JULY DATA – NO SURPRISES

▪ **Foreign visitors to the Asia & Pacific region were down an estimated 97 percent in July from a year earlier.** Most countries in the region remained closed to international visitors in July, with plans to reopen slated for the coming months in many countries. Newly released data for the prior months confirm that there were minimal foreign visitors across countries in the region. Indonesia continued to record somewhat larger numbers for visitor arrivals in June, down 89 percent from a year earlier and mainly reflecting arrivals from neighboring countries.

▪ **The Maldives is the first country in the region to have re-opened to foreign tourists, resulting in a small recovery in visitor numbers since mid-July.** Daily visitor data show arrivals rising to about 5 percent of last year's level in mid-August, with the main source countries being the United Arab Emirates, United Kingdom and the United States. According to news reports, the Maldives plans to open 94 percent of its resorts by the end of October.

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

	Feb 20	Mar 20	Apr 20	May 20	Jun 20	Jul 20
Fiji	-4.9	-52.8	-99.1	-99.0	-99.5	-99.3
Micronesia	**-10.3**	**-57.4**	**-96.7**	**-96.1**	**-97.7**	**-96.8**
Palau	-42.6	-69.7	-100.0	-100.0	-100.0	-100.0
PNG	**-3.5**	**-53.9**	**-98.0**	**-97.7**	**-98.7**	**-98.1**
RMI	**-2.7**	**-55.2**	**-98.7**	**-98.3**	**-99.0**	**-98.4**
Samoa	-22.0	-62.7	-100.0	-100.0	-100.0	-100.0
Solomon Islands	-22.2	-68.4	-100.0	-100.0	-100.0	-100.0
Tonga	-23.8	-85.5	-100.0	-100.0	-100.0	-100.0
Tuvalu	**-3.9**	**-54.6**	**-98.7**	**-98.2**	**-99.0**	**-98.4**
Vanuatu	13.0	-51.1	-100.0	-100.0	-100.0	-100.0
Cambodia	-35.8	-64.7	-99.1	-97.8	-97.3	-96.8
India	-6.6	-66.4	-100.0	-100.0	-100.0	**-100.0**
Indonesia	-30.5	-64.9	-87.5	-86.9	-89.0	**-89.2**
Korea	-43.0	-94.6	-98.2	-97.9	-97.5	**-97.1**
Maldives	-11.1	-63.4	-100.0	-100.0	-100.0	-98.7
Mongolia	**-36.6**	**-68.5**	**-96.7**	**-97.0**	**-98.2**	**-97.3**
New Zealand	0.0	-10.0	-99.3	-99.1	-98.6	-98.1
Philippines	**-34.0**	**-69.5**	**-96.9**	**-96.9**	**-98.2**	**-98.1**
Singapore	-51.1	-84.7	-100.0	-99.9	-99.9	**-96.9**
Sri Lanka	-10.8	-56.0	-100.0	-100.0	-100.0	-100.0
Thailand	-42.8	-76.4	-100.0	-100.0	-100.0	**-100.0**
Timor-Leste	**-16.3**	**-56.0**	**-94.8**	**-93.5**	**-96.3**	**-94.9**
Vietnam	-21.7	-68.1	-98.2	-98.0	-99.3	-98.9

▪ **Countries in the region continue to face new outbreaks so predicting the recovery is challenging.** For example, Vietnam, Korea and New Zealand controlled the spread early on in the pandemic but are now all dealing with new localized outbreaks. Data on flight search interest for Korea suggest that confidence in international travel remains limited and willingness to travel domestically has fluctuated widely in recent months, likely reflecting the responsiveness of travel interest to local outbreaks (Figure 3).
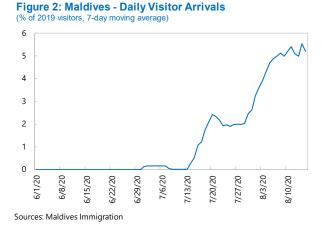
Figure 2: Maldives - Daily Visitor Arrivals
(% of 2019 visitors, 7-day moving average)

Sources: Maldives Immigration

Figure 3: Korea - Daily Number of Flight Searches
(% change from a year earlier)

Source: www.kayak.com.

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.
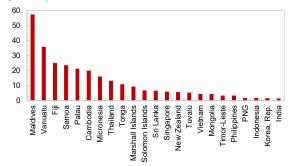
A key input into our estimations is data on monthly visitors to Fiji by source country, published about 20 days after the end of the reference month. The 12-month change in visitor arrivals from each source market is calculated, and then multiplied by the latest available annual composition of visitors 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.

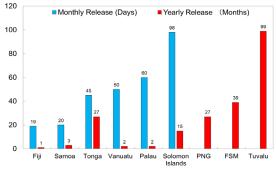**The main assumption behind this approach is that there is a significant common factor driving visitor flows to Asia and Pacific countries.** To test this intuition, actual arrival data from Samoa and Thailand are compared with tracking estimates as described above (i.e., using tourist arrival growth 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
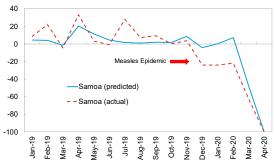(in Percent)

Sources: World Bank, South Pacific Tourism Organization, and IMF staff estimates.
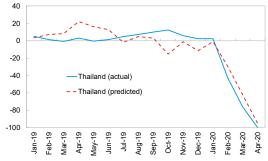
Figure B: Lag in Data Release of Tourist Arrivals

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.