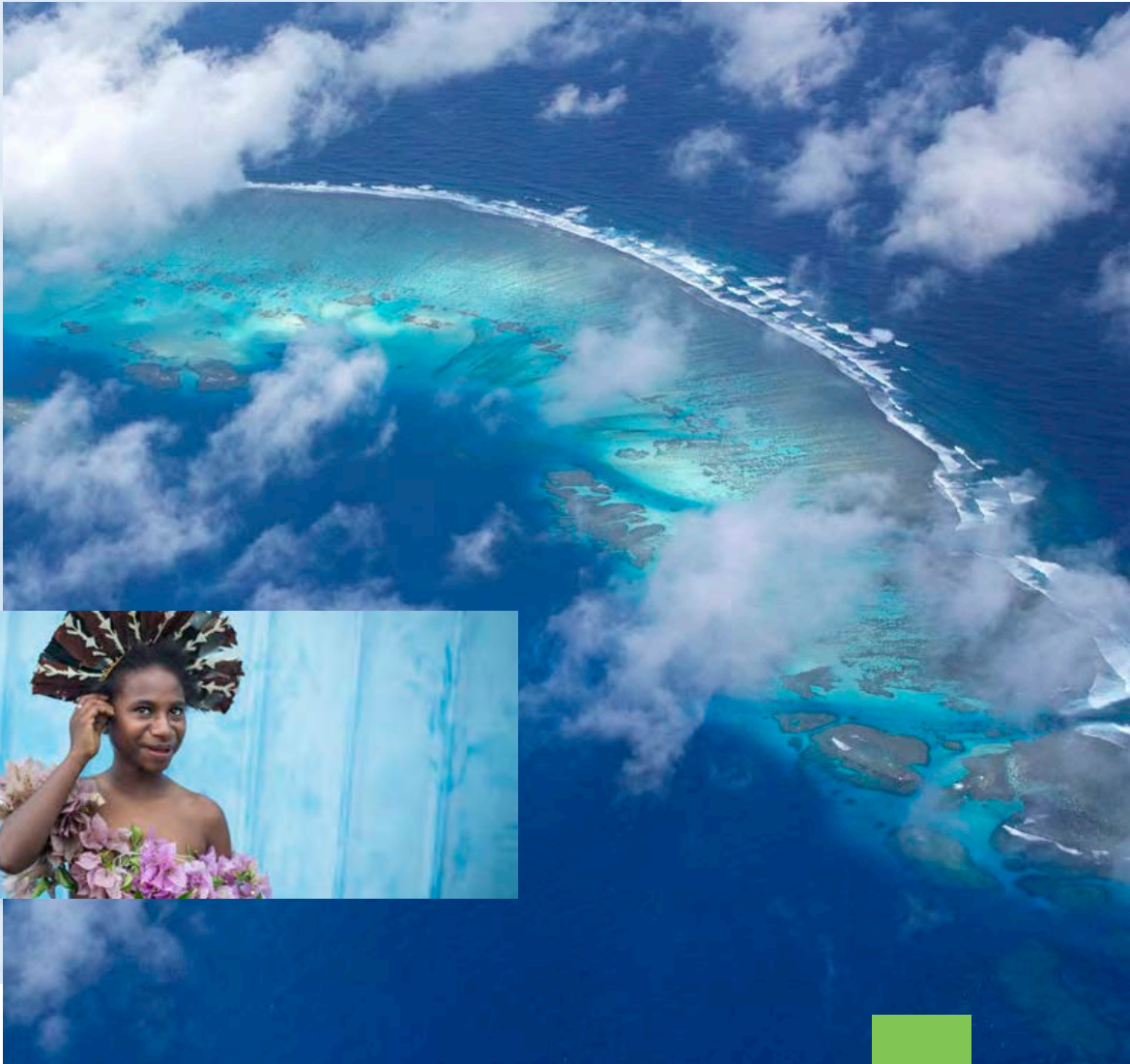


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HOW COULD THE PACIFIC RESTORE INTERNATIONAL TRAVEL?

This report was prepared by Andrew Blackman with significant inputs, advice and guidance from David Gould, Ginnie Horscroft, Demet Kaya, Kim Edwards, Ilyas Sarsenov, Anna Robinson, Jessie McComb, Becky Last, Matt Dornan, Kenia Parsons, Susan Ivatts, Maude Ruest, Wayne Irava, Pierre Graftieaux, Artessa Saldivar-Sali, Jian Vun, Hamish Wyatt, Tom Perry and Ian Gillson. The report was finalized in mid November 2020. All figures and statements are current as of that date.

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Attribution—Please cite the work as follows: World Bank. 2020. How Could the Pacific Restore International Travel? World Bank, Sydney.

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Summary

With some COVID-19 vaccines now approved and starting to be rolled-out in several countries globally, Papua New Guinea (PNG) and the Pacific Island Countries (PICs) are considering how they can restore international travel with the rest of the world. This report outlines three potential sequential phases of border entry policy in PNG and the PICs:

1. Establishing international travel for cohorts of specific types of travelers.
2. COVID-19 safe travel corridors ('travel bubbles').
3. A 'new normal' – which could involve some combination of:
(i) widely available vaccine(s) or treatment; (ii) accurate, rapid diagnostic and antibody testing; and (iii) fit-for-purpose tracing and health-surveillance capacity.

International arrivals to PNG and the PICs would not recover in any meaningful way until the second phase, which is unlikely to take shape until at least mid-2021. However, relaxing strict border entry policies will not be sufficient to catalyze the recovery. Working with the private sector, governments will have a key role to play in avoiding and resolving coordination failures—particularly in the travel and tourism sectors. Furthermore, over the coming months the nature of public support will need to shift from emergency relief to strategic measures to lay the foundations for a structural economic recovery, while continuing to support livelihoods and vulnerable households. Further work is needed to determine: (i) how regional governments can help restore traveler confidence on the demand side; and (ii) to what extent business hibernation should remain a key strategy in PNG and the PICs, considering that international arrivals may remain subdued for at least another nine months, and perhaps far longer. The situation remains very fluid, and rapidly changing conditions (such as the [second waves of COVID-19 infections in Australia](#)) could delay or alter the specific details outlined in this report—although the broad themes are expected to remain applicable.



1. Introduction and Motivation

1. **This report provides a framework to consider the options and a realistic timeframe for how PNG and the PICs could restore international travel with the rest of the world.**² It outlines the potential benefits, costs and risks of different options, and some of the policy issues that may arise for PNG and PICs governments. While the report covers both PNG and the PICs, different considerations could apply for PNG in light of [ongoing domestic transmission and low testing rates](#) across many provinces. The analysis and the framework outlined herein are designed to stimulate discussion with PNG and PICs policymakers, business leaders, and the community of analysts and professionals engaged in the Pacific region on the vision/plan for restoring international travel and tourism, and the potential policy issues and tradeoffs that PNG and the PICs may face. It should be read in conjunction with guidance on health sector preparedness and response prepared by the Pacific Islands Forum Secretariat (PIFS) and the United Nations-led Joint Incident Management Team³, along with tourism and aviation sector-specific work being done by the World Bank Group, the Pacific Regional Infrastructure Facility (PRIF) and New Zealand's Ministry of Foreign Affairs and Trade.⁴
2. **A nation's capacity to perform the 3Ts (Testing, Treatment and Tracing) is critical to decision-making regarding the speed and breadth of opening up to international travel.** Many countries around the world are considering how to safely [relax strict international travel restrictions](#) as vaccines begin to be rolled out. In [several European countries](#), another key consideration is the number of new infections per capita in a traveler's country of residence.⁵ There are also good emerging examples of how Multi-Hazard Early Warning Systems (MHEWS) are enabling and supporting rapid COVID-19 response and crisis management, in combination with initial vaccine distribution.
3. **The easing of restrictions that is occurring across the world is a calculated risk.** The World Health Organization (WHO) has [warned](#) that COVID-19 may never be eliminated and that it [could take four or five years](#) before the virus is under control, even with a vaccine available. Like measles or HIV, the world may need to learn to live with COVID-19, most likely via a combination of a widely available and effective vaccine, high proficiency and accuracy in performing the 3Ts, strengthened MHEWS, ongoing strong hygiene practices, and physical distancing measures.



4. **At present, there remain considerable risks to PNG and the PICs in relation to relaxing their strict border entry policies.** In February and March, PNG and the PICs implemented strict measures to prevent international travelers from entering their territories. In light of credible initial concerns that the virus may have already entered the countries and be circulating undetected, many countries also implemented strict physical distancing measures, restrictions on businesses, and controls on domestic travel. Several months have now passed, indicating that there has been no domestic transmission in the region—with the exception of PNG and Fiji⁶ (although Fiji has effectively contained domestic transmission, and [cleared all active cases](#) as of mid-October). Consequently, many PICs have relaxed strict controls on social gatherings and domestic travel. Aside from PNG, there are calls for the PICs to also consider relaxing their strict border entry policies—with many commencing the repatriation of citizens in small groups, with the size of the groups reflecting the nation’s quarantine capacity. However, the underlying conditions and risks that motivated early and strong policy measures by Pacific governments—primarily their nations’ relatively weak health systems and highly vulnerable populations (due to the high prevalence of non-communicable diseases which, evidence suggests, increases the mortality rate of COVID-19⁷)—remain critical factors to the decision to ease border restrictions.
5. **Thus, the question remains: how, and when, could PNG and the PICs begin to relax restrictions on international travel? And what policy issues and tradeoffs may arise?**⁸
6. **This report is organized as follows:** Section 2 outlines three potential phases of border entry policy in PNG and the PICs and considers the conditions and capacities that may be necessary at each phase. Section 3 considers other supply and demand factors that are likely to determine the speed and breadth of the recovery of international arrivals. Section 4 provides some broad principles to frame the public policy response.

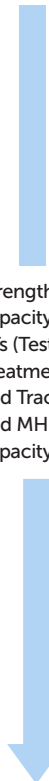


2. Border Entry Policy

7. **Table 1 outlines three potential phases of border entry policy in PNG and the PICs.** When deciding when and how to permit international arrivals, each government will weigh the potential economic benefits from increased arrivals against the potential (economic, health and political) costs and risks. While this is a sovereign decision for each nation, there are likely to be three broad phases to restoring international travel across the Pacific region. Phase 1 considers incremental steps that could be pursued to facilitate some degree of international travel for specific ‘cohorts’ of travelers, potentially with modified quarantine requirements. Phase 2 reflects general international travel within specific travel corridors, recognizing that demand will remain subdued unless 14-day quarantine requirements can be avoided in both the destination and home countries. Phase 3 represents the long-term conditions (i.e. the ‘new normal’) that would enable international travel across the globe. These phases should not be viewed as mutually exclusive. Indeed, they are likely to (and probably should) overlap. Physical distancing measures and rules regarding the size of gatherings should be maintained across all three phases. Although these could be reviewed and modified, considering: (i) the prevalence of COVID-19 cases in the destinations from which international travelers are arriving; and (ii) progress in strengthening domestic health system capacity for the 3Ts and incorporating health aspects into existing disaster risk management systems.

Table 1: Three potential phases of restoring international travel⁹

Phase	Characterized by	What may be require
Current conditions	Pre-approved travel for essential humanitarian assistance via charter flights	Testing prior to travel and entry. Protocols on testing, quarantine, transit, etc. are determined on a case-by-case basis.
Phase 1 (short-term)	Pre-approved travel for specific travel cohorts, such as temporary workers, students and business travelers (for specific purposes) via charter flights	Testing prior to travel and/or entry. Adequate tracing and health-surveillance capacity. Strong protocols (on testing, quarantine, transit, etc.), communication and secure data sharing between participant countries to allow for modified quarantine requirements. Sequential reactivation of travel for specific cohorts could be a forerunner to a general travel bubble.
Phase 2 (medium-term)	International travel within pre-determined corridors (i.e. travel bubbles) via commercial flights	Sustained containment of COVID-19 within selected nations. ¹⁰ Testing prior to travel and/or entry. Improved tracing and health-surveillance capacity. Strong protocols, communication and secure data sharing between participant countries.
Phase 3 (a new normal)	General international travel across borders via commercial flights	Long-term ‘new normal’, which could involve some combination of: (i) an effective, widely available vaccine(s) or treatment; (ii) improved diagnostic and antibody testing; and (iii) fit-for-purpose tracing and health-surveillance capacity. Would likely still require testing prior to travel and/or entry, or proof of vaccination.

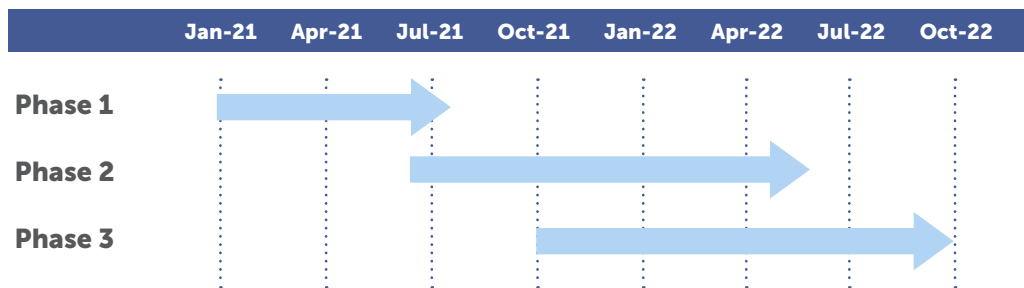


Strengthened capacity for 3Ts (Testing, Treatment and Tracing) and MHEWS capacity



8. Given the high degree of uncertainty, indicative estimates for when the region could commence the different phases are designed to give a relative sense of the possible evolution, rather than precise point estimates. The health and economic conditions in the Pacific continue to evolve rapidly. Following months of steady progress in containing the virus, Australia and New Zealand both suffered second waves of infections (most severely seen in Melbourne, but clusters have emerged in other cities). Predicting when individual countries will commence different phases is thus extremely difficult, with very wide confidence intervals around any point estimate. Considering these caveats, Figure 1 presents estimated windows for when the region, in general, could start to enter each phase. Despite the high degree of uncertainty, these estimates highlight that restoring international travel in the Pacific is likely to take considerable time even in an optimistic scenario.

Figure 1: Indicative timing range for when each phase might commence



2.1 Phase 1

9. In the context of broad-based restrictions on foreign-resident entry across the region, in April, Pacific leaders agreed to establish the *Pacific Humanitarian Pathway on COVID-19 (PHP-C)*. The PHP-C enables the “provision of medical and humanitarian assistance from regional, international and development partners in a timely, safe, effective and equitable manner.” Use of the PHP-C and the protocols governing any international travelers (i.e. regarding health screening, quarantine, transit, etc.) are decided on a case-by-case basis. Transport is via charter flight.



10. The concept (or the PHP-C itself) could feasibly be extended to allow for specific pre-approved ‘cohorts’ of international travelers, as a forerunner to general travel between specific countries in the region (i.e. travel bubbles—see Section 2.2). Priority cohorts that could be sequentially considered include temporary workers (both skilled workers traveling to PNG and the PICs and temporary/seasonal workers traveling from PNG and the PICs for work in Australia and New Zealand), international students, aid workers, and perhaps limited business travelers. Regional governments (PNG, the PICs, Australia and New Zealand) could prefer to permit cohorts of travelers before establishing a regional travel bubble because the characteristics and size of such cohorts could make it easier to plan and manage health screening, COVID-19 testing, transport, customs and immigration protocols and quarantine requirements, compared to the more complex task of establishing comprehensive protocols for the formation of a travel bubble between nations. Furthermore, the size of cohorts and their arrival could be calibrated to the testing and quarantine capacity of the sending and receiving countries. Finally, permitting small groups of international travelers allows authorities to effectively ‘pilot’ their procedures and protocols and make rapid adjustments, before opening-up international travel to larger numbers of travelers.

11. **Facilitating international travel for specific cohorts would require PNG and the PICs to demonstrate capacity to undertake a limited volume of pre-departure diagnostic testing.** This would require PNG and the PICs to install this capacity either within the airport compound or to establish a protocol where travelers must report to a designated testing site 1-2 days before their flight. The latter may be preferred, as it would allow time for tests to be completed and verified; and could help to avoid/minimize potential delays and logistical and infrastructure challenges at the airport.¹¹ In May, Australia and New Zealand (working with the US, the Pacific Community and the WHO) delivered rapid diagnostic testing equipment to 13 countries in the region. Periodic support from development partners to replenish this equipment could be necessary to maintain this domestic capacity. (See Section 2.2.2 for a discussion of diagnostic and antibody testing).

13. **It will be crucial to establish protocols to ensure that these skilled workers do not have to complete 14-day quarantine periods both upon entry and return, thus removing a key deterrent to skilled workers' willingness to provide their services in PNG and the PICs.**¹² This could be achieved by substituting quarantine in PNG and the PICs for a regime of testing and quarantine prior to travel. For example, Australian and New Zealand skilled workers could have multiple diagnostic tests in the two weeks prior to departure (perhaps with some period of home isolation). On their return to Australia or New Zealand, if the traveler is confirmed as negative for COVID-19, then the 14-day quarantine period could be reduced or waived (as has been introduced in Taiwan, China and South Korea)¹³—although Australian and New Zealand authorities may be less willing to consider this option considering the second wave of infections in both countries, despite there being no evidence of domestic transmission in the PICs.

14. **Reactivation of labor mobility pathways for temporary workers from PNG and the PICs to Australia and New Zealand could be the basis of a subsequent cohort.** Temporary worker programs are important to several Pacific economies as a source of remittances and as a transfer of skills and knowledge (i.e. 'learning by doing') to the domestic economy. Temporary workers from the Pacific are also important to the operations of Australian and New Zealand food supply chains, as a high proportion of workers in key horticulture sectors are traditionally foreign workers employed on a seasonal basis. While the Australian and New Zealand governments are understandably concerned about the possibility that a traveler infected with the virus could enter PNG and the PICs and cause a domestic outbreak,¹⁴ bringing temporary workers to Australia and New Zealand under existing key regional labor mobility programs is arguably a much lower risk.¹⁵ This is because domestic transmission has been contained (Fiji) or avoided (the rest of the PICs) and because the strong health system capacity in Australia and New Zealand could quickly isolate an imported COVID-19 case.¹⁶



15. **The reactivation of Pacific labor mobility programs could be achieved with relatively minor tweaks to the existing procedures and protocols.** Visa processing could be expedited to support the reactivation of the program more quickly. Already-standard pre-departure health screening could be complemented by a diagnostic test, with another test upon arrival (with a 24-hour quarantine period while results are processed). Charter flights could be utilized. If the worker is confirmed as negative for COVID-19, then the 14-day quarantine period could be reduced or waived (as has been introduced in [Taiwan](#), [China](#) and [South Korea](#), see paragraph 11). On completion of their contract, the worker could undertake a diagnostic test prior to departure, although PNG and PICs governments may still require a 14-day quarantine on arrival out of an abundance of caution. Even if the 14-day quarantine periods in the receiving and sending country were enforced, such an arrangement could still represent a triple win for the worker (their income), for the Australian and New Zealand economies (access to labor), and for PNG and PICs economies (as remittances provide crucial foreign exchange inflows and also support domestic consumption and welfare).
16. **There are likely to be at least three preconditions for Pacific labor mobility programs to be reactivated.** First, the Australian and New Zealand governments would need to evaluate the demand side. For example, In April there were [reports](#) of unemployed working holiday makers (WHMs), displaced from the tourism sector, looking for work in horticulture—the sector in which the majority of Pacific seasonal workers are employed. Yet, from March to September there was a net outflow of more than 60,000 WHMs from Australia.¹⁷ This suggests that there could be higher demand for Pacific seasonal workers, both for the [current harvest season](#) (Sept 2020 – Jan 2021) and into the medium term.¹⁸ Second, PNG and PICs governments would have to permit their workers to participate. Vanuatu, the biggest provider, has suspended participation in the key regional labor mobility programs (although the government recently agreed to a pilot program for ni-Vanuatu seasonal workers to enter the Northern Territory, Australia, see paragraph 17). Third, at least temporarily, reactivation of the programs may require a stronger coordination role for PNG and PICs governments on the labor supply side. Prior to COVID-19, many businesses made private arrangements with workers, outside of government-administered channels (i.e. worker pools). Given the need for coordination on testing and transport, participation—at least in the short-term—may be contingent upon enrolment in a centrally-administered roster or worker pool.

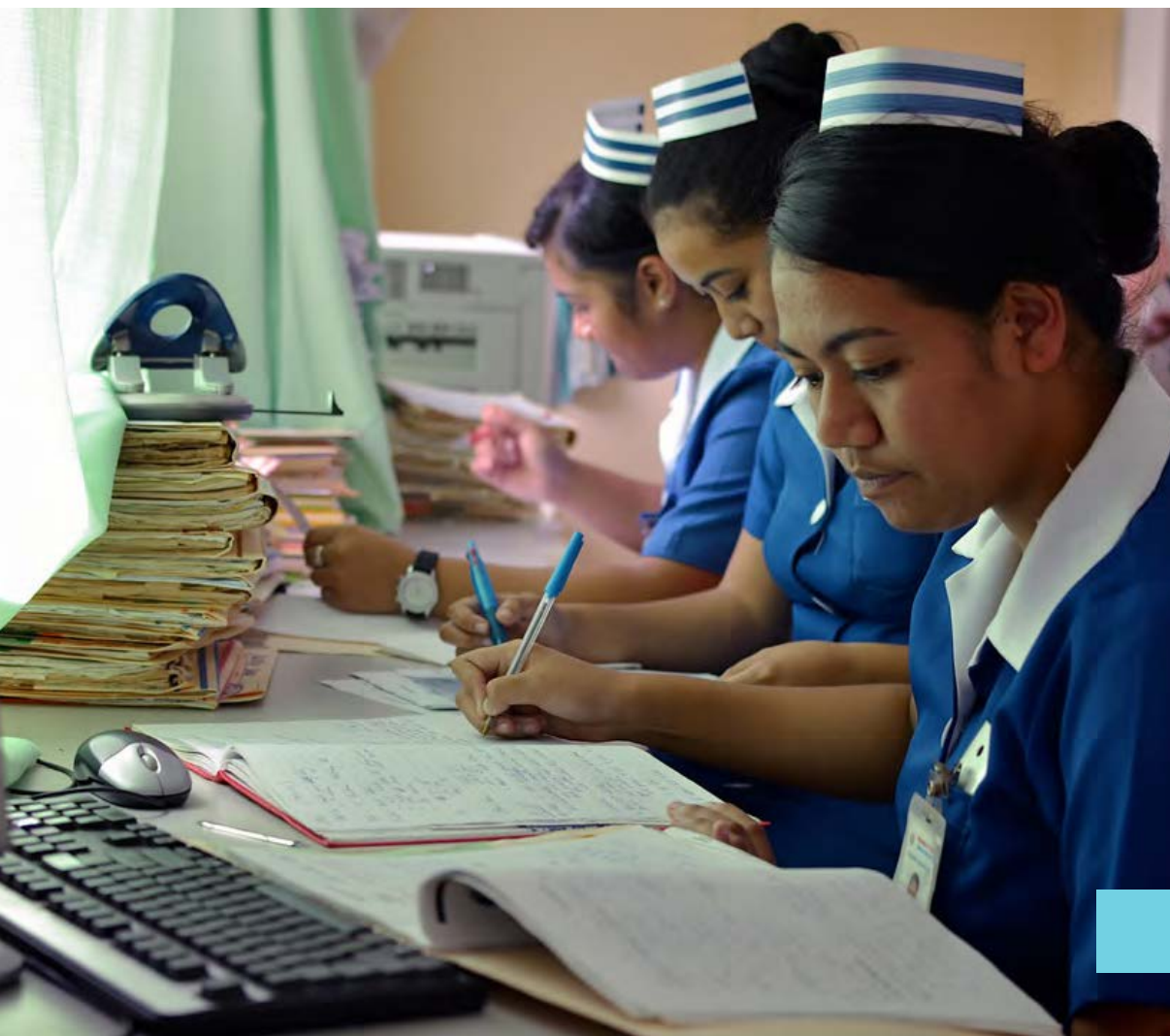


17. **An ongoing pilot under Australia’s Seasonal Worker Programme could (SWP) provide a blueprint for the reactivation of regional labor mobility.** In August, the Australian Government agreed to allow targeted recruitment of Pacific temporary workers for agriculture industries facing critical workforce shortages. Encouragingly, in August the governments of Vanuatu, Australia and the Northern Territory (NT) finalized arrangements for a pilot program that allowed 162 workers from Vanuatu to enter the NT to harvest mangoes. If the pilot goes well, the industry hopes to bring in up to 1,000 seasonal workers under the program.¹⁹ Subsequently, a similar SWP pilot program for Tongan workers in rural Queensland commenced in October. A pilot under Australia’s Pacific Labor Scheme (PLS) for semi-skilled workers from Fiji has also been announced.
18. **To maximize the benefits of reactivated temporary worker programs, Pacific nations will need to ensure they have adequate quarantine arrangements for when workers return.** If the NT pilot is successful, it could provide a blueprint to increase demand for Pacific temporary workers in Australia (and perhaps New Zealand). Once demand begins to recover, the key constraint to the number of temporary workers leaving each nation is likely to be the quarantine requirements and capacities of each of the PICs when workers return. It will be important for PICs’ governments to begin planning for the recommencement of labor mobility, to ensure that the number and timing of returning workers is calibrated to the nation’s quarantine requirements (in terms of duration) and capacities (in terms of facilities). This does not necessarily mean that additional permanent quarantine capacity is needed. Instead, underutilized hotels and other facilities could be used as quarantine facilities until quarantine-free travel between Australia, New Zealand and the PICs is possible (i.e. under Phase 2, see Section 2.2).
19. **International students from PNG and the PICs coming to Australia and New Zealand (and Fiji) could form another cohort.** Pre-departure training and health screening procedures—already standard for labor mobility program participants—could be extended to PNG and PICs students seeking to enter Australia and New Zealand. Testing and quarantine procedures similar to those outlined for temporary workers (paragraph 15) could be utilized. A pilot program designed to allow 350 international students to return to two universities in Canberra, Australia was planned to commence in July, but was delayed due to the second wave of infections in Australia.²⁰ Once this pilot program can be successfully conducted, similar programs could be extended to more students and other universities. Pacific students should be among the first considered, given the absence of domestic transmission in the PICs and that Australia and New Zealand are the primary overseas destinations for PICs university students.



20. **A subsequent cohort could be aid workers and business travelers from Australia and New Zealand undertaking specific activities.** These travelers could be permitted to enter PNG and the PICs to perform specific functions in support of key private sector activities (such as to sign contracts, inspect products, and prepare and complete tenders for construction projects), and key public sector activities, including infrastructure projects. Again, modified quarantine requirements (such as those outlined in paragraph 13) would be important to remove the strong disincentive for this cohort to travel to PNG and the PICs.
21. **In Australia, the federal government is responsible for border entry policy while the authority to determine quarantine protocols rests with each state government—which could pose a coordination challenge to facilitating modified protocols for these cohorts.** Authorities have advised that it may be unlikely that states and territories modify/waive the mandatory 14-day quarantine period, regardless of the traveler’s nationality, reason for travel, port of disembarkation and prevalence of COVID-19 in that location. Authorities from each state/territory will weigh the health risks against the potential economic benefits of permitting different cohorts from arriving/returning to their state, and under what quarantine regime. While this could lead to more agile solutions, it could also lead to greater complexity for industries seeking to facilitate the entry of these cohorts to several states/territories. Furthermore, quarantine protocols will increase the costs of engaging with these cohorts. For example, the costs to businesses of employing temporary workers from the Pacific, such as accommodation costs and workers’ salaries for the quarantine period.
22. **While quarantine protocols are a state issue, any public support to businesses to defray these costs is likely to be a federal issue.** Under a scenario where the 14-day quarantine is imposed on arrival in Australia or New Zealand, such financial assistance could be crucial to support business continuity and stimulate demand for Pacific temporary workers. In this regard, Australia and New Zealand could draw on the experiences of [Germany](#), [Canada](#) and the [UK](#), where special provisions have been made to allow for foreign workers to continue to enter the country under government-sanctioned seasonal worker programs.²¹
23. **In the fisheries sector, global travel restrictions make facilitating vessel crew and fisheries observer mobility extremely complex; suggesting that the reinstating of observers may not be possible until border entry policies enter Phase 2 or even Phase 3.** The fisheries sector is a key source of employment and government revenues for several Pacific countries—particularly the members of the Parties to the Nauru Agreement (PNG, Palau, Kiribati, Nauru, FSM, the RMI, Solomon Islands and Tuvalu). In recent months border restrictions have been applied to fishing vessels, disrupting fishing operations. These restrictions have made it difficult for fishing vessels to transship their catch in port, obtain onshore supplies and services, and to mobilize crews and observers.²² In response, Pacific governments have allowed vessels to transship at sea and have suspended the requirement to have observers on purse seine vessels until 15 February 2021. This has allowed fishing activities to continue. However, it





increases the risk that vessels may not be adhering to relevant regulations.²³ While there is strong interest in reinstating observers on vessels (and returning transshipment activities to ports), at this stage, it remains unclear how this could be achieved while also ensuring that observers are safely repatriated to their home country²⁴ (and the risk of repatriated observers introducing COVID-19 is adequately mitigated) without substantially disrupting fishing activities. Finding a solution is made more complex because: (i) it may require unanimous support by all member countries of the Western and Central Pacific Fisheries Commission, where some countries may be very risk averse (particularly given that there have been reported cases of outbreaks among vessel crews, and to the extent that observers transit through countries where the virus is not yet well contained—such as Ecuador and the United States); and (ii) charter flights would likely be very expensive due to the limited number of observers and more diverse locations, when compared to Pacific temporary worker programs.

2.2 Phase 2

24. **This phase is likely to be characterized by the formation of Pacific travel bubbles which could be operational from mid-2021.** The first step in this phase is likely to involve small clusters of countries forming discrete COVID-19 safe travel corridors, or travel bubbles, that permit international arrivals for all purposes (including tourism).²⁵ A later step could feasibly involve the connection of bubbles. The two most likely Pacific bubbles are: (i) the Trans-Tasman (Australia and New Zealand) corridor—which could be extended to include other regional economies; and (ii) the Palau-Taiwan, China corridor. Other options could include: (iii) a travel bubble between selected PICs; and (iv) a travel bubble between one of the PICs and another nation where the virus is well contained (such as China, Japan, Singapore or South Korea). In any case, border entry policy decisions in Australia and New Zealand are consequential for PNG and many of the PICs (particularly in Polynesia and Melanesia), as a large proportion of non-Australian/New Zealander travelers to the Pacific transit through these two countries. Hence, as long as Australia and New Zealand allow only limited international transit in their airports, PNG and the PICs will have limited options for restoring international travel from outside of the Pacific region. Finally, it should be noted that while all regional governments are actively pursuing channels to permit essential international travel, views on the desirability and timing of welcoming back international tourists (a key objective in this phase) varies across the region.²⁶
25. **Relaxing strict border entry policies will not be sufficient to catalyze a recovery in international arrivals; and complementary efforts to stimulate demand will be essential as countries move into Phases 2 and 3.** Such measures are outlined in Section 3.

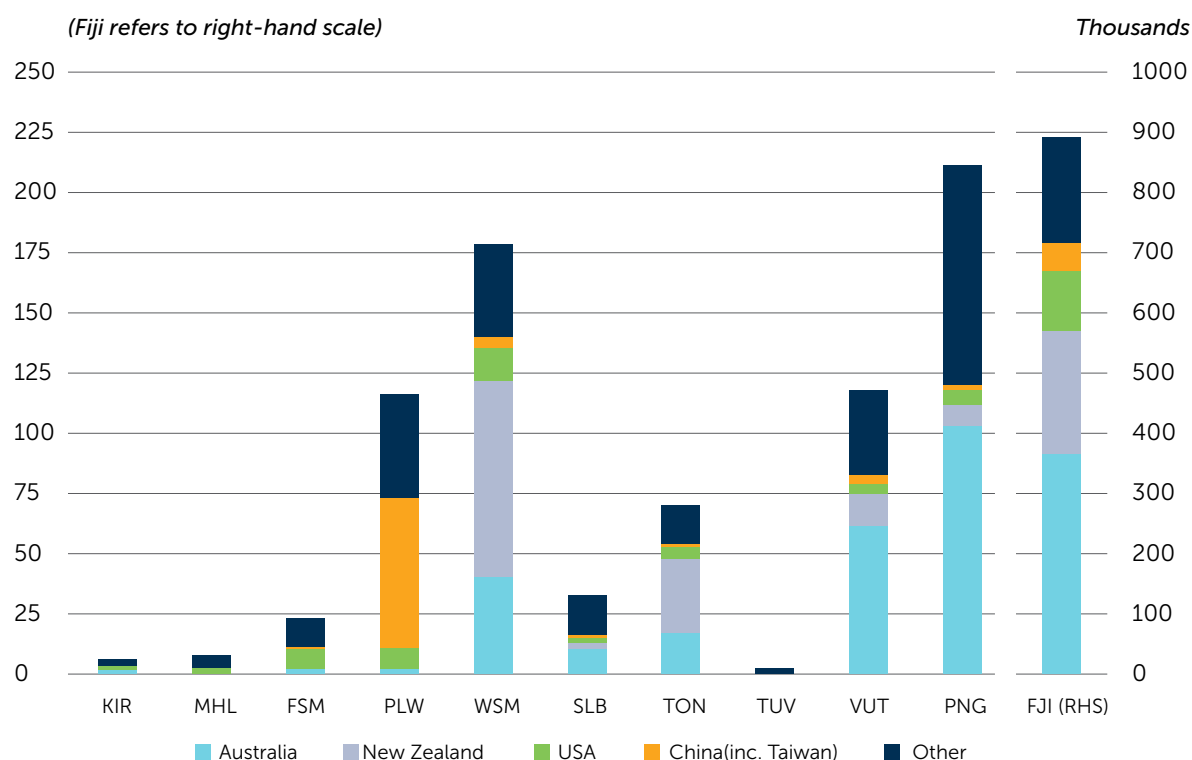
2.2.1 Regional Travel Bubbles

26. **A quarantine-free Trans-Tasman travel bubble between Australia and New Zealand could be operational by early 2021.** The Australia New Zealand Leadership Forum convened an expert group comprising representatives from border control enforcement, health authorities, quarantine authorities, airlines and airports—the Trans-Tasman Safe Border Group—to develop a set of protocols that would allow safe travel between Australia and New Zealand. The proposed protocols were submitted to both national governments in June 2020, although the second wave of infections in both countries delayed implementation. In October 2020, the first phase of the Trans-Tasman bubble commenced between selected Australian states and territories (New South Wales, the Northern Territory and the Australian Capital Territory) and New Zealand. Under the arrangement, travelers are not required to quarantine on arrival in Australia. However, a 14-day quarantine period is still required on entry to New Zealand.



27. **Extension of the Trans-Tasman bubble to other regional economies is not likely to occur until at least mid-2021.** Australian authorities have [publicly stated](#) that they will seek to include Fiji in a Trans-Tasman travel bubble, and that they also plan to consider including [other PICs](#). However, expanding the Trans-Tasman bubble to other regional economies would likely take at least another few months for two reasons. First, it would require the formation of a similar working group with representatives from regional economies to consider travelers’ pre-flight health requirements and eligibility, protections on board planes, customs and immigration processes and potentially contact-tracing requirements once travelers reach their destination. Second, Australia and New Zealand are likely to want to evaluate and adjust the protocols over a period of months before considering expanding the bubble. When expansion does occur, it would likely be on a country-by-country basis. A travel bubble between selected regional economies and either Australia or New Zealand is possible, although authorities in Australia and New Zealand have [publicly stated](#) that their priority is to establish the quarantine-free Trans-Tasman bubble before considering travel corridors with other nations, including PNG and the PICs.²⁷
28. **Palau and Taiwan, China have also announced plans to form a bilateral travel bubble, although no timeframe has yet been set.** Palauan authorities have described a bilateral corridor as “mutually beneficial”. Taiwan, China is an important source of tourists to Palau’s tourism-driven economy, and the Taiwanese government provides considerable financial and in-kind support to Palau. Palau is one of the few nations to have diplomatic relations with Taipei, and most off-island medical referrals go to Taipei.

Figure 2: Tourist arrivals to PNG and the PICs, thousands





29. **Entering these regional travel bubbles has the potential to generate substantial economic benefits for PNG and some PICs.** In 2019, travelers from Australia and New Zealand accounted for around two-thirds of international arrivals in Fiji, PNG, Samoa, Tonga and Vanuatu, and around one-third of arrivals in Kiribati, Solomon Islands and Tuvalu (Figure 2). In Palau, 32 percent of arrivals are from mainland China, with Taiwan, China accounting for another 16 percent. Restoring international travel with Australia and New Zealand for Fiji, Samoa, Tonga and Vanuatu (and to a lesser extent, PNG)—or between Palau and Taiwan, China—could thus have significant economic returns. Although realizing these benefits will be contingent upon these nations resolving supply-side and demand-side coordination challenges (see Section 3). Furthermore, an increase in arrivals could have complementary benefits to goods trade for much of Polynesia and Melanesia—for which Australia and New Zealand are also key sources and markets.
30. **However, there are also important potential costs to PNG and the PICs from joining these regional travel bubbles.** The first is the potential financial cost to strengthen the nation's capacity of the 3Ts. Given the low coverage rate of smartphones in PNG and the PICs²⁸, digital tracing systems alone would be ineffective for contact tracing in these countries. Manual contact tracing procedures will be required. However, if Australia, New Zealand and Taiwanese governments require/strongly encourage PNG and the PICs to invest in digital systems as a complement to manual contact tracing, this could represent a significant public investment.²⁹ There could also be additional costs to increase national testing and treatment capacity to ensure that the installed capacity is sufficient to cover not only the domestic population, but also the influx of foreign tourists.³⁰ However, the cost of adding a small number of ICU beds and relevant medical equipment and supplies could be relatively low. Furthermore, the cost of performing large numbers of tests on travelers at arrival and departure could be covered by development partners or included in airfares via a new entry/exit tax (although increasing the cost of airfares could also impact the demand for travel).

31. **The key risk of entering a regional bubble is the possibility of COVID-19 transmission from Australia, New Zealand or Taiwan, China to PNG and the PICs.** This risk would be greatly reduced by strong, consistent protocols on testing, quarantine, transit, health and hygiene, as well as information sharing between governments (which will need to address travelers' privacy concerns). Nevertheless, each regional government will have to weigh this risk against the potential economic benefits of entering a regional travel bubble.
32. **The benefits and costs of forming a PICs travel bubble would likely be limited.** A PICs travel bubble between selected regional economies could potentially be implemented sooner than a Trans-Tasman-Pacific bubble or a Palau-Taiwan, China bubble. However, the potential economic benefits of a PICs-only bubble are much smaller than the potential benefits of a Trans-Tasman-Pacific bubble—although there are specific examples where the benefits would be relevant.³¹ The potential financial costs of a PICs travel bubble could also be relatively limited, to the extent that the bubble would not impose additional costs to enhance 3Ts capacity over and above what each country is already implementing. However, there is a potentially substantial opportunity cost (particularly in thin capacity environments) of investing considerable government and private sector time and energy in establishing the required protocols, systems, risk analysis, etc. for a PICs bubble, particularly in cases where the economic returns are expected to be limited. These efforts may be only partially applicable to the requirements for establishing a Trans-Tasman-Pacific bubble or a Palau-Taiwan, China bubble.
33. **While the benefits and costs of a PICs bubble could be limited, there is a risk that membership to such an arrangement could delay entry to other regional bubbles.** Consider a scenario where PIC#1 and PIC#2 establish a travel corridor. Subsequently, a regional working group recommends the required capacities and protocols to expand the Trans-Tasman bubble to additional countries. If the Australian and/or New Zealand governments judged that PIC#1 met the criteria but PIC#2 did not, then PIC#1 may be held back from joining the Trans-Tasman bubble until PIC#2 achieves the required capacities. Alternatively, there would be considerable pressure for PIC#1 to close the travel arrangement with PIC#2—with important political/diplomatic implications.



34. **Key implementation questions will likely determine the feasibility/attractiveness of Fiji's proposed 'Bula Bubble' for Australian and New Zealand travelers, while the proposed 'Pacific Pathways' for travelers from other PICs could have substantial risks.** In June, the Fijian Government **announced** plans to create special 'VIP lanes' to facilitate travelers from Australia and New Zealand to enter Fiji without being required to undertake the mandatory 14-day quarantine period. There are at least two key questions that would be important to determine the viability of this proposal: (i) for it to be attractive to Australian and New Zealand travelers, they would have to be assured that they would not be subject to 14 days of quarantine when they return home;³² and (ii) comprehensive guidelines and protocols on how to manage potential virus transmission into or out from the 'VIP lanes' would be required, particularly if staff live outside of the zone.³³ The Fijian Government has also **announced** plans to create 'Pacific Pathways' starting with travelers from Tuvalu, Kiribati and Tonga. As outlined in paragraph 33, there are potentially substantial risks to this approach—to the extent that such an arrangement could lead to a delay in Fiji being included in any future Trans-Tasman-Pacific bubble. Reportedly, there has been limited public consultation on the plans. Extensive consultation, particularly with the private sector, will be essential to resolve uncertainty and support implementation.



35. **A travel bubble between PNG or a PIC and another large East Asian economy where COVID-19 has been effectively contained (i.e. China, Japan, Singapore, South Korea) could yield some economic benefits, but could also involve significant costs and risks.** Tourist arrivals to the PICs from these Asian countries have historically been small (with the exception of Palau, see Figure 2), and there are limited existing direct flight connections.³⁴ Significantly increasing arrivals would take time and money to develop the direct flight connections, tourism products and consumer demand necessary to deliver a substantial economic benefit. The costs (in time, money and effort) for PNG and the PICs to establish a travel bubble with one of these Asian economies could be similar to those required to enter a Trans-Tasman-Pacific bubble. Again, there are also risks that establishing such a bubble could delay entry to a Trans-Tasman-Pacific corridor, as outlined in paragraph 33. Nevertheless, to the extent that PNG and the PICs (especially Fiji and Vanuatu) were already investing in the development of these markets pre-COVID-19, then accelerating this development could be attractive, particularly if authorities judge that the Trans-Tasman-Pacific bubble will not be viable within an acceptable period of time.

2.2.2 Testing

36. In any of the above scenarios, accurate and timely diagnostic testing will likely be essential to facilitate international travel while minimizing the risk of cross-border virus transmission. Broadly speaking, there are two types of tests: diagnostic (i.e. viral or swab tests) and antibody (i.e. serological tests). Different types of tests are useful for different purposes (see Box 1). The accuracy of both types of tests is determined by measuring two things: sensitivity and specificity. Sensitivity measures the ability of the test to correctly return a positive result for a sample that has the antibodies (the 'true positives' rate). Specificity measures the ability of the test to correctly return a negative result (the 'true negative' rate). The purpose of the test determines which of the two factors is most important.³⁵ Ideally, a diagnostic test used to determine public policy should have very high sensitivity and specificity. Nevertheless, at a minimum a test used to facilitate international travel will need to meet three criteria: (i) determine if the person is currently infected (i.e. a diagnostic test); (ii) provide rapid results; and (iii) avoid false negatives (i.e. a very high specificity). The logic is that it is better to stop a healthy person from traveling due to a false positive result than to allow a person with the virus to travel for a false negative result.



Box 1: Diagnostic and Antibody Tests – A Primer

Diagnostic Tests: These are used to determine if the individual currently has the virus. There are broadly two types—lab-based tests and rapid tests. Lab-based tests are highly accurate but processing currently takes six – 12 hours. Rapid diagnostic tests are being developed, with the aim of returning results in less than one hour.

Antibody Tests: These are used to determine if the individual has previously been exposed to the virus (i.e. it doesn't test for the virus, but for antibodies in the blood).³⁶ Health experts suggest that widespread antibody testing may be useful for three purposes: (i) to give health professionals and decision-makers better information on the prevalence of the virus in the population of interest; (ii) as a key instrument for surveillance of case clusters/outbreaks; and (iii) to help answer key questions regarding the extent to which the presence of antibodies provides immunity to COVID-19; and if so, for how long. Rapid antibody tests can return a result in around 15 minutes.

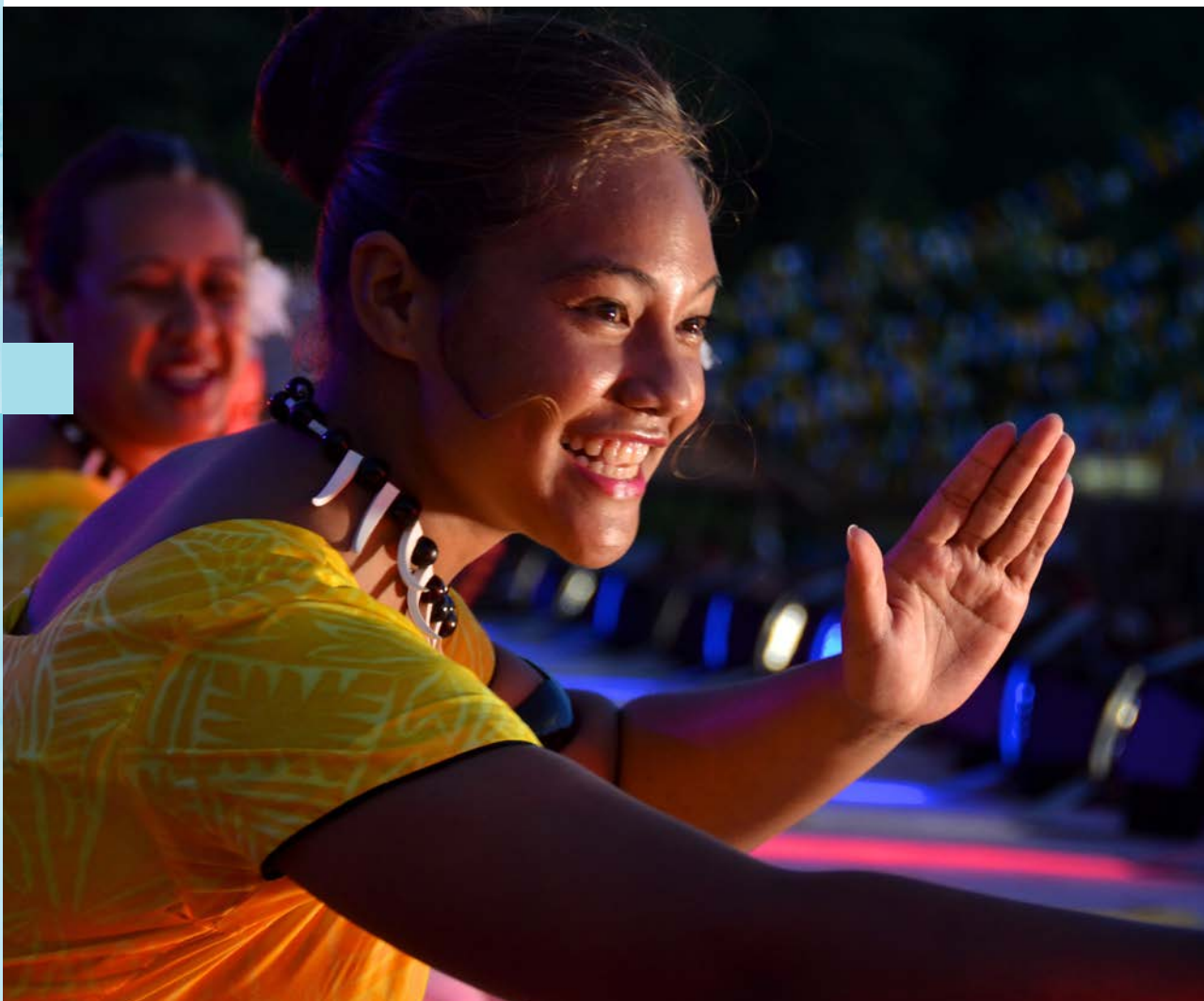
37. **However, universal rapid diagnostic testing prior to travel will not guarantee that the virus is not transmitted via arriving travelers for two reasons: (i) false negatives; and (ii) the delay between exposure and infection.** False negative results are minimized by tests with very high specificity; yet, no test will be perfect. The more concerning issue, however, is that a diagnostic test measures infection, not exposure. A traveler could be exposed on Sunday, test negative for COVID-19 on Monday prior to their flight because they have not yet developed an infection, but then develop a clinical infection on Tuesday and return a positive test result on Wednesday. Consequently, even in the presence of universal rapid diagnostic testing with a very high specificity, there is still a risk that an international traveler (who tested negative at the airport) could be a vector for the virus. This is the reason that many countries continue to require a 14-day quarantine period even after a negative result from a diagnostic test. Accordingly, for PNG and the PICs, relaxing the mandatory 14-day quarantine period for international arrivals (in the absence of some alternative 'quarantine-substitute' arrangement, such as outlined in paragraph 13), will entail some degree of risk—even in the presence of universal diagnostic testing.
38. **Based on current knowledge and testing technology, health experts consider that antibody tests alone are not sufficient to facilitate international travel.** The presence of antibodies means the person has been exposed to a disease (or its vaccine). The presence of sufficient, effective antibodies means the body may be able to fight off an infection. However, we do not yet know the degree to which people with COVID-19 antibodies are protected from getting the virus again, the level of antibodies necessary to provide immunity, or for how long any such protection may be effective. Consequently, simply the presence of COVID-19 antibodies does not make one immune to the virus. This is also the key reason why the WHO [considers](#) that it is not yet appropriate to create an 'Immunity Passport' that would allow for those that test

positive for COVID-19 antibodies to travel. There are also issues of timing and accuracy of the tests. It takes one to two weeks for a patient to produce antibodies to a virus, so there may not be enough antibodies in the blood to be detected by an antibody test if the test is taken too soon after infection. Furthermore, the accuracy of currently available antibody tests varies widely. While independent evaluations suggest that [some tests](#) are 99.8 percent accurate, [other tests](#) are as low as 56 percent accurate. Despite [warnings from health experts](#), some airlines and airports are already trialing the use of rapid testing to facilitate travel.³⁷

2.3 Phase 3

39. **This phase—which might not emerge until 2022 or later—represents the long-term ‘new normal’ for international travel, and will likely involve some combination of widely available vaccines and accurate, rapid diagnostic and antibody testing.** With the development of approved vaccines, there is much optimism that international travel will resume during 2021. However, there remain substantial production and distribution challenges to ensure that vaccines are widely available.³⁸ Health experts have also [cautioned](#) that vaccines may not provide long-term immunity.³⁹ Furthermore, if the virus [mutates](#) further, then a new/modified vaccine may be necessary periodically (similar to the annual flu vaccines). They have also [cautioned](#) that multiple vaccines may be necessary, as different vaccines may be more or less effective for populations with different health profiles. These factors suggest that international travel, particularly in the Pacific, will likely take years to return to pre-COVID-19 levels.
40. **Even with the currently approved vaccines, achieving high rates of vaccination coverage in some Pacific nations may prove challenging.** Weak health systems, among other factors, mean immunization rates of many standard vaccines remain stubbornly low in PNG and some PICs, and the region continues to experience regular outbreaks of vaccine-preventable diseases. This suggests that, even with the availability of vaccines, some nations may still struggle to achieve high rates of COVID-19 immunization. To minimize the risk of a domestic outbreak caused by a traveler infected with COVID-19, PNG and the PICs could consider introducing a requirement for travelers to present evidence that they have received a full course of a COVID-19 vaccine.
41. **Combining the vaccine with effective and widely available treatment of both mild and severe cases of COVID-19 could help to facilitate international travel.** Hailed as a major breakthrough, a recent UK [study](#) indicates that a cheap, low-dose steroid treatment reduces the COVID-19 mortality rate for seriously ill patients.⁴⁰ Despite the breakthrough, public health experts continue to [warn](#) that the real game-changer will be a treatment that prevents people with mild symptoms from deteriorating to a life-threatening state that requires hospitalization. Such a treatment would allow patients to be treated in community and outpatient clinics, alleviating the acute pressure on hospitals. The broad availability of treatments for both mild and severe cases, combined with robust testing and contact tracing, would likely be necessary to restore confidence in international travel (particularly to countries with weaker health systems).

42. **With better understanding of the human body’s immune response to COVID-19 and improved testing technology, both diagnostic and antibody testing could be components of the long-term solution that would enable general international travel.** Better understanding of the antibody profile required to provide immunity, and the durability of that immunity (i.e. how long the person is protected), could mean that a combination of highly accurate, rapid diagnostic and antibody testing could be used to facilitate international travel, in combination with the vaccine and new treatments. For example, a rapid diagnostic test with very high specificity could indicate if the traveler is currently infected, while a rapid antibody test with very high specificity—calibrated to determine if the traveler has a sufficient level of effective antibodies—could indicate that the person has a low risk of becoming infected with the virus (at least for a certain period of time). However, it could still take some months before health professionals understand the degree to which antibodies provide immunity to COVID-19, and the duration of that immunity. In any case, such a scenario would involve risk, which Pacific governments would have to set against the potential benefits when deciding if, when, and how they permit the entry of international travelers that are from outside of any pre-existing travel bubbles.




2.4 Potential Implications of Subsequent Waves of Infections

43. **The risk of subsequent waves of infections in Australia or New Zealand presents a chicken-and-egg problem for several Pacific governments regarding the timing and magnitude of potential public support to reactivate the tourism sector.** Achieving a critical mass of travelers will be essential to restore profitability and sustainability to the region's tourism sector. Even after countries enter Phase 2 (i.e. a travel bubble), it could take a long time to achieve this critical mass—resulting in hysteresis effects as previously profitable firms are lost, leading to a permanent reduction in the capacity of the nation's tourism sector.⁴¹ Substantial investment on both the supply and demand sides (see Section 3) could help to achieve that critical mass of travelers more quickly, helping to avoid these hysteresis effects. In PNG and the PICs, much of this investment may need to come from the government. However, a government's decision on the timing and magnitude of that investment will depend critically on the perceived risk of a stop-start opening of international travel. Consequently, the calibration of any travel bubble, in terms of the number of COVID-19 cases that would be tolerated before borders are shut again—will be crucial. Ultimately, decisions regarding the timing and magnitude of public investment to jump-start the tourist sector will be based on PNG and PICs' governments' priorities, fiscal space and views on the tradeoff between the short-term risk of a stop-start opening up versus the possible long-term returns of reactivating the tourism sector (and thus minimizing any adverse structural changes to the sector).
44. **In terms of delaying the recovery of international travel in the Pacific, a subsequent wave of infections in China and ongoing community transmission in the US would likely have the greatest impact on north Pacific countries.** While the US and China are important secondary tourist markets for some of the PICs (i.e. Fiji and Samoa), they are the primary markets for north Pacific countries (see Figure 2). Furthermore, the key international route connecting the FSM and RMI to the rest of the world—the United Airlines 'island hopper'—shuttles between Guam and Hawaii. To the extent that domestic transmission remains prevalent in both places, and in the US more broadly, the FSM and RMI governments may be reluctant to consider relaxing their strict border restrictions on entry from US ports—making it very difficult for travelers from any nation to enter the countries. Palau is the only PIC with direct flights with mainland China, with travelers representing 32 percent of total arrivals in fiscal year 2019. A subsequent wave of infections in China would likely prompt further delays in any plans to restart flights between the two nations.



3. Other Key Supply and Demand Factors

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45. **Public policy can play a key role in catalyzing a sustainable recovery in international travel in the Pacific by working with the private sector to avoid and resolve coordination failures across both the supply side and demand side.** As outlined in paragraph 43, achieving a critical mass of travelers will be essential to restore profitability and sustainability to the region's tourism sector. Strong public policy to avoid and resolve coordination failures across three broad elements (airline connectivity; the tourism product; and demand) can help to achieve this critical mass more quickly than in the absence of such coordinated action.
46. **Securing airline connectivity will depend on three inter-related factors: border access, commercial viability and aviation infrastructure.** As outlined in Section 2, recommencing regular (i.e. without government underwriting) commercial flights is unlikely to occur until a country enters Phase 2 of easing its border entry policy. Attracting airlines to recommence and scale up flight routes will depend on commercial viability, which will rely on consumer demand. For example, an International Air Transport Association [study](#) estimates that, pre-COVID-19, flights in the Asia-Pacific region had an average breakeven load factor (the proportion of seats that must be sold for the airline to breakeven on the flight) of around 66 percent. Finally, ensuring continuity of aviation infrastructure compliance and certification to relevant safety standards is crucial to enable the sector to be responsive to a recovery in demand. This includes airports, air traffic control services, and airline sector maintenance, operations systems, and personnel.⁴² While the financial pressures on airlines has been widely reported,⁴³ airports are also facing substantial financial stress, given their high fixed-costs and sharp declines in income.⁴⁴ Many airports around the Pacific may require government assistance to complete key infrastructure maintenance activities and to retain suppliers and workers that are essential to perform key functions such as maintenance, fueling, processing, security, catering and cleaning, which can also facilitate the rapid scaling up of operations when travel recommences.
47. **Reactivating international travel may also require efforts to support the coordinated supply of the various elements of the tourism product, including accommodation, attractions, facilities and related services.** Obtaining a critical mass of travelers will require that these essential and complementary services—such as hotels, restaurants, tourist sites, domestic tour operators, transport (taxis, buses, car and boat hires)—are available at reasonable prices. Avoiding the collapse of otherwise profitable travel and tourism-related businesses and services (most of which are micro, small and medium-sized enterprises) will be important to ensure that hysteresis effects do not cause a permanent loss in sector capacity.

48. Complementary measures to stimulate demand—informed by targeted market intelligence—will be essential to catalyze a recovery in arrivals in Phases 2 and 3.

Four competing forces will likely determine the speed of the recovery in consumer demand: (i) income effects dampening demand due to the downturn in source-country labor markets; (ii) pent-up demand for leisure travel potentially being channeled to the Pacific via the implementation of a travel bubble; (iii) confidence in the destination’s health system and the attention to cleanliness of travel and tourism services (i.e. airlines, airports and hotels); and (iv) price competitiveness of PNG and the PICs as tourism destinations vis-à-vis alternatives (both to other PICs and domestic tourism within Australia and New Zealand). A recent survey commissioned by MFAT indicates that New Zealand residents would be willing to travel to the PICs under conditions broadly similar to Phase 2 outlined in Section 2.2.⁴⁵ Nevertheless, specific market intelligence will be essential to help PNG and the PICs to identify which market segments are likely to rebound first, and what health and safety measures, types of products and experiences, types of accommodation and booking channels each segment will require to catalyze demand (recognizing that a significant structural change in preferences is likely to have occurred when compared to pre-COVID-19 conditions).⁴⁶ Development partners could support Pacific governments and the private sector to collaboratively undertake such market studies.

49. Confidence in the quality and accessibility of health services at the destination will be crucial, especially to the extent that travel insurance policies do not cover COVID-19-related health expenses in the future.

Industry intelligence indicates that travel insurance companies are designing policies to exclude COVID-19-related health costs. In countries with underdeveloped health systems—such as PNG and the PICs—this could further discourage demand by some traveler segments, especially those at higher risk of serious illness due to COVID-19. This reinforces the importance of strengthening health system capacity and quality to perform the 3Ts, and the need to emphasize the quality and accessibility of these services with target markets.

50. Public agencies could play an important role in stimulating demand via targeted marketing campaigns.

Carefully designed and targeted marketing campaigns could be an important instrument to convert visitor interest into tourist arrivals. Such campaigns should be multi-staged, multi-platform and contain multi-pronged messaging. Marketing phases could be calibrated to align with the willingness of different visitor segments to consider international travel. The choice of communication platform could also be calibrated to visitor segments (i.e. the use of digital platforms, social media and travel agencies). Messaging could emphasize health-system protocols and capacity along with traditional ‘travel experience’ branding.



4. Policy Considerations

51. **Public spending and government attention to public health preparedness remains a priority; and gradual adjustments to border entry policy should be calibrated based on progress in strengthening health system capacity for the 3Ts.** Across the region, governments have developed and are now implementing national COVID-19 health sector preparedness and response plans. Progress in implementing these plans and enhancing health system responsiveness (while ensuring that the coverage and quality of routine health services are not negatively impacted) should be key determinants for when countries seek to ease strict border entry policies, along with progress in containing the virus in the country of origin of international travelers. Incorporating health aspects into existing disaster risk management systems (such as MHEWS) can also support enhanced COVID-19 preparedness, response and crisis management. Avoiding a domestic outbreak of the virus should remain the principal focus of Pacific governments, despite the potential for measures consistent with that objective to result in significant economic costs. Complementary economic and social protection measures will be essential to mitigate these costs.



52. **The nature of public support needs to shift from emergency relief to strategic measures to lay the foundations for a structural economic recovery, while continuing to support livelihoods and vulnerable households.** Across much of the region, immediate relief measures appropriately focused on mitigating the short-term negative economic and welfare impacts of the COVID-19 shock by providing temporary support to firms (to minimize closures and worker layoffs), workers and vulnerable households. However, the optimal economic policy response will change over time and will depend on the precise nature and duration of the shock. Based on the phases outlined in Section 2, economic activity across much of the Pacific may remain depressed for another nine to 18 months. This creates significant potential for hysteresis effects in the longer term, as lost firms and jobs create adverse structural changes to the economy that are not reversed when aggregate demand recovers.⁴⁷ While broad-based cross-sectoral support was appropriate for the emergency relief phase, limited fiscal resources mean that governments will be forced to be more selective as they consider additional support measures. In such circumstances, targeted government support to specific sectors is justified.

53. **Tourism is a strategically important sector where targeted support should be considered.** Across the region, the tourism sector is a key source of incomes, job creation and balance of payments inflows. The sector's broad domestic supply chain linkages and recognized gender and distributional benefits mean that there are few alternative industries that could deliver similar net economic and social benefits. Targeted fiscal and financial sector measures—e.g. cash grants, loan repayment deferrals or restructuring and credit facilities (including guarantees) to help overcome liquidity shortages, sector-specific wage and rent subsidies—that provide support to affected firms and workers while reducing the potential for hysteresis effects should be considered.⁴⁸ Ideally, these measures would support businesses in a way that allows them to retain at least some of their employees and effectively 'hibernate' rather than die.
54. **However, further work is needed to determine how long business hibernation should remain a key strategy in PNG and the PICs.** Given the region's unique health and connectivity characteristics, the 'hibernation' period will likely be longer than in other regions (and could extend for 12 to 24 months). The strategic importance of the tourism sector—combined with the high cost of building and maintaining firms' valuable relationships with workers, suppliers, customers, governments, and creditors—suggests that helping viable firms to hibernate over this longer period may still be preferable to having them die. Uncertainty regarding the timing of a recovery, and hence the hibernation period, makes this a difficult calculation. Yet, at some point it will be infeasible to continue with government support. There is limited international experience or analysis regarding the efficacy of such a long hibernation period. Further work is needed to determine to what extent, and for how long, business hibernation should remain a key strategy in PNG and the PICs. The answer is likely to be heterogeneous across countries, sectors and even individual firms. In any case, the key challenge for governments will be to design this support in a manner that does not create perverse incentives⁴⁹ nor endanger fiscal sustainability and financial stability.
55. **Public policy should encourage firms and workers to use the hibernation period to position themselves for the recovery.** Governments could support this process by financing: (i) business advisory services to help firms plan their operations and finances; and (ii) expanded training programs for tourism industry workers. The latter could help absorb recently laid off employees and strengthen their skills and market re-entry prospects, and allow tourism firms to temporarily furlough workers (rather than firing them) and enter them into training, while having the training expenses and worker salaries fully or partially-subsidized. In specific cases, incentives for firms to invest or undertake capital works—thus creating employment opportunities—could be considered. Governments should also use this time to plan for the reactivation of regional labor mobility programs and the associated quarantine requirements for when workers return home (as outlined in paragraph 18).



56. **Public policy also has a key role to play in avoiding and resolving coordination failures.** Airlines can be expected to recommence and then scale up flights in response to market forces, conditional on access to appropriately maintained and certified aviation infrastructure. However, demand will only recover if all the required supply-side elements are available at acceptable prices. Thus, resolving coordination failure on the supply side (i.e. across flights, aviation infrastructure⁵⁰, accommodation, attractions, facilities and travel-related services) and the demand side (i.e. via targeted marketing campaigns) is a key objective for public policy. Nevertheless, government support to airlines should be considered very carefully. The policy objective should focus on service delivery, rather than ownership, and should be time-bound. Decisions should be based on pragmatic expectations about the future competitive environment and should seek market-leveraged solutions wherever possible,⁵¹ including for domestic connectivity (which need not be provided by a domestic airline).⁵²
57. **Government should also prioritize additional support for livelihoods and vulnerable households, including measures to reach vulnerable groups who were not included in the emergency relief.** Regional governments have already implemented several measures to support livelihoods, including: scaling up existing social protection mechanisms; suspending employee contributions to provident funds and financial support to workers from these funds; wage subsidies; scaling up existing microfinance programs to support micro and informal firms; public works programs; and safeguarding public sector salaries and jobs to the extent possible. These measures remain relevant. In addition, governments should seek innovative ways to reach vulnerable groups that did not benefit from initial relief measures, particularly those in the informal sector, women, youth, the elderly and people with disabilities (to the extent that existing social protection mechanisms do not cover these groups).⁵³ Some governments are also experimenting with innovative new programs. The Samoan Government is rolling out an agricultural employment scheme that aims to create jobs by permitting farming on previously unutilized state-owned land. Along with providing employment, such programs could also be designed to strengthen food security. Finally, with remittances expected to fall over the coming months, measures that reduce barriers and costs should also be considered.
58. **Many regional governments lack the fiscal space to implement recovery policies of the scale and duration that may be warranted.** Significant support from development partners will be required, preferably on grant terms to avoid negative impacts on debt sustainability. Even with substantial donor support, Pacific governments will have some extremely difficult policy trade-offs to resolve over the next 12-18 months.

References

1. The PICs comprise: Fiji, Kiribati, Palau, the Federated States of Micronesia (FSM), Nauru, the Republic of the Marshall Islands (RMI), Samoa, Solomon Islands, Tonga, Tuvalu and Vanuatu.
2. This report focuses on international air travel, as opposed to arrivals by sea. Nevertheless, the broad framework remains applicable for considering the necessary conditions and likely phases of border entry policy for seaport arrivals.
3. A coordination mechanism designed to support effective action in the region. It comprises ADB, DFAT, IFRC, IOM, MFAT, OCHA, PIFS, PIHOA, SPC, UNFPA, UNICEF, UNRCO, UNDP, UNWOMEN, USAID, US CDC, US Embassy Suva, WFP, WB and WHO.
4. For example, the WB/IFC paper *Tourism Recovery in the Pacific: Building Resilience After COVID-19*, the MFAT-commissioned work *Pacific Tourism: COVID-19 Impact & Recovery*, the IFC & Fiji Ministry of Commerce, Trade, Tourism and Transport report *Fiji COVID-19 Business Survey: Tourism Focus*, and the ongoing PRIF work Post COVID-19 Pacific Short-Term Aviation Strategy.
5. The European Commission has recommended that countries apply a 'traffic-light' color-coding system in order to coordinate travel restrictions. Countries (and regions within countries) are classified as green if there are less than 25 new confirmed cases per 100,000 inhabitants over the last two weeks. In Norway, for instance, travelers from green countries are exempt from quarantine requirements, while travelers from red countries can still enter the country but must quarantine. The approach requires regular monitoring and updating to reflect changes in colors in each country/area.
6. The PICs include seven of the nine countries in the world with no reported COVID-19 cases (FSM, Kiribati, Nauru, Palau, Samoa, Tonga and Tuvalu). The other two countries are North Korea and Turkmenistan. In addition, Solomon Islands, RMI and Vanuatu have recently reported a small number of cases at border quarantine—although no cases of domestic transmission have been reported.
7. The COVID-19 mortality rate for the general population under superior medical conditions is estimated to be under 1 percent. The mortality rate is estimated to be around five times higher for patients in high-risk groups (those over the age of 65, and those with preexisting medical conditions including diabetes, hypertension, cardiovascular disease and kidney disease), and up to 13 times higher for those with multiple risk factors. In countries with a high prevalence of these comorbidities and weak health systems—such as in PNG & the PICs—mortality rates could be substantially higher.
8. Relatedly, it will be important for PNG & the PICs to also consider appropriate health protocols for domestic travel and travel across porous sovereign borders.
9. Protocols for domestic travel will also be required, particularly once international arrivals for tourism is permitted (i.e. in Phases 2 and 3). This would likely require establishing capacity for the 3Ts across numerous locations. Initially, a hub-and-spoke approach could be used, with the number of quarantine and treatment locations increased over time.
10. Eradication of COVID-19 is not viewed as a prerequisite for a travel bubble to be established between countries. However, sustained low case numbers in each member country are likely to be required for the integrity of any travel bubble.
11. For example, in [Tonga](#), travelers are required to undertake a COVID-19 test at the main hospital in the capital, Nuku'alofa, one to three days prior to departure.
12. PNG's current border policy, as outlined in National Emergency Order No.25 (25 April 2020), permits international arrivals by employees from a pre-approved list of organizations and companies. However, all travelers must complete 14 days in quarantine at a designated facility or hotel.
13. [Taiwan](#). [China](#) is offering a 7-day quarantine period for business travelers from low-risk countries entering the territory for specific activities (i.e. product inspection, skills training and signing contracts), condition on testing negative for COVID-19 at arrival and again on the 5th day of quarantine. [South Korea](#) has introduced an Isolation Exemption Certificate that exempts international travelers arriving for business, academic, public service or humanitarian reasons from the 14-day quarantine period if they test negative for COVID-19 on arrival (although they must provide daily reports on their health condition to public health officials via an app or phone calls).

14. Particularly given that New Zealand was [confirmed](#) as the likely source of Samoa's deadly measles epidemic in 2019.
15. These include Australia's Seasonal Worker Programme (SWP) and Pacific Labour Scheme (PLS), and New Zealand's Recognised Seasonal Employment (RSE) program.
16. Indeed, the reactivation of the temporary worker programs could also be extended to PNG workers despite [ongoing domestic transmission](#) in that country, as strict health checks and testing protocols could be designed to minimize the risk of a worker infected with COVID-19 entering Australia or New Zealand.
17. Based on Australian Bureau of Statistics [Overseas Travel Statistics](#) for September 2020.
18. This demand could continue into the medium term, to the extent that WHM arrivals in Australia and New Zealand remain low for some time due to continued travel restrictions with the rest of the world, and WHMs disinclination to travel.
19. News reports indicate that employers have provided \$A 100,000 (US\$73,000) for the charter flight and \$A 2,500 (US\$1,819) per worker to cover quarantine costs. However, it is not clear if they will cover all or only part of the costs, of if there is any government (state or federal) financial support for the pilot or the employers.
20. Under the pilot, the students would be required to undertake 14 days of quarantine in local hotels before returning to classes.
21. The Canadian model could be particularly instructive. Workers undergo health screening before leaving their country. After arriving on a chartered flight, they undertake a mandatory 14-day isolation. The Canadian government (federal level) has provided [guidance](#) for employers of temporary foreign workers (including that the business must pay workers their wage for the 14 days in quarantine). The government is also providing [support to businesses](#) to defray the cost of worker quarantine, while fines have also been [announced](#) for employers not following the guidelines.
22. A fisheries observer is an independent specialist who serves on board commercial fishing vessels to monitor, record and verify information on the vessel's catch and operations, including compliance with relevant fishing, health and safety regulations. The objective is to avoid unsustainable and unsafe fishing practices. It is normally mandatory for purse seine fishing vessels to have observers on board while in PNG & PICs fishing grounds.
23. While observer coverage is suspended, Vessel Monitoring System surveillance operations and data analysis will be used by national regulators to monitor fishing vessel activity and take action if required.
24. Under the Maritime Labor Convention 2006, seafarers have the right to be repatriated to their home country at no cost to themselves.
25. Such quarantine-free travel bubbles would apply to travelers who commence and terminate their travel within the member countries. It should not be restricted by citizenship. Non-residents who have travelled from outside of the bubble and wish to travel within the bubble would first have to complete the relevant quarantine requirements at their first port of entry (which could be established jointly by the bubble members).
26. For example, leaders in Fiji, Palau, Solomon Islands and Vanuatu have expressed a desire to welcome back international tourists, while this remains an open question in PNG, FSM, Kiribati, RMI, Samoa and Tonga.
27. However, this may change in the event of another wave of infection in either Australia or New Zealand (see paragraph 43).
28. [According to the GSMA](#), mobile phone penetration in the Pacific was around 38 percent in 2018, of which less than one-third of subscribers owned a smartphone.
29. Fiji has [already released](#) a national contact tracing app. Such digital systems could be particularly valuable in popular tourist zones—to the extent that these areas have a higher smartphone coverage rate than the rest of the country.
30. As an extreme example, take the case of Palau. While the population is around 18,000, an inflow of 1,000 Taiwanese tourists would increase the effective population by over 5 percent.

31. For example, PICs visitors represented 13 percent of overall visitor spending in Fiji in 2019 (according to data from the Fijian Ministry of Commerce, Trade, Tourism and Transport), so reactivating this market could help Fiji's short-term economic recovery (for comparison, visitors from Australia and New Zealand represented 46 percent). Similarly, both Kiribati and Tuvalu could potentially realize important benefits from a travel corridor with Fiji. Other PICs could also benefit via access to technical assistance (from regional organizations based in Fiji), some labor mobility (such as nurses from Fiji), and increased access to international medical referrals to Fiji (compared to current access under the PHP-C).
32. **Recent statements** from the Australian Government indicate that Australians may be strongly encouraged not to leave the country until at least January 2021.
33. For example, most workers are likely to live outside of the VIP lanes (i.e. Denarau Island). Thus, in the event of a positive case within the VIP lanes or in the areas surrounding them, there is a risk of transmission from staff entering and departing every day. One option to minimize this risk is to have staff work shifts like engineers in big mining/oil projects (i.e. two weeks on, two weeks off). But this would require accommodation for staff within the zone and testing before they begin a shift and again when they finish, before they go back into the wider community. Authorities could choose not to do this—and instead rely on the tracing system and existing health capacity to manage any cases that are identified – but it would be an additional risk. If authorities choose not to do something like this, it might also mean that if there is a positive case anywhere in the areas around the VIP lanes, the entire operation may have to be shut down until all staff are tested.
34. Prior to COVID-related reductions, Fiji had direct flights to/from Japan, Singapore, South Korea and Hong Kong, SAR China, while PNG had direct flights to/from Singapore, the Philippines and Hong Kong, SAR China.
35. There is generally a tradeoff between precision in one of the factors and precision in the other (i.e. increasing a test's specificity will, in general, come at the expense of less accuracy in sensitivity).
36. Most antibody tests look for evidence of the 'first responder' antibodies, IgM (immunoglobulin-M), that appear about a week after infection, as well as longer-lasting IgG (immunoglobulin-G) antibodies that are produced two to four weeks after infection.
37. In March, Emirates Airline began trialing antibody tests for passengers prior to boarding. However, when the accuracy rates of the test were found to be around 30 percent, the [Dubai Health Authority banned their use](#). Etihad Airways is trialing the monitoring of temperature, heart rate and respiratory rate of passengers as part of the check-in process. If there are concerns, the passenger's check-in is suspended, and a health official called for an examination. While such health screening could be part of a return to wider travel, it is insufficient on its own. Vienna airport in Austria has introduced a diagnostic test on arrival, which passengers can pre-book (at a cost of around US\$200). The test returns a result within 3-6 hours and, if the result is negative, the passenger is permitted to leave the airport without being required to undertake the mandatory 14-day quarantine. The airport has not provided details of the test being administered or its specificity.
38. After discovering an effective vaccine, the next major hurdle is mass production. Vaccine manufacturing is technologically intensive, meaning that factory construction will likely cost more than the research and development. A plant built for one vaccine cannot easily be repurposed to make another. It is estimated that 1.5 billion vaccine doses will be required globally in the first three months of production to ensure all healthcare workers and the elderly will be able to get it almost immediately. However, a factory large enough to manufacture six billion vaccines annually is far larger than would be constructed by a profit-minded private company. Furthermore, once the entire global population is vaccinated, aside from booster shots (if required), the only people needing vaccines will be newborn babies, of which there are around 130 million annually—just 2 percent of that six billion dose capacity. Achieving the socially appropriate scale and speed of vaccine production will likely require some government intervention. Governments will also have a strong role in ensuring that vaccine pricing is socially appropriate.
39. For example, there are already four coronaviruses that circulate in human beings. None of these currently have a long-term vaccine—the annual vaccine for the seasonal flu has an immunity duration of about six months.
40. The study indicates that dexamethasone—a cheap, low-dose steroid treatment used to reduce inflammation in a range of other conditions (including arthritis and asthma)—is effective at reducing the COVID-19 mortality rate for seriously ill patients (i.e. one life could be saved for every: (i) eight patients on a ventilator; and (ii) 25 patients receiving oxygen).
41. For example, the *Fiji COVID-19 Business Survey: Tourism Focus* (conducted in April-May 2020 by the IFC and the Fiji Ministry of Commerce, Trade, Tourism and Transport) indicates that if the situation does not change by November 2020, 29 percent of tourism businesses and 11 percent of non-tourism businesses surveyed—around 500 businesses—expect to go bankrupt.

42. For example, the Pacific Aviation Safety Office (PASO) has shared concerns that their inspectors are currently not able to travel and do their job (some are also suggesting they could resign). As result, there is a growing backlog of inspections and certifications for pilots, airports and airlines that will need to be cleared before international travel can recommence in any meaningful way. There may be a need for some short-term flexibility regarding these certification requirements to avoid slowing down the recovery of the sector.
43. See, for example, the [Lowy Institute's report](#) on the Pacific airline industry and the Pacific Aviation Connectivity Report, financed by MFAT.
44. See IFC (2020), *The Impact of COVID-19 on Airports: An Analysis*.
45. Specifically, the survey asked "Assuming COVID-19 was under control in New Zealand, Australia and the Pacific Islands, with limited number of cases, and no restrictions to travel nor quarantine imposed, how likely will you travel to any of the following destinations within the next 12 months?" The proportion of respondents that answered 'Very Likely' and 'Quite Likely' was between two and 20 times more than the proportion of the New Zealand population that traveled to the region in 2019.
46. For example, global research [indicates](#) that younger travelers have a lower propensity to travel in the next 12 months than older travelers, and that leisure travel decisions are likely to be less motivated by price and more motivated by the desire to visit friends and family, and to access nature. Similar region- and/or country-specific studies would be important to shed light on such questions for prospective travelers to PNG & the PICs.
47. There are some indications that this may already be happening, with the Fijian Minister for Tourism [publicly stating](#) that international arrivals may reach only around 70 percent of pre-COVID-19 levels.
48. See *Fiji COVID-19 Business Survey: Tourism Focus* (IFC & Fiji Ministry of Commerce, Trade, Tourism and Transport, 2020) for detailed recommendations of public policy responses to support both businesses and workers in the tourism sector, which could be considered across PNG & the PICs.
49. For example, providing incentives for both creditors and debtors will be important—i.e. public credit guarantee schemes should be partial, so that banks retain some 'skin in the game', and thus have incentives to monitor and screen borrowers. Regarding firms, the challenge will be to avoid the ex-post moral hazard problem of firms not repaying their loans. This source of concern becomes more acute the longer the shock lasts. If the shock lasts for 12-18 months, as seems plausible in the Pacific, firms might find it more efficient or profitable to declare bankruptcy and avoid repaying their creditors, only to then 'reproduce' the business with new credentials.
50. Including, for example, quickly clearing the backlog of inspections and certifications of pilots, airports and airlines. To the extent that PASO lose inspectors (and thus capacity to perform these functions), hiring and training of new staff will be a priority. Another priority will be ensuring that the requisite maintenance of airports, aprons and runways is performed.
51. Such solutions could involve the public sector using regular competitive processes to ensure competitive pressures remained relevant to prices and quality.
52. Ongoing aviation sector work commissioned by MFAT and the PRIF will be important in determining options for how governments and development partners can support the recovery of air transport in the Pacific.
53. Even in countries where there are existing social protection mechanisms for these groups (such as Tonga), registries may not be updated, and those that fall just outside of the program cutoff are excluded, even though they too are highly vulnerable. In such circumstances, vertical expansions of programs (temporarily relaxing the cutoff) could be considered.

