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The economic, social and environmental impacts of COVID-19

Case study: Bringing the 'happy' back to Aruba



Figure 5.1: Aruba, 'one happy island' (courtesy of the Aruban Tourism Authority)

The Caribbean countries were among the most exposed in the world to the sudden pause in global tourism. Often dubbed the “most tourism-dependent region in the world”, the Caribbean attracted more than 31 million visitors in 2019 and, for some islands, the tourism sector accounts to a colossal two-thirds of gross domestic product (GDP). “This pandemic shock is unlike any shock that these sovereigns have seen in their history,” said

the consequences of the pandemic have emphasized the economic impacts, so a synopsis of those studies will be provided. However, there have been significant social and environmental impacts from the crisis that have affected the travel sector, so these are also discussed in this chapter.

Economic impacts

The full effects of the pandemic on tourism economies around the world are still unknown, but the World Travel and Tourism Council predicted that the impact of COVID-19 on travel would be five times worse than the 2008 global financial crisis, with over 100 million jobs in the industry lost in 2020 (see Figure 5.2). Some countries will feel the impact harder than others. Of the world's 20 biggest economies, Thailand and the Philippines rely on tourism for more than a fifth of their GDP – 22% and 21% respectively. Two of the worst-hit countries in the coronavirus outbreak, Spain (14.9% of GDP) and Italy (13%), also depend heavily on the tourism sector (Quinn, 2020). However, the most severe economic devastation will likely be seen in the small island nations that have staked their entire economies on overseas travelers visiting their beaches and resorts. Of the top 20 countries most dependent on travel and tourism as a source of GDP, 15 are small island nations. One of these is Aruba, and as the opening case indicated, nearly 75% of the island's GDP comes from tourism.

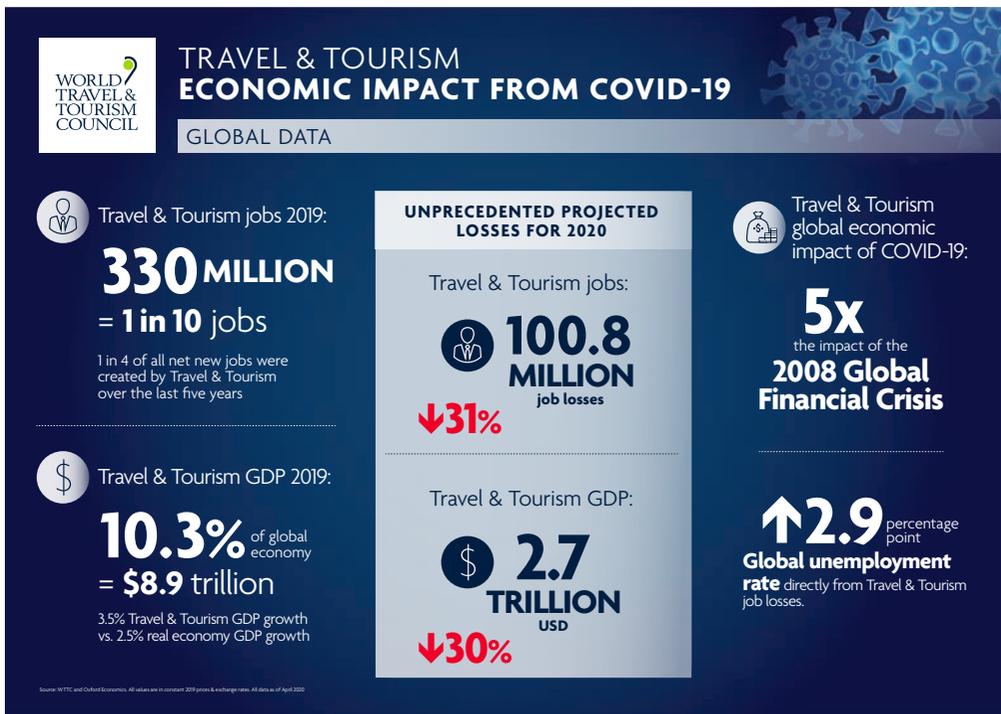


Figure 5.2: Economic impact of COVID-19 (World Travel and Tourism Council, 2020)