Tourism Tracker: Pacific Islands Edition

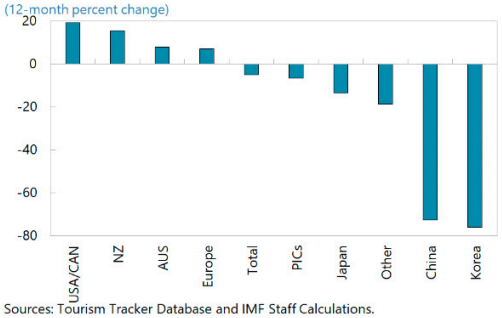
March 26, 2020 Issue 1

Highlights

- **We estimate that foreign visitors to the Pacific Island region declined 4.5 percent YoY in February 2020**, mainly driven by reduced travel from Asian countries that were initially at the center of the COVID-19 pandemic.
- **Visitors from China and Korea are estimated to have slumped by 73 and 76 percent YoY, respectively (Figure 1).** Japanese visitors fell by 13 percent YoY. The sharp drop in visitors from Asian countries was partially offset by robust visitor flows from the US/Canada (+19 percent), New Zealand (+15 percent), and Australia (+8 percent).
- **The PICs with the sharpest estimated reductions in foreign visitors are Palau, Samoa, and Micronesia (Figure 2).** By contrast, Tonga and Vanuatu appear to have been relatively less affected, likely reflecting the lack of direct flights from China and Korea .

Figure 1: February 2020 - Estimated PIC Visitors by Source Country

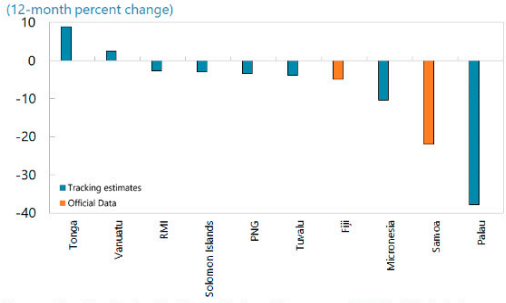
(12-month percent change)



Sources: Tourism Tracker Database and IMF Staff Calculations.

Figure 2: February 2020 - Foreign Visitors by Destination Country

(12-month percent change)



Sources: Tourism Tracker Database, National Sources and IMF Staff Calculations.

Figure 3: Heat map - Visitor arrivals by destination country (12-month percent change)

Latest available official data (bold) and tracking estimates

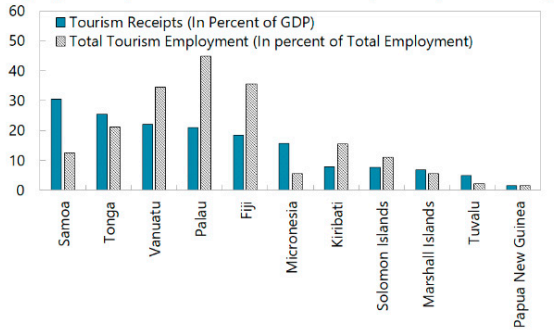
	Aug 19	Sep 19	Oct 19	Nov 19	Dec 19	Jan 20	Feb 20
Fiji	**0.2**	**-0.1**	**-2.0**	**6.4**	**-4.3**	**2.5**	**-4.9**
Micronesia	4.1	7.9	-4.7	9.0	-6.1	-1.1	-10.3
Palau	**-23.0**	**-4.6**	**-0.4**	**35.2**	**32.5**	**33.4**	-37.9
PNG	-0.9	-0.8	-5.1	6.2	-3.4	3.7	-3.5
RMI	1.6	9.4	2.6	11.7	-6.7	-2.0	-2.7
Samoa	**7.2**	**9.2**	**0.1**	**3.7**	**-24.1**	**-24.0**	**-22.0**
Solomon Islands	**7.4**	**1.2**	-2.1	8.2	-4.9	1.5	-3.0
Tonga	2.0	3.2	0.9	8.3	-4.7	0.1	8.9
Tuvalu	0.0	3.2	-3.0	11.6	-7.3	-4.9	-3.9
Vanuatu	**36.8**	**2.4**	**4.5**	**9.0**	**19.2**	3.0	2.5

Prepared by Robin Koepke, Vybhavi Balasundharam, and Yun He (Asia & Pacific Department). Estimates presented in this note may be different from actual data for a variety of reasons, as discussed below. Suggestions on the methodology and data sources are welcome. To receive future editions, please email rkoepke@imf.org.

Methodology:

The Tourism Tracker provides timely estimates of monthly visitor arrivals by source and destination country. This first edition of the Tracker focuses on Pacific Island Countries, many of which are highly dependent on tourism revenue (Figure 4). The intuition behind our approach is that during the COVID-19 pandemic, most PICs will see across-the-board reductions in visitor inflows whose magnitudes will vary by source country. For example, Chinese visitors to PICs in February are likely to have dropped more sharply than European visitors, reflecting the progression of the COVID-19 pandemic.[1]

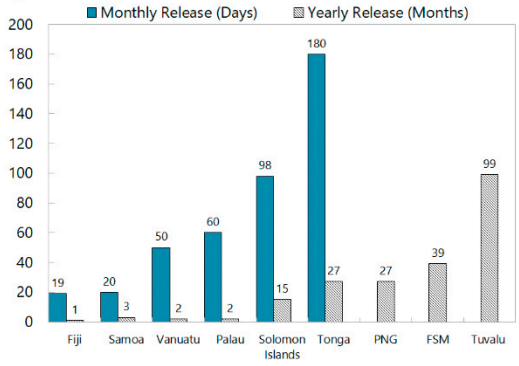
Figure 4: Small States - Tourism Receipts and Tourism Employment (Latest available estimates, mostly 2018 data)



Sources: NTOs, NSOs, and SPTO.

Our 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). Most PICs provide visitor data with a significant time lag (Figure 5). Among PICs with monthly data releases, Fiji and Samoa have the quickest turnaround of about 20 days. The Solomon Islands' data are released after about 100 days, while Tonga's latest available data is for December 2018. Most other PICs only have annual visitor data with very long release lags.

Figure 5: Lag in Data Release of Tourist Arrivals

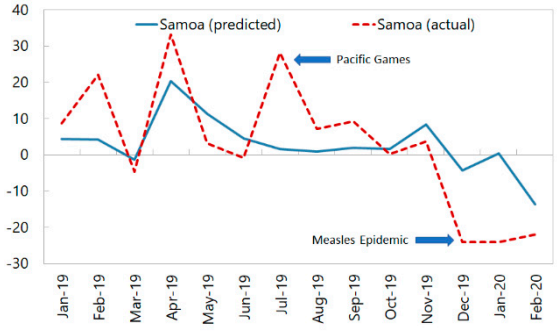


Sources: IMF staff estimates.

We use timely data on monthly visitors to Fiji by source country, published about 20 days after the end of the reference month. We calculate the 12-month change in visitor arrivals from each source market. We then multiply the respective percent changes by the latest available annual composition of visitors to PICs by source country. For example, Chinese visitors to Fiji fell by 73 percent in February relative to a year earlier. Chinese visitors to Palau accounted for 32 percent of total visitors in 2019. By multiplying the two percentages, we estimate 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.

The main assumption behind our approach is that there is a significant common factor driving visitor flows to PICs. For example, if tourists from China reduce travel to Fiji, they are likely to reduce travel to other PICs as well. To confirm this intuition, we compare actual arrival data from Samoa in 2019 with the estimates using tourist arrival growth in Fiji, weighted by the source country shares of Samoan arrivals in 2018 (Figure 6). The overall trend in official data aligns quite closely with our estimates, with a correlation coefficient of 0.6 for 2019. This correlation is quite high considering that there was no large common shock during this period but two idiosyncratic shocks, namely Samoa's hosting of the Pacific Games in July 2019 and its measles epidemic starting in December 2019.

Figure 6: Samoa - Monthly Visitor Arrivals
(12-month percentange 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 visitor inflows.