

► ILO Brief

November 2021

COVID-19 and employment in the tourism sector in the Asia-Pacific region*

Key points

- As a major source of jobs and revenue in the Asia-Pacific region, the closure of the tourism sector has been an important factor behind the economic and employment losses experienced in the region since the onset of the coronavirus (COVID-19) pandemic. At least 19 million men and women in 14 Asia-Pacific countries were working in the tourism-related sector when international borders were first closed in early 2020. Their jobs and livelihoods have been in turmoil ever since.
- Evidence from five countries – Brunei Darussalam, Mongolia, Philippines, Thailand and Viet Nam – shows that job losses in the tourism-related sectors in 2020 were four times greater than in non-tourism sectors. Nearly one-third of the total jobs lost across the five countries was related to the tourism sector. Even where decreases in employment-related jobs were seemingly small – in Thailand and Viet Nam, for instance – there has been a shift of jobs to lower paid tourism sub-sectors and hence a decrease in the quality of available jobs.
- The reduction in average working hours in the tourism-related sectors in 2020 ranged from 4 per cent in Viet Nam to 38 per cent in the Philippines. The magnitude of reduced hours were from two to seven times greater than for non-tourism-related workers.
- With new waves of COVID-19 infections, slow vaccination rollouts and international tourist arrivals to the region still at 95 per cent below 2019 levels, employment in tourism-related sectors had not yet recovered their pre-crisis numbers in the first quarter of 2021 in Thailand and Viet Nam. Job growth from one year prior (first quarter 2020) was seen – for women only – in the lowest-paid tourism sub-sector: food and beverage serving activities.
- As formal jobs in the tourism sector declined, workers moved into the informal sector. In Viet Nam, the number of paid informal jobs in the tourism sector increased by 3 per cent while paid formal sector jobs decreased by 11 per cent.
- The vulnerability of the tourism sector to external shocks has become especially obvious in the current crisis and has thus invited a “re-think” of medium- and long-term tourism strategies within the context of broader growth objectives. The ILO [Guidelines on decent work and socially responsible tourism](#) and the ILO [Centenary Declaration for the Future of Work](#) are two instruments that can help to guide action that will promote a more resilient, sustainable and inclusive tourism sector for a post-COVID-19 world.

* This brief was jointly written by Sara Elder and Phu Huynh of the Regional Economic and Social Analysis Unit with excellent research assistance from Jing Huang. Special thanks to Christian Viegelahn for his additional input and useful comments.

► Introduction

In April 2020, in the midst of the first wave of the coronavirus (COVID-19) pandemic, the ILO issued a preliminary estimation of the scale of the expected labour market impacts on enterprises and workers in the tourism-related sectors in the Asia-Pacific region.¹ With data available for 14 countries in the region, the study found that the COVID-19 pandemic threatened the jobs and livelihoods of at least 15.3 million workers – 6.4 million women and 8.9 million men – directly engaged in the tourism sector.²

With more recent data now available and including some data revisions, the pre-COVID-19 baseline estimate of employment in tourism-related sectors as a 14-country average has since been revised upwards to 18.9 million (6.7 million women and 12.2 million men).³ This means that as the region set out on what would be an unparalleled shock to the tourism industry, at its most conservative count, 19 million jobs across 14 countries in the Asia-Pacific region were put into limbo. If considered that for every direct job engaged in the tourism sector, there are many additional jobs indirectly engaged, the real estimate of tourism-related jobs suffering the effects of the COVID-19 pandemic in the region is likely to be much higher.⁴

More than one year later, the question becomes what came to pass? How many of the tourism-related workers lost their jobs in 2020? How many saw their working hours and wages reduced and by how much? With countries in the region still experiencing unrelenting ups and downs in

their struggles to contain the virus, this Brief aims to provide an updated assessment of the impact experienced by workers and enterprises in the tourism sector in the Asia-Pacific region.

The economic costs of the pandemic to tourism-dependent economies have been clear. The countries in the region with the highest shares of tourism receipts in total exports prior to the pandemic are those that experienced the sharpest declines in GDP growth rates in 2020 (Figure 1). The annual GDP of the ten economies with the highest pre-crisis tourism shares declined by 8 per cent on average in 2020.⁵ The average annual GDP loss for all other economies of the region with available data was on the scale of 2 per cent. Pacific island countries Fiji, Samoa, Tonga and Vanuatu experienced contractions in the range of 1 to 19 per cent, but it was the Maldives that really got pummeled. The economy of the tourism-dependant island nation contracted by nearly one-third (negative 32 per cent) when borders closed in 2020.

Economic losses proved to be greater than were projected at the start of the pandemic, especially for the tourism-rich economies. This is seen in Figure 1 with the steeper trendline when economies are plotted by shares of tourism receipts in total exports against actual GDP growth results in 2020 (released in October 2021) compared to the GDP growth estimates from one year prior (April 2020), the latter being those used in the original impact assessment.⁶

¹ ILO, *COVID-19 and employment in the tourism sector: Impact and response in Asia and the Pacific*, Thematic brief, April 2020.

² Countries and years for the revised baseline are listed in Annex 2. The estimates based on national labour force surveys make use of the existing conceptual framework of employment in tourism industries found in: UN World Tourism Organization and ILO, *Measuring Employment in the Tourism Industries: Guide with Best Practices*, 2014, Annex 2; see also Appendix 1 of ILO, *COVID-19 and employment in the tourism sector*.

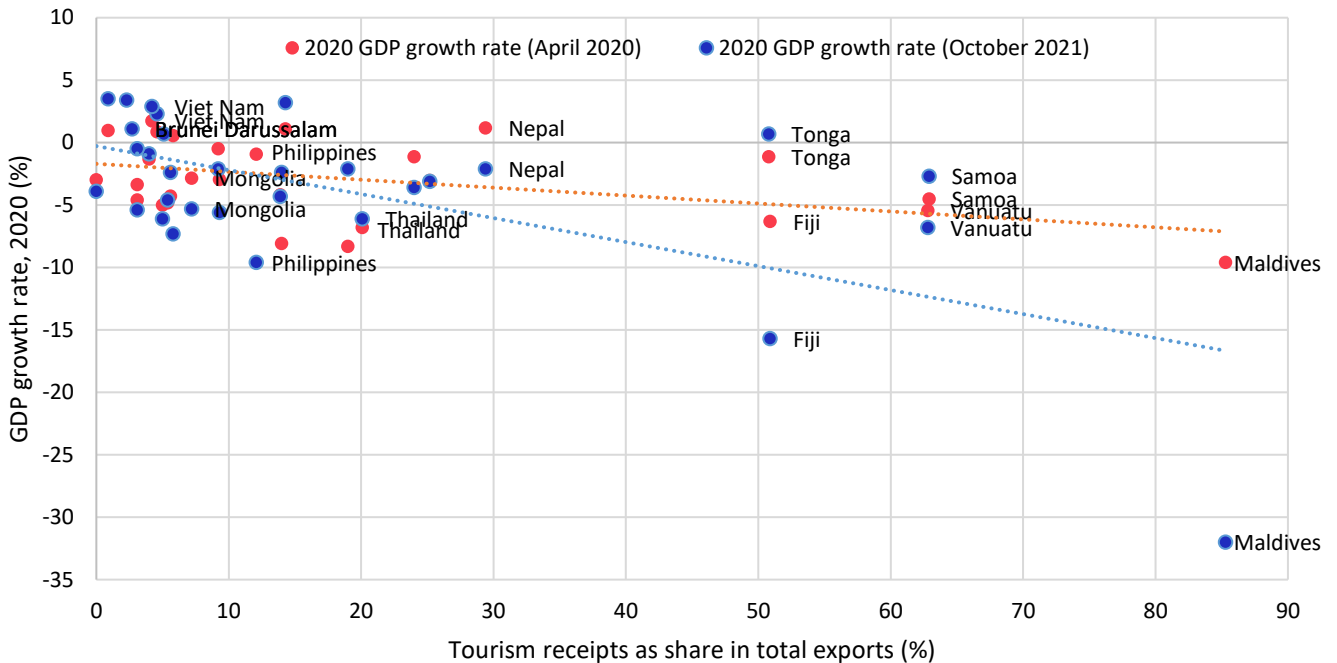
³ More recent data were used for Brunei Darussalam, Cambodia, Mongolia, Myanmar, Philippines, Sri Lanka and Thailand. Coding revisions – for instance, adding in the category of employment in road passenger transport, where found to be missing in a handful of countries – added approximately 3 million workers to the original estimate. The most sizable increase in tourism-related employment based on coding revisions was in the Philippines.

⁴ The estimate based on official national labour force surveys corresponds to jobs that are directly engaged in tourism-related sectors. Yet, as mentioned in the 2020 Brief, there are also indirect contributions that can come through value chains, as tourism providers purchase intermediate goods and services from other suppliers in order to be able to offer their service. For example, hotels might purchase laundry services or fruits and vegetables from local suppliers. Given the limitation on measuring jobs indirectly linked to the tourism sector, the estimates of employment in tourism-related sectors discussed in the Brief are an underestimation of the sector's overall impact on employment in the economies of the region.

⁵ In descending order: Maldives, Samoa, Vanuatu, Fiji, Tonga, Nepal, Cambodia, Sri Lanka, Thailand and New Zealand.

⁶ ILO, *COVID-19 and employment in the tourism sector*, figure 1.

► **Figure 1. GDP growth rate in 2020 (estimated and actual) and share of tourism receipts in total exports (latest year)**



Notes: Only countries analysed in the Brief or showing an extreme effect are labelled in the chart. The 2020 GDP growth rate estimates for Brunei Darussalam remained unchanged between April 2020 and October 2021, which is why only one label is shown.

Source: IMF, World Economic Outlook Database, April 2020 and October 2021 (2020 GDP growth rate, estimated and real); World Bank, World Development Indicators (International Tourism, Receipts), available at <https://databank.worldbank.org/>.

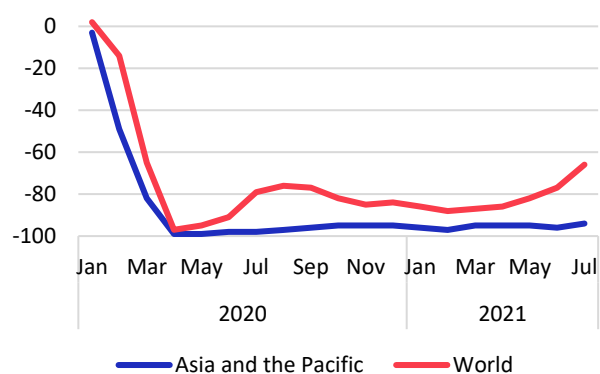
While the impact of the crisis and pace of recovery have varied widely by country, province and economic sector, the tourism industry throughout the Asia-Pacific region remains distressed. Slow vaccination rollouts and recent surges in COVID-19 cases have hindered the near-term outlook for reopening tourism for international visitors. As of July 2021, international tourist arrivals in the region remained at a standstill, even as tourism in other regions of the world was slowly starting to recover (figure 2).

Structure of the Brief

The remainder of the Brief examines available labour market information to provide an updated labour market impact assessment of the tourism sector in Asia. For a limited number of countries, employment, hours worked and wages are analysed since early 2020, with attention paid to differences by sex, age groups, tourism sub-sectors and sub-regions. The final section highlights the areas of action taken by governments in attempts to mitigate the harsh consequences of COVID-19 on

enterprises and workers in the tourism sector and looks into the question of what next for the tourism sector as a source of decent job creation in the region.

► **Figure 2. International tourist arrivals, Asia-Pacific region and global, 2020 and 2021 (percentage change from 2019)**



Source: UN World Tourism Organization (UNWTO), [Tourism Recovery Tracker](#).

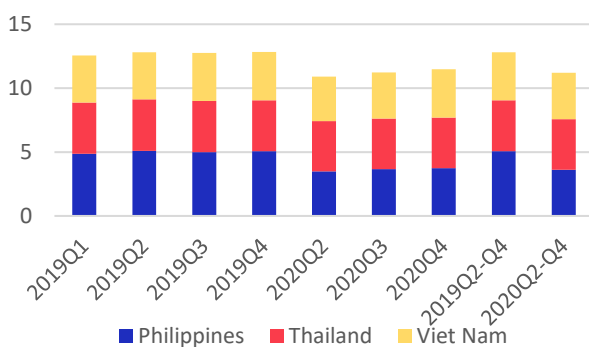
► From jobs at risk to jobs and hours worked lost: what impact have we seen?

Job losses in the tourism-related sectors were four times greater than in non-tourism sectors

Of the 14 countries covered in the baseline figure, labour force survey data on which to assess the COVID-19 impact are available for five countries: Brunei Darussalam, Mongolia, Philippines, Thailand and Viet Nam. All figures discussed relate to jobs directly related to tourism only and should therefore be interpreted as lower-base estimates.⁷

Of the five countries, the shares of tourism-related employment in total employment in 2019 ranged from 7.4 per cent in both Mongolia and Thailand to 11.5 per cent in the Philippines. Among the five countries, a total of 12.9 million persons (7.1 million men and 5.8 million women) were employed in the tourism-related sector in 2019 (three-quarter average, second to fourth quarter⁸). By country, the sector provided work for 27.7 thousand women and men in Brunei Darussalam, 88.4 thousand in Mongolia, 5.1 million in the Philippines, 4 million in Thailand, 3.7 million in Viet Nam (figure 3).

► **Figure 3. Employment in tourism-related sectors, by quarter (millions)**



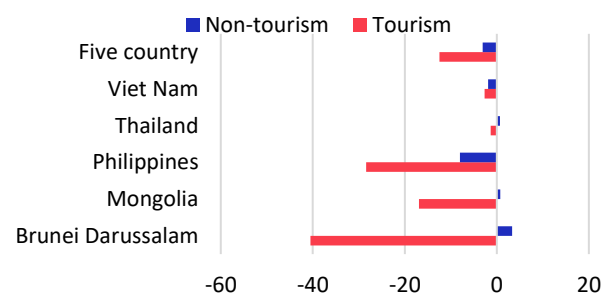
Note: Brunei Darussalam and Mongolia are not visible in the figure due to their small employment sizes. The two together add approximately 116,000 thousand to the 2019 average and 97,000 to the 2020 average.

Source: ILO estimates based on official labour force survey microdata.

In 2020, with the blow to the sector brought with the COVID-19 pandemic and associated lockdowns and mobility restrictions, employment in the tourism sectors of the five countries dropped to 11.3 million, indicating a loss of 1.6 million tourism-related jobs in these five countries alone. By sex, 1 million men lost work in the sector over the period compared to more than half a million (582,000) women.

By way of comparison, 5.3 million jobs were shed in total (all sectors) within the five countries during the same period. This means nearly one-third of jobs lost (5-country total) were tourism-related and that the loss of jobs in the sector was on a scale of four times greater than non-tourism-related sectors (12.5 per cent decline in employment in tourism-related sectors compared to 3.1 per cent decline in jobs in the non-tourism sectors; figure 4). For men, the ratio of jobs lost in the tourism sectors to non-tourism sectors was 5:1. For women, the ratio of job loss was 3:1. By country, the scale of concentrated loss to the tourism-related sector ranged from 1.5 times greater than the non-tourism sectors in Viet Nam to a scale of 22 times in Brunei Darussalam (figure 4).

► **Figure 4. Employment in tourism-related and non-tourism-related sectors, Q2-Q4 2020 (percentage change, y.o.y.)**



Notes: Data for Brunei Darussalam are based on an annual survey. y.o.y. = year-on-year change in comparison to same period one year prior.

Source: ILO estimates based on official labour force survey microdata.

⁷ For difference between jobs directly and indirectly related to tourism, see footnote 4.

⁸ Except for Brunei Darussalam where annual data are used. The three quarter average is used since first quarter 2020 data were not available for the Philippines.

Among the five countries, Brunei Darussalam experienced the most severe loss of tourism-sector jobs in 2020, with two in five tourism-related jobs lost (40.5 per cent). This was followed by a 28.4 per cent decline in tourism-related employment in the Philippines and a 16.9 per cent decline in Mongolia. In Thailand and Viet Nam, the contraction in tourism-related sector jobs was 1.3 per cent and 2.7 per cent, respectively.

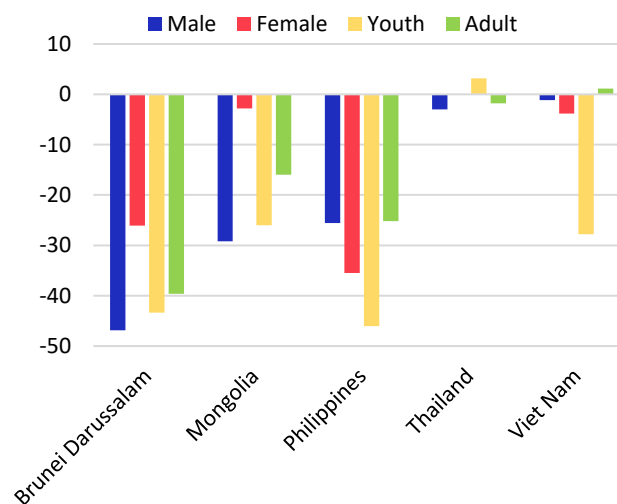
In the Philippines and Viet Nam, employment losses were especially strong for women: the percentage declines in female employment in the sector were greater than that of men (figure 5, panel A) in 2020 and the female shares of total job loss were out of proportion to the female share in tourism-related employment. In the remaining three countries – Brunei Darussalam, Mongolia and Thailand – the loss of employment in the tourism-sector was higher for men than women.

Thailand differs from the other countries in the slight increase (3.2 per cent) shown in jobs for youth (aged 15–24) in the tourism sector. In contrast, the other four countries showed a more severe decline in tourism-related employment for young people than adults (aged 25 years and over).

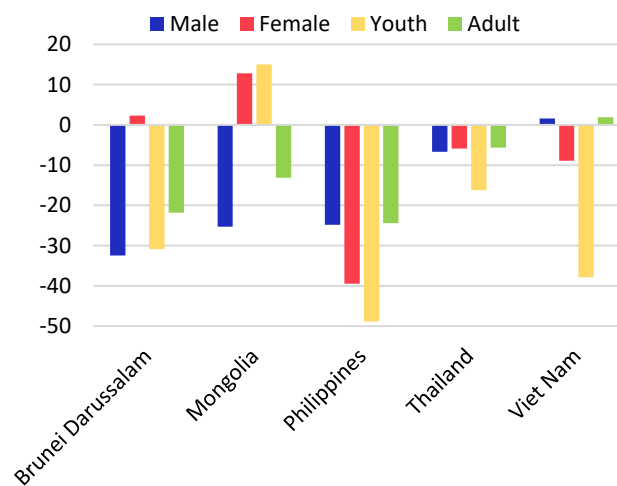
The picture changes slightly when the category of “food and beverage serving activities” is excluded (figure 5, panel B).⁹ Without food and beverage services, employment in the remaining tourism-related sectors showed a more severe decline in 2020 for women workers in the Philippines and Viet Nam and for both women and men workers in Thailand. In the remaining countries, the exclusion of the food and beverage serving sector mutes the results of job loss slightly or even reverses the sign (with job gains in tourism-related sectors excluding food and beverage serving activities for women in Brunei Darussalam and Mongolia). Youth employment in tourism sectors is also seen to be more sensitive to the consequences of the crisis when excluding food and beverage serving activities in the Philippines, Thailand and Viet Nam.

► **Figure 5. Employment in tourism-related sectors by sex and age group, Q2–Q4 2020 (percentage change, y.o.y.)**

Panel A. Total (all sub-sectors)



Panel B. Total tourism-related sectors excluding food and beverage serving activities



Notes: Youth are defined as persons aged 15–24 and adults aged 25 years and over. Data for Brunei Darussalam are based on an annual survey. y.o.y. = year-on-year change in comparison to same period one year prior.

Source: ILO estimates based on official labour force survey microdata.

⁹ More than 60 per cent of employment in the tourism-related sectors falls in the category in Brunei Darussalam, Mongolia, Thailand and Viet Nam, respectively [shares are as high as 75 per cent for women in Thailand and Viet Nam]. These figures differ from the broader array of countries assessed in the 2020 Brief (table 1), where the average share of the sub-sector in all tourism-related employment came to 31 per cent (11-country average). In the Philippines, the share of employment in food and beverage serving activities in Q2–Q4 2019 was 32 per cent. Given the excessive weight of the category in four of the five countries and knowing that even during the strictest periods of lockdowns many workers continued to work in food and beverage services for take-away and delivery, panel B of figure 5 shows the change in tourism-related employment excluding food and beverage serving activities.

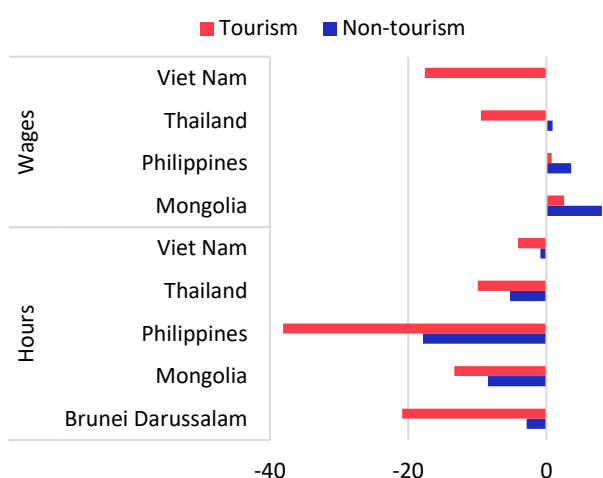
The labour market impact of the COVID-19 crisis goes well beyond job losses. Many more millions of workers have been affected by the reduction in working hours caused by national lockdown and containment measures than have been affected by complete job loss. According to recent ILO estimates, while employment shrank by 62 million from 2019 to 2020 in the Asia-Pacific region, the COVID-19-induced reduction in working hours in 2020 (8.2 per cent decrease) was equivalent to the working-time of 145 million full-time workers.¹⁰

The reduction in hours have been especially heavy in the tourism-related sectors

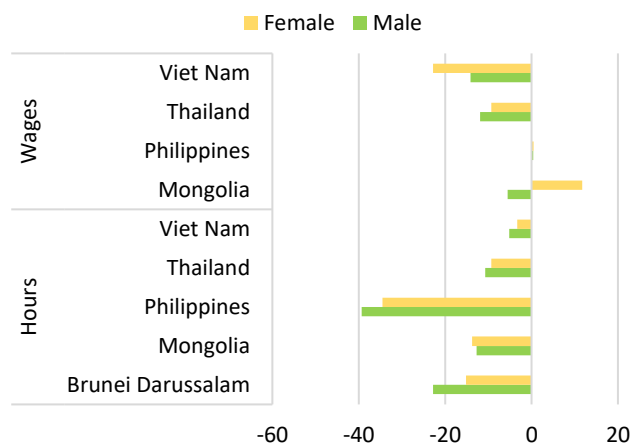
At the country level, the magnitude of reduction in average working hours of persons employed in tourism in 2020 was: 38.1 per cent in the Philippines, 20.9 per cent in Brunei Darussalam, 12.7 per cent in Mongolia, 10 per cent in Thailand and 4.1 per cent in Viet Nam (figure 6, panel A). The working-hour losses in the sector are well above those estimated for the non-tourism sectors, with the difference ranging from two to seven times higher working-hour losses for tourism-related workers compared to non-tourism-related workers. In all but Mongolia, the reduction in average hours worked for male workers was greater than that of female workers (figure 6, panel B).

► **Figure 6. Average hours worked and average wages, Q2-Q4 2020 (percentage change, y.o.y.)**

Panel A. Tourism-related sectors and non-tourism sectors



Panel B. Tourism-related sectors by sex



Notes: Average wages includes nominal earnings of paid wage employees only (excluding self-employed workers). Average wage data are not available for Brunei Darussalam. Data for Brunei Darussalam are based on an annual survey. y.o.y. = year-on-year change in comparison to same period one year prior.

Source: ILO estimates based on official labour force survey microdata.

Many tourism workers were asked to take temporary leave by their employers during various national COVID-19 lockdown periods. At the stage of most severe national lockdown restrictions – typically second quarter 2020 – 76 per cent of workers in the tourism-related sector in the Philippines reported working zero hours during the reference week.¹¹ Percentages were lower in the other countries: 17 per cent on zero hours in Mongolia (fourth quarter) and Thailand (second quarter), 15 per cent in Brunei Darussalam (annual) and 4 per cent in Viet Nam (second quarter). Yet each of these percentages represent a significant increase in the number of workers engaged for zero hours of work per week compared to the pre-crisis period. Comparing the three-quarter average 2019 to 2020, the number of workers in the tourism-related sector working zero hours per week increased by more than 300 per cent in Mongolia (affecting 5,400 workers), 600 per cent in Viet Nam (affecting 62,000 workers), more than a thousand-fold in Thailand (affecting 224,000 workers) and nearly two thousand-fold in the Philippines (affecting 775,000 workers).

¹⁰ ILO, *World Employment and Social Outlook: Trends 2021*, 2021; ILO, *ILO Monitor: COVID-19 and the world of work, Eight edition*, October 2021.

¹¹ Also known as “with a job but not at work”.

The real cost of working-hour reductions comes in the form of lost wages. At best, workers asked to reduce hours or go on temporary leave were provided some percentage of their wages during their periods of furlough (thanks in part to the wage subsidies offered by governments; see following section). At worst, workers received no salaries at all. The loss in average wages of workers in the tourism-related sector is evident in Thailand and Viet Nam, where wages were reduced by 9.5 per cent and 17.6 per cent, respectively (figure 6, panel A). By comparison, average wages in the non-tourism sectors did not change at all in Viet Nam and increased slightly in Thailand.

The average wage increases of 2.6 per cent in Mongolia and 0.8 per cent in the Philippines, while seemingly a contradiction, makes sense if compositional effects are considered. Both countries saw a sizable loss in employment in the tourism-related sector (see figure 3) and those remaining in the sector were employees with a slightly higher wage distribution. In Mongolia, the increase in wages accrued to women only, and reflects in particular the increase in women working in accommodations and transport (comparatively higher paid sub-sectors) and the decrease in employment in food and beverage serving activities (a lower paid sub-sector). In both Mongolia and the Philippines, the increase in average wages was higher for the non-tourism sector compared to the tourism sector.

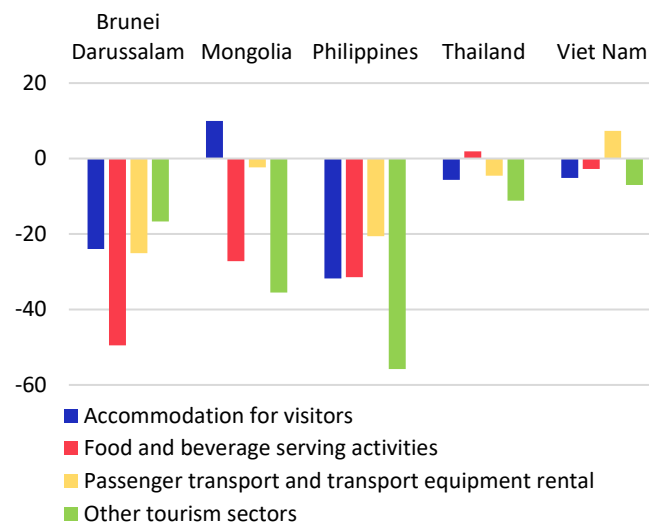
Workers become more concentrated in lower-paid sub-sectors of the tourism sector

There are ten sub-sectors covered in the estimates of tourism-related employment.¹² For ease of presentation, some categories are merged, and the following four groupings are shown in Figure 7: accommodations for visitors, food and beverage service activities, passenger transport (road, railway, air and water) and transport equipment rental, and other tourism sectors.

Among the countries examined, the largest employment losses among the tourism sub-sectors were felt in the food and beverage serving activities in Brunei Darussalam (decreasing 50 per cent) and in the “other tourism sectors” for the other four countries (ranging from 7 per cent decrease in Viet Nam to 56 per cent in the Philippines).

The few job gains found over the period accrued to accommodations (Mongolia), food and beverage serving activities (Thailand) and passenger transport in Viet Nam.

► **Figure 7. Employment in tourism-related sectors by sub-sector, Q2–Q4 2020 (percentage change, y.o.y.)**



Notes: Other tourism sectors include travel agencies and other reservation service activities, cultural activities and sports and recreational activities. All ten sub-sectors are shown in Annex table A1. Brunei Darussalam are based on an annual survey. y.o.y. = year-on-year change in comparison to same period one year prior.

Source: ILO estimates based on official labour force survey microdata.

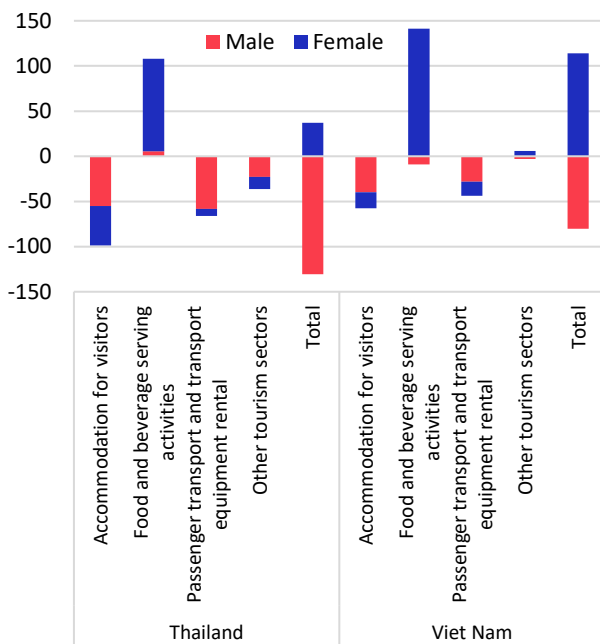
In Thailand and Viet Nam, we can examine also what happens within tourism employment in the early months of 2021. In both countries, COVID-19 infection numbers were low in the first quarter of 2021 and domestic travel was encouraged, including through government-sponsored travel and hotel subsidies. Still, with international borders remaining closed in both countries, employment in the accommodations and other tourism sub-sectors had not yet recovered to pre-crisis numbers. Job growth did occur, however, in the food and beverage serving activities, but only for women.

The sizable increase in jobs for women in the sub-sector between the first quarter of 2020 and the first quarter of 2021 more than cancelled out losses of jobs for women in the other tourism sub-sectors. The result was an overall

¹² Accommodations for visitors, food and beverage serving activities, railway passenger transport, road passenger transport, water passenger transport, air passenger transport, transport equipment rental, travel agencies and other reservation service activities, cultural activities and sports and recreational activities.

gain of 37,000 jobs for women in the tourism sector in Thailand during the period and an increase of 114,000 tourism jobs for women in Viet Nam (figure 8). For men, employment in tourism-related sectors declined by 131,000 and 80,000 in Thailand and Viet Nam, respectively.

► **Figure 8. Thailand and Viet Nam: Employment by tourism sub-sector and sex, Q1 2021 (thousands, y.o.y.)**



Notes: Other tourism sectors include travel agencies and other reservation service activities, cultural activities and sports and recreational activities. y.o.y. = year-on-year change in comparison to same period one year prior.

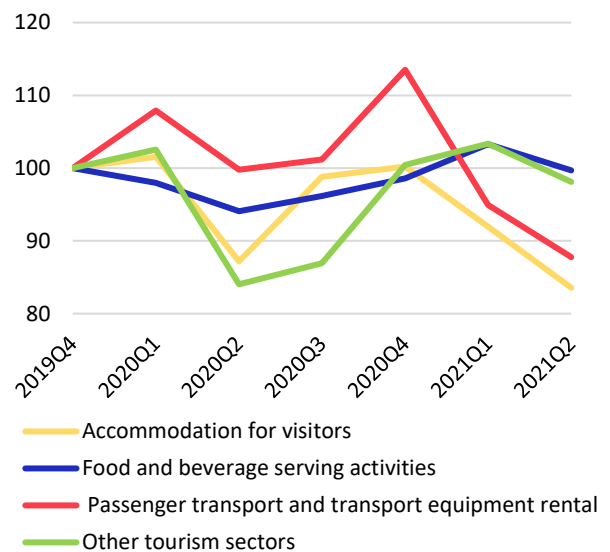
Source: ILO estimates based on official labour force survey microdata.

As the food and beverage serving activities is the lowest-paid of the tourism-related sectors in the two countries (and the other three countries as well), the data thus imply that another unfortunate consequence of the crisis has been an increased concentration of women workers in the lowest-paid jobs of the sector.¹³

Circumstances worsened in both countries with the spread of the COVID-19 Delta variant from the second

quarter of 2021, leading to newfound travel restrictions and renewed disruption of tourism-related employment. At the time of drafting, second quarter data was available only for Viet Nam. Data confirms the renewed hit to tourism-related employment. All four sub-sectors showed contractions in employment from the previous quarter (figure 9). Both the accommodations and passenger transport sub-sectors had seemed to recover from the preliminary COVID-19 shocks of 2020 by the end of the year as mobility restrictions were eased and local tourism increased, only to be pummeled with new virus outbreaks in early 2021. By the second quarter 2021, employment in these two sub-sectors was below the numbers prior to the crisis (last quarter of 2019). This could be a sign that labour market impacts to the tourism sector worsened with subsequent virus waves as some tourism enterprises reached the limits of their financial reserves and finally closed their doors for good.

► **Figure 9. Viet Nam: Employment by sub-sector (index, Q4 2019 = 100)**



Notes: Other tourism sectors include passenger transport (road, railway, air and water), transport equipment rental, travel agencies and other reservation service activities, cultural activities and sports and recreational activities.

Source: ILO estimates based on official labour force survey microdata.

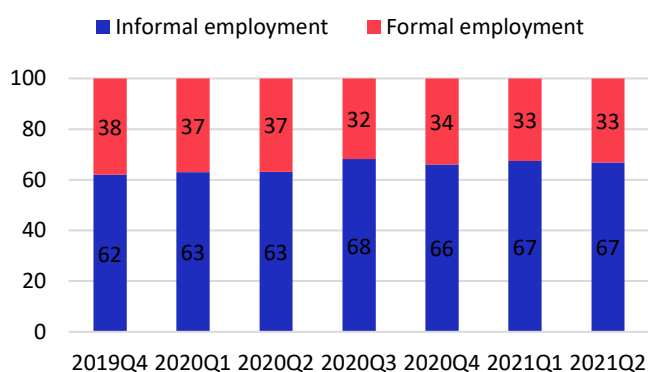
¹³ In the four countries (excluding Brunei Darussalam, where wage data are not available), the highest average wages are mostly in the “other tourism sectors”. The large decline in employment in this sub-sector in all the countries can also be a factor in the declining average wages of Thailand and Viet Nam (shown in figure 6).

Informality in the tourism sector has increased during the crisis

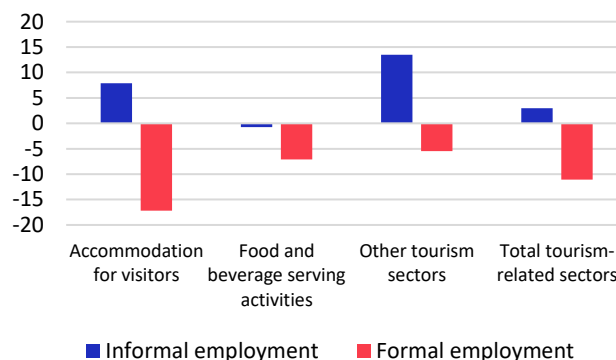
Another unfortunate effect of the COVID-19 crisis on the tourism sector has been the increase in informal employment in both absolute number and relative to formal employment. The job losses and shifts within the tourism-related sectors have increasingly skewed jobs in favour of the informal in Viet Nam. Over the course of the crisis period, the share of paid informal jobs in the tourism-related sector increased from 63 per cent in the first quarter 2020 to 67 per cent in the first and second quarters of 2021 (figure 10, panel A). In 2020 (three quarter average), informal paid jobs within the tourism-related sector increased by 3 per cent in Viet Nam compared to a decline of 11 per cent for formal jobs in the sector (figure 10, panel B). The increases in informal paid employment were in the accommodations and other tourism sectors, while formal paid jobs declined in all the sub-sectors.

► **Figure 10. Viet Nam: Informal wage employment in the tourism-related sector**

Panel A. Share of informal and formal wage employment in tourism-related employment, Q4 2019 to Q2 2021 (percentage)



Panel B. Wage employment in tourism-related sectors by sub-sector and formal/informal status, Q2-Q4 2020 (percentage change, y.o.y.)



Notes: Data refer to wage employment only (excluding self-employed). Other tourism sectors include passenger transport (road, railway, air and water), transport equipment rental, travel agencies and other reservation service activities, cultural activities and sports and recreational activities. y.o.y. = year-on-year change in comparison to same period one year prior.
Source: ILO estimates based on official labour force survey microdata.

Subnational trends

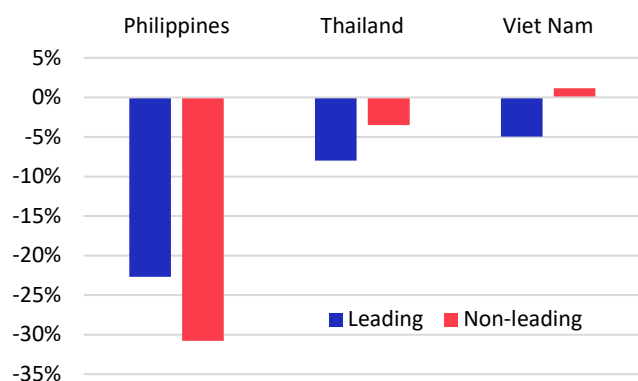
Across the three countries with available data, the pronounced impact of the COVID-19 crisis on tourism in 2020 varied by subnational localities.¹⁴ From the second to fourth quarters of 2020, the leading tourism provinces in Thailand recorded average quarterly contractions in tourism-related employment (excluding food and beverage services) of 8 per cent compared to a decrease of 3.5 per cent in the non-leading tourism provinces (figure 11).¹⁵ By comparison, in Viet Nam, tourism employment contracted by 5 per cent in the top tourism-dependent provinces but actually expanded by 1.2 per cent in the provinces less reliant on tourism.¹⁶

¹⁴ Leading provinces and regions refer to the top localities ranked by the share of tourism employment in total employment within the locality, which collectively accounted for 50 per cent of nationwide tourism employment during the Q4-2019 baseline.

¹⁵ In Thailand, the top tourism provinces consist of: Phuket, Chon Buri, Phangnga, Bangkok, Krabi, Samut Prakan, Prachuap Khiri Khan, Nonthaburi, Phetchaburi and Pathum Thani.

¹⁶ In Viet Nam, the main tourism provinces comprise of: Da Nang, Khanh Hoa, Ho Chi Minh City, Ba Ria-Vung Tau, Tay Ninh, An Giang, Can Tho, Kien Giang, Hanoi, Quang Ninh, Thua Thien-Hue, and Quang Nam.

► **Figure 11. Employment in tourism-related sectors by leading and non-leading localities, Q2-Q4 2020 (percentage change, y.o.y.)**



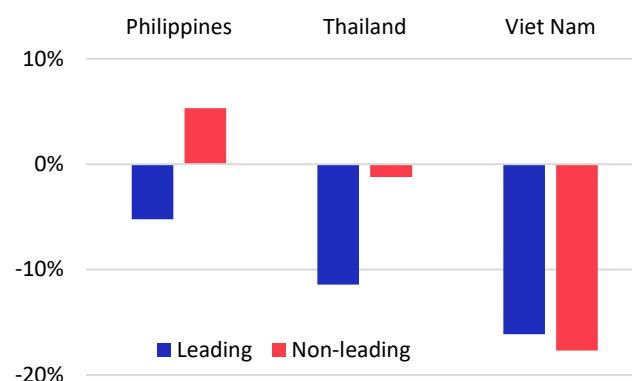
Notes: Excludes food and beverage serving activities. y.o.y. = year-on-year change in comparison to same period one year prior. Leading localities refer to the top provinces or regions ranked by the share of tourism employment in total employment within the locality, which collectively accounted for 50 per cent of nationwide tourism employment during the Q4-2019 baseline. **Source:** ILO estimates based on official labour force survey microdata.

Conversely, employment trends were significantly different in the Philippines, where tourism employment is concentrated in just three regions.¹⁷ In the final three quarters of 2020, tourism employment contracted on average by 22.7 per cent in these three leading tourism regions. The crisis impact on tourism, however, was even greater in the remaining regions, where tourism-related jobs contracted on average by 30.8 per cent.

The impact of the crisis on wages in tourism-related sectors was uneven across localities. In the Philippines, the primary tourism-dependent regions adjusted to the slowdown by not only reducing the workforce and hours of work, but also decreasing wages on average by 5.2 per cent from the second quarter to fourth quarter in 2020 (figure 12). Conversely, in the regions less dependent on tourism for jobs, wages in tourism-related sectors actually

increased by 5.3 per cent. This dynamic, however, likely reflects a compositional effect of more job losses among lower paid tourism workers which would consequently appear to boost wages overall.

► **Figure 12. Average nominal wages in tourism-related sectors by leading and non-leading localities, Q2-Q4 2020 (percentage change, y.o.y.)**



Notes: Includes nominal earnings of paid wage employees only. y.o.y. = year-on-year change in comparison to same period one year prior. Leading localities refer to the top provinces or regions ranked by the share of tourism employment in total employment within the locality, which collectively accounted for 50 per cent of nationwide tourism employment during the Q4-2019 baseline. **Source:** ILO estimates based on official labour force survey microdata.

In Thailand, wages in the leading tourism provinces contracted significantly by 11.4 per cent on average during the same period, compared to a reduction in wages of only 1.2 per cent in the provinces less reliant on tourism. By comparison, in Viet Nam, the sizeable decreases in wages in both the leading (16.1 per cent) and non-leading (17.7 per cent) tourism provinces were stark, suggesting that wages may have been the prevailing adjustment mechanism for employers in tourism during the crisis in 2020.

¹⁷ In the Philippines, the leading tourism localities include: National Capital Region, Region IV-A (Calabarzon) and Region III (Central Luzon).

► Government initiatives attempt to mitigate the impacts to the sector

Recognizing the direct challenges wrought to the tourism industry as a result of the COVID-19 crisis, many governments have undertaken targeted measures to support the viability of the sector, alongside broader efforts to sustain the economy and labour market. Given the uncertain prospects for recovery, governments should not withdraw support too quickly.

The effectiveness of tourism-specific support initiatives is unquestionably contingent upon rebuilding widespread confidence and ensuring the safety of travellers through establishing comprehensive COVID-19 hygiene and health protocols, providing robust vaccine access to resident populations, harmonizing cross-border vaccine passports and strengthening local healthcare and testing systems in tourism-dependent areas.¹⁸ Such measures are critical not only for protecting travellers but also safeguarding the health of tourism workers.

Government support to the tourism sector can first be grouped as fiscal stimulus initiatives intended to offer immediate financial relief for enterprises and job and income protection for workers. For example, Thailand prioritized soft loans to ease cash constraints of small and medium enterprises (SMEs), with earmarked allocations for travel and tourism companies. Similarly, the Republic of Korea established a US\$243 million fund to support tourism companies through preferential non-collateral financing, low-interest loans, and a one-year deferment period.¹⁹ In countries such as Cambodia, Malaysia and the Philippines, tax exemptions, reductions and deferments were implemented to alleviate the financial burden of aviation and tourism-related enterprises. In Indonesia, tourism cash grants of approximately US\$260 million were distributed to support local governments, hotels, restaurants and travel agencies.²⁰

In regard to employment assistance, Singapore established several related schemes targeting the tourism industry, including provision of wage support of SGD1,000 over three months to licensed, self-employed tour guides as well as wage subsidies of 75 per cent for a period of nine months for workers in the aviation and tourism sector.²¹ In the Republic of Korea, tourism was designated as a special sector for employment assistance and therefore made eligible for both higher wage subsidy allowances under the Employment Retention Subsidy scheme and deferment of employment insurance contributions.²² Likewise, Cambodia and Samoa implemented temporary wage subsidy programmes that targeted employees in tourism and hospitality in order to protect jobs and counter the impacts of the COVID-19 slowdown.²³

Second, measures have also aimed to stimulate tourism demand, through incentives for domestic tourism and facilitating special international travel routes. With international travel restrictions in place, spurring domestic tourism during periods without internal mobility restrictions has been a key component of the policy response in some countries. Thailand, where the contraction in domestic tourism spending of 28 per cent in 2020 was the lowest in Asia and the Pacific (figure 13), invested approximately US\$700 million to boost domestic travel.²⁴ The country's three-part stimulus programme included subsidies for tourism-related expenses with airlines, hotels and restaurants nationwide, funding domestic holiday travel for 1.2 million health volunteers and officials of local hospitals and introducing multiple long weekend holidays throughout the year to encourage travel.

¹⁸ For discussion of vaccines and tourism in the region, see ADB, "[Can vaccination help restart tourism?](#)", ADB Brief 186, August 2021.

¹⁹ OECD, [Tourism policy responses to the coronavirus \(COVID-19\)](#), 2020.

²⁰ Eri Sutrisno, "[Tourism and Creative Economy Ministry to Increase Tourism Grant in 2021](#)", 11 May 2021.

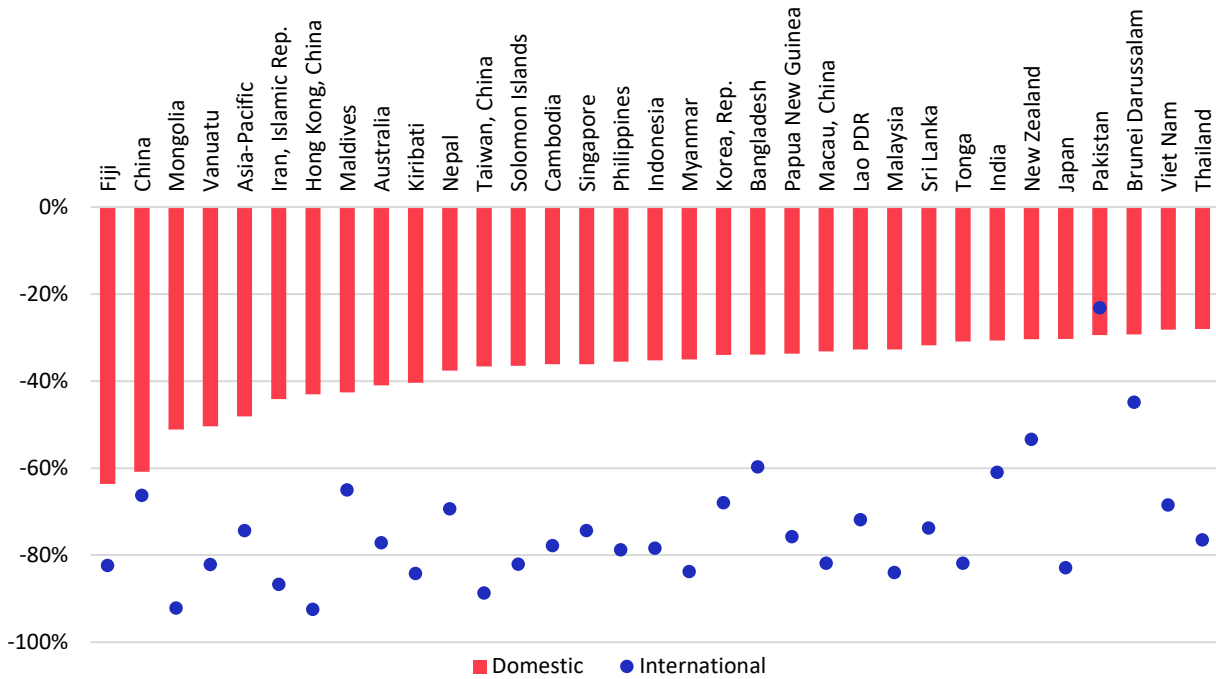
²¹ Singapore Tourism Board, "[Concerted tripartite effort in line with the Stabilisation and Support Package to help tourism sector affected by COVID-19](#)", 21 February 2020; Inland Revenue Authority of Singapore, [Job Support Scheme \(JSS\)](#).

²² Republic of Korea, Ministry of Employment and Labor, [Responding to COVID-19 - Emergency Employment Measures](#), 2020 (pdf).

²³ ILO, [COVID-19 and employment protection policies: A quantitative analysis of the Asia-Pacific region](#), 2021.

²⁴ Tourism Authority of Thailand, "[Thailand approves domestic tourism package worth 22.4 billion Baht](#)", 17 June 2020.

► Figure 13. Tourism spending, domestic and international, 2019–20 (percentage change)



Source: [World Travel and Tourism Council](#).

Viet Nam, which recorded the second lowest decrease in domestic tourism spending in the region, launched domestic tourism campaigns with a focus on ecotourism and cultural diversity. Likewise, Japan implemented “Go To Travel”, a domestic tourism campaign starting in July 2020 which offered discounts and subsidies totalling up to 50 per cent to spur domestic demand. The Republic of Korea incentivized local tourism by providing employees of small businesses with vacation bonuses that were partly subsidised by the government through a prepaid debit card.²⁵ In Australia, a national campaign to boost domestic travel included waivers of entrance fees to prominent national parks.

A controlled and limited re-opening of international tourism has also been, more recently, a key recovery feature in parts of the Asia-Pacific region. Thailand initiated the Phuket Sandbox programme in July 2021 in order to allow the entry of travellers from approved countries without the need to quarantine upon arrival. Authorities in other countries have implemented or are planning travel bubbles to facilitate the flow of international visitors from low-risk countries. These include, for example, travel between the Cook Islands and New Zealand and Singapore’s Air Travel Pass arrangements with China, Hong Kong (China), Macau (China), New Zealand and Taiwan (China).

²⁵ OECD, *Tourism policy responses*.

► Looking ahead

A full recovery for the tourism sector is only expected by 2023 at the earliest.²⁶ In recent months, countries in the region are focusing on vaccinations and designing strategies to slowly re-open borders and revive the tourism industry. Travel bubbles are emerging, vaccination pass measures are taking shape and quarantine rules are easing with the aim to attract vaccinated tourists again, all while striving to encourage domestic tourism. Still, the road ahead is expected to be long and bumpy and jobs and working hours in the tourism-related sector are likely to remain below their pre-crisis numbers in Asia-Pacific countries in the current and coming year.

The precariousness of the tourism sector to external shocks has become especially obvious in the current crisis. With tourism revenues at a standstill and with tourism-related jobs among those most affected by the crisis, the COVID-19 crisis has invited a “re-think” of medium- and long-term tourism strategies within the context of broader growth objectives. Several countries are seeking to increase the focus on domestic tourism and thus understanding how to satisfy local traveller preferences while expanding the market for middle-class consumers. Others are taking a renewed interest in the development of sustainable tourism. Governments across the region are recognizing that international travellers may adjust their preferences, upon re-opening, towards specialized visits that prioritize less-populated, nature-oriented tourism.²⁷ The crisis thus brings with it the opportunity to align the tourism sector towards a more resilient, inclusive, carbon-neutral, and resource-efficient future.²⁸

Even as borders re-open, streams of international tourists are likely to be slow in the near-term. Knowing that

tourism enterprises and employment numbers may not fully recover from the COVID-19-induced impacts and given the coming changes to the industry, governments in tourism-rich countries will increasingly strive to foster broader economic diversification with the ultimate aim to create new employment opportunities in non-tourism sectors.²⁹

To this end, skills development initiatives are touted as an important policy component to facilitate structural change. Indonesia, for instance, adjusted its launch of the Pre-Employment Card Programme to prioritize three tourism-dependent provinces – Bali, North Sulawesi and Riau Islands – with subsidized online training and additional cash benefits to workers impacted by the COVID-19 crisis. Likewise, Singapore has made sizeable investments to reskill and upskill workers in the tourism sector through subsidizing course fees and supporting absentee salary costs for workers attending training, while also focusing on developing skills in e-commerce and digital marketing.³⁰

Regardless, structural readjustment of economies is a mid- to long-term goal. In the meantime, affected workers and enterprises in the tourism sector will continue to require assistance to replace lost incomes and preserve productive assets. This means governments should continue to implement targeted support measures for as long as possible, while continuing to do their utmost to vaccinate all residents, migrant workers included.

The speed of vaccination programmes is proving to be a critical factor behind the “great divergence” in the recovery paths of higher- and lower-income countries. Faster vaccinations mean faster recovery of working hours

²⁶ UNCTAD, “[Global economy could lose over \\$4 trillion due to COVID-19 impact on tourism](#)”, 30 June 2021.

²⁷ See, for example, Yustisia Kristiana, Rudy Pramono and Reagan Brian, “[Adaptation Strategy of Tourism Industry Stakeholders During the COVID-19 Pandemic: A Case Study in Indonesia](#),” *The Journal of Asian Finance, Economics and Business* 8, No. 4, April 2021.

²⁸ UN, [COVID-19 and Transforming Tourism: Policy brief](#), August 2020.

²⁹ IMF, [Tourism in the post-pandemic world: Economic challenges and opportunities for Asia-Pacific and the Western Hemisphere](#), 2021.

³⁰ SkillsFuture Singapore and Workforce Singapore, “[Concerted tripartite effort in line with the Stabilisation and Support Package to help tourism sector affected by COVID-19](#)”, 21 February 2020.

and jobs.³¹ One factor behind the correlation is the capacity of countries with high vaccination rates to open their borders and cautiously re-initiate international tourism. Governments in the tourism-dependent countries of the Asia-Pacific region are well aware of the connection and are working full-out to overcome the challenges in accessing and implementing vaccines. Progress is being made, but slowly, which is why corrective action to strengthen international cooperation for a more equitable distribution of vaccinations is required.

At the International Labour Conference in June 2021, the ILO member States, adopted the [Global Call to Action for a Human-centred Recovery from the COVID-19 Crisis that is Inclusive, Sustainable and Resilient](#). Bringing the

principals of a human-centred recovery to the tourism sector means engaging governments, social partners, the private sector, citizens and the international community in strong partnerships for better planning and managing of tourism and adopting and implementing international labour standards that will better safeguard decent work in the tourism sector.

The ILO [Guidelines on decent work and socially responsible tourism](#), adopted in 2017, and the ILO [Centenary Declaration for the Future of Work](#), adopted in 2019, are two instruments that can help to guide action to put the tourism sector, and the millions of persons dependant on it for their livelihoods, on firmer ground for more resilient, sustainable and inclusive outcomes in a post-COVID-19 world.

► Annexes

1. Additional tables and figures

► **Table A1. Change in employment by tourism sub-sector, Q2–Q4 2020 (percentage, y.o.y.)**

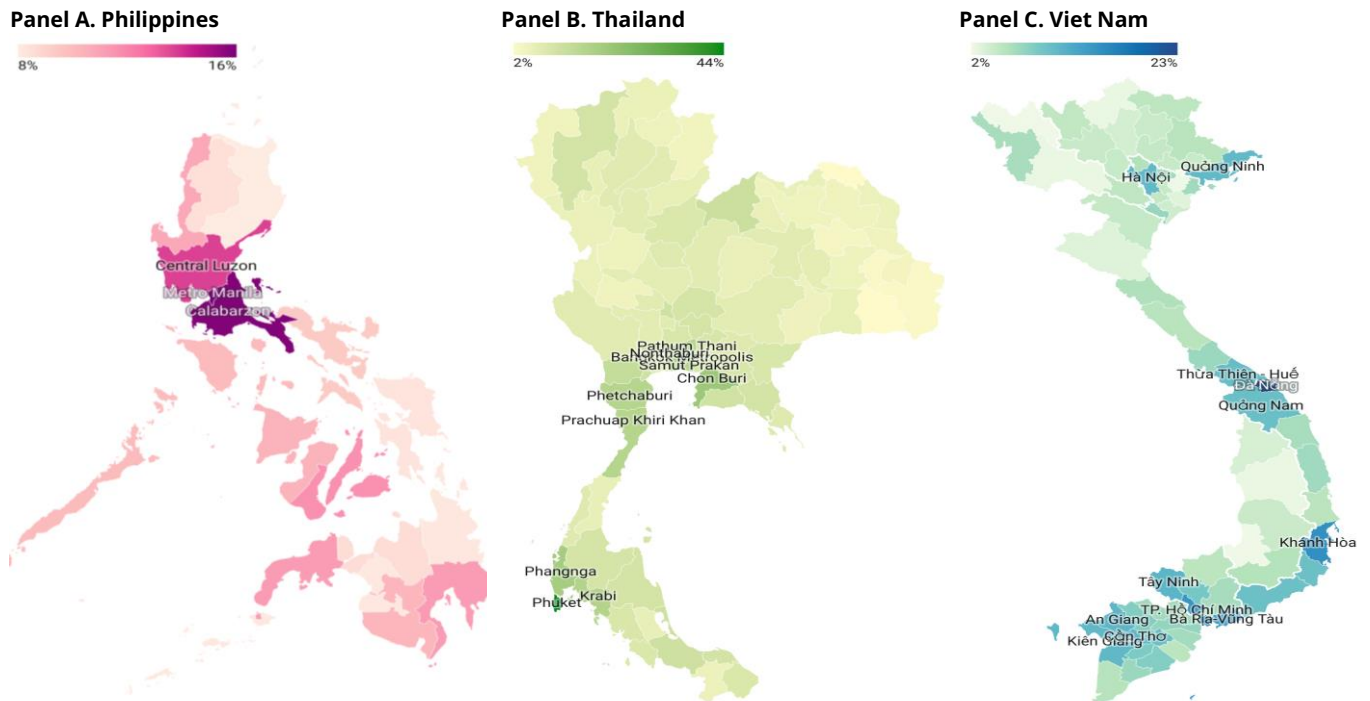
	Brunei Darussalam	Mongolia	Philippines	Thailand	Viet Nam
Accommodation for visitors	-24.0	10.0	-31.8	-5.6	-5.1
Food and beverage serving activities	-49.5	-27.2	-31.5	1.9	-2.8
Railway passenger transport	-7.3	...
Road passenger transport	-53.0	-35.4	-20.7	-3.2	6.6
Water passenger transport	-51.0	...	-27.9	-35.3	...
Air passenger transport	37.4	8.3	-7.3	-12.7	27.9
Transport equipment rental	-50.5
Travel agencies and other reservation activities	-35.5	-42.2	-50.5	-39.3	-22.3
Cultural activities	-28.0	-41.1	-32.9	-18.6	-15.9
Sports and recreational activities	18.3	1.6	-59.9	4.2	0.0

Notes: ... = Data are unreliable or not available. y.o.y. = year-on-year change in comparison to same period one year prior.

Source: ILO estimates based on official labour force survey microdata.

³¹ The most recent ILO Monitor highlights that working hours in lower-middle and low-income countries – many of which are the tourism-dependent economies of Asia and the Pacific – have continued to suffer large losses in 2021. In contrast, high- and upper-middle-income countries have tended to recover in 2021, thanks in part to their capacities to purchase and roll-out vaccines to large shares of their population and ease lockdown restrictions accordingly. ILO, [ILO Monitor: COVID-19 and the world of work, Eight edition](#), October 2021.

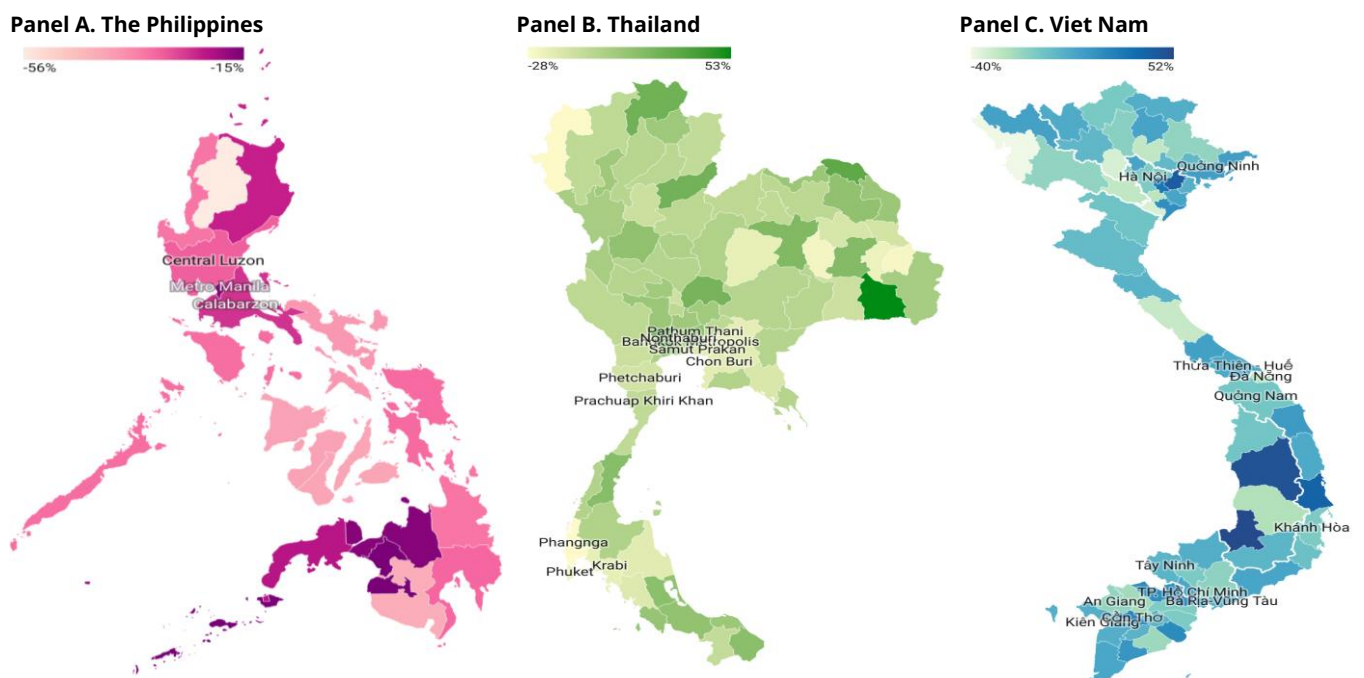
► **Figure A1. Tourism share of provincial/regional employment, Q4-2019 (per cent)**



Note: The labelled provinces or regions reflect the leading localities, ranked by the share of tourism employment in total employment within the locality, which collectively accounted for 50 per cent of nationwide tourism employment during the Q4-2019 baseline.

Source: ILO estimates from official labour force survey microdata.

► **Figure A2. Average change in employment in tourism-related sectors, Q2-Q4 2020 (percentage, y.o.y.)**



Note: y.o.y. = year-on-year change in comparison to same period one year prior. The labelled provinces or regions reflect the leading localities, ranked by the share of tourism employment in total employment within the locality, which collectively accounted for 50 per cent of nationwide tourism employment during the Q4-2019 baseline.

Source: ILO estimates from official labour force survey microdata.

2. List of labour force surveys included into the analysis of employment in the tourism sector

Country	Survey year
Bangladesh	2017
Brunei Darussalam	2019
Cambodia	2019
Fiji	2016
Mongolia	2019
Myanmar	2019
Nepal	2017
Pakistan	2018
Philippines	2019
Samoa	2017
Sri Lanka	2018
Thailand	2019
Timor-Leste	2013
Viet Nam	2019

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