



### Article Title

**Hospitality Sector Faces Trying Times: Revenue losses, job cuts and closures will have lasting effects on the region's hotel sector.**

### Citation

**Divecha, Devina. MEED Business Review.**

### Abstract

N/A

### Summary

Globally, the United Nations World Tourism Organisation (UNWTO) has forecast that international tourist arrivals will fall by 1-3 per cent in 2020, compared to its previous forecast of 3-4 per cent growth prior to Covid-19.

The pandemic is also set to impact many jobs. The World Travel and Tourism Council (WTTC) president and CEO Gloria Guevara said the latest figures suggest that up to 50 million jobs are at risk in the sector. The industry body's data also shows that global travel could be impacted by up to 25 per cent in 2020. This amounts to a loss of three months of global travel, which could lead to a reduction in jobs of between 12 and 14 percent.

The beginning of the adverse effects on travel and tourism began with the widespread cancellation of corporate events.

The cancellations began in mid-February, far ahead of governments around the world banning large-scale gatherings. Robin Rossmann, managing director of US market tracker STR, said during a webinar on March 12 that the corporate world decided that the risk appetite was far below what governments were suggesting at the time.

This was compounded by companies reining in business travel ahead of government restrictions. Regionally, in March 2020, two travel and tourism events - Arabian Travel Market (ATM) and Arabian Hotel Investment Conference (AHIC) - were postponed to later in the year due to Covid-19. Cleartrip's chief commercial officer Amit Taneja noted that with many global companies, such as Amazon, Google and American Express, and local companies banning travel

and urging employees to work from home, there was a 5 per cent decline in corporate travel in February 2020 versus January 2020. "Corporate routes with major drops include Bahrain, which faced a 35 per cent drop in passengers, and Saudi Arabia, which saw a 7 per cent drop in corporate travel," he said.

Middle East and Asian regions had the highest fall in passenger traffic, with China seeing an 85 per cent fall in traffic.

In Saudi Arabia, Taneja revealed that with Saudi citizens and the kingdom's residents being temporarily banned from visiting the holy cities of Mecca and Medina on pilgrimage, there has been a 14 per cent decline in domestic travel. This will, no doubt, affect hotel performance in Mecca and Medina, and will have a greater impact should the restrictions still be in place during Ramadan and Eid this year.

"Middle East and SAARC (South Asian Association for Regional Cooperation) regions saw the highest drops, with 22 per cent and 40 per cent drops in travel in the second half of February, versus the former," said Taneja. "These numbers are expected to fall even more following the suspension of all flights to and from Saudi Arabia for all air carriers operating from the UAE, Kuwait, Bahrain, Lebanon, Syria, South Korea, Egypt, Italy and Iraq. Beyond the flight suspension, the kingdom has announced that it has suspended all travel to these nine countries for all Saudi citizens and residents."