

Interview with Nejc Jus, Head of Research, the World Travel and Tourism Council

# International Tourism Will Be Back in 2022

By Japan SPOTLIGHT

Tourism is one of the most important sectors hardest hit by the pandemic. Whether it will return to normal or not will be a key factor in any global economic recovery in 2022. Japan SPOTLIGHT held an interview with Nejc Jus, the head of research at the World Travel and Tourism Council (WTTC).

(Interviewed on Nov. 11, 2021)

## Introduction

**JS:** Could you briefly explain about the World Travel and Tourism Council, its history, mission and main activities, and also your role?

**Jus:** The WTTC was established over 30 years ago and its main goal is to promote sustainable growth in the Travel and Tourism sector, working with governments and international institutions to create jobs, drive exports and generate prosperity. All members are chairs, presidents and CEOs of the world's leading private sector tourism businesses.

Membership at the moment currently includes the entire spectrum of the Travel and Tourism sector around the world, from airlines and airports to hotels and hospitality groups, tour operators, retail, travel agents, online distributors, cruise lines, investment companies, insurance groups, and others.

The WTTC's core research – which we conduct in collaboration with our research partner Oxford Economics – quantifies the direct and total impact of Travel and Tourism on all economies in terms of GDP and employment contribution. It has helped to raise awareness of the economic contribution of our sector and continues to feature heavily in media and with governments across the world.

For over 30 years, our work has been fundamental in creating awareness of the value of Travel and Tourism. Not just as one of the world's largest economic sectors, but also with the local communities that travelers enrich with their experiences. Our goal is for the Travel and Tourism sector to be seamless, secure and safe, also inclusive and sustainable, while working toward greater private and public sector collaboration.

I implement our research program to help companies and governments throughout the world to understand the importance of the sector for socio-economic development and job creation. The key



Nejc Jus

research project that I look after is Travel and Tourism's economic impact research; data from this research is widely used by governments across the world, international organizations, academia and also private sector organizations.

I also look after economic impact research on cities, and have also developed a number of thought leadership papers, for example on different segments of Travel and Tourism, such as medical tourism, domestic tourism and wildlife. I also look at youth employment in Travel and Tourism, employment for women, and many other topics of interest to our sector.

## Pandemic's Impact on the Tourism Business

**JS:** I am curious about your analysis of the impact of the pandemic on the tourism industry overall, not only travel agencies but also hotels, airlines and other aspects of the sector. I am also curious about your estimation of the impact of this negative shock on the tourism industry in terms of global GDP.

**Jus:** Travel and Tourism was one of the worst affected sectors, as you can imagine, in 2020 and continues to be so. Before the pandemic, our sector accounted for one in four of all new jobs created across the world. It also supported 10.6% of all jobs, reaching 334 million in 2019, and the sector also supported 10.4% of global GDP. So in 2019, that amounted to \$9.2 trillion. Also, international spending in 2019 amounted to \$1.7 trillion, which was 6.8% of total exports and 27.4% of global services exports. So it made an extremely significant contribution to economies worldwide. Then came the pandemic and huge losses across the world. The sector suffered a loss of almost \$4.5 trillion in 2020. This means that the GDP contribution of Travel and Tourism dropped by 49.1%

compared to 2019, and this of course was more significant than the 3.7% decline in global GDP in 2020. In terms of job losses, there were 62 million losses in 2020, a drop of 18.5%, which left 272 million people across the sector employed globally in 2020, compared to 334 million in 2019.

Domestic visitor spending decreased by 45%, whilst international visitor spending decreased by 69.4%. Our latest projection was issued in October, and says that the global economy is set to receive a modest 31% year-on-year increase from Travel and Tourism in 2021. This represents \$1.4 trillion and is mainly driven by domestic spending. International spending, on the other hand, is expected to rise by only 9.3% this year, but will be followed by a stronger yearly rise of nearly 94% in 2022 as the vaccination rollout continues, and as more countries become open again to international tourists.

**JS: The negative impact in 2020 was enormous – not only on those industries but also on GDP. In 2021, the projection is still very significant in terms of damage but does seem to be decreasing.**

**Jus:** Looking at Travel and Tourism GDP, in 2020 there was a 49.1% decline. This year we are expecting to see an increase of nearly 31% year on year, compared to 2020. However, when compared to 2019, Travel and Tourism GDP is still expected to be 33% below 2019 levels this year.

**JS: This suggests a V-shaped recovery in 2021. What efforts are being made by the tourism industry to mitigate these negative impacts, and do you think they are sustainable?**

**Jus:** We could get a V-shaped recovery, but of course, this is dependent on a number of points. It is dependent on the speed of the vaccination rollout, on an equitable rollout, relaxing of restrictions, strong consumer spending, and strong economic growth as well – these are the factors that underpin our projections.

In terms of mitigation, what we have witnessed during the crisis is that there has been quite significant government support in a number of countries – a lot of businesses have taken advantage of these support schemes, including furlough schemes. Many businesses have taken out loans and deferred payments with more favorable interest rates. With international tourism coming to a halt, businesses that can use domestic source markets have done so.

However, this is, of course, unsustainable, and so we need to work to remove unnecessary restrictions and enable international mobility for the sector to recover. The Travel and Tourism sector overall has evolved; it has employed creativity and agility to adapt to the next new normal. Destinations and businesses have diversified their product offer, and have been looking to identify alternative revenue streams, and considering how technology can offer opportunities for innovation. Health and hygiene have become paramount in this new period. Destinations have been collaborating with their extended value chains, especially employees and suppliers, to ensure the readiness and implementation of standardized health and safety protocols. Health and hygiene measures now have become the basic expectation for destinations rather than a competitive factor. Hygiene is becoming as important in the traveler decision-making process as price and location. Flexible booking options are also key, and businesses have to offer these to attract consumers.

## **Prospects for International Tourism**

**JS: During the pandemic, such business efforts are invaluable, but they may not work so well in restoring profits completely. Most of all, it seems important to restore international tourism, but how do you assess the prospects of this happening in 2021 and 2022?**

**Jus:** International tourism has been the hardest hit. When we look at the return of tourism, first we have the return of domestic, then short-haul international and then long-haul international. We do see some recovery in select regions across the world this year. Our latest projections for international tourism show that the strongest international spending growth in 2021 is expected to be in the Caribbean region. This region is set to see nearly a 62% increase in international spending this year, as many Caribbean nations have remained open to international tourists. This is followed by the Middle East region which is set to rise by 38%. However, the worst performance this year unfortunately is expected in the Asia-Pacific region, which is set to decline by 25% on 2020 numbers. As you know, a number of countries in Asia-Pacific have remained closed to international tourists. Meanwhile, Europe and North America are set to rise by 19% and 17%, respectively. Overall, growth is expected to be very uneven across different regions. 2022 is set to see stronger growth across most regions, and we expect very strong growth for

Asia-Pacific, as countries continue to open up. So we see Asia-Pacific international spending rising by 148% in 2022 over 2021. The Americas are nearly at 120%, North America at 147%, Europe at 77%, and the Middle East at 52%.

**JS: Why have Caribbean nations fared so well, even in 2021? Is this due to a low rate of infection?**

**Jus:** It is a combination of factors. Some countries have had low rates of infection, and have remained open for most of the time, and these are the main two reasons. In terms of international travel, while we are expecting to see strong growth rates in 2021 and 2022, we are not expecting a return to 2019 levels. However, there are promising signs of recovery which is great news.

**JS: Turning to efforts to mitigate the negative impact, the tourism industry today is said to be taking a new approach by using the Internet, including platforms like Zoom, so that tourists can enjoy sightseeing online. Will this be a sustainable initiative?**

**Jus:** Take business travel for instance – in our most recent report, we highlight growing interest in business travel once again, and while it is slower to return than leisure travel, there will always be the need for face-to-face meetings and real interactions, which form a key part of the travel experience. We think that Zoom can amplify experiences rather than replace them. Digital technology is important for leisure and business, for advance bookings using digital platforms, as well as looking at advertisements on social platforms before making decisions. So the digital element is very important but cannot replace the human interaction and joy that travel brings to people.

**JS: Turning to vaccination certificates, these are used in Europe and in the United States in particular although not in Japan yet. Would this work well to restore international tourism?**

**Jus:** Absolutely. This is one of the key drivers of the restart of Travel and Tourism. There are a number of vaccines in use around the world, but only seven of these have been approved by the World Health Organization (WHO), and not all of the seven are recognized by all countries. So as you can imagine, it is a complicated situation with vaccination certification. For international travel, we think there

should be a global recognition of all vaccines which have been authorized for use and deemed to be safe and effective by the WHO. At the same time, there should be efforts to prioritize and support vaccination rollout to enable vaccination equity across the world. There is the saying “Nobody is safe until everybody is safe” – so we have to push for an equitable vaccine rollout.

Another point is the promotion of safe and swift reopening of borders; in order to do that, we need to have the support of digital health passes and portals, where travelers can have their digital passes verified pre-travel and off-airport. These have the ability to enhance safety and security while creating more seamless travel experiences by enabling travelers to easily obtain and verify their vaccination status. And the interoperability and recognition of these passes and portals across countries will be very important for the recovery of the sector and the global economy.

**JS: As you may know, there does seem to be some strong political objection to vaccine certification.**

**Jus:** This is why we need to push for international coordination and collaboration and make others understand the science behind it as well. We need an individual risk-based approach rather than a country risk-based approach. We will need to overcome this challenge to restart international Travel and Tourism again.

**Long-Term Impact of the Pandemic on the Tourism Sector**

**JS: There must be some structural impacts of the pandemic on the tourism sector. Some businesses may go bankrupt. How do you assess such long-term impacts on the tourism industry or infrastructure?**

**Jus:** While there have been many negative impacts in terms of jobs and financial losses, the pandemic has also been a catalyst for innovation and new technologies. Some of the other trends we are seeing are that Covid-19 has definitely altered the way we live, work and travel and has also shifted travel requirements and preferences in this process. Travelers are preferring to travel to unfamiliar, less crowded destinations and there has been an increased interest in exploring secondary destinations and nature. This is a great opportunity for businesses and countries to promote these

secondary destinations. There is also a greater commitment to sustainability, which in turn influences traveler choices. The lockdowns have shone a brighter light on wellness and overall health, which is causing travelers to seek out wellness experiences. These are some of the interesting trends that we have been seeing, in addition to businesses focusing on agility, innovation, health and hygiene integration, and the need for product diversification.

**JS: Is it fair to say that the tourism industry will probably be less labor-intensive and a more capital-intensive industry than before?**

**Jus:** Personally, I think that tourism will always remain a people's business, and there will always be the need for human interaction. So yes, we could have a robot that brings your drinks to the hotel room, but I think travelers want a more personalized experience that they can only get from human interaction sometimes. There will be the need for destinations and governments to invest in digital and physical infrastructure. I mentioned the trend of travelers wanting to go to secondary destinations and experience new destinations, and as a result of this, we will need to facilitate tourism flows from larger cities to secondary destinations. Investment in physical infrastructure will be key to enabling this, such as improved transportation options – more direct flights, quality roads and rail networks – as well as quality hotels, holiday rental apartments, recreation facilities such as golf courses and ski areas, areas for cycling, with options for solo travelers and families. Moreover, with access to health services becoming a very important criterion in the travel decision-making process, it will be very important for destinations and governments to direct investment toward the development of quality health infrastructure as well. Covid-19 has accelerated the digital agenda; technology will continue to play an important role as a key enabler of safe and seamless travel experiences. So it will be important for governments to invest in the digital infrastructure of emerging destinations and remote regions and to develop digital skills within local communities and ensure that nobody is left behind. There is also, of course, the need for destinations and governments to invest in contactless experiences and better, more widespread Internet connectivity, not just in major urban areas.

**JS: Population density does seem to be an issue in the pandemic. Would there be a new trend emerging**

**after this crisis whereby people want to visit the countryside rather than urbanized places?**

**Jus:** We have witnessed an increased interest in secondary destinations; people want to connect with nature and local communities, and they want to integrate wellness experiences into their trips as well. This is a shift that we have seen and so it is important for governments and destinations to understand these trends, and to cater to these tourists by improving product offer and enhancing infrastructure and connectivity.

## **Government Aid for the Sector**

**JS: You have already mentioned government aid for the industry during this pandemic. I am curious about possible government aid for the industry after the pandemic is over. Infrastructure is damaged, and some sort of competence and capacity has also been damaged in this sector. So do you think the sector would expect continuous government aid to restore the infrastructure or industrial capacity over the long term?**

**Jus:** Government support has been key for businesses during the pandemic. We have been looking at a number of good examples of government support during the crisis. Worker protection, and fiscal and liquidity support were paramount. The United Kingdom has a great example of a government support scheme for workers, and you have probably heard of the Digital COVID Certificate in the European Union to facilitate travel – which is a great example of how governments can work in a harmonized way. Also, health protocols have been key. We, at the WTTC, have worked with governments, health experts and other industry associations to develop harmonized and effective safe travel protocols for 11 industries across the sector to accelerate the recovery. On the basis of these protocols, we have created the Safe Travels Stamp to recognize destinations and businesses around the world which have adopted the same standardized safe travel health and hygiene protocols. More than 400 destinations and 40 countries worldwide (as of November 2021) have received our Safe Travels Stamp. This will continue to be important going forward. We will need ongoing support for the industry, and tourism support measures must address the survival and recovery of the sector whilst also enhancing

its resilience, sustainability, and social impact. Government support for tourism infrastructure projects will be needed, and we should not forget that infrastructure is not only used by tourists but also local populations, so there are wider benefits that need to be taken into account. Tax incentives should be offered to encourage investment from different stakeholders, subsidies as well. All of that is going to lead us out of the pandemic and into a more sustainable future.

**JS: The tourism industry's performance has a significant impact on the economy. All national governments will be in severe competition in attracting tourists to their countries. Tourism is related to nation-branding also, so in that regard, do you think national governments would intervene in providing aid to their tourism industry in the future?**

**Jus:** As we come out of the pandemic and until international mobility is fully restored, there will be more competition for tourists. This is why it is so important for governments and destinations to understand all of the trends I mentioned before as well as their source markets, and to determine their marketing strategies accordingly. Health and hygiene integration and communication will remain important for attracting tourists. Also, it will be key to show the important impact that Travel and Tourism has on local communities, and the environment of the destinations as these will be important considerations for potential travelers. It is important to note that governments should continue investing in Travel and Tourism as it has a large positive impact on GDP, jobs and society.

## **WTTC's Plan to Support Global Tourism in 2022**

**JS: Does the WTTC have any plans to support global tourism in 2022 or beyond?**

**Jus:** One of our main goals is to help restart international tourism. This is only possible if leaders and public officials have a coordinated response to the resumption of international travel, including clear roadmaps and mobility protocols which provide certainty and also help to restore consumer confidence. We have been working with governments on a coordinated response to the pandemic, to remove travel restrictions and to enable international mobility. We are calling on governments to prioritize individual risk assessment over country

risk assessment. We are currently calling for five policy measures to be met by governments worldwide.

The first one is to allow fully vaccinated travelers to move freely, irrespective of their origin or eventual destination. Secondly, the implementation of digital solutions which enable all travelers to easily prove their Covid-19 status, such as the EU's Digital COVID Certificate, in turn speeding up the processes at borders around the world. Thirdly, for safe international travel to fully restart, governments must recognize all vaccines authorized by the WHO. Fourthly, ongoing support for the COVAX/UNICEF initiative to ensure equitable distribution of vaccines throughout the world; and finally, the continued implementation of enhanced health and safety protocols which will underpin consumer confidence.

Another very important area for us is sustainable growth. The pandemic has emphasized the urgency of building back better with sustainability and stewardship at the core. We are also working on our own sustainability strategy which focuses on the environment, climate and social issues, with an emphasis on evidence to drive meaningful action. So we continue to leverage our strategic partnerships with key organizations such as Harvard University, the United Nations Environment Programme (UNEP) and the United Nations Framework Convention on Climate Change (UNFCCC) to advance issues ranging from sustainability leadership to plastics, waste management and illegal wildlife trade.

In the context of the recent COP26 we have launched our Net Zero Roadmap for Travel and Tourism. This has been completed with the collaboration of UNEP and Accenture, and addresses the need for urgent climate action. We have also launched guidelines on key social issues such as diversity, inclusion and mental health, which have had particular salience during the Covid-19 pandemic. As travel demand returns, we need to ensure that travel experiences are safe and seamless while growth is sustainable and inclusive for people on the planet. **JS**

Written with the cooperation of Joel Challender who is a translator, interpreter, researcher and writer specializing in Japanese disaster preparedness.