

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: May report

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**Main Points**

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

▶ As shown in Table 1 and Figure 1, **the estimated number of foreign visitors in the Greater Kansai area in May** is 2 people in Fukui prefecture, 13 in Mie, 12 in Shiga, 518 in Kyoto, 696 in Osaka, 105 in Hyogo, 250 in Nara, 21 in Wakayama, 8 in Tottori, and 4 in Tokushima. The number of visitors dropped by 100.0% in Fukui, and by 99.9% YoY in the rest of the prefectures. As a result, inbound tourism demand has been virtually non-existent since April.

▶ By major region (i.e. Transport Bureau district as defined by MLIT), the respective numbers are 138 in Hokkaido, 881 in Kanto, 204 in Chubu, 738 in Kansai (Kinki), and 170 in Kyushu (Table 1).

▶ **The estimated visit ratios by prefecture in Greater Kansai in May** are 0.2% in Fukui, 0.7% in Mie, 0.7% in Shiga, 30.5% in Kyoto, 41.0% in Osaka, 6.2% in Hyogo, 14.7% in Nara, 1.2% in Wakayama, 0.5% in Tottori, and 0.2% in Tokushima (Table 2 and Figure 6). The visit ratio increased MoM in Kyoto, Osaka, Nara, and Wakayama. It decreased in Mie, Shiga, Hyogo, and Tokushima, and remained flat in Fukui and Tottori.

● **May data review**

▶ According to JNTO, **the estimated number of foreign visitors to Japan in May was 1,700** (-99.9% YoY, Table 3 and Figure 7), marking the eighth consecutive month of negative growth and **reaching a new all-time low**. This can be attributed to the current restrictions on international travel, as well as to Japan's entry ban for foreign nationals.

▶ The top five inbound nationalities were the USA (50 visitors, -100.0% YoY), China (30 visitors, -100.0% YoY), India (30 visitors, -99.8% YoY), South Korea (20 visitors, -100.0% YoY), and France (20 visitors, -99.9% YoY). At present, foreign visitors have all but disappeared.

▶ The number of visitors from China, Taiwan and Hong Kong decreased for the fourth consecutive month, while the number of visitors from Korea dropped for the 11<sup>th</sup> consecutive month. **The effects of the COVID-19 pandemic were severe in May too.** Meanwhile, Japan mulls easing restrictions on business travel for visitors from Thailand, Vietnam, Australia and New Zealand, who might be allowed to enter Japan if they submit a negative result certificate of a PCR test and a travel plan. If this measure is implemented, we can expect an increase in the number of foreign visitors, albeit a limited one.

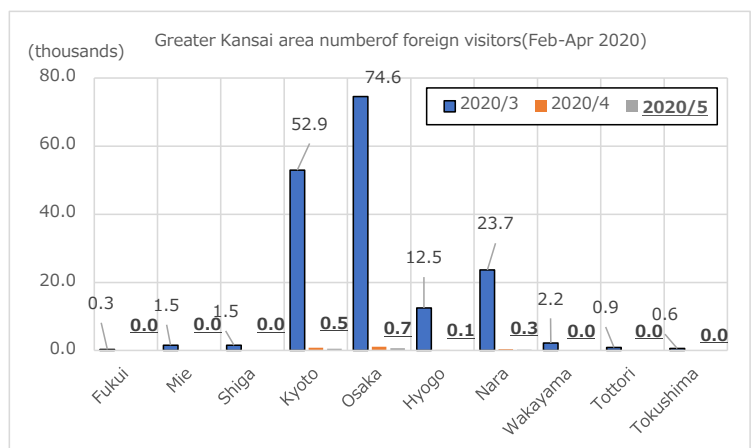
Table 1 Number of foreign visitors by prefecture (advance estimates)

Prefecture	2020/3	2020/4	2020/5	19Q4	20Q1
Fukui	302	4	2	14,928	7,099
Mie	1,514	22	13	59,714	31,511
Shiga	1,541	22	12	59,714	32,172
Kyoto	52,933	830	518	2,142,234	1,097,698
Osaka	74,596	1,144	696	2,911,049	1,512,722
Hyogo	12,528	183	105	455,318	253,815
Nara	23,676	388	250	903,172	457,446
Wakayama	2,188	33	21	104,499	53,381
Tottori	874	13	8	29,857	16,643
Tokushima	577	7	4	29,857	15,511

Transport Bureau	2020/3	2020/4	2020/5	19Q4	20Q1
Hokkaido	17,235	267	138	500,103	282,650
Kanto	102,733	1,520	881	4,015,755	2,113,271
Chubu	23,937	352	204	1,030,064	510,934
Kinki	79,870	1,216	738	3,157,369	1,643,810
Kyushu	19,439	295	170	671,781	375,325

Note: 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 (March-May 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 May: tendencies in the number of foreign visitors**

▶ **In May, the number of foreign nationals arriving at KIX was 181, the lowest figure ever recorded.** The decline rate has reached -100.0% YoY, with almost no foreigners entering Japan (Figure 2 and Figure 5). This is a consequence of the current entry bans for foreign nationals due to the spread of COVID-19. On April 29, the Ministry of Justice (MoJ) imposed an entry ban on people from 87 countries and territories. This number grew to 100 on May 16, and subsequently to 111 on May 27.

● **Comparison of economic recovery paths**

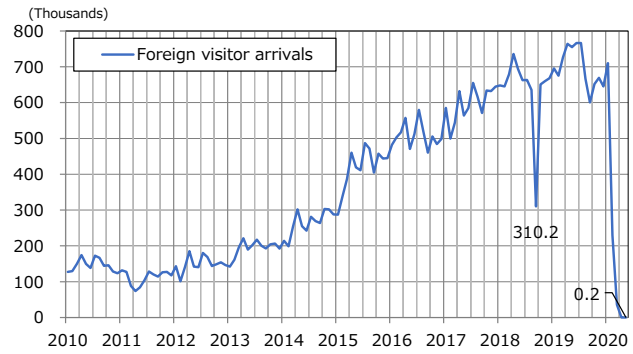
▶ In May, Kansai's international imports and exports kept being affected by the global economic slowdown triggered by the COVID-19 pandemic (Figure 3). Exports dropped by -16.9% YoY, for the third consecutive month (-5.4% YoY in April). As a consequence of the drastic reduction in trade with Europe and the US, imports contracted even more, by -19.7% YoY, marking the eighth consecutive month of negative growth. As a result, Kansai reported a trade surplus of JPY 28.1 billion for the fourth consecutive month. Nevertheless, total foreign trade (imports + exports) dropped by -18.3% (-3.8% in April), declining for 17 straight months, with the sole exception of September 2019.

▶ By region (Figure 4), Kansai's China-bound exports in May decreased by -0.1% YoY, for the first time in two months. Imports from China grew by +2.2% YoY, for the second month in a row. The categories that led to this increase are yarns and threads, textile products, and office appliances.

▶ In May, the number of foreigners arriving at KIX plunged by -100.0%, the fourth consecutive month of decline. We used our estimate of total spending by foreigners in Kansai in 2019 (JPY 1.061 trillion) in order to assess the economic loss due to this decline in inbound tourism. We estimate that the loss in May was JPY 88.4 billion (=10,615/12 × the decline rate of foreign visitors arriving at KIX). **As a result, the loss in the February-May period totals JPY 319.4 billion.** In addition, if in June the decline rate remains similar to May, we can assume that the total loss in the February-June period will increase to JPY 407.8 billion.

▶ In Figure 5, we compare the evolution of international arrivals at KIX following the Global Financial Crisis of 2008, the Great East Japan Earthquake in 2011, and the recent Coronavirus outbreak. The drastic drop reported in May is unprecedented. At the present, the Japanese government mulls the possibility to ease restrictions, initially for business travel. In 2019, 88.6% of foreign nationals entering Japan were tourists, 5.5% traveled for business purposes, and 5.9% represented other categories. **Even if business travel from all regions were to be allowed, a decline of around -95% would still be present, suggesting that a substantial recovery remains improbable for the time being.**

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

Figure 3 Evolution of Kansai's foreign trade

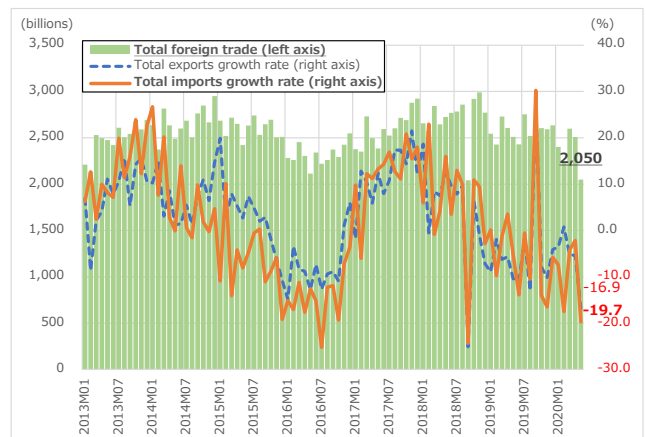
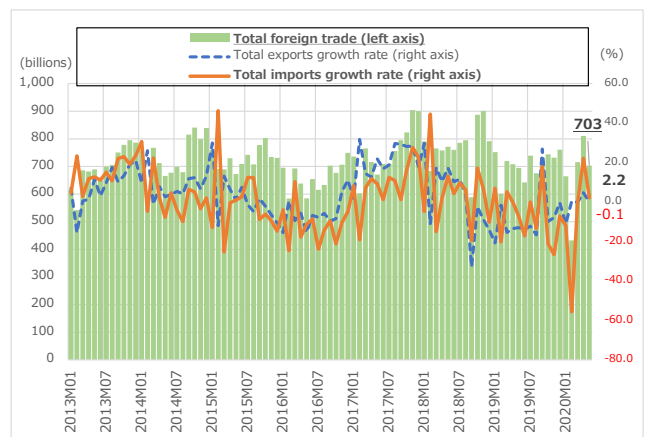


Figure 4 Evolution of Kansai's trade with China



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

Figure 5 Recovery paths from economic shocks

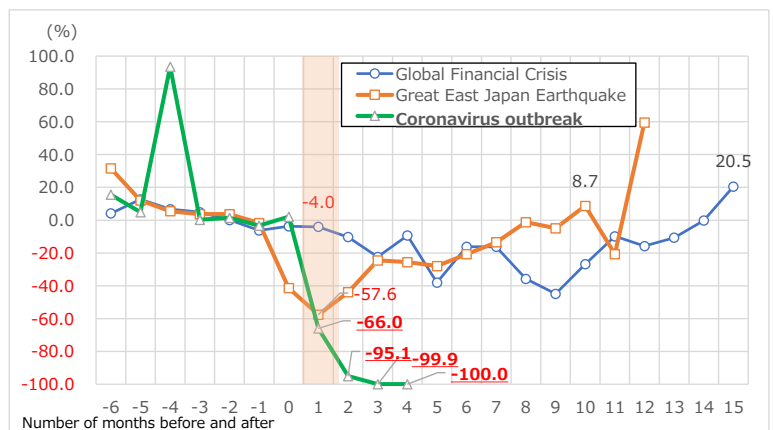


Table 2 Monthly visit ratio (advance estimates)

Prefecture	2020/3	2020/4	2020/5	19Q4	20Q1
Fukui	0.16	0.15	0.15	0.20	0.16
Mie	0.78	0.76	0.74	0.80	0.78
Shiga	0.80	0.76	0.71	0.80	0.80
Kyoto	27.33	28.61	30.46	28.70	27.33
Osaka	38.51	39.44	40.95	39.00	38.51
Hyogo	6.47	6.32	6.17	6.10	6.47
Nara	12.22	13.39	14.72	12.10	12.22
Wakayama	1.13	1.13	1.22	1.40	1.13
Tottori	0.45	0.46	0.46	0.40	0.45
Tokushima	0.30	0.25	0.22	0.40	0.30

Transport Bureau	2020/3	2020/4	2020/5	19Q4	20Q1
Hokkaido	8.90	9.20	8.15	6.70	8.90
Kanto	53.04	52.43	51.84	53.80	53.04
Chubu	12.36	12.12	12.02	13.80	12.36
Kinki	41.24	41.92	43.40	42.30	41.24
Kyushu	10.04	10.16	10.02	9.00	10.04

Note: Actual values are highlighted.

Figure 6 Visit ratios: evolution

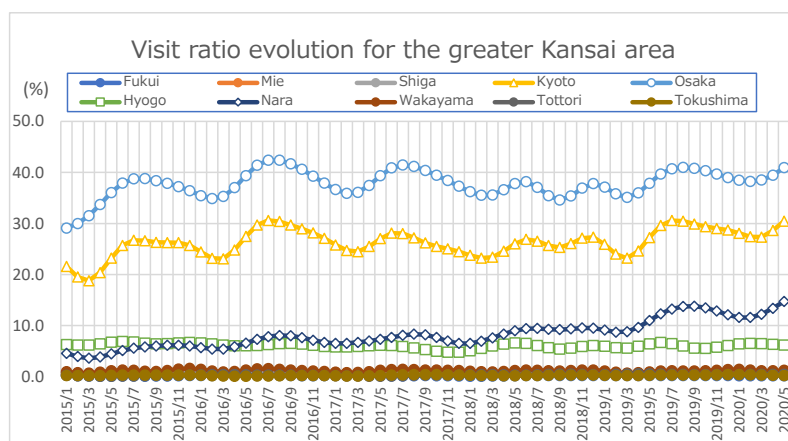
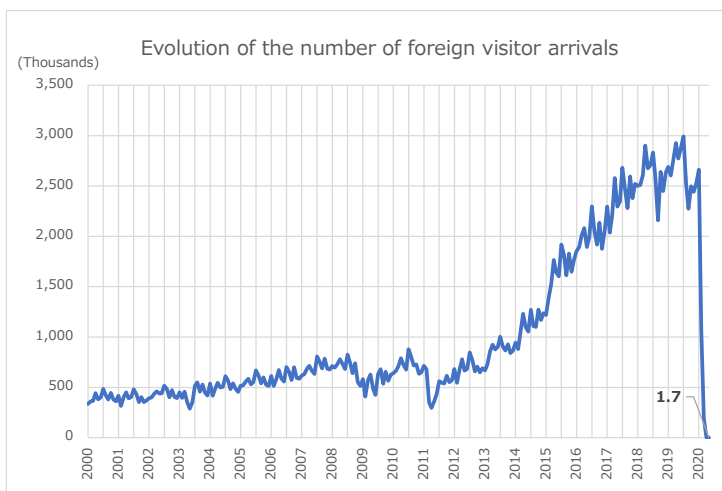


Table 3 Foreign visitors in May 2020 (JNTO estimates)

Country/Area	Total			Total		
	2019 May	2020 May	Growth rate(%)	2019 Jan-May	2020 Jan-May	Growth rate(%)
Grand Total	2,773,091	1,700	-99.9	13,753,573	3,944,400	-71.3
Major countries total (excl. S.Korea)	2,069,728	130	-100.0	9,992,942	3,293,520	-67.0
South Korea	603,394	20	-100.0	3,250,791	477,700	-85.3
China	756,365	30	-100.0	3,651,814	1,022,610	-72.0
Taiwan	426,537	<10	-100.0	2,019,764	689,670	-65.9
Hong Kong	189,007	<10	-100.0	888,859	344,900	-61.2
Thailand	107,857	<10	-100.0	620,611	215,340	-65.3
Singapore	37,650	<10	-100.0	166,819	54,780	-67.2
Malaysia	42,629	<10	-100.0	207,395	74,730	-64.0
Indonesia	30,107	<10	-100.0	166,583	69,710	-58.2
Philippines	59,578	<10	-100.0	248,278	104,310	-58.0
Vietnam	39,900	<10	-100.0	217,828	111,370	-48.9
India	19,914	30	-99.8	77,581	22,470	-71.0
Australia	46,223	<10	-100.0	289,623	142,650	-50.7
U.S.A.	156,962	50	-100.0	699,633	214,030	-69.4
Canada	35,335	<10	-100.0	158,367	52,740	-66.7
Mexico	5,482	<10	-100.0	25,948	9,360	-63.9
United Kingdom	31,642	<10	-100.0	159,897	49,780	-68.9
France	30,863	20	-99.9	138,993	41,300	-70.3
Germany	21,552	<10	-100.0	102,782	28,610	-72.2
Italy	12,463	<10	-100.0	63,411	13,140	-79.3
Russia	9,691	<10	-99.9	47,096	20,770	-55.9
Spain	9,971	<10	-100.0	41,660	11,250	-73.0
Middle East	5,679	<10	-100.0	38,323	7,050	-81.6
Others	94,290	1,480	-98.4	471,517	166,130	-64.8

※ <: less than

Figure 7 Evolution of the number of foreign visitors



Source: Based on data published by Japan National Tourism Organization (JNTO) on June 17, 2020.