



International
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Thematic brief:

COVID-19 and employment in the tourism sector: Impact and response in Asia and the Pacific

24 April 2020

This note offers the ILO's preliminary assessment concerning the possible impacts of COVID-19 on employment in the tourism sector of the Asia-Pacific region and proposes a range of policy options to mitigate these impacts and facilitate strong and fast recovery.

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Regional Office for Asia and the Pacific
Regional Economic and Social Analysis Unit

Key findings:

- **As a major source of revenue and jobs in the Asia-Pacific region, the COVID-19 induced collapse of the tourism sector is an important factor behind the IMF projections of stalled economic growth for 2020.** The impact on the tourism sector in the region was felt from an early stage when the number of tourists for China declined abruptly. Now, with the virus spread across the globe, as much as 96 per cent of the world's destinations impose some form of travel restriction according to the UN World Tourism Organization.
- **With tourism as a hard hit sector, the higher the share of employment in tourism, the harsher the impact to workers and economies.** Among the countries with available data, the shares of employment in tourism in Asia and the Pacific can run as high as of 10 to 12 per cent in some Pacific Islands countries. In South-East Asia, Cambodia, Thailand and Viet Nam are the countries with the highest share of employment in tourism, reaching 6.7, 9.0 and 6.9 per cent, respectively. In South Asia, Nepal and Sri Lanka show relatively high shares of jobs in tourism, reaching 8.1 and 6.8 per cent.
- **For 14 countries with available data, the ILO estimates that the jobs and livelihoods of at least 15.3 million workers – 6.4 million women and 8.9 million men – in the tourism sector are at risk as a result of the COVID-19 pandemic.**¹ Staff of airlines, hotels, travel agencies and transport companies across the region are being asked to take paid or unpaid leave, accept reduced wages, or worse, are simply let go. In an examination of first quarter labour force survey results in Thailand, early signs of the adverse labour market impact appear with the decline in employment in tourism from January 2020 onwards and with a sharp increase in the number of persons employed but absent from work in the first three months of the year. With the impact of major lock-down measures imposed in March not yet reflected in the data, the full extent of the impact on the sector is expected to appear from the second quarter.
- **In many Asia and Pacific countries, more than three in four workers in the tourism sector are in informal jobs, leaving them especially vulnerable to the negative impacts of the COVID-19 crisis.** Informal sector jobs are characterized by a lack of basic protection, including social protection coverage. Workers that continue on the job in hotels, airlines or other hospitality industries typically do not have the option to work remotely, and therefore have a heightened risk of COVID-19 infection. For those who do fall ill, as informal workers they may be disadvantaged in access to health-care services and have no income replacement if they stop working in case of sickness or lock-downs.
- **Governments in the region have reacted to the crisis by introducing stimulus packages and other policies in direct support to the tourism industry.** Some policy responses are highlighted in the report, as is the message that social dialogue will prove to be a critical element in determining how well the tourism sector and its workers will weather this unprecedented crisis.

¹ The 14 countries for which evidence from official national labour force surveys is available are Bangladesh, Brunei Darussalam, Cambodia, Fiji, Mongolia, Myanmar, Nepal, Pakistan, the Philippines, Samoa, Sri Lanka, Thailand, Timor-Leste and Viet Nam.

1. Introduction

COVID-19 spread quickly through areas of China before spreading to other countries in the Asia and the Pacific region and ultimately reaching global scale. The global impact of COVID-19 on the tourism sector is devastating (ILO, 2020a). In the Asia-Pacific region, the impact on economies and labour markets was felt from an early stage, mainly through the tourism sector. In many countries of the region, tourism started to decline rapidly, driven by a significant decrease in tourism arrivals from China, which in many countries account for a large share of tourism revenues.² As the number of coronavirus infections increased outside China, international travel restrictions started to widen within the region. With the further spread of the virus, also tourists from outside the region cancelled their previously planned trips, given the increased level of uncertainty in both safety and travel restrictions. In the course of March 2020, with the outbreak of COVID-19 in Europe, the United States and all other parts of the world, international tourism essentially came to a halt. With lockdown measures that governments have implemented in many countries and stay-at-home recommendations, also domestic tourism took a hit.

This adverse shock on the tourism sector hits the region hard, given the high level of importance of tourism as both a contributor to GDP and a major source of incomes and jobs.³ In 2018, the Asia-Pacific region as a whole recorded 348 million tourist arrivals, accounting for US\$ 442 billion tourism receipts and 5 per cent of total exports. Especially the economies of some island countries in the region such as Fiji, the Maldives and Tonga are heavily dependent on tourism, with shares of tourism in total exports reaching 52, 84 or 47 per cent, respectively.⁴

As a result of the COVID-19 crisis, economic growth is expected to stall at zero in Asia in 2020, marking the worst growth performance in almost 60 years according to the IMF.⁵ The economies in the Asia-Pacific region that are most dependent on the tourism sector are among those expected to experience the largest contractions of economic growth (Figure 1). The GDP of the ten economies that have the highest share of tourism in total exports is forecast to decline by almost 6.8 per cent on average, while the decline is only 2.2 per cent on average for all other economies of the region with available data. Pacific island countries like Fiji, Samoa and Vanuatu, where the tourism sector revenues accrue to more than 50 per cent of total exports are expected to face especially severe economic contractions this year.

There has been a dramatic reduction in business activity of the tourism sector, with essentially all jobs in that sector affected, and a large number of workers becoming redundant for an extended period of time. Already at early stages, the estimated impacts of COVID-19 in the Asia-Pacific region were significant.⁶ Now, with the global halt of tourism due to the further spread of COVID-19 and to the measures that governments have taken in response, there is little doubt that

² See World Bank (2020) for data on revenues from Chinese and non-Chinese tourism.

³ See ADB (2020) for projections of the impact of COVID-19 on the GDP growth of some of the tourism-dependent economies of the region.

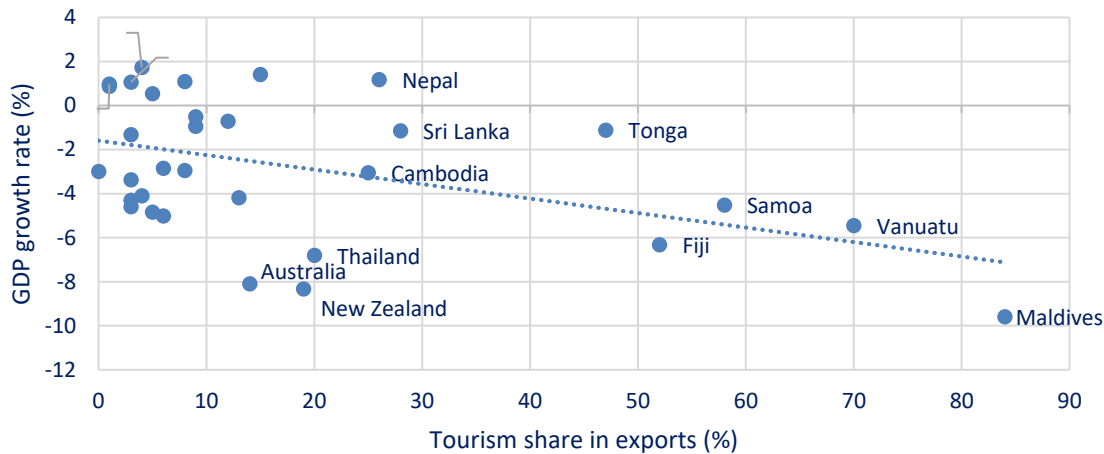
⁴ Data are taken from the World Tourism Organization (UNWTO) tourism dashboard at: <https://www.unwto.org/unwto-tourism-dashboard>. See also ILO (2019a) for evidence on the importance of tourism in the Maldives.

⁵ C. Y. Rhee: "COVID-19 Pandemic and the Asia-Pacific Region: Lowest growth since the 1960s", IMF Blog, 15 Apr. 2020.

⁶ For Thailand, for example, it was projected already by mid-February 2020 that the number of tourists would decrease by 50 per cent in the first half of 2020, and that tourism revenues would drop by US\$ 1.15 billion in the first quarter of 2020. At the same time, Singapore also expected a 30 per cent drop in tourist arrivals for the whole year of 2020, and Japan a loss in tourism revenues of US\$ 1.29 billion in the first quarter of 2020. See: ICAO: "Economic impact estimates due to COVID-19 travel bans", Press release, 13 Feb. 2020; "Tourist arrivals to plunge 50% in first half of 2020" – Thai Tourism Minister", *The Thaiger*, 16 Feb. 2020; A.H. Min: "Singapore tourism to take 'significant hit' in 2020 due to coronavirus, up to 30% fewer visitors expected", *Channel News Asia*, 11 Feb. 2020.

the impact will be much larger and more lasting. Millions of workers with previously stable incomes are hence at risk of sliding into poverty (ILO, 2020b), which is why the situation requires urgent attention.

Figure 1. Estimated GDP growth rate in 2020 and share of tourism in total exports (latest year)



Source: IMF, World Economic Outlook Database, April 2020 (GDP growth rate); UN World Tourism Organization, Tourism Data Dashboard; <https://www.unwto.org/country-profile-inbound-tourism>.

Structure of the brief

This brief assesses the impact of COVID-19 on employment in the tourism sector of the Asia and the Pacific region, and discusses policies that have been or could be implemented to tackle the current crisis situation so that jobs and workers in this sector are better protected. The next section provides a quantitative assessment of the number of jobs in the tourism sector at risk of being lost. Section 3 then discusses existing evidence on what the impact of COVID-19 on tourism jobs in the region has been so far, taking the case of Thailand as an example. Section 4 summarizes the measures that government in the region have taken in their attempts to protect the tourism sector from the adverse impact of COVID-19. The final section concludes and discusses the way forward.

2. Tourism employment in the Asia-Pacific region: how many jobs at risk?

Estimates from official national labour force surveys

As nearly all jobs in the tourism sector are expected to be impacted by the COVID-19 pandemic, a quantitative assessment of the number of jobs at risk in the region starts from the overall number of workers engaged in the tourism sector. Tourism jobs include jobs in accommodation for visitors, food and beverage serving activities, different types of passenger transport, transport equipment rental, travel agencies and other reservation services activities, as well as cultural activities, and sports and recreational activities (see Appendix 1 for more details).⁷ They include jobs

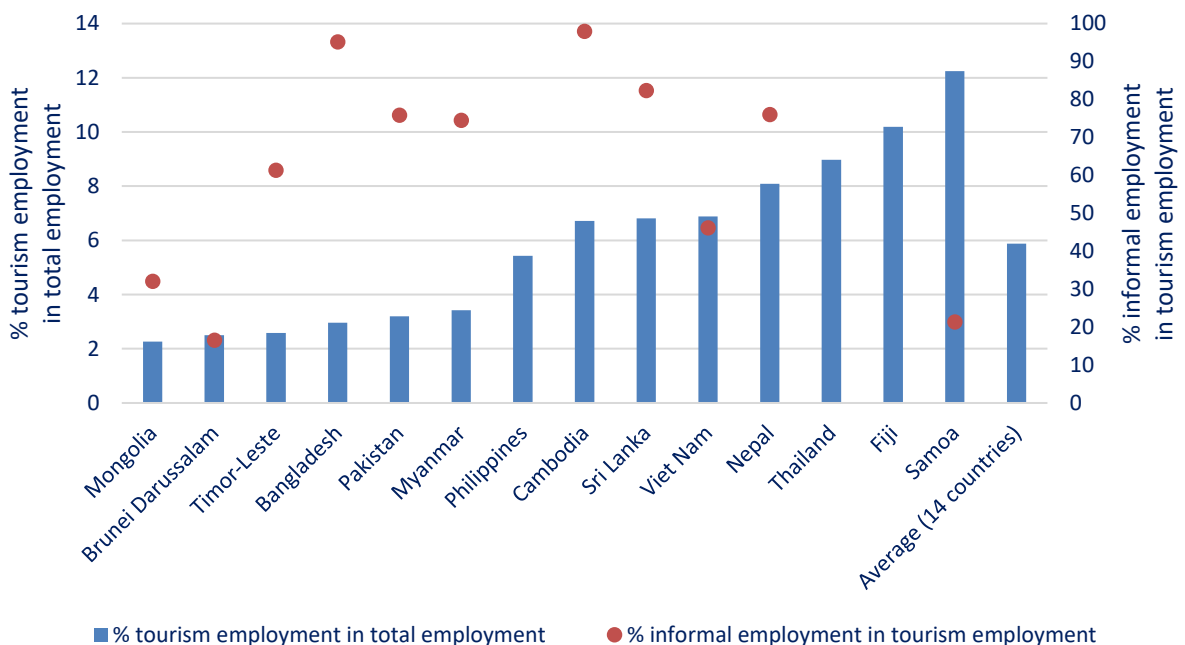
⁷ The estimates based on national labour force surveys, presented in this note, make use of the existing conceptual framework of employment in tourism industries (ILO and UNWTO, 2014).

in the formal as well as in the informal sector.

In the 14 countries, for which data on tourism-related sectors from labour force surveys are available (see Appendix 2 and subsequent figures for the list of countries and surveys included in this analysis), in total, 15.3 million persons work in the tourism sector, including 6.4 million women and 8.9 million men.⁸ This corresponds to an overall share of tourism employment in total employment of 5.1 per cent (5.9 per cent for women and 4.7 per cent for men). Most of the tourism jobs in the 14 countries are located in urban areas, where 8.8 million workers work in tourism compared to 6.5 million workers in rural areas. The urban share of tourism employment in total employment corresponds to 8.3 per cent, compared with 3.4 per cent for the rural share.

The tourism sector accounts for a significant portion of employment in many countries of the Asia-Pacific region. Taking the simple average across the 14 countries, 5.9 per cent of workers are employed in the tourism sector, according to the latest data available (Figure 2). The Pacific Islands of Fiji and Samoa have the highest shares of employment in tourism of 10.2 and 12.2 per cent, respectively. In South-East Asia, Cambodia, Thailand and Viet Nam are the countries with the highest share of employment in tourism, reaching 6.7, 9.0 and 6.9 per cent, respectively. In South Asia, Nepal and Sri Lanka show relatively high shares of jobs in tourism, reaching 8.1 and 6.8 per cent. In all 14 countries, the share of tourism employment in total urban employment is higher than the corresponding share calculated for rural areas.

Figure 2. Employment in the tourism sector as share of total employment and share of informality in tourism employment, latest available year (per cent)



Note: The informal employment share is not available for Fiji, the Philippines and Thailand.

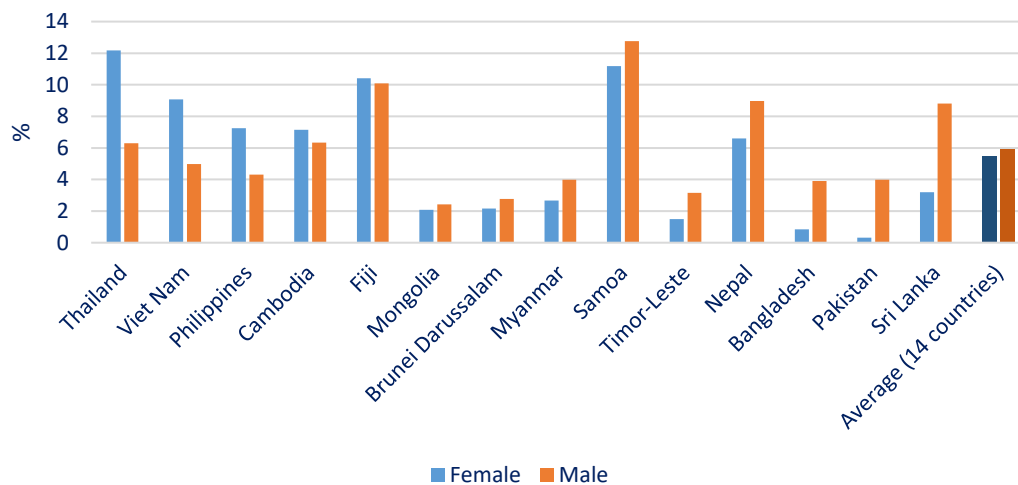
Source: Calculations based on national labour force surveys in ILO repository of micro datasets; www.ilo.org/ilostat.

⁸ Figures are based on an aggregation of data for these 14 countries from the latest year available per country. As some of the latest available data are not from 2019 and countries in the region have seen a growing tourism sector and a growing population, the figures shown are likely to correspond to a lower bound of the current actual number of employment in tourism.

In the Asia-Pacific region, employment in the tourism sector is mostly informal in nature. More than three in four workers in the tourism sector was working in an informal job in Bangladesh, Cambodia, Myanmar, Nepal, Pakistan and Sri Lanka (Figure 2). The ILO's *2nd Monitor on COVID-19 and the world of work* pointed out the particular vulnerabilities of the more than 2 billion workers in the informal economy across the globe to the effects of the COVID-19 pandemic (ILO, 2020c). Informal workers are mostly own-account workers, typically lacking access to basic protection, including social protection coverage. They are also often disadvantaged in access to health-care services and have no income replacement if they stop working in case of sickness or lock-downs. For many of them stopping to work or working remotely at home is not an option. Staying home means losing their jobs, which often means losing their livelihoods.

On average, and in nine of the 14 countries for which data are available, the share of the male workforce employed in the tourism sector is higher than the share of the female workforce (Figure 3). Male employment in the sector accounts for 5.9 per cent of total male employment, while female tourism employment accounts for 5.5 per cent of total female employment. Only in Cambodia, Fiji, the Philippines, Thailand and Viet Nam is the share of tourism employment among women higher than among men.

Figure 3. Employment in the tourism sector as share of total employment by sex, latest available year (per cent)



Source: Calculations based on national labour force surveys in ILO repository of micro datasets; www.ilo.org/ilostat.

Disaggregated by tourism sub-sectors, most countries see the highest share of tourism-related employment in the food and beverage serving activities or in road passenger transport (Table 1). These sub-sectors, on average across all 14 countries, account for 39.4 and 30.3 per cent of tourism employment, respectively. Accommodation for visitors is also a relatively important segment of the tourism sector in terms of employment, accounting on average for 15.9 per cent of all jobs located in this subsector.

Table 1. Distribution of employment in the tourism sector by sub-sectors, latest available year (per cent)

	Accommodation for visitors	Food and beverage serving activities	Railway passenger transport	Road passenger transport	Water passenger transport	Air passenger transport	Transport equipment rental	Travel agencies, other reservation service activities	Cultural activities	Sports and recreational activities
Bangladesh	8.9	21.6	1.6	56.1	3.2	0.5	3.6	1.6	0.1	2.7
Brunei Darussalam	13.9	20.0	-	-	-	29.3	4.7	8.9	9.7	13.4
Cambodia	7.6	53.0	-	19.3	0.5	0.9	-	0.9	4.2	13.7
Fiji	24.8	19.2	-	36.4	3.7	5.6	-	-	9.6	-
Mongolia	5.1	12.1	23.5	6.8	-	8.6	2.9	14.9	16.2	9.8
Myanmar	11.5	44.0	1.9	30.4	5.5	-	1.2	1.2	1.5	2.5
Nepal	19.2	47.1	-	23.4	-	1.0	-	3.3	4.6	1.2
Pakistan	16.3	55.8	3.7	11.9	0.4	1.8	0.8	2.0	4.2	3.1
Philippines	11.3	69.1	0.1	-	2.2	0.9	0.1	1.5	1.9	13.0
Samoa	39.6	22.8	-	29.5	5.1	-	2.4	-	-	-
Sri Lanka	15.1	24.1	0.6	49.3	-	0.4	0.2	3.7	3.4	3.0
Thailand	15.9	71.9	0.5	-	0.4	1.1	0.3	2.5	2.3	5.0
Timor-Leste	-	20.6	-	69.3	-	-	-	-	-	2.2
Viet Nam	17.0	70.3	0.6	0.4	0.6	0.7	0.2	2.4	1.1	6.7
Average	15.9	39.4	4.1	30.3	2.4	4.6	1.6	3.9	4.9	6.4

Notes: "-" implies unreliable estimate or no observation in LFS. The distribution does not always sum to 100 due to the exclusion of unreliable estimates. The average excludes sub-sectors with unreliable estimates.

Source: Calculations based on national labour force surveys in ILO repository of micro datasets; www.ilo.org/ilostat.

The data from official national labour force surveys presented in this section correspond to jobs that are directly engaged in tourism-related sectors. Yet there are also indirect contributions that can come through value chains, as tourism providers purchase intermediate goods and services from other suppliers in order to be able to offer their service. For example, hotels might purchase laundry services or fruits and vegetables from local suppliers. Information on these indirect connections cannot be derived from labour force surveys, but the issue is raised as a caution that the estimates of employment in tourism-related sectors are an underestimation of the sector's overall impact on employment in the economies of the region.

Estimates from the World Tourism and Travel Council (WTTC)

The WTTC provides estimates of the direct contribution of tourism to employment, but also of the total contribution, which includes the indirect contribution generated through value chains. The WTTC 2019 estimates for the same 14 countries presented earlier, but excluding Samoa

and Timor-Leste for which no WTTC estimates are available, suggest that the tourism industry also creates a large number of jobs indirectly through value chains.

According to the WTTC estimates, the tourism sector was directly linked to 16.7 million jobs in 2019 in the 12 countries. Despite some significant differences in estimates at the country level this is similar to the 15.3 million figure based on official estimates discussed earlier. WTTC also estimates **an additional 18.3 million jobs to be indirectly linked to the tourism sector**, thus bringing the total number of tourism-linked jobs to 35 million for the 12 countries. The WTTC estimates thus serve as a reminder that the ILO estimates on jobs in tourism based on official labour force surveys are likely to underestimate the sector's overall importance for employment.

3. What is the impact of COVID-19 on employment in tourism so far?

To assess the impact of COVID-19 on jobs in tourism-related sectors in the Asia-Pacific region, this section first examines the secondary information available from secondary data sources between January and March 2020. This section then continues by offering a more focused quantitative analysis of the situation in Thailand, based on data from the official national labour force survey collected between January and March 2020.⁹ The situation in Thailand provides relevant insights for tourism in the region, as it has a relatively high share of employment and GDP in tourism.

Evidence based on secondary data sources

The air passenger transport industry in the region has been hit hard by COVID-19 as foreign visitors began cancelling scheduled trips and countries started closing their borders as part of national emergency responses. A study by IATA estimates that passenger revenues for the airline industry in the region will be nearly US\$ 88 billion lower this year compared to 2019 and that most airlines are left with less than three months of liquidity to sustain them through this period of turmoil.¹⁰ In this situation, airlines have taken unprecedented measures, sending their staff on paid or unpaid leave, implementing salary cuts or laying off workers. Some specific reported impacts on the sector in the region include:

- Cathay Pacific, the local carrier of Hong Kong (China), was one of the first Asian airlines to ask its staff to take up to three weeks of unpaid leave in order to reduce costs. More than 25,000 employees, or 75 per cent of all staff members, complied.¹¹
- Singapore's Jetstar Asia asked its staff to take paid and unpaid leave, and also cancelled both annual bonuses and the 13th-month annual wage supplement payment.¹²
- Singapore Airlines asked its staff to take voluntary or compulsory unpaid leave. As part of Singapore government's Stabilisation and Support package, 8,000 aviation workers in unionized companies will take part in training initiatives.
- Malaysia Airlines offered its 13,000 employees the option of taking three months of unpaid

⁹ At the time of drafting, Thailand was the only country for which the authors had access to January and February 2020 labour force survey data from which to showcase the immediate impact of the coronavirus impact.

¹⁰ International Air Transport Association (IATA): "COVID-19 Updated Impact Assessment", 24 Mar. 2020.

¹¹ D. Lee: "More than 25,000 Cathay Pacific employees to take unpaid leave as airline's business challenges remain 'acute' amid coronavirus outbreak", *South China Morning Post*, 26 Feb. 2020.

¹² K. Kaur: "Coronavirus: Jetstar Asia to ground entire fleet; SIA cuts capacity by half", *The Straits Times*, 18 Mar. 2020.

leave, or five days of unpaid leave per month for three months starting in April.¹³

- PAL, the Philippines' largest airline, laid off 300 workers in management and administration as early as in February.¹⁴

The hospitality industry has also been affected. Some reported impacts include:

- In Malaysia, 4 per cent of hotel industry workers had been laid off as of March 20, with more taking unpaid leave and a pay cut.¹⁵
- In the Pacific islands, which rely heavily on tourism, hotels and resorts have been badly affected. In the Cook Islands, 200 staff from three resorts were laid off as the businesses closed due to no incoming guests.¹⁶ In Samoa, 50 hotels temporarily closed, and 500 workers lost their jobs.¹⁷ The Fiji Hotel and Tourism Association reports that 279 hotels and resorts have closed since the outbreak, with 25,000 workers losing their jobs.¹⁸
- In the tourist-rich Vietnamese city of Da Nang, about 23,000 of 35,000 tourism workers have reportedly been forced to take temporary leave.¹⁹
- In India, the budget hotel chain Treebo implemented a pay cut of its founders and managers of 60 and 40 per cent, respectively, and launched a paid voluntary resignation scheme for its 400 employees.²⁰ The hotel chain Oyo cut 5,000 jobs as of April 15.²¹
- The Indonesian island of Bali had seen 20,000 hotel bookings cancelled already by mid-February.²²
- According to the New Zealand Restaurant Association, 340 workers in food and beverage serving had already been laid off in New Zealand as of March 21.

Evidence based on Thailand's monthly labour force survey

Official national labour force surveys that collect standardized data on a monthly basis are the most reliable source of data to properly gauge the impact of the COVID-19 pandemic on jobs in the tourism sector. For Thailand, such data were made available to the ILO by the Thai National Statistics Office for January to March 2020.²³ This section explores what these data reveal for Thailand, bearing in mind that the COVID-19 crisis is likely to have hit the labour market only with a lag and that hence most of the impact is only expected to be visible in the data collected from April 2020 onwards. It was only on March 22, when Bangkok was put under partial lockdown, and on March 26, when foreigners were banned entry to Thailand, while data from the labour force survey was collected in the beginning of the month, and hence does not yet reflect the impact of these measures.²⁴

¹³ "Malaysia Airlines staff asked to take 3 months' unpaid leave due to COVID-19, says report", *Free Malaysia Today*, 12 Mar. 2020.

¹⁴ M. L. Lopez: "PAL lets go of 300 employees to cut losses amid coronavirus outbreak", *CNN Philippines*, 28 Feb. 2020.

¹⁵ E. Mahalingam: "Hotel sector hit by COVID-19", *The Star*, 26 Mar. 2020.

¹⁶ "Famed Cook Islands resorts to close", *Radio New Zealand*, 22 Mar. 2020.

¹⁷ "Further plea for help as 50 hotels close in Samoa and hundreds jobless", *Radio New Zealand*, 12 Apr. 2020.

¹⁸ S. Chanel: "It's catastrophic: Fiji's colossal tourism sector devastated by coronavirus", *The Guardian*, 15 Apr. 2020.

¹⁹ H. Bohane: "About 23,000 of 35,000 tourism workers in the city have been forced to take temporary leave", *Nikkei Asian Review*, 9 Apr. 2020.

²⁰ A. Chaturvedi: "Treebo Hotels launches paid voluntary resignation scheme for employees", *The Economic Times*, 6 Apr. 2020.

²¹ M. Dalal: "In a post-Covid world, Oyo runs out of room", *livemint*, 15 Apr. 2020.

²² C. Campbell: "It Will Be Catastrophic: Asia's Tourism-Dependent Economies Are Being Hit Hard by the Coronavirus", *Time*, 14 Feb. 2020.

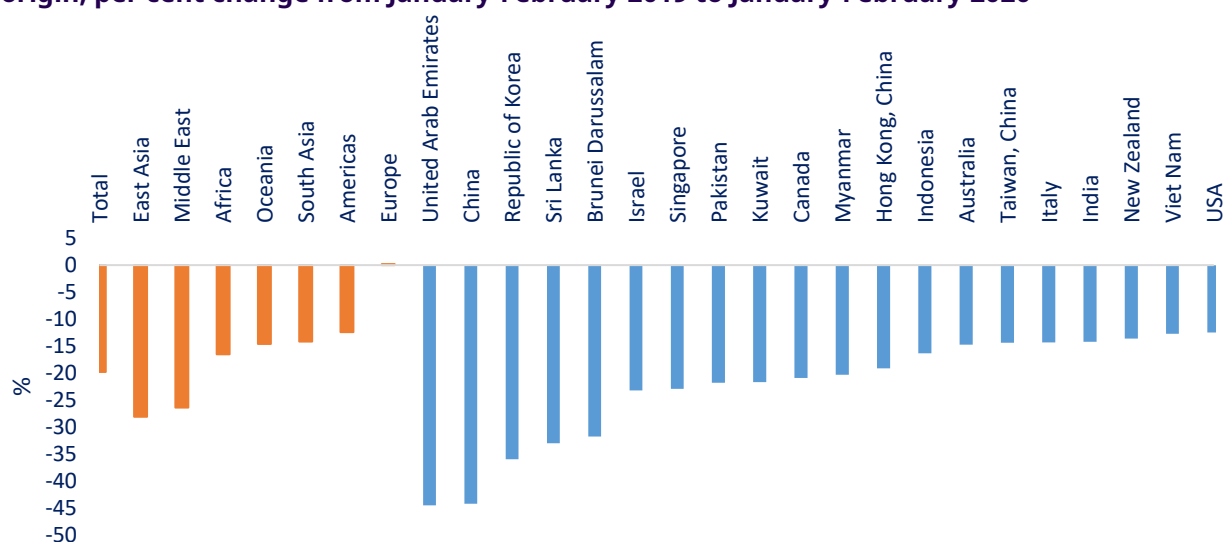
²³ The ILO gratefully acknowledges the data sharing by the Thai National Statistics Office who show a keen appreciation for the urgency of real-time data to guide a relevant and effective national policy response to the current crisis.

²⁴ Data are collected during the first twelve days of each month.

Thailand is a country where tourism plays an important role in terms of both GDP and number of jobs. Thailand has a share of 9.0 per cent of employment in the tourism sector, which is relatively high in comparison to other countries in the region (Figure 2). The tourism sector is also an important segment of the economy, accounting for 21.6 per cent of GDP, according to recent estimates by the WTTC.

In January and February 2020, the total number of international tourists that arrived in Thailand was 5.9 million, compared to 7.3 million in January and February 2019, a decrease of nearly 20 per cent (Figure 4). The decline in tourism numbers and revenues was across the board in terms of origin countries, but the largest decrease was due to the decline in tourists from China. According to data from the Ministry of Tourism and Sport of the Government of Thailand, also the total income brought by international tourists declined, corresponding to 293 million Thai baht (THB) in the first two months of 2020, down from 381 million THB one year earlier, a decrease of more than 23 per cent.

Figure 4. Change in the number of tourists to Thailand, by regions and selected countries of origin, per cent change from January-February 2019 to January-February 2020



Source: Government of Thailand, Ministry of Tourism and Sport.

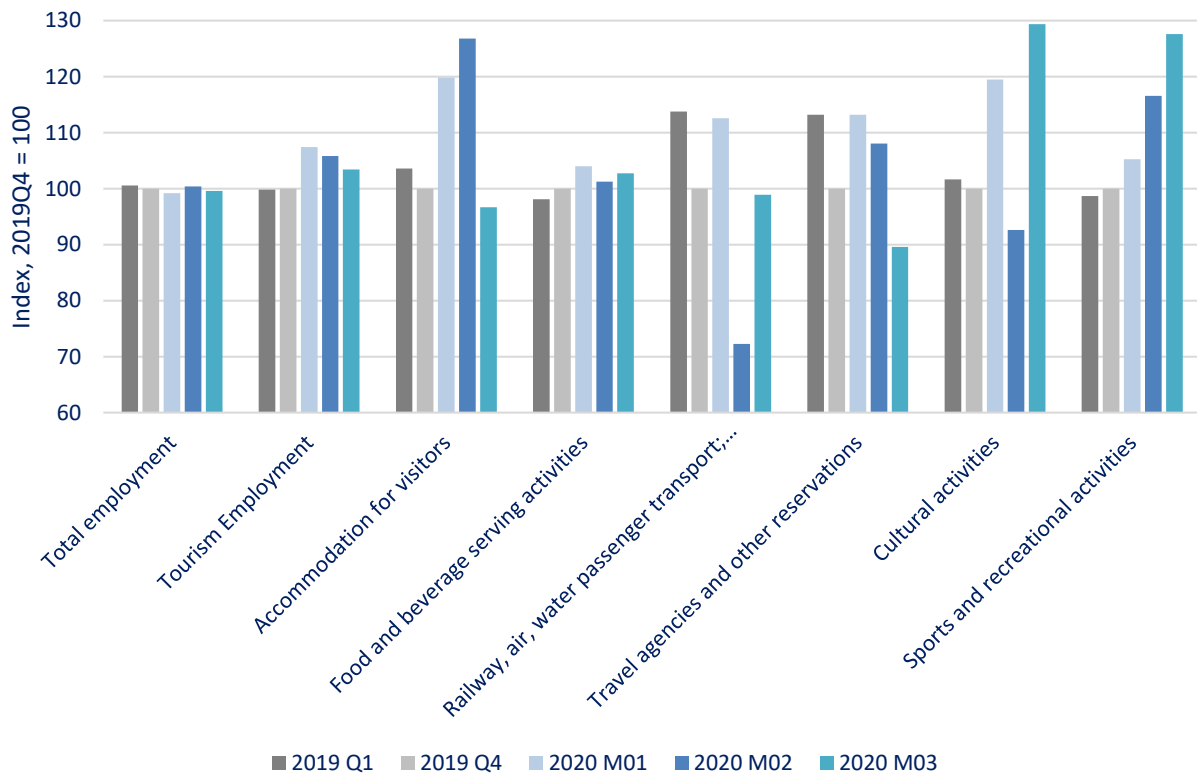
Regarding the number of persons employed in the tourism-related sectors, there was an increase in January 2020, compared with the first and last quarters of 2019 (Figure 5).²⁵ In all of the tourism subsectors, an additional 257,000 workers were employed in January 2020, compared with the last quarter of 2019. These figures are likely to reflect the healthy state of the Thai tourism sector at the onset of the coronavirus developments in China. As of late 2019 and even into January 2020, the sector was still expected to grow and had a positive outlook. With the season peak around the new year's period, it the tourism sector in Thailand was still hiring new workers at the beginning of the year, leading to an increase in employment.

²⁵ For a more accurate comparison based on monthly data, the ILO is currently working with the Thai National Statistics Office to get accurate survey weights, which will then allow for a comparison of data for the months of January, February and March 2020, with data for the months of January, February, March and December 2019.

However, an early sign of the COVID-19 impact appears to be visible when looking at changes in employment until March 2020. **Between January and February 2020, employment in the sector decreased by 56,000 workers, or 1.5 per cent. Between February and March 2020, employment decreased by a further 83,000 workers, or 2.3 per cent.**

The largest decrease in the number of persons employed in tourism-related sectors between January and March 2020 occurred in accommodation for visitors. Employment in the food and beverage serving activities, which is the largest tourism subsector in Thailand in terms of employment (Table 1), also slightly decreased in the same time period. Travel agencies and reservation activities is the subsector that experienced the largest percentage decrease in employment between January and March, losing more than 20 per cent of jobs.

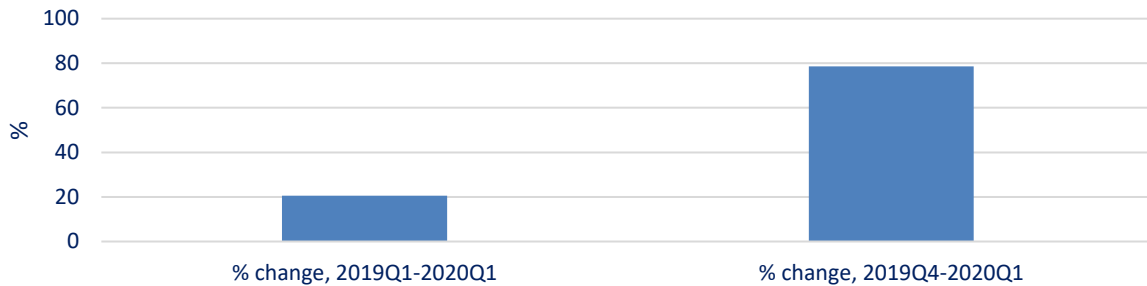
Figure 5. Employment in tourism, Thailand (index, 2019Q4 = 100)



Source: Calculations based on the Thailand Labour Force Surveys, provided by the National Statistics Office of Thailand.

Regarding the average wage in the tourism sector and hours worked, no clear trend is yet visible in the first quarter of 2020, which is expected to change in the second quarter. However, another early sign of the impact might be **the strong increase in the number of employed who are absent from work during the first three months of 2020.** Compared to the first quarter of 2020, the number increased by 21 per cent and by 79 per cent compared to the last quarter of 2019 (Figure 6). The COVID-19 crisis can provide many reasons for a worker to remain employed yet be absent from work, such as workplace closures, quarantine measures or sickness.

Figure 6. Percentage change in the number of employed but absent from work in tourism, Thailand



Source: Calculations based on the Thailand Labour Force Surveys, provided by the National Statistics Office of Thailand.

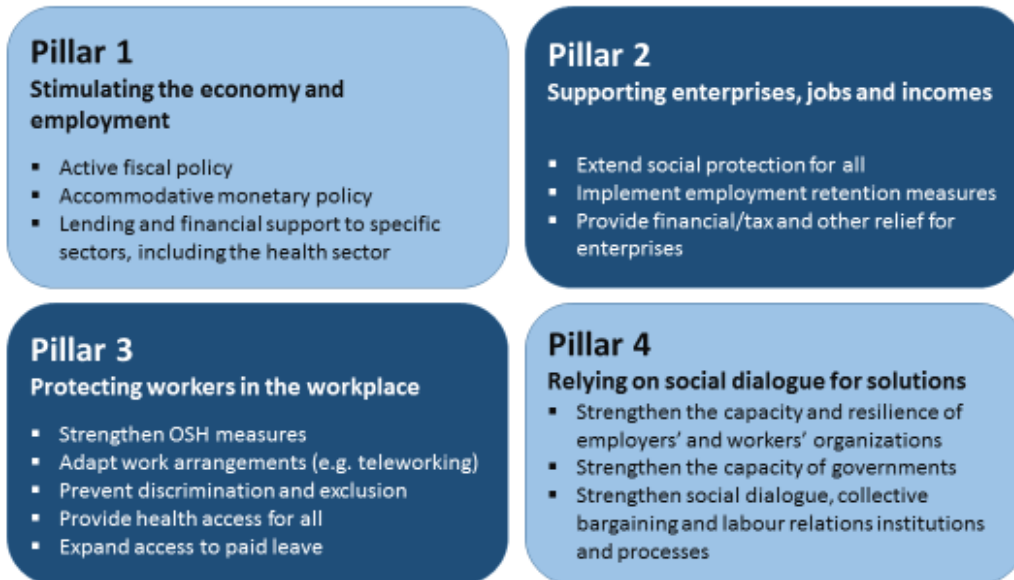
Thailand’s tourism sector has overcome many past shocks, including natural disasters and political instability. However, there may be new emerging sources of risks that may need to be considered. The magnitude of the current socio-economic shocks that come from the health and economic effects tied to the current COVID-19 pandemic are, however, unprecedented in recent history. The capacity of the tourism sector in Thailand, as elsewhere, to withstand the demand shocks will not be possible without government assistance. Also the millions of workers that earn their livelihoods from the sector will not be able to support themselves and their families for long through wage cuts, or worse, job losses, without government assistance. The scale and scope of different types of support programmes is a factor that will determine how well the tourism industry will come out of this crisis. The policy responses that governments in the region have implemented so far will be discussed in the following section.

4. Policy responses in support of the tourism sector

Many countries in the Asia-Pacific region have introduced stimulus packages and other policies, including those related to employment, in direct support to the much-impacted tourism industry.²⁶ Such assistance is intended to help enterprises weather the period of lost income while the pandemic lasts, preventing enterprise closures and ensuring that tourist workers will have jobs to return to when the COVID-19 situation normalizes. At the same time, many governments are also now organizing income support, tax credits, etc. in direct support of workers and their households who have temporarily or permanently lost their means of livelihood as a result of the pandemic.

²⁶ There are currently multiple collections of national policy responses to COVID-19, although the specific actions aimed to aid the tourism sector are not presented separately. See, for example: IMF, “COVID-19 Policy Tracker” at: <https://www.imf.org/en/Topics/imf-and-covid19/Policy-Responses-to-COVID-19>; and ILO, “Country policy response” at <https://www.ilo.org/global/topics/coronavirus/country-responses/lang--en/index.htm>. For more actions specific to the tourism sector alone, see: World Travel & Tourism Council: “COVID-19 Related Policy Shifts Supportive of Travel & Tourism Sector”, 23 Mar. 2020; and ILO, 2020a.

The ILO has outlined four key pillars for a COVID-19 policy response based on international labour standards as follows:



Source: ILO, 2020c.

In terms of the schema above, much of the national stimulus packages seen in Asian countries focus on trying to help the tourism industry to weather the period of decreased demand. Much emphasis is therefore on lending and financial support to the sector (middle column), but also employment support is provide in terms of subsidies and tax relief (third column). Social protection measures (first column) are broad, extending beyond specific sector, although certainly having relevance to lives of the millions of tourism workers. A number of countries in the region have implemented different types of social protection measures offered in relief of the COVID-19 crisis (ILO, 2020d).

Economic stimulus and labour market policies for the tourism sector

In the remainder of this section, the aim is to outline some of the national policies announced in countries in the region that are directly addressed to the tourism industry first, and second, to highlight some measures that would indirectly help to soften the impact on affected tourism workers. The national examples listed are not intended to be inclusive, especially as circumstances in COVID-19 response continue to change daily within the region and across the globe.

In some instances, in earlier days of the COVID-19 global spread, the formulation of aid to the tourism sector was made in the hopes of reviving the number of tourists through, for example, government-assisted waivers of park fees. Along these lines was the Australian pledge of a AUD 1 billion fund to support tourism, agriculture and education that would include waived fees to the Great Barrier Reef marine park and other national parks.²⁷ Other examples include:

²⁷ K. Murphy: "Coronavirus: uncertainty over \$1bn relief fund for Australian tourism, education and agriculture", *The Guardian*, 12 Mar. 2020.



- In **Indonesia**, the government, in late February, announced its aim to re-stimulate tourism by focusing on ten domestic destinations, which will receive financial support. The aid package was to include funds dedicated to lowering domestic airfare prices for those destinations by 30 per cent from March to May. During the same period, jet-fuel prices and airport charges were to be lowered at nine airports. For six months, the government would subsidize the taxes owed to regional governments by restaurants and hotels located in those ten destinations.²⁸
- In **Malaysia**, individuals were offered an income tax relief worth 1,000 ringgit (MYR) for expenses at tourist attractions and accommodation registered with the Ministry of Tourism, and the government, in collaboration with airlines, resorts, and hotels also offered discount vouchers for tourists starting March 2020.²⁹
- Prior to the more extreme national lock-down, the government of **Thailand** was proposing to offer 1,000 THB each to 5 million local travelers via a mobile app to buy tour packages to areas outside their home registration province with the condition of at least one night stay.³⁰

However, as national lockdowns became more serious and international borders closed to flights, the prospect of a quick revitalization of tourism has since been dashed in most countries. More immediate needs were required to help hotels and other tourism industries withstand the lack of revenue and assist them to maintain payments to employees, wherever possible. Examples of tourism sector-targeted aid as part of national COVID-19 response packages include:

- **Hong Kong (China)** pledged HK\$ 700 million to the Hong Kong Tourism Board, as part of the 2020-21 budget.³¹ It also set up the Anti-epidemic Fund's Travel Agents Subsidy Scheme, through which 80 per cent of travel agents received a one-off HK\$ 80,000 subsidy.³²
- **Malaysia** approved a wide range of measures, including a US\$ 43 million micro-credit scheme for small businesses in the tourism industry and six-month tax deferment for travel agencies, hotels, airlines and other businesses in the tourism industry starting 1 April 2020. Hotels will also be exempt from service tax from March until August. Businesses in the tourism sector will also be able to take advantage of an education scheme aimed at improving workers' skills.³³
- The **Republic of Korea's** Labor Ministry offers support to travel, lodging, tourism, and the artistic sectors through an employment maintenance fund system that partially covers the costs for struggling employers who decide to pay workers their non-duty and leave of absence allowances.³⁴
- **Singapore's** relief package includes tax rebates and financial breaks for businesses and households with a special focus on "tourism, aviation, retail, food services and point-to-point transport service sectors". Property tax rebates proposed are as high as 30 per cent for hotels and meeting venues, 15 per cent for international cruise and regional ferry terminals, 10 per cent for the operators of Singapore's two casinos, and 15 per cent for Changi Airport which will also get additional rebates on aircraft landing and parking charges, and rental rebates for shops and cargo agents.³⁵ Taxi drivers and privately-hired drivers will receive

²⁸ M. Jefriando and G. Suroyo: "Indonesia announces nearly \$750 mln stimulus in response to coronavirus", *Nasdaq*, 25 Feb. 2020.

²⁹ A.F. Medina: "Malaysia Issues Stimulus Package to Combat COVID-19 Impact". *ASEAN Briefing*, 19 Mar. 2020.

³⁰ D. Worrachaddejchai: "B5bn tourism aid package ready Friday". *Bangkok Post*, 5 Mar. 2020.

³¹ "Tourism support measures set", *News.hk.gov*, 26 Feb. 2020.

³² "80% of travel agents get subsidies", *News.gov.hk*, 13 Mar. 2020.

³³ A. Falak Medina: "Malaysia Issues Stimulus Package to Combat COVID-19 Impact", *ASEAN Briefing*, 19 Mar. 2020.

³⁴ "S. Korea to Extend Financial Support for Tourism Industry Amid COVID-19 Pandemic", *KBS World*, 16 Mar. 2020.

³⁵ D. Loh: "Singapore unveils \$4bn coronavirus relief package", *Nikkei Asian Review*, 18 Feb. 2020.



financial assistance of SG\$ 20 per car per day for three months.³⁶ Finally, the National Environment Agency will provide a full month's rental waiver to stallholders in NEA-managed hawker centres and markets.³⁷

- **Thailand's** government is offering up to 100 billion baht (THB) in soft loans for tourism operators, while debt suspensions and interest rate reductions can be requested by those who do not need fresh funds.³⁸ The Tourism Ministry will return THB 1.4 billion in deposits to tour companies that registered with the Tourism Department, with each company receiving 50-70 per cent of the deposit back. The Ministry also asked for a THB 1 billion budget for building and renovating attractions in local communities.³⁹

Along with the economic measures that target specifically the tourism sector, most countries in the region have designed policies that benefit small and medium enterprises, to which many tourism-related businesses could apply. Generally, they have focused on easing the access to loans, lowering loan rates, providing loan guarantees, and granting additional time to pay back existing loans.⁴⁰

Another option sought by hospitality enterprises seeking to withstand the COVID-19 crisis is to repurpose themselves for medical purposes, providing rooms for persons on government-forced quarantine or offering rooms to medical staff. The prospect of earning some government funds proved so interesting in Thailand that 130 hotels responded to the national call, well in excess of the number of rooms required to house returning nationals.⁴¹ Other hotels offer their rooms to medical staff without charge. Agreements have also been made between hoteliers and the governments in Malaysia and the Maldives to house persons during their quarantined persons without charge to the patients and with minimal charges to the government by the hotels.

As the situation worsens and the impact on tourism industries proves both longer and deeper with each emerging day, there will be continued pressure on governments for even more assistance. Seven airlines in Thailand, for example, will seek a THB 16 billion bailout from the Ministry of Finance in order to pay their employees while their services are suspended.⁴² Also seeking help are the Thai hotels, which through the Thai Hotels Association submitted a letter to the Thai Chambers of Commerce to urge increased assistance from the Social Security Office to enable them to abide by the Labour Protection Act's requirement to pay 75 per cent of employees' salaries when shutting down businesses.⁴³

Certain countries have insufficient funds to cope fully with the COVID-19 response. In such cases, regional and international solidarity comes into play. The Pacific islands, for example, will benefit from funding from the World Bank and from donor funds coming from Australia and New Zealand as part of the Pacific Vuvale partnership.⁴⁴

³⁶ A. Hwee Min: "S\$77 million package to help taxi, private-hire drivers affected by COVID-19 outbreak", *Channel News Asia*, 13 Feb. 2020.

³⁷ T. See Kit: "Budget 2020: S\$4 billion support package for workers, firms amid COVID-19 outbreak", *Channel News Asia*, 18 Feb. 2020.

³⁸ W. Chantanusornsiri: "Finance Ministry earmarks B100bn for tourism", *Bangkok Post*, 24 Feb. 2020.

³⁹ D. Worracheddejchai: "B5bn tourism aid package ready Friday", *Bangkok Post*, 5 Mar. 2020; W. Chantanusornsiri: "B100bn relief package for virus", *Bangkok Post*, 5 Mar. 2020; N. Kasemuk and D. Worracheddejcha: "Tourism Ministry to return B1,4bn in deposits", *Bangkok Post*, 19 Mar. 2020.

⁴⁰ See policy inventories mentioned above for details.

⁴¹ M. Bangprapa: "Empty hotels eager to serve as quarantine facilities", *Bangkok Post*, 10 Apr. 2020.

⁴² N. Kasemuk: "Seven airlines to seek bailout to survive", *Bangkok Post*, 28 Mar. 2020.

⁴³ N. Kasemsuk and D. Worrachaddejchai: "Hotels seek aid to protect staff", *Bangkok Post*, 28 Mar. 2020.

⁴⁴ The World Bank: "World Bank provides US\$5.1m for Samoa COVID-19 response", Press release, 27 Mar. 2020; I. Singh: "Australia, New Zealand pour in money for Fiji's COVID-19 fund", *Fijian Broadcasting Corporation*, 26 Mar. 2020.

5. Moving forward

In addition to the threat to public health, the COVID-19 pandemic has brought economic and social disruption that threatens the long-term livelihoods and well-being of millions. The tourism sector in Asia and Pacific has more or less ground to a halt, which brings severe consequences to many of the region's economies and to the incomes and jobs of the sector's workers. This note finds that as many as 15.3 million jobs in the tourism sector in 14 countries of the Asia-Pacific region are impacted by the COVID-19 crisis – either through shortened hours, extended paid or unpaid leave on partial wages, or complete job loss. This estimate does not include tourism employment in other countries of the region, such as India, China or Indonesia. It also does not reflect the indirect contribution of tourism to employment, which can be sizeable, according to WTTC estimates.

Many migrant workers engaged in the tourism sector have fled, or attempted to flee, to home provinces or countries to wait out periods of lockdown with the added stress of unemployment and income insecurity. Their capacity to sustain themselves in the largely rural provinces to which they returned is likely to be low and many will need to draw upon whatever government social assistance programmes that they can find. Effective return and reintegration policies of migrant workers are important to meet migrants' needs and develop their potential (ILO, 2019b).

Some affected tourist workers are protected by labour regulations that keep them, at least temporarily, on the payrolls of their employers. Yet the capacity of employers to continue to pay wages is extremely stressed as incoming revenues run out, thus deepening their dependency on government assistance to withstand foreclosure. It is a tenuous situation that cannot continue indefinitely. Despite the availability of government assistance to tourism enterprises, already bankruptcy numbers are rising.

The design of COVID-19 policy responses that focus on the crucial role of decent work is key to mitigate the adverse impacts on tourism enterprises and workers, and to achieve a sustained and equitable recovery of sector (ILO, 2020c).⁴⁵ This brief highlights three important areas:

- First, the COVID-19 pandemic and the ability of countries to cope with its impacts bring to light the importance of labour standards and social protection systems, especially in application of sick pay and special leave arrangements. See the key provisions of international labour standards relevant to the evolving COVID-19 outbreak (ILO, 2020e).
- Second, in the Asia-Pacific region, with many workers in the tourism sector remaining outside the formal sector, the COVID-19 response must also have a component of ensuring the livelihoods of informal workers (ILO, 2020c).⁴⁶
- Finally, as the COVID-19 situation brings with it a general sense of insecurity among populations and a heightened social tension, there is critical importance in strengthening social dialogue as a strong basis for building the commitment of employers and workers to the joint action with governments. Enterprise-level social dialogue is also crucial.⁴⁷

⁴⁵ For access to a wide array of practical advice, see the ILO "COVID-19 and the world of work" web page at: www.ilo.org/COVID19.

⁴⁶ See also, J. Berg, "Precarious workers pushed to the edge by COVID-19", ILO Work in Progress, 20 Mar. 2020.

⁴⁷ See the joint statement of the International Organisation of Employers (IOE) and the International Trade Union Confederation (ITUC) on the critical role of social dialogue at national and multilateral levels in the design of COVID-19 policy responses at: https://www.ilo.org/wcmsp5/groups/public/---ed_dialogue/---actrav/documents/genericdocument/wcms_739522.pdf.

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Appendices

Appendix 1: Conceptual framework of employment in tourism industries

The existing conceptual framework of employment in tourism industries includes the following 4-digit ISIC sectors (ILO and UNWTO, 2014):⁴⁸

1. Accommodation for visitors
 - 5510 Short term accommodation activities
 - 5520 Camping grounds, recreational vehicle parks and trailer parks
 - 5590 Other accommodation
 - 6810 Real estate activities with own or leased property
 - 6820 Real estate activities on a fee or contract basis
2. Food and beverage serving activities
 - 5610 Restaurants and mobile food service activities
 - 5629 Other food service activities
 - 5630 Beverage serving activities
3. Railway passenger transport
 - 4911 Passenger rail transport, interurban
4. Road passenger transport
 - 4922 Other passenger land transport
5. Water passenger transport
 - 5011 Sea and coastal passenger water transport
 - 5021 Inland passenger water transport
6. Air passenger transport
 - 5110 Passenger air transport
7. Transport equipment rental
 - 7710 Renting and leasing of motor vehicles
8. Travel agencies and other reservation service activities
 - 7911 Travel agency activities
 - 7912 Tour operator activities
 - 7990 Other reservation service and related activities
9. Cultural activities
 - 9000 Creative, arts and entertainment activities
 - 9102 Museums activities and operation of historical sites and buildings
 - 9103 Botanical and zoological gardens and nature reserves activities
10. Sports and recreational activities
 - 7721 Renting and leasing of recreational and sports goods
 - 9200 Gambling and betting activities
 - 9311 Operation of sports facilities
 - 9319 Other sports activities
 - 9321 Activities of amusement parks and theme parks
 - 9329 Other amusement and recreation activities n.e.c.

⁴⁸ The existing conceptual framework also includes retail-trade of country-specific tourism characteristic goods, and other country-specific tourism characteristics activities. As these sectors are country-specific, they are dropped from this analysis, also with the objective to ensure comparability of tourism employment figures across countries.

Appendix 2: List of labour force surveys included into the analysis of employment in the tourism sector

Bangladesh	2017
Brunei Darussalam	2017
Cambodia	2012
Fiji	2016
Mongolia	2018
Myanmar	2018
Nepal	2017
Pakistan	2018
Philippines	2018Q4
Samoa	2017
Sri Lanka	2017
Thailand	2018
Timor-Leste	2013
Viet Nam	2019