

TAILORING A NEW REALITY

Employer's Dialogue

Report on Episode 1

"SAFE RE-OPENING AND REVIVAL OF MALDIVES TRAVEL AND TOURISM"

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Executive Summary

When Maldives is opening borders, we are focused on safely reopening and reviving Maldives travel and tourism. We must realise the good things in the new normal and prevent from going back to the not so good things that were happening in the old reality. The main strategy must be to find ways to make the most of the current inventory and ensure we do enough to fill this in, as records show that even last year only 56% of the inventory was utilised.

We must also focus on engaging the local and the youth of Maldives and ensure the benefits we reap from the industry are justly trickled down the nation.

There is mixed views on compulsory PCR testing. Some believe PCR testing is impossible and impractical at a time where test kits are scarce and we do not have the resources to effectively do this without compromising the local testing. Even though this can be practiced by luxury resorts, not all resort can do this. Contradicting views are that the ability to test will pick up in the coming days and it is important that we assure the tourists that Maldives is safe. However, everyone agrees that PCR testing is critical provided we have the resources and practicality to do this. Moreover, the most important thing is to establish a solid healthcare system on the mainland and in the resorts.

The Government is on the right track by increasing the testing capacity and we must ensure the safety of our citizens, of our staff and the tourists too.

Many researches show that Maldives is the top destination for tourists and thus we have a big appetite, which is good news for the tourism industry. However, we need to ensure we are able to cater to this. We must work on routing airlines and ensuring flights are coming to Maldives. Accessibility by tourists to reach Maldives is essential. This can be promoted by incentivizing airlines to land in Maldives. Opening other entry points such as Maafaru Airport and other regional airports can mitigate clogging of Male' airport. But opening only Maafaru Airport and leaving the rest closed will not be effective. Opening Velana International Airport and Gan International Airport together and allowing jets and smaller planes to land in other regional airports seem to be the most practical right now.

Moreover, there must be relaxation on travel conditions from our market countries. Especially the top six markets which are China, India, Russia, UK, Germany and Italy. For this, the importance of the Government's bilateral discussions are paramount.

We cannot ensure a second or third wave will not come. However, we must be prepared with the proper mechanisms and effective mitigative and preventive measures to be able to handle it if it happens. We must be prepared for this before we open the borders.

Maldives will see numbers in 2020 but actual recovery is anticipated in 2021. We must use the competitive advantages we have of having the natural blessing of being a tropical country where the pandemic spread is slow, having secluded islands and opting for "One Island, One Resort" concept to assure guests that they are safe in Maldives where they have the required healthcare and also the required seclusion. We must strategise on the marketing and the Government must team up with the private sector to work together in marketing Maldives as a destination in unity and harmony.

We need additional funding to promote Maldives, especially in raising our voice in the international markets. As stated, Government can partner with the private sector to ensure more is done together.

Maldives is ready to open the borders. People fear what if we cannot handle it. But the thing is, we are opening up gradually. With the opening of the borders, thousands of guests will not be arriving at once and we will have plenty of opportunity to test the guideline, improve where required and adjust accordingly. It can be determined if we have the capacity to handle the increase in guests. So there is no need to worry in terms of that.

Though the pandemic has been overall negative, we must acknowledge the positive changes it has brought to many organizations where they are instilling best practices and opting for global standards in safety and health.

Tourism has definitely been hit hard and even though resort operators did not wish to furlough staff, with no income it was unavoidable. There is a big misconception that resorts become cash rich the moment they open whereas new resorts take years to cover the initial investment and older ones are also going through difficult times now, especially with the boom in industry inventory. Hence, with no income, it is not manageable to keep continuing as it was doing before. We are pleased to be informed by HE President Ibrahim Mohamed Solih that lease rental for resort islands will be waived for two periods. This will be a much-needed help right now for the companies to hold on a bit longer without resorting to further austerity measures.

Another suggestion is staggering the opening of resorts when the borders re-open as opening all the resorts at once will dump the prices and neither the private sector nor the Government will benefit in such cases. Government can encourage some resorts to open towards the end of the year by allowing incentives so that they do not lose by opening later.

They can also implement proper constructive dialog between private sector and introduce a proper realistic stimulus packages in order to keep the employment level high. We need urgently to raise the capital. Government can borrow funds and lend it to the private sector whereby making a profit on the interest and the companies also staying afloat. The only way to move forward is to reopen the industry, start generating income again and everyone can slowly can back to normal, or the new normal.

Introduction

National Federation of Maldivian Employers, NFME, launched a Webinar Series “Tailoring a New Reality – Employer’s Dialogue” with the purpose of uniting our different industries together and establish a dialogue with the industry experts on how to navigate in the new realities that are unfolding.

The first episode was aired on 3 June 2020, Wednesday and episodes focused on a different sector weekly are planned to air every Wednesday at 16:30hrs Maldives time.

With the importance of tourism restarting and at a time the borders are preparing to re-open, the most critical discussion was believed to be on Maldives Travel and Tourism. With the topic “Safe Re-opening and Revival of Maldives Travel and Tourism” the industry experts discussed various matters and this report is a summary report prepared based on the report.

The panelists for episode one are:

1. **Mr. Abdulla Ghiyas Riyaz**

Abdulla Ghiyas is PATA Face of the Future 2018 and Chair of PATA Maldives Chapter. He is the former President of the Maldives Association of Travel Agents & Tour Operators (MATATO) and current Vice President.

He is an entrepreneur in leading travel and startup businesses. Director of Inner Maldives Holidays, Ace Travels Maldives, Spence Maldives, Universal Aviation Maldives, and Margaritum.

2. **Mr. Sonu Shivdasani**

M. Sonu Shivdasani is the co-founder of the world famous Soneva and operates resorts in Maldives and internationally. He promotes luxury tourism and has a career span of over 25 years. He has been observing the Maldives tourism situation and written articles that are

Panelists for the Episode:

1. Mr. Abdulla Ghiyas Riyaz
2. Mr. Sonu Shivdasani
3. Mr. Mohamed Khaleel
4. Mr. Murad Hassan

Facilitated by:

Mr. Mohamed Ali Janah

very relevant to today's dialogue and his ideas will no doubt help us pave the way forward to re-start Maldives tourism.

3. **Mr. Mohamed Khaleel**

Mr. Mohamed Khaleel is the CEO of Manta Air and brings 20 yrs of the industry's experience with him. He is also still actively engaged in and oversees the sales and marketing function of Kandima Maldives. His experience of tourism and aviation is critical for our dialogue today.

4. **Mr. Murad Hassan**

Mr. Murad Hassan is currently the Director of Business Development of Villa Hotels and has had experience in the world famous booking platform, Agoda, for 9 years heading business development for Agoda in UAE, Singapore and Malaysia.

Discussions

We are going through a transformative period and every destination will need to recreate its tourism from the ground up. What should be the important steps of recovery and resolution?

It was discussed that we must keep in mind when we speak about going back to the old normal, that there were many things that were not right in the old normal.

One main thing Mr. Ghiyas highlighted was the fact that only 56% of tourism industry's inventory was used in 2019 based on the numbers that in 2019 1.7million tourists arrived in Maldives. Hence, it is essential that we think about how we can fill in the rest of the inventory. Maldives has the capacity to cater to about 3million tourists based on current statistics of the per stay duration.

It is also important the Government and Private sector works together. We need to establish clear and comprehensive SOPs, guidelines and processes that are feasible and practical.

Considering tourism contributes to the highest GDP, the recovery depends on tourism and Maldives need to be marketed as a destination beyond what is being done right now.

Additionally, we must also ensure the common citizens of Maldives benefit from the industry. When the industry is doing better yearly, we must question if the peoples' lives are improving, if the currency inflow is passed down equally and how we can bridge the inequality gaps.

Maldives is the dream destination for a lot of people. People are waiting for Maldives to re-open and this gives us a chance to re-start the industry and regenerate fresh by learning from past mistakes in a more beneficial way to everyone.

Hence, we must come out of this better and not keep doing what we were doing before. As Mr. Janah mentioned, all industries together must focus on engaging the locals and the youth and that we come out with practical steps on how to achieve these.

How can we implement measures WHO and MoT guidelines in ways that minimize unnecessary impact on international travel and trade?

This was responded to by Mr. Khaleel. The most important thing about guidelines and SOPs are that they must be practical.

The guidelines by Ministry of Tourism has been revised and is now quite practical. PCR testing for all arrivals are impossible due to the scarcity of PCR test kits. Most of the countries are opting to only test the ones who show symptoms. If we make this compulsory, the recovery rate may be extremely slow.

The justification for not doing compulsory PCR testing on all tourist arrivals is that, we ourselves do not have the resources, and the tourists would anyway have gone through screening at their exit countries. Hence, PCR testing can be done for symptomatic guests only instead of all arrivals.

Mr. Khaleel believes that due to this compulsory requirement, tourists will be hesitant to visit Maldives and the recovery will be slow. Maldives may seem unwelcoming with impractical procedures. However, we must be extra careful and take precautionary measures such as following the general Health and Safety guidelines, maintaining safe distancing, washing hands, sanitizing hands and screening through thermal cameras should be sufficient in this case. But do PCR testing as possible, without compromising our resources, local testing and capacity.

Asian Development Bank, estimated that the revenues of Maldives from tourism would decline, in the best-case scenario, by 1.8 per cent of the gross domestic product which correspond to USD 98 million in the best case. Worst case USD 300 million.

Considering that income loss is exponential, is ADB's estimate in loss of revenue reasonable if we consider the borders will open in the upcoming 2 months? Based on this, how long would an average resort take to recover from the loss and get back to normal business?

Opening up the borders is just the first step to recovery. Secondly, the demand from the clients is very important and it can be seen from the sales records that the demand is increasing with guests wanting to come to Maldives as soon as possible. Thirdly is the ability. Will the guests be able to travel after so many days in lockdown and is the Government going to allow guests from all the countries? Will there be inbound flight accessibility? Mr. Sonu stated that he is optimistic about the coming days. There are possibilities to see more incoming flights sooner than expected. One way to increase this is if Government gives airlines subsidies to land in Maldives. As it is known, landing in Maldives is quite expensive and if this can be revised, more airlines would route to Maldives and thereby picking up the flight arrivals. Then again, with this, we must resolve the traffic related issues so that Maldives becomes an attractive destination for planes to land.

One challenge is the extensive conditions by relevant governments in market countries. UK requires compulsory 14 days quarantine for travelers and is similar in China. If the government can seek ways to reduce this burden, especially in the China, India, Russia, Germany, the UK and Italy, we can expect the travelers to increase.

Mr. Janah highlighted how some countries are opening up inbound flights to their bubble such as New Zealand, and Maldives may try similarly within our bubble, for example with India, Sri Lanka, China and Singapore and progress so on.

Mr. Sonu believes that if we are proactive over the next 30 days tourism will rebound and in terms of the ADB estimate, the 1.8 percent may be a little optimistic. Though there is a lot of demand picking up but as we have lost a lot of ground, he expects it somewhere between the 90 and the 300 million but that really depends very much on us.

What is the best strategy to market Maldives under the current circumstance and what are our target markets?

Mr. Murad believes the most important aspect of our strategy must be ensuring there is a solid health care system established in our mainland and the resorts. Guests must have the confidence that we have the system in place to treat them in a situation it may be needed. Though we may not be able to test each and every person entering, we must ensure there is a system that is strong enough to do these tests and provide healthcare if needed.

Secondly, to mitigate the traffic in Velana International Airport, we must consider opening other entry points. Right now, private jets are landing, but is restricted to Male'. We must work on incentivizing other entry points to manage the clogging of Male' Airport.

Mr. Sonu agreed with Mr. Murad's sentiments, and is supportive of testing each arrival. He mentioned that resorts are donating and investing for this purpose. Mr. Sonu stated that he personally believes it is practical and achievable, and early feedback we had from Tourists is that PCR testing on arrival would be welcomed and would render the Maldives more attractive as a destination. He also agreed on Mr. Murad's comments on opening up the smaller airports for smaller planes as many airlines will initially restart with smaller airplanes.

Mr. Janah is agreeable and states that we must have a uniform standard guideline, on which resort owners must work on improving and bettering.

However, Mr. Khaleel is of different views when it comes to PCR testing. Mainly because this may be possible for luxury resorts, but speaking for other resorts, PCR testing for each arrival is not practical in his view. The machines are not available easily and it can lead to slow recovery. PCR testing can be done for symptomatic guests and we must ensure safety precautions are taken carefully.

Mr. Ghiyas shared the same sentiments with Mr. Khaleel that we regardless of the importance, it is not practical for Maldives to test each arrival even if we base it on the forecasts released by the Government for the August arrivals even. Maldives does not have the infrastructure right now to do this in addition to what is being done now and it can affect the testing for locals. Even now IGMH and ADK's testing may not be enough for locals, and with the resources, doing PCR testing for the tourists on arrival is not possible.

To this, Mr. Sonu thinks that the capacity will pick up in the coming days. There are many machines that have been ordered and pending arrival. It is essential to do the tests specially to help guests be assured that they are not carrying the virus back to their old parents / grandparents, which is one of the biggest fears of the travellers.

Bottomline is all panelists agree PCR testing is critical provided we have the necessary means to do it without jeopardizing the testing for the locals.

Mr. Janah also commended the work the Government is doing and believes that they are on the right track, and by increasing the capacity we are working towards the same goal to ensure safety of our citizens, our staff and the tourists too.

What competitive advantage would Maldives have when everyone else is also planning to open up their borders for tourism with the rest of the world opening up simultaneously?

The biggest advantage will be our natural blessing of having secluded islands where guests will feel secure. Assuring the guests of solid healthcare systems and assuring them of their safety is the most important message we have to send out to the world right now. We need to work together in marketing Maldives on the same lines, where it is now observed that a lot of marketing is out of focus and going in different paths. We must focus on the same goals and market Maldives similarly.

Opening up other entry points and declogging Velana International Airport will also be very effective.

The airlines will play a very vital role in picking up the tourist numbers. How will air traffic be and from what regions in the upcoming months? How will the airlines operate with the borders opening?

Market research shows people will prefer domestic and regional travel initially. The most positive responses came from India, Middle East and China with Europe expected to only pick up from December.

In addition to opening the borders, the Government must build dialogues between market countries and incentivize arrivals. Especially with the China government as the Chinese market is the biggest contributor to our arrivals.

Airlines and multi-party discussions have to be done in productive ways. We have to market Maldives using our competitive advantages as Mr. Murad mentioned. Take advantage on the fact that Maldives is tropical and spread of disease is curbed. Marketing is important to build the demand. Globally, airlines are bleeding and they are not willing to operate flights to Maldives unless there is significant demand and they cannot operate with half the seats empty.

International tourism is down by 22% in 1st quarter and could decline by 60-80%. Uncertainty continues to dominate, are a second wave and third wave expected. What could we be expecting, is there hope for us that we could manage this situation as a country?

If we look at MIRA numbers that were last available, we see a decline of 58%. The collection recorded was USD23Million compared to previous year's USD55Million. It is only expected to go lower now. It is difficult to scientifically assume a number and say WTO is right. The situation is so volatile and dependent on so many factors.

Mr. Ghiyas expects any significant recover to happen only in 2021 though we will see some numbers in 2020.

We cannot determine if more waves will come. However, the world has been reacting at a fast pace with works on vaccine also fast tracked beyond any time in history. Nevertheless, we must have mechanisms in place to handle any other waves that may hit us. We must have these in place before we open the borders and be prepared.

The pandemic has brought about positive changes too. Many organisations are adopting Health and Safety global standards, following better procedures and implementing best practices.

Recent research is showing Maldives as the top search for holiday destination in US. Maldives was announced as one of the top three destinations by Booking.com and Expedia Singapore announced that Singaporeans have chosen Maldives as the preferred holiday destination when travel resumes. Hence it is good news for Maldives. There is light at the end of the tunnel.

Do you think we are spending enough to market and advertise the Maldives under the current situation? Do we need an additional budget for this ?

It is difficult to say if we have enough budget for this, but definitely we can do more on this. The recent incident with the first draft from Ministry of Tourism getting released to the media and to the international markets has been detrimental to our marketing. We could have a supplementary budget to share our voice in the international market. We have a considerably low budget so one thing we can look at exploring is partnering with private sector. Resorts and private companies spend significantly more and collectively they spend more than the Tourism Board. Hence, teaming up with the private sector to work in harmony with the national interest in mind.

The marketing methodologies we have are outdated. We need to be able to establish how much is spent and the output. Yes so we need additional budget.

What are the actions that are necessary for the socio-economic impact on this pandemic and to accelerate recovery ?

What partnerships could save the day for us, for our workers, for the local population and for everyone that has been working in that industry?

We need to restart the economy fast and open the resorts to be able to employ staff and work on undoing some of the socio-economic impact.

With all the advantages and opportunities we must create the demand and ensure our ability to cater to that demand.

The repeated statements about Government's bilateral discussions cannot be reiterated enough. Europeans are hesitant to travel within the countries due to high rate of infections there and are prone to come to tropical countries. So with ease on travel restrictions, the European market could be penetrated earlier than Mr. Khaleel's anticipation.

China is the largest market to the Maldives, by far. This is, even more, the case in the summer months. So, establishing a bilateral agreement with China is paramount.

The Chinese Government, have already entered into "Fast Track" agreement with various countries, where Chinese citizens can travel to these countries and only need to isolate for two days on return provided they take a COVID-19 test.

If we would like to see tourism rebound given the size of this market, it is important that the Government try and secure the Maldives on that list of nations that are part of this fast track arrangement with China.

The Chinese Government should be supportive of Chinese Tourists visiting the Maldives. For, the Maldives has borrowed a lot from China and Mr. Sonu believes that China would like to help the Maldives' economy so that the country can repay the debt that is owed.

If the quarantine period can be reduced from compulsory 14 days to fewer days upon returning from vacation at those respective countries, similar to what China has done with specific destinations, travelers will be more eager to travel.

So we need to partner with the top markets and work in bringing the tourists which in turn will boom the economy and enable us to have jobs back for the affected people.

Questions and Answers Session

Do you think the Maldives is ready when we reopen on July or do you think it is too soon?

Maldives is ready to open. It is going to be a slow process and we are not going to have thousands of tourists at once. With gradual arrivals we will know what has to be done better and the system can be evolving for the better and be ready for the arrivals to pick up. We can gauge if we can handle the increase in numbers once we open. So for now, we are ready to open and allow arrivals.

We expect there will not be a significant recovery until October, what more should the government do to support the tourism industry workers? Is it reasonable to expect the resorts to support their workers for six months while they remain closed ?

One thing that can be done differently by the government is to stagger the opening of resorts so that all the resorts do not open at once leading to a crash in drop in prices due to not enough demand. Incentivize the resorts that delay the opening, maybe to around September or towards the end of the year. There is a misconception amongst the civil society that once a resort opens they are cash rich immediately. This is not the case. Many new resorts take years to cover the initial investment and the others also need to build their income. Even recently, with the boom in the country's inventory, the industry itself is going through a tougher time than before. Redundancy is happening globally, not only in Maldives. As hard as it may seem for the resorts to reduce their staff, they are compelled to without generating income for so many months. We are pleased to be informed by HE President Ibrahim Mohamed Solih that lease rental for resort islands will be waived for two periods. This will be a much needed help right now for the companies to hold on a bit longer without resorting to further austerity measures.

They can also implement proper constructive dialog between private sector and introduce a proper realistic stimulus packages in order to keep the employment level high. We need urgently to raise the capital. Government can borrow funds and lend it to the private sector whereby making a profit on the interest and the companies also staying afloat.

Conclusion

The dialogue was a very constructive dialogue with the panelists laying a groundwork for further dialogue to be established. In general, all experts are of the same views and the question of practicality is the main challenge.

The episode was closed by our Federation President, Mr. Mohamed Ali Janah, by thanking everyone and also by stating that NFME is doing all this to facilitate and complement everything done by all other stakeholders in the industry for the betterment of the economy and the country.

NFME's aim with this report is to collate the main points discussed in the full episode and present to you so that you are also part of our dialogue, and can open your mind to possible and different pathways on safe reopening and revival of the Maldives tourism industry.

For any assistance, you can reach out to our secretariat on secretariat@nfme.mv.

We acknowledge and thank the panelists for sparing time from their busy schedules and sharing their valuable ideas.

The full episode is available on YouTube on National Federation of Maldivian Employers' channel: https://www.youtube.com/watch?v=08quM_6tIPs&t=29s.

And for anyone who may be interested to check the full transcript, you can access it as retrieved, on NFME's website on: <http://nfme.mv/webinars/item/97-webinar-episode-1-transcript>

TAILORING A NEW REALITY

Employer's Dialogue



Episode 1 : 3rd June 2020, Wednesday

Starting time :

1130 GMT
1630 Maldives
1700 India / Sri Lanka
1930 Singapore

Topic : Safe Re-opening and Reviving of
Maldives Travel and Tourism



Facilitated by :

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Mr. Thooyib Mohamed could not attend the episode due to a schedule conflict.

Prepared by:
National Federation of Maldivian Employers

June 2020

