

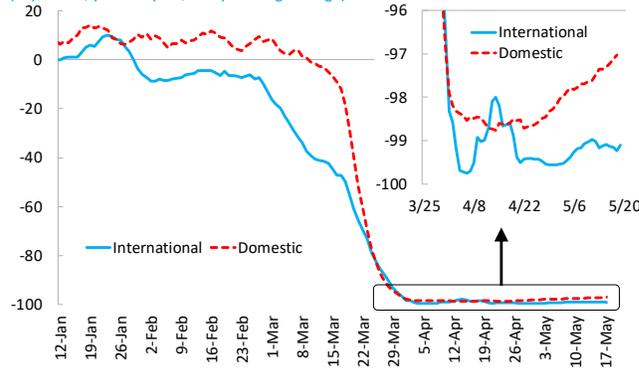


TOURISM DISAPPEARED IN APRIL

Foreign visitors to the Asia and Pacific region fell by an estimated 96 percent YoY in April 2020, with a similar outcome expected for May. April was the first full month when many countries had tight travel restrictions in place. The near-elimination of tourism likely continued in May as most travel restrictions have remained active. Daily data for international passenger arrivals in Hawaii illustrate the sharp fall in tourism from the COVID-19 pandemic starting in late February, with no recovery in international travel in April and the first three weeks of May (Figure 1).

Figure 1: 2020 Hawaii Daily Passenger Counts

(In percent, year-on-year; 7-day moving average)



Source: State of Hawaii Department of Business, Economic Development & Tourism

In April, the estimated number of visitors to the Asia and Pacific region slumped across all major source markets. Virtually no visitors arrived from Australia, New Zealand, or Japan—normally key source countries. Amid closed airports in many countries, the very small number or recorded arrivals came mainly by sea (including seamen on fishing vessels). Visitors to the countries in our sample are estimated to have plummeted by about 95 to 99 percent YoY across the board, despite variations in the timing and strictness of travel restrictions in destination countries (Figures 2 and 3).

Looking at May, Hawaii’s daily data suggest that international travel will be slower to pick up than domestic travel. Passenger counts from within the U.S. have shown signs of bottoming out in recent weeks, but this is not the case yet for international visitors. This is consistent with the experience of March, when international visitor numbers were more sensitive to the worsening pandemic than domestic visitors.

Cambodia case study: Cambodia is one of the few Asian countries that has not completely shut down its international airports. Despite this relative leniency, foreign arrivals fell by 38 percent in Q1 2020, suggesting that inward travel restrictions are only one of several drivers behind reduced visitor numbers. Arrivals from China fell by 62 percent whereas those from Thailand rose by 56 percent over the same period. The spike in arrivals from Thailand prior to its shutdown of airports suggests that domestic and intra-regional travel may rebound faster than inter-regional tourism, in line with experience after the 2003 SARS outbreak.

Figure 2: Visitor arrivals by destination country (12-month % change)

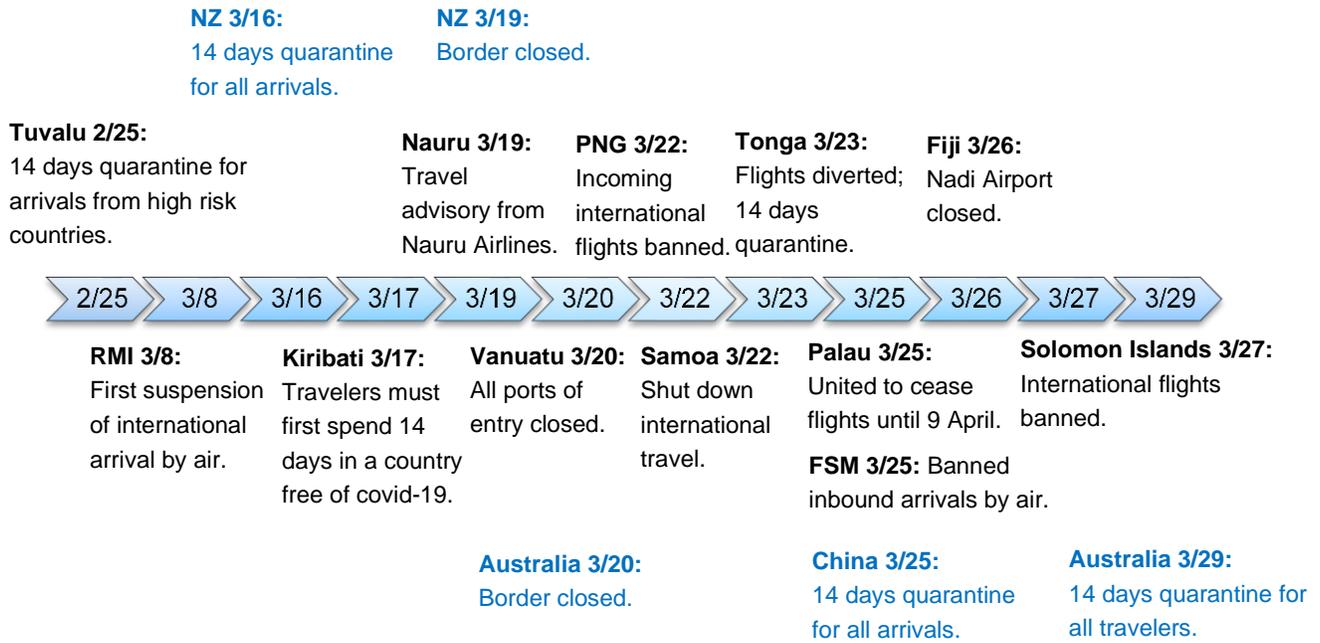
Latest available official data and tracking estimates (bold)

	Jan 20	Feb 20	Mar 20	Apr 20
Fiji	2.5	-4.9	-52.8	-99.1
Micronesia	-1.1	-10.3	-57.4	-96.7
Palau	33.4	-42.6	-69.7	-95.8
PNG	3.7	-3.5	-53.9	-98.0
RMI	-2.0	-2.7	-55.2	-98.7
Samoa	-24.0	-22.0	-62.7	-99.5
Solomon Islands	1.5	-3.0	-53.7	-98.5
Tonga	17.7	-23.8	-48.5	-99.5
Tuvalu	-4.9	-3.9	-54.6	-98.7
Vanuatu	25.0	13.0	-51.1	-99.5

	Jan 20	Feb 20	Mar 20	Apr 20
Cambodia	-0.1	-33.0	-64.7	-94.7
India	1.3	-6.6	-66.4	-95.6
Indonesia	-0.9	-18.9	-64.9	-95.9
Korea	15.2	-43.0	-94.6	-95.1
Maldives	14.4	-11.1	-63.4	-97.1
Mongolia	-9.7	-36.6	-68.5	-96.7
New Zealand	1.7	0.0	-56.1	-97.1
Philippines	-13.5	-34.0	-69.5	-96.9
Singapore	-1.2	-24.9	-60.7	-95.1
Sri Lanka	-0.9	-10.8	-56.0	-96.9
Thailand	2.5	-42.8	-76.4	-95.0
Timor-Leste	1.0	-16.3	-56.0	-94.8
Vietnam	-15.2	-52.5	-76.1	-96.2

Prepared by Robin Koepke and Vybhavi Balasundharam, with research support from Yun He and Pule Sukanaivalu (all 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. Previous editions are available at <https://www.imf.org/en/Countries/ResRep/PIS-Region>. To receive future editions when released, please email koepke@IMF.org.

Figure 3: Timeline of Travel Restrictions Affecting Pacific Island Countries



METHODOLOGY

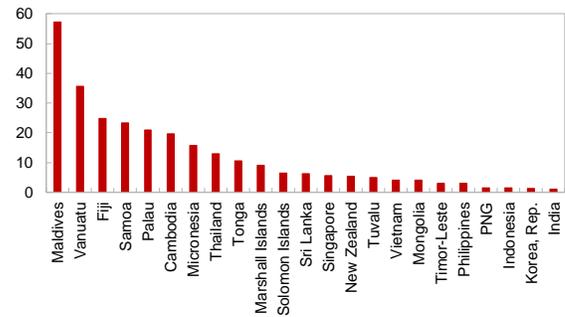
The **Tourism Tracker** provides timely estimates of **monthly visitor arrivals**. The note typically covers visitors by major source markets and destination countries in the Asia & Pacific region with sizeable tourism sectors (Figure A). The intuition behind our approach is that during the COVID-19 pandemic, most countries will see across-the-board reductions in visitor inflows whose magnitudes will vary by 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 to PICs 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.

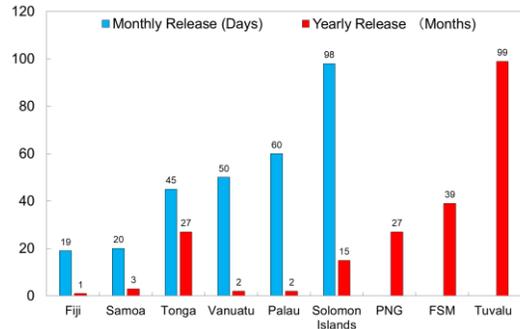
The main assumption behind this approach is that there is a significant common factor driving visitor flows to PICs. To test this intuition, actual arrival data from Samoa and Thailand are compared with tracking estimates as described above (i.e., using tourist arrival growth in Fiji, weighted by the 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 and March were quite close to official data.

Figure A: Tourism Share of GDP of Asian & Pacific Countries with Largest Tourism Sectors
(in Percent)



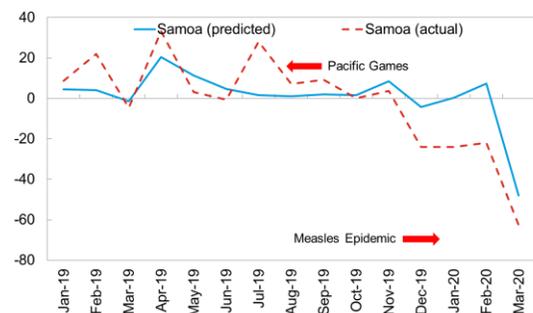
Sources: World Bank, South Pacific Tourism Organization, and IMF staff estimates.

Figure B: Lag in Data Release of Tourist Arrivals



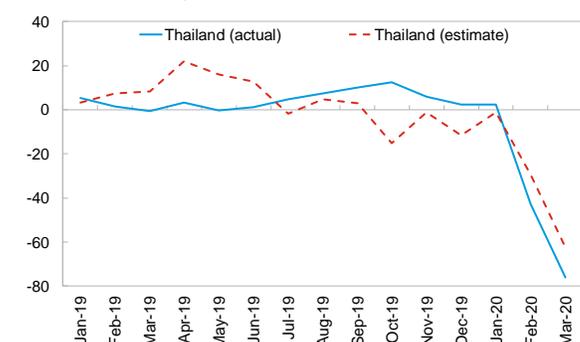
Sources: IMF staff estimates.

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.

¹ Our estimates do not reflect the impact of local travel restrictions or COVID-19 infections on country-specific factors that drive visitor inflows.