

THAILAND'S TOURISM TO GET EXTRA HELP



Thailand is considering subsidizing holiday expenditures on its territory to support the tourism sector after the international response to the Covid-19 outbreak put a halt to travelling. The Thai government approved a package worth 22.4 billion baht (about 640 million euros) at the weekly ministerial meeting.

Thailand's tourism accounts for more than 10% of an economy whose growth is expected to contract by 5% to 6% this year, according to official forecasts, a decline not seen since the Asian financial crisis of 1997-98.

"The revival of domestic tourism will help support the economy in the third and fourth quarters, as it will increase spending," Finance Minister Uttama Savanayana told reporters.

The package is intended to facilitate domestic travel over the next four months, by subsidizing holidays for health professionals, but also by covering part of the cost of hotel rooms, catering and transport, said Traisulee Traisoranakul, a government spokesperson, at a press briefing.

The measures, which will be deployed from July to October, consists of three components.

The first, worth 2.4 billion baht, consists of subsidizing vacations in the country for health professionals and volunteers who represent some 1.2 million people, according to the government spokesperson.

Then, a package of 18 billion baht will be earmarked to subsidize 5 million hotel nights at 40% of the hotel room rate and up to 3,000 baht in food and other services.

Finally, with the remaining two billion, the government wants to offer 40 percent discounts on plane and bus tickets up to 1,000 baht, Traisulee Traisoranakul said, adding that a number of details still needed to be specified.

Thailand, which has so far reported 3,135 infections and 58 deaths since January, lifted a nationwide curfew last Monday and eased restrictions. The current sluggishness in Thailand's tourism sector, a direct consequence of the Covid-19 coronavirus pandemic, could weigh on the country's economy for at least another two years.

Nalin Chutchotitham, an analyst for the US Citi bank, expects activity to return to 2019 levels only by mid-2022. In addition, the virus accentuates other problems, of a structural nature, linked for example to the ageing of the population. "It remains to be seen how Thailand will redefine and implement its medium-term development path," she adds, calling for new policy strategies on issues such as global trade, the digital economy and the creation of higher value-added industries such as medical tourism.

The slow recovery in international travel arrivals - which account for between 12% and 20% of gross domestic product (GDP) - is the main burden on the economy. Indeed, "we still don't know when Thailand will welcome tourists again," says Ms. Nalin. In the tourism sector alone, forecasters expect the loss of some 700,000 jobs.

Arrivals of foreign travelers could fall by up to 65 percent in the Southeast Asian country this year due to panic over the epidemic, according to the Tourism Authority of Thailand.

Thailand did not welcome any foreign tourists in April, when it banned international passenger flights, a ban that runs until the end of June. Last year, international tourists contributed 11.4% of GDP while domestic tourism accounted for 6%.

Thailand plans to resume international tourism, starting with "travel bubbles" with countries that have managed to contain the virus. But no time frame has yet been set.

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