



## Tourism Recovery Halfway to Pre-Pandemic Levels

International tourism activity in Asia & Pacific continued to recover at a gradual pace in 2022Q4. By end-2022, all 12 Pacific Island countries (PICs) had reopened their borders, with **Tuvalu** the last to reopen in December 2022, and most countries in Asia & Pacific had largely eliminated COVID-related entry requirements. As a result, international tourist arrivals to Asia & Pacific recovered to about half of the 2019Q4 levels in 2022Q4, although tourist arrivals for the whole year stood at a modest 31 percent of 2019 levels (Figure 1). A few countries in the region have emerged as bright spots. While **Maldives** bounced back to pre-pandemic tourism levels early in the recovery phase, tourist inflows to **Fiji** and **India** improved steadily over the course of 2022, and those to **New Zealand** and **Samoa** rebounded more recently.

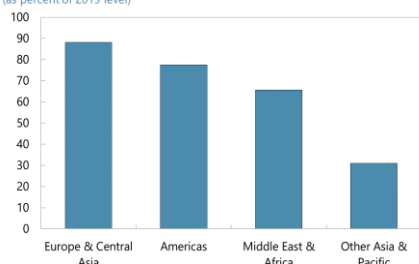
Figure 1: International Visitor Arrivals by Destination Country (percent change from same quarter in 2019; latest available official data. Blanks = insufficient data)

	2020				2021				2022				2022
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	
<b>Asia &amp; Pacific Region</b>	-34	-98	-97	-97	-96	-96	-96	-92	-91	-77	-60	-49	-69
<b>Pacific Island Countries</b>	-23	-99	-99	-99	-98	-99	-99	-93	-82	-53	-38	-26	-51
Fiji	-19	-99	-99	-99	-98	-99	-100	-89	-72	-34	-17	-5	-29
Palau	-31	-100	-99	-100	-99	-98	-88	-92	-94	-87	-87	-94	-91
Samoa	-36	-100	-100	-100	-100	-100	-100	-100	-100	-100	-75	-27	-74
Solomon Islands	-32	-99	-97	-99	-98	-97	-100	-95	-95	-95	-69	-48	-62
Tonga	-41	-100	-100	-100	-100	-100	-100	-100	-96	...	...	...	-97
Tuvalu	-12	-100	-100	-100	-97	-100	-100	-100	-100	-95	...	...	-98
Vanuatu	-2	-100	-100	-100	-100	-100	-100	-100	-100	-100	-90	...	-95
Kiribati	-35	-100	-100	-100	-99	-100	-100	-100	-99	-96	-75	...	-89
<b>Rest of Asia &amp; Pacific</b>	-34	-98	-97	-97	-96	-96	-96	-92	-91	-77	-61	-49	-69
Cambodia	-38	-98	-96	-97	-96	-98	-98	-96	-92	-76	-49	-44	-66
India	-22	-99	-97	-94	-89	-94	-88	-76	-75	-37	-29	-27	-43
Indonesia	-29	-88	-89	-88	-91	-90	-92	-85	-95	-83	-63	-44	-71
Korea	-47	-98	-96	-96	-95	-95	-94	-94	-93	-88	-80	-68	-82
Maldives	-21	-100	-95	-66	-38	-44	-7	0	-11	1	-3	7	-2
New Zealand	-20	-99	-98	-99	-99	-81	-95	-99	-97	-70	-46	-36	-63
Philippines	-37	-100	-98	-98	-99	-99	-98	-97	-91	-66	-60	-51	-67
Singapore	-43	-100	-99	-99	-99	-99	-99	-97	-95	-73	-55	-46	-67
Sri Lanka	-32	-100	-100	-100	-99	-97	-94	-71	-61	-53	-69	-64	-62
Thailand	-38	-100	-100	-100	-100	-100	-100	-97	-95	-82	-63	-47	-72
Vietnam	-18	-99	-99	-99	-99	-99	-99	-99	-98	-87	-70	-65	-79

Note: Data of 2022Q3 ends at July 2022 for Vanuatu.

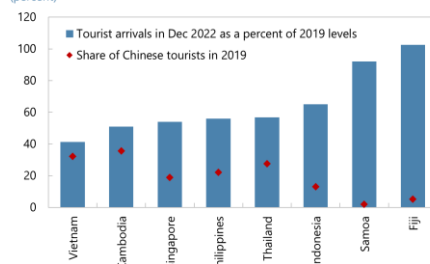
- However, tourism recovery in Asia & Pacific continues to significantly lag behind other regions.** The recovery in tourist arrivals to Asia & Pacific at 31 percent of 2019 levels in 2022 was far below the tourism revival witnessed in other regions of about 66-88 percent of 2019 levels (Figure 2). One of the main reasons for the lagged recovery is the delay in fully reopening borders and relaxing COVID-related entry requirements in many Asia & Pacific countries in 2022. Specifically, ten out of the 12 PICs reopened borders and eased entry requirements only in 2022H2. Moreover, in light of China's zero-COVID policy, many countries in Asia & Pacific with relatively high tourism exposure to **China** witnessed a more gradual tourism recovery compared to countries that are less dependent on tourist inflows from China (Figure 3).
- The speed of tourism recovery in Asia & Pacific in 2023 faces both upside and downside risks.** The reversal of zero-COVID policy and easing of travel restrictions for inbound and outbound tourists in China could boost overall tourist inflows in the Asia & Pacific region in 2023 and make tourism recovery more broad-based. In addition, a continued recovery in the region's tourism capacity, including for international flights, would support rising tourism demand (Figure 4). On the other hand, elevated oil prices and inflation and weaker global growth prospects continue to pose downside risks to tourism activity.

Figure 2: Tourist Arrivals in 2022 (as percent of 2019 level)



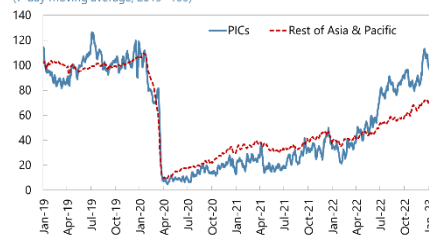
Sources: Haver Analytics and IMF staff calculations.

Figure 3: Tourism Recovery and Exposure to Source Countries (percent)



Sources: Haver Analytics, World Tourism Organization, and IMF staff calculations.

Figure 4: Inbound International Flights to Asia & Pacific<sup>1/</sup> (7-day moving average, 2019=100)



1/ Pacific Island Countries (PICs) includes: Fiji, Micronesia, Palau, Marshall Islands, Samoa, Solomon Islands, Tonga, Tuvalu, Vanuatu, Kiribati. Other Asia includes: India, Philippines, Maldives, Cambodia, Thailand, Sri Lanka, Singapore, New Zealand, South Korea, Indonesia. Sources: FlightRadar24 and IMF Staff calculations.