the country response measures to date, it is clear that further supports will be needed to support businesses throughout the tourism value chain and rebuild destinations.

Protecting tourists

From the outset of the crisis, a key priority for governments has been to protect visitors and ensure the safe repatriation of citizens to their home countries. Tourists outside their normal environment often suffer from an information deficit, and countries have taken steps to provide timely assistance and information to visitors in their country, including the provision of multi-lingual information targeting visitors (e.g. Japan) and ensuring access to accommodation facilities. Countries also sought to provide travel advice to citizens travelling abroad through diplomatic networks and tourism agencies, and moved to make repatriation arrangements, including through chartering flights and in co-operation with other countries. As the crisis has evolved, the focus has moved to protecting consumers who have had to cancel booked and paid-for travel due to COVID-19, as well as ensuring people can engage in tourism activities safely while minimising the risk of infection.

Supporting jobs and workers

The tourism sector has benefited massively from cross-sectoral schemes introduced by governments to retain jobs and protect individual and household incomes. Income protection, wage subsidy, job retention and employment support schemes have shielded many tourism workers from the full impact of the crisis (Box 5). Countries report a high uptake of these schemes, which help tourism businesses cover wage costs, while ensuring income and social protection support for tourism workers. The extension of these schemes has been a main request of tourism businesses struggling to survive and prevent job losses. Some countries designated tourism as a target sector for these supports (e.g. Korea), while others have introduced sector-specific supports, including for seasonal workers (e.g. Italy). Schemes have also been introduced to support the retention of apprentices and trainees (e.g. Australia) and measures specifically aimed at the self-employed, which is particularly relevant for the many micro and small businesses in the tourism sector (e.g. Austria, Belgium-Wallonia, Czech Republic, New Zealand, United Kingdom).

As the crisis has evolved, these measures have been extended, often with adjustments, and sometimes accompanied by measures to allow for simplified furlough schemes and more flexible employment rules and ways of working (e.g. move to part-time working, split work time between different employees) (e.g. Denmark, Hungary, Iceland, Portugal, Sweden, Switzerland, United Kingdom). Measures to support people unable to work as they are self-isolating or sick with COVID-19 have also been introduced (e.g. New Zealand, Sweden). Other supports include health measures to protect workers on the return to work, and training and skills development to help mitigate the negative impact of the crisis on workers, as well as the tourism and wider economy.

Box 5. Supporting people: selected country responses

Australia: The 'JobKeeper' wage subsidy programme introduced at the end of March 2020 has assisted significantly in the preservation of jobs in tourism, and across the broader economy. This programme was due to end in September 2020 but has been extended to March 2021, at a reduced rate and with tighter eligibility requirements.

Colombia: The National Institute of Health and the Ministry of Health and Social Protection provide training in crisis management for hotels. The Government also developed the Export Training Program to strengthen the skills of employees in the tourism sector value chain (13 500 people registered).

Costa Rica: The Ministry of Tourism developed a series of courses designed for entrepreneurs, employees and other participants associated to the tourism industry, on issues of pandemic care,

protocols, sanitation, business management, financial issues, marketing and commercialisation. A total of 33 online courses has allowed the training of more than 3 000 people in the sector.

France: Businesses of all sizes operating in tourism related activities benefit from 100% partial unemployment coverage for hours not worked until December 2020 (compared to 85% for other sectors, since the 1 June 2020). The government estimated that the tourism sector represents between 15 and 20% of the total budgetary effort for the partial unemployment coverage. A new career guidance platform targeting seasonal tourism workers was launched to support the recovery of employment in the tourism sector during the 2020 winter season in October 2020.⁴²

Iceland: The option for full time workers to move to part-time has been extended to the end of December 2020. This allows employees to reduce their hours or salary to as low as 25%, or 50% from July onwards, and top up their earnings with support from the Government.

Israel: The Government is providing subsidies for free walking tours to help tour guides make a living and encourage people to start touring the country. Grants of ILS 7 500 are also available to businesses that rehire workers that have been laid off.

Italy: Measures were put in place allowing the furlough of seasonal workers who could apply for EUR 1 000 compensation for months, up to the end of August 2020.

Korea: Tourism was designated as a special employment support sector, and has been eligible for employment support providing up to 90% of annual leave allowance for 6 months to support job retention in the sector.

Latvia: Training for tourism employees in IT, digital and tourism-specific skills is being developed, with the provision of additional scholarships. This is targeted at easing costs for those entrepreneurs that cannot provide full employment to their employees due to lack of business.

New Zealand: Surveys suggest that approximately 30% of all of the businesses that have accessed the New Zealand Wage Subsidy Scheme received some income from tourism, pre-pandemic.

Spain: Guidelines were developed by the Ministry of Labour and Social Economy on the protection of workers and other labour-related aspects of COVID-19. The Ministry of Industry, Trade and Tourism also developed guidelines on good practices for businesses and workers in the tourism sector.

Supporting businesses throughout the tourism ecosystem

Tourism businesses face significant challenges during this extremely difficult time. Many countries have urgently deployed economy-wide measures, with a strong focus on sustaining short-term liquidity and particular measures targeting SMEs. Sector-specific measures to provide financial relief to hard hit tourism SMEs and branches of the tourism ecosystem have also been put in place.⁴³ Non-financial supports are also provided, including information provision and advisory services to comply with new rules. These measures have played a crucial role in sustaining tourism businesses since the outbreak of the crisis (Box 6), as many businesses are in a fragile financial position and face acute liquidity shortages.

Direct financial support (non-debt) has been provided through grants and subsidies to cover fixed operating costs and acute liquidity shortages for businesses that were previously viable but which have experienced a significant contraction in demand (e.g. Israel). In some cases these supports have been adapted to meet specific needs in the tourism sector (e.g. Austria, Portugal, Slovenia, United Kingdom). In

⁴² French Government Press Release, [Report of the 6th Inter-ministerial Tourism Committee](#), 12 October 2020

⁴³ OECD (2020), Policy Responses to Coronavirus (COVID-19), [Coronavirus \(COVID-19\): SME policy responses](#), Updated 15 July 2020

Austria, for example, direct grants are available to cover up to 75% of fixed costs in tourism businesses, as part of the COVID-19 Recovery Package. In Slovenia, a dedicated Tourism Loan Fund has been established through the SID Bank of Slovenia, while a separate initiative provides support to cover the costs of cableway and ski operators.

Measures also aim to **ease access to finance for businesses, particularly SMEs (debt)**. This includes government guarantees to facilitate access to working capital loans issued by eligible lenders. Terms and conditions vary, but include extended grace and repayment periods, with reduced security obligations and interest rates (as low as 0%) and guarantees (up to 100%) of the loan value. Loan repayment moratoriums (principle and interest), debt forgiveness and other supports also help tourism businesses to manage their debt until they can start to resume normal business operations (e.g. Canada, Hungary, New Zealand, Poland, Portugal, Slovak Republic). Some countries are also temporarily relaxing or exempting responsible lending obligations and security requirements to maintain a well-functioning credit supply, as well as speeding up approvals processes and offering unsecured loans to support access to credit and guard against insolvency and (e.g. Australia, Japan, Sweden, United Kingdom).

Deferral or suspension of tax, social contribution and other payments have helped address acute liquidity shortages in the sector (e.g. Austria, Belgium Wallonia, Croatia, Greece, Hungary, Israel, Morocco, Poland, United Kingdom). This includes deferrals and exemptions from employer social security contributions and corporate taxes (e.g. France, Hungary, Portugal, Slovenia, Sweden), as well as schemes to help businesses meet their tax obligations (e.g. New Zealand). Rent freezes, exemptions and support benefits have also been introduced (e.g. Canada, Hungary, Japan, Poland, Portugal, Slovak Republic), together with exemptions for tourism businesses from the payment of business rates and the waiving of concession fees on public conservation land and waters or properties (e.g. New Zealand, United Kingdom).

Non-financial government assistance efforts include communication campaigns to help prevent the spread of the virus, and actions to help SMEs adopt new work processes and find new markets. In Japan, for example, the Japan National Tourism Organisation moved quickly to disseminate accurate information to travellers via Twitter and other social media platforms. Turkey, meanwhile, has issued regular circulars and guidance on restarting tourism activities (e.g. sea, culture, art, accommodation, food and beverage, tour guides). Other countries have relaxed and postponed regulatory requirements. Israel, for example, has postponed regulatory demands for business licencing.

The scale of the relief and recovery packages introduced is extraordinary, and applies to businesses of all sizes through the tourism supply chain. France, for example, as part of its tourism recovery plan mobilised EUR 18 billion to support the tourism sector, combining general economic measures and financial support specific to the sector. Portugal has dedicated EUR 1.7 billion to support accommodation providers, restaurants and travel agencies. In the United States, the travel and tourism sector benefited from a USD 2.2 trillion economic stimulus package open to all businesses, which includes funding pots earmarked for those hardest hit industries including airlines, airports and travel agencies, delivered through a mix of measures including cash payments, loans, grants and guarantees.

Tourism relief and recovery packages also seek to support critical tourism ecosystem infrastructure. National and international travel and transport connections are key network infrastructure for tourism. They are also strategically important to the wider economy, to keep international trade flowing and global supply chains functioning. Travel agencies and tour operators are another sector that has been heavily hit and faces acute liquidity challenges linked with consumer protection measures and refund requirements.

Box 6. Supporting businesses and branches of the tourism system: selected country responses

Austria: The Austrian Bank for Tourism Development (ÖHT) has provided guarantees worth more than EUR 1 billion to tourism SMEs since the start of the crisis, to obtain the necessary liquidity and secure their viability. Tourism businesses with an active loan from the ÖHT before the outbreak of COVID-19 have been able to apply for the suspension of all loan repayments for the year 2020.

Belgium Wallonia: Together with the economic measures taken by the Minister of Economy, EUR 20 million has been spent on supporting the Walloon tourism sector since the beginning of the health crisis, as of November 2020. This includes financial aid to tourist operators' health measures implementation, reimbursement of costs incurred and not recoverable by event organisers, and financial aid for maintenance costs.

Croatia: Measures implemented to support tourism businesses include postponing payment of fees and tourism taxes, and liquidity support measures. Tourism businesses also benefit from general supports, including the Export Guarantee Fund which provides guarantees for commercial bank loans.

Denmark: The Government strengthened the Travel Guarantee Fund by providing a state guarantee worth DKK 1.5 billion to support business liquidity. The scope of the fund was expanded to compensate travel companies for costs associated with refunds for cancellations due to the coronavirus. The Danish and Swedish Governments also provided a credit guarantee to SAS Airlines worth around DKK 2 billion.

Estonia: Enterprise Estonia and Estonian Tourist Board created a crisis support system for the tourism sector, based on Government allocated funding measures. It offers one-off non-repayable aid to support tourism business survival and will remain in place until Spring 2021. The system has been designed to be simple and straightforward to access, considering the specific characteristics of the sector. With an initial budget of EUR 25 million, the aid is accessible to businesses that were viable before the crisis (based on tax data). The turnaround time for applications is within 15 working days, with pay-out within the following 10 working days. An additional EUR 8 million was added to the budget in November 2020 to support the sector and additional support schemes will be available at the beginning of 2021.

France: A solidarity fund has been extended for tourism businesses until the end of 2020. The fund enlarged its eligibility criteria to include businesses with up to 50 employees (previous limited was up to 10 employees), and it covers revenue losses up to EUR 10 000 for tourism activities who have a revenue loss higher than 50% (for other sectors this is capped at EUR 1500).

Hungary: The Hungarian Tourism Agency has provided HUF 85 billion to support the construction and renovation of hotels with more than 100 rooms in rural areas, to promote the development of domestic tourism. A HUF 60 billion support programme is also dedicated to the owners of all accommodation establishments in rural areas with a maximum of 8 rooms, and a tender for the development of campsites on the shores of Lake Balaton was announced in May 2020, with a budget of HUF 5 billion.

Iceland: Payment and collection of the accommodation tax has been suspended from 1 April 2020 to 31 December 2021, and payment for the period 1 January 2020 to 31 March 2020 is deferred until 5 February 2022. The Icelandic Parliament has approved a 90% state guarantee for a credit facility for up to USD 120 million to Icelandair Group. The Government also agreed to cover losses incurred by Icelandair for continuing regular flights to Boston, and either London or Stockholm. The agreement has since been renewed, and at time of writing applies only to flights to Boston.

Korea: The simplification and relaxation of regulations aims to support the tourism sector through this difficult period. This includes simplifying the hotel classification system, legitimising sharing economy platforms, and relaxing regulations for the camping industry.

Luxembourg: The General Directorate of Tourism set up a tourism fund worth EUR 3 million, dedicated to non-profit associations related to tourism activities. Eligible associations had to be involved in professional management of a tourism activity, and could receive up to EUR 1 250 per employee (full-time equivalent) for the months of June to November 2020.

New Zealand: Under the Tourism Recovery Package, a NZD 25 million allocation to offset the payment of fees to the Department of Conservation has been introduced for tourism operators holding concessions to operate on public conservation land and waters. Fees will be waived for the period 1 March 2020 until the end of June 2021, providing cash flow for tourism businesses while maintaining the investment in conservation to which these fees normally contribute.

Peru: The Business Support Fund for SMEs in the Tourism Sector provides credit guarantees to help small tourism businesses to meet their working capital needs.

Poland: A new Insurance Guarantee Fund will pay out compensation to tourists for cancelled package tours. It includes a mechanism to cover payments to travel agencies and will particularly support tourism SMEs. The payments come from a newly established Travel Refund Fund, which has a budget of over EUR 68 million. Financing comes from the state budget and the COVID-19 Counteraction Fund, among other sources.

Portugal: Tourism is earmarked in general measures providing state guarantees for loans through the commercial banking system, with a repayment term of 4 years and grace period until the end of 2020. This included: EUR 600 million for restaurants; EUR 200 million for travel agencies, recreational and event organisers; and EUR 900 million for hotel and accommodation, with specific allocations to support small and micro-enterprises. Turismo de Portugal also launched several sector-specific measures, including a EUR 60 million liquidity support for tourism micro-enterprises. As of 4 August 2020, 6 530 applications were approved, with a total of EUR 41.8 million grants paid. Measures were also put in place to reimburse the costs incurred by event organisers due to cancellation or postponement in 2020.

Slovak Republic: A state aid scheme with a total value of EUR 100 million to support tourism businesses was approved on the 4 November 2020. It targets tourism businesses that have recorded a drop in sales by more than 40% compared to the same period last year, due to the coronavirus. Eligible businesses include restaurants, cafes, hotels, aqua parks, swimming pools, cable cars and lifts, botanical gardens, zoos, amusement parks, museums, tourist guide, travel agencies, tour operators.

Spain: Economic measures include the suspension of interest and principal repayments on loans granted by the Secretariat of State for Tourism, and on loans by regions to businesses and self-employed people affected by the crisis.

Switzerland: To ease liquidity bottlenecks, existing customers of the Swiss Society for Hotel Credit can suspend the depreciation (up to a maximum of 12 months) and retroactive financing of investments (up to a maximum of CHF 500 000). Repayment of the additional loan is also waived. Together, this will permanently increase the refinancing of the Swiss Society for Hotel Credit by CHF 5.5 million. Over 70% of customers had taken advantage of these supports by 14 August 2020. It is also possible to defer loan repayments in 2020-21 and extend the term under the New Regional Policy structural support instrument for mountain regions, rural areas and border regions,

Scotland, United Kingdom: A GBP 20 million Creative, Tourism and Hospitality Enterprises Hardship Fund has been launched by the Scottish Government, distributing GBP 3 000 grants to businesses ineligible for rates relief with fewer than 50 employees, or grants of up to GBP 2 500 where it can be demonstrated that support is needed.

United Kingdom: The Government will protect credit notes issued by ATOL-registered businesses for packages cancelled due to COVID-19. Consumers who accept a credit note in place of refund will be protected by the Air Travel Operators Licence financial protection scheme, even if the business they

booked through collapses. The hope is that by providing confidence that refund credit notes are protected, consumers will choose this option over a refund and help support business liquidity.

United States: The Coronavirus Aid, Relief, and Economic Security (CARES) USD 2.2 trillion assistance package included grants and loans for the travel and tourism industry, as well as broader business assistance, which benefited the sector. This included:

- Grants: USD 25 billion for passenger airlines to cover wages and benefits; USD 3 billion for catering, baggage, ticketing, aircraft cleaning and other industry contractors
- Loans, guarantees and other financial assistance: USD 25 billion for passenger air carriers; USD 454 billion in federally backed secured loans, loan guarantees and other financial measures for impacted travel businesses
- USD 10 billion in airport grants to support vital operations

The support package is reported to have been effective in reaching the travel and tourism community and helping impacted employees and businesses. One segment that needs additional focus are destination management organisation, which have not been covered by different programmes. The July jobs report was better-than-expected, with 592 000 new jobs in leisure and hospitality.

European Union: EU State Aid rules enable Member States to help companies cope with liquidity shortages and urgent rescue aid. Member States can compensate companies for damage directly caused by exceptional occurrences, including measures in sectors such as aviation and tourism.

The aviation sector has been targeted for particular supports in a number of countries. This has included relief on airline taxes and charges, reduced excise duties, state guarantees and direct financial support (e.g. Australia, Colombia, Denmark, Estonia, Finland, France, Iceland, New Zealand, Sweden, Switzerland, United States). IATA indicates that airlines received USD 173 billion in aid from governments worldwide, in the period up to November 2020.⁴⁴ Australia, for example, provides refunds and waives a range of Government charges through the AUD 715 million Aviation Relief Package, including aviation fuel excise, Airservices charges on domestic airline operations, and domestic and regional aviation charges. Similar supports have been implemented or are under discussion in other countries.

Other transport operators have also received state aid. In Estonia, for example, EUR 20 million scheme was launched in July 2020 providing direct grant support to four international passenger ferry operators active on the routes connecting Estonia with Finland and Sweden. A working capital loan to cover operating costs was also provided to Tallink Grupp, which is a leading leisure and business travel provider in the Baltic Sea Region.

Some countries have strengthened and expanded the financial capacity of tourism guarantee funds in place to protect consumers and support business liquidity, while other countries have created new guarantee funds (e.g. Denmark, Iceland, Poland, United Kingdom). In Iceland, a new Travel Guarantee Fund provides subsidised loans to tour operators to finance refunds to consumers in line with their legal obligations. Both Denmark and the United Kingdom have moved to provide state guarantees to protect the credit notes for cancelled travel packages issued under these financial protection schemes.

Other targeted supports for travel agencies and tour operators have also been put in place. In New Zealand, for example, the Government has earmarked NZD 20 million in loans available to selected inbound tour operators, so they can help rebuild demand when international travel resumes. In Switzerland, a temporary legal standstill for refund claims was introduced, during which, travel agencies could not process refund claims for consumers for travel cancellations due to COVID-19. A condition of the state

⁴⁴ IATA presentation, [View the Outlook for Air Transport and the Airline Industry presentation](#), 24 November 2020

guarantee offered to Swiss Air and Edelweiss is that these airlines are obliged to reimburse travel agencies and consumers, to protect travel agencies from liquidity bottlenecks.

Under the EU Directive on Package Travel, travel agencies and tour operators can offer a voucher or credit note to consumers as an alternative to monetary refunds to ease liquidity, in the event of cancellation. Consumers who voluntarily accept the voucher (no obligation), and do not use the credit for a new service within an 18-month period, may request a reimbursement at this time. This is a temporary measure, balancing the protection of consumers while easing the liquidity constraints of tourism businesses.

Evolving supports to manage the reopening and reactivation of the tourism economy

The **easing of containment measures in the middle of the year allowed tourism activities to restart and tourism businesses to reopen in many countries, at least initially**. However, as countries take steps to contain further waves of the virus, many tourism businesses have had to close again, or limit their activities. The reactivation of the tourism economy has been on a gradual and partial basis, and experience varies considerably by country, destination and segments of the sector. Some tourism businesses and destinations reported better than expected performance over the June-August period, but this has not been the experience across the board. While recent positive developments in the search for a vaccine has sparked hope for many in the sector, the roll out of any vaccine will take time and expectations into 2021 remain cautious.

There is **still a significant way to go before the tourism ecosystem is fully functioning**, with travellers moving, businesses back up and running and people back to work. There is also considerable uncertainty around what tourism will look like in the future, and which businesses will weather the crisis and be ready to provide the tourism services that will be demanded by visitors. The challenge for government is to take balanced, measured and co-ordinated policy action at the local, national and international level now, in order to contain the virus and protect people during the pandemic, while minimising job losses and business closures in the immediate and long term.

As the **situation continues to evolve, the scale of the impact on the tourism economy, and the sectors that support and are supported by tourism, has become more apparent**. Tourism will be one of the last sectors of the economy to fully reopen, as governments struggle to contain the pandemic until an effective vaccine can be widely rolled out. There is growing recognition that sector-specific supports are needed to help tourism businesses to adjust to the new operating environment and survive this transitional phase, however long it lasts. This imperative becomes even stronger as tourism businesses face the prospect of entering into a cycle of business opening-closure-reopening to contain second and subsequent waves of the virus.

The **challenge for policy makers is to control the sanitary situation and manage the relaxation of containment measures**, to secure the survival and viability of tourism businesses and destinations, and protect tourism workers – and avoid the reintroduction of restrictions which will in turn affect the tourism sector. It is also important to avoid, to the extent possible, policy actions that further exacerbate ongoing uncertainty around the epidemiological situation and containment measures impacting tourism, during the transition period. Reopening the tourism economy was just the start – and remains ongoing, given the uncertain and dynamic environment.

The **key policy priorities during this period of transition** identified by countries include:

- Restore traveller confidence and sustain domestic tourism to protect jobs and support business survival, while ensuring the health and safety of visitors, workers and the local community.
- Support the viability of tourism businesses, especially SMEs, and help firms to implement health and safety measures, adapt to the new operating environment, and pivot to the domestic market.

- Support the safe and progressive opening of international tourism, including through appropriate risk-based solutions (e.g. reliable test/trace or similar measures, contactless traveller processing).
- Provide information and communicate clearly to limit uncertainty (to the extent possible).
- Maintain capacity in the sector and address gaps in supports so far (e.g. destination management organisations).
- Already start to build toward more resilient, sustainable tourism.

A key challenge is how to evolve the emergency mitigation measures introduced into the early stages of the pandemic to address these issues, and start to prepare longer term recovery.

Businesses that were viable are now weakened, and their continued sustainability is threatened by social distancing and other restrictions that are changing on an ongoing basis. Governments have to determine which businesses to support, and for how long, as well as the adjustments needed to better address the specific needs of destinations, and the sector as a whole. In response to this challenging and uncertain environment, governments continue to take steps to build on the measures introduced in the early stages, and supplementing these with targeted measures to address at best the needs of the tourism sector. Key government actions include:

Promoting co-ordinated, evidence-based action across government, and with private sector

Co-ordinated policy action at all levels of government is essential to support the tourism sector through this crisis. This includes engagement with ministries responsible for health, employment, enterprise, transport and cross-border movement of people. The private sector has a key role to play in working with policy makers to ensure response measures are well targeted, and appropriately adjusted as the situation evolves. Knowledge sharing and taking steps so all actors have access to up-to-date information is also important. Monitoring rapidly changing travel restrictions and other developments remains an ongoing challenge, as is the collection of information and data to inform decision making. Co-ordination is also important to ensure health and safety considerations are integrated into the development of tourism policy beyond the crisis, to build resilience.

Committees, taskforces and other formal co-ordination mechanisms have been established to monitor the impact on tourism, and respond to the fast evolving situation (Box 7). These take the form of tourism crisis management committees (e.g. Czech Republic, Greece), recovery taskforces and advisory groups (e.g. Belgium-Wallonia, Croatia, Ireland, Slovenia), as well as inter-ministerial groups and inter-agency meetings (e.g. Canada, New Zealand, Slovak Republic, United States). In some countries, this work is taking place within existing mechanisms (e.g. Finland, United Kingdom, United States), and through the regular convening of virtual meetings and roundtables, at national and regional level (e.g. Austria, Chile). These mechanisms support whole-of-government leadership and co-ordination across policy areas, and serve as a platform for industry engagement. They aim to identify where assistance is required and support the sectors and destinations in greatest distress, as well as develop recovery roadmaps and action plans.

The role of national tourism administrations in bringing tourism sector concerns to inform wider government decisions has risen in importance during the crisis. Tourism has been heavily impacted by decisions taken in other parts of government and policy domains outside the competence of tourism policy makers. Engaging with health policy makers has been particularly important, but where many tourism policy makers are less accustomed. Tourism also has a role to play to engagement with the pandemic response, and supporting wider mitigation measures and recovery measures. However, the crisis has revealed gaps in the capacity of national tourism administrations to engage with health authorities and other parts of government and to bring evidence to inform decisions impacting the sector.

Box 7. Co-ordinating action across government, and private sector: selected country responses

Belgium: Regional taskforces bring together public bodies and the private sector to monitor the situation, conduct surveys, and develop recovery plans.

Brazil: The Ministry of Tourism is devising an “Alliance for Tourism” pact for the recovery of the sector, to coordinate action by the public and private sectors. It will be a call for joint action in to mitigate the socioeconomic impact of COVID-19 and accelerate recovery by strengthening and diversifying supply of domestic tourism products.

Canada: The Minister of Innovation, Science and Industry created an Industry Strategy Council, comprised of senior business leaders, and serving an advisory role to assess the scope and depth of the COVID-19 impact and inform government’s understanding of specific sectoral pressures, including the tourism sector.

Czech Republic: An Expert Tourism Crisis Management Team was set up by the Ministry of Regional Development. It gathers representatives of the main tourism stakeholders including trade associations, Prague Airport, the regions and the spa sector. Its work involves making proposals for the renewal of the tourism sector and, for example, led to drafting of a crisis action plan and support for spa tourism.

Denmark: A Forum to support export companies through the corona crisis has been established by the Government, in collaboration with the business community. The Tourism Restart Team is one of eight teams tasked with bringing forward proposals and recommendations for the most beneficial initiatives, to be supported by a DKK 500 million fund.

Finland: Response measures to the pandemic are supported by a pre-existing inter-ministerial working group on tourism consisting of central government representatives and co-ordinated by the Ministry of Economic Affairs and Employment. The working group meets regularly to discuss current tourism policy and monitors the progress of the national tourism strategy and its actions. A separate task force was also formed with Business Finland/Visit Finland to prepare the re-opening of tourism, together with industry partners and the Ministry of Economic Affairs and Employment.

Germany: The Federal Commissioner for Tourism and the National Tourism Committee have been in regular consultation with the leading tourism associations and stakeholders in order to ensure clear communication and a constant flow of information regarding the concerns and needs of the German tourism industry.

Greece: A Committee for Crisis Management was activated by the Ministry of Tourism, to minimise negative impacts on the image of Greek tourism. A top priority of the Committee is to ensure co-ordination across government and policy sectors at Secretary General level.

Iceland: A joint steering group comprised of representatives from the Ministry of Industries and Innovation, Ministry of Foreign Affairs, Icelandic Tourist Board, Isavia Airport Authority, Icelandic Travel Industry Association and Promote Iceland has the aim of collecting information on the effects of COVID-19 on the tourism sector for the Government. A working group led by the Prime Minister’s Office with representatives from the Ministries of Health, Justice and Ministry shapes border control policies.

Ireland: A COVID-19 Tourism Monitoring Group was set up, made up of industry stakeholders, the state tourism agencies and Department officials. It met regularly to monitor the disruption to the sector, facilitate the rapid sharing of information and assist with the formulation of a recovery plan. A Tourism Recovery Taskforce continued the work of this group, tasked with developing a tourism recovery plan to 2023. Since the Taskforce delivered its report, a Recovery Oversight Group has been established to oversee the implementation of the recommendations and monitor the recovery. A new Hospitality and

Tourism Forum has also been established, to provide an outlet for industry concerns and to look at the practical actions which can be taken to help business owners and their workers.

New Zealand: The Government established a Tourism Recovery Ministers Group to facilitate effective government decision making about recovery measures. Members include the Ministers for Tourism, Finance, Maori Development, and Conservation, and the Under Secretary for Regional Economic Development. It oversees the Tourism Recovery Package, ensuring a range of relevant considerations and perspectives are taken into account when developing and delivering tourism policy. The New Zealand Tourism Futures Taskforce has also been established to influence longer-term future tourism policy planning, and help ensure the future tourism sector is fit for purpose, resilient and sustainable.

Slovenia: An Expert Council for Tourism was established early in the crisis to find solutions to support the tourism sector and prepare the safe restart of tourism and hospitality services. It is comprised of representatives from government and industry.

United Kingdom: The Tourism Industry Events Response Group is a key public-private forum for gathering and sharing information. It has been meeting regularly (weekly/fortnightly) since the start of the crisis, as has the Tourism Industry Council which has been temporarily transformed into the Visitor Economy Working Group as part of the new established Ministerial-led Recreation and Leisure Taskforce. The Taskforce was set up to plan how the sector can reopen safely, and among other things has developed COVID-secure guidance to help tourism businesses open safely. Other tourism-relevant taskforces have also been established for the pubs and restaurants sector and the aviation sector.

United States: The US Travel and Tourism Advisory Board provided guidance to the Secretary of Commerce on accelerating the recovery of travel and tourism. These recommendations focused on actions that the public and private sector can take to restore consumer confidence in travel and create a comprehensive tracking and forward-looking dashboard to track the sector's recovery and inform key policy makers.

Communication and dialogue with industry has been made a priority to ensure targeted and efficient responses, through regular participation in these structures and ongoing consultation. From the onset of crisis, countries have moved to provide information to businesses, and open communication channels with various public and private sector actors as part of the immediate response measures (e.g. Austria, Colombia, Germany, Greece, Turkey, United Kingdom). Germany, for example, set up a webpage including daily updates on the mood of the sector survey, which maps the business expectations in the tourism sector each day and includes a search tool for tourism funding programmes. These measures have continued to expand and evolve as the crisis has continued, to monitor impacts, respond to needs, and share information and good practices.

Engaging closely with private sector is challenging for policy makers, given the fragmented nature of the tourism sector which itself is not always well co-ordinated and aligned on the priority policy actions needed from government. However, the increased level of constructive co-operation between the public and private sector may be one of the positive legacies to emerge from this crisis. In New Zealand, for example, a public-private COVID-19 Tourism Advisory Group was established as a mechanism to enable industry to bring the major issues impacting the sector to the government's attention. It facilitated communication between the public and private sectors, and strengthened co-ordination.

The crisis has also mobilised the private sector to be better co-ordinated among itself, to make more united representations to government on the needs of the sector. This has been the case in Switzerland, for example, where a new Tourism Alliance has been created bringing together 11 tourism industry associations to act as a stronger advocate for the industry. Such peak industry associations are to be encouraged, as they allow the industry to 'speak with one voice', and provide a means for

governments to address both general tourism sector issues, and those relating to specific branches, and can help support a more rapid response in situations like the current crisis⁴⁵.

The crisis has highlighted shortcomings in the availability of timely, comparable data to support policy and business decision making in quickly evolving situations (Box 8). The time lag with which official data are published and the lack of granularity (e.g. monthly, regional data) have been particularly exposed in recent months, along with the availability of robust data on the tourism economy (e.g. Finland, Germany, Japan, New Zealand, Poland). This has resulted in the search for alternative data sources, and production of quick estimates and special products, which are difficult to compare (e.g. Australia, New Zealand, Poland, Portugal). Administrative data (e.g. tax office, visa applications) is also helping to provide information on the impact of the crisis on tourism businesses, employment and visitor flow (e.g. Australia, United Kingdom, United States). Countries have also implemented new market research programmes to collect information on consumer intentions and business needs (e.g. Belgium Flanders and Wallonia, United Kingdom). Information collated from various sources is also helping to prepare recovery scenarios.

Box 8. Supporting informed policy and business decision making: selected country examples

Canada: Destination Canada is working to understand the non-quantifiable effects of COVID-19, such as structural changes in tourism and lasting changes in consumer preferences. This information is informing evidence-based decisions to support the Canadian tourism sector.

Denmark: The Ministry of Business, Industry and Financial Affairs is using alternative data sources to collect information on changes in travel behaviour, including from Hotel Benchmarking Alliance, Forward Keys, and Google Trends. It also conducts surveys to track travel intention.

Germany: The Corona Navigator website provides up to date information to German tourism sector. The Tourismus Wegweiser website publishes the latest rules for all the federal states. The Competence Center website works as a search tool for tourism funding programmes (federal, state, EU etc.)

Spain: The Smart Tourism Destination Network bulletin COVID-19, sent weekly, provides a compilation of information, news, legislation and initiatives related to the impact and management of the health crisis caused by COVID-19 aimed at tourism managers and professionals integrated into the network. This is supported through the State Society for the Management of Innovation and Tourism Technologies (SEGITTUR) own resources (financed by the Ministry of industry, trade and tourism), with the objective of keeping the Network's members informed of the initiatives at the state level, but also of those measures that each destination was taking in their territories.

United States: The National Travel and Tourism Office has created a data dashboard to monitor recovery. This dashboard provides important indicators on the progress of the recovery as well as guidance, both in the short and the long term, on the development of policy at the federal level and to inform the private sector across industry segments.

The pandemic is also having an impact on the collection of tourism data in some countries. This includes interruptions in data provision as the usual data sources and collection methods may not be available during the crisis (e.g. suspension of face-to-face interviews at borders, inability to collect data provided by closed accommodation providers and other tourism businesses) (e.g. Australia, Hungary, New Zealand, Peru, Slovak Republic, United States). In some countries (e.g. Latvia), data collection activities were suspended to provide relief to tourism businesses. This has implications for the continuity, coverage and reliability of official tourism statistics, once available, and will require estimates to be made, possibly

⁴⁵ OECD (2012), "Tourism Governance in OECD Countries", in *OECD Tourism Trends and Policies 2012*, OECD Publishing, Paris, <https://doi.org/10.1787/tour-2012-3-en>.

by relying on alternative data sources to complete and validate. However, collating and synthesising data and information from different sources remains a challenge. Remote work and other COVID-19 safety protocols have also impacted data collection and processing in statistical offices (e.g. Canada).

In this context, some countries have established dedicated websites and tools for sharing updated information and data with policy makers and businesses (e.g. Austria, Germany, Portugal). Turismo de Portugal, for example, has refocused its work to collect and provide market information on a weekly basis to companies, as well as using mobile and airline data to monitor tourism flows. The United States, meanwhile, has created a data dashboard with key indicators to monitor the progress of recovery, guide policy development and inform the private sector.

Lifting of travel restrictions and restarting tourism activities, safely

The lifting of travel restrictions imposed to prevent the spread of the virus is a prerequisite for the reopening, and eventual recovery, of the tourism sector. However, these decisions rely on many factors, including COVID-19 transmission rates and the availability of vaccines and other effective treatment measures. Tourism recovery depends in part on the easing of domestic travel restrictions. However, the ability of tourism to resume its important role in the global services economy and be a driver of export-led recovery depends on travel restrictions in place in other countries, and between countries. These impact inbound and outbound travel, in both directions.

Many countries have reported a rebound in people taking part in tourism activities within their own countries when domestic travel restrictions have been eased (e.g. Denmark, Iceland, New Zealand). This has helped, at least in part, to sustain tourism businesses through this difficult period. However, it has been insufficient to compensate for the drop in international tourism, and the outlook for the coming months is uncertain. Challenges remain as restrictions on travel within countries remain in place, or have been reintroduced in a bid to combat the resurgence of the virus. Some countries have opted for localised measures, while others have moved to reinstate country-wide restrictions (e.g. France, Ireland, Israel, Italy, United Kingdom). Exceptional travel restrictions has also been imposed for peak holiday periods, such as in Italy where intensified restrictions have been put in place on movements between regions, provinces and municipalities during the end of year festive season.

At international level, the situation is more complex and confusing. A myriad of containment measures are in place as countries seek to control the epidemiological situation within their borders and prevent the importation of coronavirus cases (Table 2). These include changeable travel advice, test and trace requirements, quarantine measures and border closures to arrivals from certain countries, as well as the application of different social distancing and sanitary measures. For the most part, countries have acted individually, with the rules and policies on international travel adjusted (sometimes at short notice) as the sanitary situation has evolved, and the science underlying these decisions has matured. This has resulted in considerable confusion and uncertainty for travellers, and for tour operators and other tourism businesses operating across international borders and reliant on international tourism flows.

Greater co-ordination within and across countries will be key in ensuring health needs are addressed while allowing a recovery of tourism. In particular, the safe and progressive reopening of international borders remains a priority, particular for destinations heavily dependent on international tourism. Some countries, like Greece, prioritised early in the pandemic the opening of international borders over the peak summer tourism period, and put in place testing, trace and isolate measures to facilitate this. However, the borders of other countries remain closed to all but essential international travel. In the case of New Zealand, for example, only citizens and permanent residents are permitted to enter, and are required to quarantine in government-managed isolation facilities for 14 days after arrival.

Since early in the pandemic considerable attention has focused on the **opening of travel corridors and bubbles, between neighbouring countries, and air bridges between countries with a similar coronavirus profile.** Australia and New Zealand, for example, are in discussions about establishing a

Trans-Tasman COVID-Safe Travel Zone, and Australia has exempted New Zealand arrivals to certain Australian States from mandatory quarantine rules. Reciprocity and confidence have been a key element of these measures, reflecting the fact that travel decisions are influenced not just by the rules in place in the destination country, but also those, which apply on return to the country of origin. These initiatives have had some success, but the ‘bursting’ of the Baltic travel bubble between Estonia, Latvia and Lithuania highlights the vulnerability of these solutions to the changing sanitary situation, and the challenges for policy and business planning.

As many countries look to move from blanket containment measures to more nuanced approaches, **more targeted travel bubbles and air bridges are being explored, including at the destination level**. In the United Kingdom, for example, travellers arriving from islands identified as low risk are exempt from quarantine measures, which apply to the mainland, reflecting the different sanitary conditions on the ground and natural boundaries of these destinations. Israel, meanwhile, has designated the Eilat and the Dead Sea destinations as “green zones”, where visitors will be required to provide proof of an up-to-date negative coronavirus test on arrival.

The opening of air bridges between key international hub cities, and for certain types of travel, is another option, and are being used as **proof of concept initiatives to test different possible solutions**. Germany and Singapore have announced a reciprocal green lane for essential business purposes, for example⁴⁶. These initiatives have received wide support from industry, which has taken a lead in piloting new COVID-safe approaches. For example, British Airways and American Airlines have announced a pilot scheme with voluntary Covid-19 testing scheme for passengers travelling to the United Kingdom from three US airports, with passengers tested before, during and after their trip⁴⁷.

In the European Union, Member States adopted a Council Recommendation on a **co-ordinated approach to the restriction of free movement** in response to the COVID-19 pandemic on 13 October 2020. Under the agreement, countries will take into account common criteria when considering to restrict cross-border movement: the 14-day cumulative COVID-19 case notification rate of new cases, the test positivity rate and the testing rate. This data will be provided to the European Centre for Disease Prevention and Control on a weekly basis, which will in turn produce a colour-coded weekly map, broken down by regions, in order to support decision making. On the 28 October 2020, the European Commission launched as well an EU digital Passenger Locator Form, for pilot in November 2020.⁴⁸

Under this common EU traffic light system, no travel restrictions will apply between ‘green areas’, while countries are free to determine what measures to take in relation to ‘red’, ‘orange’ or ‘grey’ areas i.e. quarantine/self-isolation or test after arrival. The information is available to travellers through the [Re-open EU](#) web platform, at least 24 hours before the restrictions come into force. This follows on from an earlier call from the European Commission for a co-ordinated re-opening of internal EU borders on 15 June 2020. While many countries responded initially, over time rising coronavirus infections rates led to the introduction of a variety of new measures at national level. This new framework is a positive step forward, putting in place common criteria, thresholds, data sharing and timely communication. However, travellers will continue to face different rules as countries may (or may not) apply certain restrictions on people travelling from risk areas.

In this context, **uncertainty remains high about when international travel restrictions will be lifted, and under what conditions**. The scientific evidence underlying decisions on cross-border travel

⁴⁶ TTG Asia News, [Singapore, Germany establish reciprocal green lane](#), 28 October 2020

⁴⁷ BBC News, [British Airways to launch Covid testing trial for arrivals](#), 17 November 2020

⁴⁸ European Commission Press Release, [Coronavirus resurgence: Commission steps up action to reinforce preparedness and response measures across the EU](#), 28 October 2020

restrictions continues to evolve. Governments need sound evidence to identify and put in place appropriate risk-based solutions which would enable the safe resumption of international travel. These solutions also need to be feasible to implement, with sufficient capacity available to ensure these systems can function. The United Kingdom, for example, based the recent decision to move away from strict quarantine to testing-based measures on research conducted by the UK's Global Travel Taskforce.⁴⁹ From 15 December 2020, people arriving into the United Kingdom will have a choice between self-isolating for 14 days, or take a test after 5 days of self-isolation through a private provider, so as not to overload the public health system.

Table 2. International travel restrictions and safe entry requirements – selected countries

Country	Testing and quarantine modalities for international tourists on arrival
Australia	All travellers arriving in Australia, including Australian citizens, must quarantine for 14 days at a designated facility , such as a hotel in their port of arrival (at own cost). Visitors from New Zealand do not need to quarantine. Only visitors in an exempt category are permitted to enter (e.g. nationals, residents, aircrew, transit of less than 72 hours).
Greece	All people travelling to Greece (including citizens) will be required as of November 11, 2020 to have a negative PCR test result for COVID-19, performed up to 72 hours before entry . This replaces the previous measures in place which required tourists to complete a Passenger Locator Form, providing detailed information on their point of departure, the duration of previous stays in other countries, and the address of their stay while in Greece, with the possibility of being random tested.
Iceland	All arriving passengers are required to fill out a pre-registration form and follow hygiene measures, as well as being encouraged to download and use the COVID-19 app Raking C-19. Passengers arriving in Iceland on and after 19 August 2020 may choose either to submit to two screening tests for COVID-19 , separated by five days' quarantine until the results of the second test are known, or to spend 14 days in quarantine after arrival . The first screening test is on arrival, after which the passenger must go into quarantine for 5-6 days according to the instructions for home-based quarantine or the instructions for quarantine for visitors in Iceland. The second screening test takes place at health care services and it is possible all over the country.
Ireland	Ireland has signed up to the EU traffic light system. People arriving from 'green' regions do not have to restrict their movements. Arrivals from 'orange' regions do not have to restrict their movement if they have a negative PCR test in the 3 days before arrival. Otherwise, from 29 November 2020 arrivals from an 'orange', 'red' or 'grey' region must restrict their movement for 14 days , but can stop if they get a negative or not detected PCR test 5 days or more after arrival. You must wait until you get the result of your test. Arriving visitors are legally required to complete a public health Passenger Locator Form .
Italy	Residents or travellers to Italy must sign a form confirming they are not having COVID-19 symptoms. A list of countries for which negative PCR tests are mandatory is updated regularly. Travellers from these countries can take a test and self-quarantine at their place of choice until the result, or show a certificate of a test taken within the 72 hours before. Several airports are equipped to take the tests after arrival. As an exceptional measure between the 21 December and 6 January (winter holidays break), people coming from abroad must quarantine for 14 days, with no exemption if a test is taken.
Japan	Closure of borders for foreigners who have been in one of the 159 countries listed in the previous 14 days. Nationals have to quarantine 14 days at a designated locations. Visas and visa exemptions are temporarily suspended from a large number of countries. Flights incoming from a list of countries are not allowed to land on Japanese airports.
Mexico	General advice is to avoid non-essential travel, however Mexican borders are open but travellers are requested to complete a risk identification questionnaire . The land border between the United States and Mexico will remain closed to all non-essential traffic until 21 November 2020.
United Kingdom	Residents or visitor travelling to the UK from any country, must complete a passenger locator form . Travellers, starting on the 15 December, will be able to decide whether to self-isolate for 5 days and then get tested (in a private facility at own expenses) or to self-isolate in a place of choice for the first 14 days after their arrival, certain countries or territories are excluded.

Source: Australia: Australia Home Affairs (as of 13 November 2020); Greece: General Secretariat for Civil Protection (as of 13 November 2020); Iceland: Directorate of Health (as of 13 November 2020); Ireland: Tourism Ireland (as of 13 November 2020); Italy: Ministry of Foreign Affairs and International Co-operation (as of 7 December 2020); Japan: Ministry of Foreign Affairs (as of 13 November 2020); Mexico: Ministry of foreign affairs (as of 13 November 2020); United Kingdom: UK Government website – as of 24 November 2020).

⁴⁹ UK Government, Report of the Global Travel Taskforce Presented to the Prime Minister by the Secretaries of State for Transport and for Health and Social Care, [Research and analysis: Global Travel Taskforce recommendations](#), 24 November 2020

Work done by IATA and other organisations is helping to build this evidence base.^{50 51} The ICAO Council Aviation Recovery Taskforce (CART) updated its guidance for international air transport on 10 November 2020, to reflect the evolving technological and medical advancements. The revised guidelines recognise that testing could reduce reliance on measures such as quarantines, and the ICAO Manual on Testing and Cross Border Risk Management Measures sets tools and guidelines on how this could be implemented. The guidelines also make recommendations on specific priorities including general hygiene, masks and face coverings, health screening and declarations.⁵²

While these efforts continue, industry is also calling for greater co-ordination and clarity on frequently changing rules and restrictions. Collaboration and consistency of travel regulations at bilateral, regional and international levels are the stepping-stones that will allow tourism to restart safely, accelerate economic recovery and provide hope for millions of people. This includes strengthening safety and security for travellers and workers and facilitating safe cross border travel, as well as building more resilient destinations.

Supporting business reactivation and adaptation

Business survival remains a key priority, and is critical to minimise job losses and support the recovery of the tourism economy (Box 9). Tourism businesses of all sizes continue to be heavily impacted by the crisis, from the largest international airlines and tour operators to the smallest independent hotels and tour guides. Businesses that have reopened have had to implement new operating protocols and adapt to the changing environment. Many businesses are operating at constrained capacity, while other businesses remain closed. This is likely to be an ongoing challenge, with implications for the viability and survival of businesses as new restrictions are imposed to tackle resurgence of the virus and ongoing risk of new outbreaks. The massive support from government so far needs to continue for viable businesses, but should be more targeted and flexible enough to adapt to changing conditions (OECD, 2020).⁵³

From the outset of the crisis, a key concern and ongoing area of uncertainty has been the conditions under which tourism businesses would be allowed to reopen (and stay open), and the viability of doing so. Countries have responded by **developing protocols and guidelines** to protect workers and visitors and support the safe reopening of tourism businesses (e.g. Belgium, Chile, Colombia, Finland, Greece, Mexico, Peru, Poland, Slovenia, Turkey). This includes the development of specific protocols and guidelines adapted to the needs to different tourism businesses. These have been developed in co-operation with the relevant health authorities, and in compliance with national and international sanitary guidelines. The private sector has also been actively involved, and in some cases taken a lead in preparing and implementing these protocols and guidelines, at national (e.g. Canada, Germany, Japan, Sweden, United Kingdom, United States) and international level (e.g. WTTC, CLIA).

Some countries have made **financing available to support business restart and adaptation**. Implementing protocols and guidelines has involved, among other things, adjustments to physical infrastructure, service delivery and work methods. In Portugal, tourism businesses have benefited from the

⁵⁰ IATA Press Release, [Restoring Aviation During COVID-19 Medical evidence for possible strategies as at 6 August 2020 IATA Medical Advisory Group](#), 6 August 2020.

⁵¹ Harvard T.H. Chan School of Public Health (2020), [Assessment of Risks of SARS-CoV-2 Transmission during Air Travel and Non-Pharmaceutical Interventions to Reduce Risk](#), 20 October 2020

⁵² ICAO Press release, [ICAO Council endorses new updates to COVID-19 global aviation recovery guidelines](#), 10 November 2020

⁵³ OECD (2020), *OECD Economic Outlook, Volume 2020 Issue 2: Preliminary version*, OECD Publishing, Paris, <https://doi.org/10.1787/39a88ab1-en>, 1 December 2020

ADAPTAR programme, providing grants to part-finance the acquisition of personal protective equipment, installation of contactless payment devices, and physical adaptation of workspaces, for example. Other countries have allocated funds for specific restart and adaption supports for tourism businesses (e.g. Chile, Ireland). Austria, meanwhile, has introduced an extensive voluntary programme providing free and regular COVID-19 testing to workers in the tourism sector.

Business advisory and support programmes have also been put in place to accompany tourism businesses and entrepreneurs through this difficult period (e.g. Ireland, Japan, New Zealand, Portugal, United Kingdom). In Ireland, the national tourism development authority, *Fáilte Ireland*, is providing a suite of training and advisory supports to help tourism businesses to respond to the challenges and threats facing the sector. *Fáilte Ireland* has also prepared detailed Guidelines for Re-opening and a Government endorsed COVID-19 Safety Charter, in consultation with the tourism industry and relevant authorities. In the United Kingdom, VisitBritain has created a centralised advice hub to support tourism businesses. Similar programmes have been introduced in other countries.

Steps have also been taken in some countries to support tourism businesses to **pivot to non-tourism activities**, including to assist the crisis response. In Chile, for example, hotels have been made available to provide accommodation to COVID-19 patients, while in Colombia more than 9 000 rooms have been made available as part of the hospital emergency plan.

Training and skills development is a further area of action, to preserve capacity and develop human capital in the sector. This includes training and webinars on implementing new protocols and guidelines and COVID-19 safe service delivery, and to aid business management responses to the crisis (e.g. Colombia, Greece, Ireland, Israel, Portugal). It also involves measures to assist workers on reduced hours to upskill (e.g. Latvia), and encourage businesses to retain apprentices and trainees (e.g. Australia). In Israel, for example, the Ministry of Tourism has been operating a programme of professional webinars and web-based courses, including for hoteliers, travel agents, tour operators, tour guides and other travel professionals. The information focuses on practical expert guidance to cope with the corona crisis, and plan for the post-corona period.

The **adaption of training to digital formats and tools** to retain engagement, expand scope and reduce the cost of delivery, as well as enhancing digital skills, has been a further area of attention (e.g. Chile, Finland, Greece, Morocco, Portugal). In Greece, for example, online courses offered via the “Greece from Home” platform provide tourism professionals with the opportunity to enhance their digital skills, as well as tailored online training to enhance the digital presence of their business. This initiative has been developed in co-operation with Google. While in Finland, VisitFinland has launched a free online training material on the digitalisation of tourism businesses.

Box 9. Business reactivation and capacity building: selected country responses

Brazil: The Ministry of Tourism has been strengthening training programmes for professionals working in the tourism sector such as customer service and language courses, and training for tour guides at cultural and natural attractions.

Chile: A Training Programme for Competitiveness and Digitisation for Tourism aims to support the digital transformation of tourism SMEs, and has a dedicated investment of CLP 277 million. Chile also established an Emergency Programme to Reactivate Tourism, targeted at tourism SMEs that have seen a drop of 30% in sales (i.e. threshold) to restart the business. The beneficiaries will receive a subsidy of up to CLP 3.0 million (calculated in relation to the annual sales level of each company), to finance fixed assets, working capital, advertising, and materials necessary to implement health protocols.

Greece: The “Greece from Home” platform provides tourism professionals with training in digital tools and the opportunity to enhance their digital skills via certified online courses and webinars. Businesses can also apply for tailored online training to enhance the digital presence of their business. This initiative was developed in co-operation with Google, to provide a series of free seminars and workshops under the title ‘Grow Greek Tourism Online’. The Ministry of Tourism is also working with the Hellenic Open University to continue to offer tourism vocational education and training via distance learning.

Hungary: The Hungarian Tourism Agency, together with the Alliance of Hungarian Tourism Associations and Budapest Business School, has created an e-learning Tourism Academy platform. It aims to increase the economic competitiveness of tourism SMEs. Registered participants can access a digital library containing useful lectures and information, and learn about niche products with significant growth potential.

Israel: A stimulus package totally ILS 300 million was introduced in August 2020 to help hotels reopen and function in the absence of international tourism revenue.

Ireland: A EUR 26 million COVID-19 Adaptation Fund is designed to contribute to the costs incurred by tourism businesses in implementing the Guidelines for Re-opening. Administered by the national tourism development agency, *Fáilte Ireland*, the Fund makes available grants to contribute to the costs of adapting premises or operations, including for barriers and protective screens, development of outdoor areas, and purchase of personal protective equipment. An estimated 12 000 tourism businesses are eligible to apply.

Japan: Through the Accommodation Facility Advisor Dispatch Programme, advisors from various fields work with accommodation providers to resolve issues and take steps to prevent the spread of infection, support business continuation, and develop new business models. Advisors also assist in preparing business plans, co-ordinate with financial institutions, and help facilities to apply for available subsidies.

Portugal: From early in the crisis, *Turismo de Portugal* has upgraded the information and advisory team to support tourism businesses. This includes the provision of advice on the financial support instruments created in response to COVID-19 through phone and online channels. Specialised online support is also provided by a team of 60 trainers from the Portuguese Hotel and Tourism Schools to help businesses deal with operational and management issues, and minimise the impact of COVID-19 Contingency Plans. Daily market updates are provided via a publicly available web channel, TravelBI, and tourism flows are monitoring using mobile and airline data. The Business Education for Smart Tourism Training Programme has been adapted for online delivery to promote the development of strategic and competitive management skills to respond to the crisis and prepare for the recovery (more than 250 sessions and 25 000 participants since April 2020). This is complemented by an in-depth Executive Certified Training tool (more than 168 sessions and 7 600 participants since May 2020).

Sweden: The Swedish employers association, Vista, launched the Safe to Travel campaign in June 2020, with information materials to help members to adjust their operations to be safer, and to communicate this with consumers. The brochures Safe Hotel Stays, Safe Camping and Safe Restaurant Visits contain information and checklists for businesses. The material has been produced in collaboration with the Swedish Public Health Agency, and the Hotel and Restaurant Union.

United States: The US Departments of Transportation, Homeland Security and Health and Human Services issued joint guidance to airports and airlines for implementing measures to mitigate the public health risks associated with COVID-19, prepare for an increase in travel volume, and ensure that aviation safety and security are not compromised. The US Government views public health as a key component of a resilient aviation transportation system, much like safety and security.

Restoring traveller confidence and stimulating demand

Restoring traveller confidence is a key priority, and will be crucial for the recovery. However, it is also one of the biggest challenges facing the sector, together with retaining capacity in the sector so it is ready for recovery. Travellers need to be reassured when it is safe to travel. Governments need to collaborate with the private sector to put in place new safety, hygiene and testing procedures and standards along the tourism value chain, and communicate that this is the case (Box 10). Restoring confidence in the domestic market will be critical to sustain the sector in the short term. Equally, governments need to take steps so destination communities are comfortable that the benefits associated with the return of visitors outweigh any concerns over the potential health risks.

Experience suggests that **demand for tourism activities has so far held up reasonably well** considering the wider COVID-19 environment. Domestic tourism performed relatively well in some European countries during the peak summer season in particular. This has revealed the importance and potential of the domestic market, which is often overshadowed by international tourism. However, this rebound in tourism demand has been concentrated in a short period of time, and has been set back measures to tackle new waves of the virus in some countries. The outlook for the coming months is less rosy, with lead indicators suggesting that recovery is some way off.

Experience also indicates that the **new travel environment is having an impact on traveller behaviour, preferences and patterns.** This includes: a greater demand for short haul travel within own country or to neighbouring country; travelling by rail or car rather than aeroplane; staying in self-catering and private accommodation rather than hotels; visiting coastal, regional and rural areas rather than cities; participating in walking, cycling and other outdoor activities rather than in enclosed spaces. Health and safety is now a key consideration. What impact the pandemic will have on consumer demand and travel behaviour in the longer term is not yet clear, but is likely to be influenced by the duration and evolution of the crisis (e.g. contactless service delivery and traveller identity, stricter health and safety protocols).

A key area of action has been around **communicating the safety protocols and measures** put in place by businesses and destinations. This includes the introduction of **safe and clean labels and certificates** to reassure visitors that tourism businesses and destinations are operating in line with national and international sanitary protocols (e.g. Colombia, Ireland, Israel, Portugal, Poland, Slovenia, Turkey, United Kingdom). Portugal, for example, was (one of) the first countries to introduce a Clean and Safe label at the end of April 2020, to highlight tourism businesses that are compliant with hygiene and COVID-19 control measures, and promote the country as a safe destination.

Some countries have gone further, taking steps to **strengthen the health facilities available in destinations** and provide peace of mind for visitors. In Greece, for example, accommodation facilities are required to have a designated doctor, while some regions and islands have also introduced special quarantine facilities for visitors. Other countries are considering making free COVID-19 testing available to tourists during their trip (e.g. Germany). Japan has also created a list of etiquette points for travellers, to prevent the spread of infection.

The **use of digital tools** is a further area of action, including apps that have the dual benefit of informing visitors of sanitary conditions and frequentation levels in tourism sites and facilities, while also helping to direct visitors to less busy places (e.g. Hungary, Portugal, United Kingdom, United States). In the United States, for example, the NowCrowd app was designed by the private sector in Las Vegas to allow tourists to have real-time information on crowd levels at local spots. These apps complement the dedicated web platforms put in place in many countries to provide up to date information to travellers.

The crisis has also led to **innovations in the tourism offer to develop COVID-19 safe travel options.** In Germany, for example, tour operator Dertour has introduced a Super Safe Careless Package with a health care hotline available around the clock and coverage of accommodation costs in the case of mandatory quarantine due to COVID-19 in the destination. Visit Finland, with a different approach, has

also offered virtual travel experiences during this period when it is not possible to visit in person, while also maintaining a positive image of the country.

Box 10. Restoring traveller confidence and stimulating demand: selected policy responses

Austria: A free testing programme is available for workers in the tourism sector, with a budget of EUR 150 million, to protect workers and build tourist confidence. Businesses that implement COVID-19 safe measures and whose employees regularly take the voluntary tests can use the "Safe Hospitality" label. As of 28 October 2020 almost 400 000 tests had been completed in more than 5 600 enterprises. A website⁵⁴ provides regular updates and an interactive map to show the regional breakdown of tests undertaken. Guidelines have also been published to ensure a co-ordinated approach to manage the winter season tourism activity (ski, Christmas markets).

Chile: A National Campaign for Tourism Reactivation focuses on domestic tourism with investment of CLP 800 million, and the *Taste Chile* marketing programme, with a dedicated budget of CLP 83 million.

Denmark: A Summer Package worth DKK 700 million was launched in June 2020, with the aim of giving Danish citizens better opportunities to experience culture and nature in their own country during the summer. Initiatives include 50 000 free 8-day public transport travel passes (DKK 37.5 million) and half price tickets for cultural experiences (DKK 186.5 million).

Hungary: Domestic tourism is being encouraged through adjustments to the existing SZÉP-Card (Széchenyi Card) Programme, which is a benefit-in-kind system offered through employers to employees. This includes the doubling of the amount that can be transferred to the SZÉP-Card account, with a more preferential tax rate than normal, and no social contributions between April-December 2020. The programme was expanded in September 2020, with a new free-use loan scheme with zero interest rates available only to tourism SMEs. Funding of HUF 100 billion has been allocated, and businesses can access up to HUF 250 million through commercial banks.

Iceland: Residents over the age of 18 years can collectively receive ISK 1.5 billion worth of travel vouchers from the Government, to spend domestically. The value of each voucher is ISK 5 000, and is issued to people born on or before 2002, who have a social security number and are domiciled in Iceland. By 25 October 2020, around 170 000 individuals had applied for travel vouchers, and around half of registered tourism companies (974) had registered to participate. Of these vouchers, around 120 000 had been used in 817 businesses, to a value of ISK 580 million. Criticism of the scheme includes claims that the value of the vouchers is too low, and inaccessibility to people who do not use the internet or smart phones. Funding is also allocated for promotional campaigns to encourage Icelanders to travel within the country (ISK 40 million), and international travellers to visit Iceland (ISK 1.5 billion), to be rolled out when travel can be expected to resume.

Israel: The Ministry of Tourism and Ministry of Health launched the 'Purple Standard' health and safety certification for accommodation businesses, with a separate certification for tourism attractions. Businesses must comply with guidelines ensuring the facilities are held to the highest cleaning standards, including training workers, upgrading air ventilation, reducing crowd-gathering, and offering special booking and cancellation conditions. Specifications include strict enforcement of mask wearing and social distancing measures throughout the hotel, extension of dining room opening hours and seating area, and closure of bars and nightclubs.

Norway: The VAT rate applying to passenger transport, accommodation and the majority of cultural events and attractions was reduced from 12% to 8%, until 31 October 2020.

⁵⁴ <https://www.sichere-gastfreundschaft.at/testangebot/>

Poland: The Polish Tourist Voucher was launched on 1 August 2020 and will last until 31 March 2022, as a bridge initiative to promote domestic tourism and support small tourism businesses. It makes available a one-time voucher to the value of PLN 500 for children and young people up to the age of 18 years to pay for accommodation or summer camp. A further support is provided to people with disabilities under the age of 26 years, to the value of PLN 1 000.

Portugal: *Turismo de Portugal* launched the Clean and Safe label in April 2020, to highlight tourism businesses that are compliant with hygiene and COVID-19 control measures and promote Portugal as a safe destination. The label is valid for one year, and subject to random audits. Participation is free and voluntary, and requires implementation of internal health and hygiene protocol and procedures, in line with the Ministry of Health recommendations. Measures include training employees, information to customers, required protection equipment and international cleaning protocols. By August 2020, over 20 000 tourism businesses had signed up online and submitted a Declaration of Commitment.

Slovenia: Digital tourism vouchers to the value of EUR 50 for children and EUR 200 for those over the age of 18 years have been made available for all citizens and residents, and are redeemable in accommodation facilities before the 31 December 2020. A total budget of EUR 340 million is allocated to this initiative. Slovenia has also introduced a new marketing promotion GREEN&SAFE label, to rebuild traveller trust and position Slovenia as a safe and sustainable destination.

Switzerland: The Government allocated CHF 40 million to support the Switzerland Tourism Recovery Plan 2020-21. This is equally split between financing for new marketing activities, focused on sustainable tourism, domestic market, and attractively priced offers and financial relief for tourism partners. One third of the funds will be used in 2020 (CHF 13.2 million), with the remainder used in 2021 (CHF 26.8 million).

Turkey: The Ministry of Culture and Tourism initiated the Safe Tourism Certification Programme in May 2020, with contributions from the Ministries of Health, Transport and Infrastructure, Interior and Foreign Affairs, and in co-operation with key stakeholders. It sets out to visitors the measures for undertaking tourism activities safely, and provides criteria for businesses to operate safely. Measures and criteria aim to ensure passenger and employee health, as well as the safety of transport vehicles and other tourism facilities.

United Kingdom: VisitBritain introduced a 'We're Good to Go' UK-wide industry standard and consumer market, to support businesses working towards re-opening and welcoming customers. The scheme is free to join and open to all businesses in the sector. As of mid-August, over 31 000 businesses had completed the process. Another demand-side initiative was the Eat Out to Help Out scheme, under which consumers could avail of a 50% discount on sit-down meals in cafes, restaurants and pubs from Monday to Wednesday every week during the month of August. More than 100 million meals were eaten under the scheme, with 84 700 businesses making 130 000 claims worth GBP 522 million.

European Union: The European Commission published a package on tourism and transport in 2020 and beyond on 13 May 2020. This included guidelines and recommendations to help EU countries gradually lift travel restrictions, allow businesses to reopen, and restore traveller confidence for the summer season, as well as recommendations on issuing credit vouchers in place of refunds to address the liquidity crunch.

New marketing and promotional campaigns have been introduced by many countries, sometimes with the support of new budget allocations (e.g. Austria, Chile, Japan, Switzerland, United Kingdom). These campaigns promote a positive image of the country and to position it as a safe destination. When restrictions have lifted, there has been a shift to stimulate demand and promote safe travel domestically, and in some cases (e.g. Estonia, Greece and Spain) from selected nearby international markets. Efforts

continue to focus on developing domestic tourism to sustain the sector, while laying the ground work so international visitors are informed and comfortable to start planning their visit, when the time comes (e.g. Australia, Estonia, Greece, Israel, Italy, Japan, New Zealand, United Kingdom). In the Slovak Republic, the Slovak Tourism Board is being re-established to support the recovery effort.

Japan reports early success with the ‘Go To Travel’ campaign to stimulate domestic tourism, balancing efforts to generate demand with containing infections. Since the introduction of the campaign, which has a budget of YEN 1.7 trillion, only a few cases of travellers testing positive for COVID-19 having stayed in participating accommodation facilities have been reported. Each facility is required to take necessary measures to prevent the spread of infection, under the direction of the local public health centre. The Japan Tourism Agency is encouraging the thorough implementation of preventative measures by both tourism businesses and travellers participating in this campaign to ensure tourism does not contribute to spreading the virus.

Voucher and similar schemes are being used to incentivise and stimulate domestic demand in some countries. The modalities of how these schemes to subsidise the consumption of tourism services operate vary. In some countries, benefit-in-kind voucher schemes operating through employers have been extended (e.g. Czech Republic, Hungary, France) or created (e.g. Greece). Other countries have introduced schemes providing cash value vouchers to individuals to spend for designated purposes (e.g. Belgium-Wallonia, Iceland, Israel, Russia, Slovenia), or by directly reimbursing businesses for discounts passed on to consumers (e.g. Japan, United Kingdom). In some cases, the terms and conditions of these schemes aim to stimulate consumption during the off season (e.g. Greece, Ireland), or among particular sections of the population (e.g. Poland). Similar initiatives have also been taken by local governments. The Charentes Region in France, for example, offered EUR 100 to visitors who stayed for 2 nights and visited a restaurant and a tourist attraction, on presentation of receipts (EUR 1 million budget).

Consumption tax reliefs are another approach being used to stimulate demand and support businesses. This includes the introduction of reduced Value Added Tax (VAT) rates on selected tourism services (e.g. Austria, Czech Republic, Ireland, Norway, United Kingdom). In the United Kingdom, for example, the VAT rate for hospitality, holiday accommodation and attractions was reduced from 20% to 5% in July 2020, and the measure has been extended until January 2021. Austria has also reduced VAT on food and accommodation (normally 10%) and drinks (normally 20%) to 5% until the end of 2021. Other measures to stimulate demand include the introduction of free transport and half-price tickets to cultural attractions for domestic visitors (e.g. Belgium, Denmark).

Preparing the recovery and shaping tourism of tomorrow

The outlook for the tourism economy remains extraordinarily uncertain. This has consequences for policy and business planning. The sector is still in survival mode, and the implementation of demand and supply side measures will be essential to sustain tourism businesses, and ensure that the sector as a whole is well positioned for recovery. Flexible policy supports will be needed to assist the tourism sector with ongoing changes. Limiting uncertainty (to the extent possible) and rebuilding consumer and business confidence will be important.

The measures put in place today and the actions taken by government and industry will shape tourism of tomorrow. Tourism policy has had to react quickly and focus on supporting the immediate needs of the sector, to help keep it functioning. However, policy makers need to already consider the longer term implications of the crisis on the sector, and the recovery actions taken. Much depends on how quickly the threat from COVID-19 fades. However, a return to ‘business as usual’ is unlikely to happen, and recovery must involve transforming the tourism sector, reinventing tourism destinations, rebuilding the entire tourism ecosystem, and innovating and investing in sustainable tourism.

Recovery plans are a once in a lifetime opportunity to move toward fairer, more sustainable and resilient models of tourism development. This will require policies that address structural issues and advance the digital and low carbon transitions needed to rebuild stronger, more sustainable and resilient destinations, and deliver a fairer distribution of tourism's benefits to local communities and economies. The pandemic response has overtaken other tourism policy priorities in the short term, but in the longer term tourism strategies will need to adapt, and recovery measures will need to support the necessary structural changes. Governments need to consider these issues as they design and put in place comprehensive tourism recovery strategies and action plans.

Countries' **key policy priorities for the long term** include: supporting the sustainable recovery and development of tourism; promoting the digital transition and move to a greener tourism system; ensuring safe and seamless transport connectivity⁵⁵; maintaining investment in tourism infrastructure; and adapting tourism policy to support the necessary and appropriate structural changes to achieve this and build a more resilient tourism economy.

Rethinking the tourism economy for the future

The crisis is an opportunity to rethink the tourism system. The shock has exposed long standing structural weaknesses in the tourism economy (e.g. fragmented sector, mainly SMEs, seasonality, overdependence, productivity), as well as gaps in government and industry preparedness and response capacity. Policy interventions will be necessary to address these issues that have impeded the sector in the past, and avoid a return to the tourism management and unbalanced development issues facing the sector before the crisis (e.g. overtourism). The pandemic has also accelerated digitalisation and other trends shaping tourism.

Sustainability should be a core guiding principle in the recovery. Before the crisis, OECD work highlighted the need for policy makers to work with industry and communities to strike a better balance between the economic, environmental and social benefits and costs associated with tourism development, and implement a long-term and sustainable vision for the future.⁵⁶ This imperative remains, with health and safety considerations more prominent, together with the added need to limit tourism as a potential vector of the virus. Countries were already moving in this direction before the crisis, developing national tourism strategies and policies based on sustainable tourism development principles (e.g. Austria, Belgium Flanders, Colombia, Czech Republic, Finland, Hungary, Iceland, Ireland, Mexico, New Zealand, Sweden).

Countries report that sustainability remains at the centre of the long term vision and strategies for the sector, but adjustments will likely be needed to reflect the changed policy context (Box 11). Austria, for example, is developing new action plans to revive tourism within the frame of the existing national tourism strategy, while the Czech Republic is developing a Crisis Action Plan for 2020-21 as preparations are underway on a new tourism strategy 2021-30, with the priority now to restart tourism in a sustainable way. In Sweden, work to prepare a national tourism strategy has been put on hold, but when restarted it will be an opportunity to reflect the consequences of the pandemic, and to address forward-looking issues including sustainability and digitalisation.

Other countries see the **crisis as an opportunity to reset and rethink the tourism system, and to fast track the move to greener and more sustainable models** of tourism by ensuring recovery and future plans are aligned with sustainability principles and the SDGs (e.g. Belgium Wallonia, Colombia, Greece,

⁵⁵ G20 Guidelines on Safe and Seamless Travel endorsed by G20 Tourism Ministers in the [Diriyah Communiqué](#) on 7 October 2020, based on OECD report on Safe and Seamless Travel and Improved Visitor Experience prepared for the G20 Tourism Working Group

⁵⁶ OECD (2020), "Rethinking tourism success for sustainable growth", in *OECD Tourism Trends and Policies 2020*, OECD Publishing, Paris, <https://doi.org/10.1787/82b46508-en>.

Mexico, New Zealand). Mexico, for example, sees the crisis as a catalyst for its 'Mexico is Reborn Sustainable' initiative, which aims to create tourism routes to promote social well-being, harmony with nature and integrated development approaches to support sustainable destinations, and encourage sustainable production and consumption approaches throughout the tourism value chain.

Box 11. Rethinking the tourism economy for the future: selected country responses

Colombia: This crisis is seen as an opportunity to transform the sector, by putting sustainability at the core of tourism decision-making. The Tourism Sector Reactivation Plan has four strategic pillars: i) biosecurity standards and certifications, ii) economic support, iii) national and international marketing, and iv) governance, innovation and sustainability. A new National Sustainable Tourism Policy (currently in draft stage) aims to put tourism at the forefront of the wider sustainable development and environmental protection agenda. It will set out strategic guidelines to integrate sustainability into destination decision-making processes, encourage environmentally responsible business practices and models, and promote responsible tourist behaviours toward natural heritage and vital resources. It contains strategic goals on information on sustainability, governance, investment, innovation, changed travel culture, and positioning Colombia as a sustainable destination.

Croatia: The Ministry of Tourism and Sport of the Republic of Croatia is working on a Sustainable Tourism Strategy until 2030 and a 2021-27 National Sustainable Tourism Development Plan. The two documents are expected to be finalised by the end of 2021, aligned to other sectors' policies.

Estonia: The Ministry of Economic Affairs and Communications has launched a review of the Tourism Programme 2021-24, which was initially developed before the outbreak of the COVID-19 crisis, to re-evaluate the priority measures for the future and support the recovery. The revision will combine short- and mid-term measures, as it is still difficult to predict the future scenarios for tourism re-opening. The Ministry has also submitted a proposal to the Government aimed at encouraging the digital transformation and new business models in the tourism sector.

Mexico: The Ministry of Tourism (SECTUR) is working on the Sustainable Tourism Strategy 2030, which aims to transform the crisis into an opportunity to generate a radical change in tourism. Main targets include promoting a sector which is socially inclusive, economically fair and committed to nature conservation. SECTUR is working in co-ordination with relevant units and entities of the Federal Public Administration, state, municipal and other local authorities, as well as the private sector and civil society. It will prioritise the achievement of the SDGs and improve the way natural resources are managed.

New Zealand: The Minister of Tourism has established the New Zealand Tourism Futures Taskforce to advise on changes that New Zealand can make to the tourism system, so tourism enriches both New Zealand and the well-being of New Zealanders in a post-COVID-19 world. The Taskforce will make recommendations to address the long standing productivity, inclusivity and sustainability issues present in some parts of the tourism sector. It will use a design thinking approach to draft recommendations built around the 4 pillars - economic, environmental, social and cultural. The Taskforce will make an initial report on the future of tourism in New Zealand around December 2020, with final recommendations to Government expected in April 2021.

Slovak Republic: A new Sustainable Tourism Development Strategy to 2030 will reflect the COVID-19 aftermath and include a Marketing Action Plan for 2021-23. The Strategy, which is still subject to Government approval, includes measures to: stimulate tourism innovation, support data-driven destination development, promote sustainable mobility, digitalisation and support for green jobs.

Trade-offs will be involved in moving to more sustainable models of tourism development. This is necessary to better balance the economic, environmental and social dimensions. There is also recognition that governments face considerable challenges in advancing the long term sustainability agenda while addressing with short term survival priorities. Destinations already taking action in this direction are helping to show the way forward. In the midst of the crisis, for example, the Greek Island of Santorini has launched the Plastic Free Santorini Campaign, with communication, education programmes and direct interventions to reposition the island as a sustainable destination.

Improving crisis management strategies to better prepare tourism businesses, destinations and the sector more broadly to respond to future shocks will be a key part of this. The crisis has exposed fragilities of the sector and policy makers will need to learn the lessons from the COVID-19 crisis. This will require improvements in risk assessment by government and industry, and stronger co-ordination mechanisms to support a 'whole-of-sector' approach. Some countries are already looking beyond the tourism crisis management structures established to respond to the pandemic. In Greece, for example, a Committee for Crisis Management will remain in place beyond the lifetime of the dedicated COVID-19 response committee. Colombia, meanwhile, intends to develop a Risk Management System as part of its Tourism Sector Reactivation Plan.

Building tourism sector resilience also involves policies to address structural weaknesses, advance key priorities and take advantage of new opportunities. This includes encouraging new business models and creation of flexible tourism products, building a more diversified tourism economy, embracing digitalisation throughout the tourism ecosystem, including for managing visitor flows, and promoting connectivity. New mobility concepts and infrastructure also open up possibilities for more sustainable travel. The crisis has also exposed the financial fragility of many tourism businesses, particularly SMEs.

The crisis is accelerating the digital trends that were already transforming tourism and changing the way people live, work and travel. Countries that have comprehensive programmes in place to promote the digital transformation of tourism are building on these frameworks to help destinations and businesses to take action and adapt to the crisis. As part of Spain's Smart Tourism Destination initiative, for example, destination action plans are being developed to among other things address the competitiveness, sustainability and structural challenges associated with the pandemic, as well as the health and financial challenges, and identify good practices to guide new technological solutions. Such approaches have the advantage of embedding digitalisation into recovery efforts.

Other countries are **intensifying digital transformation efforts, which are seen as key to making the tourism sector more resilient.** This includes promoting the opportunities digitalisation opens up for marketing, product and destination development, as well as developing skills and strengthening tourism data. In Hungary, digitalisation is a core pillar of the review of the National Tourism Development Strategy 2030, building on development projects already underway. In Germany, tourism SMEs can benefit from a new Digital Now programme (*Digital Jetzt*), which provides a financial subsidy to invest in digital technologies and upskill workers.

Rebuilding destinations and the tourism ecosystem

Years of work to develop strong and dynamic tourism destinations has been overturned in a fraction of the time, and the already fragmented tourism ecosystem is even more fractured. Rebuilding these destinations and getting the tourism system back up and running - stronger, more sustainable and more resilient - will require concerted efforts by government across policy areas and levels, and with the private sector (Box 12). Destinations and segments of the tourism sector are reopening and recovering at different speeds, and this is likely to have consequences on the shape of the tourism sector for some time. Response measures have largely focused on individual consumers, workers and businesses, but there is also a need to support destinations, and the wider tourism ecosystem.

A key issue for destination recovery is whether a critical mass of services will remain operating, to cater to visitors when they do come. A dynamic tourism economy depends on the availability of a variety of tourism services within destinations, from accommodation and good services to attractions, activities and events. Support and recovery efforts need to be comprehensive across the sector branches that make up the tourism experience. There is a particular need to focus on preserving strategic tourism assets and businesses so destinations have the skills and capacity to respond to demand recovery.

Box 12. Rebuilding destinations and the tourism ecosystem: selected country responses

Australia: The Australian Government will inject AUD 250 million into regional Australia, encouraging more Australians to travel and experience a domestic holiday, boosting regional jobs and local economies. The package includes AUD 50 million Regional Tourism Recovery initiative to assist businesses in regions heavily reliant on international tourism and AUD 200 million for an additional round of the Building Better Regions Fund, to boost tourism-related and other local infrastructure in regional communities. Additionally, as part of the broader economic recovery strategy, AUD 61.7 million will be invested to create jobs, boost local tourism and preserve the environment, including AUD 33.5 million to fund conservation work and infrastructure upgrades in national and world heritage sites, and AUD 3.2 million to engage tourism operators in reef monitoring and conservation work on the Great Barrier Reef

Japan: The Government announced its Tourism Vision Realisation Programme 2020 in July 2020, setting out the action plan to support recovery, with a focus on maintaining employment, supporting business continuation, preparing for the recovery, strengthening domestic demand, and revitalising inbound tourism from targeted countries based on the sanitary situation. The Government is also planning to co-operate with DMOs to leverage regional resources and attract tourists – budget YEN 10.2 billion, introduced 7 April 2020.

Morocco: To relaunch and accelerate the revival of the tourism sector, public and private actors have decided to combine their efforts, at national and regional levels by implementing a *2020-22 Contract Programme*. The programme includes measures aimed at regaining 2019 levels by 2022, recovering more than 5 million tourists and maintaining at least 80% of stable jobs over the period 2020-22. The contract programme is structured around the five strategic areas: i) preservation of employment; ii) economic and financial support, iii) stimulation of investment iv) activation and strengthening of tourism demand, v) cross-cutting measures.

New Zealand: A Tourism Recovery Package worth NZD 400 million supplements general response measures and provides assistance to tourism businesses to pivot to the domestic market while international tourism is not possible. It also provides support for Maori tourism, protection of strategic tourism assets and measures to help secure the long-term viability of the sector. Initiatives include the Strategic Tourism Assets Protection Programme [NZD 290 million], the Tourism Transitions Programme to provide support and advice to tourism businesses [NZD 17 million], measures to lift digital capability in the sector [NZD 10 million], a Regional Events Fund to support existing and new events to stimulate domestic tourism [NZD 50 million], funding for New Zealand Maori Tourism including training opportunities and youth, regional initiatives, research and mentoring [NZD 10 million] and waiver of concession fees charged by the New Zealand Department of Conservation [NZD 25 million].

United Kingdom: A GBP 1.3 million emergency fund has been put in place to support local tourism destination management organisations. The scheme is administered by VisitBritain, to help ensure DMOs can continue to provide crucial support and expert advice to SMEs in the tourism sector.

Destinations which have been severely impacted and are most vulnerable will require particular attention. This includes providing support (financial and non-financial) to destination management organisations, as is already the case in some countries (e.g. Japan, Slovak Republic, United Kingdom). In Iceland, for example, the six municipalities that have been most affected by the steep decline in international tourism will receive a total of ISK 150 million to mitigate the impacts. The purpose of the support is to create a stronger basis for a more diverse long term economy, and to foster innovation.

Comprehensive tourism recovery plans are being put in place to address this challenge, incorporating both demand and supply side measures. Some recovery or action plans have a 12-18 month timeframe, focusing on the survival and stabilisation of the sector between now and the end of 2021 (e.g. Japan). Other countries have taken a 24-36 months view, to incorporate the recovery period to 2023 (e.g. Ireland). Regardless of the timeframe adopted, these plans need to be flexible and designed to respond to the evolving situation. Common priorities and areas of focus in these recovery plans include measures to: support workers, businesses and destinations (financial and non-financial); promote traveller and business confidence; generate demand and encourage domestic tourism; re-establish international and internal connectivity; ensure safe reopening and operation of tourism activities within wider health measures; and improved information and data sharing. Other issues include restoring competitiveness and encouraging investment.

Recovery plans sometimes include specific measures to support strategic tourism assets and parts of the sector which are particularly hard hit or remain closed. This includes the aviation and meetings, incentive, conference, exhibition and events sectors, as well as national parks, zoos and wildlife sanctuaries (e.g. Australia, Belgium Wallonia, Canada, Colombia, New Zealand, Portugal, United Kingdom). Tourism will also benefit from programmes to support tourism-connected activities, such as Germany's Restart Culture programme (*Neustart Kultur*), Canada's Emergency Support Fund for culture, heritage and sport, and the recently announced support of SEK 1.5 billion for the culture sector in Sweden. The United Kingdom has also announced a GBP 1.6 billion rescue package for the arts, culture and heritage sector. Japan, meanwhile, is considering the benefits of staggering holidays to spread domestic tourism more evenly throughout the year, as well as the development of new, safe travel styles (e.g. workation, bleisure).

These recovery plans need to be backed by sufficient resources to be effectively implemented. Some countries have created dedicated funds to support the implementation of tourism recovery plans and programmes. The European Union has eased state aid rules and created exceptional measures and financial supports for SMEs, which can benefit tourism businesses⁵⁷. Tourism can also benefit from the EUR 750 billion Next Generation EU⁵⁸ recovery fund, including the EUR 560 billion Recovery and Resilience Facility to support investment and reforms. However, this is not the case for all countries, limiting their ability to implement these plans. In other cases, the sector is a beneficiary of general COVID-19 recovery funds.

Innovating and investing in tourism

Governments need to ensure that the sector will be ready to resume and keep on innovating and transforming. Some countries have also put in place measures to support innovation in tourism SMEs, to build toward stronger economic resilience (Box 13). Tourism businesses and destinations will also need to adjust their offer to respond to accelerated digital and other trends, as well as the need for structural and sustainability transformations.

⁵⁷ European Commission, [Transport and Tourism in 2020 and Beyond](#), 13 May 2020, COM(2020) 550 final

⁵⁸ European Commission Press Release, [Next Generation EU](#), 27 May 2020

Measures to support innovation and stimulate investment will be needed, to maintain and strengthen capacity, restore the attractiveness of the destination, bolster the quality and competitiveness of the tourism offer, and improve the prospects for sustainable recovery. The extraordinary uncertainty facing the sector has dented business confidence and is likely to hold back business investment for some time. Many tourism businesses also face insolvency if capacity cannot be restored and demand does not recover. Tourism businesses will need support to modify service delivery, pivot to alternative markets and adjust business models, and as well as take advantage of new opportunities and integrate digital and low carbon solutions.

Box 13. Innovating and investing in tourism: selected country responses

Finland: Coronavirus development fund provides innovation funding for companies facing business disruptions (applications were open until June 2020), through grants for a maximum of EUR 100 000, covering 80% of the projects' approved total costs. This is reserved for companies to create new product or innovative production-related solutions. Tourism business development typically included new accommodation and travel services for the company, or business development.

France: The Government has committed EUR 18 billion to the tourism sector to support the recovery. The support includes EUR 6.2 billion of guarantees loans granted to 50 000 tourism businesses, and a EUR 1.3 billion investment recovery plan financed by the public financing institutions Caisse des Dépôts and Bpifrance. This sum will be supplemented by additional investments to reach a total of EUR 7 billion.

Iceland: A special ISK 18 billion investment acceleration initiative has been put in place, with several projects aimed to support tourism. These include: additional ISK 650 million for infrastructure in national parks and protected areas including large tourism sites; additional ISK 200 million for the Tourist Site Protection Fund for private and municipal tourism sites; extension and improvements to Akureyri airport terminal in the north of the country, and improvements to Egilsstadir in the east, along with harbour and road improvements around the country; infrastructure to speed up the electrification of harbours and rental car fleet; renovation of the Harpa Concert and Conference Centre in Reykjavik; additional ISK 700 million for the Technology Development Fund to boost innovation. An increase in share capital of state-owned enterprises by up to ISK 8 billion has been authorised to strengthen investment capacity. Isavia has received ISK 4 billion for infrastructure projects at Keflavik international airport.

Lithuania: As part of recovery measures for the tourism sector, the transformation of the tourism sector will be pursued by promoting innovation and digital technologies through the development of tourism services and products. To this end, the 'E-business model' tool will be used to finance new business models created via introducing e-business solutions, as well as the 'Retraining of Enterprise Workers' tool and the 'Innovative Checks' tool, which will finance the purchase of services (e.g. publishing, voice-reading, translation, photography, filming, design, communication).

Slovenia: The vision for the tourism ecosystem in Slovenia remains focused on a green development paradigm. This will require priority investments in sustainable and green tourism facilities and digitalisation, as well as investment in the knowledge, skills and competences of the tourism workforce to be capable of catering to the demands and expectations of tourists in the future. It will also involve building on work and initiatives already in place, including for example the Green Scheme for Slovenian Tourism, which is a national tool and certification programme which seeks to encourage sustainable tourism business and destination development models. The intention is to reinforce this scheme, following COVID-19.

Spain: On the 13 November 2020, the Ministry of Industry, Trade and Tourism, presented the Modernisation and Competitiveness Plan for the tourism sector that will mobilise a public investment of

EUR 3.4 billion in the next three years, as part of the broader Spanish Recovery, Transformation and Resilience Plan.⁵⁹ The tourism plan has five strategic areas of action: i) sustainable transformation of the tourism model; ii) tourism product development; iii) digitisation and tourism intelligence; iv) tourism resilience strategies, and v) competitive positioning of the tourism offer. It aims at improving the competitiveness and profitability of the tourism industry, enhancing the natural and cultural assets of destinations and distributing in a more equitable the benefits and burdens of tourism throughout the territory. As part of the plan, EUR 1.8 billion will be invested in the Programme for Sustainable Destination Tourism Plans. There will also be a firm commitment to digitisation and tourism intelligence, with a public investment of EUR 355 million to increase productivity, profitability, employment and competitiveness.

Investment is needed to adapt the tourism offer to address health requirements, provide safe travel options and meet visitor expectations, during and after the pandemic. Tourism businesses have been required to make structural and physical changes to their businesses to protect workers and visitors, sometimes at significant financial cost. Businesses have also had to adjust production and service delivery practices, provide training to workers, and take steps to ensure ongoing compliance with the latest health measures. In the longer term, the crisis is likely to change visitor expectations and travel behaviours. Businesses may need to adjust the business model and product offer, and destinations may need to adjust the tourism-related infrastructure in ways that are not yet foreseen. Investment is also needed in human capital and skills to retain and develop a skilled workforce.

Business adaptation measures put in place to support the reopening of tourism businesses will need to evolve to encourage longer term investment in tourism related-infrastructure. This is already the case in Australia, for example, which has put in place a scheme to incentivise investment, including in tourism, and has earmarked AUD 233 million for investment in National Park Infrastructure. Colombia's Tourism Reactivation Plan includes plans to develop an investment attraction strategy for tourism, as well as the development of tourism infrastructure projects. Chile, meanwhile, has allocated CLP 50 million for investment in digital projects that tourism businesses can benefit from.

The pandemic is also triggering innovation in the sector, as new opportunities open up in the face of adversity. This includes business model and service delivery innovation related to pandemic control and prevention, including the use of digital tools and contactless solutions to support a safe and seamless travel experience (e.g. contactless check-in). It also includes innovations catering to new demand trends, for example from the domestic market, and in rural destinations and natural areas. In Finland, while the most urgent funding need for most businesses during the early stages of the crisis was business cost support, there are some successful examples of the newly established Coronavirus Development Fund supporting innovation in tourism businesses during the crisis. Examples of innovation measures funded include new services and products, new partnership and subcontracting models, new operating models, and other new measures businesses deem necessary in the present circumstances.

Drawing initial lessons and charting a way forward for tourism policy

The COVID-19 crisis has been a huge shock to the tourism economy, severely impacting people's livelihoods, neighbourhoods and businesses. As the pandemic continues to evolve, the full consequences are not yet clear. However, a return to 'business as usual' is unlikely. Policy makers will need to learn from

⁵⁹ Spanish Ministry of Industry, Trade, and Tourism Press Release, [Reyes Maroto presents the Modernization and Competitiveness Plan to the Spanish Tourism Council with a public investment of € 3,400 million](#), 13 November 2020

the crisis to build a stronger, more resilient tourism economy for the future. While it is still too early to say with any certainty what these will be, a number of initial lessons are outlined:

- **Crisis has been a call to action to governments, at all levels, to respond in a co-ordinated way, and has highlighted the importance of integrated tourism policy approaches to support recovery.** Delivering well-targeted and accessible supports as quickly and efficiently as possible to vulnerable tourism businesses, workers and tourists has and continues to be crucial. Government at all levels, and the private sector, need to be better prepared and have the capacity to react and adapt quickly. This requires more robust risk assessment and crisis response mechanisms, and closer co-ordination – at local, national and international level.
- **Strengthened multi-lateral co-operation and robust support is essential to reactivate tourism.** Countries need to work together, as the actions taken by one government have implications for travellers and businesses in other countries, and for the global tourism system. Countries need to develop collaborative systems across borders to safely resume travel, restore traveller and business confidence, stimulate demand and accelerate tourism recovery. More efficient international co-ordination systems are also needed to respond to future shocks
- **Sector-specific supports are needed to address the particular needs of tourism workers, businesses and destinations, and support wider economic recovery.** Tourism has benefited significantly from general economic stimulus measures. However, it is one of the most heavily impacted sectors, and will have an impact on wider macroeconomic recovery in many countries. Those parts of the tourism ecosystem that are not yet open for business and where demand is likely to be depressed or constrained for some time will require particular attention, as will destinations and small businesses that have been most severely hit and are most vulnerable.
- **Continued government support should already start to build toward more sustainable and resilient tourism economy.** Destinations and tourism businesses need help to be ready to provide tourism services to meet demand when the recovery comes. It will be important to work with tourism businesses so they are sustainable beyond the end of the supports, and already starting to address the long term implications of the crisis. Measures should be increasingly conditioned on broader environmental, economic and social objectives.⁶⁰
- **Providing policy clarity and taking steps to limit uncertainty (to the extent possible) will be crucial to support tourism recovery.** The outlook for the tourism economy remains extraordinarily uncertain, and business and travel confidence has taken a big hit. Clear communication, well-designed information policy and clarity on the epidemiological criteria will be particularly important where there is a need to change travel restrictions and containment measures in response to virus outbreaks and the shifting sanitary situation.
- **Improving the evidence base to inform policy and business decisions will be key, through information gathering, research and data analysis.** The crisis has highlighted shortcomings in the availability of timely, comparable, granular data in quickly evolving situations. Reliable and consistent indicators are needed to evaluate the effectiveness of programmes and initiatives, and monitor progress on tourism recovery and resilience. Risk-based solutions to safely lift travel restrictions and get the international tourism ecosystem back up and running must be based on sound scientific evidence. These solutions also need to be feasible to implement, with sufficient capacity available to ensure these systems are can function reliably.
- **Crisis is a once in a lifetime opportunity to move toward fairer, more sustainable and resilient models of tourism development.** The pandemic has once again exposed structural

⁶⁰ OECD (2020), OECD Economic Outlook, Volume 2020 Issue 2: Preliminary version, OECD Publishing, Paris, <https://doi.org/10.1787/39a88ab1-en>. 1 December 2020.

shortcomings in the tourism system and the vulnerability to external shocks. There is an urgent need to diversify and strengthen the resilience of the tourism economy, to better prepare for future shocks, to address long standing structural weaknesses, and encourage the digital, low carbon transformations that will be essential to shift to stronger, fairer and more sustainable models of tourism development.