

Making travel bubbles less prone to bursting

Establish instead Free Travel Platforms which don't open up entire country to travellers, and so cut a large portion of the risk of cross-border infections. BY XIE TAOJUN AND TOH MUN HENG

THE global outbreak and spread of Covid-19 has hit every sector of global business and trade. However, the damage to the global tourism and hospitality industry has been catastrophic. Widespread international border closures, social distancing regulations, and lockdowns are anathemas to all that tourism promotes. Singapore's tourism revenue fell from S\$27.7 billion in 2019 to S\$4.8 billion in 2020, an 83 per cent plunge.

Travel bubbles have been suggested as a key strategy to restore international tourism, but we have seen the proposed Singapore-Hong Kong bubble eventually burst, along with other examples. As various plans to reopen the borders are being contemplated, another key question is how these plans can be sustainable.

BENEFITS OF TRAVEL BUBBLES

A bilateral travel bubble agreement would help both countries' flagging tourism industries. If the correct health safeguards are followed and the technology is in place, travel bubbles could be an effective means to opening up the country and could serve as a model for other countries to follow.

There are direct economic benefits in terms of tourists' spending on the host country's economy. Currently, amid tentative recovery from the pandemic, physical assets such as airports, fun parks, exhibition halls, cinemas, and concert halls are languishing in disutility. Tourism expenditure will provide a much-needed fillip to restore the use of these facilities and bring back employment that was lost when lockdowns were imposed.

More importantly, there are subsequent knock-on effects of the initial spending. For instance, a return of restaurant dining will require the restaurant to buy inputs from suppliers, who will in turn purchase from other suppliers in the value chain. Economists call these multiplier effects. Analysts have computed that every dollar of tourist expenditure will generate an additional 40 cents of spending.

In a recent webinar organised by the Asia Competitive Institute of Lee Kuan Yew School of Public Policy, a paper on the value of the travel bubbles between Singapore and Hong Kong, as well as that between New Zealand and Australia, was presented. The study – by researchers Xie Taojun, Wang Jiao and Liu Shiqi – found empirical results of US\$635 per capita for the Singapore-Hong Kong bubble, and US\$308 per capita for the Australia-New Zealand bubble. Interestingly, such positive economic values will only be achievable if countries cooperate on border controls and not narrowly concentrate on self-interests.

RISK OF BUBBLES BURSTING

There is a potential danger in prioritising economic needs to revitalise tourism in choosing travel bubbles ahead of addressing health and safety risks. The situation that arose between the UK and Spain last year is a salutary warning to avoid hasty decisions about "corona corridors". Similarly, the Singapore-Hong Kong bubble has been postponed twice.

In many travel agreements, foreign visitors once admitted via the bubble arrangement are allowed to roam around freely in the host country. This may alarm or upset local residents given the potential virus transmission risks. In turn the concern will raise the probability of travel bubbles being 'still-born' or postponed, much to the disappointment of the travellers and business organisers.

Hence the 'free to roam' option may need to be suspended, and travellers need to accommodate organised and controlled travel itineraries until the pandemic situation has improved sufficiently.



Travel bubbles were seen as a key strategy to restore international tourism, but examples like the proposed Singapore-Hong Kong bubble eventually burst. PHOTO: REUTERS

This pertinent point is recognised in the case of the bubble between Taiwan and the Pacific island of Palau. Travellers must remain in tour groups and stay at designated hotels and, once they return home, they are not allowed on public transport for five days. Even then, this bubble, which was started in April 2021, was halted in mid-May when Covid-19 infections surged in Taiwan. The infection rate has since declined and stabilised and the travel bubble agreement resumed on Aug 9.

PRIVATE-PUBLIC PARTNERSHIP

We suggest that a gradual reopening with free travel platforms (FTPs) – or dedicated travel streams – is a viable solution that delivers a higher probability of success. The private sector stakeholders need to take more initiatives, with the governments being active match-makers in establishing such itineraries.

The FTPs are similar in spirit to free trade zones (FTZs) for trade promotion. When Singapore started promoting itself as an entrepot, a few ports were used as pilots to test the viability before all ports were open to free trade. It has been a logical approach, as unforeseeable risks will not spill over outside the FTZs. The additional hurdle to an FTP is the mutual agreement between destinations.

Singapore's efforts to reopen its border unilaterally to countries that have achieved a sufficient standard in pandemic control are commendable. It is a calibrated act to avoid lasting damage to its air hub and become a Covid-resilient nation.

However, supply does not necessarily create demand. There is for now no flood of visitors into Singapore. We would suggest a more proactive role of the government beyond simply facilitating and making the environment conducive for travel. Travel and tourism authorities can be match-makers getting private enterprises to collaborate on curating travel itineraries for travel streams that can be sold overseas.

As an illustration, think of Singapore Airlines (SIA) and Resorts World Sentosa (RWS) working together to design a travel package for visitors from certain target markets. SIA takes care of the flights of passengers who have signed up for the package. We would of course want the passengers to have passed all the necessary medical tests.

Upon arriving in Singapore, the passengers will be picked up and sent on chartered buses

directly to RWS, where they are put up in RWS hotels. In the resort, the travellers enjoy not only the Universal Studio attractions but also other activities, including shopping at the retail outlets.

All this happens within the confines of RWS. That will allay any fears and mitigate the possibility of any Covid-19 spread from the visitors to the rest of the community. Upon completing their stay at RWS, the travellers are sent directly to the airport for their flight home.

Such FTPs will provide the necessary impetus to kickstart the travel industry. Compared to a travel bubble arrangement which opens up the whole country to travellers, these travel streams eliminate a large portion of the risk in cross-border infection. They are more likely to strike the balance between economic recovery and safety.

MUTUAL BENEFITS

The presence of mutual benefits that can grow over time will also help to enable travel bubbles to be viable and prosper. Continuing our example, Indonesia may also have a travel stream for Singaporeans visiting specific places in Jakarta, Sumatra, Bali or even Bintan and Batam. That could involve Indonesian airlines and hospitality-related private enterprises in the country.

It will be a win-win situation for the hospitality sector in both countries. It could, in fact, spur cross-border collaboration. Travel firms in both countries can collaborate to design and curate Covid-safe travel streams, offering more product choices to ardent travellers.

Not too long ago, Singapore travel agencies curated many local tours, staycation and cultural programmes and cruise trips for local residents in the Singapore Rediscovery Programme. Some of the products can be curated for foreign visitor packages as travel streams.

These travel streams will provide the necessary impetus to kickstart the travel industry. We believe getting these travel streams started may be a more practical way to open the country for travellers before embarking on bubbles that would allow visitors to roam freely upon arriving in the host country.

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