

Coronavirus has the highest impact on nature-based tourism

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The impact of the coronavirus pandemic on the field of natural resources varies significantly from one sector to the next. International travel to Finland has stopped altogether and increased domestic demand has not

offered sufficient compensation. Markets for certain products in the forest sector have increased, while they have nearly collapsed for other products. Enterprises operating in agriculture and the food and fisheries industries are concerned over the impact of the pandemic on primary production, processing and logistics. What will happen to global free trade?

A recent report of the Natural Resources Institute Finland (Luke) investigates the impact of the coronavirus situation on the forest sector, the nature-based travel and [service industry](#), the natural products sector, agriculture and the food and fisheries industries in the 2020s. The studied scenarios cover different development pathways for the pandemic and economy.

"Our report on the impact of coronavirus, which broadly studies the natural resources sector, shows in concrete terms how long-standing and far-reaching impact the pandemic has. As our work progressed, we also wanted to find ways for society and different sectors to be better prepared for the future," says Pasi Rikkonen, principal scientist at Luke, who was in charge of the project.

The coronavirus pandemic accelerates structural changes in the forest sector

The coronavirus pandemic will have conflicting short-term impact on the forest sector: the decline in the demand for printing and writing paper will accelerate, while demand for certain packaging material, as well as for tissue paper, will increase.

"At the same time, the accelerating structural change will encourage forest sector companies to increase research and development activities in food packaging, for example, as consumers become accustomed to

remote working and takeaway meals. Digitalisation will advance throughout the forest sector," adds Matleena Kniivilä, senior scientist.

If the pandemic persists, it will affect demand for forest industry products, reduce the cash flow of domestic companies, slow down investments, possibly cause bankruptcies and unemployment, and lower the state's tax accrual. The development of wood-based products to replace fossil raw materials e.g. in the packaging and textile industries will slow down, having a negative impact on the fulfillment of climate goals.

"Lower stumpage earnings will not offer encouragement towards proper silviculture. As the availability of forest industry by-products decreases, securing the supply of energy should specifically be addressed at a national level," Kniivilä points out.

Nature-based tourism will recover by investing in business development and sustainability

In the natural resources sector, the coronavirus pandemic will have the most significant short-term impact on nature-based tourism, as it follows the difficult situation in the entire travel sector. "International demand has dropped considerably, and the increase in domestic demand cannot fully compensate for lost sales," says Liisa Tyrväinen, research professor.

Recovery from the crisis is affected by restrictions on mobility and travel, as well as health management, that are particularly reflected in the opportunities and willingness of international travelers to travel to Finland.

Although the recreational use of nature and domestic nature-based

tourism have increased, not enough services are purchased. Supply does not currently meet demand.

"The development of new business models is the key. Focus should be placed on the utilization of domestic demand for nature-based tourism, the opportunities offered by virtual travel and other digital services, and the development of services customized for different target groups, such as for remote working and the social welfare and healthcare sectors," Tyrväinen says.

Because the sector is primarily run by small enterprises, it will need government-funded research and development investments if the situation persists. Investments in sustainable tourism services will increase the sector's competitiveness in the long term.

The functioning of global trade is important in securing food supply

Research professor Jyrki Niemi stresses that the domestic food system should be steered in a direction where it is more flexible to changes, even though the coronavirus crisis has not, at present, had any significant impact on global trade on food products and production inputs.

Vulnerable elements include the dependence of primary production on imported production inputs and of certain production sectors, such as horticultural production, on the availability of foreign seasonal workers.

Ensuring the security of supply covers a more systematic storage of key production inputs and the development of the crisis preparedness of agricultural farming systems and production technologies.

"We should also keep in mind that, when it comes to ensuring food supply at a global level, it is also essential that Finland becomes

committed to complying with the principles of the multilateral trading system and that it is ensured that these commitments also remain in force during different crises," Niemi says.

The fishery industry can significantly increase self-sufficiency

Currently, Finnish fish markets depend heavily on imports. Disruptions in global fish markets due to the coronavirus pandemic have also brought down the prices of domestic fish. Finland has large sea and inland water areas, as well as fish resources, the sustainable use of which can be increased to improve self-sufficiency and ensure the security of supply during crises. After all, the significance of water areas on Finland's food supply has always become emphasized during a crisis.

Senior scientist Jari Setälä highlights two options for domestic growth: the use of Baltic herring and many other underutilized species in food production can be increased in Finland. In addition, much larger volumes of fish can be farmed in Finland's water areas.

"The dimensioning and positioning of production facilities and the use of new offshore and recirculating aquaculture technologies are key factors in offering opportunities for sustainable growth," Setälä says.

The report underlines a need for changes

The assessments presented in the report are based on the situation effective at the beginning of October 2020 and on a forecast which highlights the uncertain development of the coronavirus pandemic. The report also addresses global trends that have already strongly affected the studied sectors, such as climate change, loss of biodiversity and digitalisation.

The report presents four different future pathways to study potential impact on the natural resources sector. The scenarios are not predictions of future events. Instead, they are used to assess alternative future pathways and preparations.

Pasi Rikkinen would like to encourage, for example, everyone engaged in the natural resources sector and decision-makers to read the report and use it to build an overview of different development pathways and their impact.

"During summer, Luke and other organizations launched a number of research and development projects to examine the future pathways and preparedness strategies of different sectors more closely. The situation and uncertainties over its development also offer opportunities for building completely new solutions and, therefore, for modernizing the entire sector," Rikkinen says.

More information: Scenario analysis of the impact of the coronavirus pandemic on the forest sector, agriculture, the food and fisheries industries, and the nature-based travel and natural product industries in the 2020s: urn.fi/URN:ISBN:978-952-380-072-4

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