



Delta Delays Tourism Reopening

- **Efforts to revive tourism in the Asia & Pacific region have been undermined by outbreaks of the COVID-19 Delta variant.** Visitor arrivals were down by an estimated 96 percent in 2021Q2 from pre-pandemic levels (Figure 1), with partial data for Q3 pointing to a similar outcome. Most Pacific Island Countries kept their borders closed, and Fiji suffered its first severe COVID-19 outbreak. Several Asian tourism hubs have also battled Delta outbreaks in recent months, including the Maldives, Thailand, and Indonesia.

- **The resurgence of infections prompted renewed restrictions and disrupted nascent travel bubbles in the region (Figure 2).** Palau's travel bubble with Taiwan Province of China (started on April 1) was suspended on May 19 and resumed on August 14. The Trans-Tasman travel bubble between Australia and New Zealand (started on April 19) was suspended on July 23 as Australia's outbreak worsened. New Zealand has extended the suspension of the tourism bubble with Australia, which had been due expire on September 23, for an additional eight weeks. Moreover, the Hong Kong SAR-Singapore bubble was discontinued on August 19.

- **Vaccination rates in the Asia-Pacific region have increased rapidly, raising hopes for a resumption of tourism in the coming months (Figure 3).** Several tourism hubs in the region have recently announced their intentions for a gradual relaxation of travel restrictions. For example, Thailand plans to allow fully vaccinated foreign visitors to travel to Bangkok starting October 15. Moreover, Fijian authorities indicated they are considering a gradual re-opening to foreign visitors as soon as November, with safety protocols including a vaccination requirement and a negative COVID-19 test.

Figure 1: Visitor arrivals by destination country
(% change from same quarter in 2019; latest available official data and tracking estimates (bold). Blanks = insufficient data.

	2020				2021	
	Q1	Q2	Q3	Q4	Q1	Q2
Asia & Pacific Region	-34	-98	-98	-97	-97	-96
Pacific Island Countries:	-23	-99	-99	-99	-98	-99
Fiji	-19	-99	-99	-99	-98	-99
Micronesia	-24	-97	-95	-95	-94	-98
Palau	-31	-100	-99	-100	-99	-98
RMI	-21	-99	-99	-100	-97	-98
Samoa	-36	-100	-100	-100	-100	-100
Solomon Islands	-36	-99	-97	-99	-95	-99
Tonga	-41	-100	-100	-100	-98	-99
Tuvalu	-12	-100	-100	-100	-97	-98
Vanuatu	-2	-100	-100	-100	-100	-99
Kiribati	-35	-100	-100	-100	-100	-100
Rest of Asia & Pacific	-34	-98	-98	-97	-97	-96
Cambodia	-38	-98	-96	-97	-96	-98
India	-23	-100	-100	-100	-96	...
Indonesia	-30	-88	-89	-88	-90	-90
Korea	-47	-98	-96	-96	-95	-95
Maldives	-21	-100	-95	-66	-38	-44
New Zealand	-20	-99	-98	-99	-99	-81
Philippines	-37	-100	-98	-98	-99	...
Singapore	-43	-100	-99	-99	-99	-99
Sri Lanka	-32	-100	-100	-100	-99	-97
Thailand	-38	-100	-100	-100	-100	-100

Figure 2: International travel controls ^{1/}

(Index, 0=no measures, 1=screening, 2=quarantine arrivals from high risk regions, 3=Ban on high risk regions, 4=total border closure)

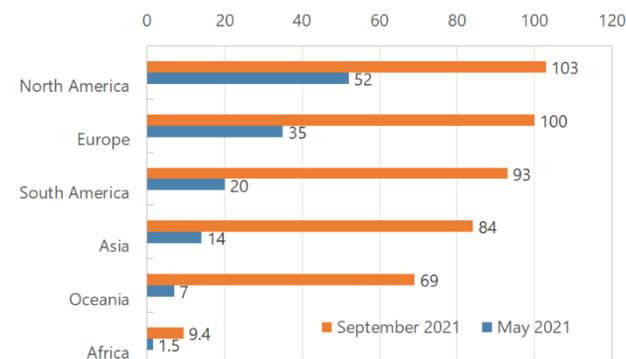


Sources: Our World in Data

1/ PICs include Fiji, Kiribati, PNG, Solomon Islands, Tonga and Vanuatu. Asia includes Cambodia, India, Indonesia, New Zealand, Philippines, Singapore, South Korea, and Thailand.

Figure 3: Vaccination rates by continent

(Doses administered per 100 people)



Source: New York Times

METHODOLOGY

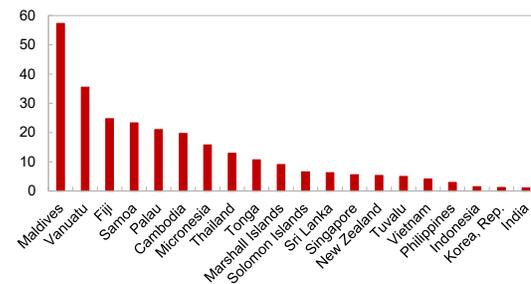
The **Tourism Tracker** provides **timely estimates of international visitor arrivals**. The note typically covers visitors by major source markets and destination countries in the Asia & Pacific region with sizeable tourism sectors (Figure A). The intuition behind our approach is that during the COVID-19 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.

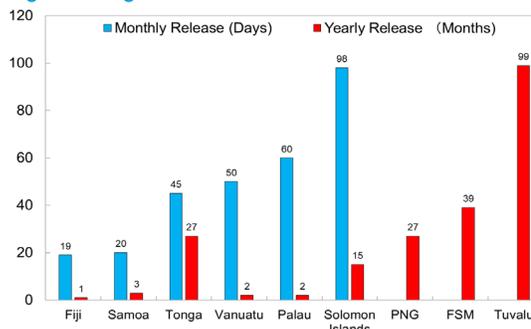
The main assumption behind this approach is that **there is a significant common factor driving visitor flows to Asia and Pacific countries**. To test this intuition, actual arrival data from Samoa and Thailand are compared with tracking estimates as described above (i.e., using tourist arrival growth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



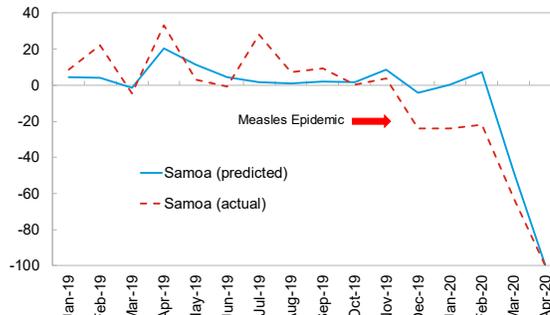
Sources: World Bank, South Pacific Tourism Organization, and IMF staff estimates.

Figure B: Lag in Data Release of Tourist Arrivals



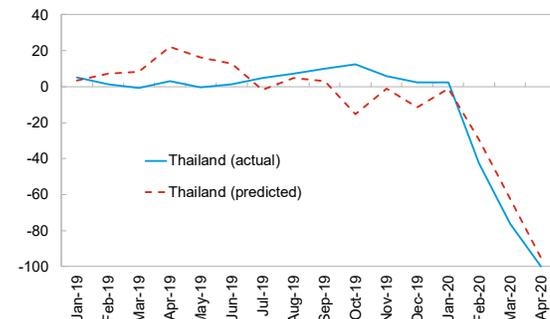
Sources: IMF staff estimates.

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.