



MINIMAL TOURISM IN Q2, BUT SIGNS OF REOPENING

Foreign visitors to the Asia & Pacific region were down an estimated 98 percent in Q2 2020 from a year earlier (Figure 1). Newly released official data confirm virtually no foreign visitors in many of the recipient countries during May and June as the majority of the travel restrictions have remained in place since April. While there is no significant differentiation between countries, **Indonesia** continued to record somewhat larger numbers for visitor arrivals despite the ban on international arrivals by air. May's visitors to Indonesia were mainly from neighboring Malaysia and Timor-Leste.

Figure 1: Visitor arrivals by destination country (12-month % change)
Latest available official data and tracking estimates (bold)

	Jan 20	Feb 20	Mar 20	Apr 20	May 20	Jun 20
Fiji	2.5	-4.9	-52.8	-99.1	-99.0	-99.5
Micronesia	-1.1	-10.3	-57.4	-96.7	-96.1	-97.7
Palau	33.4	-42.6	-69.7	-95.8	-95.8	-97.6
PNG	3.7	-3.5	-53.9	-98.0	-97.7	-98.7
RMI	-2.0	-2.7	-55.2	-98.7	-98.3	-99.0
Samoa	-24.0	-22.0	-62.7	-100.0	-100.0	-100.0
Solomon Islands	6.1	-22.2	-68.4	-98.5	-98.2	-98.9
Tonga	17.7	-23.8	-85.5	-100.0	-100.0	-100.0
Tuvalu	-4.9	-3.9	-54.6	-98.7	-98.2	-99.0
Vanuatu	25.0	13.0	-51.1	-100.0	-100.0	-100.0
Cambodia	-15.3	-35.8	-64.7	-99.1	-97.8	-96.7
India	1.3	-6.6	-66.4	-100.0	-100.0	-96.8
Indonesia	5.9	-30.5	-64.9	-87.4	-86.9	-87.2
Korea	15.2	-43.0	-94.6	-98.2	-97.9	-94.9
Maldives	14.4	-11.1	-63.4	-100.0	-100.0	-100.0
Mongolia	-9.7	-36.6	-68.5	-96.7	-97.0	-98.2
New Zealand	1.7	0.0	-10.0	-99.3	-99.1	-98.6
Philippines	-13.5	-34.0	-69.5	-96.9	-96.9	-98.2
Singapore	4.0	-51.1	-84.7	-100.0	-99.9	-96.8
Sri Lanka	-0.9	-10.8	-56.0	-96.9	-96.4	-97.9
Thailand	2.5	-42.8	-76.4	-100.0	-100.0	-100.0
Timor-Leste	1.0	-16.3	-56.0	-94.8	-93.5	-96.3
Vietnam	32.8	-21.7	-68.1	-98.2	-98.0	-99.2

First signs of reopening—different approaches. The concept of a “travel bubble” allowing intra-regional travel has been under discussion but yet to materialize. Meanwhile, **the Maldives** has reopened to international tourism from all countries on July 15th. There is no mandatory quarantine or record of recent testing. Tourists are only allowed on the resort islands and required to have an entire stay in one registered establishment. **Cambodia** now requires a \$3,000 entry deposit to cover the cost of testing, potential quarantine, and treatment if necessary. The Tourism Authority of **Thailand** recently launched the “Buy Now, Save Later: Thailand” initiative that offers travelers a way to

plan and save money on future trips through the purchase of hotel bonds that increase in value over time. This would generate cash-flow for hotels to meet their ongoing costs for basic maintenance, salaries and utilities. **Fiji** has started a “Blue Lanes” initiative to accommodate tourists arriving by yachts. Travelers would serve their 14-day quarantine period on board their private vessels prior to arrival or docked in Fiji. In **Indonesia**, the Governor of Bali has announced the opening of the borders to international tourists on September 11, 2020.

Countries that remain closed to foreign tourists are looking to promote domestic tourism. In June, **Thailand** announced a large (US\$700 million) package to promote domestic tourism which includes subsidies for travel and accommodation costs and a fund for domestic holiday travel for frontline workers. The national carrier of the **Solomon Islands**, Solomon Airlines, also recently launched their “Helpful Holidays” initiative, partnering with local tourism operators to stimulate domestic travel, offering long weekend escapes up to 50 percent off regular pricing levels. **Japan's** government has launched a domestic travel promotion program (excluding trips from and to Tokyo where infection cases are concentrated) called “Go To Travel” starting July 22 that subsidizes domestic travel, with the government providing up to half of all travel expenses.

METHODOLOGY

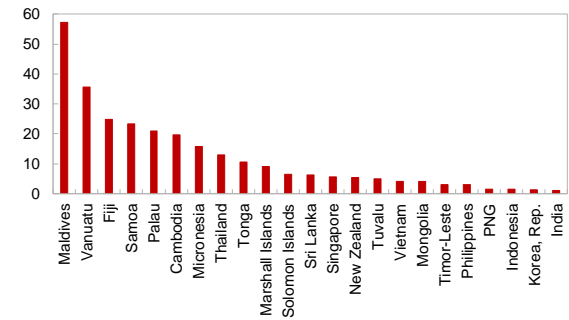
The **Tourism Tracker** provides timely estimates of **monthly visitor arrivals**. The note typically covers visitors by major source markets and destination countries in the Asia & Pacific region with sizeable tourism sectors (Figure A). The intuition behind our approach is that during the COVID-19 pandemic, most countries will see across-the-board reductions in visitor inflows whose magnitudes will vary by source country. For example, if tourists from China reduce travel to Fiji, they are likely to reduce travel to other countries as well.¹

This approach is particularly relevant for countries where **timely data on tourism activity is sparse** (especially when there is a common shock like the COVID-19 pandemic). Apart from Fiji and Samoa with a quick turnaround of about 20 days, most PICs provide visitor data with a significant time lag (Figure B). Data availability for Asian countries varies widely as well, with most countries' data lagging by at least several months.

A key input into our estimations is **data on monthly visitors to Fiji by source country, published about 20 days after the end of the reference month**. The 12-month change in visitor arrivals from each source market is calculated, and then multiplied by the latest available annual composition of visitors by source country. For example, Chinese visitors to Fiji fell by 73 percent in February relative to a year earlier. And Chinese visitors to Palau accounted for 32 percent of total visitors in 2019. Multiplying the two percentages yields the percentage point contribution to the change in visitors to Palau from Chinese visitors. Adding up the contributions across all source countries yields the total 12-month percent change. Occasionally, we make judgmental adjustments to the model-based tracking estimates to incorporate country-specific information.

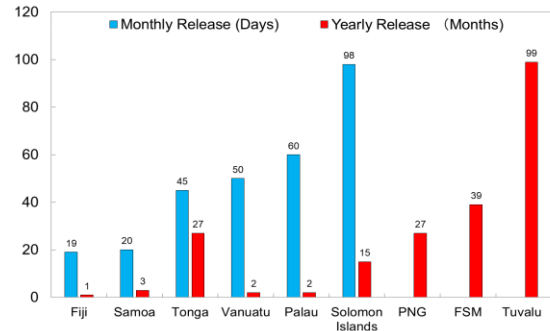
The main assumption behind this approach is that there is a significant common factor driving visitor flows to Asia and Pacific countries. To test this intuition, actual arrival data from Samoa and Thailand are compared with tracking estimates as described above (i.e., using tourist arrival growth in Fiji, weighted by the source country shares of the two countries' visitor arrivals in 2018). The overall trend in official data for Samoa and Thailand aligns quite closely with tracking estimates, with a correlation coefficient of 0.6 and 0.5 for the period from January 2019 to February 2020 (Figures C and D). Moreover, tracking estimates for visitors to Thailand in February, March and April were quite close to official data.

Figure A: Tourism Share of GDP of Asian & Pacific Countries with Largest Tourism Sectors
(in Percent)



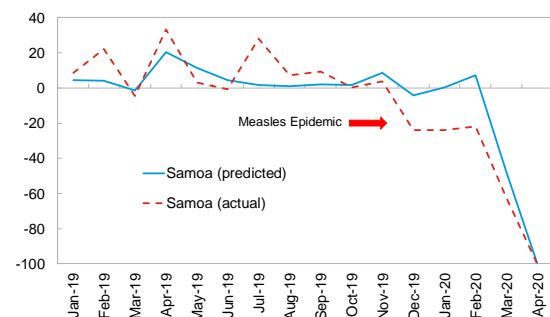
Sources: World Bank, South Pacific Tourism Organization, and IMF staff estimates.

Figure B: Lag in Data Release of Tourist Arrivals



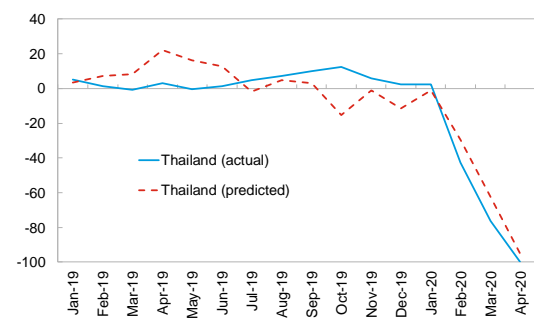
Sources: IMF staff estimates.

Figure C: Samoa - Monthly Visitor Arrivals
(12-month percent change)



Sources: National Sources and IMF Staff Calculations.

Figure D: Thailand - Monthly Visitor Arrivals
(12-month percent change)



Sources: National Sources and IMF Staff Calculations.

¹ Our estimates do not reflect the impact of local travel restrictions or COVID-19 infections on country-specific factors that drive visitor inflows.