

COVID briefs

BUILDING BACK BETTER: POST-PANDEMIC CITY GOVERNANCE

CIDOB
BARCELONA
CENTRE FOR
INTERNATIONAL
AFFAIRS

GLOBALCITIES




LIVING WITH NOT JUST FROM URBAN TOURISM: POLICY PLANNING FOR THE POST-COVID RESTART PHASE

Claudio Milano

Adjunct Professor, Social and Cultural Anthropology Department, Autonomous University of Barcelona & Head of IDITUR (Centre for Research, Dissemination and Innovation in Tourism), Ostelea Tourism Management School, University of Lleida

Abstract

Urban tourism has recorded unprecedented growth since the turn of the millennium and has been welcomed in destination cities as a source of economic development. But cities' tourism economies have been among the hardest hit sectors by the COVID-19 crisis. To address the crisis, local authorities, national tourism offices and destination marketing organisations have focused on rebuilding and reactivating the tourism sector by reviving its value chain and economic interlinkages with other sectors. This brief explores the effects of the COVID-19-induced urban tourism crisis and possible policy responses. The first part provides general background on the evolution of urban tourism governance. Part two analyses the immediate policy responses and countermeasures taken by different scales of government in the face of the pandemic. Most of the public assistance efforts were of a fiscal nature and centred on the rescue of micro, small and medium-sized businesses (MSMEs). Building on the analysis of these short-term measures, the brief emphasises how the COVID-19 crisis has highlighted the urgent need to transition to new urban tourism economic models that are more self-sufficient, locally productive and inclusive. Finally, it offers policy recommendations for the development of longer-term strategies that can help interlink future tourism development and the low-carbon urban mobility transition; create local tourism economies with fair working conditions and support for MSMEs; and diversify local economies while transitioning towards more inclusive tourism governance that reduces the sectors' negative social externalities.

The politicisation of the tourism sector over the past two decades has had a strong focus on urban tourism.

1. The politicisation of tourism: From tourism promotion to tourism governance

Since the 1960s the exponential growth in mobility for leisure purposes has progressively placed tourism on the political agenda and at the core of public policies at all levels of government – municipal, regional,

The longer-term implications of the crisis have highlighted the urgent need to fundamentally rethink urban tourism policy and tourism models.

national and global. In post-war European societies, mobility and travel were seen as synonymous with democratisation and modernisation. Geopolitical interests favouring the free circulation of goods, capital, services and labour promoted the hyper-mobile society. The 1970s and 1980s in particular saw a steep increase in interest in tourism public policy. Yet, these policies had a clear bias. They prioritised the promotion of tourism to drive economic growth over the regulation and governance of tourism activity. Concerns over the negative externalities of tourism were for a long time limited to academic debates. It is only since the 2000s, after decades of visitor growth and increasing problems with overtourism, that public pressure for more regulation – fuelled by the media, social movements and grassroots organisations – has provoked a paradigm shift in tourism policy, from a promotion to a governance approach.

The shift towards a governance approach and the politicisation of the tourism sector over the past two decades has had a strong focus on urban tourism, highlighting the complex relationship between city tourism management and broader urban political agendas. Among other issues, tourism heavily impacts a destination's public transport and public space, housing and labour market, environmental pollution and waste management, and public health, severely affecting citizens' everyday lives. The need to politically regulate and oversee tourism thus cuts across all key areas of urban governance.

In response to the growing challenge of tourism overcrowding and its far-reaching repercussions on city destinations, non-governmental and international organisations such as the World Travel and Tourism Council (WTTC), the United Nations World Tourism Organization (UNWTO) and the European Parliament (TRAN Committee) have advocated for long-term tourism planning and regulatory tourism policy (WTTC & MacKinsey&Company, 2017; UNWTO, 2018; Peeters et al., 2018). In particular, they have proposed a transition to sustainable urban development through measures such as the decentralisation of tourist flows, time-based rerouting, new pricing policies, a cap on tourism accommodation, visitor segmentation, the diversification of local economies, the channelling of economic benefits in ways that reach residents, and green measures such as eco-certification and environmental taxes.

2. Urban tourism governance in the face of COVID-19

Urban tourism was hit harder by the pandemic than any other urban economic sector. The COVID-19-induced city tourism crisis has reinforced interest in urban tourism governance, which has had to deal with radically different challenges overnight. Travel restrictions, physical distancing and lockdowns brought an abrupt, temporary end to the problem of overtourism. Many cities that previously attracted millions of visitors each year are now struggling with undertourism. A UNWTO report estimates that in 2020 international overnight visitors fell by 72%, representing 1 billion fewer arrivals and a loss of \$1.1 trillion in international tourism revenue (UNWTO, 2020). In 2020, the most visited cities in Europe registered an unprecedented loss of visitor arrivals: London (-9.8 million), Rome (-5.6 million), Paris (-5.4 million), Istanbul (-5.3 million), Barcelona (-4.9 million) and

Amsterdam (-4.3 million). This significant downturn has also been felt by other urban tourist destinations such as Prague (-3.8 million), Dublin (-3.8 million), Vienna (-2.8 million) and Berlin (-2.7 million) (Oxford Economics, 2020).

The unexpected and unprecedented spill-over effects of the health crises on tourism and related sectors necessitated fast policy responses to support the industry's economic recovery. Municipal governments in Europe and around the world have taken immediate and innovative actions to support the sector, while seeking to protect jobs and businesses. However, the longer-term implications of the crisis have also highlighted the urgent need to fundamentally rethink urban tourism policy and tourism models. As a recent report by the OECD stresses, the crisis "has revealed gaps in government and industry preparedness and response capacity" as well as the need for more flexible policy solutions (OECD, 2020c: 2). The restart phase is an opportunity for local policymakers, in coordination with the private sector and other stakeholders, to transition to more resilient and inclusive models of urban tourism. It is crucial that such longer-term strategies for the recovery period and post-COVID-19 tourism scenario do not disregard the lessons learned from previous experiences with overtourism in cities.

The public bailout of the tourism sector is a new phenomenon. This kind of intervention was previously reserved for other sectors – banking, for example, in the wake of 2008 financial crisis.

3. Immediate city responses in support of the tourism sector

The rapid unfolding of COVID-19 and its impact on the tourism sector have taken centre stage in debates on the present and future of city visitor economies. The scale of disruption has required rescue action plans to provide lifelines for the ailing tourism sector. While some of these measures were taken by local authorities, most were passed at national level. They have focused on strategies to freeze the tourism economy through, among others, tax reductions and exemptions, waiving tourist fees, cash flow assistance, moratoriums on loans, mortgages and rent, and underwriting temporary layoffs of tourism workers. That most of the measures taken at national level have had direct repercussions on urban visitor economies should come as no surprise. Cities rely on tourism, and it contributes an average of 4.4% of cities' GDP and 5.7% of urban jobs (WTTC, 2019). The public bailout of the tourism sector is a new phenomenon. This kind of intervention was previously reserved for other sectors – banking, for example, in the wake of 2008 financial crisis.

National governments' commitment to rescue the tourism sector was globally publicised through the [G20 Tourism Ministers' Statement](#) on COVID-19, which emphasised the need to support small and medium-sized tourism sector enterprises. Various European Union (EU) member states also launched initiatives to foster urban tourism, including the 2020 Tourism Renaissance Plan promoted by Exceltur (Alliance for Excellency in Tourism); Ireland's Tourism Recovery Plan 2020–2023; the French government's refunds and vouchers for travel booking cancellation for up to 18 months; and the Italian government's [Relaunch Decree](#), which established a tax credit plan to subsidise domestic tourism and authorised a €3 billion support package for tourism businesses.

The restart phase offers the right circumstances to rethink urban tourism governance in ways that reduce tourism-generated urban inequalities and foster participatory governance processes.

National measures have been complemented by support actions at city level. For example, in cooperation with Iceland's national government, Reykjavik initiated a city destination marketing campaign and announced measures to extend deadlines for tourism taxes and charges and for commercial property tax reductions (OECD, 2020b). In France, the cities of Paris and Nice have respectively launched €5 million and €3.5 million tourism recovery plans that support SMEs, workers and vulnerable entrepreneurs (OECD, 2020a: 26). London set up a **£2.3 million emergency fund** to support the creative industries and related tourism businesses. The Edinburgh Tourism Action Group (ETAG) devised a **Tourism Resilience, Reboot & Recovery Plan** for the city of Edinburgh. An example of effective city cooperation in response to the crisis is the alliance formed by the Italian cities of Genoa, Milan and Turin, which signed a **Memorandum of Understanding** to mutually promote cultural and heritage tourism across their territories and exchange good practices in tourism development. To improve inclusive tourism governance and social return processes, the City of Sevilla launched its €4,850,000 **Sevilla Plan Impact Tourism**, which aims to strengthen "Destination Sevilla" with eight different programmes and the creation of an Intelligent Tourism Observatory to support inclusive decision-making processes and reinforce public-private partnerships. Finally, the **City of Barcelona** recently reinvested €800,000 of revenue derived from tax on stays in tourist establishments (IEET - *Impuesto de Estancias en Establecimientos Turísticos*) in local cultural festivals.

With the sudden onset of the COVID-19-induced urban tourism crisis, the majority of the responses have so far been reactive in nature. Moving forward, it is vital that cities take a proactive stance and develop mid- to long-term strategies for restarting the sector and its future direction. The crisis has highlighted the urgent need to transition to new models of urban tourism economy that are more inclusive, locally productive and self-sufficient while remaining globally connected. Further, the restart phase offers the right circumstances to rethink urban tourism governance in ways that reduce tourism-generated urban inequalities and foster participatory governance processes.

4. Long-term strategies for rethinking urban tourism governance post-COVID-19

The restart phase offers an opportunity to rethink the tourism economy in destination cities. Four major areas need to be addressed in the medium to long-term. Lessons learned must be the starting point, and the aim must be to reactivate the sector in a more inclusive manner while fostering the ecological transition.

I. Interlink urban mobility, the ecological transition and tourism policies. Since the outbreak of COVID-19, the need for physical distancing has forced city authorities to rethink local mobility systems and public transport to make them safer and healthier. Many European cities will need to accelerate the shift to clean and smart mobility, while improving urban connectivity and liveability. Cities with strong visitor economies pre-COVID-19 should try to incorporate mobility adaptation measures to support the restart of local tourism. In particular, this can be done by:

- *Supporting destination branding campaigns* to restore consumer confidence in urban travel through new safety protocols, the redesign of public transport to guarantee physical distance, the adaptation of public transport networks to new needs, and the promotion of domestic tourism.
- *Increasing decarbonised urban mobility solutions* through the creation of new bike lanes, safe cycling facilities, pedestrianising streets and widening pavements.
- *Promoting smart solutions* to ensure safe and less overcrowded urban tourism attractions with incentives for businesses to encourage advance booking and small-scale tourist services, tourist city cards to spatially distribute visitors, and public transport discounts for off-peak hours.

Cities with strong visitor economies pre-COVID-19 should try to incorporate mobility adaptation measures to support the restart of local tourism.

II. Create local tourism economies that provide fair working conditions and support for MSMEs. Tourism and hospitality are a labour-intensive sector. The fragility and temporary nature of tourism employment requires more regulatory frameworks that promote a more balanced distribution of public funds for reinvestment in support of fair work and MSMEs. Effective policies for the post-COVID-19 tourism labour market need to address protection for workers in the workplace, support tourism jobs, and offer better social security contributions and unemployment benefits (ILO, 2020). While most of these issues fall within the competencies of national governments, local governments can support changes in three areas:

- *Provide financial and fiscal relief measures* to tourism MSMEs and tourism start-ups to stimulate growth and employment (including business interruption loan schemes).
- *Support MSMEs that offer fair work* and contracts, addressing issues such as gender inequality in the tourism sector.
- *Provide legal assistance and support to informal tourism workers* and contractors to reduce non-standard forms of employment and tackle the informal and temporary nature of urban tourism economies.

III. Diversify local economies to reduce dependence on tourism. Long-term planning for more resilient urban tourism models – as the [European Parliament Tourism Task Force](#) recommended for the restart phase – must begin with a debate on the weight of the tourism economy in destination cities. Destination cities need to shift towards a paradigm of living “with” and not merely “from” tourism. Actions in the following areas represent a starting point for boosting this shift, with digitalisation playing an important role:

- *Adapt existing tourist product portfolios to domestic tourist demands* in order to reduce the dependence on international tourist flows. For example, by enhancing the development of special interest and niche tourism.
- *Identify potential value chain connections* with local, rural and coastal economies, such as agriculture, fisheries and forestry, which can help restart local economies and strengthen value chain interlinkages in regional economies.
- *Strengthen the digital literacy and capacities* of local tourism MSMEs to promote longer stays, year-round demand, and offer hybrid (virtual and face-to-face) events as an alternative to the traditional focus on the MICE (Meeting, Incentives, Conferencing, Exhibitions) sector.

Long-term planning for more resilient urban tourism models must begin with a debate on the weight of the tourism economy in destination cities.

IV. More inclusive urban tourism governance. The political will to restart the visitor economy in a more inclusive manner will be important to prevent the intensification of the negative social externalities of urban tourism. This needs to include elaborating more and better strategies for optimising the social return of local tourism economies, as well as participatory governance processes to boost inclusive urban tourism models. Three measures are within easy reach for most city governments:

- *Implement open citizen participation bodies* that foster more horizontal decision-making processes as well as more pro-active forms of civic engagement and citizen participation in tourism policymaking.
- *Develop policies for the systematic reinvestment of tourist tax revenues* in social and cultural services for permanent residents to strengthen social consensus on urban tourism and encourage other investments in host destinations.
- *Improve communication campaigns* to raise citizen awareness of the social and economic returns from city visitor economies and the inclusive redistribution of dividends.

References

ILO – International Labour Organization. *The impact of COVID-19 on the tourism sector*. ILO Sectoral Brief, 2020 (online). [Accessed on 11.12.2020]: https://www.ilo.org/wcmsp5/groups/public/---ed_dialogue/---sector/documents/briefingnote/wcms_741468.pdf

Milano, C., Novelli, M., & Cheer, J. M. "Overtourism and degrowth: a social movements perspective". *Journal of Sustainable Tourism*, 27(12), 2019, pp. 1857–1875.

OECD. *Cities Policy Responses*. OECD Publishing, Paris, 2020a (online). [Accessed on 11.12.2020]: https://read.oecd-ilibrary.org/view/?ref=126_126769-yen45847kf&title=Coronavirus-COVID-19-Cities-Policy-Responses

OECD. *Tourism Policy Responses to the coronavirus (COVID-19)*. OECD Publishing, Paris, 2020b (online). [Accessed on 11.12.2020]: https://read.oecd-ilibrary.org/view/?ref=137_137392-qsvjt75vnh&title=Rebuilding-tourism-for-the-future-COVID-19-policy-response-and-recovery

OECD. *Rebuilding tourism for the future: COVID-19 policy responses and recovery*. OECD Publishing, Paris, 2020c (online). [Accessed on 11.12.2020]: https://read.oecd-ilibrary.org/view/?ref=137_137392-qsvjt75vnh&title=Rebuilding-tourism-for-the-future-COVID-19-policy-response-and-recovery

Oxford Economics. *Cities COVID-19: Pandemic impacts in Europe*. Oxford: Oxford Economics, 2020.

Peeters, P. M., Gössling, S., Klijs, J., Milano, C., Novelli, M., Dijkmans, Eijgelaar, E., Hartman, S., Heslinga, J., Isaac, R., Mitas, O., Moretti, S., Nawijn, J. Papp, B. and Albert Postma. *Research for TRAN Committee-Overtourism: impact and possible policy responses*. European Parliament,

Directorate General for Internal Policies, Policy Department B: Structural and Cohesion Policies, Transport and Tourism, 2018.

UNWTO – United Nations World Tourism Organization. *'Overtourism'? – Understanding and Managing Urban Tourism Growth beyond Perceptions*. Madrid: UNWTO, 2018 (online). [Accessed on 11.12.2020]: <https://www.e-unwto.org/doi/book/10.18111/9789284420070>

UNWTO - United Nations World Tourism Organization. *UNWTO World Tourism Barometer, 18 (7)*. Madrid: UNWTO, 2020 (online). [Accessed on 11.12.2020]: <https://www.e-unwto.org/toc/wtobarometereng/18/7>

WTTC – World Travel and Tourism Council & McKinsey&Company. *Coping with Success: Managing overcrowding in tourism destinations*. WTCC & McKinsey&Company, 2017 (online). [Accessed on 11.12.2020]: <https://www.mckinsey.com/industries/travel-logistics-and-transport-infrastructure/our-insights/coping-with-success-managing-overcrowding-in-tourism-destinations>

WTTC - World Travel and Tourism Council. *Travel & Tourism. City Travel & Tourism Impact 2019*, WTTC, 2019.