

Toward a timely reading of “the signs of change” in tourism

## The Number of Foreign Visitors and Visit Ratio by Prefecture

Advance estimation of monthly indexes: February report

### Main points

#### ● Advance estimates of the number of foreign visitors and visit ratios by prefecture in February\*

▶ As shown in Table 1 and Figure 1, the estimated number of foreign visitors in Greater Kansai area in February is 1,691 in Fukui (-67.6% YoY), 7,421 in Mie (-53.3% YoY), 6,466 in Shiga (-60.6% YoY), 283,118 in Kyoto (-54.7% YoY), 411,531 in Osaka (-55.8% YoY), 58,021 in Hyogo (-60.8% YoY), 145,024 in Nara (-36.1% YoY), 9,880 in Wakayama (-56.0% YoY), 3,994 in Tottori (66.3% YoY), 2,391 in Tokushima (-58.0% YoY). Even prefectures with robust inbound demand thus far, such as Kyoto and Osaka, have experienced major decreases.

▶ By major region (or Transport Bureau district as defined by MLIT) the respective numbers are 96,273 in Hokkaido, 529,611 in Kanto, 155,407 in Chubu, 439,947 in Kansai (Kinki), and 100,513 in Kyushu (Table 1 and Figure 1).

▶ The estimated visit ratios by prefecture in Greater Kansai in February are 0.2% in Fukui, 0.7% in Mie, 0.6% in Shiga, 26.1% in Kyoto, 37.9% in Osaka, 5.4% in Hyogo, 13.4% in Nara, 0.9% in Wakayama, 0.4% in Tottori, and 0.2% in Tokushima (Table 2 and Figure 6). The visit ratio increased MoM in Shiga, Hyogo, and Tottori, while it decreased in Mie, Kyoto, Osaka, Nara, Wakayama, and Tokushima. In Fukui, it remained unchanged from the previous month.

#### ● Review of February data

▶ According to JNTO estimates (Table 3), the total number of foreign visitors in February was 1,085,100, a significant -58.3% YoY decrease, marking the 5<sup>th</sup> consecutive month of negative growth. It appears that the novel Coronavirus outbreak is taking a toll on the number of visitors of all nationalities.

▶ The top five inbound nationalities were Taiwan (220,400 visitors, -44.9% YoY), South Korea (143,900 visitors, -79.9% YoY), Hong Kong (115,600 visitors, 35.5% YoY), Thailand (98,000 visitors, -9.1% YoY), and China (87,200 visitors, -87.9% YoY).

▶ In February, the number of visitors from China decreased for the first time in 17 months. Visitor numbers from Taiwan and Hong Kong decreased too, for the first time in 7 and 6 months, respectively. Meanwhile, the number of South Korean visitors dropped for the 8<sup>th</sup> consecutive month. The magnitude of the decrease in Chinese visitors is remindful of the similar drop that started in May 2003 as a result of the SARS outbreak. Furthermore, as the effects of the Coronavirus epidemic in East Asia become increasingly visible, and given the fact that next month we expect a further deterioration, future tendencies need to be kept under close attention.

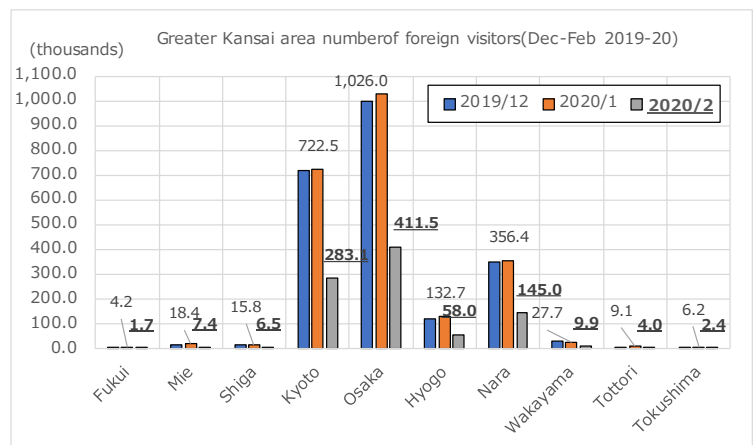
Table 1 Number of foreign visitors by prefecture  
(advance estimates)

Prefecture	2019/12	2020/1	2020/2	19Q3	19Q4
Fukui	4,144	4,200	1,691	17,160	13,092
Mie	17,989	18,390	7,421	68,639	55,366
Shiga	15,803	15,779	6,466	60,059	49,293
Kyoto	718,189	722,470	283,118	2,565,365	2,167,355
Osaka	998,548	1,025,973	411,531	3,500,565	2,996,582
Hyogo	120,083	132,749	58,021	480,470	363,961
Nara	347,628	356,350	145,024	1,184,015	1,040,748
Wakayama	29,154	27,734	9,880	94,378	84,974
Tottori	8,313	9,115	3,994	34,319	25,588
Tokushima	6,389	6,244	2,391	25,739	20,206

Transport Bureau	2019/12	2020/1	2020/2	19Q3	19Q4
Hokkaido	188,915	213,732	96,273	652,066	582,838
Kanto	1,290,869	1,317,317	529,611	4,573,042	3,919,966
Chubu	382,662	390,614	155,407	1,312,712	1,154,912
Kinki	1,070,124	1,099,067	439,947	3,740,800	3,202,489
Kyushu	189,159	217,926	100,513	729,284	561,206

Note 1: The numbers also include visits for purposes other than leisure. The visit ratios for each prefecture are based on multiple answers. Accordingly, the number of foreign visitors in each major region is less than the sum of the visitor numbers of the individual prefectures in that region, as it excludes persons who visited several prefectures within the region. Actual values are highlighted.

Figure 1 Number of foreign visitors by prefecture  
(advance estimates)



Note: The numerical values are forecasts for the three most recent months.

\* The advance estimation is conducted as follows. First, we turn the quarterly visit ratio by prefecture into monthly data, and we use it to estimate a time series model. Then we make a forecast for the visit ratio in the next 6 months. By multiplying this newly obtained visit ratio with the number of foreign visitors provided each month by the JNTO, we estimate the number of foreign visitors on a monthly basis. This procedure is repeated until the actual values of the visit ratio are released. The estimation is based on a technique we use for our very short-term forecasts of the trends in the Japanese economy. For a detailed explanation, refer to APIR's Trend Watch No. 54 (May 2019).

Topics

● **Kansai International Airport (KIX) in February: tendencies in the number of foreign visitors**

▶ In February, the number of foreign nationals arriving at KIX was 229,920, decreasing significantly by 66.0% YoY for the first time in 2 months (Figure 2). The scale of the decrease is even greater than those following -57.6% YoY in April just after the Great East Japan Earthquake in March 2011, and the temporary closure of KIX in September 2019 due to typhoons Jebi and Trami (-45.7% YoY). Moreover, based on the fact the more flight cancellations are expected in March, we can predict a further large-scale drop in the number of foreign visitors.

● **Comparison of the economic recovery paths**

▶ In February, Kansai's exports slightly increased by 0.8% YoY, marking the 5<sup>th</sup> consecutive month of positive growth. At the same time, imports dropped by 17.6% YoY, also for the 5<sup>th</sup> consecutive month (Figure 3). As a result, the trade balance was positive for the first time in two months, but the total trade value (exports and imports) has shrunk YoY for 14 consecutive months except for September 2019.

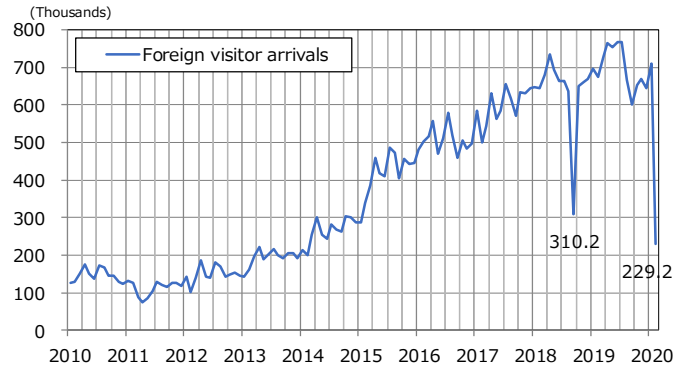
▶ We can understand the reason for this if we look at the trade tendencies by region (Figure 4). In February, Kansai's China-bound exports expanded slightly by +0.5% YoY for the first time in five months. Meanwhile, the imports plunged by -55.6% YoY, the 5<sup>th</sup> month of decrease. This means that, while the plunge in imports can be explained by the production halt caused by the Coronavirus on the Chinese side, its impact is not yet reflected in exports.

▶ In February the number of foreign visitors has nosedived by 66.0% YoY. We estimate that the demand generated by foreigners in 2019 was JPY 1.061 trillion, therefore we can also assess the losses in inbound demand in February at JPY 58.39 billion (=10610/12×0.66).

▶ If we compare the evolution of international arrivals at KIX during the aftermaths of the Lehman Brothers shock, Great East Japan Earthquake, and the recent novel Coronavirus outbreak, we realize that this time the number slumped at the steepest rate (Figure 5). We can also observe that the depression aggravated the month following each economic shock. Thereafter, the recovery of the number of foreign visitors took 15 months after the Lehman Brothers shock and 10 months after the Great East Japan Earthquake.

▶ In February, the disruption in the supply chain was reflected in imports, but from March onward we predict a steep drop in exports as well. Moreover, the number of foreign visitors too is expected to shrink by approximately 80% YoY. In Trend Watch No.59, we made forecasts of the economic losses based on three different scenarios of when the Coronavirus pandemic will end. For the time being, in this column we will monthly update our estimations of the damage caused by the Coronavirus outbreak by taking into account the latest economic data available.

Figure 2 Evolution of the number of foreign visitor arrivals on KIX



Source: based on KANSAI Airports Review and Immigration Services Agency, Kansai International Airport Branch Office. The numbers for February 2020 are preliminary figures.

Figure 3 Evolution of Kansai's foreign trade

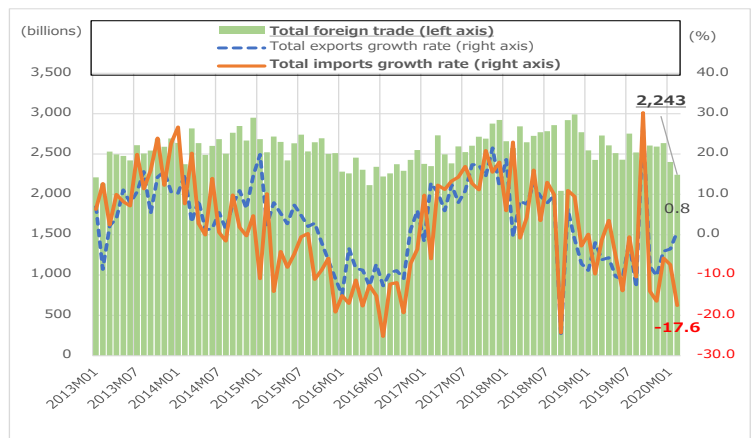
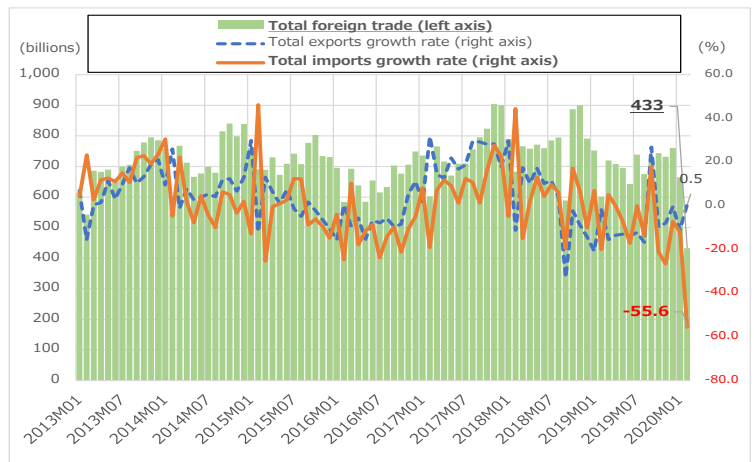


Figure 4 Evolution of Kansai's trade with China



Source: based on Osaka Customs Preliminary Data: Kansai Area. ↑

Figure 5 Recovery paths from economic shocks

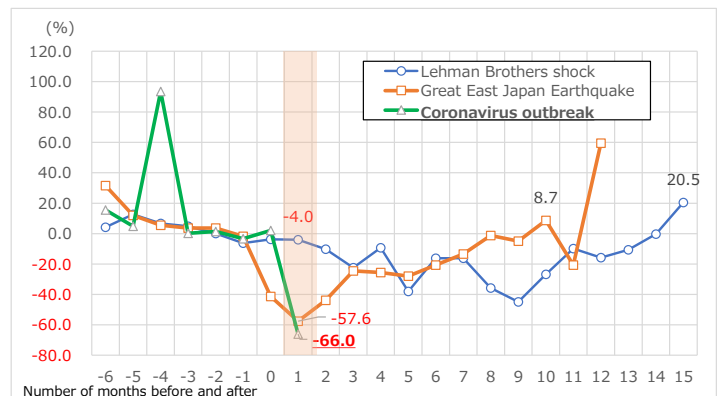
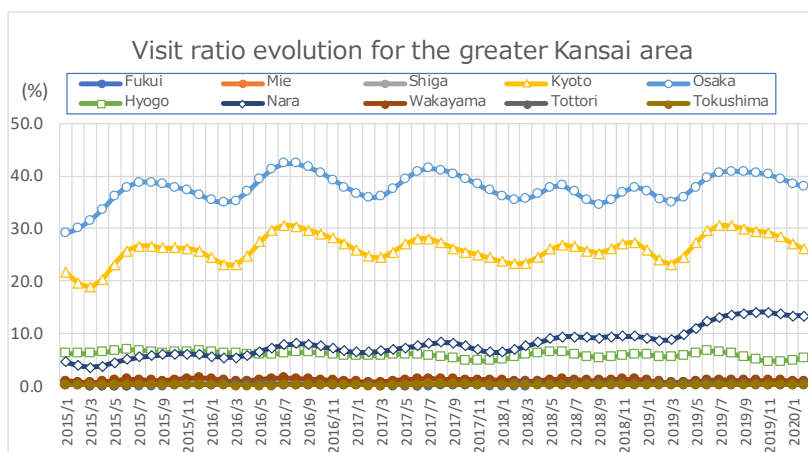


Table 2 Monthly visit ratio (advance estimates) Figure 6 Monthly visit ratios (advance estimates)

Visit ratio(%)					
Prefecture	2019/12	2020/1	2020/2	19Q3	19Q4
Fukui	0.16	0.16	0.16	0.20	0.16
Mie	0.71	0.69	0.68	0.80	0.71
Shiga	0.63	0.59	0.60	0.70	0.63
Kyoto	28.43	27.15	26.09	29.90	28.43
Osaka	39.52	38.56	37.93	40.80	39.52
Hyogo	4.75	4.99	5.35	5.60	4.75
Nara	13.76	13.39	13.37	13.80	13.76
Wakayama	1.15	1.04	0.91	1.10	1.15
Tottori	0.33	0.34	0.37	0.40	0.33
Tokushima	0.25	0.23	0.22	0.30	0.25

Transport Bureau					
	2019/12	2020/1	2020/2	19Q3	19Q4
Hokkaido	7.48	8.03	8.87	7.60	7.48
Kanto	51.10	49.50	48.81	53.30	51.10
Chubu	15.15	14.68	14.32	15.30	15.15
Kinki	42.36	41.30	40.54	43.60	42.36
Kyushu	7.49	8.19	9.26	8.50	7.49



Note: Actual values are highlighted.

Table 3 Foreign visitors in February 2020 (JNTO estimates)

Country/Area	Total			Total		
	2019	2020	Growth rate(%)	2019	2020	Growth rate(%)
	February	February		Jan-Feb	Jan-Feb	
Grand Total	2,604,322	1,085,100	-58.3	5,293,661	3,746,100	-29.2
Major countries total (excl. S.Korea)	1,816,193	880,100	-51.5	3,646,945	3,132,400	-14.1
South Korea	715,804	143,900	-79.9	1,495,187	460,700	-69.2
China	723,617	87,200	-87.9	1,478,038	1,012,000	-31.5
Taiwan	399,829	220,400	-44.9	787,327	681,600	-13.4
Hong Kong	179,324	115,600	-35.5	333,616	335,000	0.4
Thailand	107,845	98,000	-9.1	200,494	210,500	5.0
Singapore	26,102	19,600	-24.9	48,778	49,800	2.1
Malaysia	36,660	26,600	-27.4	68,059	71,400	4.9
Indonesia	24,622	24,700	0.3	57,099	62,200	8.9
Philippines	35,170	39,700	12.9	71,157	93,300	31.1
Vietnam	39,377	39,900	1.3	74,752	90,300	20.8
India	9,071	6,600	-27.2	21,539	20,500	-4.8
Australia	47,658	48,500	1.8	128,721	133,800	3.9
U.S.A.	92,669	73,400	-20.8	195,860	190,700	-2.6
Canada	23,883	17,600	-26.3	46,176	46,500	0.7
United Kingdom	23,554	18,600	-21.0	45,108	42,900	-4.9
France	17,397	17,100	-1.7	32,717	33,600	2.7
Germany	13,384	10,900	-18.6	24,742	22,100	-10.7
Italy	5,897	4,700	-20.3	11,930	11,600	-2.8
Russia	5,601	6,700	19.6	11,917	15,100	26.7
Spain	4,533	4,300	-5.1	8,915	9,500	6.6
Others	72,325	61,100	-15.5	151,529	153,000	1.0

Source: Based on data published by Japan National Tourism Organization (JNTO) on 19<sup>th</sup> of March 2020.