

**Caucasian Model UN-
2022**

**«Support for tourism as
part of the Global Economic
Recovery»**



**UN World Tourism
Organization**

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Introduction

Currently, tourism is one of the largest industries in the world, as well as a promising and fast-growing sector of the economy. Already today, many new tourist destinations are emerging in Asia and Africa, complementing the already traditional ones in Europe and North America. Despite the periodic political, economic and social challenges, tourism is still showing fantastic growth. Travel and tourism are the largest industry in the analysis of economic indicators, such as: total production, capital investment, labor and tax deductions. In addition, the tourism industry actively uses human resources, creating a large number of attractive jobs. The development of tourism is one of the priorities of the world's economies. It is tourism that is the largest and most dynamic industry of modern society, whose contribution to world GDP is more than 10%, and which creates at least 260 million places for work.

As we can see, the tourism sector, which plays a vital role in the economy of the countries of the world, is very vulnerable to external shocks. In particular, the coronavirus pandemic has had a really negative impact on the development of this economic sector. The share of tourism in global GDP has almost halved, from 10.4% to 5.5%, according to a report by the World Tourism and Travel Council (WTTC), prepared jointly with Oxford Economics. At the same time, the overall slowdown in the global economy was 3.7%. Nevertheless, in the 21st century, according to UNWTO experts, tourism has become the most stable and developing sector of the economy. High rates of development, large amounts of cash receipts actively affect the global economy, which contributes to the formation of the tourism industry. The socio-economic importance of the tourism sector is emphasized by the contribution of tourism to the employment of the population and the provision of jobs. The development of international and domestic tourism has a stimulating effect on such key sectors of the economy as transport, communications, trade, construction, agriculture. Tourism is one of the most

promising areas of economic restructuring, and the rise in the volume of capital investments in tourism also indicates to the economic importance of this industry at the global level. Besides, it should be noted that international tourism provides the highest export earnings in the world for most countries and is an important factor in ensuring the balance of payments, contributes to the accelerated development of road and hotel construction. The tourism sector also provides the widest opportunities for the development of small and medium-sized businesses, which is the stabilizing basis of the economy of any country.

CHAPTER 1. THE IMPACT OF THE COVID-19 PANDEMIC ON THE GLOBAL ECONOMY.

In 2019, the first case of coronavirus infection was registered in the city of Wuhan in the central Chinese province of Hubei. Only then COVID-19 spread to more than 200 countries in Europe, Asia, Africa, and the United States and was recognized as a pandemic by WHO. Healthcare experts immediately put forward a number of recommendations as the first line of defense in order to reduce the spread of the coronavirus, such as face masks, maintaining social distance and self-isolation. States gradually began to close their borders and by April 2020, most countries of the world either completely restricted entry and exit to their territory, or imposed strict entry restrictions, including compulsory quarantine on arrival. These measures have led to actual restriction of freedom of movement. The crisis caused by the coronavirus pandemic has had a negative impact on all industries and spheres of public life without exception. As noted in "The European Business Review", the leading European business magazine: "In the first six months, the pandemic has completely changed the world and how it functions. In countries with a high percentage of cases, companies began to close, there was an increase in demand for everyday products, speculation began on the market of certain goods: antiviral drugs, sanitary masks, disinfectants. Quarantine measures in

China have led to supply disruptions, as a result of which trade with the United States and the European Union has significantly decreased in the first months of 2020. Being the epicenter of the pandemic, China demonstrates the reaction of world markets to the spread of the virus. Exports from China fell by 17% in the first months of 2020, and imports into the country showed a slowdown of 4%."

The slowdown in the Chinese economy as a major supplier of consumer and industrial goods has led to an imbalance in global commodity markets due to disruption of the supply chain, as most of China's export factories were closed. This state of affairs eventually led to higher commodity prices, and the reduction in the supply of resources also affected the economic opportunities of companies, as a result of which they were forced to resort to layoffs and plant closures. Thus, socio-economic indicators were also under attack: unemployment rose, inflation rose, and social stratification in society increased. As a result of the restrictions associated with the "coronacrisis", almost all sectors of the economy have been hit hard, especially small and medium businesses, as well as the tourism sector.

Despite the state support provided, the overall decline in purchasing power had a negative impact on the activities of market players. It's no secret that retailers have also been affected: stores and malls have been emptied, sales of goods have plummeted. Due to the introduction of lockdown (measures that prohibit people from freely entering and leaving buildings or a certain area due to an emergency), consumer behavior has also changed cardinally. Due to the fact that people were deprived of the opportunity to visit shopping and entertainment centers, economic indicators began to decrease sharply: under quarantine conditions, spending on non-essential goods is decreasing for most consumers.

In addition, one can observe a decline in the incomes of a significant part of the population around the world: the crisis in individual families creates a problem for many businessmen, and therefore for the entire economy of the country. According to the IMF, in the USA, the unemployment rate in 2020 reached 8.9%, and in many countries, for example, in France, Spain, and the UK, the prospects for creating new jobs remain extremely low.

CHAPTER 2. TOURISM RECOVERY

The UN Secretary-General in his policy brief "COVID-19 and Transforming Tourism" noted that tourism contributes to the preservation of the natural and cultural wealth of the planet. However, the current downward trend in tourism revenue has led to an increase in poaching, violation of the regime of protected areas and even the closure of World Heritage sites. That is why the UN called for the recovery of tourism, but in such a way that it is not only safe for the host, workers and travelers, but also does not harm nature. At the same time, the organization understands that the recovery of tourism will largely depend on the development of the pandemic and the economic situation in the world. "Now that we are focused on how we will emerge from this deep crisis, the safe resumption of tourism is critical. This is important for the development of rural areas. After all, rural tourism ... this year is the main focus", - says the message of the head of the UN. António Guterres believes that today there is an unprecedented opportunity to develop environmentally friendly tourism, which is also focused on protecting vulnerable segments of the population and a fair distribution of income. In addition, according to the Secretary-General, the development of tourism is not only an opportunity to generate income, but also one of the ways to preserve national and world cultural values, and protect biodiversity and ecosystems.

Like the head of the UN, the World Tourism Organization is doing all it can to save the livelihoods of millions of people, also it calls for decisive and urgent action. Thus, the 112th session of the UNWTO Executive Council, held in September 2020, was a turning point in the history of tourism regulation during the COVID-19 pandemic. The outcome of the session was the Tbilisi Declaration, which is not only a call for action to mitigate the socio-economic impact of COVID-19 and accelerate the recovery of the tourism industry, but it also offers a set of recommendations that call for urgent and resolute support. These recommendations were subsequently supplemented and eventually formed the basis of an action plan to overcome the crisis. The goals suggested by "The Priorities for Tourism Recovery" can be formed into the following groups: job protection, security, cooperation, innovation, and sustainable development. According to the report, jobs can be protected through special tourism support schemes for small and medium-sized businesses, entrepreneurs and the self-employed. Social and tax payments should be deferred, social benefits should be expanded, and the ease of obtaining and reducing the cost of visas should be promoted. Safety is given special attention, because tourism can develop if and only if this area will not pose a threat to health and the further spread of coronavirus. To achieve safety, it is necessary to provide travelers with clear information about the existing measures in place at their destinations. It is also necessary to adapt restrictions according to existing risk, regularly review travel restrictions, and expand the use of technology for safe, smooth, non-contact travel. It is also necessary to adapt restrictions according to existing risk, regularly review travel restrictions, and expand the use of technology for safe, smooth, non-contact traveling. Cooperation and coordination of activities are in charge for a reason. Collective action by the state and the private sector is what will help the sector in question recover more quickly. In addition to the standard set of prescriptions, which includes reducing bureaucracy, developing new standards and interaction mechanisms, the UNWTO focuses on interagency cooperation,

which is more likely to lead to the implementation of common policies in areas such as tourism and health. The last point raises issues of innovation and sustainable development. It is no coincidence that the organization places special emphasis on the introduction of new technologies. In addition to addressing the current challenges of industry recovery, this approach will allow us to adapt to the new challenges of today. That's why UNWTO calls for special attention to cybersecurity, acceleration of digitalization, and online training for staff development. Thus, the adoption of the above-mentioned measures will allow a more comprehensive approach to solving the international crisis in tourism and make a good foundation for the future establishment of the industry, where the implementation of sustainable development goals will be the first priority.

CHAPTER 3. STATE ACTION

As we know, many of the world's economies were not prepared for a coronavirus pandemic: the pandemic measures taken by states in the spring of 2020 led to the freezing of entire industries, the closing of national borders and the imposition of travel restrictions everywhere. Therefore, it is not surprising that countries with a large service sector and a large share of small and medium-sized businesses, i.e. the largest world centers of tourism, such as Spain or Italy, where revenues from tourism account for a significant part of GDP, received a particularly painful blow. If we look in more detail at the measures taken in all regions, we notice that almost all governments have responded quickly and decisively to the effects of the COVID-19 pandemic. As the situation evolved, after several waves of the coronavirus pandemic, countries increasingly took concrete measures to restart and restart critical sectors of the economy. This is especially evident in those countries that rely heavily on tourism. Thus, the international experience accumulated during the period under review provides a solid basis for dealing with the consequences of the epidemic.

Thus, the international experience accumulated during the period under review provides a solid basis for dealing with the consequences of the epidemic. And examining some of the practical measures already taken under the auspices of various governments provides an opportunity to find out the regulatory measures that can be implemented around the world to support the sector.

EUROPE

The European region is a leader in the global tourism services market. According to the annual International Tourism Highlights report from 2020, in addition to the 51% of all tourist arrivals that came to Europe, countries received 39% of international tourism revenues. Such figures certainly put European states at the forefront of the tourism industry. That is why the EU countries are particularly interested in the rapid recovery of this destination. For a more detailed study, let us look at specific measures taken by the countries of the region. In France, a Tourism Sector Committee was created in January 2020 to support tourism, with a focus on jobs, sustainability, digitalization, regulation and competitiveness.

Also, the French government has introduced a voucher system and developed a government plan to rebuild the sector worth 18 billion euros. In Spain, the government is developing a strategy for sustainable tourism 2030, where the main focus is on the socio-economic, territorial and environmental aspects. It is worth paying attention to the extension of the system of "temporary layoffs" ERTE (Expediente de Regulación de Empleo Temporal). An important point remains the "Recommendations to reduce coronavirus infection in the tourism industry", which serves as a pilot project of the UNWTO. The German government has reduced the VAT rate for German companies to reduce the negative effects of the coronavirus pandemic, and has

developed a financial rescue package for German companies, which has been converted into initiatives such as Bridging AID III Plus and Neustart Kultur. These programs are supposed to provide financial support, which primarily concerns areas such as air travel, tourism and gastronomy. However, it is worth noting that in addition to governments in the EU, there is a supreme executive body, the European Commission, which also makes a huge contribution to support industries that have been particularly affected by the coronavirus pandemic. For example, on August 11, 2021, the European Commission decided to provide 550 million euros to support the railway company Deutsche Bahn.

ASIA-PACIFIC REGION

International tourism in the Asia-Pacific region is a relatively young phenomenon. In some countries the tourism industry began to develop recently - in the 1980s, but very dynamically. The countries of this region are rapidly passing the stage of formation of a modern market of inbound and outbound tourism.

Today, the region is the world's second largest in tourist arrivals and receipts from international tourism. China was one of the first to be trapped in a pandemic, but the measures taken by this state have been effective enough to keep the most crisis-ridden industries afloat. That is why the Chinese government approved a special fund for repayment to tourist agencies and reduced the credit rate, and the Ministry of Culture and Tourism called on provincial governments to reopen tourist sites, though with limited access subject to strict control to comply with the sanitary and epidemiological regime. Japan has already put in place a package of measures totaling about 20 million dollars to help and lend to small and medium-sized businesses. Japan also launched the "Go To Travel" domestic tourism support program, which

the authorities launched to support the local travel industry affected by the pandemic.

NORTH AND SOUTH AMERICA

The Americas macro-region is made up of two major tourism regions, North America and Central-South America. According to International Tourism Highlights from 2020, North America accounts for two-thirds of all tourist arrivals. Also before the pandemic, there was a noticeable increase in the number of tourists in the South as well. However, it is important to note that the vast majority of tourist flows are concentrated within the region, and the exchange between the United States, Canada and Mexico is particularly intense. As early as March, the United States announced support for the hardest hit industries economically and adopted the CARES Act program, which included measures to curb the spread of the coronavirus and economic support measures that included loans, loan guarantees and investments. Particular attention was also paid to the record \$2.2 trillion aid package, where \$500 billion was allocated to help hard-hit industries.

The Mexican government has so far refused to develop basic packages to support industries that are in crisis. Despite the promise of financial aid in early March 2020, the tourism industry has not received support.

AFRICA

It is important to note that on the African continent, besides their own measures of support for tourism, international organizations such as IMF, WB, OECD and others are involved in resolving the economic crisis. To a large extent, they provide assistance through programs for small and medium-sized businesses and for the protection of jobs. Their activities are carried out through various mechanisms, among them: special funds, loans, technical assistance, recommendations.

THE MIDDLE EAST

The Egyptian economy is a good example of how the tourism sector in the Middle East is recovering. According to the UNWTO, Egypt's tourism sector thrived in 2019, recording a jump in growth of 21%, with more than 13.5 million tourists. This is why the Egyptian Ministry of Tourism and Antiquities has already taken several measures in the summer of 2020 to ease the impact of the coronavirus pandemic on the tourism sector. In addition to providing state security certificates for hotels, the government paid special attention to economic measures, among them the extension of visa fee exemption until April 2021, as well as deferring the payment of utility bills and debts for tourist companies. Egypt's central bank has also lowered the interest rate for lending support mechanisms, including for the payment of employee salaries. To summarize, it is important to note that countries are primarily focusing on economic measures. Almost all regions tend to use fiscal and monetary measures to support the tourism industry.

Moreover, some states, mostly in the European and Asia-Pacific regions, in addition to general economic measures, have developed health protocols, digital vaccination certificates, to make tourism safe and renew the flow of tourists. Another region-wide trend is due to a period of uncertainty. Today, it is important for states to get the most up-to-date and reliable information as well, which is provided by task forces and committees created in many countries. Online platforms have been created on the Internet, where everyone can access data in real time. To summarize, there is a trend toward increased cooperation at the international level. States have tried to go beyond their national borders to work together to reduce the impact of the pandemic on tourism.

Conclusion

It was the first time in history that the tourism industry faced such a dramatic crisis that spanned the globe. The tourism market has to operate in a situation of complete uncertainty and no one knows how the epidemiological situation in the world and in individual countries will change, how soon it will be possible to lift restrictions on international flights and weakening of the imposed measures for epidemiological safety. Realizing the importance of the tourism industry to recover the world economy, the UNWTO is taking numerous steps to address the problem. With recommendations, conferences with leading UN agencies, and new mechanisms, the UNWTO has laid the groundwork for further development. The main document today is the Tbilisi Declaration, adopted at the 112th meeting of the Executive Council (September 15-17, 2020) in Georgia. The Declaration recognizes the importance of tourism for economic prosperity and the preservation of a unique culture. In addition, the signatories committed themselves to sustainability and equality in tourism, and to ensuring that no one is forgotten in the process of creating a better future. In particular, this applies to island states, where revenues from tourism are the defining item of GNP. At such a difficult time, the UNWTO also takes into account such basic documents as Resolution 70/1 "Transforming Our World: The 2030 Agenda for Sustainable Development. This document outlines 17 Sustainable Development Goals that seek to eradicate poverty and hunger, protect human rights and human dignity in order to protect the planet from degradation and promote peace. Therefore, the UNWTO organization intends not only to address the issue of the early recovery of the tourism industry, but also to try to transform the sector to meet the SDGs. However, the states' own measures also played a huge role in the partial recovery of tourism. The most popular in light of the resolution of the crisis was fiscal policy, which is aimed at tax exemptions, the creation of support programs. Special emphasis is placed on monetary policy (exemption

from loan payments) and employment and training policies. That is, increasing unemployment benefits, training workers and developing their digital skills. Countries are also turning to public-private partnerships, market research and policies aimed at restoring tourist flows to support domestic tourism. Thus, now we are talking about a partial recovery of the market - 10-15%. In this case, a full return to pre-crisis indicators may take from two to five years, depending on further developments. Given the severe consequences of the crisis, only productive cooperation and timely measures based on a prompt response to the changing situation will yield favorable results.