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FORUM ECONOMIC OFFICIALS MEETING

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INFORMATION PAPER NO. 2: REGIONAL TOURISM INITIATIVES

Purpose and Summary

Purpose

This paper highlights the impacts of the COVID-19 pandemic on regional tourism, and the key recommended regional tourism initiatives to be undertaken by the Pacific Tourism Organisation (SPTO) in collaboration with national, regional and international partners.

Summary

Tourism plays an important role as a key economic driver for most Pacific Islands countries' (PICs) economies, through 2, 246, 322 air and 739, 838 cruise arrivals, as per SPTO figures. Furthermore, according to World Bank estimates the industry generated an estimated USD \$3.2 billion in tourism receipts in 2019.

The COVID-19 pandemic has had a particularly devastating impact on the Pacific region, which had one of the fastest growing tourism sectors based on previous trends. PICs are particularly vulnerable as the tourism industry accounts for an exceptional portion of national GDP in most cases. For example, up to 85% for the Cook Islands and between 35-40% for Fiji. Moreover, tourism employment averages 10-12% of total employment for many PICs and as high as 35.5% for larger destinations.

Pacific economies, like many others throughout the world, are expected to contract significantly as a result of the COVID19 pandemic, with very low to no growth forecasted for the remainder of 2020. ADB has predicted that GDP for the Pacific region will contract by 0.3% and economic recovery and growth is not expected until 2021.

Tourist arrivals into the region have been nonexistent since April of 2020 and 90% of tourism industry employees in the region have been impacted to varying extents, including but not limited to: staff taking unpaid leave; staff working reduced hours; or outright termination of staff. Small and medium enterprises (SMEs), who account for an estimated 95% of regional tourism businesses continue to be severely impacted, which is of great concern as they have been leading the way in employing vulnerable sectors of society (women, youth, rural communities). A recent [report](#) by

SPTO and NZMFAT, which surveyed seven (7) PICs (Cook Islands, Niue, Tonga, Samoa, Solomon Islands, Vanuatu and Fiji), found that the potential direct financial impact due to loss of visitor income across these countries over a 12 month period is in excess of NZ\$3.1 billion. The report also highlighted the following associated risks which are common to most, if not all PICs:

- Loss of skills and capability at all levels and particularly in skilled management and operations;
- Loss of core successful tourism sector businesses – accommodation, experiences and transport;
- Loss of critical mass in the sector overall to enable responsive recovery;
- Potential loss of local ownership and control of core tourism infrastructure; and,
- Impact on the wider economy, community and society.

A. Overview

Tourism is without a doubt one of the hardest hit sectors, with the United Nations World Tourism Organisation (UNWTO) warning of a potential 60-80% decline in international tourist numbers for 2020, when compared with 2019 figures. In brief, this will result in the loss of at least 5-7 years of growth in the industry. The 22% decline recorded for the first quarter alone translates to a US\$80 billion loss in exports from tourism.

2. With ongoing uncertainty surrounding the containment of COVID-19, the duration of travel restrictions and gradual re-opening of borders, and the resumption of travel and ability of the industry to rebound will remain difficult to forecast. However, the potential impact of the loss of demand in international travel worldwide could translate into:

- Loss of 850 million to 1.1 billion international tourists;
- Loss of US\$910 billion to US\$1.2 trillion in export revenues from tourism; and
- 100 to 120 million direct tourism jobs at risk.

3. Pacific tourism impacts a significant number of livelihoods, the vast majority of which have been put at risk along with the progress made in advancing Sustainable Development Goals (SDGs). Therefore, it is in our shared interest that a commitment to rebuilding and strengthening the Pacific tourism industry is pursued at the regional level through SPTO, whose mandate is the sustainable development of the Pacific tourism industry. In the past year, some of SPTO's work in this area has included collaborating with UNESCO to progress collaborative partnerships aimed at positively impacting Pacific livelihoods and the environment, ongoing development of the Regional Sustainable Tourism Framework, a regional assessment of tourism statistical systems to inform a regional tourism statistics strategy and continued research on sustainable tourism product development opportunities in the Pacific Islands.

B. Discussion

4. As the lead regional organisation responsible for the coordinated and sustainable development of Pacific Tourism, SPTO has undertaken a reprioritisation of expected outputs for 2020 in order to account for the impacts of COVID-19.

5. In partnership with New Zealand Foreign Affairs and Trade (NZMFAT), SPTO contributed to the development of the [Pacific Tourism: COVID-19 Impact and Recovery Report](#) which outlines initial impacts and emerging responses, to inform decision-making by Pacific tourism sector organisations and businesses. Furthermore, the report also discusses the importance of strategic, long term, Pacific coordination in tourism and highlights the value of SPTO's role in this area. The report, which is the first of three phases, has been shared with key partners and donors who are committed to assisting regional recovery efforts for the Pacific Tourism industry.

6. In recognition of the important role of SMEs in the Pacific Tourism industry, SPTO conducted a private sector survey to better understand the challenges and viable recovery options for these important stakeholders. On April 30th, SPTO released the analysis of the [Pacific Wave Recovery feedback from SPTO Private Sector Members](#). The survey was sent to 246 participants and the total responses received as of April 30th was 70 which translates to a 28% participation rate. Key areas of the survey included, issues faced by the business, impact on employees, assistance received by private sector members from the Government or any other source and areas of assistance needed from the SPTO, donors and development partners. Some of the key issues highlighted by survey participants included financial difficulties surrounding the lack of income and ongoing financial commitments and human resource considerations including reduced working hours, laying off staff and so forth.

7. In addition, the [SPTO COVID-19 Recovery Strategy](#) was developed by SPTO and shared with members, to guide the development of national recovery plans, whilst accounting for our shared goal of achieving economic growth to improve Pacific livelihoods and protecting our natural resources and cultural heritage through sustainable development. As a living document, this strategy will evolve alongside the relevant global developments in order to ensure relevance in this unprecedented situation. Moreover, it will guide the development of SPTO's revised internal action plans to complement the recovery efforts of member countries.

8. In early June, the [Pacific Tourism COVID-19 Impact and Recovery Scenario Development and Recovery Pathways Report](#) was released as a result of the ongoing partnership between SPTO and NZMFAT. This is the second and final report, providing high level scenario development to frame potential response pathways following the initial impact of COVID-19 on Pacific tourism. It is designed to be an aid to decision-making by Pacific tourism sector organisations and businesses, to raise issues, to inform thinking, and to highlight future themes around Pacific regional cooperation for tourism's recovery from COVID-19. It also highlights key scenarios that would be best implemented at the regional level. To that extent, SPTO is seeking assistance from regional organisations, key donors and development partners who are willing to contribute to Pacific tourism recovery efforts via this regional pathway.

9. This work continues to guide the activities implemented and partnerships sought by SPTO to bolster regional recovery efforts aligned to the strategic focal points of the organisation (marketing the region, sustainable tourism planning and research and statistics).

C. Next Steps

10. In the post COVID-19 era, tourism will certainly emerge as a transformed industry that will need to respond to new global travel trends and consumer preferences. The way forward for Pacific

tourism is a recommitment to the development and promotion of sustainable tourism in our region, within the context of the Pacific Roadmap for Sustainable Development and the Blue Pacific narrative. In this regard, some of the key regional priorities highlighted by the recent SPTO NZMFAT report, to be pursued by SPTO with relevant regional and international partners, shall include:

1. Recovery- Manage the crisis and mitigate impact

Protect the core

- Create crisis management mechanisms and strategies

Health and Safety systems

- Health safety monitoring and response systems and assurance programmes reporting and communication

Skills and capability development

- Promote skills development; particularly digital skills
- Advance informed and enabled leadership at all levels

Maintain Connectivity

- Maintain minimum air connectivity supporting freight, passenger capacity and to maintain airline sector infrastructure reporting and communication

2. Response- Providing stimulus and accelerating growth

Protect and build the core

- Mainstream sustainability in stimulus and recovery packages (host community, economic, visitor, environmental)
- Invest in partnerships and develop platforms for collaboration;
 - o create aligned tourism and recovery planning at all levels – national, regional and international
 - o Set a common plan of action with clear objectives, an inclusive approach and common initiatives where relevant
 - o Promote digital platforms to monitor, promote and co-invest

Skills Development

- Promote new jobs and skills development, particularly digital ones

Accelerate Connectivity

- Work with airlines to optimise supply response to demand

Proposition and Targeting

- Understand the market and act quickly to restore confidence and stimulate demand via focused messaging and experience solutions.
 - o Clearly defined competitive propositions
 - o Product and experience availability (may include pricing)

Targeted and timely activation

- Advance travel facilitation; travel policy
- Ensure consumer protection and confidence to boost/encourage future travel
- Boost marketing including digital, direct, aligned

3. Endurance- Preparing for the future

Partnership

- Develop and build regional tourism governance and strength at all levels, building and maintaining strong sector organisations

Building sustainable futures

- Invest in market intelligence systems and digital transformation
- Dispersal. Invest in regional dispersal enablers, initiatives and strategies. Spreading demand peaks
- Diversify markets, products and services with focus
- Prepare for crisis, build resilience and ensure tourism is part of national emergency mechanisms and systems
- Invest in human capital and talent development
- Place sustainable tourism firmly on the regional and national agenda
- Transition to the circular economy and embrace the SDGs

11. The alignment of these synergies will not only support sustainable tourism development, but it could also realise a greater role for tourism in strengthening regional economies, overcoming common constraints, and sharing of resources and information. The Pacific Tourism industry centers on our Pacific people, natural resources, environment and culture. Therefore, concerted regional and international action is required to realise its full potential to be an important driver of our Blue Pacific economies. To that extent, SPTO has the required experience and expertise in supporting the tourism sector at the regional level whilst complementing national-level tourism efforts.

12. However, financial and resource limitations continue to restrict the important work of SPTO, which only serves to highlight the need for a pivot on the key areas of focus for development aid to the Pacific region. In order to be effective, SPTO's work on regional recovery efforts must be bolstered by meaningful engagement from national governments, regional organisations, as well as international donors and development partners.

13. SPTO remains committed to strengthening the Blue Pacific's tourism sector as one of the key drivers to achieving economic recovery, improving Pacific livelihoods and protecting our natural resources and cultural heritage through overarching sustainable, resilient development.

Pacific Tourism Organisation (SPTO)
29 June 2020