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Andrew Klebanow is the Principal of Klebanow Consulting. He brings nearly 40 years experience in the casino industry with the past 20 years spent as a gaming consultant. He has completed assignments in jurisdictions throughout North America as well as in 15 countries, including Vietnam, Cambodia, and the Philippines. Over the course of his career he has visited nearly 1,000 casino properties. Andrew has authored over 120 articles in trade publications and has also contributed academic papers to the Cornell University Hotel and Restaurant Quarterly, the UNLV Hospitality Journal, and the Asia Pacific Association for Gambling Studies and Lottery Research Center at Beijing Normal University. He is a periodic lecturer at Cornell University's School of Hotel Administration and has taught classes at the University of Nevada Reno's School of Continuing Education.

Covid-19: The emergence of regional market travel bubbles



Travel bubbles are essentially bilateral agreements with adjacent nations with low or zero infection rates that would allow visitors from those countries to cross borders. As nations brought their infection rates to zero, these alliances were implemented. Unfortunately, they did not last long.

When governments across the globe closed down their borders earlier this year in order to halt the spread of the Covid-19 virus, international tourism came to an abrupt halt. Casinos throughout Asia were forced to close and some only recently began to re-open with new health and safety protocols in place. Those that did re-open are now awaiting the resumption of international travel, particularly those casinos that are wholly dependent on foreign visitors from adjacent countries for the lion's share of their business.

As central governments brought the virus under control, tourism authorities throughout Asia began to explore how to safely re-start international travel. The notion of travel bubbles emerged. Travel bubbles are essentially bilateral agreements with adjacent nations with low or zero infection rates that would allow visitors from those countries to cross borders. As nations brought their infection rates to zero, these alliances were implemented. Unfortunately, they did not last long.

Australia and New Zealand planned to initiate a resumption of travel between their two countries until an outbreak re-emerged in Victoria. Nations in Europe

with adjacent borders also planned for a resumption of travel, eventually to include all EU nations. Regrettably, many of these agreements did not last long as flare ups emerged. Many travelers who had already departed on vacation to another country would find out that they would be subject to quarantine restrictions upon return to their home country.

As Asian nations look to resume cross border traffic, travel bubbles remain the best hope for the return of commerce and tourism, despite all the uncertainty that they bring. Several markets are uniquely suited for such travel corridors.

MACAU-GUANGDONG

A travel bubble between Macau and Guangdong province represents a critical travel corridor for Macau's casino operators. Residents of Guangdong province make up nearly 70 per cent of visitors to Macau. As such, opening the border to residents living in portions of the Pearl River Delta is essential if Macau's casino industry is to recover. The issuance of individual travel visas for residents of Guangdong province who can provide proof of a negative test was recently restarted. Tourists from Hong Kong and Taiwan are not included in the bubble and remain subject to 14 day quarantine upon arrival in Macau.

It remains to be seen how quickly visitors return and how the Macau government will react should the virus re-emerge in the local population. Macau has enjoyed several months without infections among its residents and until recently has maintained strict 14 day quarantine rules for returning citizens and visitors.

CAMBODIA-THAILAND

The border crossing between Poipet, Cambodia and Aranyaprathet, Thailand is a primary commerce route between the two countries. It also serves as the gateway to Siem Reap and Cambodia's world heritage sites. Poipet is home to about a dozen casinos that cater to daytrip and overnight gamers from Thailand. Both Thailand and Cambodia have maintained strict border controls and brought the Covid-19 infection rate to near zero. Nevertheless, it did so at great expense to their tourism economies. In July, the border crossing re-opened to allow for a limited number of trucks to move goods between the two countries. Tourist traffic has yet to resume. At least two Poipet casinos have re-opened their doors but the only visitors are expatriates residing in Cambodia.

Citizens of Thailand can enter Cambodia and return simply by presenting a government issued travel card. All other foreigners must present their passports and complete immigration forms to enter either country. As such, a travel bubble for Thai residents wishing to visit the casinos in Poipet is viable. While no such visitor scheme has been publicised, it would represent an excellent test that could lead to a wider resumption of travel between the two countries.

CAMBODIA-VIETNAM

Vietnam is another nation that was able to limit the virus's spread. The country took a number of precautions, including the suspension of international flights in March. Travel from one province to another was also restricted. This in turn had a devastating effect on Vietnam's tourism industry.

The Prime Minister of Vietnam recently ordered the Transport Ministry to speed up the resumption of commercial flights to South Korea, Japan and other Asian nations that have contained the virus. However, a second wave of outbreaks struck a number of localities in late July, prompting renewed limitations on domestic travel.

Cambodia and Vietnam share five international borders including the one connecting Bavet, Cambodia to Moc Bai, Vietnam. The highway also links Phnom Penh to Ho Chi Minh City. Bavet has a robust casino industry with 12 properties serving daytrip and overnight gamers from Vietnam.

The border closed in mid-March and has yet to re-open to tourism traffic. Prior to the closure, Vietnamese citizens were able to easily cross the border to visit the casino district while citizens of other nations had to complete immigration forms and present their passports.

Bavet represents another possible travel bubble, both for commerce and tourism. Nevertheless, neither government has announced plans to fully re-open the border crossing or to test the travel bubble concept.

SINGAPORE-MALAYSIA

Singapore and Malaysia have long held close cultural and commercial ties. The Johor-Singapore Causeway serves as a bridge connecting the two nations and is a primary source of cross-border traffic. Both governments have negotiated an agreement to allow for the resumption of business travel between the two nations. The problem is that the agreement is not so much bilateral as unilateral.

A visitor from either country would have to be sponsored by a business in the destination country and in turn provide the government with a travel itinerary. Any deviation from that itinerary is prohibited. A visitor would have to provide a negative test prior to departure, during their stay, and upon return to their home country. However, at present time a visitor returning to Malaysia would be required to self-quarantine for 14 days upon return.

WHAT LIES AHEAD

All ASEAN economies are dependent on tourism and commerce between their nations. Current travel restrictions are economically unsustainable. Travel bubbles offer a tenuous solution for the near term. What is ultimately needed is an inexpensive test that could be administered to visitors upon entry to a destination country with results given in a short amount of time. When such a test becomes widely available, it will be possible for cross-border traffic to resume as well as a modest resumption of regional tourism.

Even with a test that meets these criteria, the logistics of implementing such a testing program will be daunting. Upon arrival, a visitor would enter a testing area, be administered the test, then wait in a holding area until the test is processed. No overland border crossing or airport is equipped today to handle such a testing regimen.

Ultimately tourism will not return to pre-pandemic levels until there is a safe and effective vaccine coursing through the veins of 70 per cent of the population. Until then, fragile travel bubbles offer Asian casinos their best hope for a modest recovery.