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HOW SHALL WE 'HAMMER' AND 'DANCE'?

Pivoting towards domestic tourism during the Covid-19 pandemic.

By Lim Wee Kiat

As I grew increasingly stifled by Singapore's circuit breaker (or what I call 'lockdown with Singaporean characteristics'), my mind escaped to my first and only *onsen* (Japanese for 'hot spring') experience two years ago. Nestled in Toba City of Mie Prefecture, a two-hour train ride from Osaka, Japan, the *onsen*—and the *ryokan* (traditional inn) to which it was attached—was not a natural tourist magnet for international travellers, given its remote location. In fact, my wife and I were the only non-Japanese guests for those few days. That made us part of a meagre nine percent of foreign tourists who ventured to stay in a *ryokan* during their time in Japan.¹ Similar establishments and many other tourist spots in the country depend more on domestic than foreign spending for business. In 2019, tourism contributed about 10 percent to Japan's gross domestic product (GDP), of which eight percent came from domestic tourists and the remaining two percent from international travellers.²

I marvelled at the masses of domestic tourists whom I saw staying at the *ryokan* and roaming around the tourist attractions nearby. Coming from Singapore, where our unique profile collapses city, capital, and country into an island of close to six million people, the notion that domestic tourism could play an important part in the economy was one that took some getting used to. Whereas for countries like Japan with a sizeable landmass and population, coupled with a substantial middle class with spending power and a taste for novel experiences, domestic tourism is a formidable engine of economic growth. Its contribution has become more pronounced during the pandemic.

When governments are still learning how to perform the delicate routine of 'hammer' and 'dance'³—which is essentially striking a balance between keeping the ongoing Covid-19 pandemic at bay (i.e., 'hammer') and making sure that nationwide lockdowns do not choke the economy (i.e., 'dance')—promoting

domestic tourism may provide temporary life support to the tourism sector, at least until vaccines are made available for the masses.

Asia's tourism sector takes a hit

Keeping tourism alive has become particularly critical for the Asia-Pacific region, where the sector accounted for almost 10 percent of GDP in 2019, registering a 5.5 percent growth over the year before.⁴ The Covid-19 pandemic has, however, slammed on the brakes of that growth trajectory.

In East Asia, Japan was dealt with a heavy blow when the much-anticipated Tokyo Olympic and Paralympic Games were postponed due to the pandemic. The government was expecting 40 million visitors. Instead, hardly four million have visited the country up till June 2020. There were only 2,600 foreign visitors for June, a 99 percent drop compared to the same period last year.⁵ South Korea suffered a similar fate. The country was riding high on the global popularity of K-pop and K-drama before the pandemic knocked off more than 70 percent of foreign tourist numbers compared to that for last year.⁶ According to the Korea Hotel Association, foreigners accounted for 63 percent of hotel stays in 2018; currently, they account for about 10 percent.⁷

Tourism plays an even more critical role in Southeast Asian economies. The receipts from foreign tourists show that this revenue stream alone contributes an average of five percent to the economies of ASEAN member states. For Thailand, it makes up 14 percent of GDP; the figure is even higher for Cambodia at 18 percent.⁸ In fact, the year 2020, which marks the 60th anniversary of the establishment of the Tourism Authority of Thailand (TAT), was supposed to be *annus mirabilis* for the kingdom, but it has turned into *annus horribilis* instead. TAT's target for 42 million foreign arrivals cannot possibly be realised by December in view of the travel

restrictions caused by the pandemic. Its most optimistic projection now is eight million foreign tourists.⁹

Domestic tourism: Its promise and perils

It is no wonder then that in this dire period when the pipeline of inbound travellers has dried up, several Asian countries have turned inward, hoping to work up a demand for residents to spend their vacation dollars in their own backyard. For example, Malaysia, after having to cancel the Visit Malaysia 2020 campaign, has placed its bet on domestic green tourism. The country has an abundance of nature parks and scenic features, such as limestone caves and waterfalls. In fact, Tourism Malaysia, the national agency responsible for promoting tourism, believes that domestic tourism could grow as much as 30 percent over the next year.¹⁰ Singapore too has set aside US\$233 million to boost domestic tourism.¹¹ Dubbed SingapoRediscover, the campaign hopes to encourage Singaporeans to explore the local culture and heritage.

Asian companies have also discovered that they need to become more innovative in promoting domestic tourism. Taking a leaf from the cruise liners' 'cruise to nowhere' package, Taiwanese airline Eva Air launched a special 'flight to nowhere' campaign on August 8, which is Father's Day in the Taiwanese calendar. Passengers could enjoy the full experience of being an outbound tourist—from checking in at the airline counter and undergoing security screening to clearing immigration and boarding the plane. The three-hour roundtrip on Eva Air's Hello Kitty Dreamliner included the much-missed inflight meals created by a three-star Michelin chef. The damage? US\$180 for an economy class ticket, with an option to upgrade to business class for another US\$34.¹²

However, it remains to be seen how the promotion of domestic tourism would work out, given the fast-evolving and complex nature of the pandemic. Take Vietnam, for example. The country had mounted a strong campaign that hammered the virus spread in the first half of the year. It saw only 355 confirmed cases as of June 30, 2020, registered zero deaths, and experienced no local transmission for several months. It was an exemplar of how resource-constrained societies could contain the virus effectively. But within weeks of switching from 'hammering' to 'dancing' (i.e., reopening the economy and easing restrictions), cases started to break out. Danang, a coastal city popular with both domestic and foreign travellers, turned into the new epicentre. The government rushed to evacuate 80,000 visitors from Danang, and the city descended into a full lockdown.¹³ The routine had changed, with 'hammering' taking the lead again. As of end-August,

Vietnam had over 1,000 cases and the number of deaths has spiked from zero to 34.¹⁴ Other Asian economies, such as South Korea and Hong Kong, have also experienced a similar resurgence in infection.

Until there are effective vaccines and the much-debated herd immunity is in place, countries would likely have to 'rinse and repeat' the 'hammer-and-dance' routine as often as need be. In the meantime, the task of juggling between saving lives and keeping the economy humming will continue to be an onerous and taxing one.

So where to next?

The lifeblood of tourism for many Asian economies has always been international visitors. Governments thus need to establish reciprocal 'travel bubbles' with one another safely, reliably, and quickly. Such 'travel green lanes' have to be backed by standardised rigorous testing, transparent quarantine measures, and robust contract tracing procedures. That being said, with most countries still remaining in full or semi-lockdown, it is going to take a while before tourism in Asia would recover to its pre-Covid-19 vibrancy.

As for realising my dream of returning to the Toba *onsen*? That will have to wait.

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