

JEL Classification: Z32

<https://doi.org/10.35945/gb.2021.11.017>

THE REALITY OF THE COVID-19 PANDEMIC AND THE CHALLENGES OF THE TOURISM INDUSTRY IN GEORGIA

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Abstract. Due to the pandemic we discussed the challenges of the tourism industry. Problems of affected sectors close to the sector were identified. We got acquainted with the opinions, forecasts and assessments of the National Bank data from internal research sources in Georgia. We rely on the research conducted by Geostat, the analysis of the decrease in international visitors, the reduction of costs, the main part of tourism statistics. We reviewed assessments and observations by the World Tourism Organization and European organizations. Opinions of Galt & Taggart’s unparalleled expertise analysts on the current reality of tourism and tourism recovery. We compared the indices with foreign countries. For the purpose of this paper, it is important to analyze the socio-economic situation in the post-pandemic conditions, what are the indicators of restored tourism in Georgia, a global trend.

Restaurants are open on weekdays for both indoor and outdoor service, and opened at weekends from 21 May for outdoor service only. Delivery/drive-through services operate every day of the week. Kindergartens and classroom schooling has resumed although distance learning remains in some cases. Shopping malls and open-air markets are open. Systematic COVID testing of staff working in trading, catering and teaching professions is taking place. Working from home continues to be recommended where possible. It is mandatory to wear masks inside shops, hotels and restaurants, and in outdoor public spaces. Failing to do so can result in a 20 L fine for an individual or 500 L for a legal entity.

Tourism development priorities need to be defined according to market segments. If neighboring countries choose to vacation at sea and consider visiting mountainous regions in integration, European tourists are mainly interested in our old culture. Ecotourism and gastronomic tourism, which is an expression of the nation's identity, history and traditions, are also discussed in a harmonious union.

Stimulating domestic tourism and involving self-governments in tourism management is essential. Domestic tourism will become a good platform for preparation for future tourist flows. Initially, stimulating domestic tourism will be necessary to start a commercial "movement" in the tourism sector. Obviously, different cities will have different challenges in this regard.

KEYWORDS: COUNTRY, SUSTAINABLE, TOURISM INDUSTRY, POST-PANDEMIC, SECTORS, DEVELOPMENT, ANALYSIS.

For citation: Azmaiparashvili, M., (2021). The Reality of the Covid-19 Pandemic and the Challenges of the Tourism Industry in Georgia. *Globalization and Business, №11*, 121-126. <https://doi.org/10.35945/gb.2021.11.017>

INTRODUCTION

Tourism plays a major role in the development of the aspect of the country that should create a strong state. While the economy is evolving day by day through many different new, if traditional sources, no field will be able to replace tourism. The importance of tourism is also evidenced by the fact that countries that are major exporters of oil and gas are still concentrating on tourism. The importance of the tourism sector has only grown significantly over the centuries. And growing market demand in a number of countries has led to more incentives and support for tourism businesses. Tourism is very special for Georgia’s regions and their economic development – nonagricultural economic activities in the regions

are mostly tied to the tourism industry and represent the sole important sphere of employment.

Today it is vital to take care of the sustainable development of tourism. Tourism is referred to as the “United Nations Sustainable Development Goals”. For example, the eighth goal of “decent employment and economic growth” states: “Develop and implement a policy for sustainable tourism, employment, local culture and product development by 2030”

The coronavirus pandemic has hampered the development of the tourism sector. However, determining COVID-19 losses is still difficult and uncertainty poses a threat to the sustainable development of tourism (EAP -Tourism research, 2020).

Caring for the sustainable development of tourism is a rather complex process that involves the implementation of

an integrated and prudent policy. In addition, it is necessary to have experienced and educated individuals who will find the country in its still hidden niche and manage to present it in an attractive way in the global market.

Study Area & Methods

Social research was used while working on the paper, which involves data collection and analysis. This method allows to determine the attitude of the society towards the field of tourism. Social research methods are divided into two major groups: quantitative and qualitative methods. Quantitative research data is obtained. The largest source of statistical information is the National Bureau of Statistics, which regularly publishes thematic reports and makes them available on their website. The National Tourism Agency has also published reports and surveys by years or different categories. Statistics produced by local governments or tourist information centers are very useful for studying on-site tourism trends. Tourist facilities themselves carry out a description of their users and their demographics. The third important source of information is interviews with interested competent persons. This can be considered any person employed in the field of tourism, who will be able to share his observations, opinions, specific cases and examples based on personal experience. Trends and aspects of regional tourism development are widely covered in both Georgian and foreign literature and scientific works. Papers and researches of Georgian and foreign sciences, materials of international conferences related to tourism, published reports of the State Department of Statistics of Georgia, Ministry of Economy and Sustainable Development of Georgia, National Tourism Administration of Georgia, data of the World Tourism Organization were studied. Interesting findings of the analysts of the investment company "Galt & Taggart" about the reality in the tourism sector of Georgia National Bank data are available as their estimates are based on early surveys. Therefore, in this paper, we will rely on their data to some extent.

Results & Discussions

Prior to the pandemic, Travel & Tourism (including its direct, indirect and induced impacts) accounted for 1 in 4 of all new jobs created across the world, 10.6% of all jobs (334 million), and 10.4% of global GDP (US\$9.2 trillion). Meanwhile, international visitor spending amounted to US\$1.7 trillion in 2019 (6.8% of total exports, 27.4% of global services exports). WTTC's latest annual research shows: The Travel & Tourism sector suffered a loss of almost US\$4.5 trillion to reach US\$4.7 trillion in 2020, with the contribution to GDP dropping by a staggering 49.1% compared to 2019; relative to a 3.7% GDP decline of the global economy in 2020. In 2019, the Travel & Tourism sector contributed 10.4% to global GDP; a share which decreased to 5.5% in 2020 due to ongoing restrictions to mobility. In 2020, 62 million jobs were lost, representing a drop of 18.5%, leaving just 272 million employed across the

sector globally, compared to 334 million in 2019. The threat of job losses persists as many jobs are currently supported by government retention schemes and reduced hours, which without a full recovery of Travel & Tourism could be lost. Domestic visitor spending decreased by 45%, while international visitor spending declined by an unprecedented 69.4 (<https://wtcc.org/Research/Economic-Impact>).

Georgia is one of the unique tourist countries in the world. A kind of discovery for visitors, which, with its potential and diversity, arouses the desire to visit the country again. There is a sharply growing trend of tourism in Georgia as well. Consequently the economic growth of the tourism industry Benefits too. In the period before the pandemic in Georgia, tourism was one of the fastest growing sectors of the economy, accounting for 11.5% of GDP, and the number of people employed in industry exceeded 150,000 (according to 2019 data). According to the National Tourism Administration, the number of international traveler visits in Georgia in 2019 exceeded the 9 million mark for the first time and amounted to 9,357,964 (+ 7.8%). The increase in international visits was largely due to the increase in tourist visits. The number of international tourist visits to Georgia amounted to 5,080,478, which is 6.8% more than the same period last year. In 2019, Georgia hosted a record number of international travelers and tourists. 9,357,964 international travelers visited Georgia. We have seen tremendous growth from EU countries and virtually all the countries we publicly announced in early 2019 that we would launch active campaigns (National Statistics Office of Georgia - <https://www.geostat.ge/ka>).

2020 started with the growth of tourism. The number of foreign visitors increased by 19% in January, but since February the pandemic has already affected and started to decrease. From March 18, the borders of Georgia were closed and the entry of visitors was stopped. The air borders were partially opened in August, but this did not have much effect and the number of visitors decreased by 81% in January-November. A total of 1.7 million visitors came in 11 months, of which 1.1 million came in January-February. March-November visitor statistics mainly include drivers employed in international shipping.

International and domestic tourism also play a big role in the Georgian economy. Revenues from international travel were on the rise, with a volume that in 2019 exceeded \$ 3.3 billion. The share in GDP reached 8.1%. The direct contribution of tourism and travel to GDP reflects the economic activity generated by hotels, tourism organizations, airlines, travel agencies, restaurants. The entire contribution includes all areas related to travel. In 2019, value added in the tourism sector was mainly generated in accommodation - 1.3 billion GEL (growth + 10.9%), in transport - 1.2 billion GEL (air transport growth + 11%, other transport growth + 20.9%), in food - 758 million GEL (growth + 23.3% and travel companies - 141 million GEL (increase + 17.4%). The total contribution of the tourism and travel sector in employment in 2019 is 29.4%, which includes 518,400 jobs. These include jobs created by the tourism industry (<https://wtcc.org/World-Travel-and-Tourism-Council-Data>).

The tourism sector is one of the sectors that has received

the biggest blow from COVID-19, both in terms of demand and supply. The latest and most pressing challenge facing tourism today is Covid-19, which has completely changed the rhythm and style of our lives. There is no industry or business that has not been affected by the coronavirus. However, while the effects of Covid-19 are unevenly distributed in other sectors, the tourism sector as a whole faces major obstacles.

The pandemic has hampered the continuation of the positive trends observed last year in almost all areas of the Georgian economy. According to the preliminary estimates of Geo stat, in January 2021, compared to the corresponding period of the previous year, the decrease in real gross domestic product (GDP) was 11.5%. Such a decline is related to the baseline effect, because in January 2020 the COVID-19 crisis in Georgia had not yet begun, and in January 2021, there were so-called "lockdown" and "mandatory holidays" in the country. According to the research department of the investment company Galt & Taggart, this is a rather deep decline, while in December we had a 7.9% decline in the economy.

"This figure was mainly affected by the closing of the economy again and you probably remember in the first two weeks of January the economy was even more locked in a number of directions. Holidays were announced and only major businesses such as banks etc. were affected." As for the forecasts for economic growth in 2021, the main challenge in these forecasts is still a pandemic, given that under two possible scenarios, the economy is projected to grow from 3.6% to 5% this year. "We have two scenarios. One, which envisages a gradual recovery of tourism, and the other, if tourism is recovering at a slower pace than we expected. In the first case, we expect 5% economic growth, in the second case, 3.6% growth. It is noteworthy that both "In the scenario, we do not envisage additional closure of the economy. It is very important that many restrictions have been announced and removed, the rest of the restrictions will be removed quickly and the economy will be fully operational, which will help economic growth" (<https://galtandtaggart.com>).

Share of sectors directly related to tourism in Georgia, Higher in the economy than in employment. Tourism and other services. Jobs are employed in the sectors, half the force when in the economy their share is up to 80%. Accordingly, the crisis is bigger than the economy, will have a negative impact. First of all, the biggest losses were suffered by the airlines, which experienced the largest percentage decrease in customers. The reason for this is that most of the countries have closed their borders and tourists are no longer physically able to travel. The lack of tourists also affected the hotels, in which the rooms have never been as empty as they are today. For example, 4 out of every 5 hotel bookings in Georgia were canceled in March, accounting for 80% of all bookings. The only major reason hotels are used today is to accommodate quarantined individuals. The rest, about 200 hotels, have completely ceased to function or significantly reduced the number of staff, including service staff. Lack of tourists also affects restaurants, shops and cafes. The biggest loss was caused by the decrease of tourists from Russia, Europe and Azerbaijan. Although the local population also had large incomes in some restaurants or other establishments,

many of them depended directly on the profits brought by the tourists. It is these businesses that are no longer able to function today and are forced to temporarily cease to function. This also affected the employees. According to experts, the number of employees in this sector in Georgia can be reduced from 100,000 to at least 50,000. This, of course, has the greatest impact on the economic situation of the country. tourism revenues in 2020 fell to an incredibly low level of 427.7 thousand dollars, with the number of international travelers dropping to 1.7 million. (Georgian National Tourism Administration, Research and Planning Division, www.gnat.ge).

The number of Tourists globally expected to decline by at least 58% y in 2020. Tourism typically takes 10-20 months to overcome crises, typically takes 10-20 months to overcome crises, but covid-19 is unprecedented. Countries where tourism accounts for more than 20% of total exports are particularly vulnerable during the tourism crisis there of responses to deal with covid-19: protesting people- Italy, Japan, Korea, Norway, Poland Informing visitors, repatriation : Assistance; Financial support to employees in tourism sector; Protection Business- EU countries, Brazil, Australia: Financial support to tourism companies, particularly small and medium enterprises, helping them to adopt new work processes, find new markets, etc. Coordination mechanism-Canada, France, Ireland, UK, etc. Taskforce to monitor/assess Covid-19 impact on tourism and respond adequately (e.g. communication with private sector, strategies for short, medium and long-term development, etc.) Tourism stimulus package in Georgia, the stage tourism support plan: stage initial financial support to affected businesses. Deferred income tax until November 2020 (GEL 113mn); Subsidizing loan interest for small hotels for 6 months (GEL 10mn); STAGE II - SUPPORTING EMPLOYEES; Direct cash support for private sector employees who lost jobs for 6 months – GEL 200 per month; One-off direct cash support for self-employed who lost jobs - GEL 300; State subsidies for employers to retain their employees; STAGE III – GEL 200MN SUPPORT PACKAGE; Tourism industry exempted from property tax in 2020 (GEL 45mn); Deferred income tax until end-2020 (GEL 90mn); Interest payment subsidies for accommodation units with turnover lower than GEL 20mn for 6 months (GEL 60mn); Supporting travel agencies and guides (GEL 5mn); Positioning Georgia as a safe tourist destination. Tourism stimulus package in Georgia is similar to other countries, with the exception of domestic tourism support and vouchers for cancelled boo. (UNWTO World Tourism Barometer, January 2020. Advance Release).

According to the UNWTO, the volume of international tourism decreased by 440 million visitors in the first half of 2020 compared to 2019, which led to a decrease in revenue in this area by \$ 460 billion. That's about five times as much as the impact the global tourism industry received during the 2009 financial crisis. Expectations of a summer season in the Northern Hemisphere have not materialized, according to a UNWTO review. Especially in Europe, where the spread of COVID-19 was one of the most severe. As a result, the number of visits to Europe decreased by 66%. The decline is 55% in the Americas, 57% in Africa and the Middle East, and 72% in Asia and Oceania in the first half of 2020.

The early anti-crisis response of the Government of Georgia and the National Bank of Georgia in cooperation with the country's international partners and the local financial sector is a strong foundation for economic recovery. Key actions in this regard include strengthening the healthcare system, supporting the liquidity needs of businesses— both through fiscal and regulatory measures – and continuing vital public investment projects.

In the medium term, support for new investments addressing challenges resulting from the Covid-19 pandemic, such as introducing digital solutions and increasing local production, may be instrumental in stimulating resilient growth. It is worth noting that critical reforms, like the newly adopted energy efficiency law also support a sustainable economic recovery. The European Investment Bank (EIB) is supporting Georgia's economic recovery in all aspects, contributing significantly to an unprecedented support package for the country prepared in coordination with the European Union, European governments, and European financing institutions.

According to Analyst, Galt & Taggart, long it will take to recover from the crisis is difficult to talk about, but there is a positive dynamic, if we rely on various international organizations around 2023 - 2024 there will be a full recovery. That is, return to the old mark of the 2019 mark. In fact, if we look at the recovery rates, the recovery stages are as follows in the following countries: Recovery is more or less good in Turkey -46% and in Mexico -56%. In other countries, the rate of decline is high in Italy -77%, USA - 83%, Spain -91%, China -91%, Germany -92%, United Kingdom -95%, Thailand-100%, although increased vaccinations began in the second quarter. The first is Israel.

In Georgia, 70% of the top visitors come from Azerbaijan, Ukraine, Russia, Turkey and Armenia. Important vaccination rate in these countries in May 2021, the rate is as follows: Azerbaijan 11%, Russia 11%, Turkey 19%, Armenia 1%, Ukraine 2%. It is interesting to analyze the figures for May 2021 by country. The opening of air borders in 2021 has led to an increase in the number of tourists from Ukraine and Israel. Compared to May of the previous year, these two countries advanced by 11% in the top ten in May 2021; As for Russia, the first place was given to Turkey, from which the growth is 21%. Also the recovery rate is high from Uzbekistan, we have an increase of 100% compared to 2019, also Belarus 57%. Ground visits are higher at 64% in May, with 34% of air visits restored. As for revenues, come to Russia by 13%, Ukraine by 15%, Israel by 18%, Turkey by 15%. (<https://galtandtaggart.com>).

Rehabilitation of the tourism industry in the post-endemic period and by 2021 The purpose is to take appropriate action that will be tailored Needs of the sector and will help stimulate the development of the sector. Interestingly what it tells us about the restoration is the hotel search rate compared to 2019 and the booking rate. The hotel search rate is as follows: the lowest rate for 2020 is 80% in March and April, up from 37% in August, 20% in November-December, 52% in January 2021, 43% in April-May. Georgia is wanted by 586% of Russian citizens, Turkey by 140%.

Hotel booking rate compared to 2019 in April 2020 -87%, August -41%, November 53%, and in 2021 January -49%, April-

May -34%; The excitement from the third quarter is felt. The borders in Georgia were closed, but we have good signs. After the pandemic, most visitors visited Georgia in May. If we evaluate the countries that came to us according to vaccinations, the situation in neighboring countries is bad. Azerbaijan is vaccinated 13%, Russia 11%, Armenia 1%, Turkey 19%, Ukraine 2%, Israel is the best 59% and Israel has a solid share of travel to our country. And this is good, Germany 33%, Germany does not have a large share in our revenues, as well as China 88%, from which a meager number of tourists enter Georgia. There are very few of our visiting countries where vaccination rates are high. What we can rely on to make a quick recovery Consumer opinion research shows that in the short term 75% of people prefer to travel on their own transport. The advantage is land transport in Georgia (Galt & Taggart).

The current reality in terms of visitors to our country. Travel in Georgia: Inter-city public transport, municipal transport and taxis are operating normally. A previous restriction on numbers in taxis has been lifted. Face masks must be worn in all public transport and taxis. Accommodation: An increasing number of hotels and other rental accommodation are open. Face masks must be worn when entering public spaces inside hotels and rental accommodation.

Public spaces and services: There is a nationwide curfew on both vehicular and pedestrian movement from 11pm to 5am, with exceptions for emergency, pharmaceutical, delivery, media and international transport. Violation will result in a 2,000 GEL fine. Enforcement of regulations on social distancing and wearing masks are still obligatory. No more than 10 people can participate in social gatherings, indoor or out. Museums, gyms and, to a limited extent, theatres have reopened.

Restaurants are open on weekdays for both indoor and outdoor service, and opened at weekends from 21 May for outdoor service only. Delivery/drive-through services operate every day of the week. Kindergartens and classroom schooling has resumed although distance learning remains in some cases. Shopping malls and open-air markets are open. Systematic COVID testing of staff working in trading, catering and teaching professions is taking place. Working from home continues to be recommended where possible. It is mandatory to wear masks inside shops, hotels and restaurants, and in outdoor public spaces. Failing to do so can result in a 20 L fine for an individual or 500 L for a legal entity.

CONCLUSIONS

Today, the travel brand "Georgia" should be able to overcome the challenge in the long run. Our brand can freely run a campaign based on the main factors that motivate travel to Georgia: gastronomy, winemaking, folklore, tangible cultural heritage, protected areas, etc.

It is very important for Georgia to restore tourism, in particular, the entry of foreign visitors. Georgia will not be able to return to the index of 2019 in 2021. It is difficult to predict how many visitors will arrive, as it does not depend only on the situation in Georgia. The countries with large in-

fluxes of visitors to Georgia are in a difficult epidemiological and economic situation. However, it can be said in advance that in terms of tourism, 2021 will be better than 2020.

Georgia's vision is in tourism development of the country as a brand and positioning in the international market, To compete for similar tourism markets; Market share growth, Infrastructure development; Improving the service sector, Attracting investors; Promoting and developing the local private sector through effective partnerships.

Tourism development priorities need to be defined according to market segments. If neighboring countries choose to vacation at sea and consider visiting mountainous regions in integration, European tourists are mainly interested in our old culture. Ecotourism and gastronomic tourism, which is an expression of the nation's identity, history and traditions, are also discussed in a harmonious union.

Stimulating domestic tourism and involving self-governments in tourism management is essential. Domestic tourism will become a good platform for preparation for future tourist flows. Initially, stimulating domestic tourism will be necessary to start a commercial "movement" in the tourism sector. Obviously, different cities will have different challenges in this regard.

"The UNWTO Executive Board has agreed that the crisis is an opportunity to re-understand how tourism relates to our societies, other sectors of the economy, our natural and cultural resources and ecosystems; It is also an opportunity to measure and manage it better to ensure a fair distribution of benefits; "We will also develop a carbon-neutral, more flexible and inclusive tourism economy,"

The "Tourism Impact Model" is an important and direct tool to get even closer to European standards. It is a good way to deal with the coronavirus situation and be able to observe it. In fact, by integrating this tool we could have more information about current events in Georgia than we have now. Also compare the stages of development of our destination in terms of certain sections. Which will help us to understand even more what our situation is in this area.

Not only in terms of economic indicators, we also compare destination indicators, as we are accustomed to, but also in terms of environment, spatial arrangement, community culture and their subcategories. "Finally, multiple indicators are used to assess the multifaceted impact on tourism and our reality." Every challenge has its opportunity. Post-crisis steps are important for Georgia.

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