TOURISM REMAINED STAGNANT IN AUGUST

- **Foreign visitors to the Asia & Pacific region were down an estimated 97 percent in August from a year earlier.** Cambodia, Korea and Maldives are showing some signs of a gradual upward trend, albeit in small numbers relative to last year (Figure 1). Most countries in the region remained closed to international visitors in August, with plans to reopen slated for some in the coming months. Scheduled airline capacity in the Pacific region rose slightly in June from the low in April but has since remained flat at around a quarter of pre-lockdown levels—in line with continued stringent travel restrictions in the region (Figure 2).

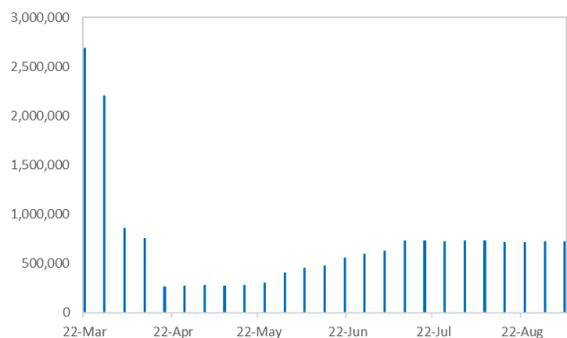- **The Maldives, the first country in the region to have re-opened to foreign tourists, received a limited flow of tourists in August.** Daily visitor data show arrivals rising to 5 percent of August 2019 levels (Figure 3). The United Arab Emirates, United Kingdom and the United States were the main source countries, accounting for 40 percent of arrivals. Starting September 11th, visitors to the Maldives will be required to present a negative PCR test taken within 72 hours of travel. Prior to this, Maldives did not have any quarantine or testing requirements for visitors.

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

	Mar 20	Apr 20	May 20	Jun 20	Jul 20	Aug 20
Asia & Pacific Region	-74	-98	-98	-98	-98	-97
Pacific Island Countries	-56	-99	-99	-100	-99	-99
Fiji	-53	-99	-99	-100	-99	-99
Micronesia	-57	-100	-100	-100	-100	-100
Palau	-70	-100	-100	-100	-100	-100
PNG	-54	-98	-98	-99	-98	-97
RMI	-55	-100	-100	-100	-100	-100
Samoa	-63	-100	-100	-100	-100	-100
Solomon Islands	-68	-100	-100	-100	-100	-100
Tonga	-86	-100	-100	-100	-100	-100
Tuvalu	-55	-99	-98	-99	-98	-97
Vanuatu	-51	-100	-100	-100	-100	-100
Kiribati	-73	-100	-100	-100	-100	-100
Rest of Asia & Pacific	-74	-98	-98	-98	-98	-97
Cambodia	-65	-99	-98	-97	-96	-94
India	-66	-100	-100	-100	-100	-100
Indonesia	-65	-88	-87	-89	-89	-89
Korea	-95	-98	-98	-97	-96	-94
Maldives	-63	-100	-100	-100	-99	-95
Mongolia	-69	-97	-97	-98	-97	-97
New Zealand	-10	-99	-99	-99	-99	-97
Philippines	-69	-97	-97	-98	-98	-98
Singapore	-85	-100	-100	-100	-100	-97
Sri Lanka	-56	-100	-100	-100	-100	-100
Thailand	-76	-100	-100	-100	-100	-100
Timor-Leste	-56	-95	-93	-96	-95	-91
Vietnam	-68	-98	-98	-99	-99	-99

- **Countries with initiatives to attract visitors are witnessing a nascent pickup.** For example, **Singapore** arrivals more than tripled month-on-month to 6,842 visitors in July, up from about 2,711 visitors in June, through "green lane", "fast lane" and other arrangements, though they remain significantly below 2019 levels. In August, **Fiji** established a "Blue lanes" initiative that allows yachts to berth in a Fijian marina port after presenting a negative COVID-19 test and quarantining for at least 14 continuous days at sea. More than 60 yachts and over 100 visitors have taken advantage of the initiative since it opened. Still, total arrivals remain down by about 99 percent in both countries.

Figure 2: Number of weekly seats scheduled in Pacific region, 2020

Source: www.blog.ch-aviation.com

Figure 3: Maldives - Daily Visitor Arrivals
(% of 2019 visitors, 7-day moving average)
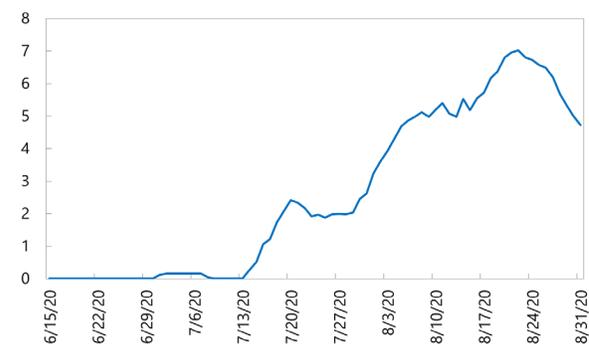
Sources: Maldives Immigration

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 <u>source</u> 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
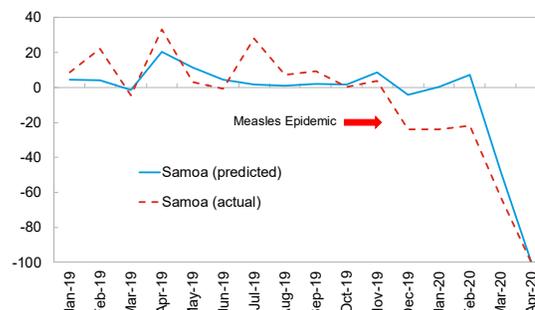(in Percent)
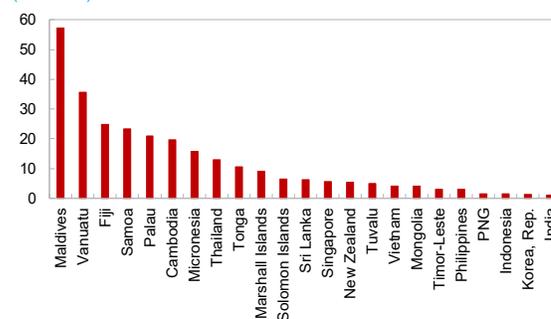
Sources: World Bank, South Pacific Tourism Organization, and IMF staff estimates.

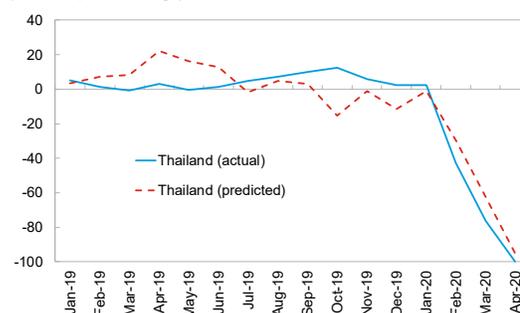**Figure B: Lag in Data Release of Tourist Arrivals**
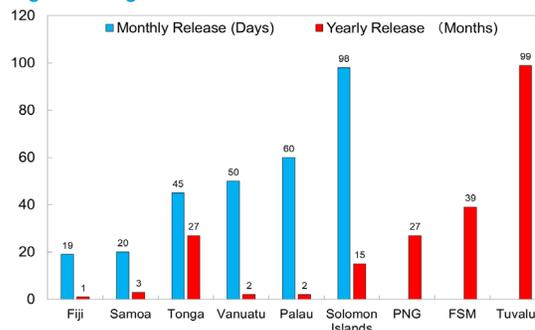
Sources: IMF staff estimates.

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.

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