

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: August report

Main points

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

▶ As shown in Table 1 and Figure 1, the estimated number of foreign visitors in the Greater Kansai area in August is 12 in Fukui prefecture, 58 in Mie, 67 in Shiga, 2,435 in Kyoto, 2,854 in Osaka, 474 in Hyogo, 808 in Nara, 74 in Wakayama, 28 in Tottori, and 20 in Tokushima. In each prefecture, the number plunged by approximately -99% YoY.

▶ By major region (or Transport Bureau district as defined by MLIT) the respective numbers are 602 in Hokkaido, 4,487 in Kanto, 1,192 in Chubu, 3,624 in Kansai (Kinki), and 731 in Kyushu (Table 1).

▶ For August, the estimated visit ratios by prefecture in the Greater Kansai area are 0.1% in Fukui, 0.7% in Mie, 0.8% in Shiga, 28.0% in Kyoto, 32.8% in Osaka, 5.5% in Hyogo, 9.3% in Nara, 0.9% in Wakayama, 0.3% in Tottori, and 0.2% in Tokushima (Table 2 and Figure 10). The visit ratio increased MoM in Mie, Kyoto, Osaka, Hyogo, Nara, Wakayama, and Tottori, and it decreased in Shiga and Tokushima. It remained unchanged in Fukui.

● Review of August data

▶ According to JNTO estimates, the total number of foreign visitors to Japan (Table 3 and Figure 11), was **8,700 in August (-99.7% YoY)**, marking the 11th consecutive month of negative growth. Owing to the partial relaxation of restrictions for business travel and long-term residents, there was a **slight increase from the previous month (3,800)**. However, the number remains negligible.

▶ The top six inbound nationalities were China (1,600 visitors), Vietnam (1,100 visitors), USA (700 visitors), South Korea (700 visitors), followed by Taiwan and Thailand (400 visitors each).

The decline rate is almost -99% YoY for most countries, except for Vietnam (-97.5%). A recovery in the number of foreign visitors is still not in sight.

▶ The number of visitors from China, Taiwan and Hong Kong decreased for the seventh consecutive month, while the number of visitors from Korea dropped for the 14th consecutive month. In August, the Japanese government partially eased the re-entry restrictions for foreign residents. In September this measure was followed by a complete lift of the re-entry ban. In addition, it mulls reopening the country for short-term business travel. **While these measures are limited to international students and business travelers, there is still a possibility that the number of foreign visitors will increase slightly.** Nonetheless, **given the fact that most restrictions for new visa applicants are still in place, this increase will most likely be limited.**

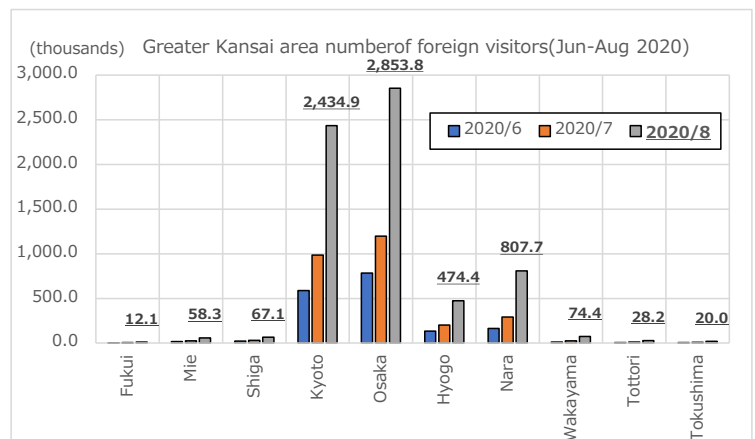
Table 1 Number of foreign visitors by prefecture (advance estimates)

Prefecture	2020/6	2020/7	2020/8	20Q1	20Q2
Fukui	4	5	12	7,880	12
Mie	16	25	58	27,579	46
Shiga	22	31	67	35,459	64
Kyoto	588	986	2,435	847,069	1,510
Osaka	785	1,198	2,854	1,315,911	2,214
Hyogo	134	202	474	220,632	378
Nara	165	292	808	299,429	450
Wakayama	13	24	74	27,579	35
Tottori	7	11	28	11,820	19
Tokushima	7	9	20	15,759	23

Transport Bureau	2020/6	2020/7	2020/8	20Q1	20Q2
Hokkaido	173	238	602	450,677	659
Kanto	1,334	1,967	4,487	2,071,305	3,736
Chubu	305	489	1,192	442,506	820
Kinki	942	1,500	3,624	1,364,549	2,529
Kyushu	219	321	731	352,742	626

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 in the Greater Kansai area (June-August comparison)



Note: the numbers are based on the latest data available.

* 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).

● **Kansai International Airport (KIX) in August: trends in the number of foreign visitors**

▶ **In August, the number of foreign nationals arriving at KIX was 1,615**, a drop rate of -99.8% YoY (Figure 2 and Figure 5). This increase from the previous month (834) can be explained by the fact that since from August 5 Japan has allowed re-entry to foreign residents who meet certain criteria. Moreover, although immigration restrictions will continue after September, the number of foreign visitors is expected to increase as foreign residents are granted re-entry permission.

● **Comparison of the economic recovery paths**

▶ **In August, Kansai's exports declined for the sixth consecutive month, but the contraction pace has eased relative to the previous month** (Figure 3). While the total exports shrank by -8.7% YoY, exports to China increased, thus contributing to a lower contraction rate for the third consecutive month. The decline in imports stood at -17.0% YoY (down from -18.5% YoY in July), shrinking for the 11th straight month. This is also reflected by decreasing exports to the Western countries, as well as by lower imports of crude oil from the Middle East. As a result, Kansai reported a trade surplus (JPY 208.2 billion) for the seventh consecutive month. Nevertheless, the total foreign trade (imports + exports) declined by -12.6% YoY (-15.1% in June), shrinking continuously since December 2018, with the sole exception of September 2019.

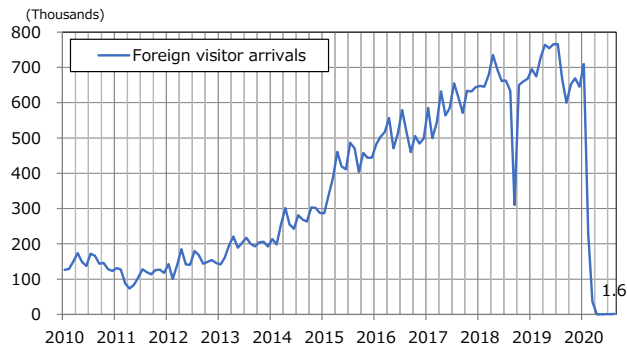
▶ **By destination** (Figure 4), Kansai's China-bound exports in August increased by 7.1% YoY for the third consecutive month, reflecting China's economic rebound. On the other hand, imports from China declined by -10.1% YoY, for the second straight month. The categories that led to an increase in exports are semiconductor production equipment and semiconductor electronic components, while those that led to a decrease in imports were clothes, accessories, and toys and games.

▶ **In August the number of foreigners arriving at KIX slumped by -99.8%**, the seventh consecutive month of decline. Our updated estimations show that the total spending by foreigners in the Greater Kansai area in 2019 was JPY 1,212.7 billion (confirmed report)*. Therefore, we can also assess the losses for the inbound tourism demand in August at JPY 95.5 billion (=12,127/12×the drop rate of foreign visitors arriving at KIX). **As a result, the loss during the Feb-Aug period totals JPY 635.8 billion.**

▶ **In Figure 5, we compare the evolution of international arrivals at KIX during the aftermaths of the Global Financial Crisis, the Great East Japan Earthquake, and the recent COVID-19 outbreak.** In August, despite a partial relaxation of the re-entry restrictions for foreign residents, the decline was approximately the same as the previous month. Starting with September, re-entry restrictions will be gradually lifted. However, **considering the strict immigration controls still in place, a swift recovery of the number of foreign visitors is unlikely.**

*See Trend Watch No.65

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



Source: based on Immigration Control statistics.
The numbers for August 2020 are preliminary figures (in Figure 5 as well).

Figure 3 Evolution of Kansai's foreign trade

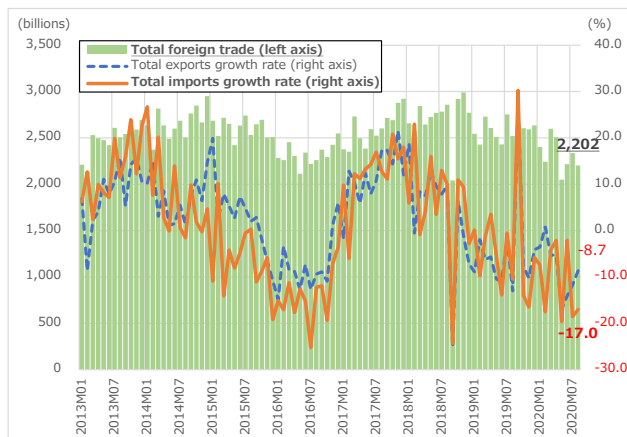
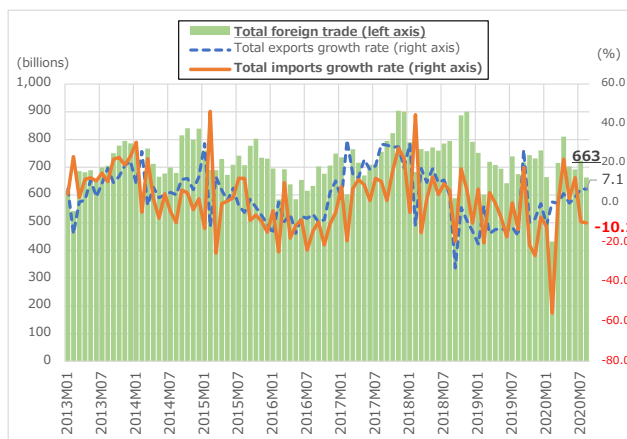
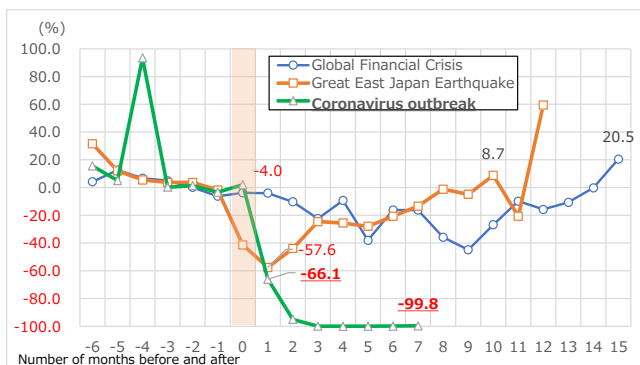


Figure 4 Evolution of Kansai's trade with China



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

Figure 5 Recovery paths from economic shocks



Topics 2

●Total number of overnight guests in June in the Greater Kansai area

▶In June, the total number of overnight guests in the Greater Kansai area dropped for the fifth consecutive month (-74.4% YoY). On May 25, the emergency state was lifted, and on June 19, restrictions on non-essential travel between prefectures were eased. This appears to have led to an increase in the number of Japanese guests. On the other hand, the number of foreign guests is likely to remain low for a while, as strict immigration restrictions remain in place.

▶In June, the total number of Japanese overnight guests was 2.4148 million, declining for the sixth consecutive month (-64.1% YoY, Figure 6). The largest number of guests was in Osaka prefecture with 768.8 thousand guests (-66.1% YoY), followed by Hyogo with 421.6 thousand guests (-54.2% YoY), Kyoto with 399.4 thousand guests (-72.7% YoY), Mie with 229.5 thousand guests (-62.9% YoY), Wakayama with 140.8 thousand guests (-53.1% YoY), Fukui with 130.2 thousand guests (-52.5% YoY), Shiga with 122.5 thousand guests (-63.5% YoY), Tottori with 77.1 thousand guests (-62.2% YoY), Tokushima with 68.3 thousand guests (-61.0% YoY), and Nara with 56.6 thousand guests (-67.4% YoY) (Figure 7). After the state of emergency was lifted, the number of overnight guests increased somewhat from the previous month in all prefectures, however, it remains low.

▶The total number of foreign overnight guests was 44.2 thousand, decreasing for the fifth straight month (-98.5% YoY, Figure 8). Again, the biggest number of guests was in Osaka prefecture with 30.5 thousand guests (-98.1% YoY), followed by Kyoto with 7.8 thousand guests (-99.2% YoY), Mie with 1.7 thousand guests (-95.7% YoY), Hyogo with 1.5 thousand guests (-98.7% YoY), Shiga with 0.7 thousand guests (-97.9% YoY), Wakayama with 0.5 thousand guests (-99.0% YoY), Fukui with 0.5 thousand guests (-94.4% YoY), Tottori with 0.4 thousand guests (-97.2% YoY), Nara with 0.4 thousand guests (-99.1% YoY), and Tokushima with 0.2 thousand guests (-98.4% YoY) (Figure 9). As a result of strict border enforcement measures, the number of foreign visitors decreased by more than -90% in each prefecture, similarly with the previous month.

▶During the March-June period, the losses in domestic travel consumption resulting from the decrease in the number of overnight guests in the Greater Kansai area amounted to approximately JPY 0.9 trillion (=JPY 4.1 trillion/12×each month's drop rate of the total number of overnights guests in Kansai). Moreover, based on decrease in overnight stays during the Mar-Jul period (data for July is preliminary), the nationwide losses in domestic travel consumption amount to approximately JPY 5.7 trillion (=JPY 21.9 trillion/12×each month's decline rate of the total number of overnight guests nationwide).

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

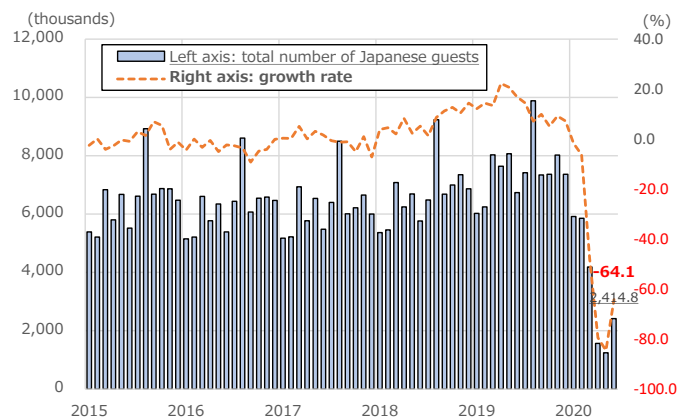


Figure 7 Evolution of the total number of Japanese overnight guests by prefecture

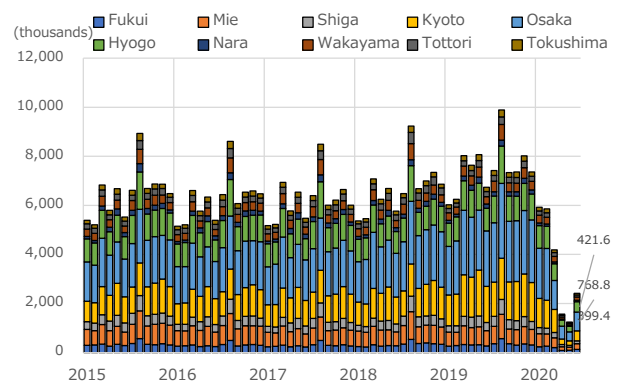


Figure 8 Evolution of the total number of foreign overnight guests in Kansai

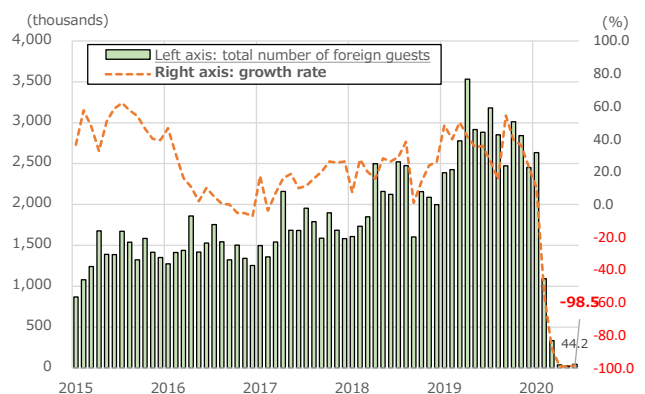
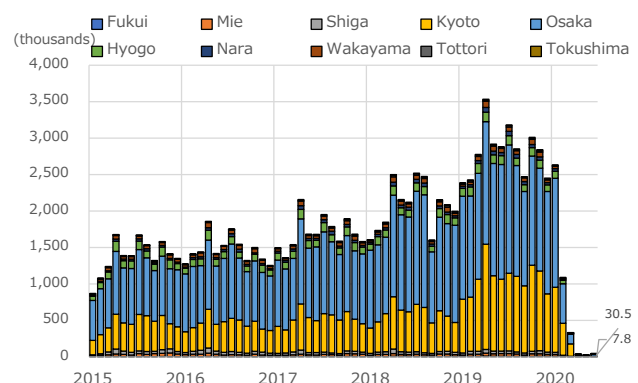


Figure 9 Evolution of the total number of foreign overnight guests by prefecture



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

Table 2 Monthly visit ratios (advance estimates)

Prefecture	2020/6	2020/7	2020/8	20Q1	20Q2
Fukui	0.15	0.14	0.14	0.20	0.15
Mie	0.64	0.65	0.67	0.70	0.64
Shiga	0.85	0.80	0.77	0.90	0.85
Kyoto	22.92	25.94	27.99	21.50	22.92
Osaka	30.60	31.54	32.80	33.40	30.60
Hyogo	5.23	5.31	5.45	5.60	5.23
Nara	6.45	7.69	9.28	7.60	6.45
Wakayama	0.49	0.64	0.85	0.70	0.49
Tottori	0.26	0.29	0.32	0.30	0.26
Tokushima	0.28	0.24	0.23	0.40	0.28

Transport Bureau	2020/6	2020/7	2020/8	20Q1	20Q2
Hokkaido	6.76	6.26	6.92	11.44	6.76
Kanto	51.99	51.77	51.58	52.57	51.99
Chubu	11.89	12.87	13.70	11.23	11.89
Kinki	36.72	39.48	41.65	34.63	36.72
Kyushu	8.56	8.45	8.40	8.95	8.56

Note: Actual values are highlighted.

Figure 10 Visit ratio evolution for Greater Kansai

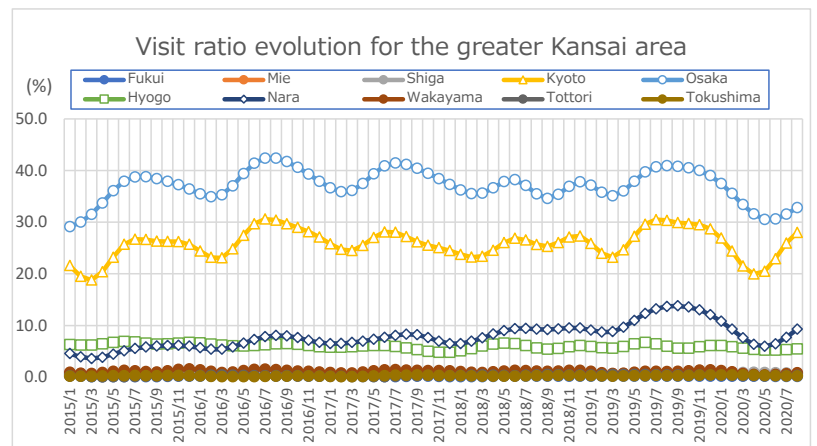
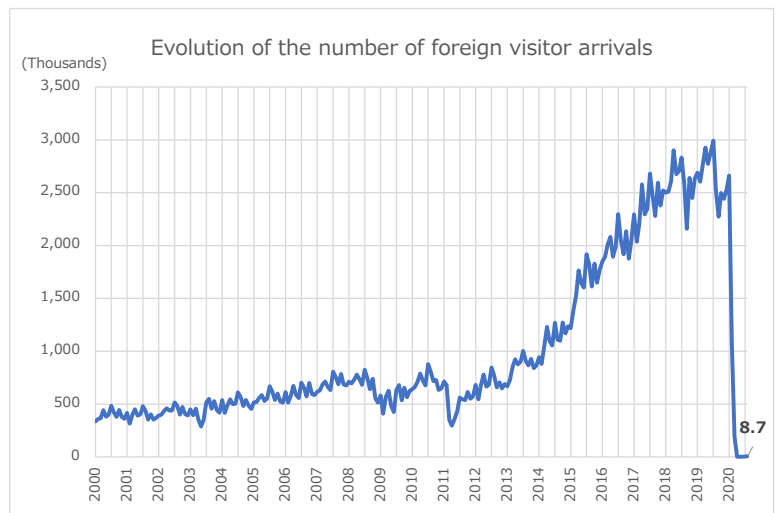


Table 3 Foreign visitor arrivals in August 2020 (JNTO estimates)

Country/Area	Total			Total		
	2019 August	2020 August	Growth rate(%)	2019 Jan-Aug	2020 Jan-Aug	Growth rate(%)
Grand Total	2,520,134	8,700	-99.7	22,144,937	3,959,500	-82.1
Major countries total (excl. S.Korea)	2,107,548	5,890	-99.7	16,587,050	3,303,120	-80.1
South Korea	308,730	700	-99.8	4,733,063	478,800	-89.9
China	1,000,639	1,600	-99.8	6,583,524	1,025,300	-84.4
Taiwan	420,279	400	-99.9	3,360,344	690,200	-79.5
Hong Kong	190,260	40	-100.0	1,504,959	344,970	-77.1
Thailand	49,589	400	-99.2	806,386	215,800	-73.2
Singapore	19,698	20	-99.9	255,497	54,820	-78.5
Malaysia	19,827	200	-99.0	280,713	75,000	-73.3
Indonesia	16,160	200	-98.8	257,248	70,000	-72.8
Philippines	31,470	100	-99.7	364,361	104,500	-71.3
Vietnam	43,709	1,100	-97.5	337,718	113,200	-66.5
India	13,308	300	-97.7	119,470	23,100	-80.7
Australia	26,951	90	-99.7	388,730	142,810	-63.3
U.S.A.	117,828	700	-99.4	1,149,817	215,300	-81.3
Canada	27,568	80	-99.7	240,622	52,860	-78.0
Mexico	4,800	<10	-99.8	45,085	9,380	-79.2
United Kingdom	26,213	200	-99.2	240,839	50,100	-79.2
France	30,851	200	-99.4	225,795	41,600	-81.6
Germany	17,264	100	-99.4	154,336	28,800	-81.3
Italy	22,804	50	-99.8	111,138	13,200	-88.1
Russia	8,321	60	-99.3	73,266	20,830	-71.6
Spain	20,009	50	-99.8	87,202	11,350	-87.0
Middle East	6,254	70	-98.9	59,137	7,180	-87.9
Others	97,602	2,030	-97.9	765,687	170,400	-77.7

※ <:less than

Figure 11 Evolution of the number of foreign visitor arrivals



Source: based on data published by Japan National Tourism Organization (JNTO) on September 18, 2020.