

DEALING WITH COVID-19

IMPACT ON TOURISM



*Travel makes one modest ...
... you see what a tiny place you occupy in the world.*

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Introduction

The COVID-19 pandemic has led to major disturbances in the global economy. By the end of the first quarter of 2020, COVID-19 pandemic brought an immediate end to international travel and had a major impact on the tourism industry. For both developed and developing countries, tourism is a significant source of employment, government revenue and foreign exchange income.



By June 2020, COVID-19 had affected over 10 million individuals and caused over 500,000 deaths worldwide. The distribution globally shows no sign of decreasing. While daily cases are decreasing in Europe and the Western Pacific, the Americas, South East Asia and Africa are rising. Most countries have in response, closed their borders to visitors and tourists. For the first time in the second quarter of 2020, the United Nations World Tourism Organization announced that 100% of global destinations have implemented travel restrictions. As a result, international tourism has been almost completely suspended, and the lockout conditions imposed in many countries have limited domestic tourism. While some destinations have begun to open slowly, many avoid foreign travel or are unable to afford it because of the economic crisis. Tourism affects a critical sector of the international economy. The tourism industry accounted for 29% of the world's exports of services in 2019 and around 300 million jobs worldwide. For developed and developing countries, it is an important source of income and employment.



How COVID-19 crisis affect tourism

Tourism is one of the fastest growing sectors of the economy and an important driver of economic development and growth. There were 1,407 million international tourist arrivals in 2018, a rise of 6% compared to the previous year. Receipts for tourism amounted to \$1,480 billion, a 4.4 rise. As in the previous 8 years, the percentage is higher than global GDP growth. A further \$250 billion is worth of air transport. Tourism exports account for 7% of global trade in goods and services, or \$1.7 trillion. In 2019, the most popular destinations were France, Spain, the USA and China.

Among the economic sectors most affected by the COVID-19 pandemic is international tourism. Depending on if the borders are opened in July, September or December, the United Nations World Tourism Organization (UN WTO) predicts a loss of 850 million to 1.1 billion international tourist arrivals, \$910 million to \$1.1 trillion in export income and 100-120 million jobs. In April and May 2020, most destinations were totally closed, opening slowly for the northern summer only in some regions. The forecasts of the UN WTO indicate significant uncertainty as to the length of the pandemic, in addition to the response of the government to support economic activity.



Most affected countries by COVID-19

Sectoral Output Impact for most affected countries under the Moderate scenario (in % changes)

Country	Recreational and other service	Accommodation, Food and services	Dwellings	Trade	Construction	Financial Services, Insurance	Air transport	Communications	Electricity, Water	Food, selected sectors	Motor vehicles and parts	Beverages and tobacco products
												
 Jamaica	-28	-31	-10	-6	-11	-3	0	1	-4	2.6	-1	2
 Thailand	-55	-55	-9	-3	-7	-4.5	-7	-4	-2.5	0.6	-2	-1
 Croatia	-55	-55	-5	-3	-5	-3	-8	-1	-1.5	-0.6	5	-2
 Portugal	-55	-21	-5	-2	-3	-2	-17	-2	-0.5	0.8	2	0
 Dominican Rep.	-32	-26	-5	-3	-2	-1.5	-4	-3	-1.5	-0.8	-1	1
 Kenya	-19	-55	-4	0	-1	-3	1	0	-4.5	-8.6	-5	-4
 Morocco	-55	-55	-5	-2	-2	-2	-2	-2	0	-0.8	0	-1
 Greece	-33	-19	-3	-2	-1	-1	4	-1	-1	0.2	0	0
 Mauritius	-55	-55	-3	-27	-4	-1.5	-4	-4	-2	-0.4	2	-1
 Senegal	-12	-13	-4	0	-4	-3.5	3	-1	-0.5	1	1	-1
 Ireland	-29	-20	-3	-1	-3	0	0	-2	-1.5	-1.4	-4	0
 Egypt	-18	-23	-3	-2	0	-2.5	1	-2	-0.5	-0.6	-2	0
 South Africa	-6	-22	-3	-1	-4	-1.5	2	-1	-1	-0.8	-2	-1
 Malaysia	-55	-19	-3	0	-2	-1.5	0	-1	-1	-0.6	-2	0
 Spain	-14	-11	-1	-1	-1	-1	1	-1	-1	-0.8	-1	0

Change in skilled wages and unskilled employment

Change in Skilled Wages (in % changes): 15 most affected countries

Country	Moderate	Intermediate	Dramatic
Jamaica	-11	-22	-34
Thailand	-12	-17	-23
Croatia	-9	-13	-17
Dominican Republic	-6	-12	-18
Kenya	-8	-11	-14
Portugal	-6	-11	-16
Greece	-5	-10	-14
Ireland	-5	-10	-15
Malaysia	-5	-9	-13
Senegal	-4	-8	-12
Morocco	-5	-7	-9
Spain	-4	-7	-11
United Arab Emirates	-4	-7	-10
Egypt	-3	-6	-8
South Africa	-3	-6	-10

Change in Unskilled Employment (in % changes): 15 most affected countries

Country	Moderate	Intermediate	Dramatic
Jamaica	-15	-29	-44
Thailand	-17	-24	-31
Croatia	-12	-17	-22
Dominican Republic	-8	-16	-24
Portugal	-9	-15	-21
Ireland	-7	-14	-20
Greece	-6	-13	-19
Malaysia	-5	-10	-14
Morocco	-6	-8	-10
South Africa	-4	-8	-12
Spain	-4	-8	-11
Egypt	-4	-7	-11
Mauritius	-5	-7	-9
Philippines	-4	-7	-10
Senegal	-3	-7	-10

For unskilled workers, the figure indicates the corresponding degree of unemployment. Once again, Thailand, Jamaica and Croatia are the worst countries affected. In the most drastic situation, jobs in Jamaica drop by 44% if the entire tourism industry is stopped for 12 months. The situation in Jamaica is severe, owing to the high proportion of unskilled workers in its tourism industry and the industry's contribution to GDP. High unemployment leads to large GDP losses. Other tourism-based SIDS could be expected to face similar drastic challenges in the labor market.

Countries and governments efforts to fight covid-19

What can countries do to mitigate the devastating effects of lack of international tourism during and after the COVID-19 pandemic?

Protecting individuals and sustaining a safe tourism industry are critical in the short term. The worst effects of any form of shock, including the COVID-19 pandemic, can also be avoided by adequate social security. In tourism-related industries, casual and self-employed employees are popular and should be supported where possible. Governments should safeguard staff. Wage subsidies can be structured to help employees migrate to new sectors if certain firms are unable to recover. Governments will further assist tourism companies, such as hotels and airlines, that would otherwise go bankrupt. Low interest loans or grants are one method for financial relief. Although support is desperately required, this includes an in-depth review of the costs and benefits of support for particular sectors. Not only are the economic consequences specifically affecting the tourism market, but they are distributed through many industries. Many governments have limited means to fund or underwrite a large sector.

What precautionary measures has the Egyptian government taken to fight COVID-19?

Many decisions have been taken by the Egyptian government to minimize the spread of the virus and reduce the number of Egyptians and residents who are infected with Coronavirus or COVID-19 in Egypt.

- The Egyptian government closed airports and avoided flying or traveling to the country from Egypt
- They only allowed residents or visitors to leave the country as they wish and with coordination around the world with their governments.
- Procedures of economic support from the government for the tourism sector and related sectors.
- Supporting real estate development in the tourism sector
- Procedures of Supporting workers in the tourism field
- Completing the restoration and development works for the archaeological and tourist areas and the surrounding areas



Measures taken in tourist destinations and attractions in Egypt

- The government has approved all hotels in compliance with World Health Organization guidelines.
- Cleared all tourism regions visited by travelers
- Stopped the activity of tourism and closed touristic sites in Egypt.

Restarting tourism policies:

- Vouchers (preferred to reimbursement) cancelled due to COVID-19 for trips and travel packages
- Amendments to contract laws to safeguard both clients and tour operators.
- Guidelines and suggestions on concluded contracts for tourist packages that are difficult to implement due to COVID-19.
- Health and safety protocols, certifications and labels in tourism establishments (accommodation sector, restaurants, spa and wellness centers, etc.)
- Creation of safety corridors between countries to refresh the international tourism.



MARKETING & PROMOTION

- **Italy, Iceland, Lithuania and the Republic of Korea** have authorized travel vouchers provided by the government and given to families to spend on domestic travel.
- **Bosnia & Herzegovina, Georgia, Hungary, Iceland, Malaysia, Mexico, New Zealand, Thailand and Vietnam** are in the process of promoting and marketing campaigns and creating new products to draw foreign tourists and to grow domestic tourism.
- **Singapore** has also launched a Marketing Collaboration Initiative and a fund to implement tools to promote digital transformation, provide up-to-date staff with online training for the tourism industry, and provide additional assistance to travel agents.
- **China** conducted market intelligence. To forecast the proportion of domestic tourism in the overall tourism demand, In each of the provinces, tourism has been revived and activities are encouraged, and the size and extent of the activities are determined by each province. Together the Ministry of Culture and Tourism and the National Health Commission called on the provincial governments to reopen local scenic spots and attractions on the basis of strict regulation, with restricted entry.
- **Bahrain** is working on an action plan for crisis management, including the formation of trust-based coalitions, constructive and ongoing interaction with tour operators, co-marketing and joint promotion with other tourism partners.
- **Egypt** accepted a new initiative to facilitate travel to upper Egypt by providing discounts on entry fees during the summer months, to archaeological sites in Qena, Luxor and Aswan, in addition to reducing visa fees upon arrival at airports in Luxor and Aswan.



TRAVEL & TOURISM PROTOCOLS

Examples of measures and initiatives to restart tourism:

- The Secretary of State for Tourism of Spain has developed a Healthy Tourism Certified System with the Spanish Institute of Tourist Quality (ICTE), a guarantee mark and certification of the implementation of the Health Risk Prevention System versus COVID-19, validated by the Ministry of Health. Members of the public sector at the state, regional and local level, along with representatives of the private sector and trade unions, took part in the development process. In this case, the Ministry has released a set of guides to minimize the spread of the SARSCOV-2 coronavirus in the tourism sector in various sectors of the industry, such as hotels, golf courses, promotions, travel agencies, etc.
- The 'Clean and Healthy' label was developed by Turismo de Portugal to provide companies with information on the required hygiene and cleaning measures and to promote the country as a safe destination, strengthening the confidence of tourists to the country. Similar programs have been developed for labels and health and hygiene procedures, i.e. Ecuador and Costa Rica. The Ministry of Tourism and the Environment in Albania, in cooperation with the Ministry of Health and Social Security, has drawn up The Anti-COVID 19 Measures Protocol during the 2020 tourism season' to direct and regulate the required preconditions for tourism companies to restart the tourism season this year in order to protect employee health and visits. Bulgaria has formulated guidelines for accommodation establishments and a special declaration for tourists.
- On May 15, Lithuania, Latvia and Estonia opened their borders to each other's citizens, forming a 'travel bubble' in the Baltic.
- Kenya has announced the gradual reopening of tourism establishments and the certification of bilateral tourism agreements and free Covid-19 certificates for countries in East Africa.
- Bulgaria has stated that it has set a deadline for reimbursement from the tour operator (13 June) in the event that the traveler does not accept
- One of the world's first digital immunity passports, founded by a team including founders of global tech startups, has begun testing in Estonia. A digital immunity passport collects test data and allows people to use a temporary QR-code created after digital authentication to share their immunity status with a third party.
- The options offered by the tour operator (a voucher or a tourist package replacement).
- Cancellations of an event as well as trips and travel packages can be compensated with vouchers due to the COVID-19 crisis: i.e. Belgium, Croatia, Denmark, France, Italy and Portugal.



GLOBAL & REGIONAL TOURISM PERFORMANCE

A compilation of data on outbound tourism by country, including data on international tourism expenditure and outbound trips.



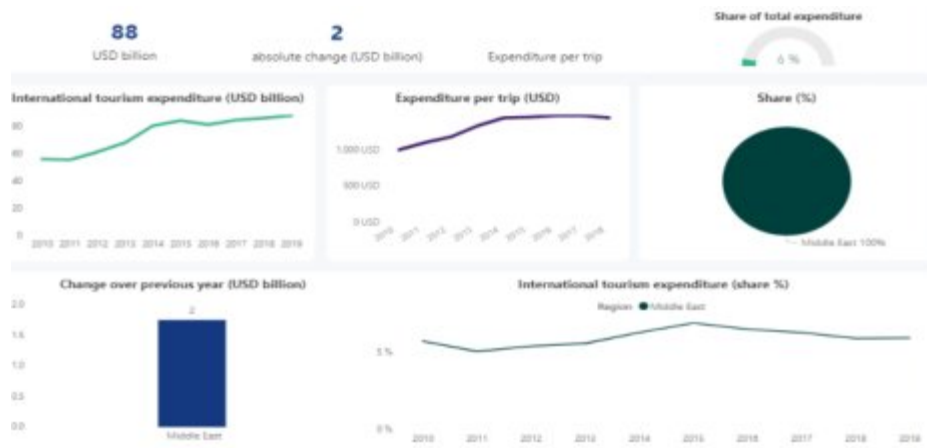
International Tourist Arrivals



International Tourism Receipts

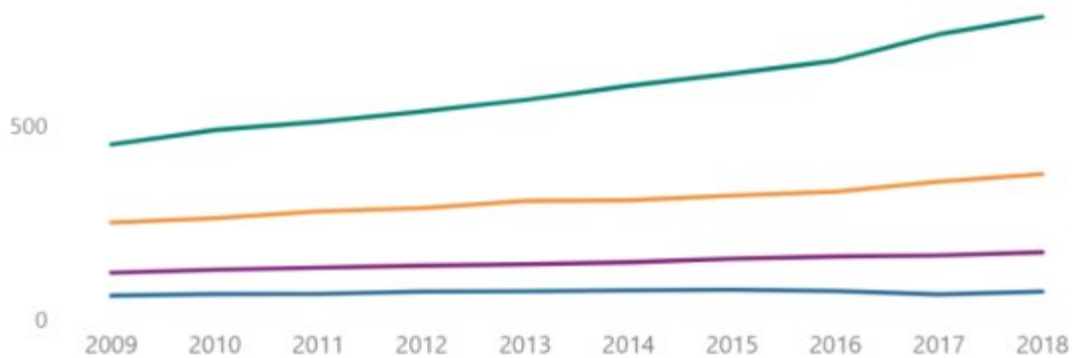


International Tourism Exports



International Tourism Expenditure

- Business and professional
- Leisure, recreation and holidays
- Not specified
- VRF, Health, Religion, other



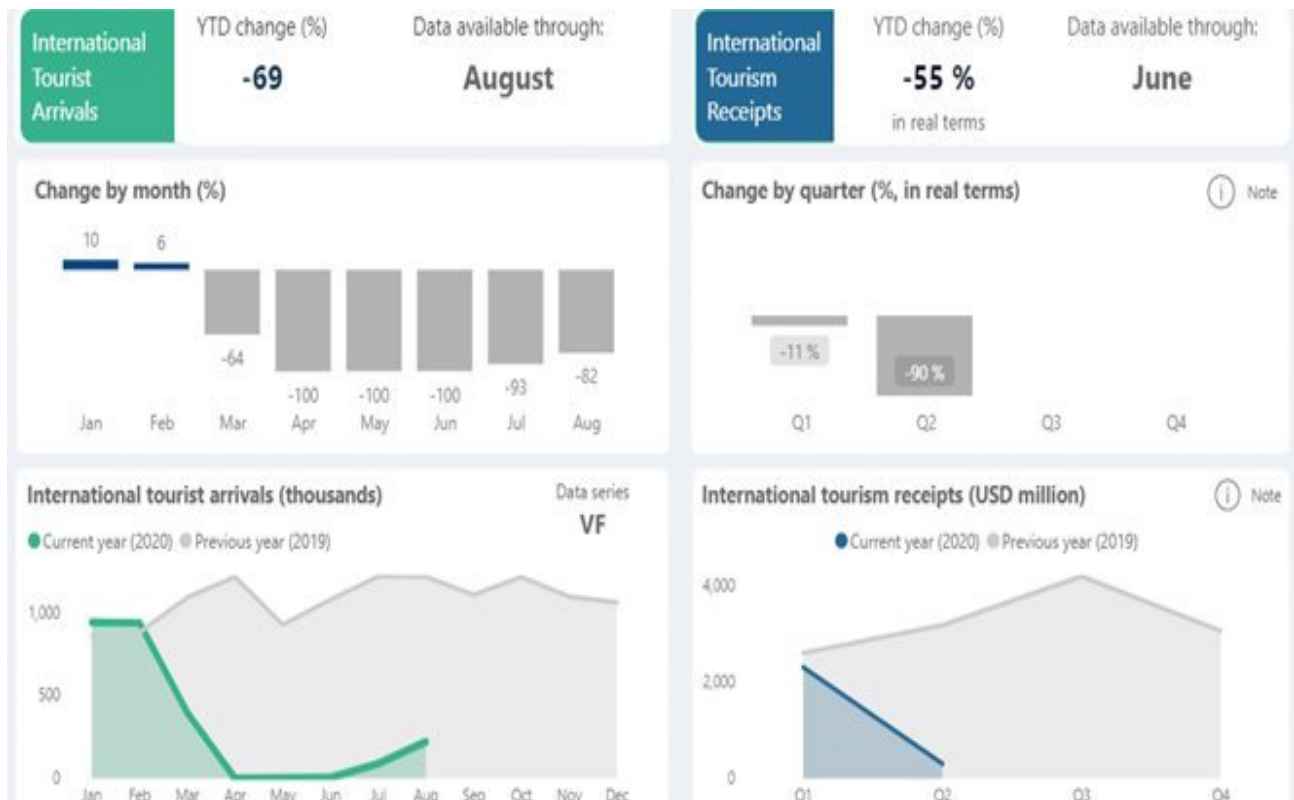
Average annual growth rate (%) since 2009

Purpose of Trip

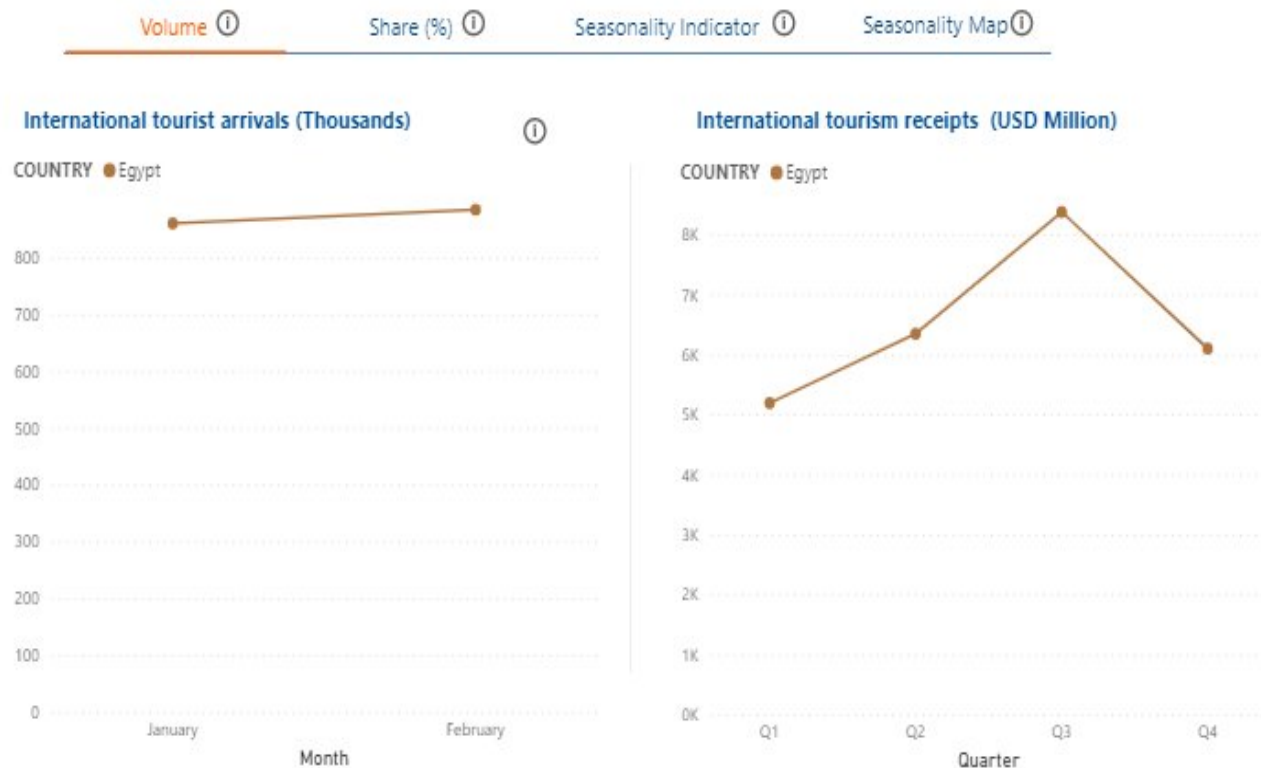


Mode of Transport

DATA ANALYSIS OF COVID-19 EFFECTS ON TOURISM IN EGYPT



Tourism Results



A compilation of data on tourism seasonality across destinations

A compilation of data on outbound tourism by country, including data on international tourism expenditure and outbound trip



Expenditure in Egypt



Departures in Egypt

CONCLUSION

The spread of the new Corona virus has affected many economic and production sectors around the world, exposing them to great losses. The tourism and travel sector is one of the most economic sectors that have suffered heavy losses as a result of the spread of the Corona virus, as the tourism and aviation movement has completely stopped in a period of about 4 months until now. Which made many tourism companies and airlines suffer huge losses at the level of the world. As this crisis affected both supply and demand for travel worldwide.

This represents an additional risk in the context of the emerging weakness of the global economy and geopolitical, social and commercial tensions. This crisis has affected the Egyptian tourism sector and limited its growth and development during this year 2020 after all expectations indicated a recovery in tourism movement during this year by about 15% from the previous year 2019. Therefore, the tourism sector today is in a new confusion, which is considered the worst of its kind due to the outbreak of the new Corona virus. Although the Egyptian tourism sector has been exposed to many tourism crises from 2011 until 2016, this crisis is considered the strongest ever, especially as it is linked to the dissolution of global tourism, which led to billions in losses in all tourist areas.

The Egyptian government has issued many decisions and measures to reduce the negative effects of the Corona virus on the Egyptian tourism sector, which we have previously referred to, but more efforts are required to maintain the strength of the tourism sector, and to use this crisis as an opportunity to renew, develop and increase its ability to compete internationally. This requires good management of this crisis, preserving workers in this sector of all categories, supporting corporate liquidity, reviewing taxes, fees and regulations that affect tourism transport, and enhancing training and skills development, especially digital skills. This is in addition to the inclusion of the tourism sector in national, regional and global economic emergency packages, and the establishment of mechanisms and strategies for managing tourism crises. It also requires studying tourism markets and working quickly to restore confidence and stimulate tourism demand, diversify markets, products and services, and pay attention to new tourism patterns.

It should be noted that the return of international tourism will depend on the sovereign decisions of different countries and not on the chambers or tourism companies, and thus achieving success for domestic tourists in Egypt will lead to granting confidence for the return of international tourism quickly. The expectations of global tourism experts indicate that the recovery of domestic tourism demand will be faster, and that the Middle East and Africa regions will be the fastest in the world to recover, and these experts expect that this will take place during the last quarter of this year.

Therefore, cooperation between the Ministry of Tourism and Antiquities, unions and tourism companies must now be cooperated to prepare promotional marketing plans compatible with many markets, taking into account the emergency conditions and changes that have occurred in the desires and trends of tourists in all markets, as the tourist today has become more conservative and fearful than the previous. Therefore, it is necessary to be well prepared and fully prepared with regard to the upcoming international tourism movement in terms of airport readiness, tourist movement, places of residence, shrines, medical centers and other preparations.

CONCLUSION CONT'D

▪ **Promoting Domestic Tourism:**

- Holiday domestic travel vouchers
- Domestic promotion and marketing of tourism Campaigns
- Fee waivers on air services charges on domestic airline operations and domestic and regional aviation security charges
- Co-funding smaller advertising projects and advertisements on domestic market
- The implementation of domestic business projects
- Programs for product development
- National tourism demand forecast

▪ **Expectations for Tourism to Recover Starting in the Last Quarter of 2020:**

- In Cairo, Alexandria, Hurghada and Sharm al-Sheikh, hotel occupancy revenues have decreased this year, but are expected to rebound
- In 2020, with a 50% decrease, Hurghada reported the highest decline in hotel revenue. Meanwhile, Sharm el-Sheikh saw revenues dropping by 48%, Alexandria by 46%, and Cairo by 44%
- In Cairo, occupancy rates are projected to hit 65% in 2021, enabling returns on rooms to rise to 48%
- Meanwhile, occupancy rates in hotels in Alexandria are projected to hit 62%, allowing revenue to increase to 43%
- Hurghada's occupancy rates are projected to increase to 48% so that rooms can achieve an average return of 44%
- It is estimated that occupancy rates will be 43% in Sharm el-Sheikh, raising returns to 44%
- A set of controls for hotel operations and domestic tourism was released by the Egyptian Cabinet, setting the maximum occupancy rate for hotels at 25% capacity then raising it to 50%
- In cooperation with the Ministry of Health, the Ministry of Tourism decided to resume international tourism to the Red Sea, South Sinai and Matrouh provinces

CONCLUSION CONT'D

▪ **New Vaccines Impact on Travel Restrictions in 2021:**

The pandemic has practically affected almost every aspect of travel over the past year. Many nations and travelers already assume that in 2021, the latest COVID19 vaccines will be the magical remedy for foreign travel restrictions and it would not put an end to travel restrictions and may cause more economic and social instability in the tourism industry that has already been shattered.

▪ **Second Wave of COVID-19:**

Above all, when coordinating across borders, tourism ministries have the ability not only to learn from best practice, but to form a cohesive global plan that cannot be ignored by world governments and global political bodies. In response to the greatest global crisis of our time, maximizing global cooperation will not only help the tourism industry but also the world economy to avoid the worst of a crisis from which it would otherwise never completely recover.

Tourism has been hit hard already. We must do what we can to strengthen the role of the sector as a driver of economic growth and job creation for all those who depend on it.

The message must be loud and clear: to keep tourism alive and travelers' safe, we are doing whatever we can. We cannot let fear, not for the second time, paralyze the tourism industry.

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