

EDITORIAL: COVID-19 PANDEMIC AND INTERNATIONAL TOURISM DEMAND

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COVID-19 pandemic has become a global issue. Many experts predict that this pandemic will cause global economic growth to decline this year, or even the global economic recession. All efforts conducted by many countries in the world massively to prevent its spread such as social distancing, self-isolation, and similar actions to lockdown may have a major impact on tourism demand in many countries. The next section sequentially will discuss a brief review of the role of international tourism on the economy, the impact of the COVID-19 pandemic on the global economy and international tourism, and further research topics for the next edition.

A Brief Review of The Role of International Tourism on The Economy

Tourism has a very important role in many countries in the world. In the last few decades, this sector has shown a remarkable increase. International tourism has an enormous and varied economic potential. This has encouraged many tourist destination countries to develop the tourism sector so that they can attract more tourist arrivals to their countries. International tourism is believed to drive economic growth. Studies on the relationship between tourism and economic growth were quite popular in the 2000s, and most of it aims to verify the tourism-led growth hypotheses (TLGH). The impact of tourism on economic growth can occur through several channels. International tourism generates foreign exchange which can be used to buy capital goods, and stimulate investment. Increased tourism will encourage the development of other industries in the economy through inter-sectoral linkages; increase employment and income; encourage the spread of technology, research, and development. Literature review of TLGH studies can be read for example in [Pablo-Romero & Molina \(2013\)](#), [Castro-Nuño et al. \(2013\)](#), [Brida et al. \(2016\)](#), [Nunkoo et al. \(2019\)](#).

International tourist arrivals were approximately 532.953 million in 1995 and within the next 25 years that number had reached 1.461 billion ([UNWTO, 2019a](#)). Travel for leisure or recreation is a major destination for tourists in all regions of the world. Then, visit friends and relatives, for health and religious purposes, as well as business and professionals. Europe contributes approximately 50% of world international arrivals in 2018, followed by Asia and the Pacific 25%, and America 15% ([UNWTO, 2019b](#)). This condition also shows that the international tourism receipt is dominated by these three regions. International tourist arrivals have significantly direct & indirect economic impacts on the economy. In 2019, international tourism has contributed US \$ 8.9 trillion to world GDP or 0.3% of global GDP; 330 million jobs, 1 in 10 jobs worldwide; visitors export US \$ 1.7 trillion (6.8% of total exports, or 28.3% of global service exports); capital investment US \$ 948 billion, approximately 4.3% of total global investment ([WTTC, 2019](#)).

Impacts of the COVID-19 pandemic on the global economy and international tourism

The COVID-19 pandemic, also known as the coronavirus pandemic, caused by the acute respiratory syndrome coronavirus 2 (SARS-CoV-2). This pandemic was first identified in Wuhan, China, in December 2019. In the 1st quarter of 2020, this pandemic was reported to spread to more than 200 countries. The IMF (2020) predicts that the COVID-19 Pandemic will cause world economic growth to fall 3 percent in 2020. Economic growth in developed countries will decline by 6.1 percent, while economic growth in emerging markets and developing economies will decrease by 1 percent. World trade is predicted to fall between 13% and 32% in 2020 because the COVID 19 pandemic disrupts normal economic activity and life throughout the world (WTO, 2020). The global inflation rate is predicted at 3% in 2020. The inflation rate in developed countries roughly 0.5%, while in emerging markets and developing economies 4.6%. UNCTAD (2020) predicted that the flow of global foreign direct investment (FDI) would decrease sharply to 40% during 2020-2021, reaching the lowest level in the last two decades.

To reduce the spread of this pandemic, all countries have imposed lockdowns, widely restricted international travel, bans on all foreign visitors; travel restrictions from various places with confirmed cases. Other restrictions such as suspending all commercial international flights, all travelers subject to 14-day quarantine, all visa operations are suspended (Bloomberg, 2020). UNWTO (2020a) has found that 93% of destinations in Europe have fully closed the border for international tourism. In America, this proportion reaches 82%, in Asia and the Pacific 77%, in the Middle East 70% and Africa 60%.

The suspension of international flights caused the number of global flights to fall by more than half. Many airlines reduce capacity due to the policy of seating distance between passengers, so the number of passengers drops sharply. IATA (2020) estimates that the COVID-19 crisis will cause global airline passenger revenue to fall by the US \$ 314 billion in 2020 or around 55% compared to 2019. Meanwhile, airlines in the Asia Pacific region experienced the largest revenue decline of US \$ 113 billion in 2020 or 50% compared to 2019. As a result of the COVID-19 pandemic, IATA also estimates that demand for aviation transport, measured in kilometers of cargo tons (CTKs) in February 2020, decreased 1.4% compared to the same period in 2019.

Nearly 80% of trade is carried out using sea transportation, so disruption to sea transportation can damage trade flows and disrupt supply chains. The restrictive policy during the COVID-19 pandemic has hit sea transportation severely. Many major ports have imposed restrictions on ships and crew, including a ban that has stopped crew changes. This caused shipping to contain, dry bulk, and oil tankers to decline. Travel restrictions also hurt the accommodation sector. STR (2020) estimates that the hotel industry in all regions of the world recorded a double-digit decline in global revenue per available room (RevPAR), with Asia (-67.8%) and Europe (-61.7%) recording the largest declines.

The facts compiled by AHLA (2020) from various sources show that the impact of the COVID-19 epidemic was 9 times worse than the attacks of 9/11 (Tourism Economics); revenue decreased by almost 50% in 2020, a loss of \$ 124 billion from a total of \$ 270 billion (Oxford Economics); 8 out of 10 hotel rooms are empty (STR); 2020 is projected to be the worst year for hotel occupancy (CBRE); Occupancy rates for 2020 are estimated to be worse than during the Great Depression of 1933 (CBRE); 70% of hotel employees have been laid off (Oxford Economics & Hotel Effectiveness); nearly 1.6 million hotel employees are unemployed and \$ 2.4 billion in weekly wages lost due to the crisis (Oxford Economics & Hotel Effectiveness); nearly 3.9 million total hotel-supported jobs have been lost since the crisis began (Oxford Economics).

The UNWTO (2020b) has reported that the COVID-19 pandemic has caused a 22% reduction in international tourist arrivals during the first quarter of 2020 and may decline by 60% -80% throughout 2020. Recent data from the UNWTO show that tourist arrivals in March fell by 57% after lockdowns began in many countries, and broad travel restrictions, airport closures, and national borders. This means the loss of 67 million international arrivals and around the US \$ 80 billion in revenues (exports from tourism). If this decline continues up to 80% compared to 2019, it is estimated that international tourists will decrease by 850 million

to 1.1 billion, loss of export revenues of US \$ 910 billion to the US \$ 1.2 trillion, 100 to 120 million risky jobs.

Further research topics for the next edition

In the literature, many studies have shown that pandemic influences tourism demand. Several studies conducted in the last 5 years, for example, included the SARS pandemic in modeling tourism demand [see, for example, Hor & Thaiprasert (2015); Nothapot & Lean (2015); Tang & Tan (2016); Balli et al. (2016); Tang & Lau (2017); Kim et al. (2018)]. Studies on tourism demand, therefore, are still relevant with the COVID-19 pandemic, although they may differ in their level of spread, and the severity of their impacts.

The COVID-19 pandemic not only caused a health crisis, but also a global economic crisis. The widespread impact led the economy to changes to new normal conditions. This raises many important research topics in various fields such as health economics, public economics and public finance, institutional economics, international trade, environmental economics, development economics, behavioral economics, and many others to provide references for decision-makers. Such studies not only help to accelerate the recovery of the tourism industry from short-term shocks caused by the pandemic and economic crisis, but also the recovery of the national economy.

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