COVID-19 Tourism Impact Update

Falkland Islands Tourism Sector Information and Guidance Concerning the Impact of COVID-19

No. 4

May 22nd 2020

Falkland Islands
TOURIST BOARD

INTRODUCTION

If it was all about the airlines a fortnight ago, the last two weeks have brought considerable focus on the status of the traditional northern hemisphere summer holiday. A whole host of new terms have been coined, including *travel bubbles*, *tourism corridors*, and *air bridges* that describe proposed solutions to allow people from one country to travel to another without the need to self-isolate on arrival or when returning home. On further analysis, all these concepts turn out to be broadly the same, but they do genuinely offer hope within the tourism sector to get people travelling again.

20 minute COVID-19 tests are only six weeks away according to recent press reports, which will offer the tourism sector another tool to help facilitate the movement of tourists between countries safely, and potentially provide them with a certificate that would allow them to move around freely in their destination without quarantine measures.

These are all developments that are happening apace, as they need to. The survival of many thousands of companies and jobs in the tourism sector rely on it. One in ten jobs globally is in the tourism industry, so whole economies also depend on solutions to get people travelling safely again.

I hope that this publication keeps you informed with all we know from speaking to tourism businesses here in the Falklands, overseas tour and cruise operators, and tracking international developments and consumer sentiment.

As always, please don't hesitate to contact the Falkland Islands Tourist Board for more details or any further assistance.

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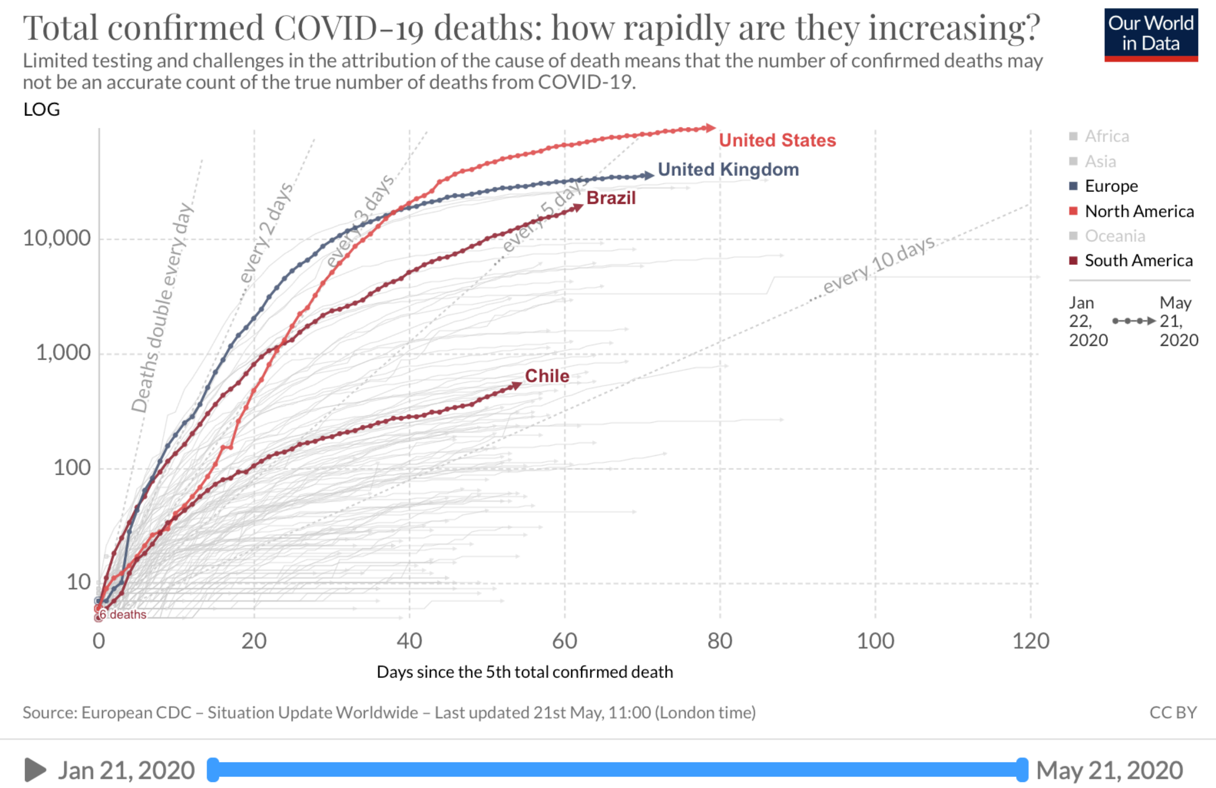
Stephanie Middleton
Executive Director
22nd May 2020

Next Update: Friday 5th June 2020

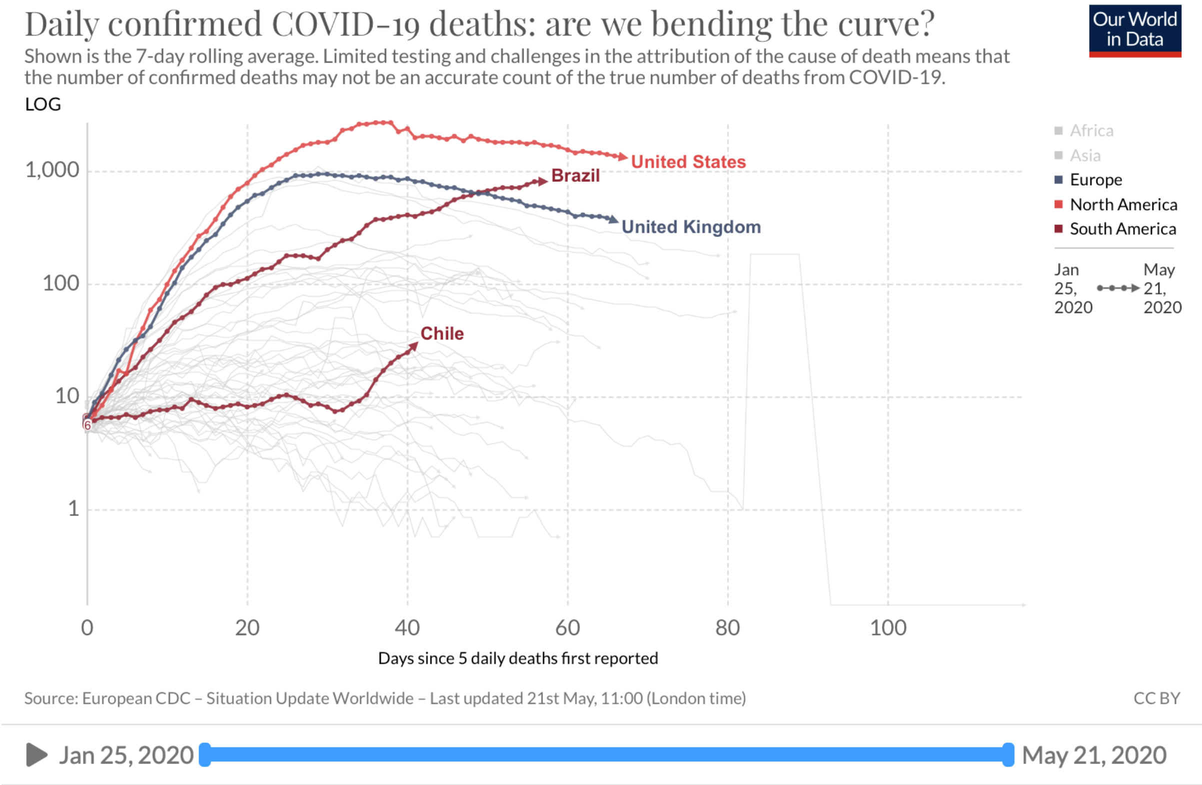
GLOBAL SITUATION

The spread of COVID-19 continues with global infections and deaths continuing to rise, however in many countries that have been in strict lockdown the number of new cases each day is falling dramatically.

The chart below shows the number of registered COVID-19 deaths for the Falklands' two main markets, and the two countries LATAM passengers need to transit, measured from the time when 5 daily deaths were reported. Whilst there is **a flattening of the curve in the UK,** the USA is still struggling to keep infections and deaths down, and the **number of deaths are increasing rapidly in Brazil and Chile**. In fact the top six countries reporting new cases on 21st May (when this document was written) were USA, Brazil, Russia, India, Peru and Chile. Whilst Europe starts to show progress containing the virus, many destinations in South America are starting to be impacted.



The chart overleaf shows the number of daily deaths from COVID-19 which clearly indicates an **improvement of the situation in the UK**. It also indicates that whilst the number of infections is still growing rapidly in the USA, the daily number of deaths is actually falling. However, **the picture is less encouraging in Brazil and Chile**, where death rates are increasing rapidly.



Several countries in Europe are starting to slowly relax lockdown regulations, whilst closely monitoring the "R" value – the rate at which one infected person infects others. If infection rates remain under control, **over the next three months many European countries expect to allow accommodation, restaurants and bars, and visitor attractions to open**, although there may be restrictions imposed on the operation of these.

The case in the Falkland islands is, as elsewhere, under constant review. The Executive Council has authorised the Principal Immigration Officer to refuse permits for the Falklands for a further 30 days with effect from 7th May. A review of this authority will be made no later than 5th June. This **effectively restricts non-essential visitors from visiting the Islands**, and is in line with Immigration restrictions around the world.

As of 8th May 2020, **76% of all destinations worldwide had complete or partial closure** of borders, with the remaining 24% having some other type of restriction in place, including suspension of flights or a ban on passengers from certain countries.

LATEST TOURISM SECTOR TRENDS

On as positive note, there are **continuing signs of travel recovery around the world**. Hotel occupancies, air load factors, and attraction openings are all on the rise as many economies open up. In the US, hotel occupancy has doubled in the last 30 days, and intra-EU air travel is on the horizon as Ryanair announced its intention to restore 40% of its flights in July. In China, consumer confidence is growing as domestic travel opens up, and nations are watching to better understand what their own recovery process could look like.

Whilst it's clear that the road to recovery will require a slow and steady pace, and each destination is contending with unique circumstances and challenges, there is a growing sense of optimism – especially as we look toward the traditionally busy summer travel months.

However, until national governments lift travel restrictions between countries, any travel will be, at best, domestic. Over the month of June, travel restrictions are likely to be lifted in many of the main European travelling nations, such as the UK, Germany and Italy.

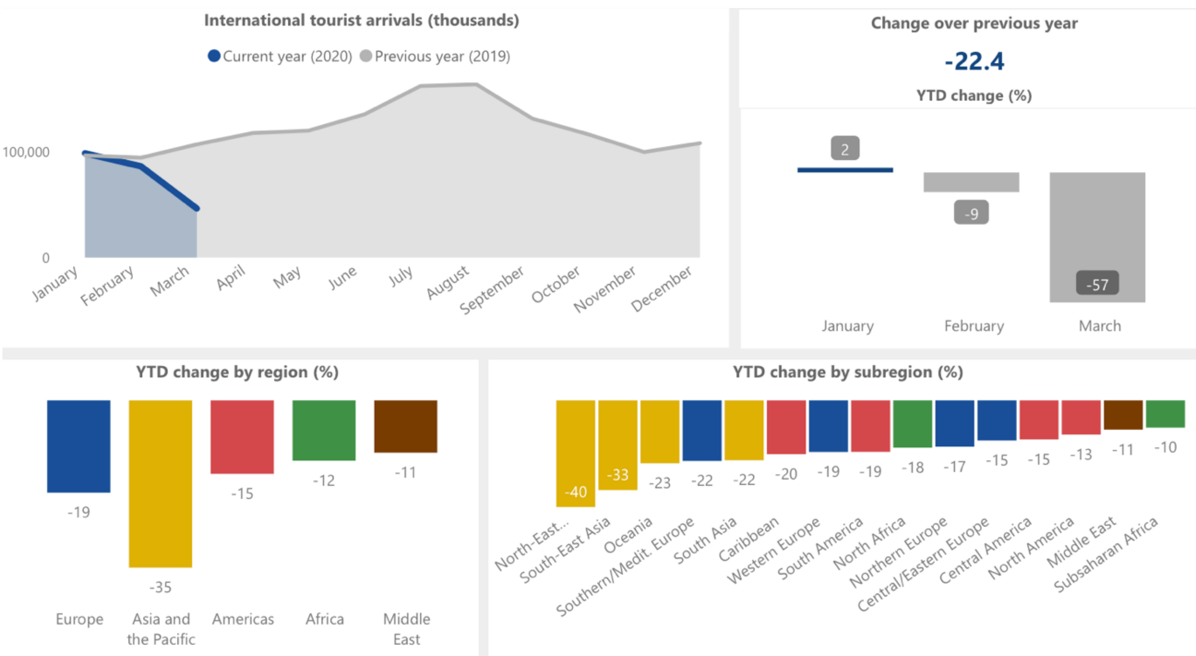
The **opening of borders has moved up the agenda in many countries**, and consequently it is of little surprise that the last two weeks have been dominated by stories linked to the main summer holiday period in the northern hemisphere and how it might pan out. With over 70% of all annual international tourism trips taken during the four months of the northern hemisphere summer, largely due to the huge outbound travel markets of Europe and North America, this is perhaps of no great surprise.

Three terms have been banded around in the world's press: ***travel bubbles, tourist corridors*** **and** ***air bridges***. In essence, they are all the same thing, just dressed up differently – binding two or more countries that have fared well against the coronavirus together.

The first bubble that has come to life was on the 15th May, between Estonia, Latvia and Lithuania - among Europe's best performers in taming the virus. Their citizens are free to travel inside the zone without quarantine, and it has been reported as being highly successful with an increase in accommodation occupancy and visits to attractions. The next might be the Tasman bubble linking Australia, Tasmania and New Zealand. Over the coming weeks, it is **expected that a large number of small travel bubbles will emerge** in an attempt to boost international travel and make overseas holidays a possibility.

As the number of daily new COVID-19 cases fall, **Europe is expected to start its own bubble**, in which countries with (say) less than 100 new cases a day could be admitted. It is this sort of process that is likely to emerge as a method that will allow people returning from holiday to avoid 14 day quanratines that are commonplace in many countries, and is soon to be imposed in the UK.

The impact of the virus on world tourism can be seen in the below graphic, which includes data from all countries in the world up to March. Of course the blue line on the line chart will continue heading down severely when data is compiled for the next quarter.



By the end of March, **world tourism arrivals were down 22.4% on 2019**, with Asia and the Pacific faring the worst. However by the time all data is in for Q1 and Q2, arrivals be down around 70%.

Interestingly, in April just 47 million passengers took a flight; that level of mobility, annualised, would set the clocks back to 1978! That puts the severity of the current situation in context.

CRUSE SECTOR

The cruise sector continues to be **optimistic about resuming operations** by August or September, although dates vary between cruise lines. What is common amongst all operators is their marketing activity, where all stops are being pulled out to attract bookings. This appears to focus on two areas. Firstly, on assuring consumers that their health on board will be a priority, which includes screening of passengers before they come on board, increased hygiene on board, and ensuring destinations are in compliance.

Secondly, there are attractive "no risks" booking options where consumers are free to cancel anytime up to 48 hours before embarkation and still receive a full refund in the form of a Future Cruise Credit (FCC). Many cruise lines are also attempting to kick-start the market by offering up to 20% discounts on sailings to the end of 2022.

IAATO report that they are **proceeding as if the up-coming Antarctic season will take place**. They are beginning to put together COVID-related policies and procedures, and will share these when they are ready.

At the other end of the planet, Norwegian officials have extended their border closure through to August 20, **effectively ending most of the Arctic expedition cruise season** by putting Svalbard off limits to international guests. Not only is it a key expedition destination, but Svalbard in most cases serves as a homeport for a number of expedition brands which offer Arctic programs in June, July and August. Svalbard is set to reopen for tourism on 1st June, but without international arrivals permitted, business will be limited to domestic travel.

WHAT TO DO NEXT…

Be ready to adapt…again!

We've said it before, but this is such an important message. As much as possible, be ready to adapt for an uncertain number of visitors over the coming season. Land-based tourists are expected to decline to some extent, so where possible be ready to scale operating costs and overheads accordingly. The main difficulty is in planning this, as at present it is not easy predicting with any degree of certainty how many visitors there will be in 2020-2021. However, this should become more apparent by early August. At the same time, think about how you might be able to attract the domestic market to fill empty beds and keep cashflows alive.

Focus on marketing on nature and space

If you are advertising in any way to the international markets (whether through print media, social or digital media) focus on the natural environment, the great outdoors, and the space the Falklands offers…there is clear evidence that consumers are responding well to destinations that offer this. It may seem obvious, as this is what the Falklands is all about, but it is worth remembering that we hold many of the aces at the moment. Many of the issues that other destinations will struggle with are not an issue here.

Economic Support Packages

FIG and FIDC are now ready to take applications for the Job Retention Scheme, Self-Employed Income Supplement Scheme, and the Business Grant Scheme. FIDC is administering the latter. More details can be found at

https://www.fig.gov.fk/covid-19/information/support-package-applications
http://www.fidc.co.fk/library/covid-19.

A new unemployment subsidy scheme has also been announced, targeted at workers who have lost their jobs as a result of the crisis. The websites provide clear advice regarding the eligibility of each.

Keeping Safe - Hygiene

Advice for restaurants, takeaways and supermarkets regarding food hygiene can be found at:

https://www.gov.uk/government/publications/covid-19-guidance-for-food-businesses/guidance-for-food-businesses-on-coronavirus-covid-19

For the latest updates on the COVID-19 situation in the Falkland Islands:

https://fig.gov.fk/covid-19#LatestUpdate