

– Toward a timely reading of the signs of change in tourism –

The Number of Foreign Visitors and Visit Ratios by Prefecture

Advance estimates of monthly indexes: April report

Main Points

● Advance estimates of the number of foreign visitors and visit ratios by prefecture in April, 2020*

▶ As shown in Table 1 and Figure 1, the estimated number of foreign visitors in the Greater Kansai area in April is 4 in Fukui prefecture, 22 in Mie, 22 in Shiga, 830 in Kyoto, 1,144 in Osaka, 183 in Hyogo, 388 in Nara, 33 in Wakayama, 13 in, and 7 in Tokushima. The number of visitors dropped by 99.9% YoY in all prefectures, a further deterioration since the previous month. At the present, foreign visitors have all but disappeared.

▶ By major region (i.e. Transport Bureau districts as defined by MLIT), the respective numbers are 267 in Hokkaido, 1,520 in Kanto, 352 in Chubu, 1,216 in Kansai (Kinki), and 295 in Kyushu (Table 1).

▶ The estimated visit ratios by prefecture in Greater Kansai in April are 0.1% in Fukui, 0.8% in Mie, 0.8% in Shiga, 28.6% in Kyoto, 39.4% in Osaka, 6.3% in Hyogo, 13.4% 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 Kyoto, Osaka, Nara, and Tottori. On the other hand, it decreased in Fukui, Mie, Shiga, Hyogo, and Tokushima. In Wakayama, it remained flat.

● April data review

▶ According to JNTO, the estimated number of foreign visitors to Japan in April was 2,900 (-99.9% YoY, Table 3 and Figure 7), marking the seventh consecutive month of negative growth. This is the lowest monthly number ever recorded since 1964. Restrictions on travelling abroad imposed by numerous countries, combined with Japan's strengthened quarantine measures, including the suspension of tourist visas for an increasing number of nationalities, seem to have played a big role.

▶ The top five inbound nationalities were South Korea (300 visitors, -99.9% YoY), Taiwan (300 visitors, -99.9% YoY), USA (300 visitors, -99.8% YoY), China (200 visitors, -100.0% YoY), and Vietnam (200 visitors, -99.6% YoY). A major decrease can be noticed in each case. Out of these five nations, South Korea, Taiwan, and Vietnam were relatively successful in limiting the number of infections.

▶ The number of visitors from China, Taiwan and Hong Kong decreased for the third consecutive month, while the number of visitors from Korea dropped for the 10th consecutive month. **The effects of the COVID-19 pandemic became even more severe in April. The lack of foreign tourists is expected to continue in the coming months.**

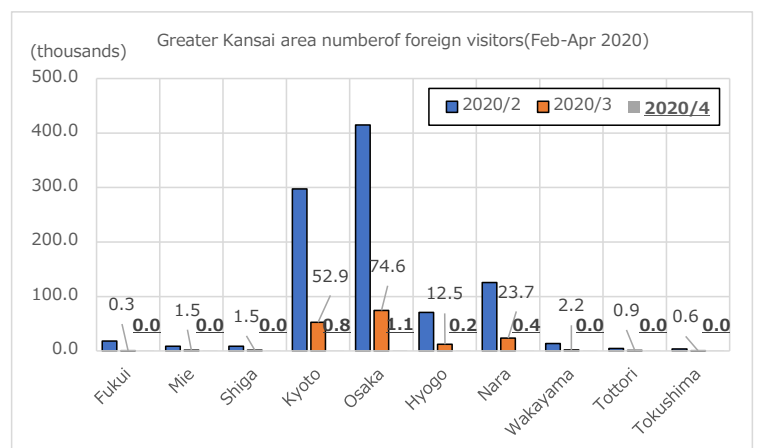
Table 1 Number of foreign visitors by prefecture
(advance estimates)

Prefecture	2020/2	2020/3	2020/4	19Q4	20Q1
Fukui	1,831	302	4	14,928	7,099
Mie	8,643	1,514	22	59,714	31,511
Shiga	8,862	1,541	22	59,714	32,172
Kyoto	297,283	52,937	830	2,142,234	1,097,702
Osaka	414,784	74,602	1,144	2,911,049	1,512,728
Hyogo	70,902	12,529	183	455,318	253,816
Nara	125,732	23,678	388	903,172	457,447
Wakayama	13,742	2,188	33	104,499	53,381
Tottori	4,712	874	13	29,857	16,643
Tokushima	3,944	577	7	29,857	15,511

Transport Bureau	2020/2	2020/3	2020/4	19Q4	20Q1
Hokkaido	83,685	17,237	267	500,103	282,652
Kanto	580,631	102,741	1,520	4,015,755	2,113,279
Chubu	137,424	23,939	352	1,030,064	510,936
Kinki	449,596	79,876	1,216	3,157,369	1,643,817
Kyushu	105,828	19,441	295	671,781	375,326

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
(Feb-Apr comparison)



* 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 April 2020: trends in the number of foreign visitors**

▶ **In April, the number of foreign nationals arriving at KIX was 401, an all-time low.** The decline rate expanded to -99.9% YoY from -95.1% in the previous month (Figure 2 and Figure 5). This is a consequence of the growing number of areas subject to entry bans. On April 29 the Ministry of Justice (MoJ) imposed an entry ban on 87 countries and territories, and by May 16 the number had grown to 100. Since the entry ban is unlikely to be lifted anytime soon, we expect that the return of foreign tourists to Japan will be delayed further.

● **Comparison of economic recovery patterns**

▶ **In April, Kansai's international imports and exports remained suppressed by the global economic slowdown due to the COVID-19 pandemic** (Figure 3). Exports dropped by -5.5% YoY, for the second month in row (-5.2% YoY in March). Marking the seventh consecutive month of negative growth, imports also contracted by -2.2% YoY. However, the decrease slowed down from -4.2% YoY in the previous month, as a result of growing imports from China. Although Kansai logged a trade surplus for the third consecutive month, the amount of total trade (imports + exports) kept shrinking, decreasing for the 16th month in a row (except for September 2019).

▶ **By region** (Figure 4), in April Kansai's China-bound exports increased for the first time in two months (+4.2% YoY). Imports from China also grew by +22.1% YoY, for the first time in seven months. Textiles and communication equipment made a major contribution to this increase. **Masks and mobile phones imports made a positive contribution to imports too.**

▶ **In April, the number of foreign visitors arriving at KIX plunged by -99.9%, marking the third month of decline.** We estimate that the total spending by foreigners in Kansai in 2019 was JPY 1.061 trillion. Based on that number, we estimate that the economic loss due to decreased inbound tourism demand in April was JPY 88.41 billion (=10,615/12×0.999). **As a result, the estimated total economic loss during the February-April period is JPY 230.92 billion.** Considering that the entry ban on foreign nationals was extended in May, it is reasonable to assume that the number of foreign visitors will remain close to zero. In that case, the total loss for the April-June period will be JPY 260.8 billion.

▶ We compared the evolution of international arrivals at KIX following three critical events: the Global Financial Crisis, the Great East Japan Earthquake, and the Covid-19 outbreak (Figure 5). The fact that the decrease in April this year was greater than the previous month shows clearly that the decline during the Covid-19 pandemic is more severe compared to the other two critical events. In addition to the travel restrictions across the world, Japan too has tightened rules for entering the country. Consequently, the decline is likely to remain as large as it was in April, unless an effective vaccine is developed soon.

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 April 2020 are preliminary figures (in Figure 5 as well).

Figure 3 Evolution of Kansai's foreign trade

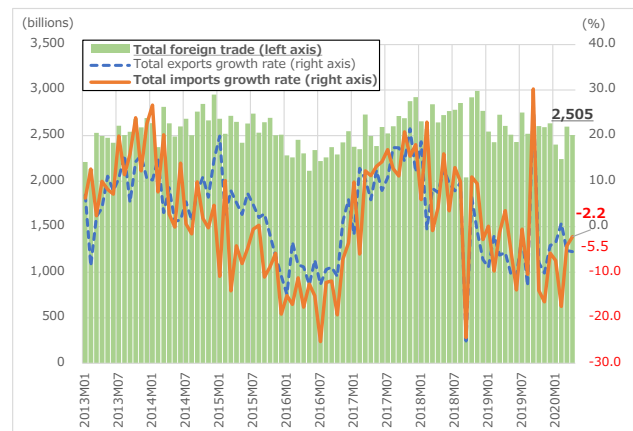
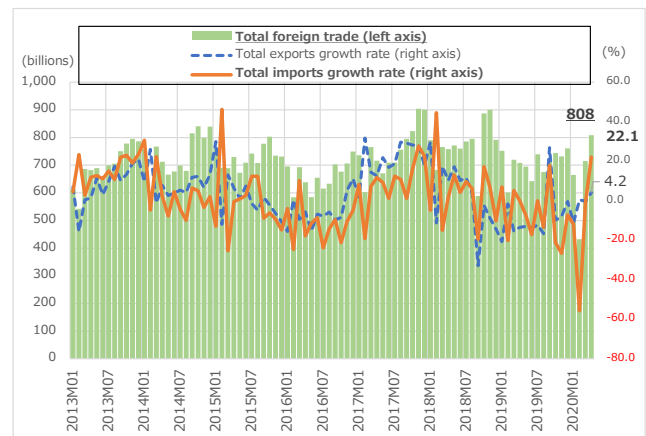


Figure 4 Evolution of Kansai's trade with China



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

Figure 5 Recovery paths from economic shocks

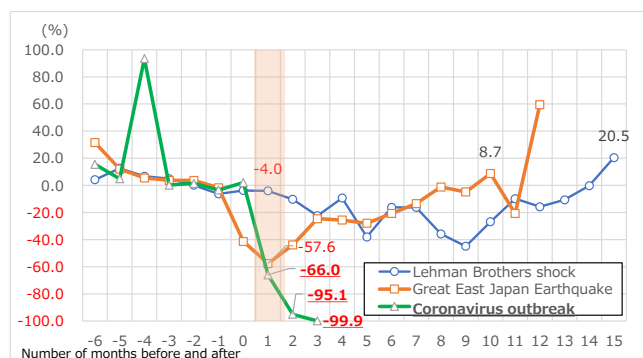


Table 2 Monthly visit ratio (advance estimates)

Visit ratio(%)						
Prefecture	2020/2	2020/3	2020/4	19Q4	20Q1	
Fukui	0.17	0.16	0.15	0.20	0.16	
Mie	0.80	0.78	0.76	0.80	0.78	
Shiga	0.82	0.80	0.76	0.80	0.80	
Kyoto	27.40	27.33	28.61	28.70	27.33	
Osaka	38.22	38.51	39.44	39.00	38.51	
Hyogo	6.53	6.47	6.32	6.10	6.47	
Nara	11.59	12.22	13.39	12.10	12.22	
Wakayama	1.27	1.13	1.13	1.40	1.13	
Tottori	0.43	0.45	0.46	0.40	0.45	
Tokushima	0.36	0.30	0.25	0.40	0.30	

Transport Bureau					
	2020/2	2020/3	2020/4	19Q4	20Q1
Hokkaido	7.71	8.90	9.20	6.70	8.90
Kanto	53.51	53.04	52.43	53.80	53.04
Chubu	12.66	12.36	12.12	13.80	12.36
Kinki	41.43	41.24	41.92	42.30	41.24
Kyushu	9.75	10.04	10.16	9.00	10.04

Note: Actual values are highlighted.

Figure 6 Visit ratios evolution

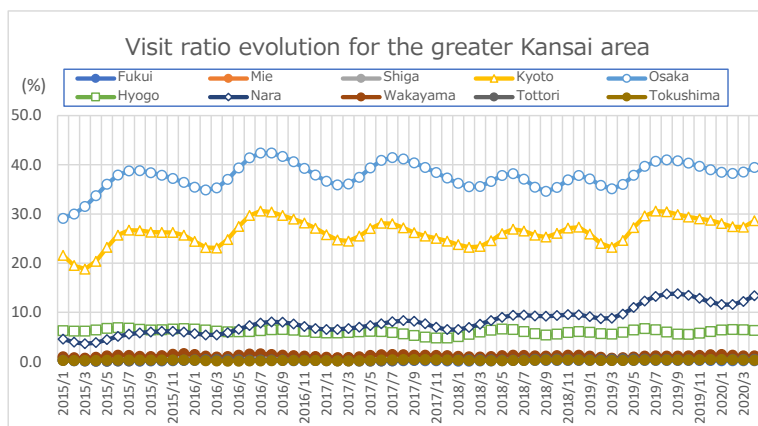
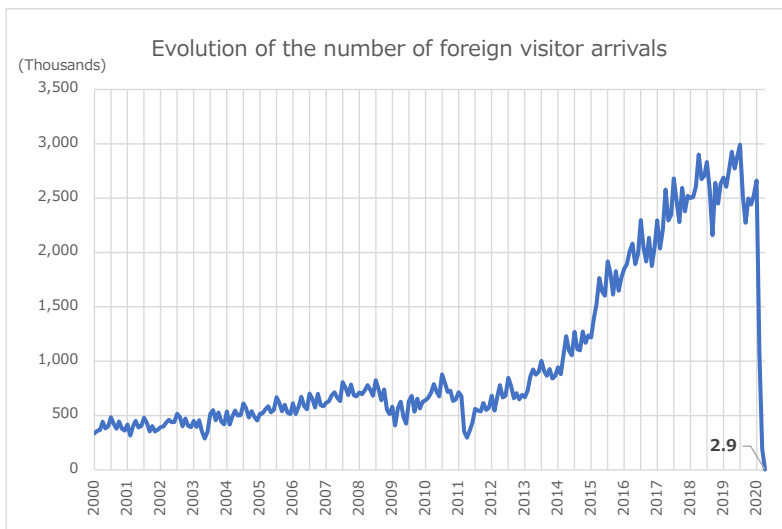


Table 3 Foreign visitors in April 2020 (JNTO estimates)

Country/Area	Total			Total		
	2019	2020	Growth rate(%)	2019	2020	Growth rate(%)
	Apr	Apr		Jan-Apr	Jan-Apr	
Grand Total	2,926,685	2,900	-93.0	8,053,797	3,939,800	-51.1
Major countries total (excl. S.Korea)	2,212,671	1,460	-99.9	7,923,214	3,293,390	-58.4
South Korea	566,624	300	-99.9	2,647,397	477,700	-82.0
China	726,132	200	-100.0	2,895,449	1,022,600	-64.7
Taiwan	403,467	300	-99.9	1,593,227	689,700	-56.7
Hong Kong	194,806	10	-100.0	699,852	344,880	-50.7
Thailand	164,817	30	-100.0	512,754	215,320	-58.0
Singapore	36,704	<10	-100.0	129,169	54,830	-57.6
Malaysia	46,092	20	-100.0	164,766	74,740	-54.6
Indonesia	39,768	100	-99.7	136,476	69,700	-48.9
Philippines	69,266	50	-99.9	188,700	104,270	-44.7
Vietnam	55,295	200	-99.6	177,928	111,300	-37.4
India	18,376	30	-99.8	57,667	22,400	-61.2
Australia	70,504	50	-99.9	243,400	142,690	-41.4
U.S.A.	170,247	300	-99.8	542,671	214,000	-60.6
Canada	38,897	50	-99.9	123,032	52,680	-57.2
Mexico	8,222	60	-99.3	20,466	9,370	-54.2
United Kingdom	44,537	30	-99.9	128,255	49,800	-61.2
France	46,005	10	-100.0	108,130	41,310	-61.8
Germany	27,829	<10	-100.0	81,230	28,640	-64.7
Italy	24,062	<10	-100.0	50,948	13,150	-74.2
Russia	13,787	20	-99.9	37,405	20,720	-44.6
Spain	13,858	<10	-100.0	31,689	11,290	-64.4
Middle East	13,352	20	-99.9	32,644	7,070	-78.3
Others	134,038	1,100	-99.2	377,227	164,640	-56.4

※ <:less than

Figure 7 Evolution of the number of foreign visitors



Source: Based on data published by Japan National Tourism Organization (JNTO) on May 20, 2020.