

THE IMPACT OF CORONAVIRUS OUTBREAK ON INDONESIA'S TOURISM SECTOR

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Abstract

The world is being shaken by the case of spreading coronavirus outbreak (COVID-19) which is increasingly spreading and expanding rapidly and becoming the largest global polemic at present. The Covid-19 pandemic caused disruptions to global, domestic supply chains, financial market volatility, shocks to consumer demand, and negative impacts on key sectors such as travel and tourism. Indonesia is also one of the countries that face a big impact on the tourism sector. This study used a desk research method with data and information collected through data inspection and analysis that use secondary data, either in the form of company internal/external documents, legislation, reports, statistic data, and bibliography study to obtain the information of Coronavirus Outbreak Impacts on Indonesia's Tourism Sector. *Badan Pusat Statistik* (BPS) recorded that in January to June 2020, the number of foreign tourists visiting to Indonesia reached 3.09 million visits, or decreased 59.96 percent compared to the number of foreign tourists visiting in the previous year, which totaled 7.72 million visits. It affects the national tourism foreign exchange that fell by 97 percent from USD 119 million to only USD 30 million. To face this situation, *Kemendparekraf* (Ministry of Tourism) has provided tax subsidies to parties involved in the tourism sector.

Keywords: *impact, covid-19, tourism*

1. INTRODUCTION

The tourism sector is one of the country's income that obtained significant growth, it was marked by the development of foreign tourist arrivals during the last 19 years which started only 674 million in 2000 and had dropped twice due to the SARS outbreak and the global economic crisis but after that, it rose up to 1,462 million in 2019. The result can be seen in the chart 1 below.

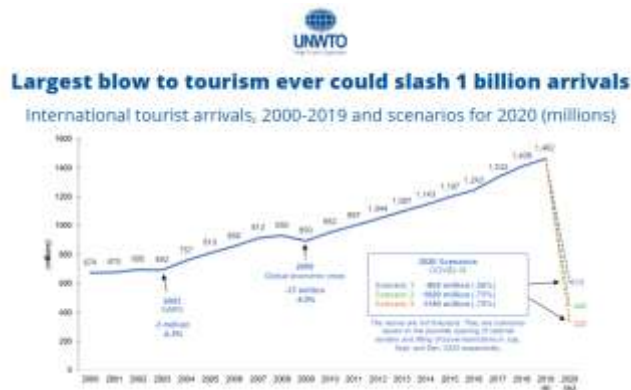


Chart 1. International Tourist Arrivals in Last 19 Years (2000-2019)
Source: The World Tourism Organization (UNWTO)

The chart above shows that the graph of world tourism growth continues to rise from year by year. Indonesia is also a country with various tourist destinations and an attraction for many local and foreign tourists. Minister of Tourism of Indonesia, Arief Yahya said based on World Travel & Tourism Council data, Indonesian tourism has grown and ranked 9th in the world, number three in Asia, and number one in the Southeast Asia region. This achievement was also recognized by the media company in the UK, The Telegraph, which listed Indonesia as "The Top 20 Fastest Growing Travel Destinations". The Indonesian tourism competitiveness index according to the World Economy Forum (WEF) also shows a proud development, where Indonesia's ranking has increased by 8 points from 50 in 2015 to 42 in 2017. Foreign tourists visiting Indonesia have recorded a significant increase from 2015 - 2017. In 2015 there were 10.41 million, in 2016 there were 12.01 million, and in 2017 there were 14.04 million. Currently, the world is being shaken by the case of the spread of the coronavirus outbreak (COVID-19) which is spreading and expanding rapidly and become the biggest global polemic to date. Even the corona virus outbreak has been declared a global pandemic by the World Health Organization (WHO) few days ago. This pandemic has been becoming a public conversation and discussion over the world. After the statement stipulated by the WHO, this situation must be of serious concern to the government and people around the world.

2. METHOD

This study used a desk research method with data and information search techniques online. Data and information collected through data inspection and analysis that use secondary data, either in the form of company internal/external documents, legislation, reports, statistic data, and bibliography study. The data collected described the economic theory of the tourism sector with the condition that occurred at the beginning of the Covid pandemic and affects the number of tourists and the income of countries in the world and some regions in Indonesia. The data obtained comes from the factors that develop the world economy and Indonesia in the tourism sector. The results of the data are combined with the number of tourists and economic growth in the world and in Indonesia during the pandemic according to The World Tourism Organization (UNWTO), *Kementerian Pariwisata dan Ekonomi Kreatif RI (Kemenparekraf)* and *Badan Pusat Statistik (BPS)*

3. DISCUSSION

World Tourism under Pandemic

UNWTO has conducted an assessment of the impact of the Covid-19 outbreak on international tourists in March 2020. From the results of the assessment, it appears that the development of international tourists since 1995 has continued to experience growth by demonstrating strength and resilience in facing shocks such as SARS in 2003, and the global economic crisis accompanied by The Iraq war in 2009. This hurricane was quickly overcome so that by 2019 the number of foreign tourists increased to 1.461 million people. In the first 2 months of 2020, it was noted that there was an increase in world tourists in January and February of around 2% but experienced a very drastic decline in March to reach 57%. It can be seen in Chart 3 that specifically in the Asia Pacific region there has been a decline since the beginning of the month.

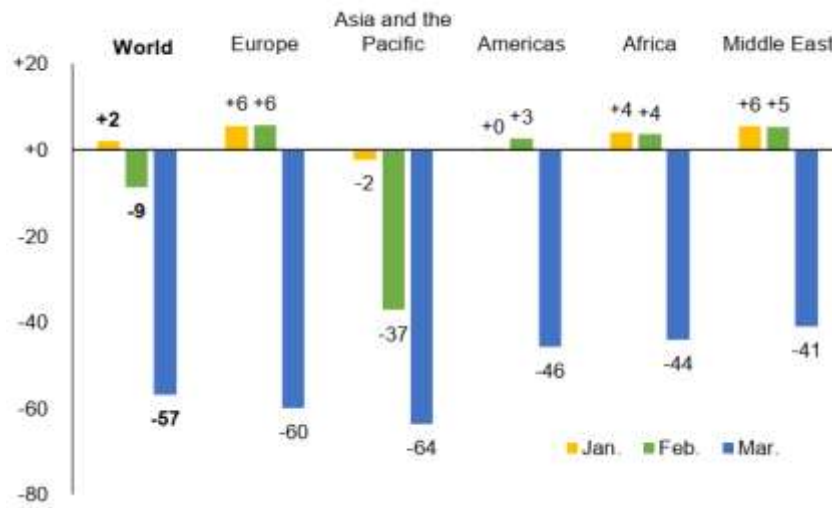


Chart 2. International Tourist Arrivals , Jan, Feb, March 2020 (% change)
 Source: The World Tourism Organization (UNWTO)

The world tourism organization (UNWTO) announced that the impact of the Covid-19 outbreak will be felt throughout the tourism value chain. In response to the Covid-19 outbreak, UNWTO has revised its outlook for negative international tourist growth from 1% to 3%. This has an impact on decreasing revenues or estimated losses of US \$ 30 billion to US \$ 50 billion. Before the Covid-19 outbreak, international tourists were estimated to have grown between 3% and 4%. Asia and the Pacific will be the worst affected regions, with a drop in arrivals estimated at between 9% and 12%.

The Covid-19 pandemic also caused disruptions to global, domestic supply chains, financial market volatility, shocks to consumer demand, and negative impacts on key sectors such as travel and tourism. The impact of the Covid-19 outbreak will be perceived throughout the tourism value chain. Small and medium-sized companies are expected to be greatly affected. The pressure on the tourism industry can be monitored in the large decline of foreign tourist arrivals with massive cancellations and decreases in bookings, so that state revenue has decreased dramatically as happened in various parts of the world, can be seen in the following Chart 3.

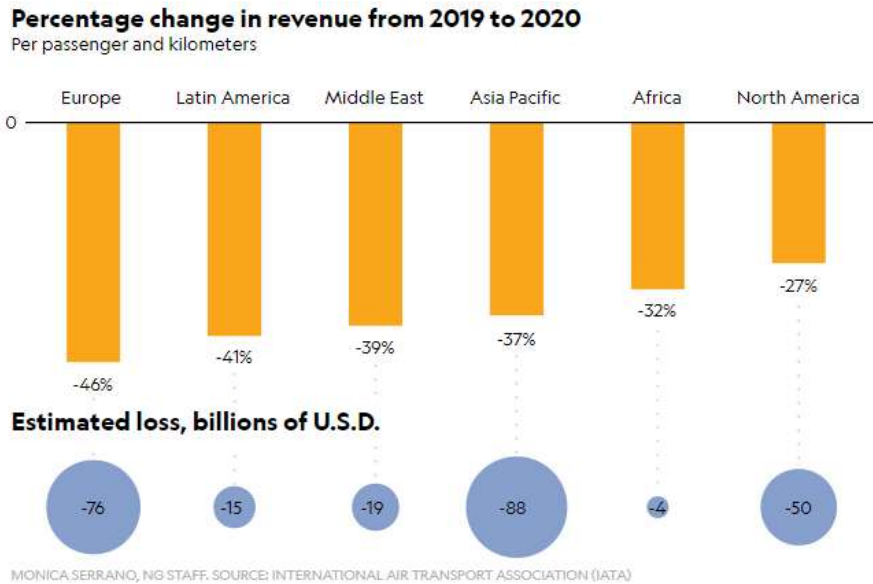


Chart 3. Percentage Change in Revenue from 2019 to 2020

Source: How hard will the coronavirus hit the travel industry? (Elizabeth Becker, 2020)

Based on chart 2, the airline's projected revenue loss could rise to more than \$250 billion. European states still dominate the decline in the use of aviation services by -46 percent, nevertheless, the states of Asia Pacific had the highest estimated loss with a loss of \$88 billion and for other regions such as Latin America, Middle East, Africa and North America, the decline is less than 50 percent

Indonesia's Tourism amid the COVID-19 Outbreak

The tourism sector is projected to become the "core economy" and the largest foreign exchange contributor in Indonesia for the next five years. Indonesia has thousands of destinations, both those with popular names and that have not been worked out optimally. Moreover, infrastructure development continues to be encouraged, therefore, it will be a new mainstay for state revenue. Based on the statistical data of Passenger exit survey (PES), the development of foreign tourist arrivals always shows a fairly high growth, in 2017 there were more than 14 million foreign tourists, growing 16.7% from 2016 which amounted to 12 million tourists. The data above shows that there is an increase in foreign exchange earnings, in 2017 foreign exchange earnings amounted to 15,240 million USD. This figure grew 22.51% from the previous year. The average tourist expenditure per visit is USD 1201 per visit.

Based on *Badan Pusat Statistik* in January to October 2018, the number of foreign tourist visits to Indonesia reached 13.24 million visits, it increases 11.92 percent compared to the number of foreign tourists visiting in the same period in the previous year which totaled 11.83 million visits. The number of foreign tourist visits consisted of foreign tourists visiting through air entrances about 8.54 million visits, sea entrances about 2.58 million visits, and land entrances about 2.12 million visits.

Throughout 2019, the number of foreign tourist arrivals who visit Indonesia reached 16.11 million, this figure increases 1.88% when compared to the number of tourist visits in the same period in 2018 which

amounted to 15.81 million. Most tourist visits to Indonesia throughout 2019 came from Malaysia, with 2.98 million (18.51%) followed by China with 2.07 million (12.86%).

In January to June 2020, the number of foreign tourists visiting or foreign tourists to Indonesia reached 3.09 million visits, or decreased 59.96 percent compared to the number of foreign tourists visiting in the previous year, which totaled 7.72 million visits. The number of foreign tourists visiting consisted of foreign tourists visiting through air entrances as many as 1.60 million visits, sea entrances totaling 746.02 thousand visits, and land entrances totaling 741.33 thousand visits. The data can be seen to the Chart 4.

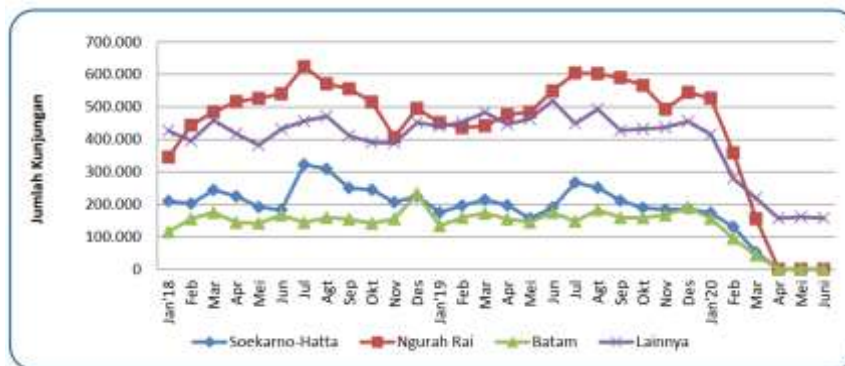


Chart 4. The development of foreign tourists visiting according to the entrance
 Januari 2018–Juni 2020

Source: Badan Pusat Statistik

The results of the data above show an increase in the number of foreign tourists arriving in Indonesia over the past 3 years and then decreased at the beginning of the month in 2020. The graph shows a line that goes down at all entrances throughout Indonesia and it affects the national tourism foreign exchange. Based on data from Bank Indonesia (BI) delivered by Luhut Binsar Pandjaitan as a Coordinating Minister for Maritime Affairs and Investment, said that national tourism foreign exchange fell by 97 percent from USD 119 million to only USD 30 million. The retardation economy in the tourism sector also affected 180 thousand workers and during the pandemic, around 2,000 hotels in Indonesia were forced to stop operating. The report was also affected by the decrease in tourist arrivals of tourist destinations most frequently visited by foreign tourists, such as Bali Island and Yogyakarta

Bali Island

Bali Island is one of the islands that has many beautiful and amazing tourist destinations such as Kuta Bali Beach, Tanah Lot Temple, Ubud Bali Nature Tourism, Sanur Bali Beach, Nusa Dua Bali Beach, Beratan Lake Bedugul Bali, Garuda Wisnu Kencana (GWK), Lovina Beach, Besakih Temple, Jimbaran Beach, Tanjung Bena, and many more. Therefore, Bali Island is one of the favorite islands which is often visited by local and foreign tourists. But after the government announced that the Covid-19 has entered Indonesia, there was a decrease in the number of foreign tourists visiting Bali. It can be seen in the following Table 1.

YEAR	CATEGORY	JAN.	FEB.	MAR.	APR.	MAY	JUNE	JULY	AUG.	SEP.	OCT.	NOV.	DEC.	TOTAL
2008	TOURISTS	138.872	158.153	153.826	147.515	159.877	170.994	183.122	187.584	191.033	180.944	142.014	166.855	1.968.582
2009	TOURISTS	194.843	138.376	161.189	178.978	181.983	180.011	224.898	222.441	206.181	218.938	163.591	182.598	2.328.945
	- / + (%)	17,71	-10,17	4,76	21,94	15,83	11,40	22,87	18,06	15,00	18,57	16,15	9,47	13,28
2010	TOURISTS	188.323	187.781	194.482	178.848	196.718	219.574	247.778	236.380	229.573	223.843	194.152	216.804	2.493.056
	- / + (%)	3,80	24,74	20,67	-8,74	8,10	18,19	10,30	8,13	10,27	8,00	18,12	18,21	11,82
2011	TOURISTS	202.980	201.220	201.833	221.014	204.489	240.154	278.041	250.835	201.737	241.232	216.384	248.880	2.798.579
	- / + (%)	19,97	7,21	0,78	23,78	3,90	9,57	12,21	8,09	9,85	7,88	11,40	14,40	15,87
2012	TOURISTS	248.288	219.476	227.848	219.964	216.988	238.296	268.781	254.020	245.722	255.709	241.988	260.044	2.992.019
	- / + (%)	22,52	9,02	12,89	-0,47	-1,36	-8,77	-8,53	1,27	-3,18	8,00	11,83	6,97	4,91
2013	TOURISTS	232.935	241.888	252.210	242.388	247.972	278.887	287.978	309.219	309.828	288.952	307.278	288.013	3.278.598
	- / + (%)	-6,18	10,20	10,89	10,18	14,87	19,68	18,11	21,73	28,40	4,24	26,98	11,55	13,37
2014	TOURISTS	279.287	275.798	278.973	280.096	298.033	330.298	361.090	338.793	354.782	341.661	296.978	347.370	3.788.638
	- / + (%)	16,99	14,03	9,96	16,57	16,30	19,90	21,21	8,91	16,08	28,17	-3,38	16,17	14,89
2015	TOURISTS	301.748	338.997	308.272	313.783	298.873	368.702	382.883	303.821	388.080	389.447	270.938	370.943	4.001.838
	- / + (%)	9,29	22,51	10,38	12,02	3,48	9,87	9,99	-8,94	9,67	3,14	-8,74	6,70	8,24
2016	TOURISTS	350.592	378.744	384.113	380.787	394.507	408.836	484.231	438.138	448.718	432.215	413.232	442.800	4.927.937
	- / + (%)	18,19	10,94	19,27	21,32	3,31	12,83	26,54	44,30	14,98	18,98	82,93	19,47	23,14
2017	TOURISTS	490.824	483.969	425.488	477.484	489.376	504.141	582.048	601.894	550.520	485.088	381.008	318.908	6.087.739
	- / + (%)	31,44	20,82	-16,86	26,40	24,03	24,22	22,27	17,37	23,51	-12,94	-26,88	-18,82	
2018	TOURISTS	558.000	462.423	492.878	618.777	538.512	544.550	624.360	573.708	585.903	517.889	406.728	488.818	6.070.473
	- / + (%)	-23,30	-3,94	16,79	8,23	-8,00	8,02	8,48	-4,87	5,98	11,58	-12,88	-57,95	8,54
2019	TOURISTS	498.218	437.527	449.827	478.227	488.795	248.791	894.279	818.708	590.588	588.087	497.928	582.438	8.278.210
	- / + (%)	-11,41	-12,28	-8,74	-7,83	-8,00	-60,96	48,92	7,48	8,24	9,89	22,42	10,74	3,37
2020	TOURISTS	828.882	363.937	188.878	327	36	32							1.050.891
	- / + (%)	15,93	-18,82	-85,11	-89,93	-99,99	-99,99							-83,27

Table 1. The number of foreign tourists arrival to Bali by month

Source: Dinas Pariwisata Provinsi Bali

From the data above, it can be seen that there has been a significant increase in tourist visits on Bali Island in the last 12 years. In 2018 tourist visits reached 6 million tourists, and increased 3 percent in 2019, it reached 6.2 million visitors, most of the tourists come from China. At the start of 2020, visitors to Bali increased 15.93 percent compared to the previous year in the same month. The Covid pandemic in the following month has changed the visitor until -99 percent and peaked in June which there were only 32 visitors, Therefore the total decrease in visitors reached -83.27 percent. This condition certainly affects the economy of the province of Bali. Based on *Badan Pusat Statistik* (BPS) of Bali Province shows that the Balinese economy recorded a negative growth in two consecutive quarterly periods. After the first quarter of 2020 recorded a negative growth about -1.14 percent, in the second quarter of 2020 the Balinese economy also grew negative about -10.98 percent. Not only Bali Island, but also Yogyakarta had decreased in the number of tourists and the regional economy.

Special Region of Yogyakarta

Jogja is a city with a wealth of very enchanting tourist destinations. This city is always visited by tourists from outside the city and abroad, especially during the holidays. Many places become the main attraction of this city, such as tourist attractions, culinary, culture and arts, as well as the architecture of buildings in Jogja that can make visitors fall in love even more. Tourist attractions frequented by foreign tourists are Borobudur temple, Prambanan temple, Malioboro, Yogyakarta Palace, Parangtritis Beach, and many others. However, the situation is similar with Bali, Based on *Badan Pusat Statistik* (BPS) of Special Region of Yogyakarta noted that the number of tourist visitors and the Yogyakarta economy has decreased during the Covid-19 pandemic. It can be seen in the following the Chart 5.



Chart 5. The development of the number of foreign tourists visiting D.I. Yogyakarta, 2018-2020
Source: Badan Pusat Statistik Provinsi D.I Yogyakarta

From the chart above, it is recorded that the number of tourists visiting the province of D.I Yogyakarta during the last 2 years. In general, the pattern of foreign tourist arrivals to the Special Region of Yogyakarta from January to December in 2018 and 2019 tends to be similar. The level of foreign tourist arrivals was recorded high in March, July, August, and it was the lowest point in June. In January 2020, the visits by foreign tourists were higher than in the same period in 2019, but still lower when compared to 2018. Meanwhile, in February and March 2020, it was recorded lower than the same period in the previous two years. Even in April and May 2020, it reached lowest point for the last two years. In June 2020, 7 foreign tourists visited the Special Region of Yogyakarta through the entrance to Yogyakarta International Airport. Foreign tourist visits in this period had a slight increase when compared to the condition of the zero foreign tourist visits in April and May 2020.

The pandemic situation also affected the economy sector. The DIY economy in the second quarter of 2020 against the first quarter of 2020 contracted by 6.65 percent, more severe than the previous quarter which amounted to 5.48 percent and in the same quarter of the previous year which amounted to 0.08 percent. The contraction growth was triggered by most of the economic business fields. The closure of tourism activities during the Covid-19 pandemic, this quarter had a real impact on growth, especially other services, provision of accommodation, food and drink, and transportation.

Ministry of Tourism Strategy to Save Tourism Sector

Tourism is the most affected sector during Covid-19 pandemic. This pandemic has a huge impact on economic growth, especially the tourism sector. Therefore, a strategy is needed to face it. The Ministry of Tourism has made steps to deal with this situation, such as providing temporary direct assistance to tourism sector workers who are directly affected by the pandemic, training to improve competence in the tourism sector, and collaborating with hotel and transportation entrepreneurs to provide accommodation facilities for health workers serving in several hospitals. *Kemendparekrif* has also proposed the tourism sector and creative economy business fields to be included in *Permenkeu 23 / PMK.03 / 2020*. Subsectors that enter the tourism and creative economy business will be able to take advantage of incentives in the form of 21 percent income tax subsidies, 22 import tax exemptions, and 30 percent income tax reductions. The tourism and creative economy offices are also urged to make efforts to be able to provide encouragement and compensation in the

form of viands to informal workers who are directly related to tourist destinations which are closed in their authority.

4. CONCLUSION

The Covid-19 pandemic conditions have affected the country's economy globally, including Indonesia. The tourism sector is one of the most influential sectors in a pandemic situation. The reduction in the number of tourists in various countries had a negative impact to the country's economy. Indonesia has lost 97 percent of foreign exchange during the pandemic and as many as 2000 hotels were closed because many tourist destinations were also closed. To face this situation, *Kemenparekraf* has provided tax subsidies to parties involved in the tourism sector

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