

Analysis of the model impacts on tourism in the Czech Republic resulting from the global coronavirus pandemic (COVID-19)

The aim of this analysis is to quantify the model impacts of the global pandemic COVID-19 on the tourism industry in the Czech Republic in 2020. The calculation has been executed as an **expert calculation based on the information on the current state** of the implemented restrictive measures and the development of the world pandemic data **as of March 23, 2020** and a **combination of the data on tourism in the Czech Republic** obtained from the CZSO (Tourism Satellite Account), CzechTourism (Inbound Tourism Tracking) and CE-Traffic (mobile operator's geolocation signal data). **The projection of the model impacts has been considered in three options:** the "Default" option (year 2019, i.e. a situation without any perceivable COVID-19 impact), the "June" option (foreseeing gradual easing of the measures by the end of May) and the "September" option (assuming gradual easing by the end of August).

The key restrictive measures in connection with COVID-19 in force in the Czech Republic as of 23 March 2020

- Following the Government Resolution No. 194 of 12 March 2020, through which the Czech Government, in accordance with Articles 5 and 6 of the Constitutional Act No. 110/1998 Coll., On the Security of the Czech Republic, enacted **an emergency state** applying to the territory of the Czech Republic on grounds of the health threats associated with the proven occurrence of coronavirus (referred to as SARS CoV-2).
- With effect from 6.00 am on 14.3.2020, the Government of the Czech Republic decided to **close restaurants and other catering facilities** (with the exception of employee catering).
- With effect from 00:00 on 16 March 2020, the Government of the Czech Republic **prohibits the free movement of persons throughout the Czech Republic**.
- On 13 March 2020, the Government of the Czech Republic decided to **completely close the borders and ban the travels outside the Czech Republic** with effect from Monday 16 March 2020.
- On 16 March 2020, the Government of the Czech Republic decided to adopt a crisis measure: **a ban on the sale of accommodation services**.

Anticipated model options of future tourism development in the Czech Republic in 2020

The "Default" option – It is based on the tourism data in the Czech Republic reported for 2019, it serves as a starting point to consider the modelled impacts of the COVID-19 pandemic.

The "June" and "September" options - Both options assume a significant drop in occupancies and consumptions and subsequently foresee a gradual improvement in the situation after the liberation of the now implemented restrictive measures. The contemplated options differ in the times by which these measures will be lifted. In both options, the revenues from tourist services in January and February 2020 were estimated based on the actual developments.

Measure/Restriction

Termination of measure: "June" option - Termination of measure: "September" option

Decision to prohibit the free movement of persons	13 April 2020	- 30 June 2020
Decision to ban the sale of accommodation services	30 April 2020	- 30 June 2020
Decision to close restaurants and other catering facilities	15 May 2020	- 31 August 2020
Closing the borders of the Czech Republic	31 May 2020	- 31 August 2020
Other resulting restrictions on travelling - services related to tourism	31 May 2020	- 31 August 2020

Expected model impacts of COVID-19 on tourism in the Czech Republic in 2020

Period of restrictions in force

Expected model impacts under the "June" option

By the end of April. Significant decline in demand. Revenues from tourism services are minimal (used only in exceptional cases, revenues drop by 85-95% compared to 2019). Low demand has a significant effect on the prices of services, which get sharply cheaper.

"September" option

The period will last longer, until the end of June.

Post-restriction period

Expected model impacts under the "June" option

May and June. Low level of demand in the period ensuing immediately after the expiry of the measures. Revenues from tourism services will grow mildly due to an increase in domestic demand. Foreign demand will still be minimal (revenues will drop by 60–85% compared to 2019). Lower prices of services due to lower demand. Due to the impact of the measures, the entities offering tourism services will face existential problems, about 3-5% of these properties will cease their activities (by June 30, 2020) and there will also be a slight change in the ownerships of tourism businesses.

"September" option

Post-restriction period during the summer season. Revenues from foreign demand will drop by 70–90% compared to 2019. 5–15% of entities will close down. More significant changes in the ownerships of businesses.

Summer season 2020

Expected model impacts under the "June" option

Increase in demand during the summer season due to domestic tourism, reduced interest in trips outside the Czech Republic. Foreign tourism is growing only slightly (due to restrictions and loss of confidence across the globe). Compared to 2019, the prices for services are significantly lower (domestic clients are more sensitive to prices).

"September" option

Post-restriction period during the summer season. Revenues from foreign demand will drop by 70–90% compared to 2019. 5–15% of entities will close down. More significant changes in the ownerships of businesses.

Autumn 2020

Expected model impacts under the "June" option

A gradual increase in demand, which is "driven" mainly by domestic tourism. A gradual mild increase in foreign demand to around 30–50% of the 2019 values. The prices for services are rising slightly, but they are significantly lower than in 2019 by comparison.

"September" option

Foreign tourism grows only slightly (restrictions and loss of confidence). Significantly lower prices.

Christmas 2020

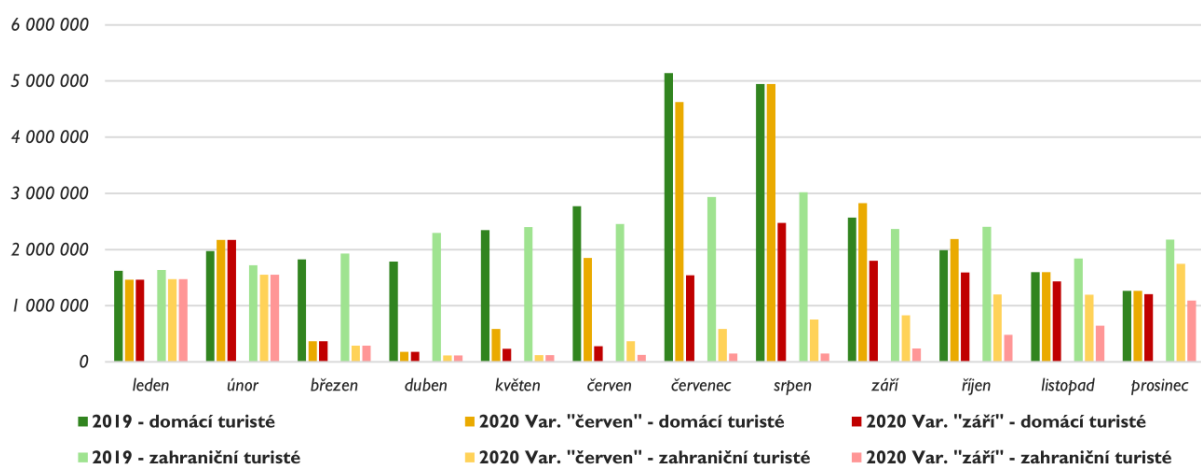
Expected model impacts under the "June" option

Demand gets close to 2020 values, mainly thanks to domestic clients. Foreign tourism is at about 2/3 - 3/4 of the volume compared to 2019. Prices for services are still rising slightly, but they are lower compared to 2019, at about 90-95% of the 2019 levels.

"September" option

Gradual increase in demand. Foreign tourism is at the level of 30–40% of 2019. Prices are at 80–90%.

Number of overnight stays of domestic and foreign tourists in 2019 and model estimates for 2020



Key:

January February March April May June July August September October November December

2019 - domestic tourists

2020 - „June“ option - domestic tourists

2020 - „September“ option - domestic tourists

2019 - foreign tourists

2020 - „June“ option - foreign tourists

2020 - „September“ option - foreign tourists

Tourism-related consumption in the Czech Republic in 2019 and model estimates for 2020

Header:

Consumption related to tourism in the Czech Republic (in billion CZK)

Default option (year 2019)

„June“ option

Comparison with 2019

„September“ option

Comparison with 2019

Total tourism-related consumption	300 158 -142 98 -202
of which inbound tourism	124 42 -82 26 -98
of which domestic tourism	90 69 -21 42 -48
of which other components of tourism (excursions, transit, business trips)	86 47 -39 29 -57

Consumption related to tourism products in the Czech Republic in 2019 and model estimates for 2020

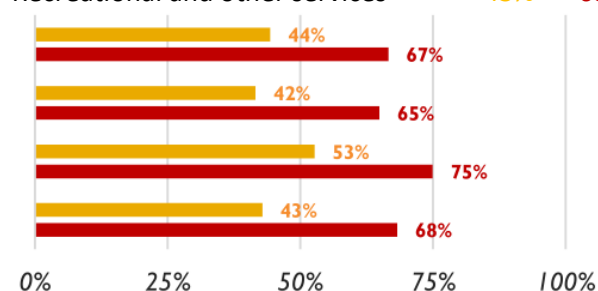
Consumption related to tourism in the Czech Republic (in billion CZK)

Default option (year 2019)

Tourism-related consumption total	300
of which for accommodation services	56
of which for catering services	56
of which for travel agency / tour operator services	10
of which for recreational, cultural, sporting and other entertainment services	15

Expected model drop in consumption compared to 2019 (%)

Accommodation services	44%	67%
Catering services	42%	65%
Travel agency services	53%	75%
Recreational and other services	43%	68%



„June“ option „September“ option

Tourism-related economic impacts in the Czech Republic in 2019 and model estimates for 2020

Header:

Economic impacts arising from tourism in the Czech Republic (in billion CZK)

Default option (year 2019)

„June“ option

Comparison with 2019

„September“ option

Comparison with 2019

Tourism consumption	300 158	-142 98	-202
Revenues in multiplication	603 317	-286 195	-408
Contributions from tourism / impacts on public budgets	125 65	-60 40	-85
Profit margins of tourism entities	37 15	-22 8	-29
Volume of work (thousands of FTE)	370 198	-172 124	-246

Note: FTE – an equivalent of converted full-time annual employments

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