

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: March report

Main points

● Advance estimates of the number of foreign visitors and visit ratios by prefecture in March*

▶ As shown in Table 1 and Figure 1, the estimated number of foreign visitors in Greater Kansai area in March is 302 in Fukui prefecture (-94.5% YoY), 1,514 in Mie (-90.9% YoY), 1,541 in Shiga (-90.7% YoY), 52,937 in Kyoto (-91.7% YoY), 74,602 in Osaka (-92.3% YoY), 12,529 in Hyogo (-91.9% YoY), 23,678 in Nara (-90.3% YoY), 2,188 in Wakayama (-88.7% YoY), 874 in Tottori (-93.7% YoY), 577 in Tokushima (-89.5% YoY). The number of foreign visitors continues to decline sharply in all prefectures.

▶ By major region (or Transport Bureau district as defined by MLIT) the respective numbers are 17,237 in Hokkaido, 102,741 in Kanto, 23,939 in Chubu, 79,876 in Kansai (Kinki), and 19,441 in Kyushu (Table 1).

▶ The estimated visit ratios by prefecture in Greater Kansai in March are 0.2% in Fukui, 0.8% in Mie, 0.8% in Shiga, 27.3% in Kyoto, 38.5% in Osaka, 6.5% in Hyogo, 12.2% in Nara, 1.1% in Wakayama, 0.5% in Tottori, and 0.3% in Tokushima (Table 2 and Figure 6). The visit ratio increased MoM in Osaka, Nara, and Tottori. On the other hand, it decreased in Fukui, Mie, Shiga, Kyoto, Hyogo, Wakayama, and Tokushima. The estimations were made by taking into account the confirmed visit ratio values for 2019 Q4.

● Review of March data

▶ According to JNTO estimates (Table 3 and Figure 7), the total number of foreign visitors in March is 193,700, a steep decline of -93.0% YoY, marking the 6th consecutive month of negative growth. This is largely due to travel restrictions and lockdown measures taken in countries across the world in order to limit the spread of the novel Coronavirus (hereinafter referred to as COVID-19).

▶ The top five inbound nationalities were USA (23,000 visitors, -87.0% YoY), Vietnam (20,800 visitors, -56.6% YoY), South Korea (16,700 visitors, -97.1% YoY), Philippines (10,900 visitors, -77.4% YoY), China (10,400 visitors, -98.5% YoY). The rankings were greatly affected by the substantial reduction of visitors from East Asia.

▶ In March, the number of visitors from China, Taiwan and Hong Kong decreased for the 2nd consecutive month, while the number of visitors from Korea dropped for the 9th consecutive month. Compared with February, the decline deepens as COVID-19 continues to spread. Since the low number of visitors is not expected to pick up soon, the situation might deteriorate even further in the coming months.

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

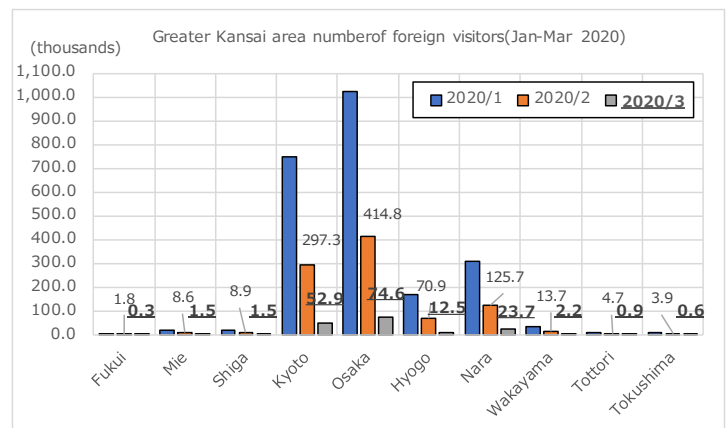
Number of foreign visitors

Prefecture	2020/1	2020/2	2020/3	19Q4	20Q1
Fukui	4,967	1,831	302	17,160	13,092
Mie	21,354	8,643	1,514	68,639	55,366
Shiga	21,769	8,862	1,541	60,059	49,293
Kyoto	747,482	297,270	52,937	2,565,365	2,167,355
Osaka	1,023,342	414,766	74,602	3,500,565	2,996,582
Hyogo	170,385	70,899	12,529	480,470	363,961
Nara	308,038	125,727	23,678	1,184,015	1,040,748
Wakayama	37,451	13,741	2,188	94,378	84,974
Tottori	11,057	4,712	874	34,319	25,588
Tokushima	10,990	3,944	577	25,739	20,206

Transport Bureau	2020/1	2020/2	2020/3	19Q4	20Q1
Hokkaido	181,730	83,681	17,237	652,066	582,838
Kanto	1,429,907	580,605	102,741	4,573,042	3,919,966
Chubu	349,572	137,418	23,939	1,312,712	1,154,912
Kinki	1,114,344	449,577	79,876	3,740,800	3,202,489
Kyushu	250,058	105,823	19,441	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
(Jan-Mar comparison)



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 March: tendencies in the number of foreign visitors**

▶ In March, the number of foreign nationals arriving at KIX was 35,920, the lowest figure since 2007. By comparison with February when the decline rate was -66.0% YoY, in March it has deepened to -95.1% YoY (Figure 2 and Figure 5). This is a result of the restrictions imposed on international travel due to the COVID-19 pandemic. For the first time in history, on 25th of March the Foreign Affairs Ministry of Japan issued a Level 2 Travel Health Notice for the whole world (warning against non-essential travel). Furthermore, on 31st of March the Travel Health Notice was raised to Level 3 for 49 regions and countries (banning all travel to the respective areas). Thus, the high alert is expected to be maintained for a while.

● **Comparison of the economic recovery paths**

▶ In March, the global economic slowdown caused by the COVID-19 pandemic affected Kansai's global trade in terms of both imports and exports (Figure 3). Exports dropped by -5.3% YoY, the first negative figure in 2 months (+0.8 YoY in February). Marking the sixth consecutive month of negative growth, imports also contracted by -4.2% YoY, however, the decrease slowed down from -17.5% YoY the previous month. As a result, Kansai reported a trade surplus for the second consecutive month. Nevertheless, the total foreign trade (imports + exports) has shrunk for 15 consecutive months with the exception of September 2019.

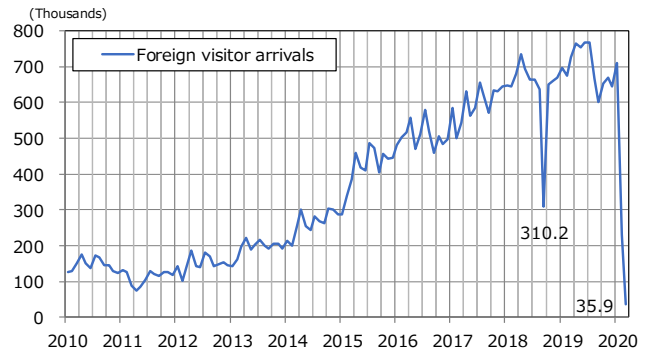
▶ By region (Figure 4), in March Kansai's China-bound exports slightly decreased by -0.2% YoY for the first time in two months. Imports shrank by -1.0% YoY, for the sixth consecutive month.

▶ In March the number of foreigners arriving at KIX plunged by -95.1%, marking the second month of decline. We estimate that the total spending by foreigners in Kansai in 2019 was JPY 1,061 trillion, therefore we can also assess the losses in inbound demand in March at JPY 84.05 billion (=10,610/12×0.951). The loss in February amounted to JPY 58.39 billion, which makes the February-March total JPY 142.44 billion. If the situation in April will be similar with that in March, the total losses for 2020 Q2 will rise to JPY 251.99 billion.

▶ Let us compare the evolution of international arrivals at KIX during the aftermaths of the Lehman Brothers shock, Great East Japan Earthquake, and the recent novel COVID-19 outbreak, (Figure 5). In March, the figures remained low, which indicates that this time the recovery path will be different from the ones following the Lehman Brothers shock and the Great East Japan Earthquake. The -95% decline level will continue for at least three months, and after this period an upward trend is expected. However, a complete recovery is projected to take more than a year.

The present report uses March trade statistics published on 20th of April 2020.

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 March 2020 are preliminary figures.

Figure 3 Evolution of Kansai's foreign trade

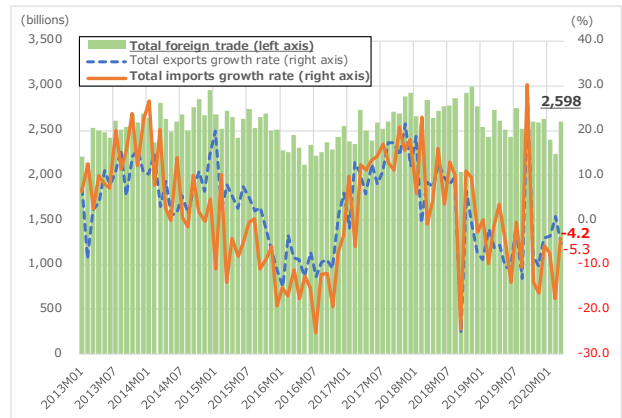
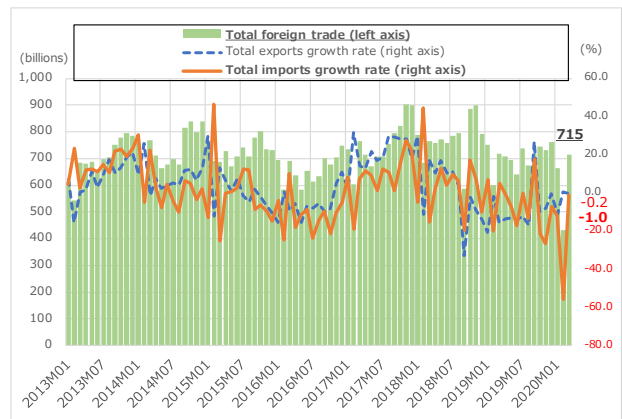


Figure 4 Evolution of Kansai's trade with China



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

Figure 5 Recovery paths from economic shocks

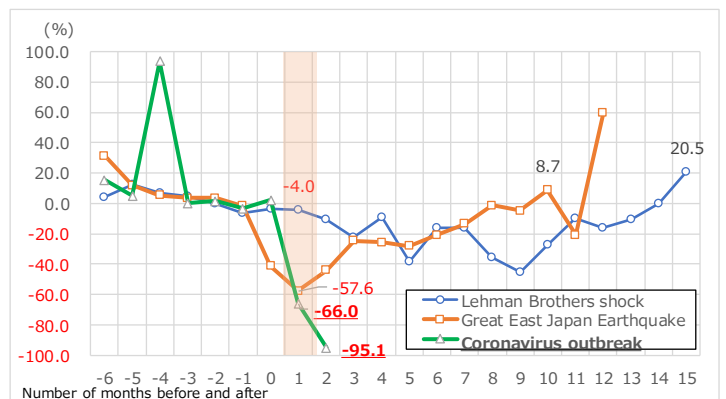


Table 2 Monthly visit ratio (advance estimates)

Visit ratio(%)					
Prefecture	2020/1	2020/2	2020/3	19Q4	20Q1
Fukui	0.19	0.17	0.16	0.20	0.16
Mie	0.80	0.80	0.78	0.80	0.78
Shiga	0.82	0.82	0.80	0.80	0.80
Kyoto	28.09	27.40	27.33	28.70	27.33
Osaka	38.46	38.22	38.51	39.00	38.51
Hyogo	6.40	6.53	6.47	6.10	6.47
Nara	11.58	11.59	12.22	12.10	12.22
Wakayama	1.41	1.27	1.13	1.40	1.13
Tottori	0.42	0.43	0.45	0.40	0.45
Tokushima	0.41	0.36	0.30	0.40	0.30

Transport Bureau					
	2020/1	2020/2	2020/3	19Q4	20Q1
Hokkaido	6.83	7.71	8.90	6.70	8.90
Kanto	53.74	53.51	53.04	53.80	53.04
Chubu	13.14	12.66	12.36	13.80	12.36
Kinki	41.88	41.43	41.24	42.30	41.24
Kyushu	9.40	9.75	10.04	9.00	10.04

Note: Actual values are highlighted.

Figure 6 Visit ratios evolution

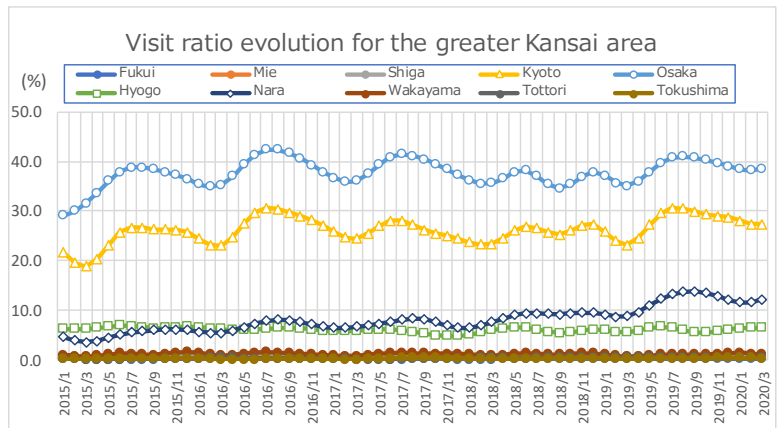
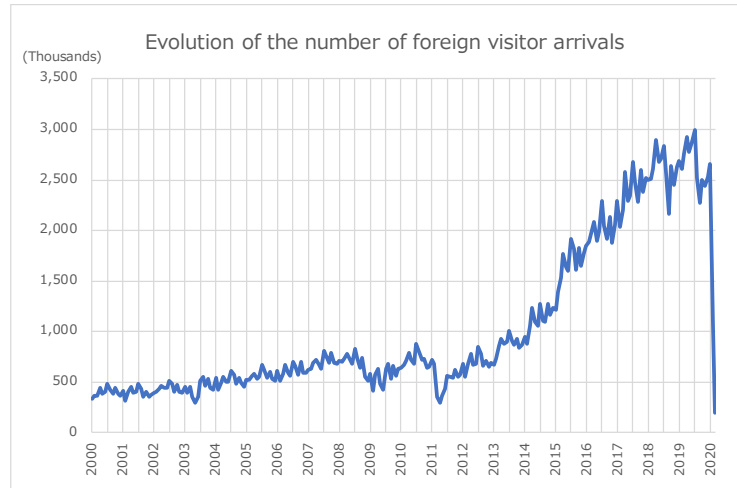


Table 3 Foreign visitors in March 2020 (JNTO estimates)

Country/Area	Total			Total		
	2019	2020	Growth rate(%)	2019	2020	Growth rate(%)
	March	March		Jan-Mar	Jan-Mar	
Grand Total	2,760,136	193,700	-93.0	8,053,797	3,939,800	-51.1
Major countries total (excl. S.Korea)	2,051,354	150,000	-92.7	5,698,299	3,282,400	-42.4
South Korea	585,586	16,700	-97.1	2,080,773	477,400	-77.1
China	691,279	10,400	-98.5	2,169,317	1,022,400	-52.9
Taiwan	402,433	7,700	-98.1	1,189,760	689,300	-42.1
Hong Kong	171,430	9,900	-94.2	505,046	344,900	-31.7
Thailand	147,443	4,800	-96.7	347,937	215,300	-38.1
Singapore	43,687	5,100	-88.3	92,465	54,900	-40.6
Malaysia	50,615	3,300	-93.5	118,674	74,700	-37.1
Indonesia	39,609	7,400	-81.3	96,708	69,600	-28.0
Philippines	48,277	10,900	-77.4	119,434	104,200	-12.8
Vietnam	47,881	20,800	-56.6	122,633	111,100	-9.4
India	17,752	1,900	-89.3	39,291	22,400	-43.0
Australia	44,175	8,800	-80.1	172,896	142,600	-17.5
U.S.A.	176,564	23,000	-87.0	372,424	213,700	-42.6
Canada	37,959	6,100	-83.9	84,135	52,600	-37.5
United Kingdom	38,610	6,800	-82.4	83,718	49,700	-40.6
France	29,408	7,700	-73.8	62,125	41,300	-33.5
Germany	28,659	6,500	-77.3	53,401	28,600	-46.4
Italy	14,956	1,500	-90.0	26,886	13,100	-51.3
Russia	11,701	5,600	-52.1	23,618	20,700	-12.4
Spain	8,916	1,800	-79.8	17,831	11,300	-36.6
Others	123,196	27,000	-78.1	274,725	180,000	-34.5

Figure 7 Evolution of the number of foreign visitors



Source: Based on data published by Japan National Tourism Organization (JNTO) on 15th of April