Tourism Recovery Continued at a Gradual Pace in 2022Q3

- International tourist arrivals in the Asia & Pacific region continued to rebound in 2022Q3. The recovery momentum in international tourism activity observed in Q2 across a number of countries extended into Q3 as the region emerged from the pandemic (Figure 1). Maldives and Fiji remained a bright spot in the region. International flight arrivals continued to increase towards the pre-pandemic levels, while travel restrictions were eased further (Figure 2). An additional nine countries in the Pacific Islands reopened borders in Q3,1 helping countries like Samoa witness a steady recovery in tourist inflows. Many countries in Asia & Pacific also removed COVID testing requirements for vaccinated tourists. New Zealand, Cambodia, Thailand, and India are among the countries that have removed all COVID-related requirements, with their travel restrictions indices back to the pre-pandemic levels.

- Even with a promising start, tourism recovery in the region is still in its nascent stages. Tourism recovery in Asia & Pacific significantly lags behind that in other regions. Compared to the same period in 2019, tourist arrivals recovered by 26 percent by 2022Q3, a modest recovery compared to the 65-86 percent recovery witnessed in other regions (Figure 3). Stringent COVID policies in Asia & Pacific resulting in delayed border reopening and removal of travel restrictions is one of the main reasons for this divergence. In addition, high exposure to China as a key tourism source market implies that strict COVID policies in China might have posed challenges for tourism recovery in many Asian countries (Figure 4).

- International tourism activity across Asia & Pacific is expected to continue recovering, albeit with uncertainty. The strong tourism recovery in countries from other regions that reopened borders and eased travel restrictions early on suggest high potential for Asia & Pacific to catch up in the coming months. Meanwhile, downside risks include a slowdown in global growth, elevated global fuel prices, and COVID situation in China. Accordingly, efforts to diversify tourism source markets as well as develop high-end tourism products that are less responsive to price changes could help strengthen tourism resilience and achieve a full tourism recovery.

1 11 out of 12 Pacific Island countries have reopened borders as of September 2022, with Tuvalu the only exception.

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