Can the Asia-Pacific tourism industry recover after COVID-19?

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Global Economics

Can the Asia-Pacific tourism industry recover after COVID-19?

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The COVID-19 virus pandemic continues to severely restrict international travel within the Asia-Pacific region, with the tourism industry continuing to suffer as a result. Travel bubbles created by Asia-Pacific nations to provide safe venues for international travel have largely failed because of new waves of COVID-19 infections, and domestic tourism can cause the virus to spread within a country. The outlook for the tourism industry is very negative in the near term, but given supportive policies and pent-up demand, it is likely to rebound once the pandemic recedes.

Key findings

- The Asia-Pacific tourism sector is suffering severely from the prolonged COVID-19 virus pandemic, but creative solutions have provided interim measures to keep businesses afloat. Travel bubbles, "sandbox" schemes, very favourable deals, and expanding into different markets are all strategies that governments and companies have utilised to help the industry survive.

- Thailand is in a uniquely adverse position because the tourism industry contributes 20% to its GDP. However, its response to this issue has been the most robust, with the Phuket sandbox scheme and similar policies. Tourism (domestic and international) accounts for more than 10% of GDP in Malaysia, the Philippines, mainland China, India, and South Korea.

- Policies to boost domestic tourism have been successful in supporting the beleaguered tourism industry in many Asia-Pacific economies, albeit buffeted by waves of the Delta variant of the COVID-19 virus. In Adelaide, Australia, hotels reached pre-pandemic occupancy levels thanks to the tourism voucher scheme before another round of lockdowns. However, Japan's domestic tourism push was indefinitely suspended after developing a reputation as the source of COVID-19 virus spread within the country.

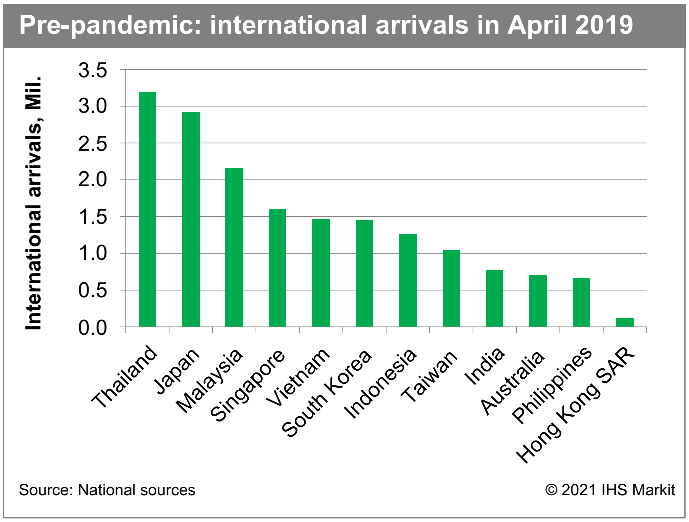
- The Asia-Pacific tourism industry is still betting on recovery in the wealthy tourist markets, with luxury hotels opening in 2021 in Japan, Singapore, South Korea, and Vietnam.

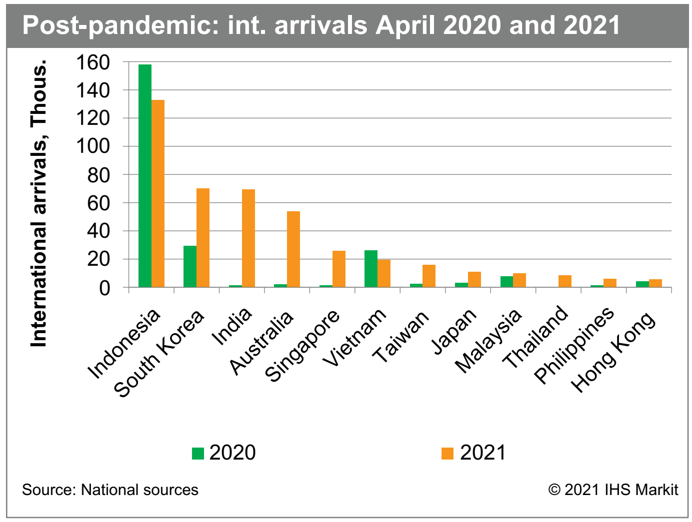
- Demand for international travel is highest among tourists from the United States, mainland China, and Japan, and these travellers will undoubtedly return to their favourite international destinations once they can do so safely.

- A tourism outlook index has shown that the countries with the most favourable outlooks for revival are Thailand and South Korea, and the countries with the worst outlook for the tourism industry are Vietnam and Malaysia.

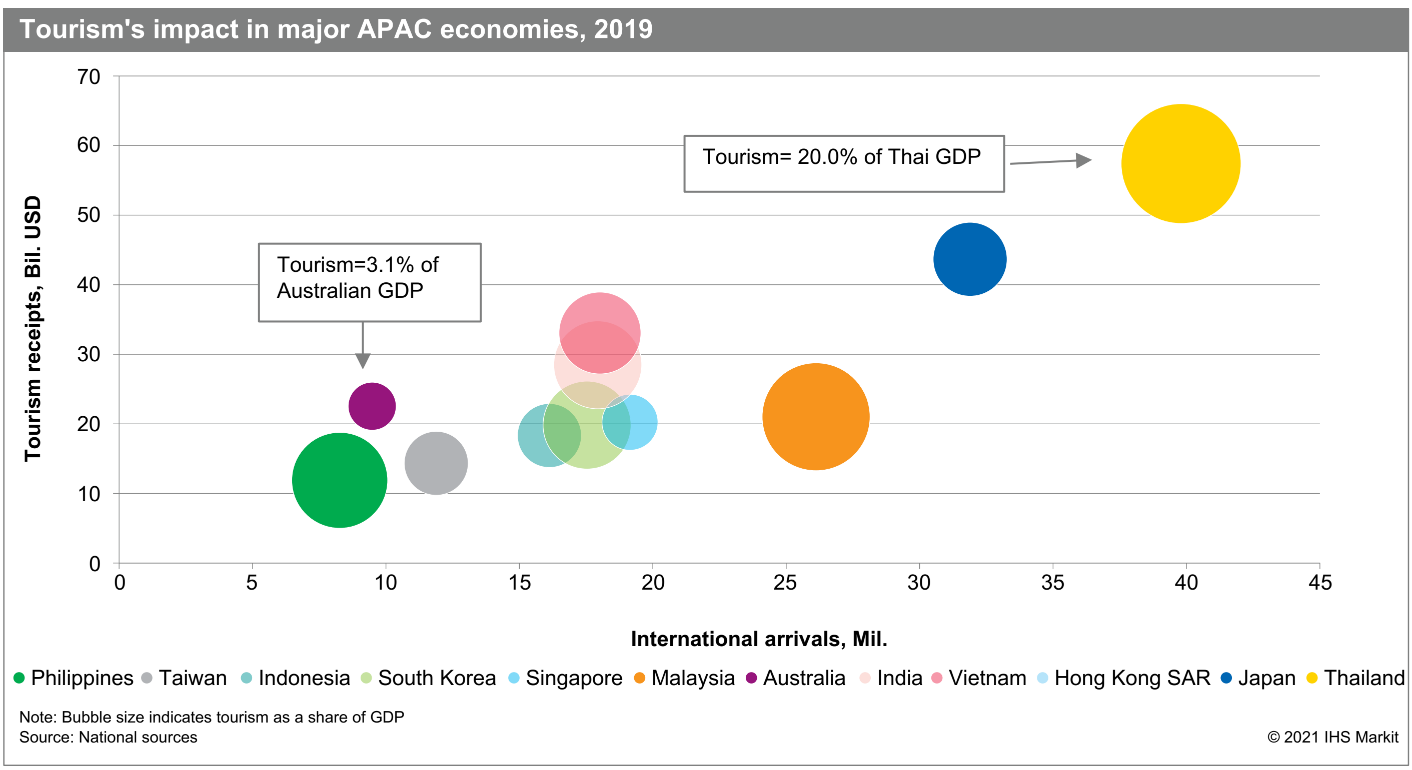
How vulnerable are the international tourism industries in major Asia-Pacific economies?

Prior to 2020, tourism was a vital industry to the GDP of many economies in the Asia-Pacific region, and many policy-makers planned to increase their tourism revenues by increasing international tourism. However, what started as a boon became a bane with the beginning of the coronavirus disease 2019 (COVID-19) virus pandemic. Although there has been some modest improvement year on year in international arrivals to several markets since the pandemic began, the magnitude of difference between 2019 and 2021 visitor arrivals is still vast.



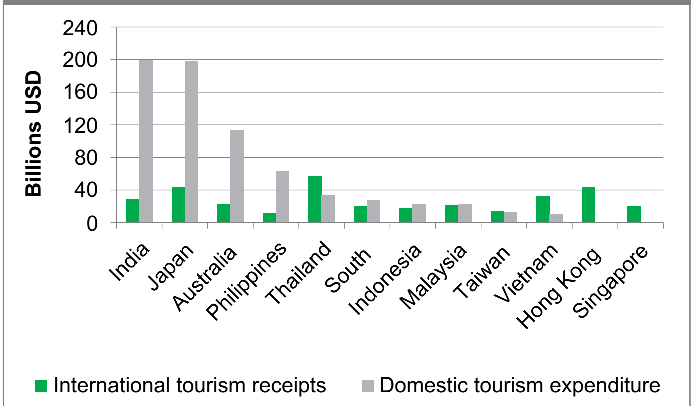


It is important to identify the factors that made these economies particularly vulnerable to serious damage from the pandemic. Before 2020, tourism (including international and domestic tourism) contributed 10% or more to the GDP of Thailand, Malaysia, the Philippines, mainland China, India, and South Korea. Other markets, such as Hong Kong SAR and Singapore, relied upon very high numbers of international arrivals before the COVID-19 crisis, but they at least had proportionately smaller shares of their GDP dedicated to tourism specifically and were able to rely more on their other industries as the pandemic persisted. Similarly, Japan and Vietnam were accustomed to large tourism receipts prior to the pandemic, but these represented much smaller shares of their overall economies.



One significant mitigating factor is the prevalence of domestic tourism versus international tourism. India, Japan, mainland China, and Australia reap most of their tourism revenue from domestic rather than international tourism. This gave them an advantage when international tourism halted due to the pandemic. Although domestic tourism cannot fully replace the bigger-spending international tourists, it is better than nothing. Thailand is in a uniquely adverse position, with a tourism industry that prioritises international over domestic tourism, contributes 20% to the country's GDP, and typically receives more international arrivals than any other Asia-Pacific market.

International tourism vs. domestic tourism, 2019



Source: National sources © 2021 IHS Markit

COVID-19 travel restrictions prevail, travel bubbles fail

The pandemic necessitated lockdowns that prevented people from visiting their neighbours, let alone visiting faraway places. International travel restrictions were brought in suddenly around the Asia Pacific, and have largely remained in place because of rolling outbreaks and variants of concern. In effect, most Asia-Pacific economies analysed in this report still have their borders closed and remain closed to international tourism. The exceptions are Hong Kong, South Korea, and Thailand, each of which have venues for international travellers to arrive subject to conditions.

All economic regions have a mandatory quarantine for international arrivals apart from Thailand, where there is "no quarantine" provided that the highly vetted visitors do not leave Phuket (where they initially arrive) for 14 days. Pre-departure testing, mask mandates, and health screenings are all universal for international travel in these economies, making tourism an altogether less relaxing prospect.

Thailand's Phuket Sandbox programme aims to provide a safe means for international travellers to enjoy tourism in Thailand. Tourists who have been fully vaccinated for more than two weeks and less than one year are allowed to fly into Phuket provided that they download the ThailandPlus alert application on their mobile phone; have a negative RT-polymerase chain reaction (PCR) COVID-19 test before arrival in Phuket, pre-payment for additional tests in Phuket, COVID-19 insurance, and a Certificate of Entry issued by a Thai consulate; stay at SHA+ hotels (certified fully vaccinated staff with appropriate cleanliness measures); and stay on safe transport routes to neighbouring areas. After 14 days within this sealed region, tourists are free to travel to any domestic destination in Thailand. This is currently the most open international border in the Asia-Pacific region.

As 2020 and the international border closures triggered by the pandemic continued, many governments attempted to develop "travel bubbles" to provide avenues of safe international travel. These bubbles were agreements between two or more governments to open their borders for travel without a strict quarantine. Australia, New Zealand, Hong Kong, Singapore, Japan, and Indonesia have all had their travel bubbles undermined by outbreaks. Now that the Delta variant-related outbreaks are easing, travel bubbles are beginning to reopen again. Only a few of the economies analysed had 'successful' travel bubbles. Australia and New Zealand had established a travel bubble that operated successfully for many months, although it was suspended following the Delta variant outbreak in Australia. South Korea has a travel bubble with the island of Saipan, which is successful in that it has not yet been suspended due to the Delta variant. However, demand has only very recently picked up: initially, it was dismally low as South Korea experienced a fourth wave of COVID-19 infections thanks to the Delta variant. In August 2021, Taiwan reopened a travel bubble with Palau after it had been suspended in April 2021 due to the Delta variant. Singapore also opened a new travel bubble with Germany and Brunei in August 2021.

Desperate governments explore tourism-boosting policies

Many governments pivoted to domestic tourism policies in an effort to keep their tourism industries alive amid these severe challenges. Australia, Hong Kong, India, Indonesia, Malaysia, the Philippines, Singapore, South Korea, Taiwan, Thailand, and Vietnam all have active domestic tourism policies and campaigns. In Adelaide, Australia, hotels reached almost pre-pandemic occupancy levels in May 2021 thanks to the South Australian government's tourism voucher scheme, but a new wave of lockdowns ended the recovery. In Japan, the domestic tourism campaign was indefinitely suspended after developing a reputation as the source of COVID-19's spread within the country. Similarly, in mainland China, domestic tourism-boosting policies enabled the 2020 May Day holiday to surpass pre-pandemic levels of travel in the country, but this policy outlook changed amid persistent regional outbreaks.

Many governments have also instituted vaccination drives for workers in the tourism industry, which would help to safeguard the industry regardless of whether the tourism was international or domestic. Hong Kong included tourism workers in the eligibility pool for vaccinations in March 2021. Indonesia is prioritising the vaccination of Bali's population with the aim of resuming tourism there by October 2021. Japan prioritised Olympic Games workers for the vaccinations. In the Philippines' Boracay, tourism workers were prioritised for vaccinations. Thailand undertook a vaccine push in Phuket before its sandbox scheme opened. In Vietnam's Quang Nam, tourism and cruise workers were prioritised for vaccinations. In mainland China, "key priority groups" were the focus of the initial vaccine rollout, which included hotel employees, transportation workers, and travellers.

Some governments are hoping that, despite the closed borders, international tourism campaigns will fuel demand as soon as borders reopen. Australia, Hong Kong, Indonesia, Malaysia, the Philippines, Singapore, Taiwan, Thailand, and Vietnam all have active policies and campaigns that are intended to reboot international tourism as soon as it can meaningfully restart.

Dramatic structural changes in the supply side of the tourism industry

This section will focus on the two largest categories within tourism: accommodation and air transport. Ground transport and other smaller tourism service providers are in similarly weak positions, but these are outside the scope of this report.

Accommodation

Reduced occupancy was a foregone conclusion for many accommodation providers in the tourism industry once the pandemic unfolded, but gaps in the supply of accommodation – caused by short-term rentals and hotels permanently leaving the market – will ripple in the economy for longer than the pandemic. Even if the pandemic and its associated restrictions ended tomorrow, the tourism industry would still be hamstrung by a shortage of supply if demand reached pre-pandemic levels.

In the major cities of the economies analysed, the active listings of short-term rentals on Airbnb and Vrbo are decreasing. The rentals that remain on the market are running at under 30% occupancy in more than half of the region's major cities, and this low occupancy could further drive decreases in active listings. Australia and Singapore had high occupancy rates but decreasing active listings, so the high occupancy is due to shrinking supply rather than actual demand. South Korea is the only market where active listings are increasing and occupancy rates are high.

India, Indonesia, Japan, Malaysia, the Philippines, Singapore, Taiwan, Thailand, and Vietnam have all seen hotels going bankrupt in large numbers due to the pandemic. In Japan, hotel bankruptcies jumped by 57% in 2020. In India, the Hyatt Regency Hotel Mumbai suspended operations indefinitely due to pandemic-related debts, and the Hyatt Regency Hotel Delhi was taken to bankruptcy court in January 2021. The real estate market for hotels is saturated, and it is hard to find buyers in Indonesia and Malaysia. By February 2021, at least 60 hotels in Bali, Indonesia, were for sale. Hotels like Balangan Wave, which originally asked USD17 million in May, were forced to reduce their prices by half in June 2021. An auction for the five-star Hotel Kuta Paradiso in Bali did not have even a single bidder. In Malaysia, more than 100 hotels had ceased operations as of June 2021. Listings of hotels for sale have increased by 40% since the pandemic started, according to Zerin Properties' chief executive Previndran Singhe, but deals are not being made in part due to the hesitancy of banks to lend for hotels that are not cash-flow generating during the pandemic.

Many of the remaining hotels are pivoting to quarantine facilities in places such as India, Hong Kong, Malaysia, Singapore, the Philippines, Taiwan, and Vietnam. In the Philippines, the majority of hotels are now quarantine facilities and occupancy rates are climbing because there is a lack of alternative isolation and treatment facilities. An abrupt extension of the necessary quarantine length over concerns about the Delta variant of the virus led to Hong Kong hotels reaching almost maximum capacity in August 2021. However, this strategy backfired for hotels in Taiwan, where those that made the pivot to quarantine facilities were subsequently affected by the government relaxing at-home quarantine rules, rendering many quarantine hotels unnecessary.

The hotel industry is in an increasingly dire position. Government financing can be a short-term panacea, but can often prove to be problematic later. Japan recorded a large number of hotel bankruptcies in 2020, but very few in 2021 thanks to "zero-zero loans" – unsecured interest-free loans provided by the government. However, this led many hotels to carry excessive debt, which may lead to a wave of later failures. In India, the loans offered to hotels by the government have heavy interest rates, and as a result, further bankruptcies are also predicted there.

Hotels are using creative solutions in their bid for slim profits: steep discounts, meal discounts, work-from-hotel package deals, and healthcare worker housing are all strategies that various hotels are implementing to boost demand. In Japan, APA Hotel group offered a sale from the beginning of May until the end of September 2021 for travellers to stay in a different hotel in Japan every night for one month for USD900 – less than the cost of a typical Tokyo rent.

However, the picture is not all bleak. Many in the industry are betting on a recovery in the future – particularly for wealthy travellers with excess savings to spend. New luxury hotels have opened in 2021 in Japan, Singapore, South Korea, and Vietnam, albeit mainly reflecting pre-pandemic project pipelines.

Air transit

The flight routes to the region's major airports are all down significantly. The worst performers are Thailand, Vietnam, and Singapore: the air routes within these countries are down more than 80% in 2021 compared with 2019. Mainland China is performing slightly better than the other economies, with flight routes down only 21.4% in 2021 compared with 2019. More concerning than flight route changes is the decrease in the sizes of active fleets. Although routes can be added or removed as needed, this cannot be done if the planes themselves have been sold. Thai Airways and Japan Airlines have both shrunk their fleet sizes by over 25% since 2019, and China Southern Airlines has shrunk by 24.3% since the pandemic began. However, not all airlines are shrinking: Singapore Airlines has increased its fleet by 22.69%, and Cathay Pacific has increased its fleet by 16.13%.

Most major regional airlines have been affected by the pandemic, although some are in a worse position than others. AirAsia Japan has filed for bankruptcy, and the AirAsia Group has stopped funding AirAsia India. Malaysia Airlines was bailed out by the state fund again, although it had been struggling since before the pandemic. Thai Airways and Garuda Indonesia have laid off employees and cut the salaries of their remaining workers in addition to cutting their fleet size. Thai Airways is restructuring its debt, and has resorted to selling 10 corporate-owned buildings as well.

Adversity breeds creative solutions, which airlines are demonstrating in a bid for any funding that would help them survive. AirAsia is turning itself into a digital lifestyle brand with food delivery and rideshares. Cathay Pacific has expanded its e-commerce operations. Garuda Indonesia has partnered with The Goods Dept. to create a vintage apparel line. Thai Airways has begun selling its airline food at 7-Eleven stores. Without a domestic market to fall back on, Singapore Airlines became the most creative, launching the "Singapore Showcase" to offer local goods to its global customer base. The firm has also pivoted to e-commerce platforms like payment wallet Kris+. Singapore Airlines even launched "The Upcycling Project", which provides parts from retired aircraft to Singapore-based retail and arts companies.

In 2020, "flights to nowhere" became a way for customers to satisfy their travel itch by leaving for a few hours and arriving back at the same airport. Singapore Airlines considered flights to nowhere, but did not move forward with the scheme after it faced environmentalist outrage. Australia's Qantas airline, Hong Kong Express, Japan's All Nippon Airways (ANA), Thai Airways, and Taiwan's EVA Air all offered flights to nowhere in 2020 for sightseeing – and in EVA Air's case, for speed-dating as well.

Japan Airlines has expanded its cargo capacity, but the airline still posted more than USD2 billion in losses in 2020. Similarly, Cathay Pacific has pivoted to cargo flights, but claimed that strict crew quarantine requirements have affected its performance on the market.

There were some winners in the airline industry during the pandemic. Taiwan's China Airlines switched to cargo early in the pandemic and turned a profit in 2020. Mainland China's China Southern Airlines had the biggest domestic market share and returned to year-on-year capacity growth in August 2020, but suffered losses in July 2021 as China limited non-essential domestic flights to control the Delta variant.

Measuring pent-up travel demand with search volume

Pent-up travel demand can be illustrated by examining the search volume for tourism at various locations. As part of this analysis, pandemic-era demand was extracted from Google's Destination Insights tool, which utilises data from 2020 onwards, and was compared with demand in the past decade via Google Trends with a focus on the travel subsection (both tools use search volume as a proxy for travel demand). Google search volume data was gathered for each of the Asia-Pacific economies in this report, matching them with their top markets for inbound and outbound tourism to analyse trends in interest in travel once conditions allow it to resume.

Inbound tourism

The Asia-Pacific markets that are prime destinations for inbound tourism were paired with their top countries of origin for tourists. For example, Singapore welcomes the greatest number of tourists from Indonesia, India, Malaysia, and Australia – so Singapore and each of those countries would create a Google search pairing to measure Singapore's inbound travel demand.

Declining search demand over the past decade indicates that this destination was becoming unattractive to its main tourists even before the pandemic. Combined with the flatline in demand that is typical of the pandemic era, this shows the destination country is in a uniquely unfavourable position to reboot its tourism industry. Indonesia and Thailand fall into this category of declining searches over the past decade and limited searches during the pandemic.

The country of origin that had the most positive demand for destinations in the Asia-Pacific region was the United States. India, Japan, the Philippines, and South Korea will all benefit from this relationship when travel restrictions are finally lifted.

Outbound tourism

Citizens from the Asia-Pacific region had increasingly indulged in international tourism themselves in the years prior to the pandemic. Rapidly rising middle-class household incomes helped to drive rapid growth in regional tourism travel in the region as well as long-haul travel destinations. For example, people from India most often visited Singapore, Thailand, the United Kingdom, and the US for outbound travel before the pandemic. Analysing Google searches from people in India for those countries measures India's current outbound travel demand.

The Asia-Pacific economies that have long-term positive trends in Google search demand for multiple outbound destinations – and a slight recovery in searches for travel services in 2021 – are India, Japan, Singapore, and South Korea. People from those nations are more likely to resume international travel once it is allowed. Citizens from Indonesia, Malaysia, the Philippines, and Vietnam are unlikely to resume international travel immediately, given that there is a long-term downward trend in search demand for international travel in addition to the pandemic-driven flatline in current search demand.

Domestic tourism and real effective price of tourism

Domestic travel demand was analysed using the Google search volume of a country from within that country – for example, a citizen in Australia Googling somewhere to visit in Australia. When analysing search demand for domestic tourism, the outlook appears much brighter. Only two economic areas have both long-term declining search demand for domestic travel and the current pandemic flatline in search demand: Indonesia and Vietnam. Although India has shown declining search demand for domestic tourism over the past decade, search demand has already reached pre-pandemic levels as the government has encouraged domestic tourism. Pre-pandemic search levels were reached both in February 2021, and after a dip when the second wave of COVID-19 related to the Delta variant peaked in the spring; the level was already back up as of August 2021.

When considering domestic tourism, it should be compared with the option of international tourism. If all pandemic travel restrictions receded tomorrow, would consumers want to travel internationally, or would they continue to pursue domestic tourism? Relative prices can be analysed by utilising consumer price inflation and exchange rates. Leveraging our own exchange rate and inflation forecasts, IHS Markit created a relative metric for the real effective prices of tourism. In the absence of other policy measures, this acts as an international or domestic travel decision variable.

The economies with strong positive real effective prices of tourism – indicating that international tourism would be relatively cheaper than the domestic kind – are mainland China, the US, and Singapore. Economies with strong negative real effective prices of tourism – indicating that domestic tourism would be relatively cheaper than travelling internationally – include Indonesia, South Korea, and Vietnam. Japan had strong real effective prices of tourism that were both negative and positive, dependent on the counterpart market. Among European nations, there was a strong positive real effective price for potential Japanese tourists, which indicates that they would likely not return to international travel there. When considering the other Asia-Pacific markets, there was a strong negative real effective price, indicating that Japanese tourists would be likely to return to international tourism in the Asia-Pacific region.

Reopening plans across the Asia-Pacific region

** Travel restrictions and government regulations can change rapidly and the information below can quickly become outdated. Please check with an embassy prior to travel.*

- **Australia:** As of October 2021, Australia plans to open its international borders to incoming travellers in phases when the country's vaccination rate is 80% (it is currently estimated that this goal will be achieved by November 2021). The first group prioritised for flights when international borders open will be Australian citizens and permanent residents who were stranded abroad when the pandemic first emerged. Vaccinated Australians can quarantine in their homes, but those who are unvaccinated must hotel quarantine. The next groups prioritised for entry into Australia will be skilled migrants and students. Qantas Airways plans to restart international flights from November, when the Australian government has said that fully vaccinated Australians can enter and leave the country freely. However, tourism is still not expected to restart until sometime in 2022.

- **Mainland China:** International border controls will remain in place through the first half of 2022. The International Olympic Committee (IOC) announced at the end of September 2021 that the Beijing 2022 Winter Olympic Games, which will begin on 4 February 2022, would not be open to international tourists – only domestic ones. As of October 2021, one of China's top epidemiologists and government advisers said that future reopening plans needed to be tied to a high vaccination rate of 85% and the case rate in other countries, but there are no official plans to reopen at this time.

- **Hong Kong SAR:** The COVID-19 strategy of Hong Kong is closely linked to that of mainland China. Currently, the policy will remain zero-tolerance until the vaccination rate is 80–90%, but no official plan is in place. As of October 2021, non-Hong Kong residents who have been in mainland China, Macao SAR, or Taiwan, or in low-risk countries like New Zealand for 14 days, may enter Hong Kong. Both groups are required to take multiple tests and quarantine at a hotel for the designated amount of time.

- **India:** Tourist visas are being granted again, with the first foreigners allowed to enter India through chartered flights on 15 October. Foreign tourists travelling to India via commercial airlines will be allowed to enter the country from 15 November. Travellers must observe COVID-19 protocols as dictated by policy when they arrive.

- **Indonesia:** As of October 2021, Bali and some neighbouring islands will reopen to travellers from 19 countries, including mainland China, South Korea, Japan, New Zealand, and the United Arab Emirates. Tourists will need to be fully vaccinated, take multiple tests, and quarantine for five days. However, despite the opening there are no international flights scheduled to Bali. The government is waiving landing fees for all airlines to encourage a resumption of international routes to the island.

- **Japan:** As of October 2021, Japan's state of emergency has been lifted. At the time of writing, only Japanese citizens and permanent residents with valid travel visas are permitted entry into Japan, provided that they are vaccinated with an approved vaccine and have a negative COVID-19 test result certificate. There are currently no official plans to reopen further.

- **Malaysia:** Langkawi district has reopened in the Phuket Sandbox style, but only for domestic tourists. From 11 October, fully vaccinated Malaysian adults may travel internationally, with any incoming Malaysians quarantining for 14 days upon return. Malaysia's borders are not open to foreign tourists as of October 2021, but there are plans for Langkawi to allow fully vaccinated travellers from most countries starting in November 2021.

- **Philippines:** Boracay has been reopened in the Phuket Sandbox style, but only for domestic tourists. As of October 2021, fully vaccinated nationals, resident permit holders, and people traveling for essential reasons from low-risk countries are allowed entry into the Philippines provided that they have negative test results. Starting from 14 October, fully vaccinated arrivals to the Philippines are not required to quarantine if they come from "green" countries. All tourism workers are expected to be vaccinated by the end of the year, but until then foreign tourist entry remains suspended.

- **Singapore:** The transition to a "living with COVID" strategy in Singapore has already begun. Category I locations such as mainland China, Hong Kong, Macao, and Taiwan were allowed quarantine-free travel into Singapore starting in September 2021, although most of those locations have not reciprocated the agreement. Travellers from Germany and Brunei were permitted under vaccinated travel lane arrangements in September 2021. Starting from 19 October, countries classified as Category II locations, including the US and the UK, have been included in the vaccinated travel lanes without quarantine. Children and other unvaccinated persons will not be allowed to use the vaccinated travel lanes, and short-term visitors must apply for permission to use them.

- **South Korea:** Although South Korea has not officially closed its borders, visa-free arrivals and non-urgent travel visas, including for tourism, have been suspended. Visas are being issued for business and investment purposes, and are open to visitors from all countries as long as they quarantine for 14 days even if vaccinated. There are plans for South Korea to open a quarantine-free travel bubble with Singapore on 15 November.

- **Taiwan:** Domestic COVID-19 restrictions need to be lifted before Taiwan opens its international borders. There are discussions about reopening for vaccinated travellers eventually, but no plans have yet been announced. Due to a growing labour shortage, fully vaccinated migrant workers will be given priority at first when the island's international borders are opened.

- **Thailand:** The Phuket Sandbox scheme currently includes Phuket, Koh Samui, Koh Phangan, and Koh Tao islands, and will expand to include 17 provinces – including Bangkok – from 1 November. Additionally, Thailand's COVID-19 task force has approved a plan to end quarantine for vaccinated travellers from 10 low-risk nations, including the US, the UK, mainland China, Germany, and Singapore, starting in November 2021.

- **Vietnam:** The country will fully reopen by June 2022, with slowly introduced phases of easing restrictions until that point. As of October 2021, only highly skilled workers, foreign investors, and Vietnamese repatriates are allowed to enter the country under strict rules. Once there is a sufficient vaccination rate in Phu Quoc, Hoi An, Nha Trang, and Dalat, Vietnam will open those locations under a Phuket Sandbox-style scheme. This may happen as soon as December 2021, but there have been consistent delays due to a slow vaccination rate.

Generating a tourism outlook score to determine which tourism sectors can be revived

IHS Markit generated a tourism outlook score for each economy analysed in this report. The higher the score, the more favourable the outlook for the economy's tourism sector as the pandemic wanes. The score is generated using the following categories:

- Vulnerability
  - Tourism receipts, international arrivals, the percentage of tourism as a share of GDP, and domestic tourism expenditure provided an estimate of vulnerability, with each subsection allocating up to five points for most resiliency or one point for high vulnerability.
- COVID-19 restrictions
  - Travel bubbles, travel restrictions, and tourism industry immunisation pushes were analysed, with five points assigned for an attempted policy, and 10 points for moderate success of the attempted policy.
- Tourism-boosting policy measures
  - International tourism campaigns and domestic tourism campaigns were compared relative to other economies in this study, with five points for largest packages and one point for the smallest packages.
- Change in critical supply of travel services
  - Short-term rentals, hotels, air route changes, and air fleet changes were measured with up to five points for high growth or occupancy and one point for low growth or occupancy.
- Measures of appetite and demand for travel
  - Inbound, outbound, and domestic demand were all granted up to five points each for strong long- and short-term positive demand, or one point for long- and short-term negative demand. The real effective price of tourism granted up to five points for a strong inclination towards international travel.

While the near-term outlook depends heavily on the pandemic, once governments transition away from "zero COVID" strategies and towards policies that frame the COVID-19 virus as endemic, travel restrictions will be eased. Once travel is permitted, regions with the highest tourism outlook score provided in this report will recover the fastest.

Although the tourism industry in the Asia-Pacific region – and indeed worldwide – faces serious challenges ahead, these can be overcome with domestic policy support and creative solutions. Eventually, the COVID-19 crisis will be a distant memory as tourists resume travel to their favourite destinations.

Tourism outlook score

APAC country or region	Tourism outlook score
Australia	56
Mainland China (proxy measures)	52
Hong Kong SAR	52
India	51

Tourism outlook score (continued)

APAC country or region	Tourism outlook score
Indonesia	59
Japan	51
Malaysia	39
Philippines	43
Singapore	50
South Korea	65
Taiwan	47
Thailand	61
Vietnam	38

Source: IHS Markit

Asia-Pacific tourism revival ratings

Source: IHS Markit: 2004117

Vulnerability of the tourism industry in Asia Pacific

APAC country or region	Inbound international tourists (thousands)		Tourism receipts (USD millions)	Tourism (% of GDP)
	2019	2020	2019	2019
Australia	9,470	6,700	22,595	3
Mainland China	145,310	3,400	131,254	12
Fiji	969	147	1,345	24.5
Hong Kong SAR	55,910	35,700	43,200	5
India	17,910	2,100	28,586	10

Vulnerability of the tourism industry in Asia Pacific (continued)

APAC country or region	Inbound international tourists (thousands)		Tourism receipts (USD millions)	Tourism (% of GDP)
	2019	2020	2019	2019
Indonesia	161,100	40,200	18,404	6
Japan	318,800	41,200	43,700	8
Macao SAR	39,406	5,900	39,714	73
Malaysia	26,100	4,330	21,095	16
Maldives	1,703	555	3,171	56.2
Nepal	1,197	230	803	2
New Zealand	3,888	996	17,200	8
Philippines	8,261	1,500	11,914	13
Samoa	181	36	207	23
Singapore	19,114	2,740	20,352	4
South Korea	17,500	2,520	19,960	10
Sri Lanka	1,914	507	4,663	5.6
Taiwan	11,864	3	14,411	4
Thailand	39,797	6,700	57,412	20
Vietnam	18,009	3,800	33,101	9

Source: National Sources

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