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INTER-AMERICAN COMMITTEE ON TOURISM (CITUR)

ACTION PLAN

Working Group to Develop a Recovery Action Plan for the Cruise and Airline Industries in the Post-Pandemic Stage

August 18, 2021

## Context

The Recovery Action Plan for the Cruise and Airline Industries in the Post-Pandemic Stage, as developed and presented in this report, sets out those actions identified through the collation of information acquired from both elite interviews and a desktop study focusing on strategies already undertaken in and outside the region.

The Action Plan is anchored in the belief that leveraging partnerships to cater to safe and seamless movement of people will effectively aid in the recovery process of both the airline and cruise industries. Additionally, it will become vital to scale up marketing, increase digitization, and for regional governments to build collaborative relationships among all stakeholders to advance the pace of recovery in a harmonized manner. It is understood that the identification, formulation and implementation of disaster mitigation and sustainability policies will strengthen both industries in the long run. Furthermore, this Action Plan is based on the findings which are broken down into five major themes—all aimed at assisting in the short to long-term recovery and sustainable growth of both the airline and cruise line industries.

### Major Themes

1. Safely Reopening and Staying open– In the early stages of the COVID-19 pandemic, the response to close borders and limit movement of people forced many to rely on domestic tourism. This bore consequence for smaller territories that are heavily dependent on international tourist arrivals. This report is of the view that countries could, guided by science and proper protocols, move to safely open their borders and keep them open in a responsible and harmonious manner. This is in recognition of the necessary movement of people for travel and tourism, while taking into account that this is the primary means by which the virus travels. For effective recovery, there is an urgent need to treat, contain and stop the continued spread of COVID-19. Vaccines and subsequent immunization of populations have proven to be an important tool in mitigating the spread of COVID-19. Continued immunization will require that all countries within the region have greater access to Covid-19 vaccination and an increased and effective health care mechanism in place. However, the current disparity in resources, namely vaccine access, administration, and approval, poses a threat to any recovery effort. Additionally, the challenge posed by vaccine hesitancy and low rate of inoculate in some countries as a result.

Recommended Actions:

* Increase access to vaccines and combat vaccine hesitancy in member states through appropriate messaging with significant amount of creativity and private sector collaboration to achieve a higher level of buy-in and support for the vaccination programme.
* Devise creative and helpful solutions to address COVID-19 fatigue to ensure continued public adherence to health protocols consistently.
* Introduce digital travel solutions including, but not limited to, the adoption of a Regional Voluntary Digital Travel Certificate to facilitate ease of travel, consistent with other successful practices around the world.
* Share good practices and promote greater collaboration among stakeholders in the airline and cruise industry to ensure the success and transparency of health and safety protocols and engender confidence among travellers.
* Explore opportunities for bilateral and/or multi-country travel bubbles/corridors, guided by implementation of guidelines and agreed upon standards outlining the necessary health and travel protocols.

1. Continued Targeted Fiscal Stimulus Response to the COVID-19 **-** Tourism in the Americas has two main components: *Land-based tourism,* which is the dominant model whereby visitors stay at hotels or other land-based private accommodations, and *Maritime tourism*, whereby tourists spend the night on a yacht or more commonly, cruise ship tourism, whereby tourists sail multi-destinations aboard cruise ships (ECLAC, 2015). Undoubtedly, the halt of the cruise industry between March and September 2020 negatively impacted the economic livelihoods of hundreds of thousands of citizens of the region. The CLIA (2020) noted that every 1% loss of cruise visitors in 2020 resulted in a loss of 9,100 industry-related jobs. This meant that each day of the suspension resulted in direct and indirect industry losses of 2,500 jobs in 2020 (CLIA, August 2020). For a region where unemployment is acute and worsening, the decline of the cruise tourism labour markets in the region has far-reaching implications for entire economies of Latin America and the Caribbean.

Like cruise tourism, the airline industry has also been one of the worst-affected by the pandemic. The International Air Transport Association (IATA,2020) has noted that, as a result of efforts to control the spread of COVID-19, the world in 2020 experienced the greatest de-connecting since the Second World War. By April of 2020, when the pandemic started to spread in earnest outside of Mainland China, 100% of all world destinations-imposed travel restrictions which included border closure and the complete or partial suspension of international flights. These measures grounded the airline industry for the entire month of April and for most of the following months until a semblance of recovery became noticeable towards the end of the year. The cumulative effects of the pandemic through 2020 reversed decades of profitability for the airline industry.

Recommended Actions:

* Ministries of Finance and Tourism of OAS Members States and relevant stakeholders to determine the necessary level of financial support, within budgetary realities, to resuscitate the airline industry and improve intra-regional connectivity.
* Where and when fiscally appropriate, countries could seek to offset operational cost for companies operating vessels within the industry.
* Consider reviewing current travel taxes and related fees including, but not limited to, airport service charges for travellers from within the Americas.
* Encourage and, where necessary, financially support micro, small and medium-sized tourism enterprises (SMTEs) to adapt and diversify their offerings to attract a wider array of visitors.
* Encourage larger enterprises to move towards marketing greater inclusive tourism offer to boost demand.

1. Sustainability, Resilience and Product Diversification Sustainability polices are a necessary consideration and should seek to further advance and promote the overall tourism sector, including the airline and cruise industries, while building resilience to similar and emerging disruptions in the near or far future. This rests on the premise that further measures geared at reducing the negative impacts of tourism activities on the environment will ensure long term continued profit generation and sustainability. Furthermore, sustainability could be an attractive marketing campaign to those consumers with sustainability preferences as it is noted that travelers are becoming more and more concerned about environmental safety and the effects of tourism on their destinations (Kampel, 2020). The pandemic has presented the region with an opportunity to realign tourism operations with sustainability. As argued by Kampel, small states could consider expanding, adapting, or differentiating their tourism offerings into niche products that cater for the unique circumstances presented by the pandemic.

Much of the tourism industry’s post- COVID-19 success will depend on the robustness, quality and resilience of health and safety protocols that will inevitably govern the industry going forward (Kampel, 2020). In the event of a similar or more damaging pandemic or disaster, where domestic tourism proves insufficient, regional movement could prove to be advantageous. Therefore, closer regional cooperation and collaboration can enable the cross-border sharing of data and intelligence among sub-regions with respect to recovery strategies, evolving travel regulations, implementation of harmonized health and safety protocols and tracking tourism data.

Post-COVID 19 will also require that destinations become more innovative and proactive with respect to the differentiation and segmentation of their tourism products and offerings, as COVID-19 reinforced the need for integration and has also highlighted the interdependence of the world’s economies.

Recommended Actions:

* Aggressively pursue the development of niche markets such as health and wellness tourism, eco-tourism and heritage and cultural tourism that are aligned with the sustainability interests of travelers.
* Allocate additional resources and new investments to support resilience-building, including but not limited to land-use planning, building and adaptation, emergency response training, disaster preparedness, alternative/renewable energy, early warning systems, and harmonization of resilience and mitigation strategies.
* Promote closer regional cooperation and collaboration for cross-border sharing of data and intelligence among sub-regions with respect to recovery strategies, evolving travel regulations, implementation of harmonized health and safety protocols and tracking tourism data.
* Diversify products and markets to keep pace with consumers’ changing preferences. This could include innovation, development of new and authentic products, new processes, and organizational/managerial enhancements, particularly at points of entry to increase efficiencies.
* Governments could, where and when necessary, opt for greater investment in agile market research to help develop tourism products to meet the current and evolving preferences of tourists.
* Promote multi-destination travel including through visa and travel facilitation measures.
* Governments, where applicable, could move to increase investment in digital technologies and connectivity to foster greater product innovation.
* Invest in or incentivize innovation in the sector geared towards long term environmental attraction and benefits.
* Bolster healthcare delivery systems to respond to future shocks effectively based on the lessons learnt from responding to COVID-19.

4. *Rebuilding Visitor Confidence and Incentivizing Travel*– Rebuilding visitor and traveller confidence will be central to a full reactivation of cruise and airline travel in the post-COVID-19 period. While there are clear signs of pent-up demand for travel, reassuring visitors that travel can be accommodated safely will require direct interventions by national and local travel authorities. Moreover, government tourism authorities and private stakeholders should leverage existing partnerships to aggressively reassure consumers of the destination’s capacity to ensure the protection of their health by means of consistent and transparent promotion of protocols and standards to targeted markets. At the same time, sustaining pandemic-conscious prices, especially for flights to and within the OAS region can be an important stimulus to incentivizing travel.

Recommended Actions:

* Destinations should continue to work with their international partners, in both the airline and cruise industries, to creatively address possible COVID-19 fatigue of travellers to ensure consistently adherence to strict health protocols beginning at ports of embarkment and followed through at ports of arrival.
* Review current policies in relation to travel taxes and their impact on travel and tourism.
* Airlines should partner more closely with hotels to develop vacation packages for prospective vacationers which guarantee quality, seamlessness, convenience, security, and reasonable cost.
* Airline and cruise operators should also give serious consideration to partnering with appropriate payment agencies to provide flexible payment options that allow airline and cruise passengers to cover the cost of their trips over several instalments.
* Provide incentives for domestic tourism or “staycation” packages for locals.
* Utilize creative ways to incentivize more off-season leisure travel and activities.

5. Enhancing Competitiveness and Connectivity **–** Central to enhancing tourism competitiveness are strategies to identify and tap into new markets, develop niche markets, achieve segmentation and product differentiation; build new partnerships, explore innovations, develop human capital, and invest in resilience-building and risk management to manage perception of destination security and attractiveness. The competitiveness of the tourism industry in the region will also depend on the extent to which destinations emphasize workforce development strategies that are introduced in partnership with both public and private institutions to provide formal qualifications and skills development in the emerging areas that will shape the future of tourism. This will also allow the industry to maintain a sufficient and highly qualified workforce, raise income levels as well as the prestige of jobs in the industry.

Enhancing connectivity within the Americas and between the different sub-regions of the Americas can also play an important part in strengthening a post COVID-19 tourism recovery. Improving the ability to connect people, businesses, communities, and experiences better and more efficiently in the Americas is, therefore, an important consideration in the region’s tourism recovery. Regional governments must recognize that the true value of intra-regional tourism is in the connectivity it delivers and opportunities it creates, and that a superior connectivity performance minimizes travel costs for passengers, businesses, and shippers.

Recommended Actions:

* Incentivize regional airline carriers to develop and strengthen intra-regional routes.
* Address prohibitive factors to hassle-free movement including legal and regulatory concerns, safety and security issues, taxation and the high cost of airline tickets and the passenger's experience.
* Promote cooperation among countries to facilitate increased connectivity and accelerate travel within the Americas through arrangements such as Open Skies agreements and travel bubbles.
* In order to facilitate travel, especially from emerging markets, analyze the possibility of establishing or reviewing the legal framework for third-country visa recognition mechanisms, as well as efficient mechanisms for obtaining visas.
* Member States could consider the possibility of temporarily offering a visa waiver program for short term holiday visits that could aid in strengthening regional and sub-regional competitiveness and recovery.
* Regional destinations should aggressively market their products and offerings beyond traditional markets, with additional emphasis on attracting more visitors from fast-growing markets in Asia, Africa, the Middle East, and under-tapped parts of Europe.
* Support upskilling opportunities in areas such as green or digital competence including digitalization and virtualization, sustainability practices, data analysis, management training, customer service and foreign languages.
* Expand accessibility and opportunities for workers in the airline and cruise industries to common training and certification standards including where appropriate and affordable, in a regional center or online.

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