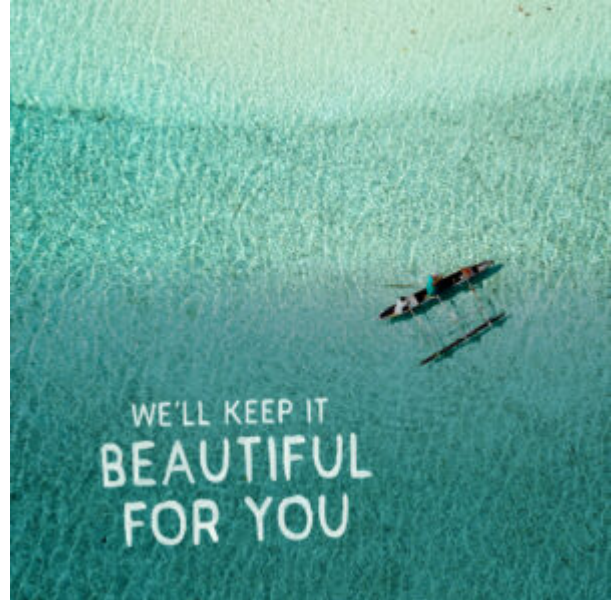


Vanuatu: a tourism sector perspective on potential recovery from COVID-19 and TC Harold

by Elizabeth Pechan

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We'll keep it beautiful for you (Credit Vanuatu Tourism Office/Facebook)

In mid-January 2020, Vanuatu formed a National Coronavirus Taskforce to begin preparing the country for the growing global health pandemic. The gravity of the situation was not fully absorbed by the local tourism industry until the following month, when disturbing reports of high COVID-19 infection rates and deaths spread rampantly through social media, inciting panic in the general public.

Around this time, our boutique resort, *The Havannah*, reinforced our international standards of workplace hygiene and safety, and boosted staff awareness of virus transmission risk. We thought this would be sufficient preparation for a pandemic, not anticipating the major hit to come to the tourism industry as international flights began to dwindle away to nothing with increasing border restrictions.

Australia is one of Vanuatu's major markets. The Australian Government's updated travel advisories in mid-March rapidly changed this market situation. When Australia **closed its borders** to international travel, our resort went to zero income in three days. Vanuatu also closed borders effective 26 March under a **state of emergency**. This was extended for a further 30 day period after category 5 Tropical Cyclone Harold wreaked widespread destruction on Vanuatu's central and northern islands in early April.

Last week, the Vanuatu Tourism Office and the Department of Tourism released the results of a **joint survey on COVID-19 and TC Harold impacts on the tourism industry**. A staggering 70% of tourism jobs were lost in the past six weeks. As the backbone of Vanuatu's economy, tourism has traditionally provided approximately 40% of national GDP. So, Vanuatu has no international tourists and severely reduced revenue from the industry.

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From a business perspective, how long could the resort and our 80+ staff survive with an anticipated 3-9 months of no income? Staff reductions, halts on expenditure: all aspects of the business were scrutinised to survive and continue to support the livelihoods of our staff and their families. Unlike the [post-disaster business relief packages during TC Pam in 2015](#), business interruption insurance does not offer sufficient relief. Neither can banks guarantee business loan support.

From a health perspective, the stringent prevention measures taken under Vanuatu's current state of emergency appear to be working: [Vanuatu is Coronavirus free!](#)

However, Vanuatu is rapidly approaching an economic crisis that could bring about a prolonged humanitarian crisis on an unprecedented scale. No post-disaster response and recovery experience has equipped us for a global health pandemic, not least because we cannot see the end, unlike during a cyclone.

The Vanuatu Government has acted impressively throughout these challenging times. By quickly closing borders, dealing with TC Harold response and developing an [VT4billion \(AU\\$40 million\) economic stimulus package](#) to sustain employment, the government has placed Vanuatu in a good position to deal with the next challenge: Vanuatu's economic recovery in a COVID-19 world.

However, government revenue is rapidly decreasing due to the impact on the tourism sector. The stimulus package draws down significantly on government reserves until June. The national superannuation fund, the Vanuatu National Provident Fund, recently closed its [COVID-19 interest-free loan scheme](#) after paying out a staggering VUV1.5 billion (AU\$15 million) to its members to support the government's efforts to stimulate the local economy. However as individual drawdowns are not able to exceed VUV100,000 (AU\$1,300), the 'mini boom' in the local economy will be short-lived.

Vanuatu's newly elected government is leading planning for a longer-term economic recovery stage. Economic diversification is the obvious step to reduce reliance on a single sector like tourism. However, there are gains still to be made from facilitating a tourism sector recovery to offer domestic employment and much needed revenue for the government. This recovery can then provide a springboard from which diversification can then proceed.

So, what should Vanuatu be considering in its tourism sector recovery plan?

1. Facilitate verified testing and additional resources to strength public health

Vanuatu must prove it is virus free and ensure safe measures are in place to deal

with cases if COVID-19 arrives on our shores.

2. Government subsidies for the national airline to sustain international routes

While Air Vanuatu has been struggling financially it is the primary avenue for bringing tourists back to Vanuatu, and for facilitating much-valued labour mobility for Vanuatu to Australia and New Zealand. Targeted subsidies to support even a reduced passenger schedule would not only enable tourists to visit Vanuatu, but also support domestic travel and touristic reach to islands beyond Efate, where Port Vila is situated.

3. Inclusion of Vanuatu in any Pacific, Australia, New Zealand ‘travel bubble’

Australia and New Zealand have recently been discussing a [trans-Tasman travel bubble](#). The regional travel industry and governments are calling for their inclusion in a more comprehensive Pacific ‘travel bubble’, noting the primary and lucrative short-haul tourism markets to the Pacific originate in Australia and New Zealand.

The Vanuatu Government is showing good foresight in reaching out to Australia and New Zealand to formally request being included in the ‘travel bubble’ discussions. This would support their economic recovery and development commitments as well as place Vanuatu in a respectful position to leverage economic opportunities for its people. Being part of a [trans-Pacific travel bubble](#) would help economic recovery considerably.

Vanuatu’s COVID-free status is a great asset for attracting international markets during this time. Of course, international travellers would need to be heavily screened to maintain this, and the Vanuatu Government recently assured the public that by 11 May (when the state of emergency ends) it will have all health facilities in place to tackle any potential cases.

And, along with our tourism colleagues across Vanuatu, we hope you can visit our country soon, knowing that [we are keeping it beautiful for you](#).

This post is part of the [#COVID-19 and the Pacific](#) series.

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Link:

<https://devpolicy.org/vanuatu-a-tourism-sector-perspective-on-potential-recovery-from-covid-19-and-tc-harold-20200506-1/>