



**GALT & TAGGART**  
CREATING OPPORTUNITIES



# TOURISM CHALLENGES IN 2H20

JUNE 2020



# CONTENT

**1** Covid-19 impact on global tourism

**2** Tourism stimulus packages by country

**3** Opening of Georgia's tourism industry

**4** Domestic tourism in Georgia

**5** Analysis of Georgia's inbound travel markets

**6** Annex



## KEY FINDINGS

The number of tourists globally expected to decrease by at least 58% in 2020 due to COVID-19, record drop for the industry

"Travel bubbles" - countries with similar epidemiological conditions are gradually opening borders with each other. During the first stage of reopening, only a limited number of countries (6% of visitors) will be included in the Georgia's travel bubble

According to our base case scenario, international visits to Georgia expected to decrease by 65% y/y in 2020, with similar decline expected in tourism revenues also. Adjara, Mtskheta-Mtianeti and Tbilisi will likely suffer most

The pace of recovery will depend on the epidemiological stance in 2021

Georgian tourism industry survey - expectations are pessimistic and the sector is preparing for a long-term crisis. At the time of the survey, hotels were developing an updated strategy due to expected decrease in visitors, but were not intending to drastically reduce prices.

Domestic tourism can ease the crisis, but the share of local tourists in Georgia's hotel guests is only 26%. Domestic tourism will benefit from the limited travel of Georgians' abroad (Georgian tourists spent GEL 2.1bn or US\$ 0.7bn abroad in 2019)

Government support - GEL 200mn stimulus package. By our estimates, this support is insufficient considering expected duration of the crisis. The biggest challenge for the sector is bank loan service and the sector needs easing tax and banking liabilities for at least a year

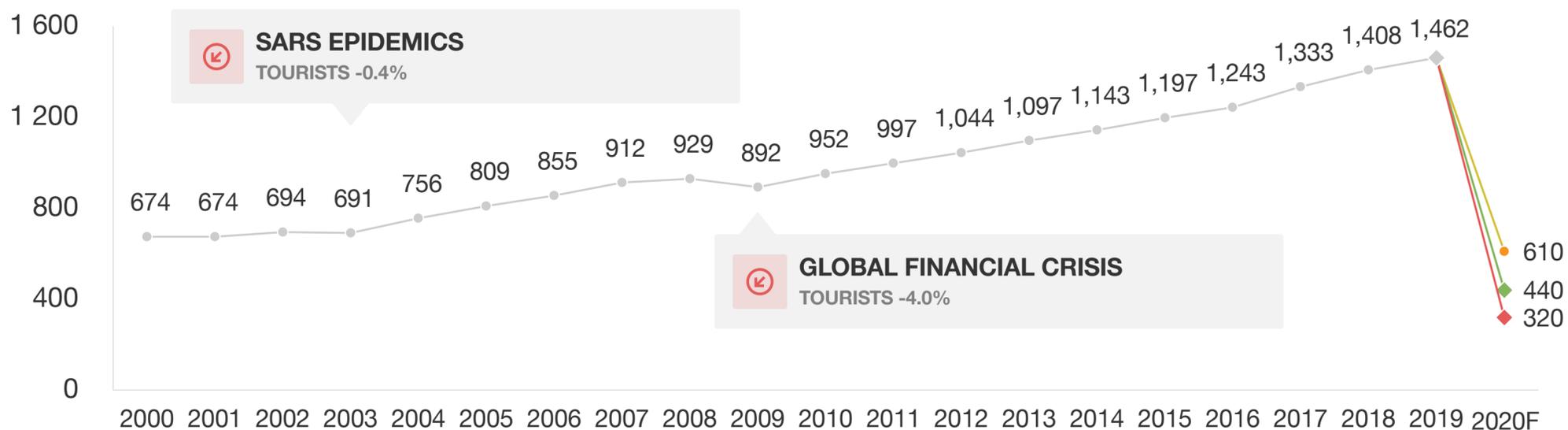
Measures taken by the government to support the tourism sector are similar to other countries, but there is one exception – domestic tourism stimulus has not taken place in Georgia.

A gradual return of tourists is expected during the post-crisis period. In the first stage, it is important to focus on the neighboring countries from which most of the visitors travel by car



# THE NUMBER OF TOURISTS GLOBALLY EXPECTED TO DECLINE BY AT LEAST 58% Y/Y IN 2020

## NUMBER OF INTERNATIONAL TOURISTS, MN PERSON



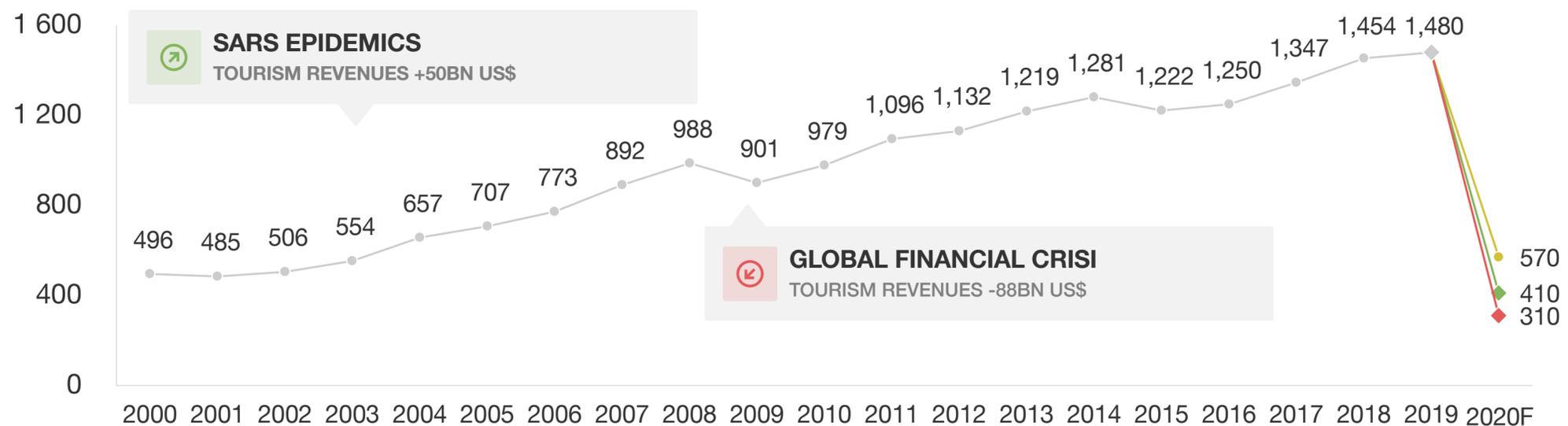
## 2020 FORECAST

**Scenario 1 (-58% y/y)** - Gradual opening of borders and lifting travel restrictions from July

**Scenario 2 (-70% y/y)** - Gradual opening of borders and lifting travel restrictions from September

**Scenario 3 (-78% y/y)** - Gradual opening of borders and lifting travel restrictions from December

## INTERNATIONAL TOURISM REVENUES, US\$ BN



## 2020 FORECAST

**Scenario 1 (-62% y/y)** - Gradual opening of borders and lifting travel restrictions from July

**Scenario 2 (-73% y/y)** - Gradual opening of borders and lifting travel restrictions from September

**Scenario 3 (-79% y/y)** - Gradual opening of borders and lifting travel restrictions from December

Source: UNWTO



# TOURISM TYPICALLY TAKES 10-20 MONTHS TO OVERCOME CRISES, BUT COVID-19 IS UNPRECEDENTED

## EFFECTS OF PREVIOUS CRISES ON TOURISM INDUSTRY

	9/11 ATTACKS, 2001	SARS EPIDEMICS, 2003	GLOBAL FINANCIAL CRISIS, 2009
Visitors (growth, %)	0.1%	-0.4%	-4.0%
Start of the crisis	September 2001	March 2003	January 2009
Months needed for the tourist flow to start growing	5	5	10
Months needed to return to pre-crisis level	14	11	19
Revenue (real growth, %)	-2.0%	-1.7%	-5.4%

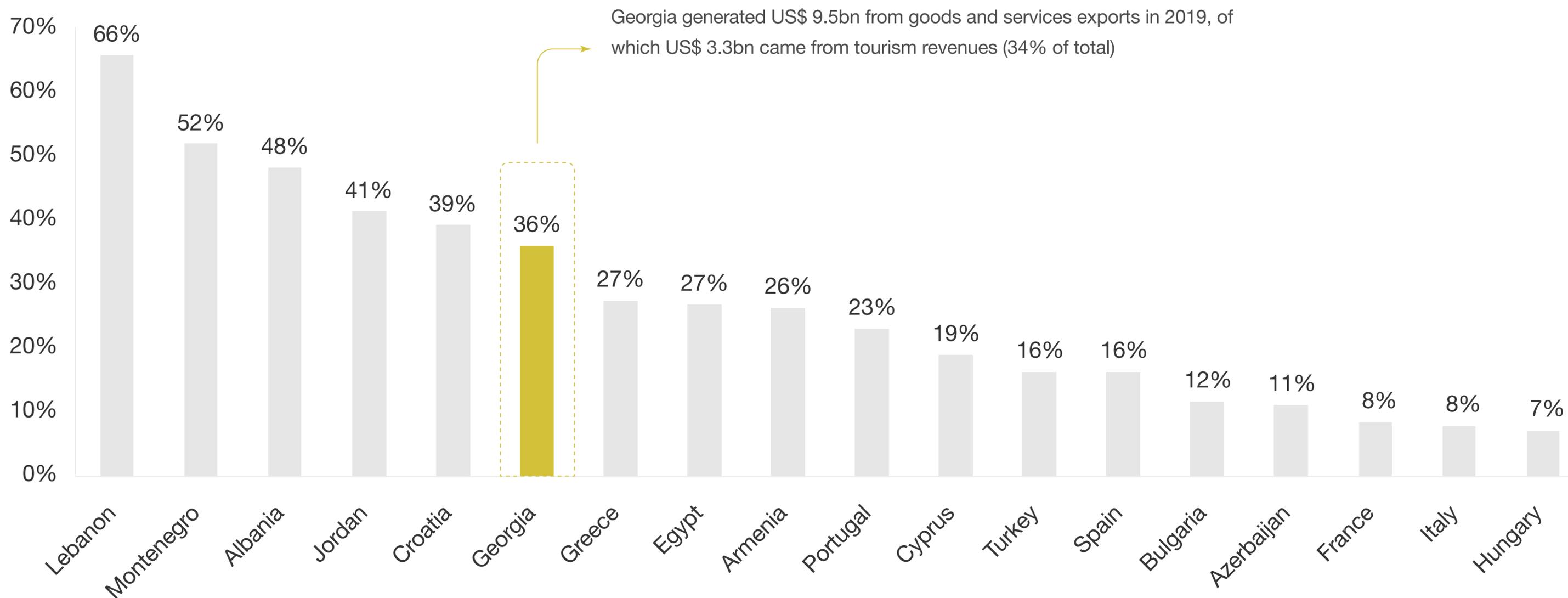
## MOST AFFECTED REGIONS

	9/11 ATTACKS, 2001 USA	SARS EPIDEMICS, 2003 ASIA AND OCEANIA	GLOBAL FINANCIAL CRISIS, 2009 EUROPE
Visitors (growth, %)	-5.9%	-9.4%	-5.3%
Months needed for the tourist flow to start growing	12	7	14
Months needed to return to pre-crisis level	42	14	29
Revenue (real growth, %)	-11.1%	-8.1%	-6.7%



# COUNTRIES WHERE TOURISM ACCOUNTS FOR MORE THAN 20% OF TOTAL EXPORTS ARE PARTICULARLY VULNERABLE DURING THE TOURISM CRISIS

TOURISM REVENUES TO TOTAL EXPORTS, 2018



**TOURISM  
STIMULUS  
PACKAGES BY  
COUNTRY**





# THREE TYPES OF RESPONSES TO DEAL WITH COVID-19

## PROTECTING PEOPLE

E.g. Italy, Japan, Korea, Norway, Poland, etc.

- Informing visitors, repatriation assistance
- Financial support to employees in tourism sector

## PROTECTING BUSINESS

E.g. EU countries, Brazil, Australia, etc.

- Financial support to tourism companies, particularly small and medium enterprises, helping them to adopt new work processes, find new markets, etc.

## COORDINATION MECHANISMS

E.g. Canada, France, Ireland, UK, etc.

- Taskforce to monitor/assess Covid-19 impact on tourism and respond adequately (e.g. communication with private sector, strategies for short, medium and long-term development, etc.)



# TOURISM STIMULUS PACKAGE IN GEORGIA

## THREE STAGE TOURISM SUPPORT PLAN

### STAGE I - INITIAL FINANCIAL SUPPORT TO AFFECTED BUSINESSES

- Deferred income tax until November 2020 (GEL 113mn)
- Subsidizing loan interest for small hotels for 6 months (GEL 10mn)

### STAGE II - SUPPORTING EMPLOYEES

- Direct cash support for private sector employees who lost jobs for 6 months – GEL 200 per month
- One-off direct cash support for self-employed who lost jobs - GEL 300
- State subsidies for employers to retain their employees

### STAGE III – GEL 200MN SUPPORT PACKAGE

- Tourism industry exempted from property tax in 2020 (GEL 45mn)
- Deferred income tax until end-2020 (GEL 90mn)
- Interest payment subsidies for accommodation units with turnover lower than GEL 20mn for 6 months (GEL 60mn)
- Supporting travel agencies and guides (GEL 5mn)
- Positioning Georgia as a safe tourist destination



# TOURISM STIMULUS PACKAGE IN GEORGIA IS SIMILAR TO OTHER COUNTRIES, WITH THE EXCEPTION OF DOMESTIC TOURISM SUPPORT AND VOUCHERS FOR CANCELLED BOOKINGS

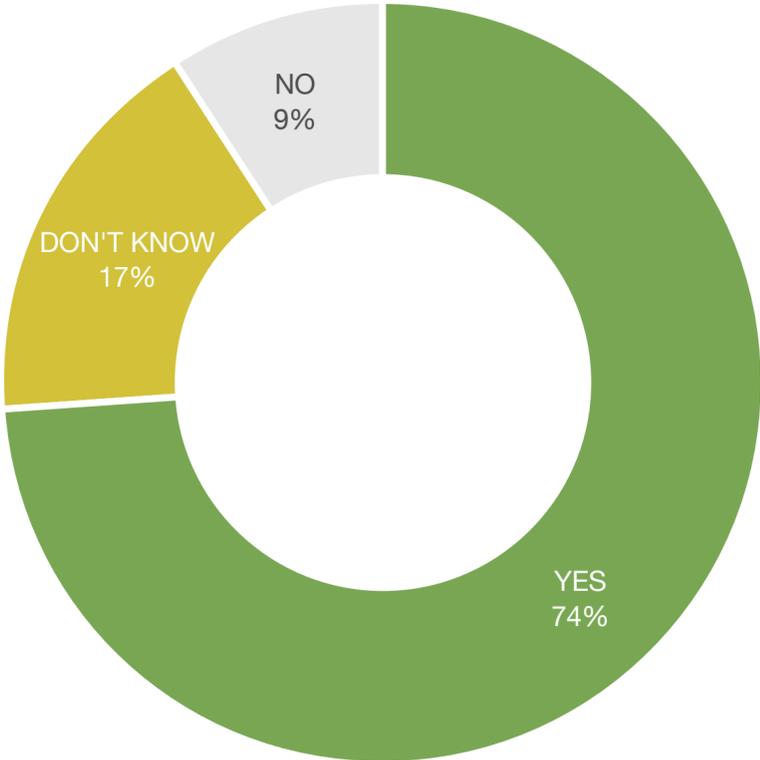
	Tax deferral	Loan availability / credit guarantees	Subsidizing loan interests	Loan deferral	Subsidizing salaries	Direct cash payments to unemployed	Gift cards, discount cards and other programs to encourage domestic tourism	Training of tourism personnel	Vouchers for cancelled bookings to retain tourists
Georgia	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	
Croatia	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>
Portugal	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>			<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Turkey	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	
Czech Republic	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Montenegro	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>			
Lithuania	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>
Philippines	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Poland	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>
Australia	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>
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Austria	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>			
Belgium	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>			
Denmark	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>			<input checked="" type="checkbox"/>

Source: Galt and Taggart Research

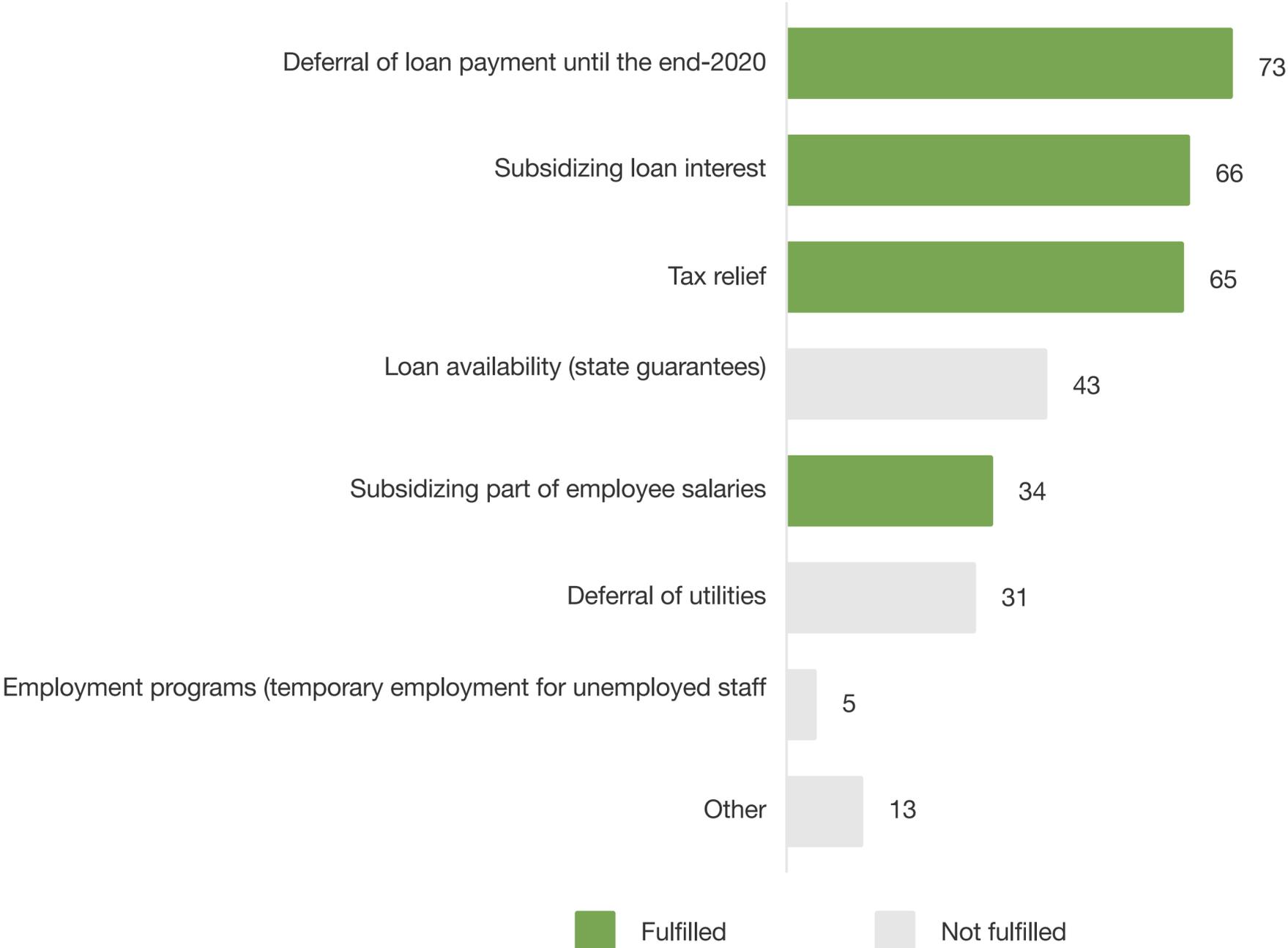


# HOTEL SURVEY – LOAN REPAYMENTS ARE THE BIGGEST CHALLENGE

**SURVEY: DO YOU FIND IT DIFFICULT TO SERVE YOUR LIABILITIES?**



**SURVEY: WHAT TYPE OF SUPPORT DO YOU PREFER?**

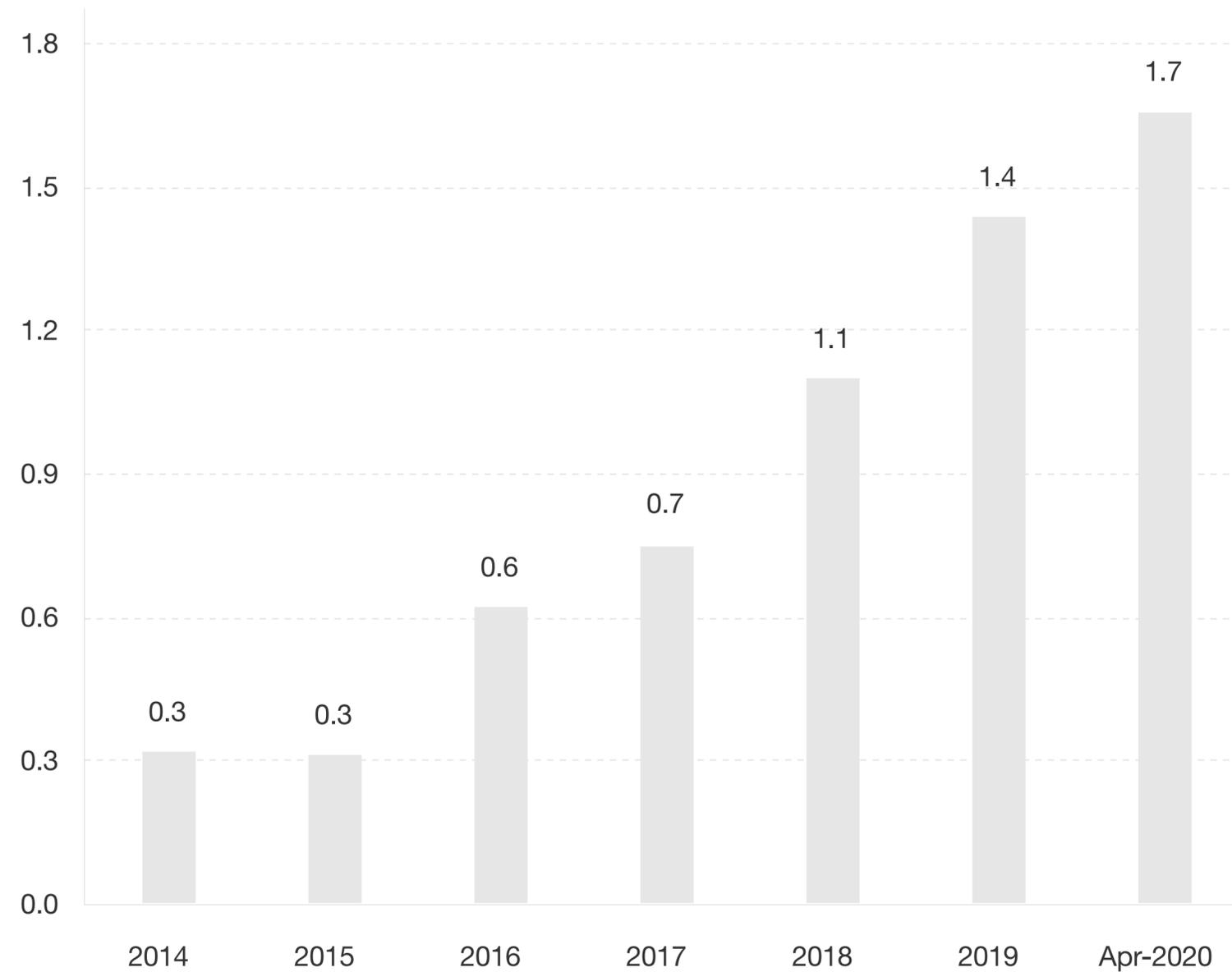


Source: Galt & Taggart Research  
Note: The survey was conducted during the first week of June and up to 150 hotels participated in the survey



# GIVEN THE EXPECTED DURATION OF THE CRISIS, THE SECTOR NEEDS TAX AND LOAN DEFERRALS FOR AT LEAST A YEAR

**BANKING SECTOR LOAN PORTFOLIO TO HOTELS AND RESTAURANTS, GEL BN**



HOTELS AND RESTAURANTS BANKING  
SECTOR LOAN PORTFOLIO

**GEL 1.7BN**

INTEREST EXPENSE FOR 1 YEAR

**GEL 115MN**

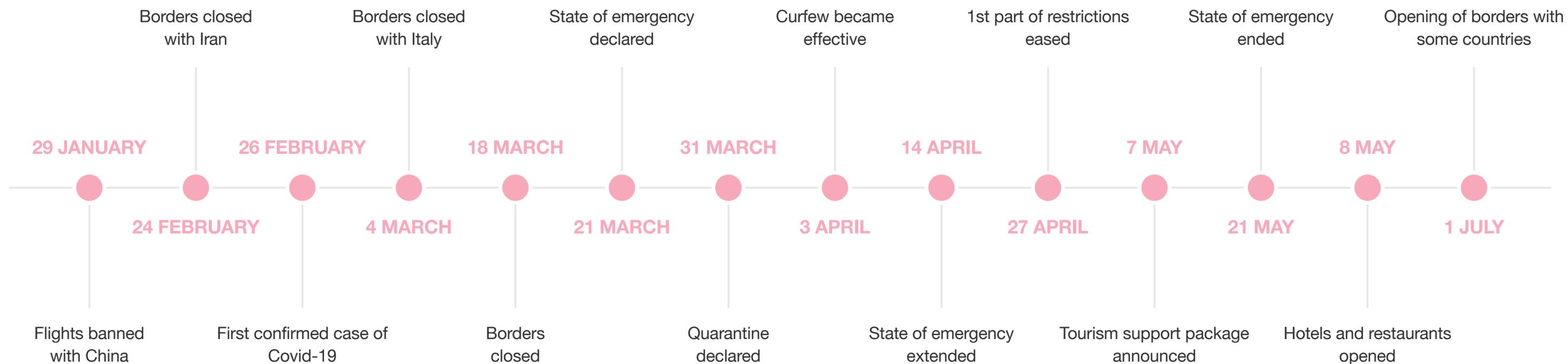
**OPENING OF  
GEORGIAN  
TOURISM  
INDUSTRY**

**3**



# GEORGIA TOOK PREVENTIVE MEASURES BEFORE THE PANDEMIC WAS DECLARED, TIGHTENED AFTER THE VIRUS SPREAD

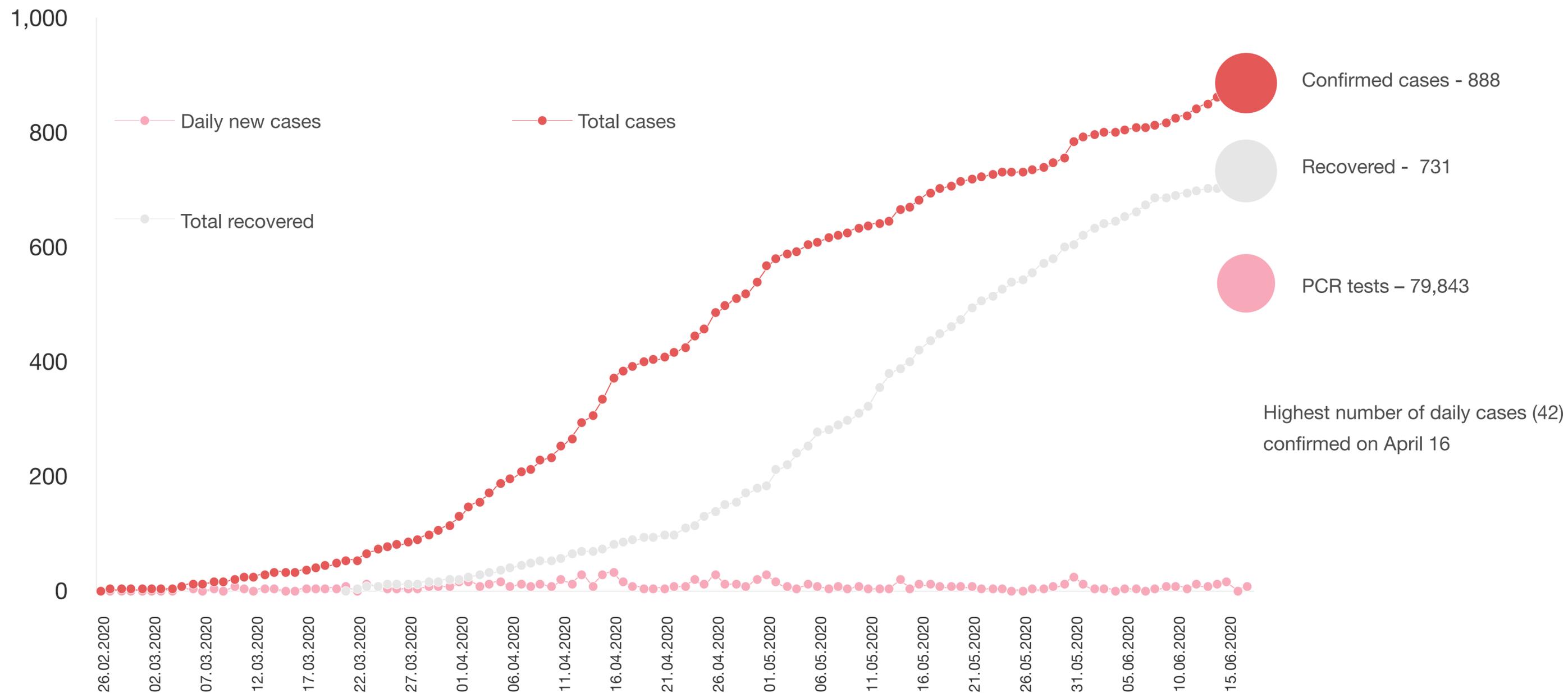
## CHRONOLOGY OF PREVENTIVE MEASURES IN GEORGIA





# THANKS TO TIMELY RESPONSE AND RESTRICTIONS EPIDEMIOLOGICAL SITUATION STABILIZED IN GEORGIA

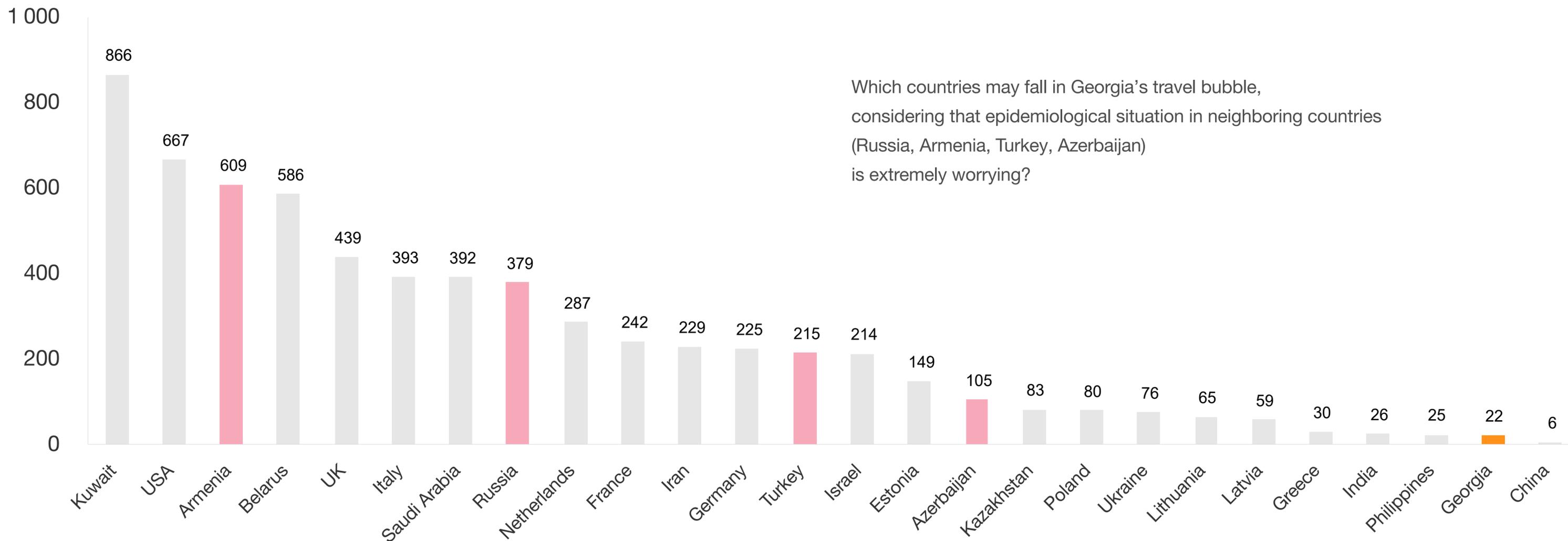
## EPIDEMIOLOGICAL SITUATION IN GEORGIA





# 'TRAVEL BUBBLES' - COUNTRIES WITH SIMILAR EPIDEMIOLOGICAL SITUATION OPEN BORDERS WITH EACH OTHER

## COVID-19 CASES PER 100,000 INHABITANTS IN THE TOP 25 VISITOR COUNTRIES TO GEORGIA



Which countries may fall in Georgia's travel bubble, considering that epidemiological situation in neighboring countries (Russia, Armenia, Turkey, Azerbaijan) is extremely worrying?



# INITIALLY, ONLY FEW COUNTRIES CAN FALL IN GEORGIA'S TRAVEL BUBBLE

## INTERNATIONAL VISITORS TO GEORGIA BY COUNTRY, TOP-25

	Share in total visitors	Share in total spending	Covid-19 cases per 100,000 inhabitants	The share of last 2 weeks' cases in total	Opening of borders
Azerbaijan	19.8%	7.1%	105	45%	✗
Armenia	17.7%	9.4%	609	44%	✗
Russia	19.0%	22.2%	379	23%	✗
Turkey	15.0%	12.6%	215	8%	?
Georgia (Nonresident)	6.3%	10.6%	X	X	-
Israel	2.7%	4.9%	214	11%	?
Ukraine	2.7%	4.4%	76	23%	✗
Iran	1.8%	3.5%	229	19%	✗
Kazakhstan	1.3%	2.2%	83	24%	✗
Poland	1.1%	1.8%	80	19%	?
Saudi Arabia	1.0%	3.2%	392	34%	✗
Germany	1.2%	1.9%	225	3%	✓
Belarus	0.9%	1.1%	586	21%	✗
China	0.6%	1.1%	6	0%	✓
USA	0.6%	2.1%	667	14%	?
India	0.7%	1.6%	26	42%	✗
United Kingdom	0.5%	1.1%	439	7%	✓
France	0.4%	0.7%	242	3%	✓
Netherlands	0.3%	0.5%	287	5%	✓
Kuwait	0.3%	0.6%	866	24%	✗
Greece	0.3%	0.3%	30	7%	✓
Italy	0.3%	0.5%	393	2%	✓
Lithuania	0.3%	0.4%	65	5%	✓
Philippines	0.3%	0.7%	25	29%	✗
Latvia	0.3%	0.4%	59	2%	✓
Estonia	0.2%	0.3%	149	5%	✓
Others	4.7%	7.8%	105		

### CLASSIFIER

The share of last 2 weeks' confirmed cases in total

✗ >20%

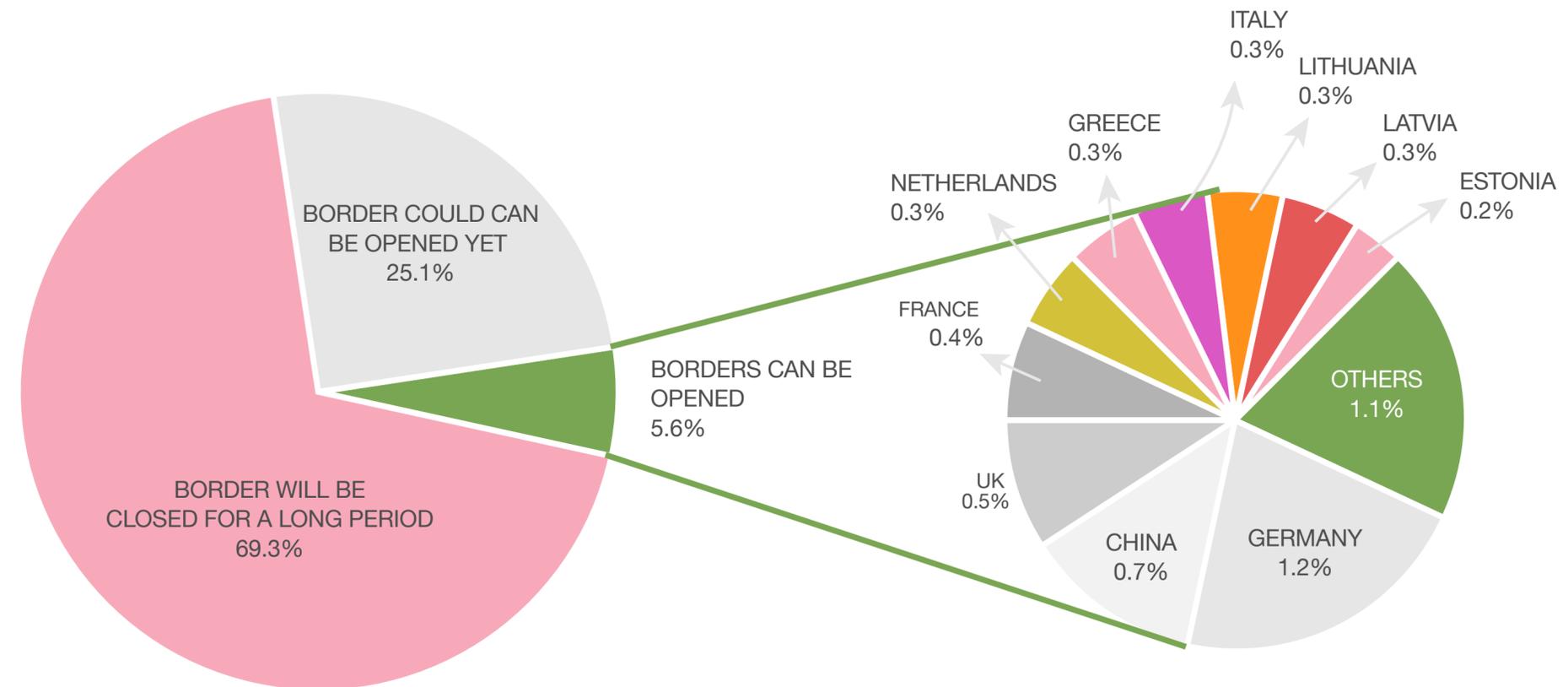
? 8-20%

✓ <8%



# CURRENTLY “GREEN” COUNTRIES ACCOUNT FOR ONLY 6% OF TOTAL VISITORS IN THE 2ND HALF OF 2019

## BORDER OPENING STRATEGIES BY COUNTRY

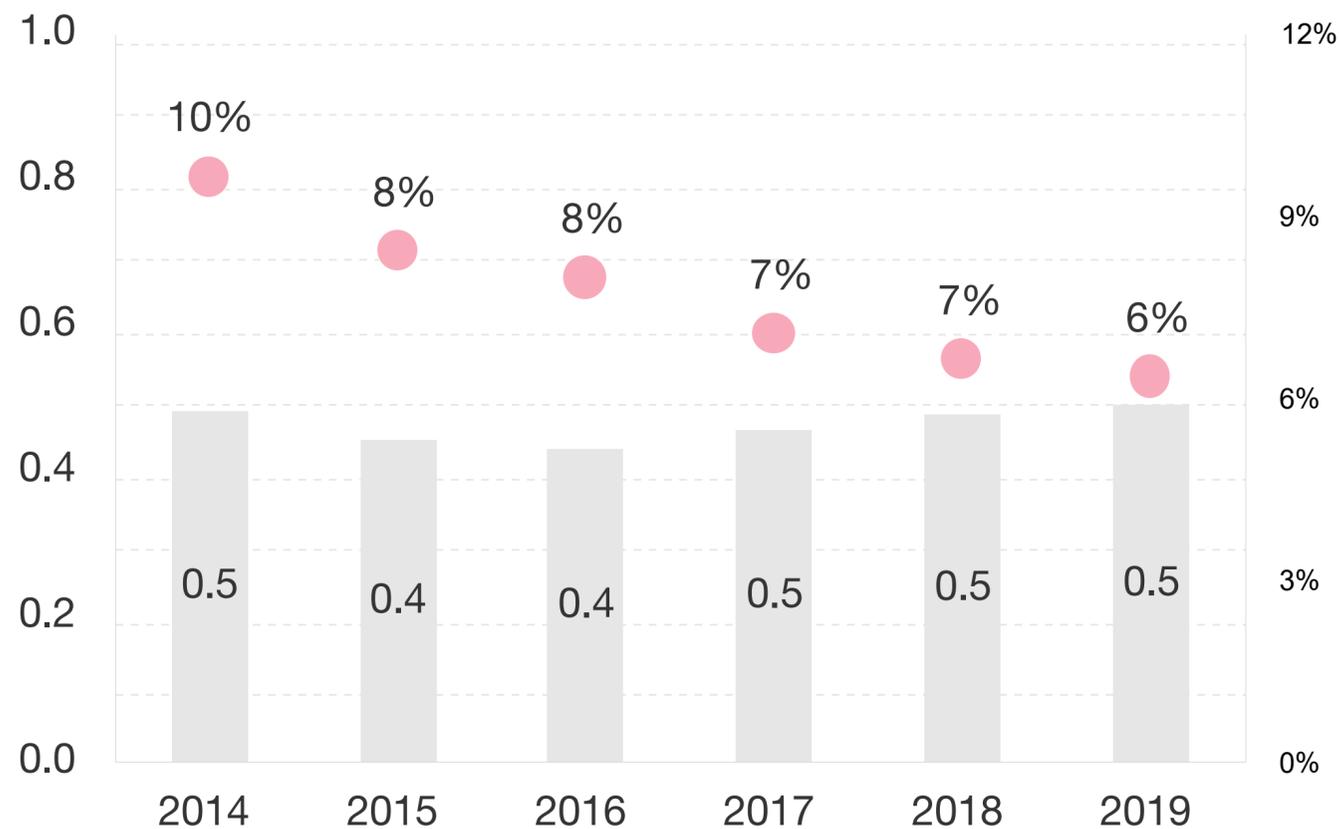


Despite the opening of borders, large flows of tourists are unlikely



# GEORGIAN NON-RESIDENT VISITORS ACCOUNTED FOR 5.8% OF TOTAL IN 2H20 AND THEIR NUMBER WILL NOT DECREASE SIGNIFICANTLY

## VISITS OF GEORGIAN NON-RESIDENTS BY YEAR

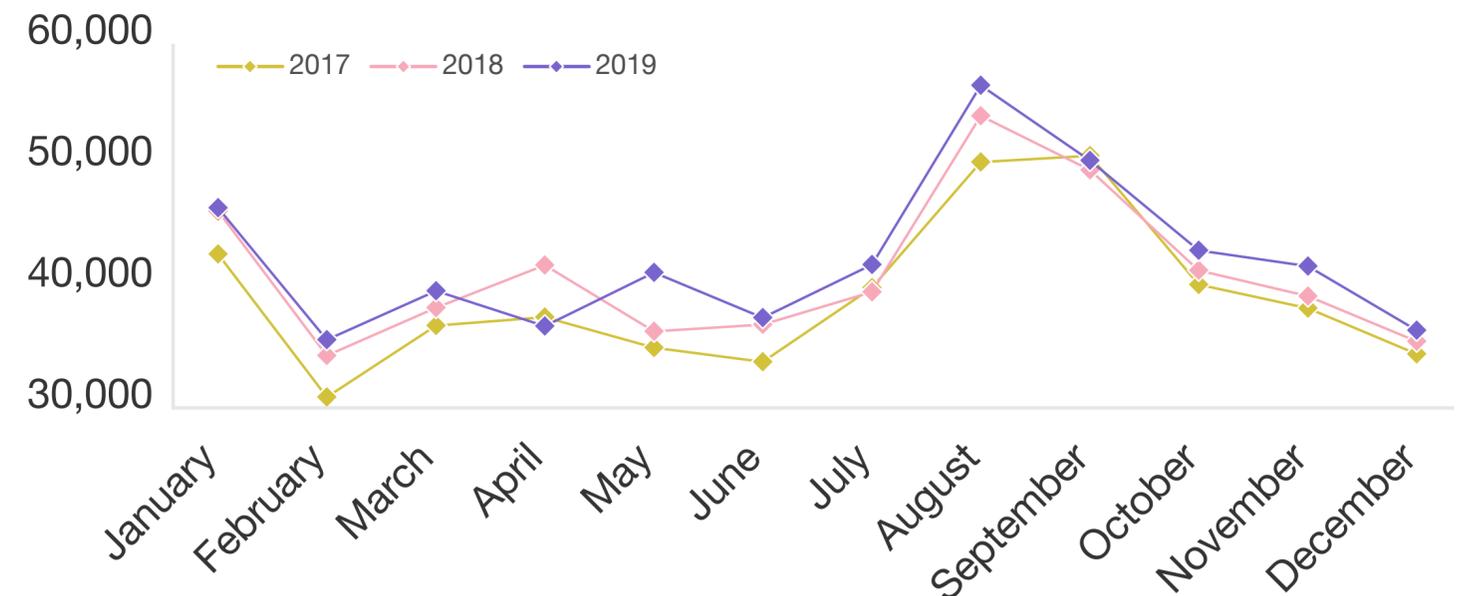


Georgian ( non-resident ) visitors, mn ( LHS )

Share in total visitors ( RHS )

- Visits of non-resident citizens of Georgia have been growing steadily in recent years
- Most of the Georgian non-residents visit Georgia during summer
- In case of flight renewal, the number of Georgian non-residents' visits expected to decrease at a relatively slow pace

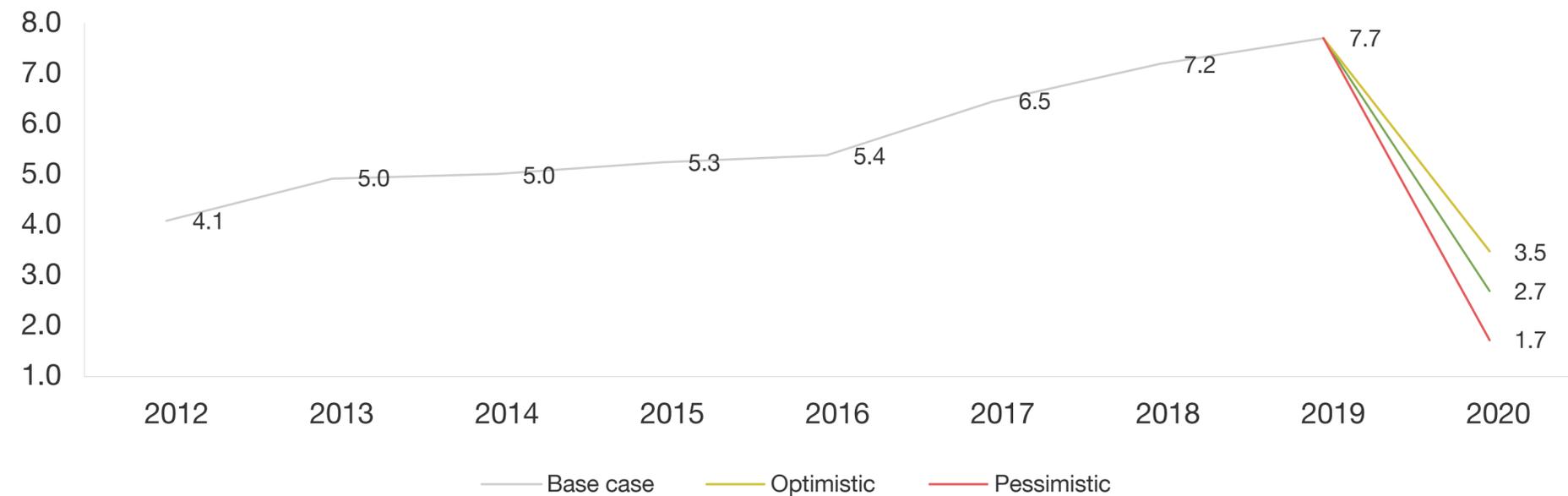
## VISITS OF GEORGIAN NON-RESIDENTS BY MONTH





# IN THE BASE CASE SCENARIO, NUMBER OF VISITORS TO GEORGIA EXPECTED TO DECREASE BY 65% Y/Y, WHICH TRANSLATES INTO US\$ 2.1BN REVENUE LOSS FOR THE SECTOR

## INTERNATIONAL VISITORS TO GEORGIA, MN TOURISTS



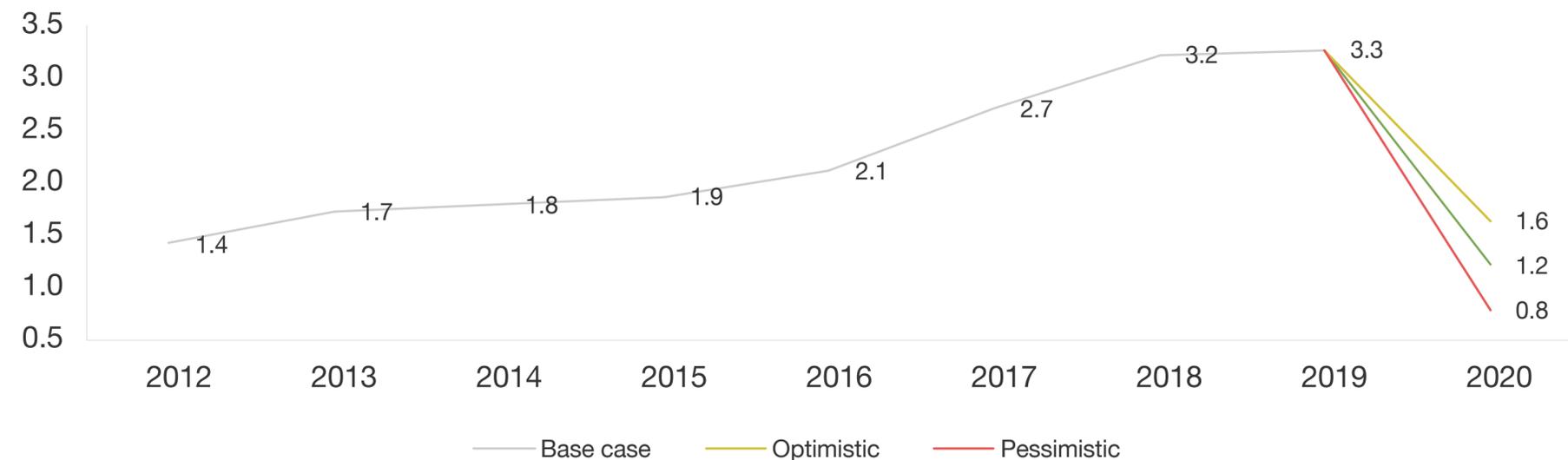
## 2020 FORECAST

**Baseline Scenario (visitors -65% y/y, revenues -63% y/y)** - Opening of borders with several countries from July, with many other countries (including neighbors) from September

**Optimistic scenario (visitors -55% y/y, revenues -50% y/y)** - Opening of borders with several countries from July, with most of other countries from September

**Pessimistic scenario (visitors -77% y/y, revenues -76% y/y)** - Opening of borders with several countries from July, with only few other countries till December

## INTERNATIONAL TOURISM REVENUES, US\$ BN





# TRAVEL INTEREST INDEX TO GEORGIA STARTED TO INCREASE FROM APRIL 2020, SHOWING FIRST SIGNS OF RECOVERY

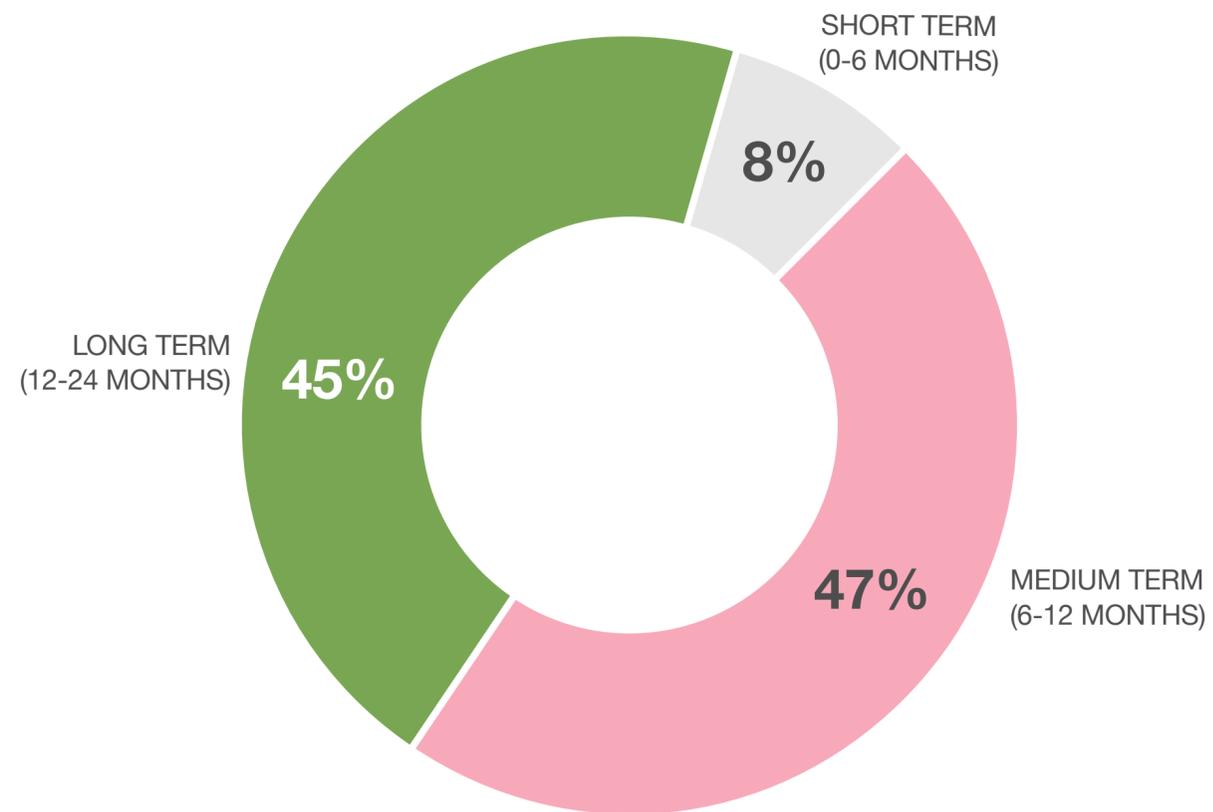
## TRAVEL INTEREST INDEX TO GEORGIA



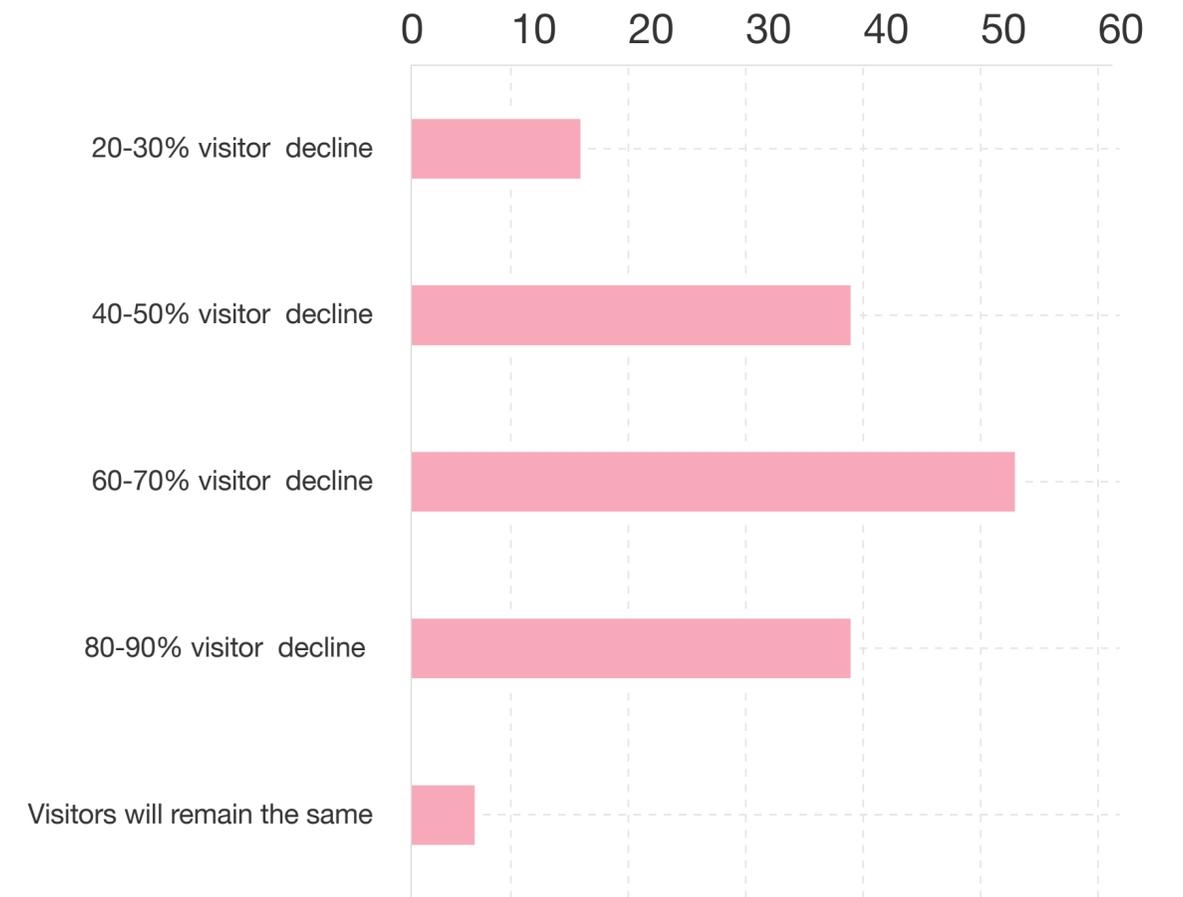


# THE SECTOR IS ALSO PESSIMISTIC, PREPARING FOR A LONG-TERM CRISIS AND SHARP VISITOR DECLINE

**SURVEY: HOW LONG WILL COVID-19 IMPACT YOUR BUSINESS?**



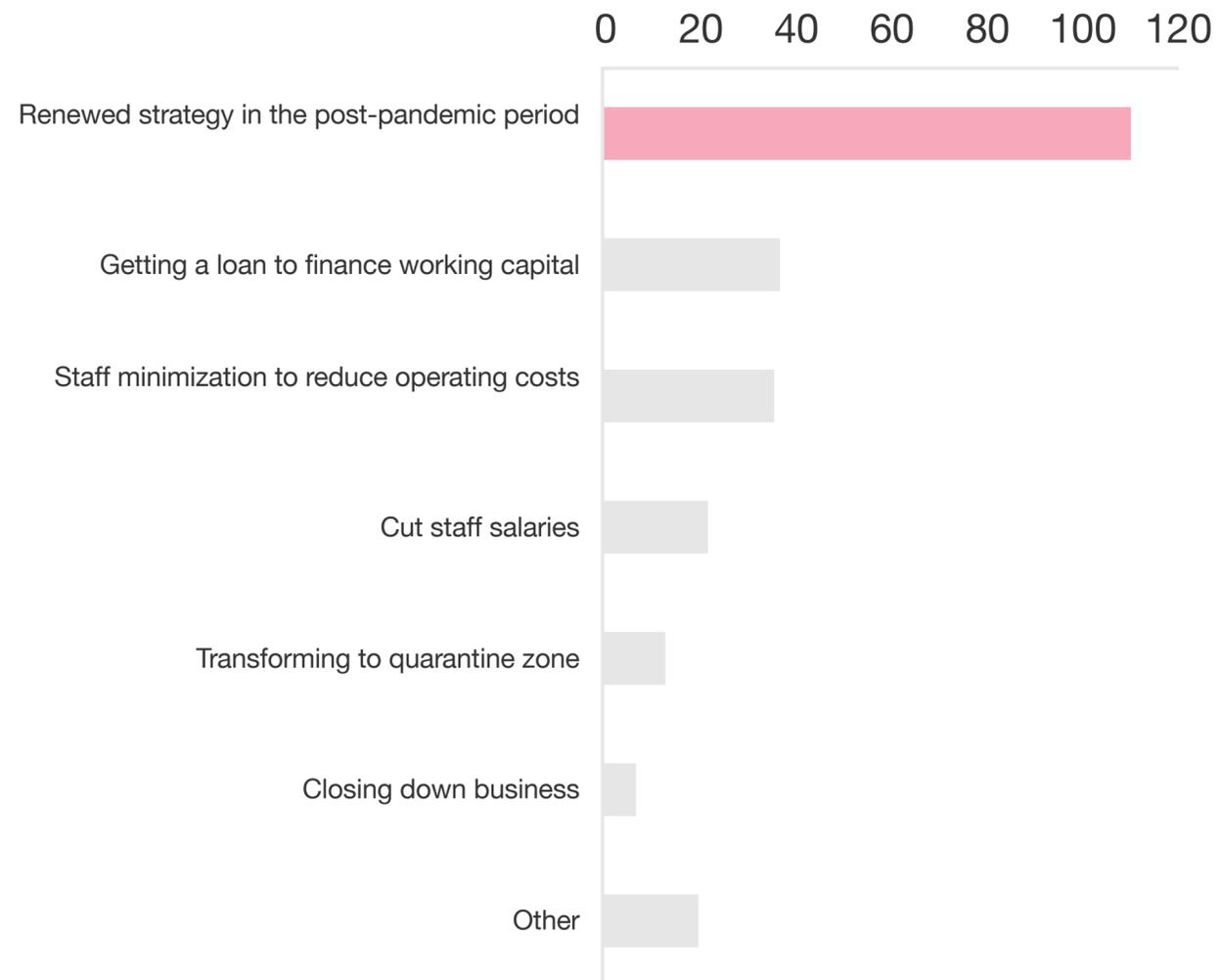
**SURVEY: WHAT ARE YOUR EXPECTATIONS IN THE 2ND HALF OF 2020?**



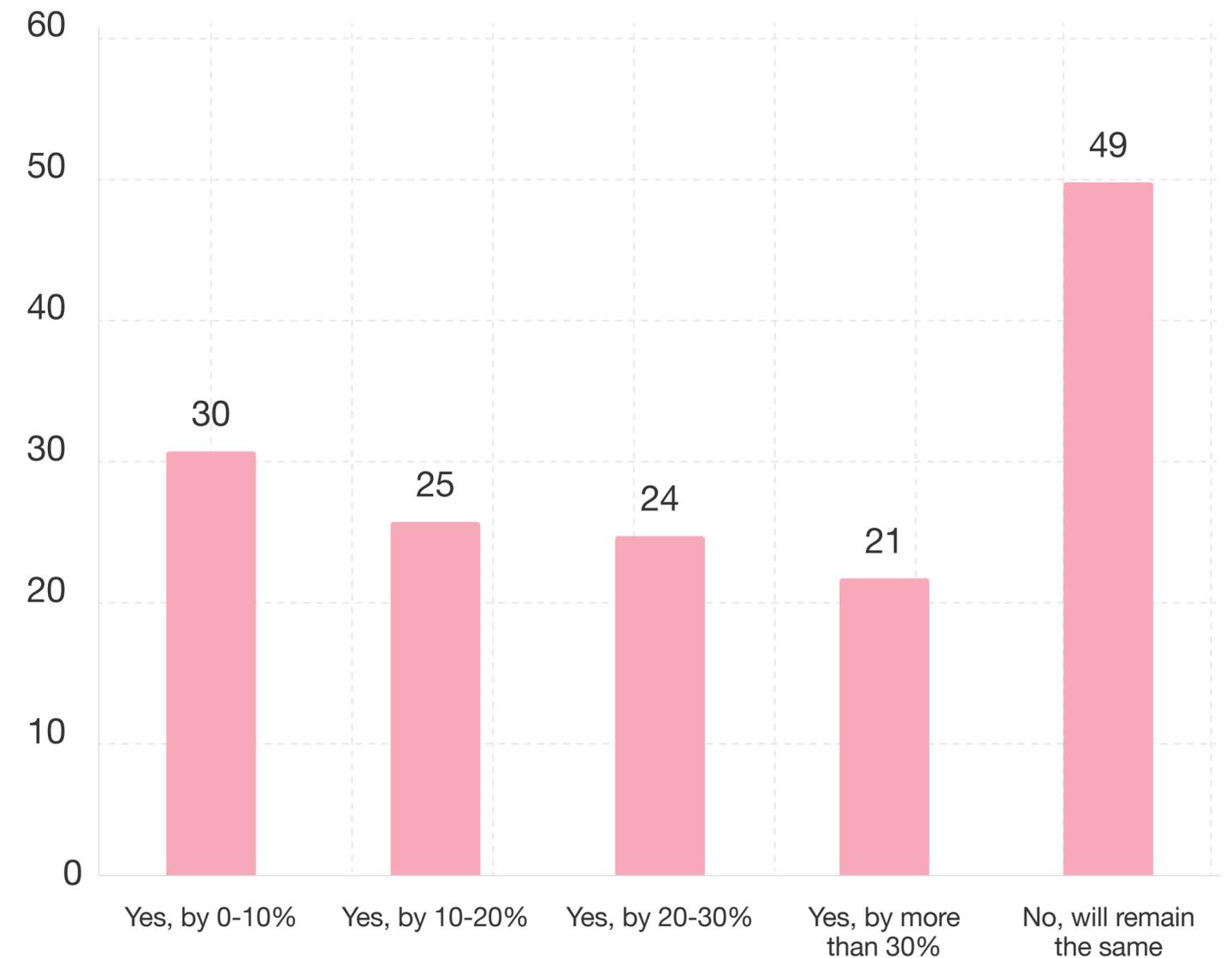


# AT THE TIME OF THE SURVEY, HOTELS WERE DEVELOPING AN UPDATED STRATEGY DUE TO EXPECTED DECREASE IN VISITORS, BUT WERE NOT INTENDING TO DRASTICALLY REDUCE PRICES

**SURVEY: WHAT IS YOUR MAIN STRATEGY AGAINST COVID-19?**



**SURVEY: DO YOU PLAN PRICE DECREASE?**





# SECURITY CONTROL IS IMPORTANT DURING BORDER OPENING AND OTHER COUNTRIES EXPERIENCE IS HELPFUL



## GREECE

- Arranging test centers and quarantine zones in tourist destinations, allocating doctors
- Using drones to control social distancing on beaches
- Periodic temperature checks in hotels and restaurants



## EGYPT

- Checking safety norms in hotels
- Hotels are allowed to operate with max. 25% occupancy till June, with max. 50% occupancy from June
- Obligation to have a health certificate for hotels and resorts
- Covid-19 testing at the airports
- Certain restrictions to hotels - max. 2 adults and 1 child in the room, obligation to have a doctor etc.



## CZECH REPUBLIC

- Color-coded system to classify other countries according to their Covid-19 risk. E.g. green countries such as Austria, Poland, Hungary, Romania, etc. where travel is possible without restrictions; orange countries such as France, Italy, Spain, etc. where Czechs are allowed to enter, while citizens of those countries' need to present a negative COVID-19 test to enter Czech Republic; and the red countries such as Britain, Sweden, where both sides need to have a test before entering.



## JAPAN

- Opening borders with Thailand, Vietnam, Australia and New Zealand at first.
- Restrictions for tourists when choosing accommodation, using local transport, etc.



## ICELAND

- Stockpiling covid-19 tests
- Visitors are given the choice to take a test or be quarantined for 2 weeks

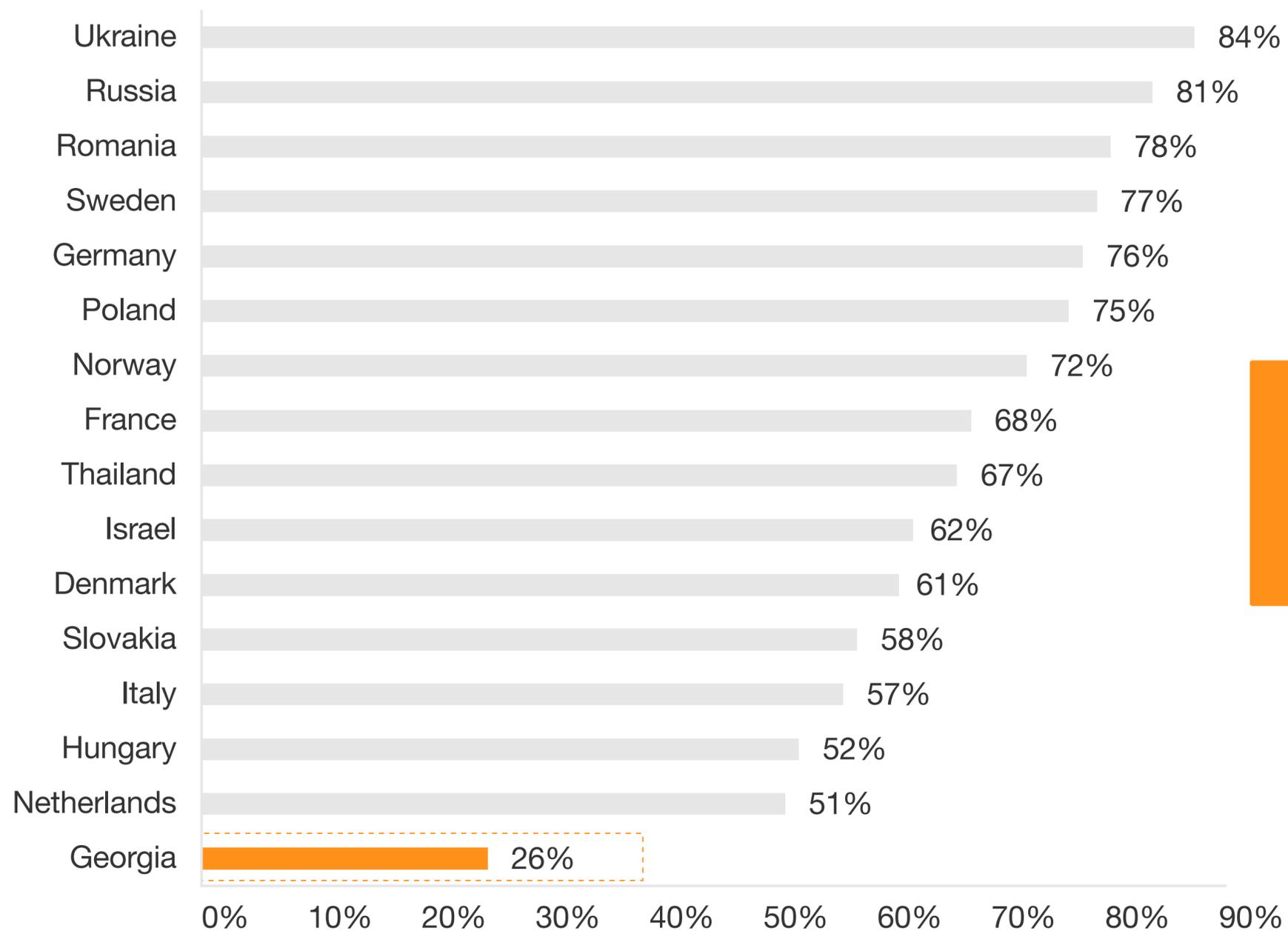
**DOMESTIC  
TOURISM IN  
GEORGIA**

**4**



# DOMESTIC TOURISM CAN PARTLY MITIGATE CRISIS, BUT ITS SHARE IS LOW IN GEORGIA

## SHARE OF LOCAL TOURISTS IN HOTELS, 2018

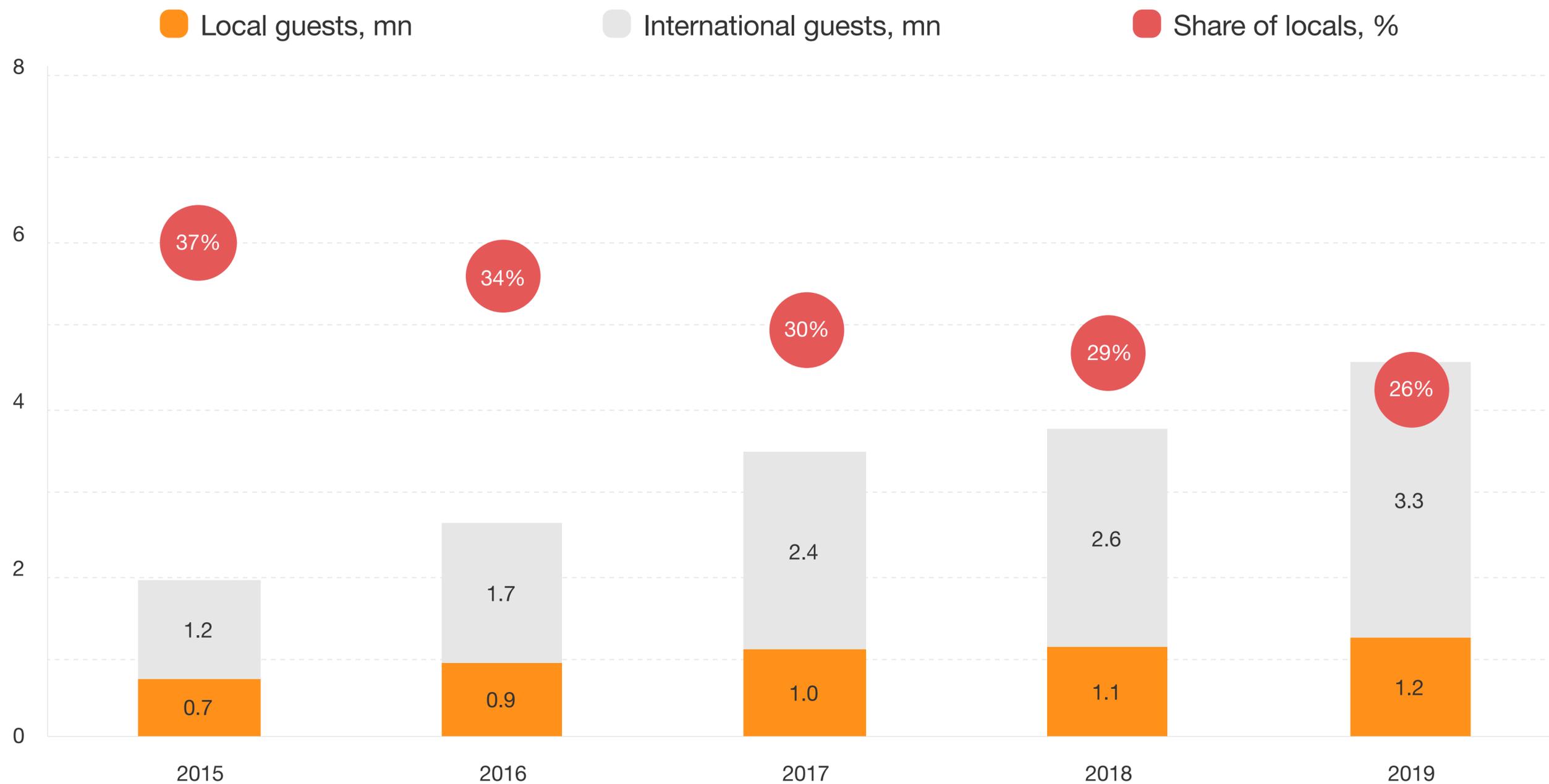


Compared to other countries, domestic tourism is limited in Georgia, as most of the locals tend to rent private homes and do not visit hotels, which is also observed in the survey



# THE SHARE OF DOMESTIC TOURISTS IN HOTELS HAS BEEN DECLINING STEADILY AS SECTOR IS BECOMING MORE DEPENDENT ON FOREIGN TOURISTS

## NUMBER OF GUESTS IN GEORGIA'S REGIONAL HOTELS

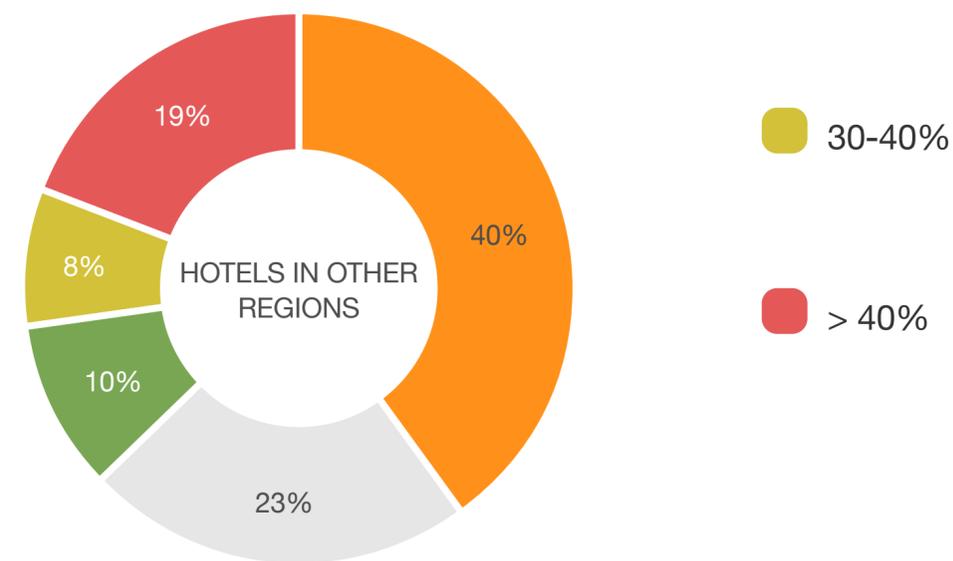
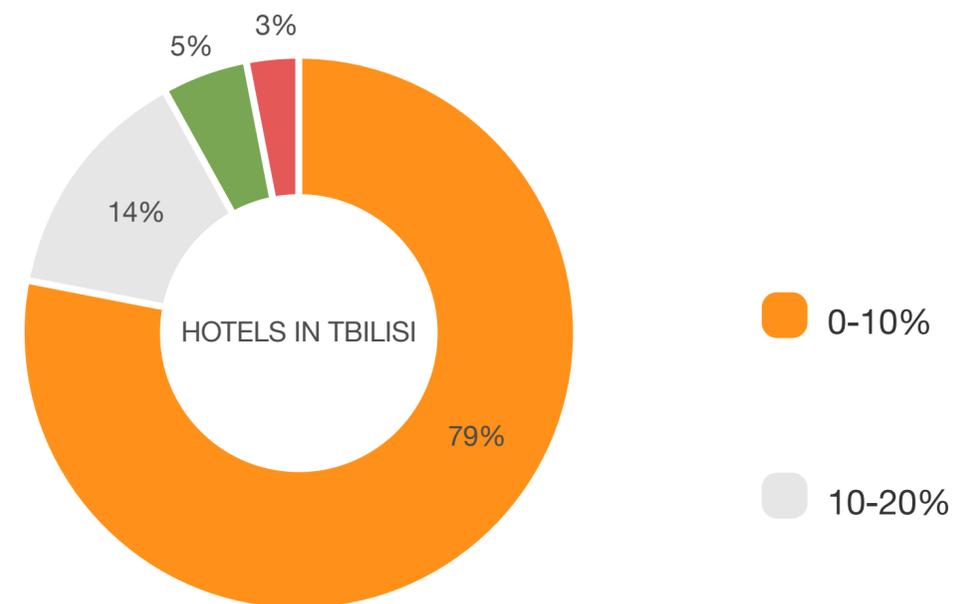
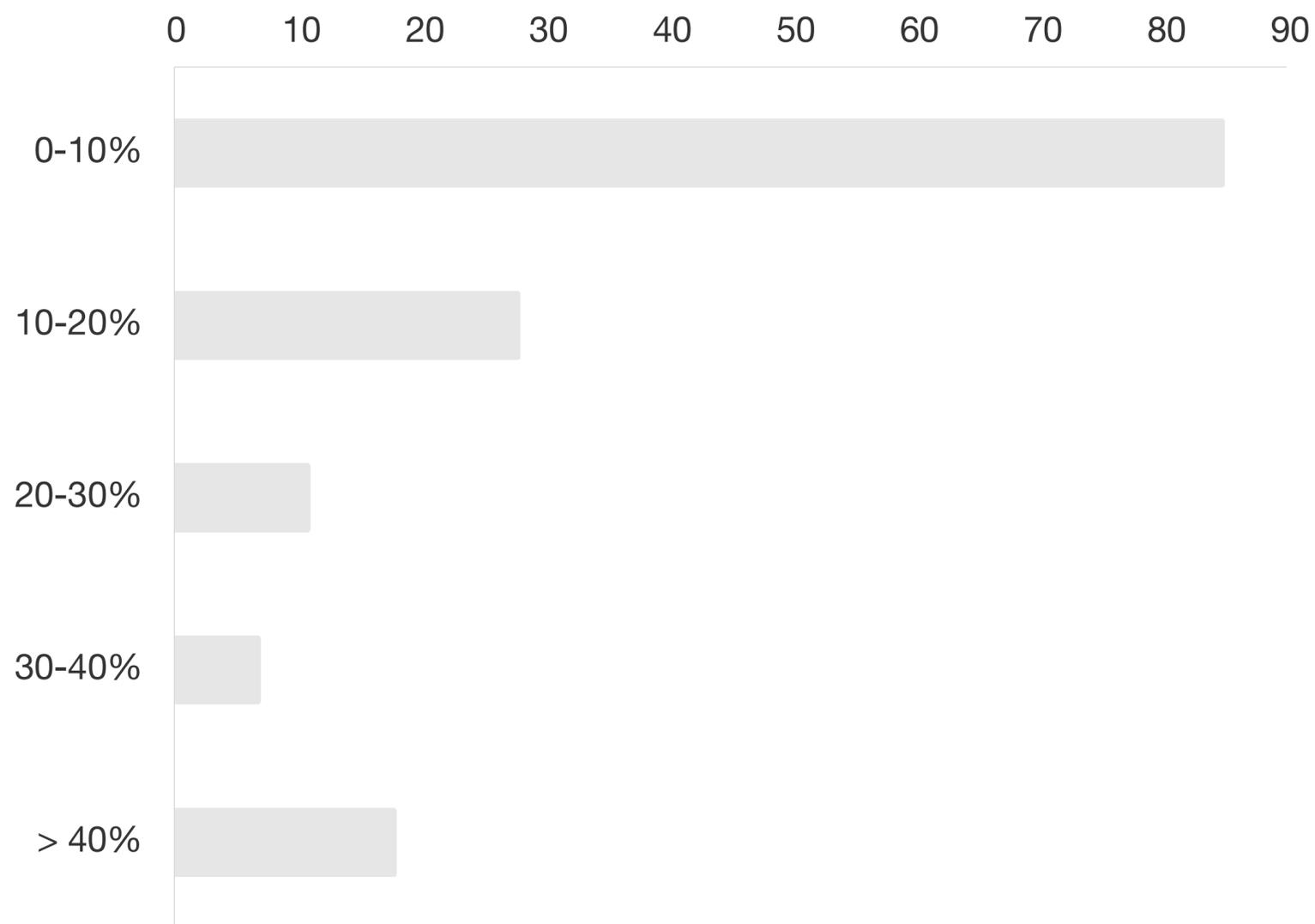


Source: Geostat, Galt and Taggart Research



# DOMESTIC TOURISTS PREFER NOT TO STAY IN A HOTEL WHILE TRAVELLING ESPECIALLY IN TBILISI

SURVEY: HOW MUCH WAS SHARE OF DOMESTIC TOURISTS IN YOUR BOOKINGS PRIOR TO COVID-19?

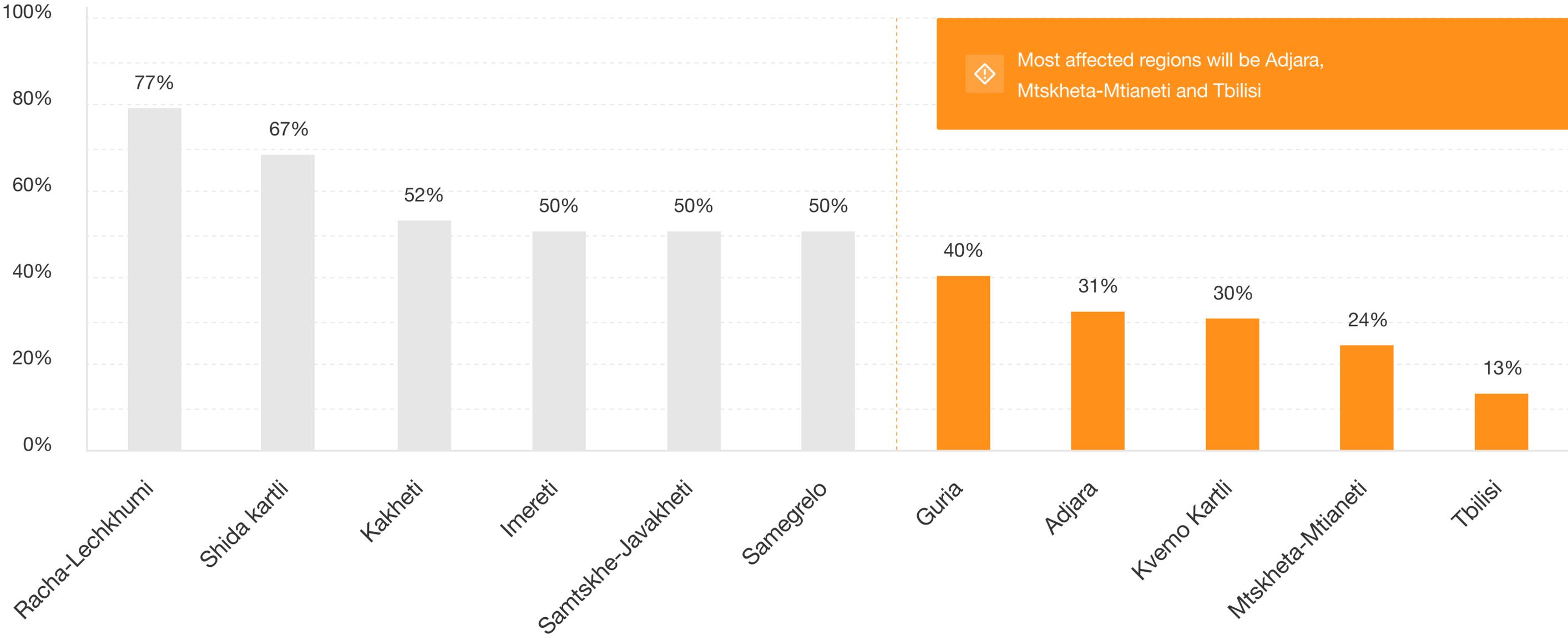


Source: Galt and Taggart Research  
Note: The survey was conducted during the first week of June and up to 150 hotels participated in the survey



# CRISIS WILL BE MORE SEVERE IN SOME TOURIST REGIONS, AS THEY ARE MORE DEPENDENT ON INTERNATIONAL TOURISTS

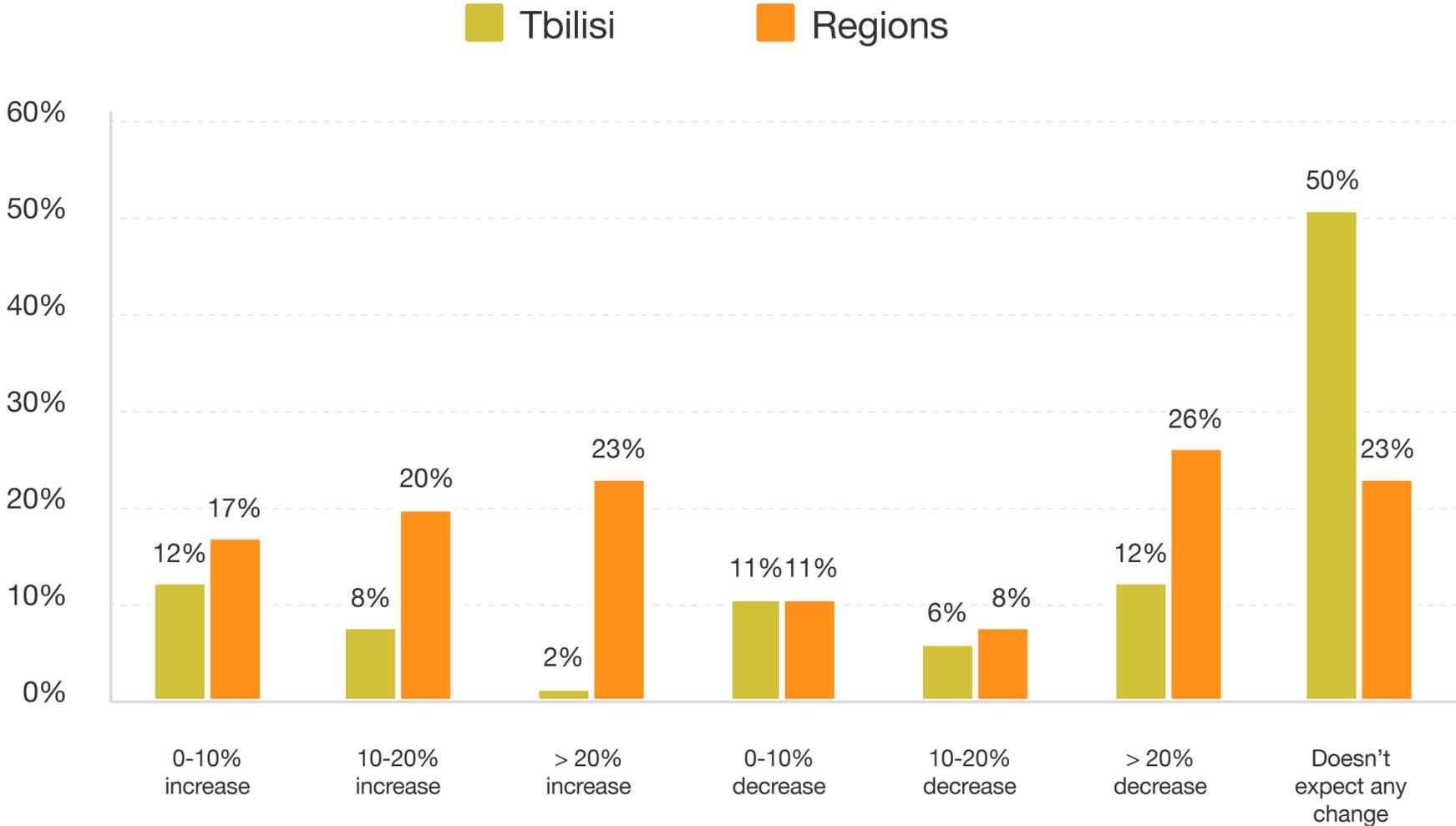
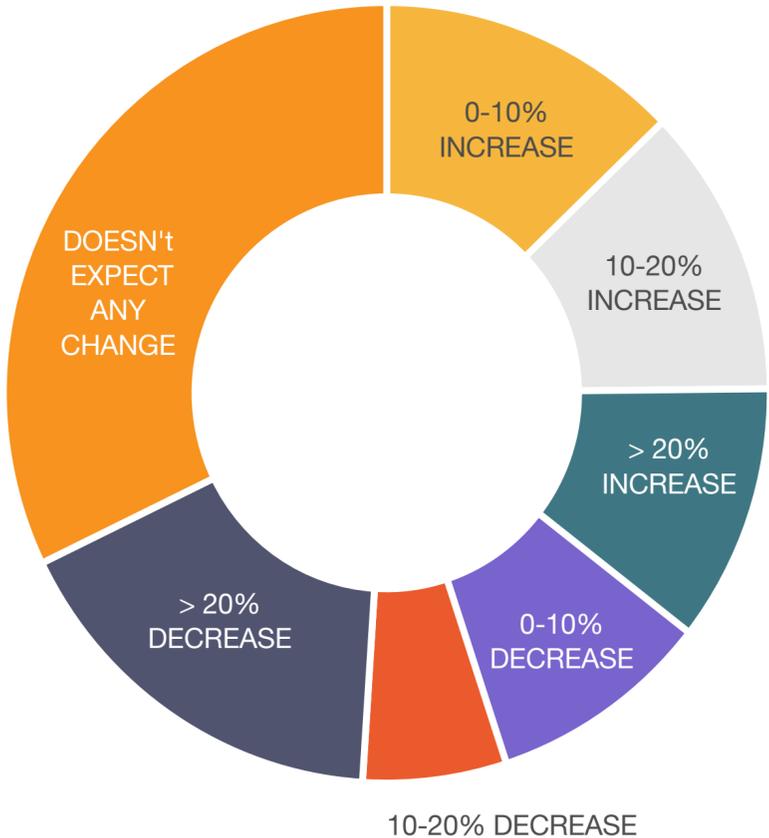
DOMESTIC TOURISTS' SHARE IN HOTELS, 2019





# HOTELS DO NOT HAVE HIGH EXPECTATIONS ON DOMESTIC TOURISM, ESPECIALLY IN TBILISI

SURVEY: WILL DOMESTIC TOURIST BOOKINGS INCREASE IN 2H20?



Source: Galt and Taggart Research  
Note: The survey was conducted during the first week of June and up to 150 hotels participated in the survey



# MANY COUNTRIES STARTED TO ENCOURAGE DOMESTIC TOURISM

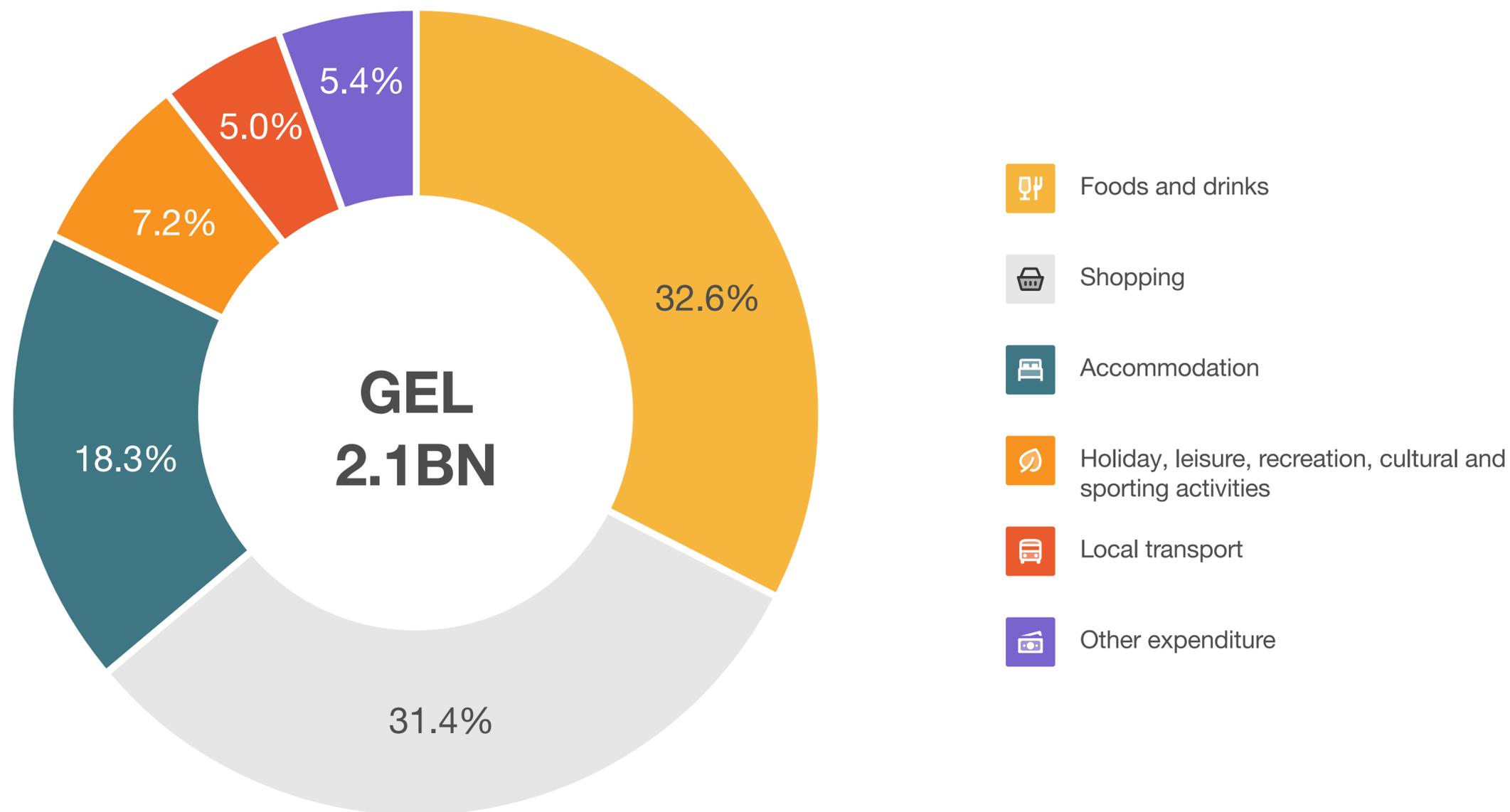
## DOMESTIC TOURISM STIMULUS PACKAGES BY COUNTRY

COUNTRY	PROGRAMS TO ENCOURAGE DOMESTIC TOURISM
Malaysia	US\$ 113mn travel discount vouchers for domestic tourists
Philippines	US\$ 8.2mn for domestic tourism promotion campaign
Australia	US\$ 12mn for 'Holiday Here This Year' domestic tourism promotion campaign
Vietnam	'Vietnamese people travel to Vietnam destinations' promotion campaign, touristic products tailored to the needs of domestic tourists, up to 50% discounts from travel agencies
Thailand	'We love Thailand' domestic tourism promotion campaign
Czech Republic, Croatia	Gift cards used for local touristic destinations
Japan	'Go To Travel' promotion campaign, vouchers and discount cards with max. \$185 a day
Korea	1mn vouchers each with \$32 discount on accommodation units
Egypt	Hotels were allowed to receive domestic tourists from early May. Hotels had to operate with maximum 25% occupancy till June, and with max. 50% occupancy from June
Italy	Subsidizing vacation expenses for local and international tourists. € 75mn was earmarked for vouchers and discount cards
Great Britain, Hungary	Active marketing campaigns to encourage domestic tourism



# GEORGIAN TOURISTS SPENT GEL 2.1BN ABROAD IN 2019. DOMESTIC TOURISM WILL BE SUPPORTED BY THE FACT THAT TRAVELLING ABROAD IS LIMITED

GEORGIAN TOURISTS' SPENDING ABROAD, 2019



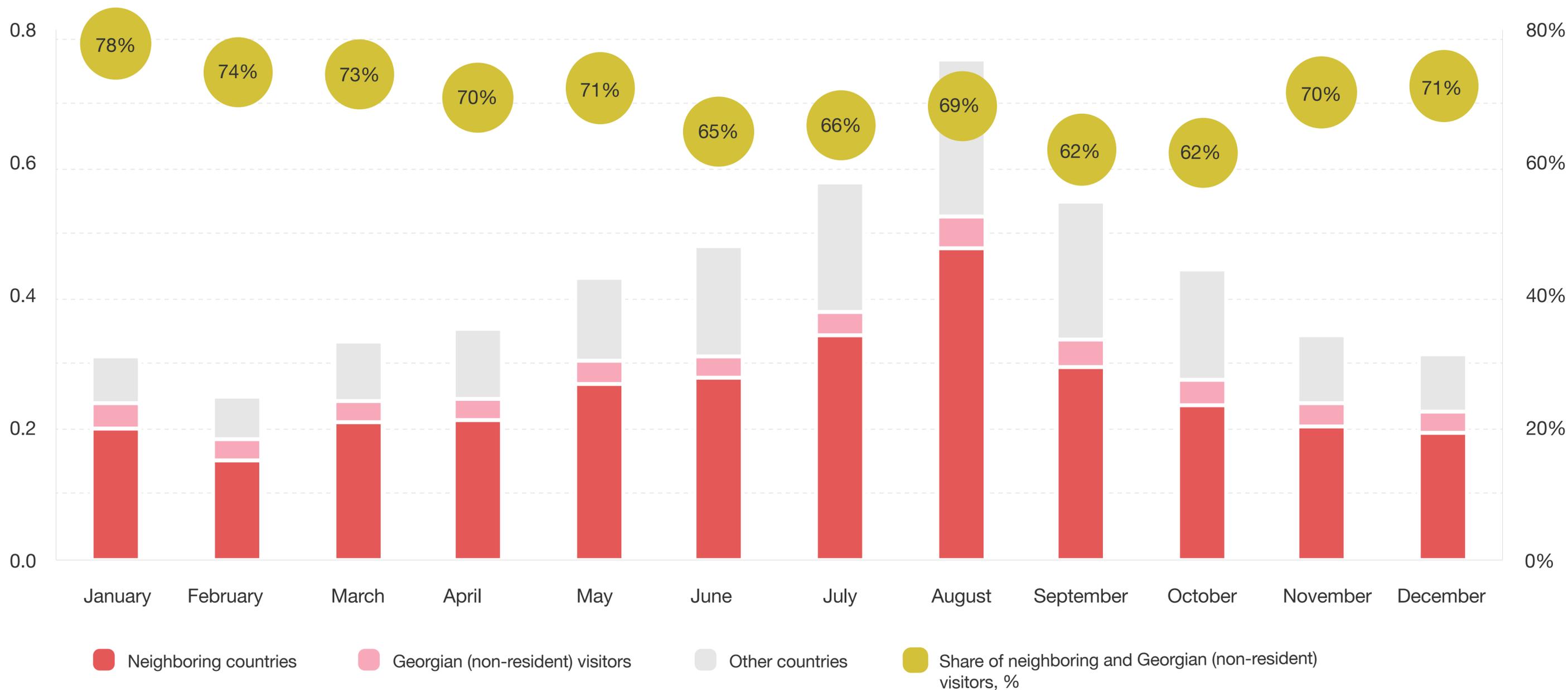
**ANALYSIS OF  
GEORGIA'S  
INBOUND  
TRAVEL  
MARKETS**

**5**



# MOST OF THE TOURISTS FROM NEIGHBORING COUNTRIES VISIT GEORGIA BY OWN CARS, WHICH IS IMPORTANT DURING CRISIS

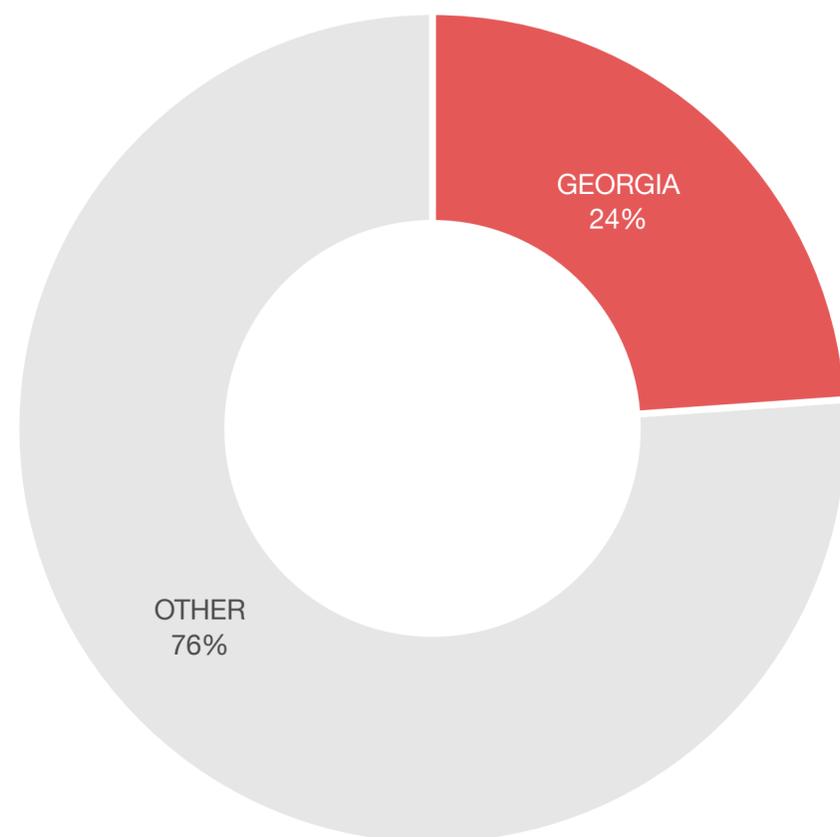
## NUMBER OF TOURISTS BY MONTH, MN PERSON



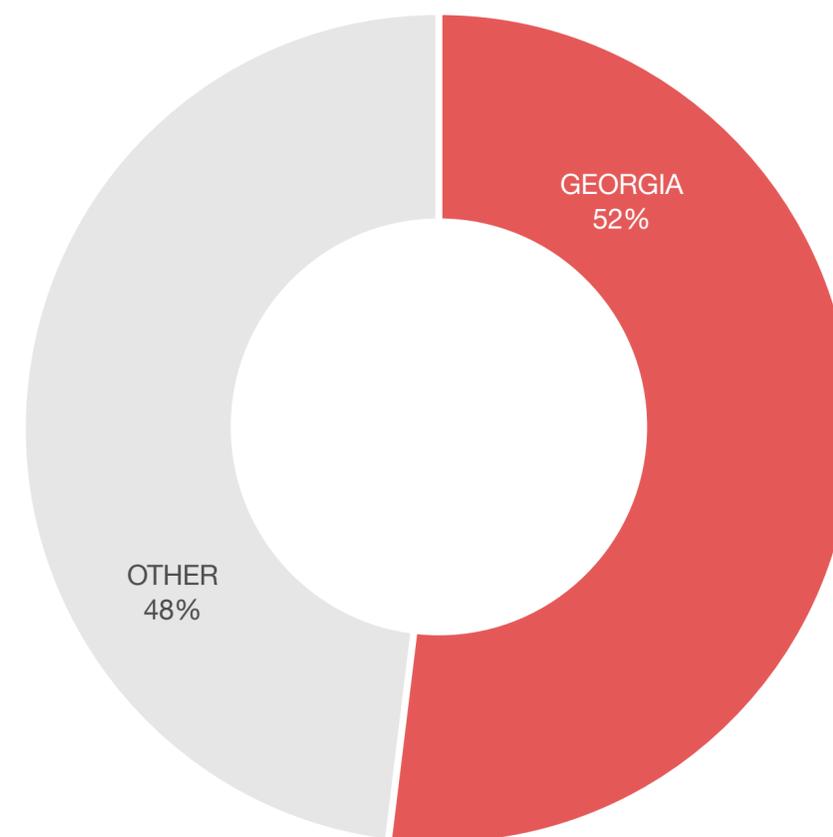


# GEORGIA IS THE MOST VISITED COUNTRY BY AZERI AND ARMENIAN TOURISTS AND WILL BECOME MORE ATTRACTIVE IN POST-PANDEMIC PERIOD

GEORGIA'S SHARE IN AZERBAIJAN'S OUTBOUND TOURISM IN 2018



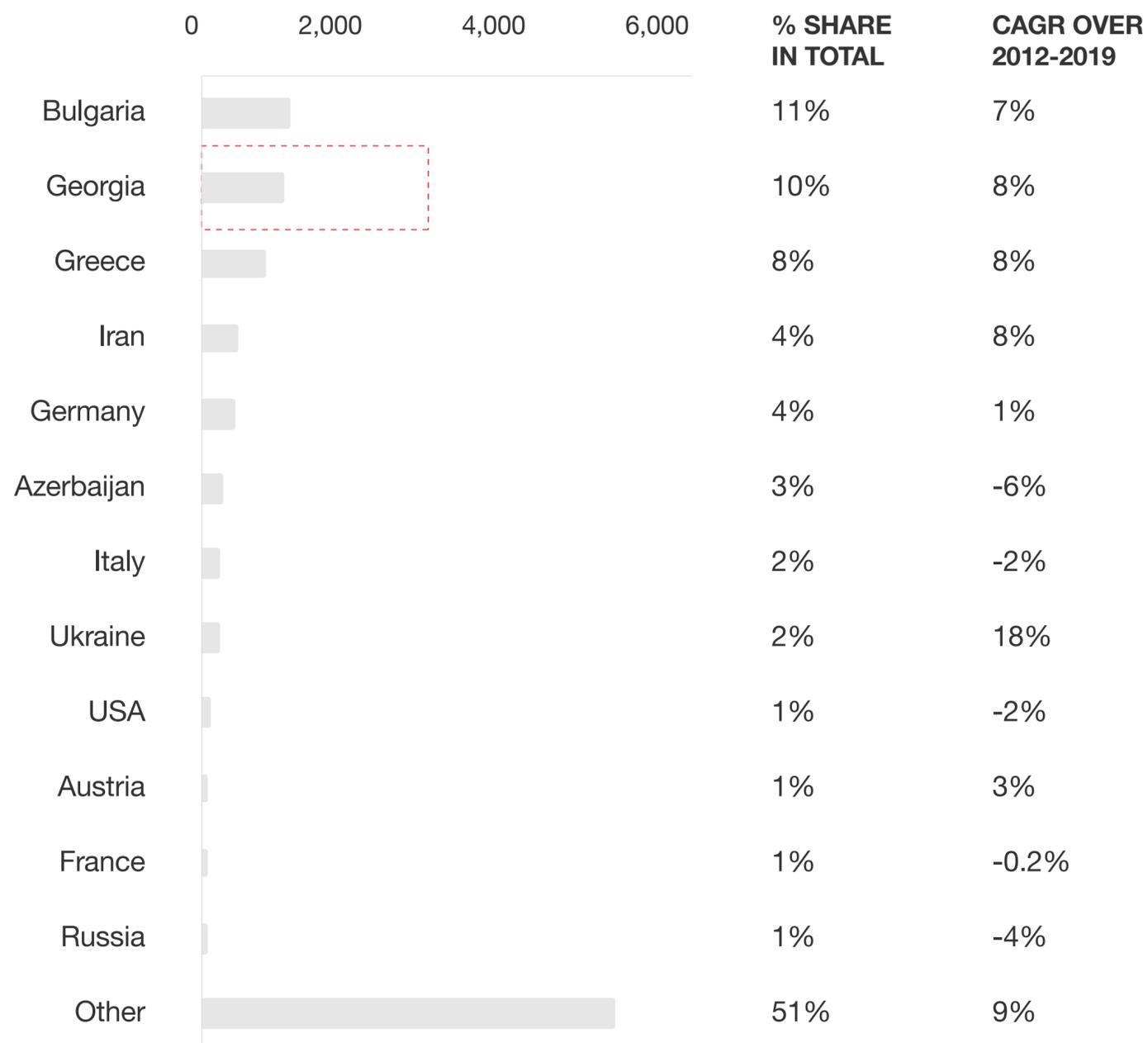
GEORGIA'S SHARE IN ARMENIA'S OUTBOUND TOURISM IN 2018



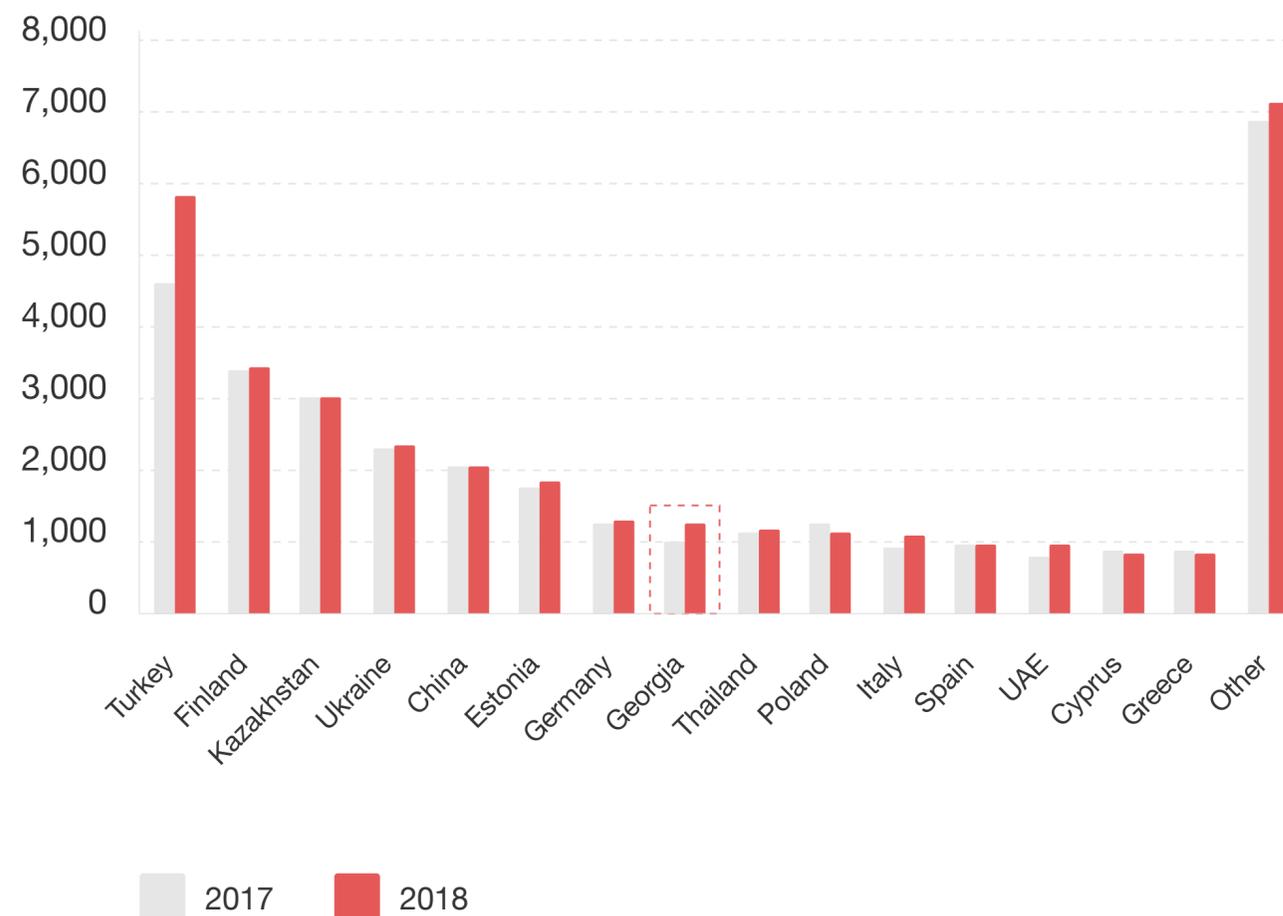


# GEORGIA IS THE 2ND MOST VISITED COUNTRY FOR TURKISH TOURISTS

NUMBER OF TURKISH TOURISTS BY TRAVEL DESTINATION IN 2019, '000



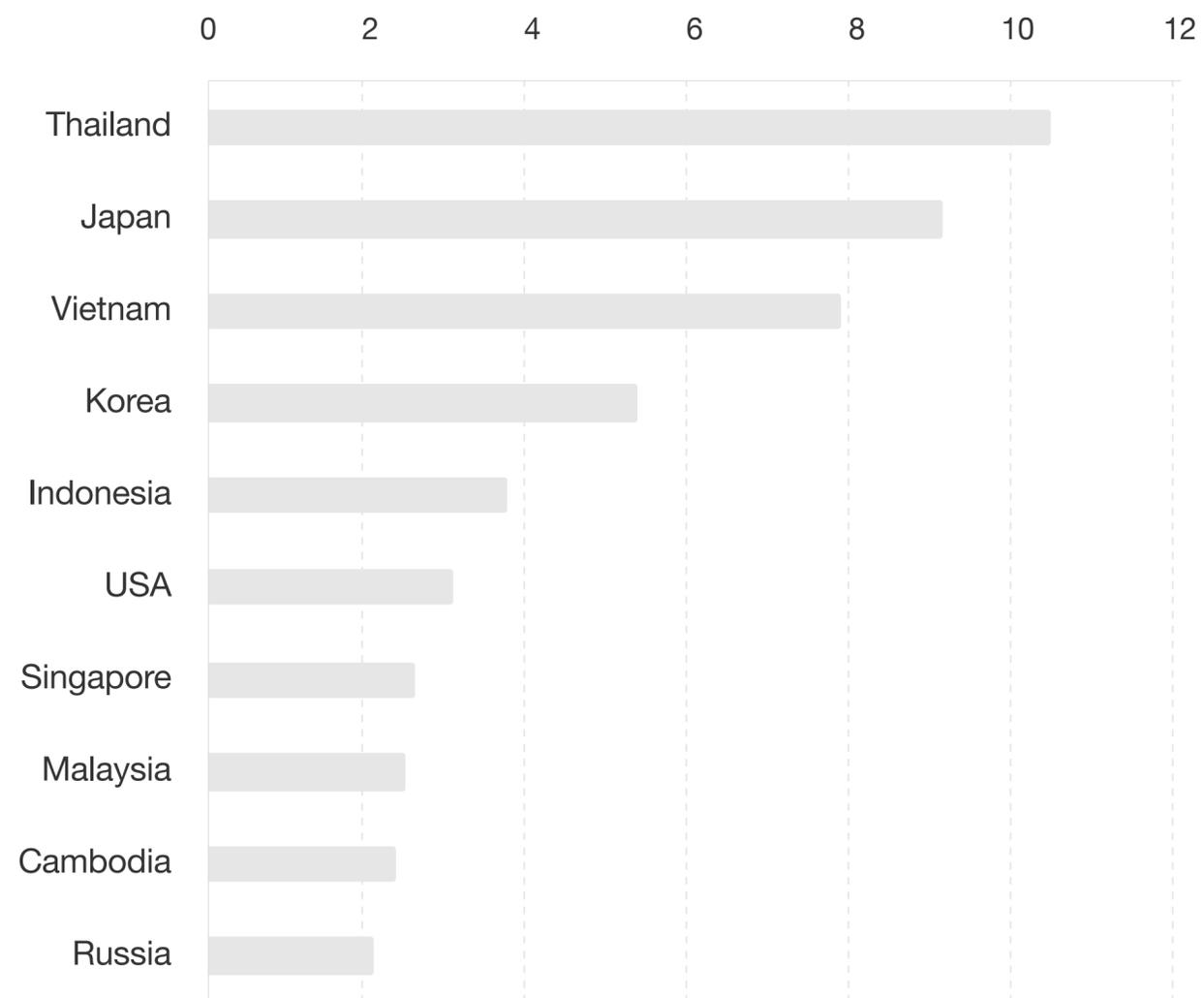
NUMBER OF RUSSIAN TOURISTS BY TRAVEL DESTINATION, '000





# APART FROM NEIGHBORS, GEORGIA NEEDS TO ATTRACT NEW TOURIST MARKETS - THERE IS A GROWING INTEREST FROM CHINESE TOURISTS

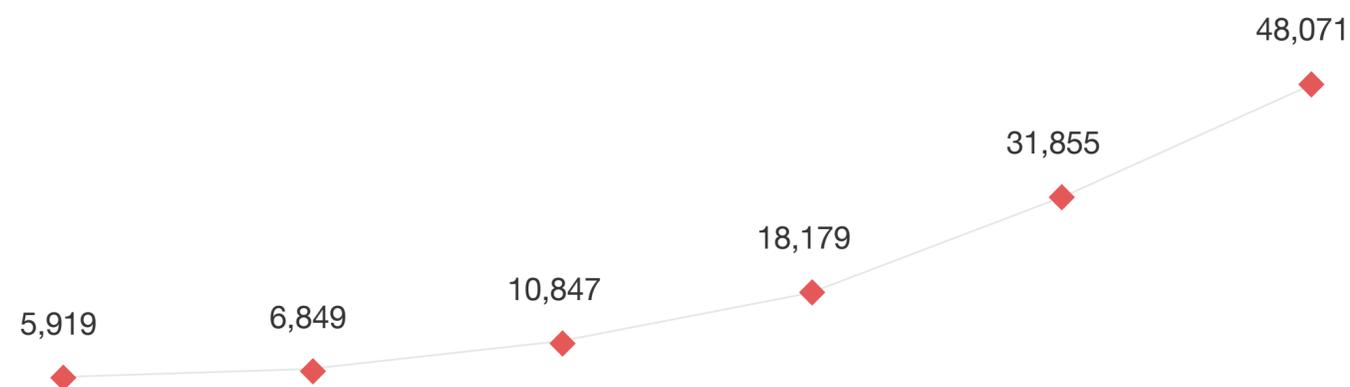
## CHINESE TOURISTS BY TOP 10 DESTINATIONS IN 2018, MN



China is the world's largest tourist market. Most Chinese tourists visit Asia and the Pacific, however, growing interest is observed toward developing touristic markets.

According to the most popular travel portal in China (Mafengwo.com), new tourist destinations such as Georgia, Turkey, Serbia, Cyprus, the Bahamas and Croatia attracted special attention from Chinese tourists in 2018.

## CHINESE VISITOR GROWTH IN GEORGIA OVER 2014-19



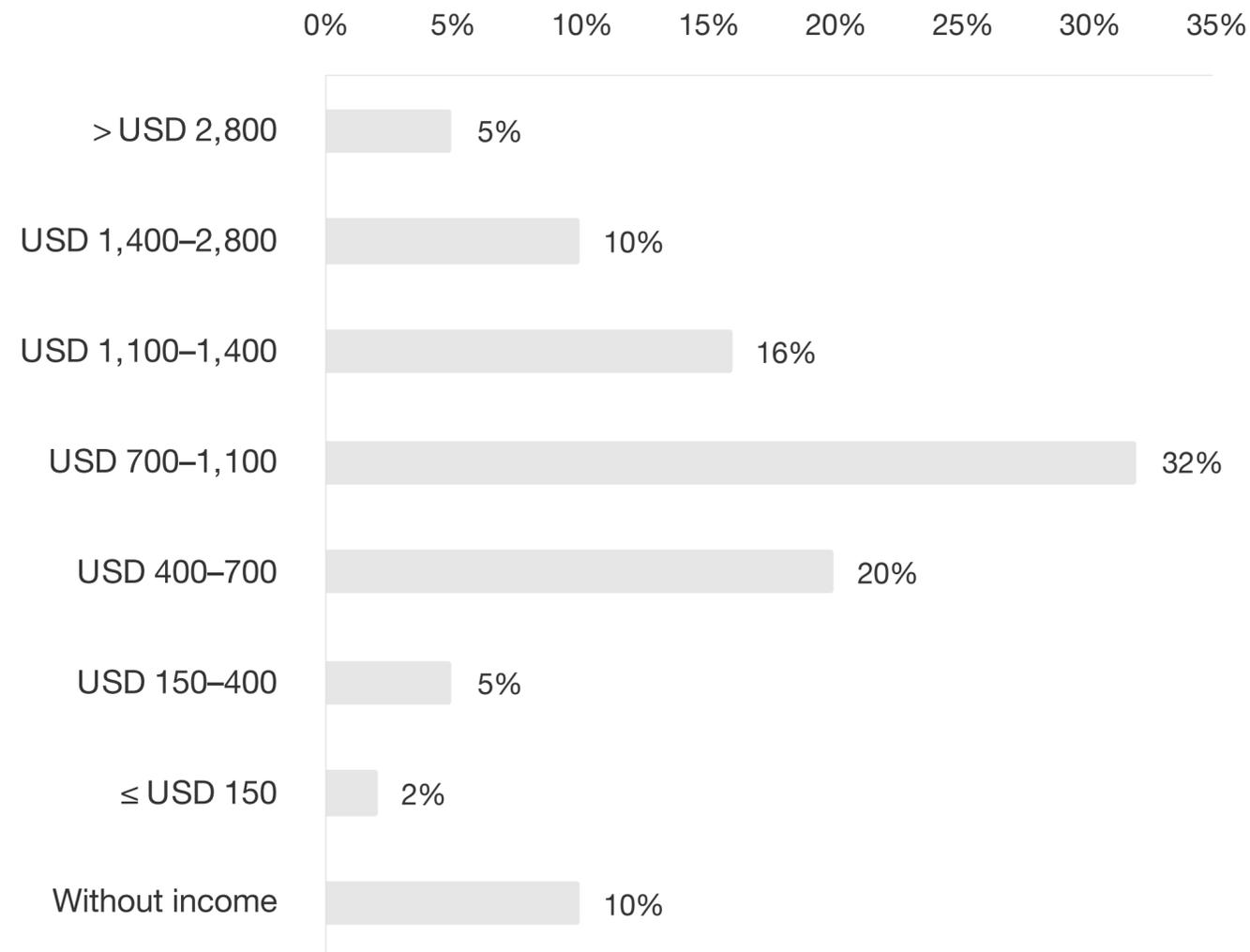
Source: GNTA

Source: UNWTO  
Note: Data excludes Hong Kong, Macau and Taiwan

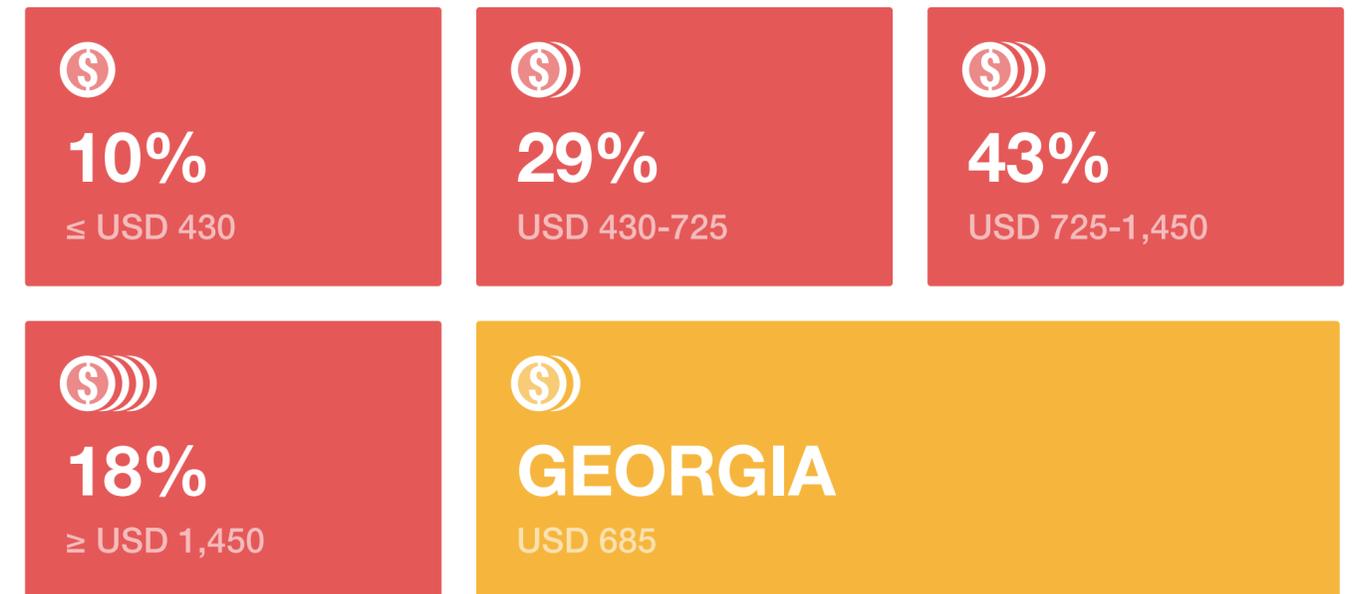


# MOST OF THE CHINESE TOURISTS HAVE LOW OR MIDDLE INCOME, WHO MOSTLY FAVOR CHEAP TOURIST DESTINATIONS

## CHINESE TOURISTS BY INCOME LEVEL, 2018



## AVERAGE SPENDING BY CHINESE TOURISTS, 2018



**ANNEX**

**6**



# CROATIA - TOURISM REVENUES TO GDP C. 20%



## FISCAL/MONETARY AND OTHER MEASURES TO SUPPORT THE SECTOR

- Loan deferral for 3 months, ESIF loan deferrals for micro & small Loans until the end of 2020
- 'Covid-19 loans' for small and medium-sized companies, state credit guarantees on loans
- Grants for employees, c. €350 in March, c. €430 in April and May
- People who lost jobs are compensated for 60% of their salary for 3 months, 30% for the next period
- State assistance to affected businesses for taking new loans, restructuring or deferring the existing ones
- Tax deferral for 6 months (excluding VAT), exemption of grants from taxes, rent deferral



## MEASURES TO ATTRACT TOURISTS

- Cro-card\* to encourage domestic tourism
- Vouchers to compensate cancelled bookings, to defer or reimburse the planned tours from Mar-2020

\* Cro card was created before the pandemic, this is a c. \$350 deposit card gifted to employees from their employers. Card could be used on seaside resorts, restaurants, hotels and other establishments. Croatia plans to change the purpose of this card during pandemic, and make its use available throughout the country.



# PORTUGAL – TOURISM REVENUES TO GDP C.10%



## FISCAL/MONETARY AND OTHER MEASURES TO SUPPORT THE SECTOR

- €900mn for accommodation facilities (of which €300mn is for small and medium enterprises)
- €200 for touristic agencies, entertainment and event organizer companies (of which €75mn is for small and medium enterprises)
- €600mn for restaurants (of which €270mn is for small and medium enterprises)
- Financial support to start-up companies by vouchers, mezzanine funding etc.
- 6 month deferral of debt repayment for consumer and business loans, the deadline may be extended
- Support to companies in the amount of 2/3 of the remuneration to maintain their workers
- Turizmo de Portugal launched a set of online training courses for personnel qualification
- Financing of planned and cancelled event expenses for 2020



## MEASURES TO ATTRACT TOURISTS

- ‘Don’t cancel, postpone’ voucher scheme – Portugal offers vouchers for cancelled bookings to tourists, vouchers are valid until 2022, in case of not using they are eligible for refund



# TURKEY –TOURISM REVENUES TO GDP C. 5%



## FISCAL/MONETARY AND OTHER MEASURES TO SUPPORT THE SECTOR

- US\$ 15.4bn economic relief package
- VAT tax exemption for 6 months
- Loan payment deferrals for 3 months for affected companies
- VAT on domestic airline flights cut to 1% from 18%
- The Credit Guarantee Fund limit doubled to \$7bn, to provide SMEs and individuals with liquidity under favorable conditions
- With participation of major airline companies (THY, Pegasus, AnadoluJet) travel agencies do not receive penalties for not fulfilling quotas or guests 'no show'
- Accommodation tax deferral until Nov-2020



## MEASURES TO ATTRACT TOURISTS

- 'Covid-19-free' certificates to tourist destinations which have safety standards and no covid-19 confirmed cases
- Arranging interior of hotels, restaurants, airports and other tourist destinations so that social distance and safety norms are maintained
- According to President Erdogan, medical tourism development falls among Turkey's priorities, the potential of which has been further strengthened by Covid-19.



# CZECH REPUBLIC – TOURISM REVENUES TO GDP C. 3%



## FISCAL/MONETARY AND OTHER MEASURES TO SUPPORT THE SECTOR

- Covid I program (€ 180mn) – 1 year interest-free loans to self-employed and small and medium enterprises
- Covid II program (€ 180mn) – up to 80% loan guarantees for self-employed and small and medium enterprises
- Covid III program (€5 bn) - 80-90% credit guarantees for companies of all size
- €22mn financing to small and medium enterprises located in Prague enterprises
- €42mn support to artistic entities
- Tax benefits (cancellation of fines, cancellation of administrative taxes, deferment of tax declaration filling, etc.)
- Supporting affected companies by subsidizing 60%-100% of their employees' salaries and 30-80% of start-up employees' salaries
- Subsidies for self-employed of €17 for each day of quarantine, direct one-off support of € 1,000



## MEASURES TO ATTRACT TOURISTS

- C. US\$ 400 gift vouchers to encourage locals on domestic travel (similar to Croatian model)



# MONTENEGRO – TOURISM REVENUES TO GDP C. 22%



## FISCAL/MONETARY AND OTHER MEASURES TO SUPPORT THE SECTOR

- Loan deferrals for 3 months
- Simplified procedures for loans at 1.5%, no approval fee, €3mn cap for each loan
- Tax benefits (E.g: postponement of income tax payment, social benefit taxes etc.)
- Subsidizing 50%-70% of minimum salaries for employees in affected companies during April and May
- 70% compensation of minimum salary for 6 months for people who lost jobs
- Advance payments to contractors and service providers on ongoing capital projects
- Postponement of lease payments for 3 months on state-owned real estate
- The Ministry of Finance is considering VAT exemptions upon request
- €50 one-off financial support to each family member



## MEASURES TO ATTRACT TOURISTS

- The country has no particular strategy for attracting tourists so far



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