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Global Tourism and COVID-19: An Impact Assessment

Abstract

The world is facing an unprecedented situation with COVID-19. The normal functioning of economies has been completely interrupted with the lockdowns in place. The consequences of pandemic have been deeply felt across the entire global tourism ecosystem. Travel restrictions that were put in place to reduce the outbreak of coronavirus, affected various sectors of every economy. Since recovery of tourism is crucial for the turnaround of any economy, this study aims to provide an overview of the impact of COVID-19 on global tourism and highlighted the ways that can lead the path of revival of the sector. To make this assessment, the paper studied three associated industries of tourism viz. airlines; hospitality with special focus on the hotel segment; and the MSMEs involved directly in tourism related business. Region-wise analysis reveals that the Asia-Pacific zone has been the worst affected followed by the Middle East. As countries are opening up their borders and encouraging tourism, the sector is facing the challenge of rebuilding the consumer confidence in order to promote future tourism. Hence, the paper also provides an overview of policy decisions taken worldwide which will be crucial for sustenance of the global tourism sector.

Keywords: COVID-19, lockdowns, tourism ecosystem, travel restrictions, policy responses

1. Introduction

COVID-19, the novel coronavirus, has brought the entire globe to a standstill. The virus was first detected in the city of Wuhan in China during the month of December, 2019. Although by early January 2020, the infection had spread across hundreds of people in Wuhan and nearly 11 million people were put into isolation, but the initial diagnosis did not show any signs of such a catastrophic impact on public life (Woodward, 2020). The city of Wuhan was put under complete lockdown with inbound and outbound traveling suspended on January 23, 2020 (Illmer et al., 2021). In spite of the early decision taken by the Chinese Government, the virus had moved beyond borders quickly and the number of affected cases increased over the month signaling the need for taking immediate preventive actions. As a result, World Health Organization (WHO) pronounced the disease as a Public Health Emergency of International Concern (PHEIC) on January 30, 2020. By February, the infection had spread to Northern California (Economic Times, 2020) while by March 2020, the concentration of the virus shifted from China to parts of Europe especially Italy and Spain. As a consequence, on March 11, 2020, the disease was declared a pandemic (WHO, 2020). The number of affected cases escalated quickly and by early April the virus had spread throughout the US (Jackson et al., 2020).

Though the number of patients crossed more than ten million globally by the end of June 2020, there was still no clarity in assessing the exact number of patients. This was mostly because, during the initial months of the outbreak, the testing was limited across countries due to a lack of suitable medical and testing equipment to make a diagnosis. The priority of the countries affected by the virus was to contain its spread to the maximum extent. So, nations globally resorted to restrictions on travel and trade (except under necessary cases) to suppress the spread of coronavirus. Initially, by February 2020, 11 prominent destinations including Singapore, Mongolia, El Salvador, Iran, Italy, Maldives, etc. imposed a ban on traveling to and from China

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(World Tourism Organization [UNWTO], 2020a). Further, over the span of the next two months, restrictions on travel and tourism were installed in over 217 destinations. Major international borders were shut down with immediate effect, inbound and outbound traveling was suspended, bringing the socioeconomic public life to a complete halt (UNWTO, 2020a). A few more measures were implemented worldwide. It includes closedown of schools and universities; temporary closure of business activities (both inbound and outbound); postponement of events with huge gathering (like musical concerts, festivals, etc.); shut down of theme parks and shopping malls; and, the lockdown on daily activities.

With the lockdowns in place, the normal functioning of economies has been completely interrupted. The supply chain across the economies has been disrupted as a majority of industries (excluding essential commodities) were closed down. This created a huge demand-supply imbalance globally. The effect of lockdowns imposed was initially estimated to affect only the manufacturing sector, but with time it further extended to the service sector (Klynveld Peat Marwick Goerdeler [KPMG], 2020). As the travel restrictions came into order, its effect was seen across various sectors of the economy including tourism. Tourism thrives on human communication and movement. Therefore, it is probable that it involuntarily becomes the carrier of any disease. Hence, the first non-pharmaceutical intervention to be taken is to confine the movement of individuals and goods (Gössling, 2002; Hall, et al., 2020). As restrictions came into place, the whole sector went down the hill. Countries struggled to bring back stranded citizens as international and domestic travel came to a halt. Air demand slowly retarded and mega-events were canceled. This had a ripple effect on the hotel and accommodation sector, regional transport, and the other micro, small and medium enterprises (MSME) related to tourism. As a consequence, all stakeholders of the industry, including the large and small business-owners, workers (both skilled and unskilled) became vulnerable. With nearly 217 destinations observing border restrictions and travel ban by summer, there had been not much left for the sector to thrive on (UNWTO, 2020a). Although episodes of past crises have shown that almost always tourism bounces back to its normal phase of functioning, the current pandemic has shown no such pattern to date.

The restrictions on travel and tourism paralyzed the global tourism system. In a short span, the sector crippled. Deserted hotels, empty cafes and restaurants, closed theme parks, vacant islands, and very low air travel demand became the new normal of the sector. Over the past nine years, global tourism showed very high growth. However, it is projected that for 2020 and the next two-three years the growth will be negative. All the verticals across allied industries were booming till early January 2020 but unfortunately are now all crisis-laden. Early estimates of WTO pointed towards a 20-30 per cent decline in global tourism for the year ending 2020. As the number of fatalities grew around the world, the estimations were revised to 70-75 per cent fall in tourist arrivals in 2020-21. The pandemic started as a health emergency but soon enough transformed into an economic one.

Given this background, the paper aims to study the impact of COVID-19 on the global tourism sector. The current study aims to identify the probable effects on key areas of tourism where the consequences of the pandemic have been deeply felt. In other words, the objective of the paper is to provide an in-depth study of the situation and analyze the impact of COVID-19 on global tourism. The organization of the paper is as follows. An insight into the global tourism sector is portrayed in Section 2. Next, an assessment of the travel restrictions imposed globally in light of the pandemic is presented in Section 3. Section 4 explains the research methodology followed in the study. Section 5 provides a review of the impact of COVID-19 on global tourism and its associated industries. The policy responses of various countries to aid the survival and recovery of the crisis-laden tourism sector are highlighted in Section 6 followed by the implications for tourism in Section 7. Subsequently, the way forward for the global tourism sector is illustrated in Section 8 and the concluding remarks in Section 9.

2. Global tourism at a glance

Tourism has a crucial role to play in the growth and development of economies worldwide (Lopes et al., 2020). In fact, tourism is one of the fastest-growing industries which provides about 10 per cent occupation nationwide and accounts for 10 per cent of global GDP (Faus, 2020). Its importance can be traced from the fact that it has been included in three of the 17 Sustainable Development Goals declared by the United Nations (ILO Sectorial Brief, 2020). Tourism is primarily included in SDG 8 (Decent Work and Employment); SDG 12 (Responsible Consumption and Production) and SDG 14 (Life Below Water). As a leading sector of most economies, tourism supports the livelihoods of millions of people employing a large number of females, students, and low-skilled workers. Tourism alone creates more employment than all other sectors combined together. In the year 2018, approximately 35 per cent of the jobs were generated in the sector with more than 105 destinations earning USD 1 billion or more (UNWTO, 2020b). As a major job creator, tourism not only directly supports the governments but also facilitates foreign investment in the form of capital flows into the country. It also enables the diffusion of technology and knowledge transfer which ultimately promotes the growth of any economy (Aliyev & Ahmadova, 2020). Apart from this, a large number of MSMEs are also engaged in tourism-related business (Maniga, 2020).

Global tourism has evolved and grown rapidly over the years (Table 1). With the rise of low-cost airlines and cheap rental stays like Airbnb, global tourism has achieved a new height. The estimation of growth of tourism sector can be made from the fact that in the year 2019 global tourism grew at the rate of 4 per cent outpacing the year's global economic growth of around 3 per cent (UNWTO, 2020c). Even though the global economy observed a slowdown in the last fiscal year (2019) owing to trade-related tensions between China and the USA, the tourism sector flourished worldwide.

Table 1
International tourist arrivals (in millions)

Region	2017	2018	2019	2020
Europe	676.6	715.9	744.3	97.2
Asia-Pacific	324.1	347.7	360.6	60.3
America	210.9	215.9	220.2	45.0
Africa	63.3	68.8	73.2	13.6
Middle East	57.7	60.1	64.2	14.9
World	**1,334.1**	**1,407.9**	**1,461.8**	**231.1**

Source: UNWTO World Tourism Barometer (2020).

Since the start of the century, the sector has witnessed a growth of over 117 per cent. Tourist arrivals are one of the key indicators of measuring the growth of this sector. In the year 2017, tourist arrivals stood at a total of 1.3 billion, while the year 2018 witnessed a 6 per cent growth in these numbers. The total number of tourist arrivals rose to a magnificent 1.5 billion tourists until the end of 2019 (UNWTO, 2020c). This growth was observed across all the regions worldwide. However, Middle-East took the lead where the arrivals grew at 8 per cent. Asia-Pacific region was next to follow projecting a growth of 5 per cent followed by Europe (5 per cent), Africa (5 per cent) and America (2 per cent) (UNWTO, 2020c). With a series of global events, such as the Dubai Expo 2020, Tokyo Summer Olympics, the Beethoven 2020 in Germany among others, the year 2020 was geared up to witness a 3-4 per cent growth in the global tourism sector (UNWTO, 2020c). As pointed earlier, the sector has seen immense growth in the last decade, but the definition of this growth in tourism is debatable (Gössling et al., 2020). This is because, with the increase in the number of tourist arrivals, the sector's contribution towards climate change has also increased (Gössling et al., 2020).

3. Travel restrictions

The fear of the spread of coronavirus made countries close down their borders and impose a ban on traveling either complete or partial. Within the weeks between the end of January 2020 and the beginning of May 2020, all the tourist destinations globally had implemented this ban. World Tourism Organization has described these restrictions into four major categories, namely, *complete or partial closing of borders; suspension of flights (all or partial); destination-specific travel restrictions; and different measures.* Over 217 tourist destinations imposed these restrictions. out of which, over 76 per cent (152 destinations) opted for complete or partial closure of their borders for international tourism. Over 12 per cent of destinations, imposed suspension of flights (all or partial), four per cent destinations opted for destination-specific travel restrictions while the remaining eight per cent adopted a variety of different measures to curb the movement. From a regional point of view, during the initial phase of lockdowns in March-April 2020, Europe's 83 per cent of destinations, Africa's 57 per cent destinations, America's 80 per cent destinations, Asia-Pacific region's 70 per cent destinations, and 62 per cent of Middle East destinations had completely sealed their borders for international tourists.

The lifting of restrictions slowly started in May 2020 with over six destinations opening up their borders. The pandemic related travel restrictions have been continuously and cautiously lifted and a mix of new procedures have been introduced by nations worldwide. The summer months of June, July, and August, were believed to be the time when the pandemic attained its peak and gradually the cases of infection started decreasing worldwide. As a result, the destinations started easing the restrictions and pulling off lockdowns in order to restart the economy. By September, more than 50 per cent (over 115) destinations worldwide eased their travel restrictions while still being cautious. From a regional point of view, 17 per cent destinations in Europe, 64 per cent in Asia-Pacific, 41 per cent in America, 51 per cent in Africa and 62 per cent in the Middle East continued the complete or partial closure of their borders. As the pandemic, COVID-19 evolved and countries started using different ways of reopening their economies, UNWTO introduced a health and hygiene indicator, namely, *medical certificate* to the category of travel-related restrictions. Over the next few months, indicators such as negative (PCR) test and quarantine were also added to the list. By November, 70 per cent (152 destinations) of destinations worldwide eased their border closure restrictions. A region-wise view is depicted in Table 2.

Table 2
Region-wise travel restrictions as of November, 2020 (in %)

Type of travel restrictions	Europe	Asia-Pacific	America	Middle East	Africa	World
Complete closure of borders	7	59	20	38	25	27
Partial closure of borders	67	9	12	16	21	27
Destination specific travel restriction	–	11	1	–	11	5
Negative PCR test	15	13	55	46	36	31
Quarantine	7	2	6	–	4	5
Different measures	2	6	–	–	3	3
COVID- 19 travel restriction lifted	2	–	6	–	–	2
Total	**100**	**100**	**100**	**100**	**100**	**100**

Source: COVID-19 related travel restrictions: A global review for tourism (UNWTO, December 2020).
Note: Dash (–) implies that the particular type of restriction on travel was not imposed by the region.

The trend across the world in the type of travel restrictions imposed, provide interesting point of view. Europe had the most restrictions lifted up (91 per cent) by November and Asia-Pacific had the least number of easing (33 per cent). It is important to note that the first region to impose lockdown and restrictions on movement was Asia-Pacific itself and even by the end of the year was cautious in reopening their economy to international tourists.

Table 3
Timeline of travel restrictions as of November, 2020 (in %)

Type of travel restrictions	27th April	18th May	15th June	19th July	1st September	1st November
Complete closure of borders	72	75	65	53	43	27
Partial closure of borders	4	10	22	30	30	27
Destination specific travel restriction	4	5	3	3	4	5
Suspension of flights	12	5	5	1	–	–
Negative PCR test	–	–	–	–	16	31
Quarantine	–	–	–	–	–	5
COVID- 19 travel restriction lifted	–	–	–	2	1	2
Different measures	8	5	5	11	6	3
Total	**100**	**100**	**100**	**100**	**100**	**100**

Source: COVID-19 related travel restrictions: A global review for tourism (UNWTO, December 2020).
Note: Dash (–) implies that the particular type of restriction on travel was not imposed by the region.

A global timeline of the restrictions as shown in Table 3 illustrates the picture as to how the mode of restrictions imposed by economies worldwide has changed over the year. This is a clear indication of the measures taken by nations to restart the distorted economies.

4. Methodology

This is a conceptual study that examines the impact of COVID-19 on global tourism. The study has assessed the entire tourism sector which includes not only tourism but also its allied industries including aviation, hospitality, and tourism-dependent MSMEs. The study is based on secondary data analysis. The data is mostly collected from United Nations World Tourism Organization (UNWTO), International Air Transport Association (IATA), Smith Travel Research (STR), International Monetary Fund (IMF), World Travel and Tourism Council (WTTC), and other government reports and publications. The period of study is between January and November 2020.

The impact assessment is done by segregating the world into five specific regions viz. Europe, Asia-Pacific, America (North and South combined), Africa, and the Middle East. Since the paper is based on COVID-19 pandemic and there is limited data available country-wise for the period this paper studied, therefore, a regional assessment is undertaken. It is difficult to make correct predictions as the current pandemic is one of its kind. It will also be extremely inappropriate to assess the actual impact of this disastrous pandemic until it is over and the countries return to normalcy. However, the paper attempts to put forward the adverse effects as well as the opportunities presented by the disruptive COVID-19 to the tourism ecosystem. The paper also highlights the potential path that policymakers have taken across countries to restrict the decline in the tourism business.

5. Impact on tourism and allied industries

Tourism as an industry thrives on social interaction among people. This unique feature of the sector makes it prone to any crisis that spreads quickly. So, tourism became one of the first industries to be hit by this pandemic. Owing to the current pandemic, all activities in the sector were put on hold since mid-March. Airlines, hotels, transport, local businesses had all been shut down for the time being. The shutdown has had both economic and social consequences. The impact can be seen across all verticals of the industry viz. inbound, outbound, and domestic. With restrictions in place, the dependent segments of the industry, namely, aviation, hospitality, and a large number of MSMEs have been impacted deeply (ILO Sectorial Brief, 2020).

5.1. Impact on tourism

With the closure of Wuhan airport in January 2020 and subsequently entire China, traveling declined worldwide. The loss of Chinese tourists has deeply affected global output, especially in the tourism-dependent economies. With the declaration of coronavirus as a pandemic by WHO, the industry witnessed its first leg of the downfall. The fear of contracting the disease spread more rapidly than the virus itself and traveling reduced significantly during the months of January-February-March 2020. This resulted in a 22 per cent decline in international tourist arrivals in the first quarter of 2020. The growth of the industry earlier projected at 3-4 per cent in 2020, was revised by UNWTO and pointed towards a negative growth for 2020, as can be seen in Table 4. By March 2020, the tourism industry witnessed a 57 per cent decline in tourist arrivals as a majority of nations all over the world had imposed a complete ban on travel in order to stop the spread of the lethal virus (UNWTO, 2020d).

Table 4
International tourist arrivals (% change year-on-year)

Region	2017	2018	2019	2020 (April)	2020 (November)
Europe	8.8	5.8	3.9	-19.1	-68.5
Asia-Pacific	5.7	7.3	4.1	-34.6	-82.3
America	2.4	2.3	1.5	-15.2	-67.7
Africa	8.5	8.8	2.0	-12.5	-68.6
Middle East	4.1	4.3	8.3	-10.8	-73.4
World	**7.2**	**5.7**	**3.7**	**-22.4**	**-71.9**

Source: UNWTO Barometer (2019); UNWTO Barometer (January, 2020); UNWTO Barometer (December, 2020).

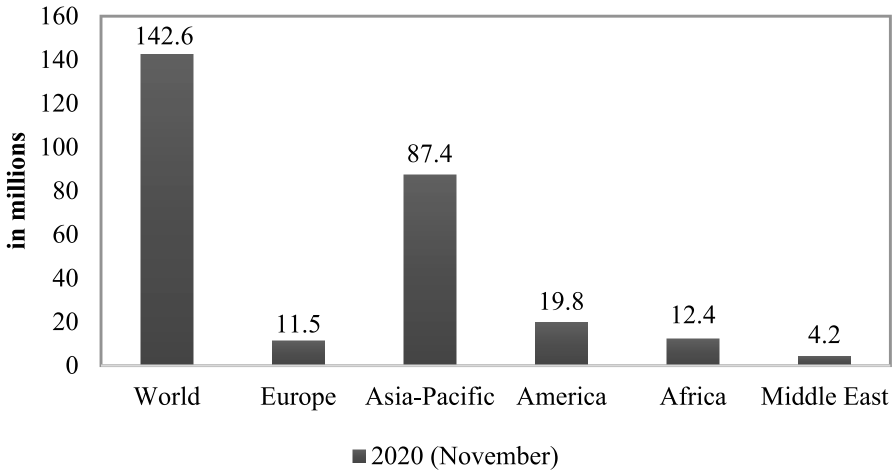
As the year progressed, the numbers became more depressive. The summer months of July and August ordinarily attributed as the busiest season of the year, witnessed a decline of about 81 per cent and 79 per cent respectively in tourist arrivals (UNWTO, 2020e). Following the gradual re-opening of the borders, destinations in Europe reported a weak recovery in the region from June to August. Domestic tourism started recovering during the second half of the fiscal in parts of China and Russia showing signs of increasing consumer confidence. However, the recovery was short-lived. During the months of September and October, the virus struck again with a second-wave and many destinations were forced to impose lockdowns. Europe was amongst the worst hit by the second-wave of the pandemic followed by the US and parts of the Asia-Pacific region. Overall, international tourism plunged by about 72 per cent between January to October 2020. With future expectations of a 70-75 per cent fall in tourist arrivals overall in 2020, the sector seems to be returning to the levels last observed 30 years ago. Region-wise analysis shows that the Asia-Pacific region saw the sharpest decline with over 82 per cent fall in arrivals while the Middle East and Africa recorded a 73 per cent and 69 per cent plunge respectively. With borders initially reopened and then shut again, Europe seemed to experience about 69 per cent fall with America witnessing an almost similar decline (UNWTO, 2020f).

Countries all over the world are facing the brunt of these unprecedented activities. International tourism saw a decline of about 67 million tourists in the first quarter of 2020. The latter half of the year witnessed a loss of over 1 billion tourists. The loss of exports is estimated to be almost USD 935 billion for the year 2020-21 (UNWTO, 2020f). According to World Tourism Organization, the decline in tourist arrivals would be 70-75 per cent by 2020-21 which will lead to a loss of almost USD 1.1 trillion of international tourism receipts. The overall global economic loss accounts for about 2 per cent of the global GDP in 2019 and is estimated to be almost USD 2 trillion (UNWTO, 2020f).

As a major job creator, tourism sector works along with the economies in fostering growth and development. With tourism sector collapsing, the economic growth of the world is under the radar. Around 100-120 million livelihoods are at stake. Countries that are heavily dependent on tourism are suffering the most, especially the Small Island Developing States (SIDs). In these economies, the tourism sector makes up for approximately 30 per cent of the total GDP generating USD 30 billion every year. Therefore, a decline in tourism receipts in these regions by 25 per cent will lead to a 7.3 per cent fall in GDP. In countries like Maldives, Seychelles, Nevis, Grenada among others tourism accounts for more than 50 per cent of the GDP and the pandemic is likely to have a greater impact leading to a loss of approximately 16 per cent of their GDP (Coke-Hamilton, 2020). Similarly, 13 million livelihoods are directly or indirectly dependent upon tourism in Europe. The closure of businesses due to the pandemic resulted in a loss of €1 billion per month during the first half of 2020.

Globally the restrictions on travel have been in place since mid-March and inactivity for such a prolonged period has led to a loss of output of about 70 per cent in the tourism sector. The year 2020 has witnessed a loss of almost 142.6 million jobs in the travel and tourism industry worldwide. A region-wise assessment as shown in Figure 1 reveals the loss of jobs is largely in the Asia-Pacific region where around 87.4 million jobs have been affected. Next is Europe with a loss of 11.5 million jobs, 12.4 million in Africa, 4.2 million in the Middle East, and 19.8 million in the Americas (WTTC, 2020a).

Figure 1
Jobs lost in 2020: Travel & tourism (in millions)



Source: Economic impact from COVID-19 (WTTC, November 6, 2020).

As per the forecasts of OECD, the impact of lockdown was to be seen across all sectors and affect economic output in advanced economies by 15 per cent or more and the developing ones by 25 per cent (Jackson et al., 2020). However, the economies that are heavily dependent on tourism will be the worst affected as compared to agriculture and mining-based countries (Jackson et al., 2020). The fall of the sector is historic. One of the major reasons for such a decline is the huge dependency of the sector on Chinese tourists. Since the last pandemic in 2003 (SARS), the Chinese economy has grown 4 times (Jackson et al., 2020) and the number of travelers to and from China has increased manifold. According to OECD, the current episode of the pandemic and the eradication efforts implemented in the form of travel restrictions would cost the tourism sector 60-70 per cent reduced business in the year (Jackson et al., 2020). The magnitude of losses would depend on the extent to which the restrictions are put in place and the speed at which recovery happens.

5.2. Impact on airlines industry

The aviation industry is amongst the hardest hit industry in this pandemic situation. The timing of eruption of the virus could not have been worse. Generally, the holiday season starting with the Chinese New Year experiences a surge in air passenger demand. This trend was seen in the past years and the same was expected for 2020 as well (IATA, 2020a). During the first few weeks of January 2020, tourism was at a surge, however, with the declaration of coronavirus as a health emergency by WHO, concerning the spread of virus in China, the airlines witnessed a significant fall in the demand. The daily passenger demand declined by almost 40 per cent in January 2020 as compared to the same time in the preceding year. With the virus spreading beyond Chinese borders, passenger demand declined across the globe.

Furthermore, with less demand and lockdown being observed all over the world, around two-thirds of the commercial flights were grounded by April owing to a decline of 60 per cent demand for seat capacity in April 2020 (IATA, 2020b). The cascading effect of the restrictions was also seen on the bookings of air tickets in the first three months of 2020. Across the globe, airlines saw a fall in the demand for air tickets with bookings falling in the Asia-Pacific region by 98.2 per cent, America by 68 per cent, Europe by 75.9, Africa and the Middle East by 64.8, and the world on an average by 80.4 per cent. Even after offering huge discounts, airlines were not able to fill the seats (Pearce, 2020a).

The far-reaching impact of the travel restrictions can be seen in the loss of livelihood of millions in the aviation sector across the world. In the Asia-Pacific region alone, 11.2 million jobs are born out of the airline industry and are under severe crisis. In the upcoming months, the airline industry was estimated to have a 48 per cent fall in Revenue Passenger Kilometers (RPKs), year on year basis as compared to 2019 (IATA, 2020c). With approximately 4.5 million flights canceled until the end of June 2020, the industry's demand took the largest dip in its lifetime. The loss in terms of revenue is estimated to be about USD 314 billion.

The Chinese economy holds a large share in the global RPKs, and the closing down of airports because of the outbreak caused a huge loss to the airline industry. The air passenger demand kept on declining throughout the month of March with global RPKs falling at 52.9 per cent year on year basis and deteriorated further by the end of the year as shown in Table 5.

Table 5
Region-wise breakdown of changes in revenue passenger kilometers

Region	RPKs April 2020 (% change year on year)	RPKs November 2020 (% change year on year)	Passenger revenue 2020 (USD billion vs 2019)
Asia-Pacific	-50	-61.6	-113
North America	-36	-67.6	-64
Europe	-55	-82.2	-89
Middle East	-51	-84.5	-24
Africa	-51	-75.6	-6
Latin America	-49	-59.8	-18
World	**-48**	**-70.3**	**-314**

Source: IATA Economics (April 2020, November 2020).

Since the reduction in travel restrictions starting from the month of May 2020, airlines started recovering but only at a very slow pace. The month of September witnessed a decline of 72.2 per cent in the RPKs. This weakening was largely due to the second wave of the virus that hit major parts of Europe, America, and Asia-Pacific regions. The following months of October and November reported RPKs at 70.6 per cent and 70.3 per cent respectively showing some positive signs of recovery in the last quarter of 2020 (IATA, 2020d). The modest improvement in the RPKs can be largely attributed to the domestic markets. Latin America has been one of the fastest to recover with Asia-Pacific lying at the bottom of the graph with an overall 95 per cent year-on-year decline in international RPKs. North America witnessed fresh cases in October which resulted in a slower increase in demand, but this demand was mostly seen in travel to and from Central America (IATA, 2020d).

Air transport supports international trade, travel, and tourism. The low demand due to coronavirus and lockdowns has put serious pressure on the airlines as it is running out of cash. An airline ideally has a cash coverage of approximately two months of the revenue loss. With the suspension of travel and continuous low demand, loss in revenues has become a major concern for the industry. A liquidity crunch of USD 61 billion was expected as the lockdowns extended to the second quarter (Pearce, 2020ab). The actual cash burn was recorded close to USD 50 billion (IATA, 2020e). This quarter was the worst one faced by the industry as almost all flights were grounded by then. With the second-wave hitting the world, the airline industry experienced a more extensive cash burn resulting in a way slower recovery in the third quarter. As most of the airlines were running out of cash and barely surviving, many airlines resorted to lay-offs putting 65.6 million people's jobs at risk (IATA, 2020f). With recession expected worldwide in this quarter, the global RPKs were forecasted to fall by another 8 per cent excluding the effects of COVID-19.

The forecasts for the year 2021 stood at a cash burnout of USD 75 billion and it was believed that before any recovery starts, airlines would be out of cash and survival will be difficult (IATA, 2020e). With the announcements of the vaccine, the confidence of the consumers started increasing and showed positive affirmations about the recovery. However, industry analysts believe that the overall recovery of demand in the airline sector will take much more time. Some growth may be seen in the second half of 2021 (IATA, 2020g).

5.3. Impact on hospitality industry

The ban on domestic and international travel impacted the hospitality industry significantly. It suffered huge losses, especially in the hotel and accommodation segment. During the months of January-March 2020, there was a steep fall in the occupancy rate by almost 96 per cent in Italy, 68 per cent in China, 67 per cent in UK, 48 per cent in Singapore, and 59 per cent in the US respectively (Sorrells, 2020).

The Global Revenue Per Available Room (RevPAR) took a declining trend in the first quarter of 2020 (Table 6). Although major regions of the world, saw a positive RevPAR in January 2020, this turned into huge declines by the end of March 2020.

Table 6
Global revenue per available room in quarter-1 (2020) (% change)

Region	January	February	March
Europe	1.5	-1.1	-61.7
Asia- Pacific	-9.2	-51.3	-111.1
America	8.2	12.3	-159.9
Africa	7.9	-2.4	-102.7
Middle East	5.4	-12.9	-57.4

Source: STR, UNWTO (April, 2020)

As the number of confirmed positive coronavirus cases increased, the situation worsened. By the end of the first week of May 2020, several countries across the world started recording low occupancy rates, average daily revenues (ADR), and RevPAR. In countries like the USA, hotel occupancy rate fell by 58.5 per cent to 28.6 per cent with ADR falling 44 percent to USD 74.72 and RevPAR by 76.8 per cent to USD 21.39. In Canada, the occupancy rate declined by 75.8 per cent to reach at 16.6 per cent with daily revenues reduced by 37.5 per cent to CAD 101.69 and the RevPAR fell by 84.9 per cent to arrive at CAD 16.91. A view of the Australian continent can be made by observing the falling occupancy rates of hotels in Melbourne by 62.8 per cent to 28.8 per cent. The ADR in Melbourne fell 32.8 percent to AUD 115.22 (USD 74.63) with RevPAR declining by 75 per cent to AUD 33.16 (USD 21.48). This situation improved over the months in Australia and as the restrictions were lifted up by the end of October, occupancy levels went up and continued to rise with the bracket of 22 per cent in a 90-day moving average window (STR, 2020a). In March 2020, the scenario in the Middle East was a 167 percent decline in the occupancy rate with daily revenues declining by 7.9 percent and RevPAR by 23.2 per cent (STR, 2020b). The tables turned for the Middle East by November as it recorded its largest surge in occupancy since February while in Africa, the occupancy continued on the declining trend. Within the Asia-Pacific region, much activity was not seen in the second half of 2020, however, the performance has been contrastingly better than was observed during the first half of the year. The worst picture was seen in Europe, where the levels of occupancy went even downhill by November, due to the second wave experienced by the continent (STR, 2020c).

Table 7 provides a comprehensive regional analysis of hotel occupancy (HO); average daily revenues (ADR) of the hotels; and also, the revenues per available room (RevPAR). In terms of hotel occupancy, it can be observed that the declining trend in Europe had started in the year 2019 itself and with the outbreak of the pandemic in 2020, situation worsened as occupancy rates during April were 84 per cent down as compared to April 2019. By November 2020, as a result of the precautionary steps undertaken by the governments in the European region, the COVID cases reduced and hotel occupancy improved and stood at a -70 per cent. As occupancies were low, this affected the daily revenues earned by the hotels and the revenue made per available room. As of November 2020, the hotels in the European region were earning around 80 per cent less in terms of RevPAR and almost 32 per cent less per day. The situation of hotel segment in the Asia-Pacific region, as can be seen in the table below, had started worsening since 2019, when the occupancies were down by 2.2 per cent as compared to the previous year. Covid-19 induced lockdowns, made things worse and in April the occupancies were about 60 per cent lower than those in 2019. The table also reveals that the situation subsequently improved in the region and occupancies went up. This can be attributed to the uplifting of lockdowns and restrictions in the region which encouraged people to travel. The consequence of low hotel occupancy was reflected in low daily revenues and RevPAR. In the month of April 2020, the daily revenues were down by almost 45 per cent and RevPAR by almost 78 per cent. The revenues increased with occupancies and by November were only 23 per cent and 43 per cent less in terms of ADR and RevPAR. America on the other hand, unlike other regions did not impose complete lockdowns during the peak of the outbreak and thus the figures although depressing was comparatively better than Europe and Asia-Pacific. In November, the situation in the American region also improved as people started travelling again.

Table 7
Hotel occupancy rate (HO), average daily revenue (ADR) and revenue per available room (RevPAR) in hotels (% change year-on-year)

Region	2018			2019			2020 (April)			2020 (November)		
	HO	ADR	RevPAR	HO	ADR	RevPAR	HO	ADR	RevPAR	HO	ADR	RevPAR
Europe	1.5	2.9	4.4	-0.3	3.3	3.0	-84.6	-30.1	-89.2	-70.4	-32.3	-81.2
Asia	1.5	3.2	4.7	-2.2	0.2	-2.0	-60.3	-44.8	-78.1	-25.8	-23.6	-43.3
America	0.9	3.3	4.2	0.3	0.9	1.2	-63.9	-44.4	-79.9	-34.5	-27.7	-52.6
Middle East	-4.4	-8.1	-12.1	4.1	-7.1	-3.3	-58.0	-35.1	-72.7	-34.4	-24.9	-50.7
Africa	6.3	4.0	10.5	0.8	8.1	9.0	-9.8	-31.1	-86.1	-58.7	-13.3	-64.2
World	**1.16**	**1.06**	**2.3**	**0.5**	**1.08**	**1.58**	**-69.3**	**-37.1**	**-81.2**	**-44.7**	**-24.4**	**-58.4**

Source: Compiled from various reports published by Smith Travel Report.
Note: Dash (–) implies the negative % change over the year.

The hotel segment in the Middle East was already witnessing low growth in 2018 and 2019. The imposition of travel restrictions made things worse for the hotels in the region. The occupancies in April were 58 per cent down as compared to 2019 and ADRs by a massive 35 per cent. The RevPAR also kept on declining and were almost 73 per cent less as compared to the early years. Africa also witnessed a similar trend like the rest of the regions as the occupancies were 10 per cent less in April and then a catastrophic 58 per cent fall by the end of 2020. ADRs and RevPAR also declined and in November were almost 13 per cent and 64 per cent lesser than earlier times. Region-wise, the hotel segment in Europe was the worst affected and that in Africa the least with the outbreak of COVID-19.

Interestingly, situations in the Asian countries seem to have improved as the months progressed. One of the main reasons behind this enhanced performance is a surge in domestic demand in these countries. Since countries, such as India and China are densely populated and have the advantage of a prime geographical location, they become the largest domestic tourism markets. So, it is likely that a boost in the domestic demand is substantial for a good start on their recovery path. The data shows that in China, where the virus originated, the hotel occupancy declined by 64 per cent with a loss anticipated to reach 3 trillion RMD Yuan (Hu, et al., 2020). The declines were seen only for a few months and by mid-October, the Chinese hotel industry started showing recovery patterns with occupancies going up by 3 per cent, the RevPAR up by 13 per cent, and the daily revenues by 10 per cent (PaymentsSource [PYMNTS], 2020). In India, the hotel occupancy rate fell to only 11 per cent by April 2020 (Chaturvedi, 2020) while the revenue per available room had an 87 per cent fall leading to a revenue loss of about USD 9-10 billion (COVID-19: Impact on the Indian Hotels Sector, A Report by HVS, 2020). This situation improved over the months wherein by August all three performance measurement parameters were up with occupancy levels at 23 per cent. During November, India recorded the highest occupancy levels since February at 36.4 per cent, with RevPAR levels at INR 1,540.21 (INR is the Indian Rupee; as on March 23, 2021, 1 USD = 72.37 INR), the highest since March 2020. The countries like Thailand and Malaysia witnessed a 20 per cent decline in occupancy rates, whereas, in Singapore and the Philippines owing to relaxations by the government, the occupancy rose beyond 50 per cent by the end of May (ET Hospitality World, 2020). In November, these markets also showed improvement. While Singapore recorded occupancy levels at 53.5 per cent, only 25.8 per cent behind the levels in 2019 (STR, 2020d). Thailand recorded occupancy levels below 20 per cent all through the summer, but by November the threshold was crossed and reached 22.8 per cent (STR, 2021).

The total loss of revenue in the USA by April amounted to be of approximately USD 21 million. The months of May-June add to the depressing figure and stand at a loss of around 80 per cent. The revenues have been down by about 50 per cent. According to STR, in April, eight out of ten hotel rooms in the USA were vacant. By November, there were signs of improvement but still, four out of ten hotel rooms were vacant. The occupancy in nearly two-third of the hotels was below 50 per cent, with most of them not able to make ends meet. According to Oxford Economics and Hotel Effectiveness, approximately 70 per cent of the workforce were laid off with full-service hotels working with only 14 employees and bearing a total loss of revenue up to USD 2.4 billion weekly by the end of May (Hotel Business, 2020). A survey by American Hotel and Lodging Association (AHLA) in November, reported approximately 71 per cent of the hotels would be out of work in the next six months without proper government support. By the end of the year, over 63 per cent of the hotels had below 50 per cent working staff while the owners tried to remain afloat the debt sea (AHLA, 2020a).

The effect of the pandemic inflicted lockdowns can be seen across the sector. While many hotels closed down temporarily, many others resorted to downscaling their operations. With travel majorly suspended, the hotel industry suffered a severe liquidity crisis during the summer months with surmounting fixed costs in place and no signs of relief from the government. In desperate need of saving on costs, hotels were on the lookout to different methods. For instance, during the first wave of the pandemic, major players of the sector including Marriott International chain of hotels shut down 25 per cent (about 7300) hotels temporarily. Its revenue per room fell by 60 per cent in March globally (Hotelier India, 2020). InterContinental Hotels Group (IHG) closed down 10 per cent of its business in the USA and 50 per cent in the rest of the world (Sperance, 2020). Hilton group of hotels shut down about 60 per cent of its business in China (approximately 150 hotels) by mid-February 2020 (Coronavirus scare forces shutdown of global brands like Hilton in China, 2020) and by the end of quarter three, suffered a loss of USD 81 million. Apart from these, lay-offs have also been opted by other giant companies. Hyatt group of hotels laid off 1,300 of their work-force globally and sustained a loss of USD 161 million. Marriott International in March had announced lay-offs of tens of thousands of its employees while the salaries of the senior executive staffs were to be cut by 50 per cent (Borden, 2020). MGM Resorts International suffered a loss of USD 535 million in the third quarter (Yogonet, 2020). Other than branded segments, the unorganized sector as well as homestays like, Airbnb have been laying off employees

(Sorrells, 2020). In May, about 25 per cent of the workforce (1,900 employees) were laid off by Airbnb in order to save money for survival (Carville, 2020). As the year approached its end, Disney announced an additional lay-off of 4,000 workers which makes the total layoffs declared by the company to 32,000 (most of them laid-off in September) (Schoening & Shapiro, 2020).

RevPAR decline in the US, however, was slow as compared to China and other countries as unlike others, the country did not resort to a complete national lockdown to fight the virus (Sorrells, 2020). According to the U.S. Travel Association and the American Hotel and Lodging Association, the hotel industry was earning up to USD 1.5 billion loss of revenue every week in March. It is important to note here that the hospitality industry is closely associated with Food & Beverage industry. Hotels are not only rented for rooms but a variety of other purposes such as weddings, meetings, parties, conferences. This side of the hospitality segment income also completely vanished by the end of August.

5.4. Impact on MSMEs in tourism

A large number of MSMEs are involved directly or indirectly in tourism. Tour operators, travel agents, planners, organizers, regional and tourist transporters are some of the businesses that are involved into tourism related businesses. These businesses form almost 90 per cent of the tourism sector (Babu S, 2020). For instance, India has around 53,000 people working as travel agents, and over a lakh, tour operators (Kumar, 2020). One of the most important characteristic features of these MSMEs is that it is a highly seasonal sector which makes accessing capital quite a challenge for these businesses. Another thing is that these businesses are less flexible in nature and highly interdependent which means, a crisis in one area has ripple effects on all the others. Its seasonality also makes the employability temporary, which means that the workers have very low job security.

Owing to the restrictions on travel because of the pandemic, these small businesses have faced a severe demand crunch which led a majority of them shutting down their business completely. There had been no new bookings in the months of January till April, the hotels were unoccupied, airplanes were grounded and these have together led to the halt of business activities of these businesses. This low demand disrupted the supply chain and the networking of the businesses. With limited access to capital, disrupted supply chains and excessive cost burdens, it was difficult for the SMEs to survive the blow to the business because of the pandemic. Even reopening the businesses would be a tedious task for the MSMEs as the costs involved in adopting prevention and safety measures, a certain change in the operation of the business will be hard to incur in the light of inaccessibility of capital. Thus, in the current crisis scenario, bigger players are the ones that are likely to survive. These businesses have no other resort but for stimulus packages announced by the governments in the hope of some credit accessibility and waivered off loans.

6. Policy responses

The current scenario was unforeseen and unpredictable. The tourism sector is suffering for survival. The two-month buffer cash flow held by sectors such as aviation and tour operators has run out and one of the major issues in front of the sector is liquidity. Many tourism-related organizations both at the international and domestic level have been requesting the governments for financial and operating support. Without external assistance, the sector will not be able to recover. As discussed earlier, many other sectors of the economy are related directly or indirectly to tourism. In the lack of opportunities for the tourism sector, the overall economic revival will be difficult. A series of policy actions (both short term and long-term) will be taken to revive the tourism sector. Several countries have already taken an initiative to revive their tourism sector. Some of these have been discussed in Table 8 below:

Table 8
Country-wise policy initiatives for tourism sector

Country	Policy responses
Albania	• Lek 7bn has been issued to be transferred to employees of small and large businesses including tourism sector. Tax deferral measures have been adopted by the government wherein tourism and small businesses with a turnover of not more than Lk14m will be able to defer the payment of profit tax till next year (April 15, 2020).
Australia	• For the aviation sector, a couple of packages have been declared providing financial assistance of AUD 100 million to battle the liquidity crisis and AUD 198 million to maintain domestic and regional connectivity. Apart from this, the government has also waived off and reimbursed charges such as fuel excise, air service charges and security charges from the domestic and regional operators which is likely to provide a benefit of AUD 159 million since February, 2020. The relief package will be extended till September 2020 which is aimed at providing financial feasibility to the airlines stuck due to the pandemic. • Additionally, the government has agreed on waiving off license fees fir businesses in the commonwealth National parks till March 2021. For SMEs the government has declared wage payment and financing schemes to benefit both employers and employees and also retaining the employment.
Austria	• Fiscal package of 38bn euros has been announced initial phase of lockdown. It includes 9 billion euros in guarantees to companies, including exporters and the tourism industry.
The Bahamas	• A phased plan of opening the economy has been rolled out where in phase 4 the hotels, restaurants, theatres and cultural events will take place. While the borders will be opened in phase 5 followed by the reopening of tourism in this tourism dependent economy.
Bahrain	• A total of 1.5bn $ package was announced as a stimulus for the economy which will be effective for three months starting from April wherein the tourist facilities will be exempted from payment of tourism fees. SMEs will get liquidity aid (March 17, 2020).
Bhutan	• Entities in business related to tourism and leasing government lands will be exempt from payment of rent and other bills (April-June).
Croatia	• Croatian Banking Association will defer loan repayments of the tourism sector until the end of June 2021.
Canada	• In order to safeguard the interests of the workers and small businesses, the government has announced certain policy actions in the form of wage subsidies and work-sharing programs. The duration of the subsidies is up to 3 months which will amount to be about 10 per cent of the remuneration paid in those 3 months up to a maximum of 1375 CAD per employee and 25000 CAD per employer. Meanwhile, the benefits of the work-sharing program will be availed off by only that share of workers who would reduce their working hours and this benefit will be available for 76 weeks. Other than this a forum has been created to assist industries including tourism, transportation, oil and gas in credit availability. In order to provide support to the crisis-laden communities in the sector, a CAD 30 million over 18 months with Provincial and Territorial Marketing Organizations and a fresh package of 16 million dollars have also been announced.
Cambodia	• The central bank has been instructed to look into loan structures for sectors like tourism that are financially distress.
China	• The revival of the economy has been sought through introduction of some financial support the MSMEs. The VAT in Hubei province was exempted altogether while in all other regions reduced from3 to 1 per cent from March till May 2020. The Industrial and Commercial Bank of China along with the Ministry of Culture and Tourism in order to assist businesses in tourism in getting finance and required liquidity, announced RMB 100 billion credit lines. Apart from this, in order to boost credit for SMEs 500 billion Yuan was announced and later on over 1 trillion Yuan was declared in order to foster bank lending. Fiscal policies have been rolled out in support of the aviation sector which include tax benefits and subsidies to decrease the business risks.
Columbia	• A policy package has been issued by the government in order to extend credit facilities for the tourism sector along with education, healthcare, coffee sector and SMES in order to provide liquidity. Additionally, extensions have been granted on tax payments with exemption of tariffs and VAT for selected food and beverage industries.
Egypt	• Out of the 100 billion Egyptian Pounds announced to aid the recovery, 50 billion has been issued for the tourism industry and hotel industry in particular. Additionally, all the payments in lieu of rent for tourism and food related businesses at government owned spaces have been suspended and a special toll number has been created to register the complaints and grievances of the workers in tourism.
France	• In order to avoid any hindrances due to lack of labor post COVID, the government has adopted various measures to support the MSME. Policies and reforms have been announced related to partial unemployment. The employees that earn minimum wages will keep receiving the same while those whose salaries exceed the threshold will be eligible to receive compensation up to 4.5 times the minimum wages.
Hungary	• A stimulus package has been announced by the government wherein support will be extended to tourism and food industry and an investment stimulus of $1.3 billion for companies that has reduced their working hours. Loans would be extended in subsidized form to companies of about 2 trillion forints.
Ireland	• A special taskforce has been formed to recommend the government for measures to support the employment, help in sustainable business development and help in revival of the sector.
Italy	• Government of Italy has created a fund to support all the sectors. 80 per cent of the salaries of the employees would be paid from the said fund. Tourism and hospitality sectors are exempted from payments towards VAT, social security and other compulsory insurance payments for March. Seasonal workers that have been laid off will be awarded a compensation of 600 euros for March.

Table 8 *(continued)*

Country	Policy responses
Japan	• An economic package of JPY 117 trillion has been announced where tourism sector has been granted subsidy of USD 10 billion for tourism, and allied industries in the form of vouchers and discounts. Apart from this, another USD 2.2 billion is to be invested by the Japan Tourism Agency to attract tourism in the country.
Morocco	• In order to assist the sector, a stimulus of 10 billion dirham ($ 1billion) for sectors including tourism to prevent lay-off of employees and mitigate the crisis.
New Zealand	• Under the budget announced for the economy, NZD 400 million have been allocated to the tourism sector under the new Tourism Recovery Fund (TRF). The forum has been created to provide assistance and guidance to businesses and customers. Additionally, a provision for interest free loans have been made for those loans that will be paid within a year. In other cases, the maximum limit has been fixed at 3 per cent for a term of five years wherein the repayment has been made non mandatory up to the first two years.
Spain	• A credit line has been formed to provide assistance to businesses and self-employed workers. Apart from this, a basic income instrument is under formulation which is said to help families during the pandemic and also help workers in the tourism sector.
Switzerland	• The Swizz Society for Hotel Credit has waived off amortization for its customers for a period of one year. Review of investment in the form of reinvesting from previous year earnings especially made in 2018 and 2019 to a maximum of CHF500,000 has been allowed to the customers with an aim to ease the liquidity crisis. Apart from this, a stimulus fund of CHF 40 million has been allocated to Switzerland Tourism for 2020 and 2021 in order to revive the sector.
United Kingdom	• Visit England has arranged for a fund of GBP 1.3 million to guide and assist the SMEs in the tourism sector. A coronavirus Job Retention Scheme has been rolled out in order to deal with the emerging issues in the tourism sector along with other sectors. Easing of restrictions are being closely monitored with OECD and G20 forums in close lines.
United States	• A USD 2 trillion stimulus has been announced by the government for support to all the businesses. Around USD 50 billion has been issued in favor of the aviation sector which will be further barred from furloughing employees. The hotel segment that re-appoints the sacked employees by the end of June, 2020 are eligible for free loans from the government up to a threshold of 250 per cent of the monthly payroll of the hotels. Another USD 25 billion have been issued for the travel and tour advisors, ticket booking businesses, passenger airlines among others.

Source: Policy responses to Covid-19 (IMF, 2020); Sectorial brief (ILO, 2020); Policy responses (OECD, 2020).

7. Implications for tourism

The COVID crisis provides a great opportunity for tourism to transform its ideas of growth and promote sustainability in tourism. UNWTO has been promoting sustainable tourism and the inclusion of tourism in 3 of the 17 SDGs is a step in the right direction but there is much more to be done. Owing to over-tourism, in the last decade the environment has suffered damages and a large number of incidents depicting climate change and global warming have been reported. These environmental degradations have also led to the degradation of the attractiveness of tourist destinations. The quality of the environment thus has had a huge impact on the performance of the tourism sector (Carić, 2018). Sustainability is hence vital for future tourism as it will not only help combat the negative impact of tourism on the environment but also promote conservation of nature through community-based tourism and all other major sub-sectors of tourism (Giampiccoli et al., 2020).

The pandemic has provided the sector ample time to reconsider and transform its traditional practices and incorporate sustainability. Reports have been published depicting that due to restrictions on travel and tourism during the lockdowns, nature was healing. For example, in India, several incidents occurred where due to clear visibility and low pollution levels many Himalayan mountain ranges that were not visible from close by states because of a distance of thousands of kilometers became visible. Many densely polluted rivers in India such as Ganges and Yamuna became cleaner than they were in the last few decades owing to low human activity. The change in air quality levels across cities all over the world, the healing of the ozone layer, flocks of flamingos flying to the city of Mumbai (India), the cleaner canals of Venice (Italy), and many more such events point towards the restructuring of nature in its purest form in the absence of human activities.

As for the revival of the sector from the crisis, it will be a rocky road. The impact on the entire tourism industry due to coronavirus is estimated to be nine times higher than the incident of 9/11 and 10 times worse than the SARS pandemic (AHLA, 2020). The current crisis is pushing the world in a recessionary phase. The tourism sector, being the most affected, is likely to recover the last. The post lockdown period has created a new normal and the recovery of the tourism sector is expected to be in phases. One of the major reasons for a sluggish recovery is the loss of consumer confidence. As per WTTC, in the light of earlier pandemics and flu, the sector took approximately 19 months to recover its pre-crisis level. However, proper planning and mitigation techniques can reduce this to 10 months. The episodes of past epidemics have shown that the shutting down of airports, restrictions on travel, and closure of borders result in a much larger impact on the economy than the pandemic itself (WTTC, 2020b).

8. Way forward for tourism sector

The pandemic crippled the tourism sector, and that is when the global organizations realized the importance of sustainability in tourism. World Tourism Organization has been promoting sustainable tourism for years now, however, it is still at a nascent stage. The present experience has woken up the industry experts and they now believe that sustainability and innovation are the future pillars of tourism. Terming the recovery as Responsible tourism, WTO along with ministries of different European regions issued guidelines on planning for a safe reopening of the sector.

Additionally, countries that have eased restrictions on travel and tourism have started incorporating different novel ideas for maintaining consumer confidence by placing safety first. For example, the city of Helsinki is the first in the world to introduce virtual tourism. Interestingly, the city plans on providing full destination-based comfort and enjoyment at the safe haven of homes. Against a payment for the attraction, tourists can virtually visit the museums. Apart from this, the circus and dances like samba which are major attractions in the city have also been brought online.

The early months of reopening of the sector witnessed the innovative side of the industry. For instance, in Japan, hotels reduced the human interaction at the reception with robots. The robots are equipped with sanitization facilities as well to ensure maximum safety of the clients. Sicily, an island of Italy during the initial reopening days was found offering free one-night stays in hotels and also paying off half of the air ticket cost of the passengers in an effort to attract tourists. Greece on the other hand focused on luxury clients and planned attractive packages for them including external activities like yachting and custom boutique stays (Menezes, 2020). Copenhagen led with the best example of floating islands. These islands are built in a futuristic way where festivals and events are to be organized during winters (Sanand, 2020). Interestingly ecotourism is expected to lead the way out of this crisis-laden phase of the sector. Ecotourism activities are carried on in nature and majorly at mountains and cliffs which are perfect for social distancing and prevents much human interaction (Ocampo, 2020).

9. Concluding remarks

The unforeseen coronavirus has put everyone in a state of shock and awe. The initial crisis analysis did not point to a catastrophic downfall in the growth rate of the global economy but forecasted that the downfall is twice what was suffered during the Global Financial Crisis in 2008-09 (Pearce, 2020c). Revised forecasts show that the fall in global tourism due to the COVID-19 crisis is over 72 per cent as compared to four per cent decline during the previous crisis of 2009. Addressing a volatile situation like this requires coordinated actions across all levels and stakeholders. The tourism sector, a key pillar of the economy, has a critical role to play in revival of the economies worldwide (Ernst & Young Global Limited [EY], 2020).

Tourism declined globally as lockdowns were installed. These restrictions led to massive loss of livelihood across the global tourism sector. Region-wise Asia-Pacific region suffered the most with a decline of almost 82 per cent followed by the Middle East (73 per cent). This trend of the Asia-Pacific region leading the other regions was initially observed across all associated segments of tourism. However, the second wave of the pandemic changed the dynamics and Europe has come out as the worst affected region in the aviation and hospitality segment. Asia-Pacific region has been the worst affected one both in terms of healthcare and economic growth including the tourism sector while Europe is not much behind in the line.

At present, domestic travel is the backbone of every country and the prospective source of revival. Hence, countries need to encourage domestic tourism (Kravchenko, 2020). The tourism sector is resilient and is expected to bounce back once all the restrictions are lifted. Past crises have shown that the sector has an ability to bounce back and plays a crucial role in marking the revival of the global economy. However, the pandemic has raised several questions in relation to the business model of the sector. The plight of employees in the sector is evident. The sector needs a boost from the governments and needs to focus on achieving sustainability in order to safeguard itself from future crises. Social security of the employees, safeguard of the natural resources are directions in which change is required. Demand will pick up eventually but like other sectors tourism also has to chalk out a mitigation process so that such losses could be minimized.

The paper has been written while the restructuring of world economies is still under process. Therefore, the reports and data discussed here are of a limited time period. As the restrictions on travel are being eased around the world and the economies are reopening, it will be interesting to see how the policy actions that have been taken, turn out. Further, this study has considered only the airline, hotel industry, and MSMEs in tourism. However, it can further be grouped and a rigorous study could be done. Noticeably, the study is a regional analysis, a clearer picture of major economies can be studied further. A separate study revealing the policy implications could be done. The study covers facts from the period of January to November 2020, so further studies can be directed to a longer time period.

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