

Toward a timely reading of the signs of change in tourism

Yoshihisa Inada, Director of Research &  
Director of Center for Quantitative Economic Analysis

Yoichi Matsubayashi, Senior Research Fellow

Ryosuke Nomura, Research Fellow

For inquiries, please contact: nomura-r@apir.or.jp

## International Visitor Numbers and Visit Ratios in Kansai Prefectures

Advance estimates of monthly indexes: July report

### Main points

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

▶ As shown in Table 1 and Figure 1, the estimated number of international visitors in Greater Kansai area in July is 5 in Fukui prefecture, 25 in Mie, 31 in Shiga, 986 in Kyoto, 1,198 in Osaka, 202 in Hyogo, 292 in Nara, 24 in Wakayama, 11 in Tottori, and 9 in Tokushima. The number of visitors dropped by 99.9% YoY in all prefectures and the number of foreign tourists continues to be next to zero.

▶ By major region (or Transport Bureau district as defined by MLIT) the respective numbers are 238 in Hokkaido, 1,967 in Kanto, 489 in Chubu, 1,500 in Kansai (Kinki), and 321 in Kyushu (Table 1).

▶ The estimated visit ratios by prefecture in Greater Kansai in July are 0.1% in Fukui, 0.7% in Mie, 0.8% in Shiga, 26.0% in Kyoto, 31.5% in Osaka, 5.3% in Hyogo, 7.7% in Nara, 0.6% in Wakayama, 0.3% in Tottori, and 0.2% in Tokushima (Table 2 and Figure 6). The visit ratio increased MoM in Mie, Kyoto, Osaka, Hyogo, Nara, Wakayama, and Tottori, while it decreased in Fukui, Shiga, and Tokushima.

#### ● Review of July data

▶ According to JNTO estimates (Table 3 and Figure 7), the total number of international visitors to Japan in July was 3,800 (-99.9% YoY), marking the tenth consecutive month of negative growth. Despite a slight increase from the previous month (2,600), the number remains low.

▶ The top five inbound nationalities were the China (800 visitors), Vietnam (600 visitors), USA (400 visitors), South Korea (300 visitors), and India (300 visitors). Similar to the previous month, the decline is almost 100.0% YoY.

▶ The number of visitors from China, Taiwan and Hong Kong decreased for the sixth consecutive month, while the number of visitors from Korea dropped for the 13th consecutive month. On July 22, the Japanese government announced an agreement with Thailand and Vietnam to allow re-entry for expatriate staff and long-term residents starting on July 29. A similar agreement starting in September was reached with Malaysia. Talks with Singapore are underway. While these agreements target business travel, they might lead to a slight increase in the number of foreign visitors. However, considering the fact that restrictions for tourists are still in place, it is difficult to expect a significant increase.

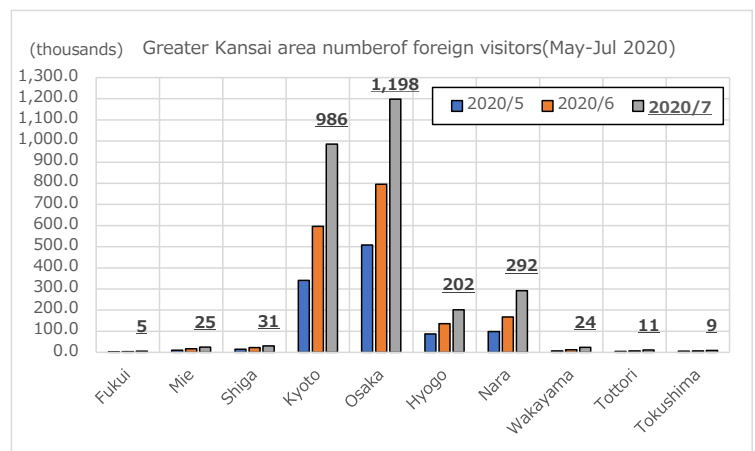
Table 1 Number of foreign visitors by prefecture  
(advance estimates)

Prefecture	2020/5	2020/6	2020/7	20Q1	20Q2
Fukui	3	4	5	7,880	12
Mie	11	17	25	27,579	46
Shiga	15	22	31	35,459	64
Kyoto	340	596	986	847,069	1,518
Osaka	508	796	1,198	1,315,911	2,225
Hyogo	87	136	202	220,632	380
Nara	99	168	292	299,429	452
Wakayama	7	13	24	27,579	35
Tottori	4	7	11	11,820	19
Tokushima	5	7	9	15,759	24

Transport Bureau	2020/5	2020/6	2020/7	20Q1	20Q2
Hokkaido	152	176	238	450,677	661
Kanto	869	1,352	1,967	2,071,305	3,755
Chubu	187	309	489	442,506	824
Kinki	577	955	1,500	1,364,549	2,542
Kyushu	146	222	321	352,742	629

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  
(May-July comparison)



Note: Figures are based on the latest data available.

\* The 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 six months. By multiplying this newly obtained visit ratio with the total 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 official visit ratios 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 1

● **Kansai International Airport (KIX) in July: trends in international visitor numbers**

▶ **In July, the number of foreign nationals arriving at KIX was 834**, a decline of 99.9% YoY (Figure 2 and Figure 5). Although the number of passengers increased slightly from the previous month (578) due to the partial resumption of international flights, it still remains low. Moreover, while strict border enforcement measures continue, the simplification of PCR test procedures on arrival and partially resuming international flights to China might contribute to a moderate increase in the number of foreign visitors.

● **Comparison of economic recovery paths**

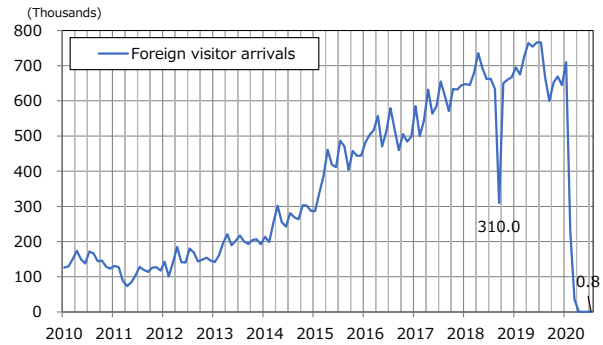
▶ **In July, Kansai's exports declined for the fifth consecutive month, but the pace of decline slowed down from the previous month** (Figure 3). Overall exports shrank by -11.8% YoY, while exports to China decreased at a lower rate than a month earlier (-14.1% YoY). Imports declined for the 10<sup>th</sup> consecutive month, at -18.5% YoY (-2.2% YoY in June). This reflects a decrease in mineral fuel imports due to lower crude oil prices, in addition to reduced trade with Europe and the US. As a result, Kansai reported a trade surplus of JPY 150.9 billion for the sixth consecutive month. However, the total foreign trade (imports + exports) dropped by -15.1% YoY (-8.8% in June), for 20 months in a row, with the sole exception of September 2019.

▶ **By region** (Figure 4), Kansai's China-bound exports increased for the second consecutive month in July (+7% YoY), reflecting a recovery in China's industrial production. On the other hand, imports from China shrank by -9.5% YoY, for the first time in four months. Electronic parts such as semiconductors and non-ferrous metals, were the major contributors to the rise in exports. On the other hand, clothes, accessories and communication equipment contributed to the decline in imports.

▶ **In July, the number of foreigners arriving at KIX slumped by -99.9%, the sixth consecutive month of decline.** Our updated estimates show that total spending by foreigners in Kansai in 2019 was JPY 1,148.5 billion (official figure). Based on this figure, estimate that the losses for the inbound tourism demand in July were JPY 95.6 billion (=1,148.5/12×the decline in international visitor numbers arriving at KIX). **As a result, the overall loss during the February-July period totals JPY 536.8 billion.**

▶ **In Figure 5, we compare the evolution of international arrival numbers at KIX following the Global Financial Crisis, the Great East Japan Earthquake, and the COVID-19 outbreak.** In July, the decline was approximately the same as the previous month. Due to the partial resumption of international flights and the simplification of PCR test procedures at KIX, the movement of foreign visitors and the quarantine measures upon arrival have somewhat eased. Nevertheless, **considering the strict immigration controls and the movement restrictions after entering Japan, unlike the period following the Great East Japan Earthquake, this time around a rapid recovery of the number of foreign visitors is unlikely.**

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

Figure 3 Evolution of Kansai's foreign trade

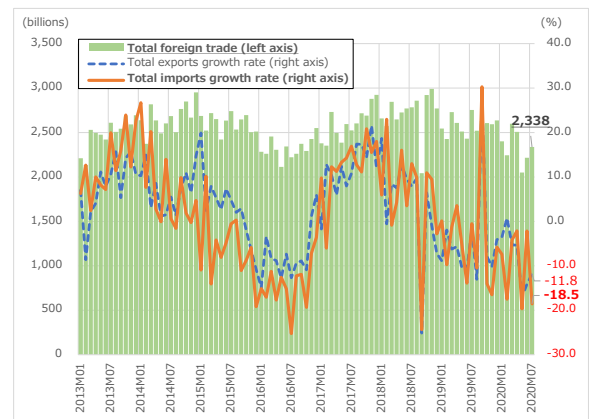
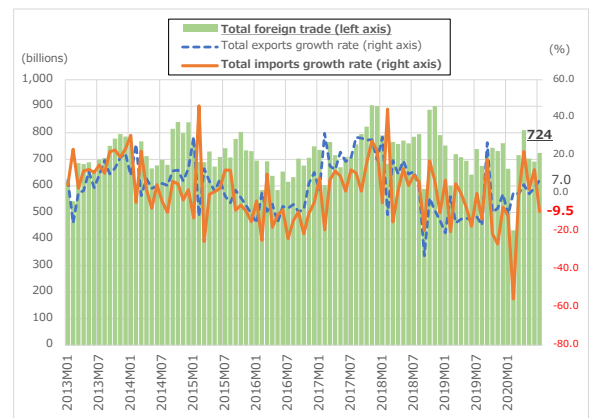
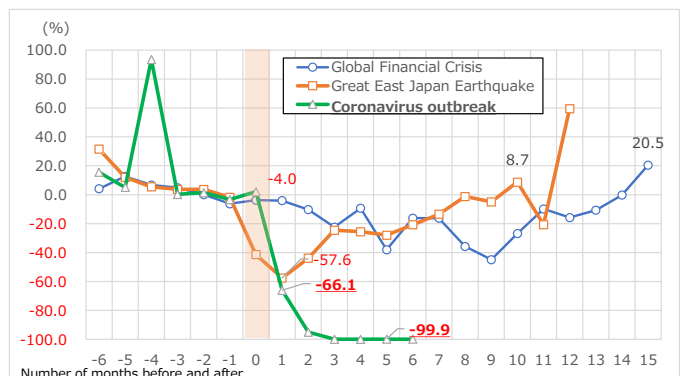


Figure 4 Evolution of Kansai's trade with China



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

Figure 5 Recovery paths from economic shocks



## Topics 2

### ● Total number of overnight stays in May in the Greater Kansai area

▶ **In May, the total number of overnight stays in Greater Kansai area dropped for the fourth consecutive month (-88.4% YoY).** This is largely due to the extension of the state of emergency on May 4. In Fukui, Mie, Shiga, Nara, Wakayama, Tottori, and Tokushima, the state of emergency was lifted on May 21. In Kyoto, Osaka and Kobe it was lifted on May 25. As a result, an increase in the number of stays by Japanese nationals can be expected in June. However, a similar increase is unlikely in the case of foreign visitors due to the strict immigration restrictions.

▶ **In May, the total number of overnight stays by Japanese nationals was 1.2452 million, dropping for the fifth consecutive month (-84.6% YoY, Figure 6).** The largest number of stays was in Osaka prefecture (370.4 thousand, -84.9% YoY), followed by Hyogo (231.7 thousand, -78.9% YoY), Kyoto (180.8 thousand guests, -90.3% YoY), Mie (122.6 thousand, -83.2% YoY), Fukui (94.8 thousand, -70.7% YoY), Shiga (76.4 thousand, -82.6% YoY), Wakayama (65.5 thousand, -83.8% YoY), Tottori (45.4 thousand, -83.4% YoY), Tokushima (32.3 thousand, -86.6% YoY), and Nara (25.4 thousand, -89.6% YoY), as shown in Figure 7. The numbers in every prefecture reflect the extension of the emergency state and the government's appeals for self-restraint.

▶ **Moreover, the total number of overnight stays by foreign visitors was 24.5 thousand, dropping for the fourth consecutive month (-99.2% YoY, Figure 8).** The largest number of stays was in Osaka prefecture (14.1 thousand, -99.1% YoY), followed by Kyoto (4.9 thousand, -99.5% YoY), Tottori (1.1 thousand guests, -92.4% YoY), Shiga (1.1 thousand, -97.2% YoY), Hyogo (1.1 thousand, -99.1% YoY), Mie (0.9 thousand, -97.3% YoY), Fukui (0.5 thousand, -94.4% YoY), Wakayama (0.4 thousand, -99.4% YoY), Nara (0.3 thousand, -99.4% YoY), and Tokushima (0.1 thousand, -99.1% YoY), as shown in Figure 9. As a result of the strict border controls, the number of overnight stays by foreign nationals decreased by more than -90% in all prefectures.

▶ During the March-June period, the loss in domestic travel consumption due to the decrease in guest numbers was approximately JPY 4.8 trillion (nation-wide estimation). The Go To campaign budget is expected to compensate for approximately 40% of this loss. However, the results remain to be seen.

※ Starting this month, this report has been changed to include information on the total number of Japanese and foreign travelers in order to offer a more comprehensive picture of travel trends in Japan.

Figure 6 Evolution of the total number of Japanese overnight guests in Kansai

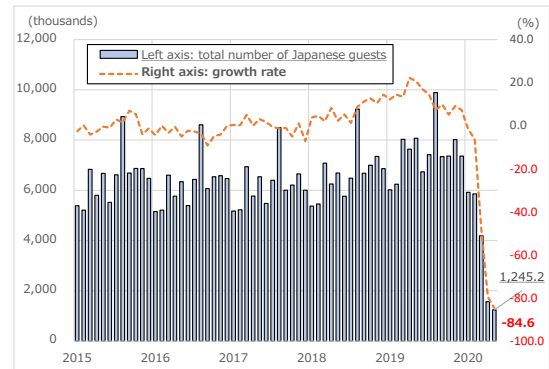


Figure 7 Evolution of the total number of Japanese overnight guests by prefecture

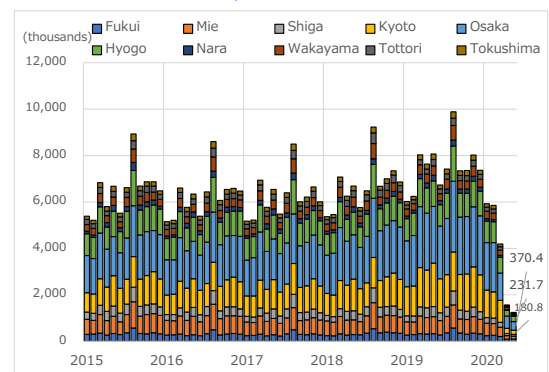


Figure 8 Evolution of the total number of foreign overnight guests in Kansai

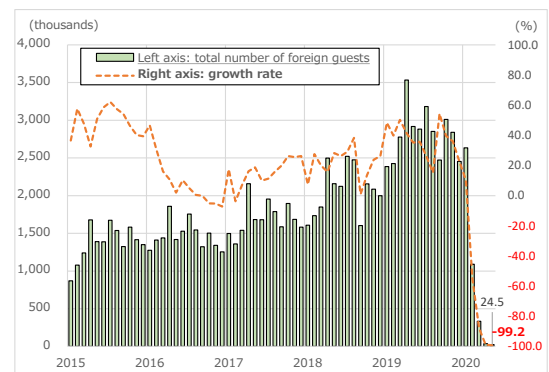
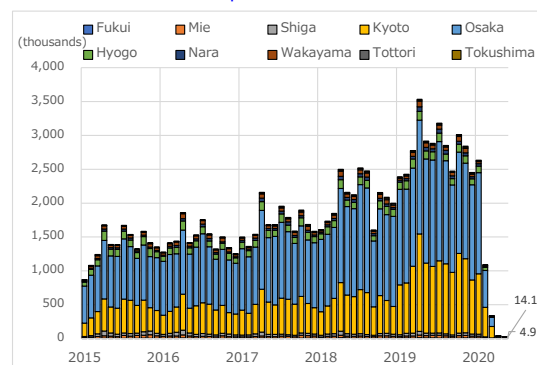


Figure 9 Evolution of the total number of foreign overnight guests by prefecture



Source: Based on data from *Overnight Travel Statistics Survey*, Japan Tourism Agency (figures 6~9)

Table 2 Monthly visit ratio (advance estimates)

Visit ratio(%)					
Prefecture	2020/5	2020/6	2020/7	20Q1	20Q2
Fukui	0.17	0.15	0.14	0.20	0.15
Mie	0.64	0.64	0.65	0.70	0.64
Shiga	0.90	0.85	0.80	0.90	0.85
Kyoto	20.47	22.92	25.94	21.50	22.92
Osaka	30.53	30.60	31.54	33.40	30.60
Hyogo	5.25	5.23	5.31	5.60	5.23
Nara	5.96	6.45	7.69	7.60	6.45
Wakayama	0.44	0.49	0.64	0.70	0.49
Tottori	0.25	0.26	0.29	0.30	0.26
Tokushima	0.32	0.28	0.24	0.40	0.28

Transport Bureau	2020/5	2020/6	2020/7	20Q1	20Q2
Hokkaido	9.14	6.76	6.26	11.44	6.76
Kanto	52.26	51.99	51.77	52.57	51.99
Chubu	11.26	11.89	12.87	11.23	11.89
Kinki	34.70	36.72	39.48	34.63	36.72
Kyushu	8.75	8.56	8.45	8.95	8.56

Note: Official figures are highlighted.

Figure 10 Evolution of visit ratios

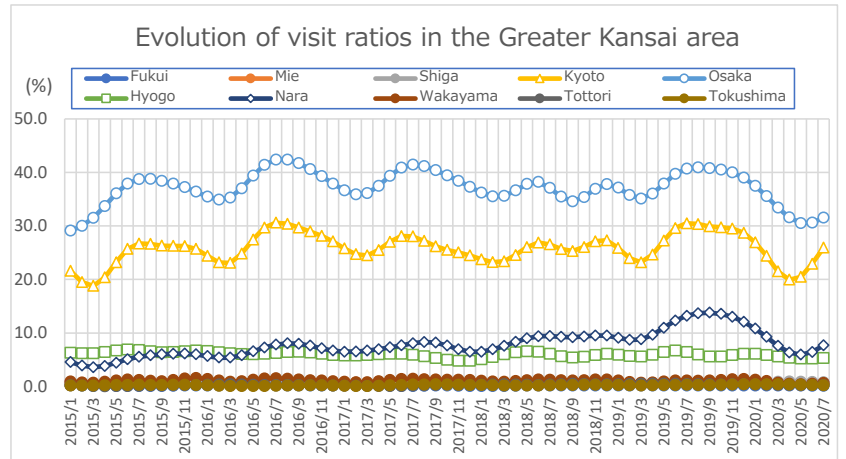
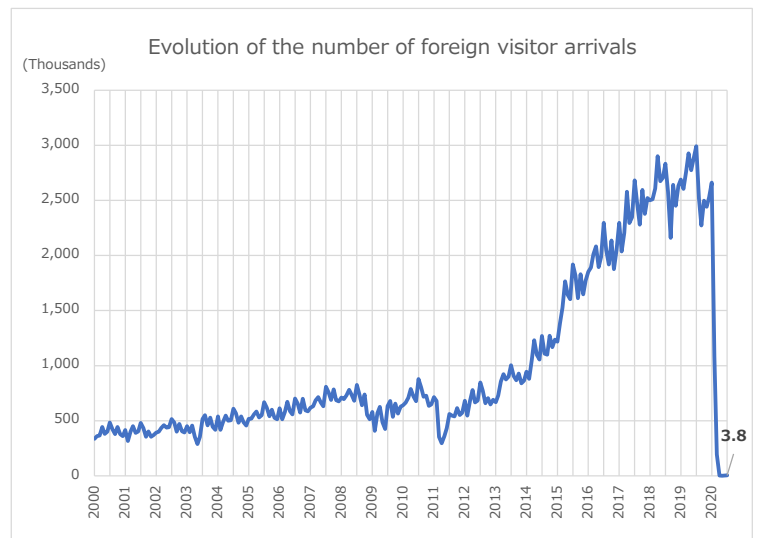


Table 3 Foreign visitors in July 2020 (JNTO estimates)

Country/Area	Total			Total		
	2019	2020	Growth rate(%)	2019	2020	Growth rate(%)
	July	July		Jan-Jul	Jan-Jul	
Grand Total	2,991,189	3,800	-99.9	19,624,803	3,950,800	-76.3
Major countries total (excl. S.Korea)	2,311,472	2,670	-99.9	4,424,333	478,100	-89.2
South Korea	561,675	300	-99.9	5,582,885	1,023,700	-81.7
China	1,050,420	800	-100.0	2,940,065	689,900	-76.5
Taiwan	459,216	100	-100.0	1,314,699	344,930	-73.8
Hong Kong	216,810	20	-100.0	756,797	215,360	-71.5
Thailand	73,202	20	-100.0	235,799	54,800	-76.8
Singapore	21,716	10	-100.0	260,886	74,750	-71.3
Malaysia	22,957	<10	-99.8	241,088	69,770	-71.1
Indonesia	25,215	50	-99.9	332,891	104,400	-68.6
Philippines	37,771	50	-98.5	294,009	112,100	-61.9
Vietnam	40,762	600	-97.7	106,162	22,800	-78.5
India	13,222	300	-99.9	361,779	142,720	-60.6
Australia	34,873	50	-99.7	1,031,989	214,600	-79.2
U.S.A.	156,865	400	-99.9	213,054	52,780	-75.2
Canada	29,285	30	-100.0	40,285	9,370	-76.7
Mexico	8,661	<10	-99.8	214,626	49,870	-76.8
United Kingdom	28,928	60	-99.8	194,944	41,400	-78.8
France	34,634	80	-99.7	137,072	28,670	-79.1
Germany	18,593	50	-99.9	88,334	13,160	-85.1
Italy	13,566	10	-99.9	64,945	20,770	-68.0
Russia	9,005	10	-99.8	67,193	11,300	-83.2
Spain	15,771	30	-99.6	52,883	7,110	-86.6
Middle East	6,813	30	-99.3	668,085	168,440	-74.8
Others	111,229	790	-99.3	668,085	168,440	-74.8

※ <:less than

Figure 11 Evolution of the number of foreign visitors



Source: Based on data published by the Japan National Tourism Organization (JNTO) on August 21, 2020.