
COVID-19 OUTBREAK IN CHINA AND BEYOND:

State of Play – 3rd March 2020

Briefing for ETC Members

Latest developments in China:

- In the last weeks **the numbers of new Covid-19 cases were gradually dropping in China**. As of 3rd March 2020, mainland China had a total of 125 new confirmed cases, its slowest daily increase in six weeks. Excluding new infections in Hubei, there were only 11 new cases in mainland China.
- China's top respiratory disease expert predicted gaining **"basic control" over the new-coronavirus outbreak by the end of April**.

Travel ban in China:

- As part of efforts to contain the spread of a novel coronavirus in China, the Chinese Ministry of Culture and Tourism issued on Friday 24th January a notice addressed to all travel agencies established in China, instructing them to fully suspend domestic and outbound tourism business until further notice ([see the document](#)). The Chinese government has banned all group tours from China starting from 27th January. Travel agencies in China have also temporarily suspended group trips and "air tickets + hotel" products.
- Following this decision, China Association of Travel Services issued an open letter calling for preferential terms for Chinese tourists having to cancel or defer their travel ([see the document](#)).

Global outbound destinations' response to Chinese outbreak:

- Numerous **destinations across the globe have kept in place restrictions on arrivals of travellers from China**, including complete travel bans for travellers who have visited the country in last 14 days to enter Australia, India, Indonesia, Malaysia, New Zealand, the Philippines, Singapore, Turkey, USA and Vietnam.
- **International carriers are continuing suspension of air connections with mainland China**, including:
 - Lufthansa – extended China flight cancellations until 24th April
 - KLM – flights to Chengdu, Hangzhou and Xiamen suspended at least until 3rd May. However, the airline expects to resume flights to Beijing and Shanghai on 29th March
 - Iberia Airlines – suspension of flights from Madrid to Shanghai until the end of April
 - LOT - extended flight suspension until 28th March ([read more](#)).

- However, **China's three biggest airlines have restored a fraction of the international flights** they halted in the wake of the Covid-19 outbreak, including Air China flight to Frankfurt from the southwestern city of Chengdu.

Latest developments in Europe:

- Following the spread of Covid-19 globally, several European countries are fighting the outbreak on their soil. According to the European Commission's statement (2nd March), **there had been 2,199 people infected so far in the European Union by Covid-19**, including 38 fatalities in 18 member states.
- WHO reports that the **Covid-19 outbreak has spread to 34 countries in the wider European region** ([link](#)).
- Italy is dealing with the biggest cluster of infections outside of Asia with over ten cities in the North of the country on lockdown. **As of 3rd March, there have been over 2,300 virus cases confirmed across Italy, while France registered over 190 cases and Germany over 160 cases on their territories.**
- Health ministers from Austria, France, Germany, Switzerland, Slovenia and Croatia agreed last week that **closing borders in the EU would be "disproportionate and ineffective"** against the outbreak.
- As part of efforts to contain the disease outbreak, France has banned all indoor gatherings of more than 5,000 people, while Switzerland has suspended all public events that gather more than 1,000 attendees.
- **Travel trade show ITB Berlin has cancelled its March show** amidst the spread of Covid-19. Event organiser Messe Berlin said in a release that authorities had imposed restrictions on the event that were not possible to satisfy.
- The Louvre museum in Paris has remained shut since Sunday (1st March) amid concerns over France's coronavirus outbreak.

Global outbound destinations' response to the outbreak in Europe:

- An increasing number of destinations have restricted arrivals of travellers who have **visited Italy in the last 14 days**, including Israel, Turkey, Jordan, Saudi Arabia, Kuwait and Lebanon.
- The **US has issued a Level 3 (Reconsider Travel) warning for Italy**, advising against all non-essential travel to the country due to "widespread community transmission" of Covid-19. **Australia has also changed its travel advice to Italy:** Level 2 (High Degree of Awareness) for the whole country and Level 3 (Reconsider Travel) for selected towns in the North of Italy.
- **Several European and international airlines have announced a reduction of frequency or full suspension of flights to Italy.** Brussels Airlines announced on 28th February that it would cut flights to northern Italy by 30% from 2nd March to 14th March. British Airways and its subsidiary easyJet is also cancelling some flights to and from Italy as a result of reduced demand. German airline Lufthansa announced that it expects to reduce its short- and medium-haul flights by up to 25 per cent in the coming weeks. Ryanair will cut up to 25%

of flights in and out of Italy from 17 March to 8 April. American Airlines announced suspension of its flights to Milan through 24th April. Wizz Air said it would decrease the frequency of its Romania, Poland, Italy and Israel routes, cutting two-thirds of all flights on affected routes over three weeks between 11th March and 2nd April. Royal Jordanian Airlines and El Al Israel Airlines have suspended flights to Italy.

Response to the Covid-19 outbreak's impact on tourism at the European level:

- In the European Commission's statement on the EU's response to Covid-19, President von der Leyen empathised that tourism is one the major economic sectors requiring support: "The third pillar covers the economy. It is looking in-depth at various business sectors – such as tourism or transport, trade, but of course, it is also looking at the value chains and at the broader macro-economic picture we have".
- Commissioner for Internal Market Mr Thierry Breton made a statement last week stressing that tourism was already feeling the pinch and announced an EU-wide analysis of the effects of the outbreak on European industry and businesses. "The impact on tourism and air transport is already being felt. And this is only the beginning" ([read more](#)).
- ETC is co-organising together with the European Commission an **Informal network to discuss the impact of Covid-19 on tourism** and the response required by both public and private sectors. Notably, the European Commission **mentions ETC as one of its key partners in the EU's Covid-19 response towards tourism** ([link](#)).
- This ad-hoc informal network serves as a platform to exchange information at the operational level about the effects of the outbreak on the EU tourism industry and measures to mitigate the consequences. The informal group gathers a limited number of key European professional associations in tourism and travel, including airlines, cruise lines, hospitality sector, travel agents and tour operators, travel tech as well as representatives of the WTTC and UNWTO.
- The network decided to publish an **urgent statement on behalf of the European Tourism Manifesto** (which ETC currently chairs) as the voice of the European tourism sector calling for support and solidarity to China. Specifically, the Manifesto:
 - offers a message of solidarity and support to China and the Chinese people
 - reaffirms the importance of respect and welcome among the European travel and tourism community
 - recognises the scope of the impact of the crisis across all sectors
 - urges an evidence-based approach to travel restrictions
 - encourages a cross-sectoral strategic plan for recovery

(read the [full statement](#)).

Impact assessment on Chinese outbound travel market and global tourism:

- **Tourism Economics has published a research brief** with the analysis of the potential impact of Covid-19 on travel and tourism. The report includes three scenarios of the expected impact on departures based on the observed impacts during the SARS crisis with variation in the duration and intensity of impacts, as well as the recovery in travel confidence. Across all three scenarios, **Tourism Economics expects a significant drop in 2020 with the recovery beginning late in the year or in 2021**. Under the most likely scenario, departures from China are estimated to be 7% lower in 2020 relative to the pre-crisis forecast. This increases to between 17% and 25% lower under more negative scenarios (see by [this link](#)).
- On 20th February, **IATA announced that its initial assessment of the impact of the Novel Coronavirus 2019** outbreak shows a potential 13% full-year loss of passenger demand for carriers in the Asia-Pacific region and 0,4% loss for Europe (read the [release](#), see the impact assessment [presentation](#)).
- **ForwardKeys has released data on Chinese air departures worldwide** since 20th January (Europe -41,7%) and **forward bookings for March-April** (Europe -36,7%). Moreover, the travel setback caused by the Covid-19 outbreak has now spread beyond China, with other parts of the Asia Pacific region experiencing a 10.5% slowdown in outbound travel bookings for March and April, excluding trips to and from China and Hong Kong ([read more](#)).
- ForwardKeys has also published an estimate on the **travel setback caused by the virus on the US travel market**. In the five weeks following the imposition of travel restrictions on outbound travel from China (20th January – 23rd February), there was a 19.3% decline in the number of bookings made for travel from the USA (Europe – 3,6%, Asia Pacific – 87,7%). As of 25th February, total outbound bookings from the USA are 8.0% behind where they were at the equivalent time last year ([read more](#)).
- **ETOA expects the total demand from China in 2020 to have shrunk by 45-55% against 2019** ([read more](#)).
- Travel site Big 7 Travel published a **survey showing that 72% of people are more concerned about travelling during the coronavirus outbreak**, while 42% of people have or are considering cancelling international travel plans ([read more](#)).
- **OECD has released their latest economic outlook** announcing that Covid-19 presents the global economy with its greatest danger since the financial crisis and calling governments to “**implement temporary tax and budgetary measures to cushion the impact in sectors most affected by the downturn such as travel and tourism, and the automobile and electronic industries**” ([read more](#)).

Information from the European Commission on the EU applicable (and future) rules in relation to the Covid-19 outbreak:

- **Open letter of the 'China Association of Travel Services'**

The open letter is calling for preferential treatment for Chinese travellers having to cancel or postpone their trips. The European Commission takes note that many airlines and other operators are offering free of charge cancellation/rescheduling. This 'gesture of goodwill' is a commercial decision that each company has to take for itself. It is not for the European Commission to intervene in such decisions.

- **2018 EU Package Travel Directive (PTD)**

Consumer rights and obligations of EU tour operators/retailers.

Article 12.2 and 3 provides that:

“2. Notwithstanding paragraph 1, the traveller shall have the right to terminate the package travel contract before the start of the package without paying any termination fee in the event of unavoidable and extraordinary circumstances occurring at the place of destination or its immediate vicinity and significantly affecting the performance of the package, or which significantly affect the carriage of passengers to the destination. In the event of termination of the package travel contract under this paragraph, the traveller shall be entitled to a full refund of any payments made for the package, but shall not be entitled to additional compensation”.

3. The organiser may terminate the package travel contract and provide the traveller with a full refund of any payments made for the package, but shall not be liable for additional compensation, if: [...]

(b) the organiser is prevented from performing the contract because of unavoidable and extraordinary circumstances and notifies the traveller of the termination of the contract without undue delay before the start of the package”.

The PTD does not apply to contractual/ business to business relationships. It only applies to relationships between organisers/retailers and travellers.

The PTD also applies to organisers/traders facilitating 'linked travel arrangement' ("LTA"):

- when they are established in the EU
- when established in third country, they sell or offer for sale packages/linked travel arrangements in a Member States/EEA or direct their activities to the Member States. In such cases, the retailer established in a MS/EEA is the one subject to the obligations regarding performance of the packages and insolvency of package/LTA; except if the retailer can demonstrate that the organiser comply with these obligations. (art. 20 of the PTD).

- **EU Regulation on platform-to-business relations (P2B) - Entry into force on 12th July 2020**

The EU Regulation on promoting fairness and transparency for business users of online intermediation services (2019/1150) provides that if the situation of “Forced Circumstance” is defined in the terms and conditions of the contract between the platform and the services provider, and it does specify the issue of reimbursement, the Regulation should in principle be complied with. If it is not specified, the platform is free to change its T&C, but would have to give at least 15 days’ notice to the accommodation service providers. This notice period may be waived if the platform has to comply with a “legal or regulatory obligation” (Article 3(4)(a)). Other reasons to waive the notice period do not seem to apply to the situation, such as set out in Article 3(4)(b), which refers narrowly to the need to “address an unforeseen and imminent danger”, but only linked to fraud, malware, spam data breaches or other cybersecurity risks.