



27<sup>th</sup> April 2020

Dear SLHTA Members,

Over the past few weeks, the unprecedented COVID-19 global crisis has challenged our citizens, our businesses, our members and also, the SLHTA as an organization like no other crisis in our 50+ year history. And with no end of the crisis in sight any time soon, the SLHTA remains entirely committed to do what it takes to support not only our members, but the country as a whole. Like many other businesses, we had no choice but to reduce our staffing, whilst doubling if not tripling our work loads. I want to take this opportunity to thank our SLHTA team members for their many years of dedication and their understanding of some of the difficult decisions that had to be made.

The safety and well-being of our citizens remain at the forefront of our concerns. The SLHTA supports the **National Meals Programme** which once again delivered over 3600 meals to those in need across the island on Sunday April 26. Our thanks go to our CEO Noorani Azeez, our board and the hoteliers, allied members and other private sector organizations such as the St. Lucia Chamber of Commerce, who came together with Public Sector agencies and departments to strategize, organize and open their kitchens to cook these meals and deliver them.

We are grateful that Saint Lucia has had no deaths from COVID-19 so far and that as a matter of fact, Saint Lucia currently is one of only 4 countries that has no active COVID-19 cases. But we also understand, that we are not yet out of the woods, which is why a partial shutdown of the economy will continue for some weeks to come.

We agree that it is crucial that the next steps which we are taking to re-open parts of the economy and eventually, re-open our borders and prepare for new tourism arrivals will take into account continued **maximum safety for all citizens and minimizing the risk of COVID- 19 transmission**. It is the sad and worrisome reality that “COVID 19 will be with us for the foreseeable future”, as the Prime Minister stated in his address to the nation on Sunday April 26.

At a regional level, we are contributing to discussions between CHTA, CTO and CARPHA on what procedures would need to look like to reopen our borders and restart tourism and economic activity- this is indeed not a simple discussion. We will share any such information with our members as more concrete plans emerge. Please also read some of our thoughts on the matter at the end of this lengthy document.

We also learnt in PM Chastanet's April 26 address to the nation that as of Monday, April 27 the construction industry will be able to re-open under strict protocols and that fabric stores will open to facilitate work of tailors and seamstresses. You can find these protocols on our special website link [www.slhta.com/coronavirus](http://www.slhta.com/coronavirus). With new information coming forward both locally, regionally and globally, we continue to diligently update this link. SLHTA.COM/CORONAVIRUS continues to be the best source of information for our members. In addition, please do read our newsletters which can also be found here: <http://www.slhta.com/category/newsletter/>

We share everyone's frustration that it becomes harder and harder to sieve through and absorb endless information, shares of links to articles embracing optimistic and pessimistic views, conspiracy theories, not to mention downright insane proclamations on how best to cure the virus. And whilst we now add to your reading material and ask for a few minutes of your time to read our update, we hope that you will consider it worth the effort. Most importantly, **your opinion matters** greatly, so we would certainly appreciate feedback.

We continue to communicate with the SLHTA membership via an **Allied Member and Hotel Member WhatsApp group**- if you are NOT part of either one of these groups, please contact [evp@slhta.com](mailto:evp@slhta.com) and provide with name, name of business and cell number so that we can add you.

In the coming days, the SLHTA plans to set up several **virtual zoom meetings** to hear directly from our members and hear their thoughts and concerns regarding the current status and also, a possible re-opening scenario.

In particular, we will address any questions or concerns coming out of the announcement of the Social Stabilization programme, dealing with NIC, labour law, and discussion around economic and tourism stimulus.

As you will recall, in late March, the SLHTA prepared a letter to the Prime Minister and various other ministries to highlight the urgent need for unemployment benefits for the laid off workers. This letter has now been added to our special website link [www.slhta.com/coronavirus](http://www.slhta.com/coronavirus). Now that the Social Stabilization program has been published, the SLHTA has been engaged on various levels, to facilitate for the laid off workers to access the announced benefits, either directly or via the businesses that laid them off or had to send them home. We are pleased to announce that we were able to agree to a MOU with the NIC that will facilitate benefits to reach workers who have lost their income due to COVID-19 closures and layoffs.

The SLHTA is also pleased to inform you that we have been actively engaged with the Private Sector Council in several virtual meetings to craft a proposal to stimulate the economy and have been invited to join the special economic taskforce established by the Government of Saint Lucia. With both public and private sector in dire need of cash flow, revenues and new capital, an "out of the box" thinking is required to address these needs as the traditional methods of funding or

taxation will not be available or function in the current situation. We have come up with some suggestions which we will share in the context of this update.

Upon the invitation of Ministry of Tourism, we had summarized in late March – on basis of input received from members- possible measures to stimulate future tourism activity. This letter has now been published via link [www.slhta.com/coronavirus](http://www.slhta.com/coronavirus). A further, virtual meeting with Ministry of Tourism took place on April 22 to review our suggestions. We took the opportunity to further elaborate on the measures that we feel should be considered not just locally but in collaboration with the OECS and CARICOM.

Below, we will provide you with a recap of the Covid-19 crisis and also, we will deliberate on the weeks and months ahead and what a re-opening of the tourism industry could look like.

Together with our Tourism Enhancement Fund we are instigating initiatives that range from supporting families in need to launching an Eat What We Grow campaign with our SLHTA Honorary Lifetime Member Ronald “Boo” Hinkson. We are also working on initiatives that would support the creative arts sector and celebrate locally made products, crafts and arts.

Together with other National Hotel and Tourism Associations, the CHTA and the Education Foundation of the CHTA, we are looking to unlock free online training programs and digital skills training. The SLHTA also wishes to engage with our public-sector stake holders to encourage and award start-ups and entrepreneurs to propose innovative solutions not only to the crisis but to also to start new businesses that would support our efforts to **BUY LOCAL, GROW LOCAL, PRODUCE LOCAL**.

#### **Recap – here is what happened and where we are:**

On March 23<sup>rd</sup>, as a result of the evolving Covid-19 crisis, the Saint Lucian border was closed until April 7<sup>th</sup> to incoming visitors and returning residents. On the same date a curfew, from 11 pm until 5 am, was implemented together with Social Distancing to be in place until April 5<sup>th</sup>. On Sunday March 29<sup>th</sup>, the curfew was extended until April 14<sup>th</sup> and its hours changed to 8 pm through 5 am. On Tuesday March 31<sup>st</sup>, a Shelter in Place order was implemented whereby the population was confined to their homes for the period April 1<sup>st</sup> through April 7<sup>th</sup>. All bars, restaurants, nightclubs, casinos, stores, malls, and other related facilities that were deemed non-essential were closed. The partial shutdown was extended from April 14- 26, with hardware providers and suppliers being allowed to re- open to facilitate emergency home renovations and water storage improvements. The Covid-19 State of Emergency was extended until May 31 and the daily curfew continues to apply from 7 pm to 5 a.m. Construction businesses and fabric stores will reopen April 27. Strict protocols apply for any construction activity.

According to the Official Airline Guide (OAG), between March 16<sup>th</sup> and March 30<sup>th</sup> Saint Lucia lost 74% of its air seats, falling from 18,024 seats for the week of March 16<sup>th</sup> to 4,726 seats for the week of March 30<sup>th</sup>, a drop of 13,298 seats, with further cuts eventually leading to zero

airlift. The Center for Disease Control has extended its “No Sail Order” for all cruise ships through mid-July.

### **State of the global COVID-19 Crisis**

On March 12, we had reported to you that there had been 118,381 confirmed COVID-19 cases in 114 countries, with 4,292 deaths recorded. As of March 26, these figures had reached over 416,000 cases in over 190 countries with 18,589 deaths recorded. Globally, as of 2:00am CEST, 27 April 2020, there were 2,858,635 confirmed cases of COVID-19, including 196,295 deaths, reported to WHO. The Worldometer on April 27 at 12:43 GMT reported 3,013,803 confirmed cases in 210 countries and 207,894 deaths.

### **How did Covid-19 affect tourism globally, regionally and locally?**

According to the WTTC, global travel & tourism represents 10.3% of global GDP and supports 330 million jobs on the planet, or 1 in 10 jobs, making it a critical driver of economic growth and the backbone of many economies around the world. The WTTC’s recent research highlights that due to COVID-19, 75 million jobs are at risk worldwide and \$2.1 trillion in revenue lost with these number no doubt climbing further.

The U.S. Travel Association alone projects a loss of 4.6 million jobs through May, a figure also likely to increase. As a matter of fact, hotel and tourism CEO’s and executives visited the White House in recent weeks pleading for \$150 billion in direct grants for hotels and their suppliers “within days,” and an additional \$100 billion for other tourism businesses such as attractions, recreation, retail and rental cars, dwarfing roughly \$50 billion requested by airlines in a combination of tax relief, federal grants and loans.

You can read more here: <https://www.ustravel.org/toolkit/covid-19-travel-industry-research>

Jamaica’s Minister Ed Bartlett recently highlighted that “just by way of straight data of the 20 most dependent countries in the world on tourism, the Caribbean has 10 led by the British Virgin Island with 92.6% dependence. And of course, this is followed by Antigua and Barbuda, and Aruba, and a number of other countries – Barbados, The Bahamas, Saint Lucia, and Jamaica. “

Here in Saint Lucia, tourism activity directly employed and supported approximately 14,000 workers and their families, but the trickle-down effect and financial benefits of tourism activity reached far beyond. In fact, as a collective, tourism related industries account for 37.7% of persons employed in Saint Lucia and the direct contribution of travel and tourism to the country’s GDP stood at 42% in 2018 according to WTTC.

### **What is the financial status of our hotel and tourism operators?**

Without guests in beds, no visitors or cruise passengers coming in, massive cancellations, some of our tour operator partners not paying for past reservations and ever increasing guest deposit reimbursements demands, the industry requires urgent assistance and access to funding and new capital.

Business interruption insurance policies do not cover pandemics. Tourism businesses depend heavily on cash flow to keep their operations going. The businesses usually do not have many cash assets.

Even though hotels are closed some costs cannot be deferred, such as cost of keeping the physical plant in good condition, security and skeletal staffing.

### **Reducing Cost of Operations**

With the predicted slow recovery curve and anticipated slow return of cash flow activity, there will be a significant challenge re-opening tourism businesses and opening hotels with significantly less occupancies.

With cost of operations in the region high, the breakeven points are usually very high too. Businesses will have to be prepared and able to sustain losses in the first few months of recovery or indeed find ways to dramatically reduce cost of operations.

It is unlikely that all the laid off workers will be able to be re-employed. The industry must be prepared to accept that redundancies will be necessary, as well as extended lay-offs, reduced work hours and even reduced compensation. The SLHTA is seeking an urgent audience with the Ministry of Labour to address this.

Our advocacy efforts include discussions with Ministry of Labour, renegotiation of charges for goods and services and lobbying for reduced cost of utilities.

And while cost cutting will be essential it is equally important to not let the excellence of the experience be affected in the long run. Tourism businesses therefore cannot afford to leave their place of business unsecured and un-maintained which also attracts ongoing cost as does the skeletal team of workers required for that purpose.

At the same time, tourism businesses also cannot afford to “go dark” and must remain visible in the market place with the appropriate messaging which means that there will be continued expenditure related to marketing.

We worry about a rise in crime. Critical to crime mitigation strategies will be the strong execution of social stabilization programs to ensure the basic needs of displaced workers and the less fortunate are met. This social stabilization strategy should also include virtual training and development interventions to excite the minds and attention of our workforce as we prepare them for socio-economic recovery under the new normal. There is no doubt that we need to look at retraining some of the workforce to be able to find employment in other sectors of the economy.

### **The opportunity**

Tourism businesses could use the down time to invest in their physical plants, whether by renovation or construction (creating some economic activity in the process), become more sustainable and possibly offer training opportunities to the laid off team members but this requires capital which at this point is not readily available.

Creating a more sustainable, resilient, energy efficient framework in Saint Lucia and in the Caribbean has now become a must. Here we have the opportunity to create a paradigm shift on what tourism of the future will look like. Better energy efficiency, water and waste water management are some of the most important areas. What we would like to see is for not only the public sector but also the private sector to have more access to new capital, grants and funding from “green” funds to allow for that paradigm shift to happen. Also access funding to help us operate more sustainably and protect and enhance our marine and coastal environments.

### **When will the crisis be over?**

One of the biggest challenges of the COVID-19 crisis is the open ended-ness of it.

There have been numerous reports and reviews in what shape and form recovery might take place. As long there is no vaccine, it is extremely difficult to forecast when travel will be deemed safe again and when individual countries will ease up on the current restrictions. The fragile state of Saint Lucia’s healthcare system, not a unique problem in the Caribbean, requires a careful analysis, how and when visitors could be invited back, without putting the entire population at risk. We would like to draw your attention to a document titled 6 Week Strategy for Success in St. Lucia with Covid-19 by Dr Amanda King who deliberates on this.

Yet, at the same time, with the economy so heavily dependent on tourism activity, a solution needs to be found. Whilst there is an anticipation by some industry professionals that some travel activity will have come back by June, others see a fall scenario more likely. This commentary is not based on the re-opening of borders alone but takes into account traveler behavior also.

### **Will different tourism segments and destinations recover at the same time?**

Operators dependent on cruise activity have already been impacted seriously due to the current state of the cruise industry which is generally anticipated to take the longest time to recuperate. On the other hand, the cruise industry might be able to pour millions into marketing activities when the time has come to reverse this to some extent.

It is expected that the luxury and boutique accommodation segment as well as special interest travel will bounce back quicker than other segments. Luxury villas but also any form of individual accommodations found in the non-formal accommodation sector will be popular because of the perceived psychological need by post Covid 19 travelers to be in control of the space they are in.

Also, some destinations and regions will be more popular than others. Saint Lucia is considered a highly desirable location in our source markets UK, Canada and the USA.

But the recovery of the UK, USA and Canada alone will not automatically lead to tourist arrivals in Saint Lucia or elsewhere in the Caribbean. Once these source markets have recovered, recent studies suggest that travelers will avoid places in the beginning where crowds gather such as airports, on trains or on planes.

**MMGY**, a leading travel and tourism marketing agency, originally believed – very optimistically- that demand would rapidly increase in the latter part of the second quarter, that is in June, and the number of trips will increase substantially in July and August. Also, MMGY were of the view that domestic leisure trips by car will be the first to show growth, with international trips following. Airlines will offer extremely low fares to get people to travel again, while the cruise lines may find it much more difficult to generate demand. They have since released more – less optimistic findings which we are sharing with you at the ending of this report.

**Another survey** suggests travel will start to grow in the late second quarter but

- They'll stay in the country. International travel will fall out of favor as people stay closer to the safety of home.
- They won't travel far from home. "Staycations" and road trips will be favored over flying or cruising.
- They'll make it quick. A softer economy will mean the traditional two-week summer vacation could turn into a long weekend.

**Regional opinion:** James Hepple, a well-known regional tourism analyst thinks that these early predictions were too optimistic and commented: "It does not allow for the fact that many customers internationally will have been financially harmed by the consequences of the social distancing regulations, lock-downs and shut down of non-essential businesses in their respective countries, which started in March and may very well go into May or June. **Tourism Economics** is of the view that the industry will show a substantial decline in 2020 with modest recovery in 2021 and full recovery not occurring until 2023 although the high-end luxury market may bounce back more quickly than the overall market.

This is a similar pattern to what happened after the September 11, 2001 terrorist attacks where it took the industry close to three years before it fully recovered. It is also thought the airline industry will be very different in 12 months' time from what it is today, with probably fewer airlines and fewer available air seats.

And it is possible that the US federal and State Governments as well as the UK Government mandate that leisure trips can only be made within the USA or the UK to help revive the country's own tourism industry.

Given these constraints it would be reasonable to suggest that demand for international travel will probably not begin to become significant until well into the third quarter of 2020 and will begin to start slow recovery in the fourth quarter, provided there is no second wave of infection.”

**Regarding Saint Lucia’s recovery**, James Hepple stated: “The likeliest scenario is that Saint Lucia re-opens its borders sometime in June of 2020. Airlines will be slow to provide service as demand for international travel will remain weak. June through September will see some visitor traffic but probably at levels 70% - 80% below those of the same months of 2019. Demand should begin to pick up in October and continue to grow throughout the balance of the year but probably at levels about 60% - 70% below those for the same three months of 2019. 2021 will see slow growth in demand with large scale recovery not coming until the latter half of 2022.”.

Most of the many current post-Covid-19 travel related webinar presentations suggest that the Caribbean will rank highly among places to visit post Covid-19.

The overall recovery, however will depend greatly on the recovery of our source markets. If quarantine conditions remain in place in the source markets for returning residents, or in destinations like Saint Lucia for arriving visitors, this will further hamper and delay tourism activity.

#### **When will the industry be profitable again?**

No one doubts that travel will come back strongly and that the industry will be profitable again, but: Even with travel returning, it is anticipated that occupancies, ADR and RevPAR would be considerably lower and that it may take up to 2- 3 years for travel to reach PRE-Covid19 results. The recovery curves have been compared to those after 9/11 and the 2008 financial crisis.

#### **DESTINATION MARKETING**

Whilst some airlines such as Air Canada, American Airlines or British Airways have indicated their willingness to bring back flights, any re-commencement of flight activity is entirely dependent on both local and international travel and health restrictions. For example, should a restriction remain in place in Saint Lucia or even the passenger’s originating country that requires a quarantine of 14 days, it is unlikely that this would bring back any tourist activity.

Once the timing is right, the Saint Lucia Tourism Authority, like many other destinations, will have to spend considerable sums of money on marketing to bring back business. **At the same time, it may well have to invest large sums of money to guarantee airlift at a time of reduced demand.** Whether those funds will be available in sufficient quantity is certainly going to be a challenge.

We have recommended that we create a St. Lucia Tourism Marketing & Recovery task force and that we consider marketing collaborations between public and private sector and also seek regional marketing opportunities through the OECS- all in order to stretch the marketing dollars to the extent possible.

In regard to destination product development, there are some niche sector opportunities that should be reviewed and fast tracked, if funding allows. The SLHTA hopes to play a part in this review and suggested that the Village Tourism Council and Tourism Advisory Council could play an important role. Whether we are looking at hiking trails, biking trails, new dive sites, village tourism or canna- tourism, all needs to be looked at.

## **WHAT WILL A TOURISM COME BACK POST- COVID LOOK LIKE FOR A DESTINATION AND FOR RESORTS & TOURISM BUSINESSES?**

As long there is no vaccine, it will fall to the destination and tourism businesses to create policies and procedures that would keep citizens and visitors as safe as possible.

Some airlines may be mulling shedding middle seats: see for example:

<https://www.bloomberg.com/news/features/2020-04-24/coronavirus-travel-covid-19-will-change-airlines-and-how-we-fly>

Airbnb is rolling out two voluntary sanitization and coronavirus prevention programs for hosts, including one that would block guest arrivals for 72 hours between stays. See this article here: <https://skift.com/2020/04/27/airbnb-to-roll-out-sanitization-plan-for-hosts-that-would-include-72-hour-wait-between-stays/>

Here, the SLHTA attempts to highlight some of the areas that must be given consideration when discussing the re-opening scenario.

Consumer confidence in airport & airline safe operations and in destination and resort health and hygiene measures is key.

The “new normal” post Covid-19 travel scenario will have to involve COVID-19 reliable, quick testing methods of visitors on arrival and regular testing of hospitality workers to mitigate the risk of infection, combined with heightened hygiene, health and safety protocols.

Some thought must also be given by destinations and tourism businesses alike how to protect themselves against liability issues should a visitor or even a team member fall ill, despite all preparations.

There also is the question what precisely would happen if a visitor tests positive and the resulting protocols for isolation. A traveler would be very worried about the medical facilities or ICU units available and whether or not an air evacuation would be possible if the traveler’s condition deteriorated. Also, would the traveler have to pay for the vacation under such circumstances?

There has been discussion to develop a traveler Covid-19 certification if a traveler has had Covid-19 and is immune. But, the issue of immunity is not yet fully concluded as re-infections did occur in some individuals.

As long as there is no vaccine, a system will need to be developed that would allow visitors to be tested prior to embarking on the journey, plus possibly undergoing another test within 5 days of arrival.

A regular schedule of testing will also be necessary for the team members.

Regular temperature readings and record keeping for team members and guests.

These new testing requirements would most likely require that a health care professional is attached to each large accommodation provider.

For that to even be remotely possible, this would require availability of reliable self-testing kits. See for example

<https://www.healthaffairs.org/doi/10.1377/hblog20200406.55720/full/> and <https://www.nbcnews.com/health/health-news/home-fingerprick-blood-test-may-help-detect-your-exposure-coronavirus-n1176086>

Currently, the reliability and therefore feasibility of these self-testing kits is still under question. There will be additional expense for operators, with so many test kits required.

Other considerations must be given to the physical plants and how to maintain physical distancing throughout the resort. Changes or adaptation in operational procedures are necessary throughout the resort, front and back of house. This would most likely include the wearing of masks and gloves.

Operations need to rethink how many team members will be exposed to how many guests during a guest stay and how to keep track who was exposed to whom.

Some thought needs to be given to what procedures team members will follow as they arrive and depart from the place of work and it would be critical that team members adhere to social/physical distancing protocols not just at work but most importantly in their homes and all social interactions.

A variety of **education & training modules** need to be created and executed for all tourism employees, from line staff to management, leading to some sort of certification.

Training would need to start with a basic familiarization process of what is COVID 19, basic behavior and household and community precautions then specific training for various job positions and departments. Housekeeping, kitchen and bars are critical areas, as are restaurants.

The document by the WHO on Food Safety provides some critical observations in this regard and can be found here: [http://www.slhta.com/wp-content/uploads/2020/04/WHO-2019-nCoV-Food\\_Safety-2020.1-eng.pdf](http://www.slhta.com/wp-content/uploads/2020/04/WHO-2019-nCoV-Food_Safety-2020.1-eng.pdf)

The document explains the potential transmission of COVID-19 via food (which is not very likely) and the steps to be taken to preventing the spread of COVID-19 in the food work environment by food workers' enhanced training and awareness of COVID-19 symptoms, wearing gloves and other protective measures, and also, adhering to physical distancing in the kitchen work environment.

We also like the work Singapore and Hong Kong have done, see for example <https://www.sgclean.gov.sg> - On the SG Clean website there are some very good check lists which we can take into consideration.

### **Other considerations for the industry:**

Will future travelers be willing to part with their money to deposit on a future reservation? Operators may wish to review their deposit policies as well as cancellation penalty periods and in some instances, their length of stay requirements.

How can future travelers be assured that in case of a renewed outbreak and renewed travel restrictions their deposit will be refunded promptly? Will we need to develop a bond? SLHTA is reviewing with insurance companies how advance deposits could be secured/insured.

With cashflow required urgently by all businesses, can businesses afford to work on net 30 days' terms with their trade partners or will we see a prepayment or deposit requirement going forward? Tour Operator contracts will need to be reviewed in detail and we may have to insist on full prepayment terms in all contracts.

New Health and Safety regulations from tour operators will no doubt be forthcoming,

Obviously, business interruption insurance coverage will need to be reviewed and renegotiated with coverage for pandemics given consideration.

### **Industry Stimulus for Economic Recovery**

**You have access to our Stimulus letter here**

<http://www.slhta.com/wp-content/uploads/2020/04/SLHTA-STIMULUS-LETTER.pdf>

### **What has been done so far to assist the industry?**

Moratorium of mortgages and tax deferrals were highly appreciated by the industry but this will not be enough.

## What needs to happen?

While a deferment of loan payments on borrowings by hospitality companies is being offered by all banks in the OECS, interest will continue to accrue on the borrowings, and will require an extension of the term of the loans.

The deferment of loan payments will be a significant improvement to cash-flows, as most hospitality companies are highly geared, and have significant current and long-term borrowings on their balance sheets. It is estimated that many large hotels in Saint Lucia have borrowings amounting to as much as US\$180,000 per room.

It is unlikely that Governments in the region will be able to bail out hospitality companies, as they simply do not have the funding to do so.

The SLHTA asked one of our members, Richard Peterkin of Grant Thornton, to offer some recommendations:

“Some of the alternative options that may be possible include:

1. In collaboration with the ECCB, ensure that the deferment of loan payments will not result in these borrowings being classified as non-performing or delinquent. This will be a benefit to the Banks.
2. Encourage the Banks, as an industry, to allow loans to hospitality companies to be restructured, providing for lower LIBOR rates of interest, and longer repayment terms or balloon payments at the end of the loans, to reduce loan payments after the 6-month deferment.
3. Negotiate a Resolution Hospitality Loan Facility, whereby the loans from hospitality companies can be taken over by a special-purpose institution, run by the ECCB, and guaranteed by the countries from which the loans emanate. This will allow the companies to access new loan financing, without the securitization or repayment of the old borrowings. The new facility could repackage the debt into bonds that would be held by the respective countries, or floated on international capital markets, or multi-lateral financial institutions.
4. Negotiate with Banks and Governments to allow the hospitality company borrowings to be converted into Redeemable Preference Shares by the companies, issued to the Governments, and converted by Governments into long-term bonds which would be issued to the Banks for the borrowings. The shares would only be redeemed if future conditions allowed but would rank ahead of common shares for dividends paid by the companies in the future.

### **Other initiatives to reduce the cost of inputs**

The deferment of loan payments, and the transfer or reclassification of the borrowings of hospitality companies will enhance the cash flows of these companies, but these initiatives alone may not be enough for the accommodation sector and the tourism industry to return to pre-COVID levels.

The industry in the Caribbean, and, in particular, the Eastern Caribbean countries, has always had to contend with higher input and resource costs that the industry in most other parts of the world. Many of these costs will not be reduced when the hospitality companies re-open, so other initiatives and Government supports may be critical to ensure that the companies cash flows are sustainable.

### **Other initiatives could include:**

- Wage and salary cuts, supported by social stabilization programmes that provide the employees with a guaranteed income if they are laid-off, furloughed or have their wages and salaries reduced for a period of 6 – 12 months.
- Agreements with utility and telecommunication companies that would defer an element of the costs of energy, water and telecommunications.
- Shared marketing programmes for the destination that would reduce or contain the marketing costs for individual properties, while allowing for robust marketing of the destination and the properties.
- Duty waivers and VAT reductions on the importation and local purchase of the most significant inputs and resources.
- Increased procurement of goods and supplies from local manufacturers, who may be able to pass on savings from Government support, and greater use of alternative energy equipment. “ (End of Richard Peterkin Recommendations)

## Latest travel market research

### USA:

[April 20: COVID-19 Travel Insight Report by MMGYGlobal.com/COVID-19](https://www.mmgycglobal.com/COVID-19)

### Full report here:

<https://www.mmgycintel.com/travel-intentions-pulse-survey-tips-impact-covid-19>

The U.S. Travel Association has engaged **MMGY** to conduct an ongoing survey to monitor the impact of COVID-19 on U.S. travelers. The online survey designed and analyzed by MMGY Travel Intelligence is conducted bi-weekly among 1,200 U.S. residents who have taken an overnight trip for either business or leisure in the past 12 months. The maximum error at the 95% level of confidence for a sample of 1,200 +/-2.83%.

### These are the results for **Wave II April 4-11, 2020**

- 90% of travelers surveyed had some type of travel or travel related activity planned prior to the COVID-19 outbreak. 23% had planned an international flight and 13% had planned a cruise.
- 80% of those either canceled or postponed those plans. 47% cancelled their international flight while 37% postponed the flight. 49% cancelled their cruise while 37% postponed it.
- As COVID-19 impact grew, consumer sentiment around personal safety related to travel showed a drop in the most current wave results. Travelers who said they felt safe staying in a hotel, or a resort declined from 20% in Wave 1 to just 13% in the current wave. And, traveler sentiment about taking an international flight fell into the single digits, with just 9% of respondents saying they would feel safe doing so with a similar number, 9%, saying they would feel safe taking a cruise.
- Once the COVID-19 pandemic passes, more than half of the respondents to the current wave will be eager to travel for leisure. And, 4 in 10 will likely travel by plane, while 1 in 3 are likely to take a vacation closer to home than they were before COVID-19. 35% indicated it was likely they would take an international flight while 21% said it was likely they would take a cruise.

Consumer intent to travel in the upcoming 6 months, for both leisure and business, continues to decline however as the COVID-19 pandemic expands and intensifies. Intent to travel for a leisure vacation has fallen from 39% in Wave 1 to just 31% in Wave II. And, intent to travel for business in the next 6 months fell from 26% to 21% in Wave II.

- More specifically, consumers are increasingly less likely to engage in specific travel activities. Intent to stay in a hotel or resort in the next 6 months fell from 41% to just 33% in Wave II, and the likelihood of taking a domestic flight dropped from 39% to 31%. The likelihood of taking an international flight fell from 21% to 18% and for taking a cruise fell from 17% to 13%.

- Early indications are the ages of those who will be the first to travel will skew younger as evidenced by their intent to engage in almost every type of travel related activity in the next 6 months as compared to their older counterparts. Less than 10% of those interviewed who were 50 years old or older said it was likely they would take an international flight while just 5% of those 50 years old or older said it was likely they would take a cruise.

Another survey suggests travel will start to grow in the late second quarter but

- Ø They'll stay in the country. International travel will fall out of favor as people stay closer to the safety of home.
- Ø They won't travel far from home. "Staycations" and road trips will be favored over flying or cruising.
- Ø They'll make it quick. A softer economy will mean the traditional two-week summer vacation could turn into a long weekend.

The **Harris Poll** of 2,023 Americans conducted on March 21/22 indicated 18% said it would be 4-6 months before they fly again with 22% saying it would be a year or more before they take a cruise with 10% saying they would never again take a cruise.

Between April 17 and 19 **Destination Analysts** interviewed 1,238 American travelers as to their travel intentions.

- Ø American travelers continue to feel better that the worst of COVID-19 may be on the horizon. Excitement levels towards taking a getaway in the next month and interest in learning about travel destinations remain low but are at a 5-week high
- Ø When presented a list of leisure and personal activities and asked to select the first things they were going to do when shelter-in-place restrictions are lifted, 22.5% said taking a trip would be among their top 5
- Ø Regarding timing, American travelers increasingly don't believe or are unsure that the pandemic will be resolved by the summer travel season. The number reporting trip cancellations increased, particularly in May and June. Nevertheless, half continue to feel they will be traveling in Fall, with reported increases in travel plans for September and October
- Ø The number of American travelers saying they will choose regional rather than long-haul destinations for leisure travel this year continues to grow and is at the highest recorded level since this study began
- Ø 36.5% of American travelers say they agree to some degree with the statement "I'm not traveling until there is a vaccine"; 43.2% disagree
- Ø Nearly 8 in 10 American travelers say they would approve of mandatory health screenings for flights between destinations inside the continental United States and over 60 percent expressed this would increase their confidence traveling
- Ø Over two-thirds of American travelers say they do not want other travelers coming to their community right now

**Longwoods** conducted a poll of 1,000 Americans on April 8<sup>th</sup> and found the same thing. There was relatively high interest in domestic vacations and a substantial drop in interest in international trips.

According to a recent survey conducted among U.S. consumers by **McKinsey & Company**, the coronavirus pandemic could indeed have a lasting impact on international travel. 37 percent of the 1,063 U.S. adults surveyed by McKinsey stated that they expect to reduce their international travels once the crisis has subsided compared to just 18 percent who expect to travel more.

And it must be noted that many customers will have been financially harmed by the consequences of the social distancing regulations imposed in March and April and **Tourism Economics** is of the view that the industry will show a substantial decline in 2020 with modest recovery in 2021 and full recovery not occurring until 2023 although the high-end luxury market may bounce back more quickly than the overall market. They project a \$519 billion decline in travel spending in the US in 2020 which will translate into a total economic loss of \$1.2 trillion in economic output. This is more than nine times the impact of 9/11 on travel sector revenue.

Thank you for your time. We hope this update will be useful to you.

Regards



Karolin Troubetzkoy  
President  
SLHTA