# TOURISM HIT HARD IN MARCH

- **Foreign visitors to the Pacific Island region fell by an estimated 53 percent YoY in March 2020 and 19 percent YoY in 2020Q1.**

- **In March, the estimated number of visitors slumped across the major source markets (Figure 1),** with the sharpest drops estimated for visitors from Korea (-95 percent), China (-76 percent) and Japan (-69 percent). Visitors from New Zealand fell the least but were still down 42 percent YoY.

- **Estimated Q1 visitor declines in Pacific Island Countries ranged from as low as 5 percent YoY in Vanuatu to as high as 31 percent YoY in Samoa.**

Figure 1: March 2020 Estimated Visitors by Source Country (12-month percent change)
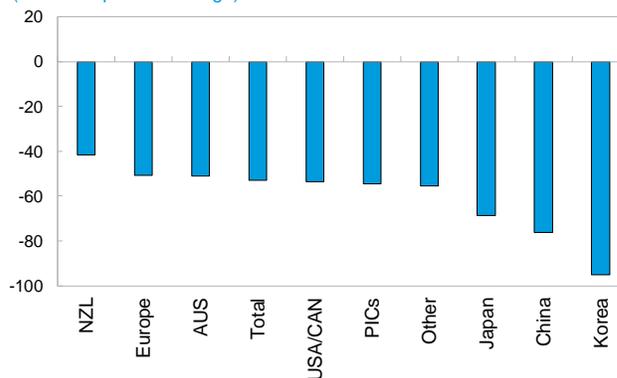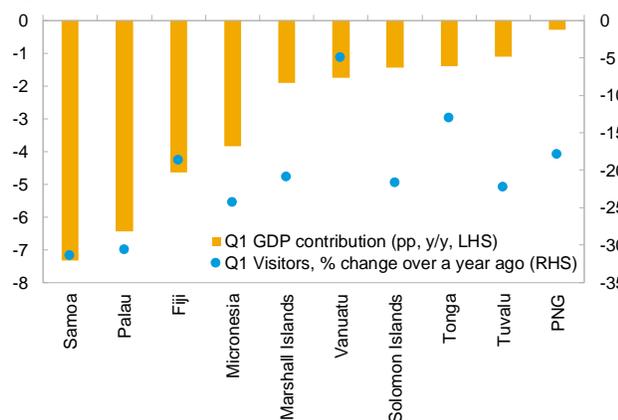
Sources: IMF staff estimates.

Taking into account the size of countries' tourism sectors, the most affected PICs were Samoa, Palau and Fiji, with estimated YoY GDP contributions between -4.6 and -7.3 percentage points (Figure 2).

The Tourism Tracker has been expanded to include estimates for Asian countries with sizeable tourism sectors (>1 percent of GDP). The drag on Q1 GDP from tourism sectors in Asian economies is estimated to have been most severe in the Maldives (-11.9 pp), Cambodia (-6.3 pp) and Thailand (-4.9 pp), reflecting their large tourism sectors (Figure 3). The Q1 GDP impact was cushioned by relatively benign conditions early this year, before the sharp retrenchment in foreign visitors in February and especially March (Figure 4).

The fall in tourism from COVID-19 pandemic is already larger than during global financial crisis of 2008-09. In 2009, visitor arrivals fell by 5.5 percent in PICs, followed by a rebound of 10.6 percent in 2010. The worst affected country amongst PICs was Fiji, where flooding in January 2009 exacerbated the losses. The worst quarterly decline during the GFC was observed in 2009Q1, when international visitor arrivals fell by 17 percent YoY, in part due to Fiji's flooding.

Figure 2: PIC Tourism Estimates for 2020Q1

Sources: IMF staff estimates.

Figure 3: Asia Tourism Estimates for 2020Q1
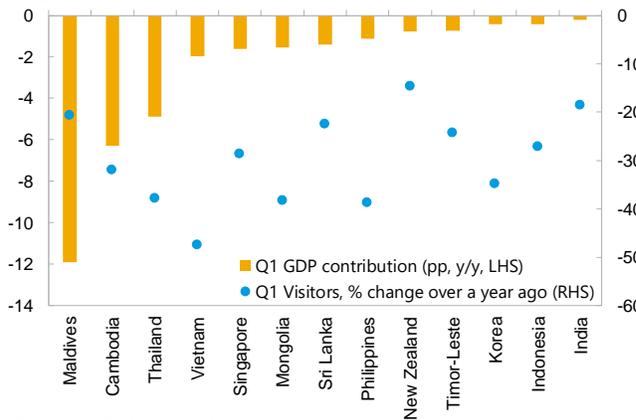
Sources: IMF staff estimates.

Figure 4: Visitor arrivals by destination country (12-month % change)
Latest available official data and tracking estimates (bold)

|	Sep 19	Oct 19	Nov 19	Dec 19	Jan 20	Feb 20	Mar 20
Fiji	-0.1	-2.0	6.4	-4.3	2.5	-4.9	-52.8
Micronesia	**7.9**	**-4.7**	**9.0**	**-6.1**	**-1.1**	**-10.3**	**-57.4**
Palau	-4.6	-0.4	35.2	32.5	33.4	-42.6	-69.7
PNG	**-0.8**	**-5.1**	**6.2**	**-3.4**	**3.7**	**-3.5**	**-53.9**
RMI	**9.4**	**2.6**	**11.7**	**-6.7**	**-2.0**	**-2.7**	**-55.2**
Samoa	9.2	0.1	3.7	-24.1	-24.0	-22.0	-48.1
Solomon Islands	1.2	**-2.1**	8.2	-4.9	1.5	-3.0	-53.7
Tonga	**3.2**	**0.9**	**8.3**	**-4.7**	**0.1**	**8.9**	**-48.5**
Tuvalu	**3.2**	**-3.0**	**11.6**	**-7.3**	**-4.9**	**-3.9**	**-54.6**
Vanuatu	2.4	4.5	9.0	19.2	25.0	**2.5**	**-51.8**
Cambodia	6.5	6.3	-2.4	-5.6	**-0.1**	**-33.0**	**-63.6**
India	4.3	6.1	7.8	2.8	1.3	-6.6	**-54.7**
Indonesia	2.1	4.9	10.7	-2.0	-0.9	**-18.9**	**-58.6**
Korea	14.2	8.4	7.9	10.0	15.2	-43.0	**-64.5**
Maldives	9.3	11.4	9.8	13.6	14.4	-11.1	-63.4
Mongolia	**3.9**	**-24.8**	**-14.6**	**-23.4**	**-9.7**	**-36.6**	**-68.5**
New Zealand	0.4	0.1	5.3	11.6	1.7	0.0	**-56.1**
Philippines	17.1	21.9	21.3	12.1	-13.5	-34.0	**-69.5**
Singapore	**3.3**	**-13.2**	**1.8**	**-8.9**	**-1.2**	**-24.9**	**-60.7**
Sri Lanka	**1.2**	**-10.5**	**-1.7**	**-12.5**	**-0.9**	**-10.8**	**-56.0**
Thailand	10.1	12.5	5.9	2.5	2.5	-42.8	**-76.1**
Timor-Leste	**3.8**	**-8.5**	**6.2**	**-3.3**	**1.0**	**-16.3**	**-56.0**
Vietnam	**7.9**	**-32.2**	**-20.1**	**-27.3**	**-15.2**	**-52.5**	**-76.1**

METHODOLOGY

The Tourism Tracker provides timely estimates of monthly visitor arrivals by source and destination country. In this second edition, estimates are provided for PICs and Asian countries 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 underlined 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
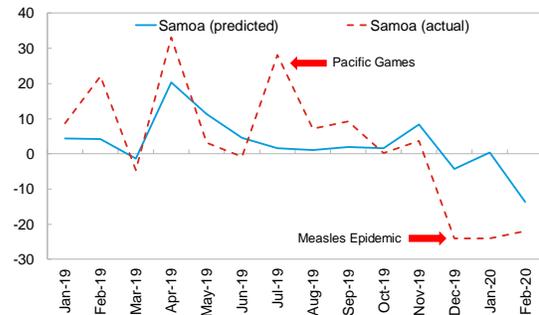(in Percent)
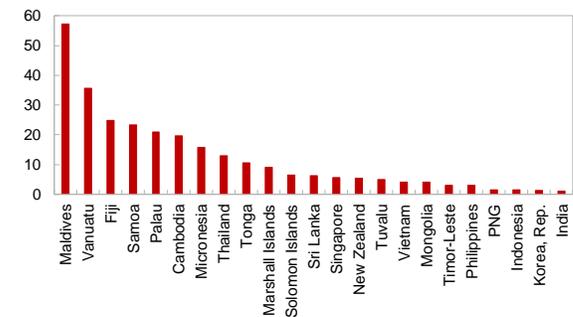
Sources: World Bank, South Pacific Tourism Organization, and IMF staff estimates.

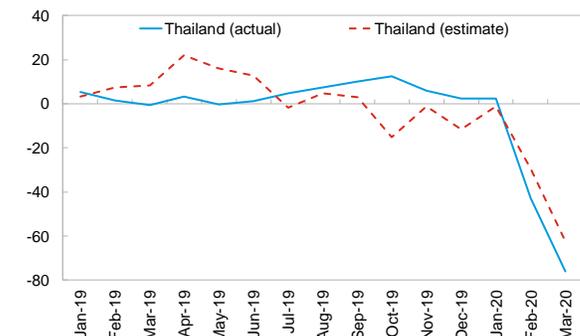**Figure B: Lag in Data Release of Tourist Arrivals**
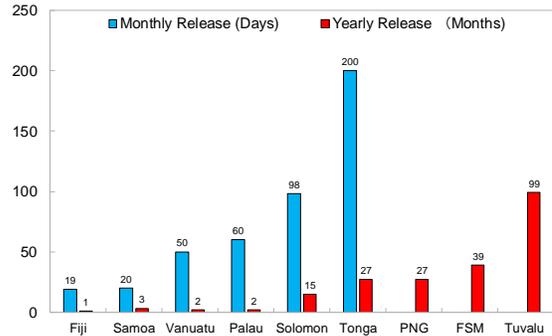
Sources: IMF staff estimates.

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.

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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.