

IMPACT OF COVID-19 ON THE TOURISM SECTOR IN KOSOVO

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Abstract: Our country Kosovo is affected by the Covid-19 Pandemic undoubtedly, the pandemic has left consequences on the economy of all countries of the world, as well as our country Kosovo is facing an unfavorable economic situation, which has affected almost all sectors of economy, where among the sectors most affected by this situation are considered to be that of Tourism. Measures taken by the Government to prevent the spread of the pandemic have greatly affected these sectors, who initially had to close businesses or work to order and deliver food to the customer for months, ensuring that very low income, enough to pay their workers or even enough to ensure the survival of these businesses. Kosovo is still facing the COVID 19 pandemic, and we have already entered the seventh month and we have not yet managed to implement even the first fiscal package, which would help these sectors to overcome this crisis. The ban on gastronomy and other businesses has greatly affected tourism, precisely because these businesses are highly interrelated. In Kosovo, the Covid-19 Pandemic has undoubtedly left great consequences in the tourism economy because as always in this season, our emigrants living abroad are under pressure, and during this time all businesses are merged with their arrival.

Keywords: Covid-19 Pandemic, Tourism, gastronomy, businesses.

1. INTRODUCTION

Tourism is considered one of the hardest hit by the COVID-19 outbreak. The tourism sector is experiencing a rapid and sharp decline in demand and an increase in job losses globally, as well as in our country in Kosovo, putting many businesses at risk. The pandemic (COVID-19) is, first of all, a crisis that is affecting people's lives and has caused a global economic crisis is also in our country in Kosovo. COVID-19 has very tangible impacts on the tourism sector, which is vital for many people, countries and businesses, with the impact being felt especially in countries, cities and regions where tourism is an important part of the country's economy. Tourism generates foreign exchange, drives regional development, directly supports numerous types of jobs and businesses and underpins many local communities. The sector directly contributes, on average, 4.4% of GDP, and 21.5% of service exports in OECD countries (OECD, 2020). The data show that these sectors have had a decrease in revenues compared to the same period last year, almost 100%, precisely due to the ban on exercising these activities, or part-time work. The IMF and the BB have also found that the most affected sectors are gastronomy and tourism and have therefore recommended that countries use stimulus scale policies and provide financial support to these sectors. The economy of our country and the activity of these sectors has been further aggravated by the arrival at a very low level of our compatriots from the diaspora, due to travel delays, thus causing great losses in the Tourism and Gastronomy industry.

2. COVID -19 IS A CRISIS FOR THE TOURISM ECONOMY

Tourism is a labour intensive sector, directly contributing 6.9% of employment on average in OECD countries. The sector is a leading source of employment and job creation, providing a high volume of jobs for low skilled workers, together with higher skilled jobs. The sector employs many seasonal, part-time and temporary workers. With the impact of the crisis continuing over June-July-August and reduced capacity for many industry branches, many of these jobs will be directly affected. In normal circumstances, the sector can help provide diverse employment opportunities for migrants, women, students and older workers, not only in major cities but also in remote, rural and coastal areas, as well as other often economically fragile locations where alternative opportunities may be limited. For example the share of tourism employment represents 15.7% of total employment in Iceland, 13.5% in Spain, 10.3% in Ireland, 10.0% in Greece, and 9.8% in Portugal (OECD, 2018). Tourism is one of the most directly affected sectors in this current crisis and this calls for immediate and long term responses. With international aviation at a virtual standstill since March (IATA, 2020) the closure of tourism sites and attractions, the cancellation or postponement of major festivals and events, and restrictions on public gatherings (indoor and outdoor) in many countries, the impact of COVID-19 on global tourism has been overwhelming and immediate. Furthermore, despite the sector's proven resilience in response to previous crises, the sheer depth and breadth of COVID-19-related impacts on tourism and the wider economy means a quick recovery is unlikely. Reflecting the urgency of the

situation, an extraordinary convening of the G20 Tourism Ministers was held on 23 April, with Ministers issuing a statement welcoming national efforts to mitigate the economic and social impact of the pandemic, and committing work together to provide support to support a sustainable and inclusive recovery of the tourism sector (G20 Tourism Ministers Statement, 2020). The reality is that global tourism will be hard hit throughout 2020 and beyond, even if the spread of the virus is brought under control in the coming months. Tourism businesses were among the first to be shut down following the introduction of measures to contain the virus, as tourism necessarily involves people-to-people interactions and the movement of people travelling from their place of usual residence to destinations within their own country, and to other countries. Tourism activities are also likely to be among the last to restart, and on a phased basis. Even when these businesses do open, it will be under new operating procedures in the absence of a vaccine. The pandemic is also likely to have an impact on tourist behaviour, impacting the resumption and recovery of domestic and international tourism.

Revised OECD estimates point to 60% decline in international tourism in 2020, rising to 80% if recovery is delayed until December. The last time the global tourism economy contracted was immediately following the financial crisis in 2008 when international arrivals decreased by 3.9%. This is in line with recent projections from other organisations, which similarly indicate a significant reversal from previous growth projections. Latest UNWTO estimates point to 22% decline on international tourist arrivals in the first three months of the year, while for 2020 a fall of between 58% and 78% is predicted, which would imply a loss of between USD 910 billion to USD 1.2 trillion in export revenues from tourism (UNWTO, 2020). The World Travel and Tourism Council (WTTC), meanwhile, forecast on 24 April that 100.8 million jobs are at risk globally (WTTC, 2020). An ILO sectoral policy brief has identified tourism as one of the most vulnerable sectors that is extremely likely to witness a drastic fall in jobs as a result of the COVID-19 crisis (International Labour Organisation Sectoral Brief, 2020). Gastronomy sector businesses, even after 7 months are working with limited capacity with only 20% of potential and without financial support, where all this situation has affected the decline of their monthly turnover almost 100% compared to the year passed. It is worth mentioning that the most affected category are their workers, because this sector is considered to be one of the sectors that contributes the most to employment in our country, despite the fact that some of these businesses are family businesses and a number of them are without declaring. A significant number of employees in these sectors in our country may lose their jobs, as well as recent Government decisions, in order to prevent the spread of the pandemic, have forced these businesses to work part-time, making it difficult further the survival of these businesses in the face of the situation created in the country. The ban on Weddings for this year has also greatly damaged this sector, but we can freely say that it has damaged the economy of the whole country, as the largest turnover of goods, money and people, has been very large precisely in the wedding season. Undoubtedly, the ban on the exercise of these activities will affect the decline in Gross Domestic Product, which is the most important indicator of measuring the economic power of the country. According to the report of the International Monetary Fund (IMF), Kosovo's GDP is expected to decrease by 5% in 2020 and also fiscal revenues are expected to decrease by 12%. Also, unemployment is increasing every day, thus causing great consequences in the economy of our country. With the proposed measures for economic recovery, it is foreseen that the gastronomy and tourism sector will be reduced from 18% to 8% VAT, for a transitional period. But, perhaps the most appropriate decision would be for VAT not to be applied at all for a transitional period, as this would further facilitate these sectors and help them to increase their economic activity as well as for ensure the survival of many businesses that are already close to closing.

3. PANDEMIC IMPACT ON THE TOURISM

The World Travel and Tourism Council (WTTC, 2020) forecasts that up to 75 million jobs are at risk in the sector. This estimation is even more worrying when we reflect on the fact that tourism is a leading job creator for those vulnerable segments of population: in fact, a far higher share of low-skilled immigrants, women and students are employed in tourism compared to the total non-financial business economy (International Labour Organisation). In Kosovo, the data show that tourism has had a decrease in revenues compared to the same period last year, almost 100%, precisely because of the ban on the exercise of these activities, or part-time work. The IMF and the BB have also found that the most affected sectors are gastronomy and tourism and have therefore recommended that countries use stimulus scaling policies and provide financial support to these sectors. The economy of our country and the activity of these sectors has been aggravated even more by the arrival at a very low level of our compatriots from the diaspora, due to travel delays, thus causing great losses in the Tourism and Gastronomy industry. The businesses of the Gastronomy sector, even after 7 months, are working with the reduced capacities with only 20% of the potential and without financial support, where all this situation has affected the decrease of their monthly turnover almost 100% compared to the year of passed. It is worth mentioning that the most affected category are their workers, because this sector is considered to be one of the sectors that contributes the most to employment in

our country, despite the fact that some of these businesses are family businesses and a number of them are without declaring.

Table 1. The current state of the pandemic cases in Kosovo

Place:	Confirmed cases	Healed cases	Deaths
Kosova	12,683.00	8,788.00	488.00

Sources: Data worked by the author Beke Kuqi

Kosovo is a country with about 2 million inhabitants with districts of 11,000.00 km², in terms of pandemic data is a very large number, now that the number no has begun to fall due to the fact that appropriate measures have been taken by the country .

4. GOVERNANCE OF THE TOURISM SECTOR IN KOSOVO

Tourism in Kosovo is managed and supervised by the Ministry of Trade and Industry, represented by a Division in the Department of Industry. The current administrative level of tourism in Kosovo is under-represented in this ministry, compared to the responsibilities and importance of the tourism sector for the development and contribution to the country's economy. Kosovo, in contrast to other neighboring countries, has not yet established a Department of Tourism, a Minister of Tourism or a National Tourism Organization. In all other countries of the region, tourism is represented by a Ministry and AKT/OKT(Dula B. 2018).What is more important is that in Kosovo the climate is very favourable for tourists because four seasons are adjusted in accordance with official calendar and in rare cases the climate happens to be different, for instance, the winter season is snowy each year(Kuqi B. 2018). In terms of government financial support for tourism, the budget lines show that over the years the tourism sector has been poorly covered or not mentioned at all. The government budget allocation for MTI (responsible for tourism) is very small, given that it has to cover many other areas and sectors within the ministry's portfolio. The entire annual budget is spent through the main lines of the ministry, such as: capital expenditures; goods and services; subsidies and transfers; wages and salaries; and public utilities. The tourism sector is not specifically mentioned in the lines where the budget is distributed(MTI, 2018).

Table 1: Allocation of the Government budget to the Ministry of Trade and Industry during the period 2012 – 2017. Allocation of the budget of the Government of Kosovo for “MTI” në (000) euro

Nr.	Year	Year	Year	Year	Year	Year
1	2012	2013	2014	2015	2016	2017
2	4,188	5,346	4,876	4,730	4,557	7,966

Source: GAP Institute, Kosovo (2018)

According to available data, the Kosovo government spends less than 0.3% of the annual budget for the entire Ministry of Trade and Industry, where tourism is represented by a Division and their budget dedicated to the tourism sector is the lowest in the region. Various factors influence the creation of tourist demand in different tourist areas and places. Factors for the development of tourism are of an objective character and as such can be qualified as certain tourism processes, which are created in space and time. These have attributes of rational values and are therefore called rational factors. In tourism, many factors are also originating from the subject itself, it is about those factors, which have to do with the psychological and social elements of different social strata and groups, who are participants in the tourism process (Recica F. & Millaku B. 2014).Enterprises that have seen revenue declines as a result of government measures or have been forced to keep their employees at home, the government will help cover wage costs at the minimum wage of 170 euros for the next 2 months until a maximum of 41 million euros; Rent subsidy up to the maximum possible 50% for small and medium enterprises, for the next two months with a total of 12 million euros; The Government of the Republic of Kosovo will provide 10 million euros to support exporters, who will benefit in relation to the increase in their export volume.

5. CONCLUSION

The tourism industry is one of the sectors hardest hit by the current pandemic crisis in Kosovo . This is also confirmed by the UNWTO, according to which, the global tourism industry has experienced the most losses.It is estimated that the termination of business activity during April and May could cause the sector to lose around 15% of the annual turnover. If the lockdown will be extended to the summer, the peak season for the tourism industry in Kosovo, these figures will rise further. The Government of Kosovo should subsidize tourism businesses as soon as possible, in cases where this will not happen in the shortest possible time there is a possibility that these businesses

will be closed, if they are closed it will be a great burden for the Government of the country tons and you will be effortless to function.

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