



المعهد المصري للدراسات
EGYPTIAN INSTITUTE FOR STUDIES

Community
Reports

29 MAY2020

Egyptian Tourism Sector in the Face of Coronavirus

Dr. Hussein Duqeil



WWW.EIPSS-EG.ORG

[f Eipss.EG](https://www.facebook.com/Eipss.EG) [t Eis_EG](https://twitter.com/Eis_EG)

TURKEY- ISTANBUL

Bahçelievler, Yenibosna Mh 29 Ekim Cad. No: 7 A2 Blok 3. Plaza D: 64
Tel/Fax: +90 212 227 2262 E-Mail: info@eis-eg.org

Egyptian Tourism Sector in the Face of Coronavirus

Dr. Hussein Duqeil

Undoubtedly, the coronavirus pandemic has a devastating effect on all aspects of life, most notably the economic, social, and political ones. However, its impact on the economic side is the most prominent so far, specifically on the tourism sector, which is threatened with complete collapse in many countries all over the world, particularly in Egypt, where tourism represents approximately 15% of its national income.

Therefore, the government must face this serious crisis and devise alternative plans to minimize its effects.

First: Repercussions of coronavirus on Egypt's tourism sector

Although all economic sectors worldwide have been affected by the coronavirus, the tourism sector is the most affected; and in spite of the fact that the damage caused by this global pandemic has hit the world tourism in general, however it most prominently affected the Egyptian tourism in particular, where the nation's revenues heavily rely on tourism, given that it is the third source of Egypt's national income, after remittances of Egyptian expatriates and non-oil exports.

The repercussions of coronavirus on the tourism sector in Egypt can be summarized in the following points:

1- The tourist season, this year, which had been planned to achieve the biggest revenue since 2010, has actually ended due to the pandemic.

The Central Bank of Egypt (CBE) had announced that the tourism sector's revenue achieved a significant leap during FY2018/2019, by 28% (\$12.57 billion) compared to \$9.8 billion in FY2017/2018), while the previous record was \$11.6 billion in FY2009/2010.

2- International tourism companies completely cancelled their reservations in Egypt, causing great damage to the sector, especially that the World Tourism Organization (UNWTO) had expected the number of tourists coming to Egypt in the current year could exceed 15 million, compared to about 13.6 million in 2019, an increase of about 15.38%.

3- There is a loss of more than \$1 billion per month (400,000 tourists, 4 million tourist nights a month), incurred by tourism companies, hotels, tourist villages, diving centers, and tourism-related activities.

4- There is a decline in hard currency returns, which will have a significant impact on Egyptian economy, increasing the current deficit in the balance of payments, which may prompt the government to resort to external borrowing. In fact, the government has already begun seeking borrowing from the International Monetary Fund (IMF) as well as other funds. Indeed, the IMF executive board has approved Egypt's request for emergency financial assistance (of \$ 2.772 billion) to meet the urgent needs of the balance of payments resulting from the outbreak of the coronavirus.

5- Due to lack of revenues, the most difficult and serious damage to the tourism sector may be the layoff of workers, which is likely to raise the unemployment rate. In addition, some hotels are prompted to close until the circumstances re-improve again.

Second: Measures taken by government to face COVID-19 repercussions

The government has taken a number of measures to support the tourism sector, in attempt to help it cope with the consequences of the coronavirus, including:

1- Closure of airports, cancelling flights, and closing borders to foreign tourism: Although this decision came late and affected economy, however it led to relatively reducing the spread of the virus.

2- Closure of tourist facilities and resorts, as well as archaeological sites and museums.

3- Sterilization of tourist places, sites, and ancient museums; reducing the number of workers in these areas; and suspension of the archaeological missions' excavations.

4- The Council of Ministers has agreed to put off the repayment of debts resulting from consumption of electricity, water and gas for tourist facilities, hotels and private airlines for a period of 6 months.

5- The CBE issued a decision reducing the interest rate on operation loans from 8% to 5% and postponed the payment of all dues on tourist facilities and hotels for a period of 3 months without fines or delay interest.

May 29, 2020

- 6- The CBE also issued a decision to add the borrowing to finance wages of tourism workers to the latest initiative it launched late December, at a decreasing rate of 8%.
- 7- The Minister of Petroleum decided to grant additional reductions in fuel prices for aviation, bringing the total reduction to 10 cents per gallon, which will be applied once the air traffic returns again.
- 8- Abdel-Fattah Al-Sisi issued a decision to drop the real estate tax on hotel and tourist facilities for a period of 6 months
- 9- The Supreme Council of Antiquities decided to exempt all cafeterias and bazaars in museums and archaeological sites from rents.
- 10- The Ministry of Tourism and Antiquities has announced strict measures against hotels that lay off workers.
- 11- The Tourism Crisis and Risk Management Committee discussed finding a new mechanism to expedite the verification of complaints submitted by tourism workers and providing immediate solutions to them.
- 12- Restaurants and tourist facilities that provide meals were allowed to serve the delivery of food from the same place (Take Away) throughout the week during the holy month of Ramadan.
- 13- The Ministry of Tourism and Antiquities, in cooperation with the Chambers of Tourism Companies and Hotel Establishments as well as some businessmen, launched an initiative to distribute a number of food cartons to workers in the sector in various governorates, where more than 22 thousand cartons were distributed to workers in the tourism and antiquities sector all over the world.
- 14- The government sought to revive domestic tourism, where hotels and tourist resorts were allowed to work partially, provided that no more than 25% of the hotel's capacity was occupied and increasing the rate to 50% as of June.
- 15- The Ministry of Tourism and Antiquities has started to promote tourist sites and monuments in Egypt by starting to apply "virtual tourism".

Third: Assessment of the measures taken by the government's tourism sector

The measures taken by the government, although necessary, are, in fact, only preliminary, as well as insufficient and not commensurate with the seriousness of the crisis for the following reasons:

1- Although sterilization operations of tourist facilities, reducing number of workers, and suspending the work of archaeological missions are important procedures, but there are archaeological sites that have not been sterilized, work in some sites and museums has not stopped, and some Egyptian archaeological missions have not suspended their excavations; indeed, archeological discoveries have been announced, even if announcement came through the Internet and social media.

2- The financial support announced by the government, mainly manifested in the provision of tax exemptions and rescheduling of the tourism sector debts, is necessary, in fact it is a preliminary decision that is nevertheless related to a specific time, and the government is unlikely to continue it as it suffers from a lack of financial resources, debt accumulation and a budget deficit.

3- Although some important decisions made by the government in this regard, but they have not been fully implemented, such as the CBE's decision to reduce the interest rate on operation loans from 8% to 5%.

4- With seriousness of decisions related to maintaining employment in the tourism sector and preventing tourist facilities from dismissing workers, but in fact they are temporary decisions that the government will not be able to maintain; and tourist facilities may resort to dismissing their labor force in the event of a complete cessation.

5- The tourism sector's committee for management of the crisis should include various experts from other related sectors, such as antiquities, transportation, etc., to be able to provide innovative solutions.

6- Some consider the decision to reopen tourist facilities to domestic tourism, and to partially operate hotels may exacerbate the crisis.

7- The decision to allow restaurants to serve meals (Take Away) service requires a continuous follow-up by the government because it also has great risks.

8- Although launching virtual tourism does not have a direct financial return, virtual tourism promotes real tourism once this epidemic is gone.

Fourth: Proposed mechanisms to avoid collapse of Egypt's tourism sector

In light of the tragic situation in Egypt's tourism sector, it seems that the measures that the government has taken so far are insufficient and do not provide real solutions. However, we can suggest some mechanisms that may help in mitigating the severity of the damage caused by this pandemic, including:

- 1- The government should strive to improve the health and security situation in Egypt through overcoming this epidemic.
- 2- The government should work to create appropriate conditions for resuming the natural activity of the tourism sector, once the epidemic ends.
- 3- There is urgent need to develop the tourism sector's crisis management committee and provide it with necessary capabilities and powers, and to prepare plans for management of any future crisis creatively, benefiting from the experiences of other countries.
- 4- It is important for Egyptian officials to be aware that the crisis requires decisive, firm, and speedy decisions that should surpass the barriers of regulations and red tape, to face this global crisis.
- 5- The government should strive to help the tourism sector withstand the shock of the coronavirus pandemic, and ensure its facilities continue to operate.
- 6- The government should also continue provision of financial support to tourist facilities to help them cover the costs of efforts to effectively control the virus and overcome its negative impact, i.e. in activities like comprehensive cleaning services, as happened in Singapore.
- 7- It is necessary to unite all efforts in order to preserve workers in the tourism sector and all tourist facilities.
- 8- In order to help tourism workers avoid losing their jobs, some of them can be rehabilitated to work in the health sector which currently suffers from a severe shortage of medical personnel.

May 29, 2020

- 9- Taking advantage of workers dismissed from work in the tourism sector by employing them in cleaning cities and rural areas on a temporary basis.
- 10 - Converting some hotels and tourist resorts into rehabilitation centers, training, management, production, and various services.
- 11- Resuming promotion campaigns for foreign tourism, with conducting some modifications to be commensurate with the current situation.
- 12- Promotion of hotel rooms through the mechanism of "future purchase" through tourism programs that include a reduction in room rent by up to 50%, as Jordan did, achieving remarkable success so far.
- 13- The tourism sector should consider cancelling fees imposed on tourism companies for changing reservation dates, to motivate tourists to postpone their trips instead of canceling them.
14. The government should work to promote medical tourism in Egypt, similar to Turkey which has become a medical tourism destination, where the health sector has achieved great successes, earning the trust of people around the world.
- 15 - The ministers of tourism in the Arab region should hold a video-conference meeting in pursuit of solutions to the problem facing the sector.
- 16- Starting preparations for the coming tourist season, similar to Austria which has concluded bilateral agreements with other countries, such as Germany, to allow tourists to visit the country during summer.
- 17- Calling for a bidding competition in exploration of innovative solutions that can help increase the competitiveness and recovery of the tourism sector, similar to what happened in Spain as it announced a reward of 15,000 euros for the person who suggests an appropriate technological solution to help revitalize tourism in Andalusia.
- 18- Considering a partial reopening of hotels and tourist resorts commensurate with the outbreak of the pandemic, i.e. reducing numbers of guests inside hotels, or opening a hotel and leaving another hotel closed, as Germany is currently seeking to do.

May 29, 2020

19- Beach chairs and restaurant tables can be separated by glass boxes, just as Italy did.

20- Promoting river cruises and sea trips, as they are safer, taking into account that some European countries have started considering this kind of trips.

21- Applying the mechanism of "Touchless Travel", a mechanism that many countries are currently seeking to implement.

