

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: September report

Main points

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

▶As shown in Table 1 and Figure 1, **the estimated number of foreign visitors in the Greater Kansai area in September** is 19 in Fukui prefecture, 94 in Mie, 105 in Shiga, 3,905 in Kyoto, 4,597 in Osaka, 766 in Hyogo, 1,460 in Nara, 143 in Wakayama, 49 in Tottori, and 32 in Tokushima. In each prefecture, the decline rate continues to hover around -99% YoY.

▶By major region (or Transport Bureau district as defined by MLIT) the respective numbers are 1,044 in Hokkaido, 7,029 in Kanto, 1,920 in Chubu, 5,802 in Kansai (Kinki), and 1,154 in Kyushu (Table 1).

▶**The estimated visit ratios by prefecture in the Greater Kansai area in September** are 0.1% in Fukui, 0.7% in Mie, 0.8% in Shiga, 28.5% in Kyoto, 33.6% in Osaka, 5.6% in Hyogo, 10.7% in Nara, 1.1% in Wakayama, 0.4% 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. It remained unchanged in Fukui, Shiga and Tokushima.

● Review of September data

▶According to JNTO estimates, **the total number of foreign visitors to Japan (Table 3 and Figure 11), was 13,700 in September (-99.4% YoY)**, marking the 12th consecutive month of decline. Owing to the partial relaxation of restrictions for business travel and long-term residents that started in September, **the number foreign visitors surpassed 10,000 for the first time in six months.**

▶The top five inbound nationalities were China (3,000 visitors), Vietnam (2,700 visitors), South Korea (1,400 visitors), Thailand (1,000 visitors), and Taiwan (800 visitors). **The decline rate exceeded -90% YoY for all nationalities, and the number of foreign visitors remains negligible.**

▶The number of visitors from China, Taiwan and Hong Kong decreased for the eighth consecutive month, while the number of visitors from Korea dropped for the 15th straight month. Japan signed agreements with South Korea and Vietnam to resume business travel starting October. Moreover, while some prevention measures against the COVID-19 still remain in place, **the number of foreign visitors is expected to grow, considering the fact that entry restrictions were lifted not only for business travel, but also for international students.** Nevertheless, if we take into account that the number of visitors is limited at around 1000 per day, **and the fact that restrictions for tourists are still in place, it is difficult to expect a significant increase.**

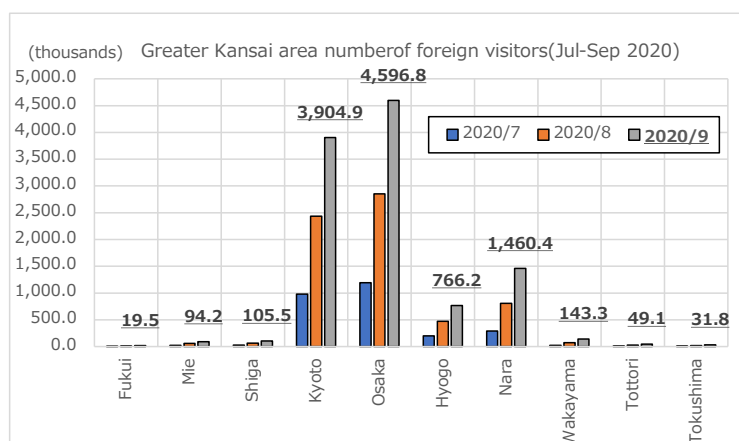
Table 1 Number of foreign visitors by prefecture
(advance estimates)

Prefecture	2020/7	2020/8	2020/9	20Q1	20Q2
Fukui	5	12	19	7,880	12
Mie	25	58	94	27,579	46
Shiga	30	67	105	35,459	64
Kyoto	981	2,435	3,905	847,069	1,510
Osaka	1,193	2,854	4,597	1,315,911	2,214
Hyogo	201	474	766	220,632	378
Nara	291	808	1,460	299,429	450
Wakayama	24	74	143	27,579	35
Tottori	11	28	49	11,820	19
Tokushima	9	20	32	15,759	23

Transport Bureau	2020/7	2020/8	2020/9	20Q1	20Q2
Hokkaido	237	602	1,044	441,264	659
Kanto	1,958	4,487	7,029	2,084,183	3,736
Chubu	487	1,192	1,920	460,963	820
Kinki	1,493	3,624	5,802	1,426,227	2,529
Kyushu	319	731	1,154	358,527	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
(July-September 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).

● **Kansai International Airport (KIX) in September: trends in foreign visitor numbers**

▶ **In September, the number of foreign nationals arriving at KIX was 2,467**, a decline of -99.6% YoY (Figure 2 and Figure 5). This increase from the previous month (1,615) can be explained by the fact that, from September 1, Japan allows re-entry for all foreign residents. Moreover, in addition to business travelers, from October Japan allows entry for non-tourist new visa applicants for reasons including medical services, or educational activities. Despite certain preconditions that need to be met, and the fact that only a limited number of new international arrivals will be allowed, we can expect a slight increase in the number of foreign visitors.

● **Comparison of the economic recovery paths**

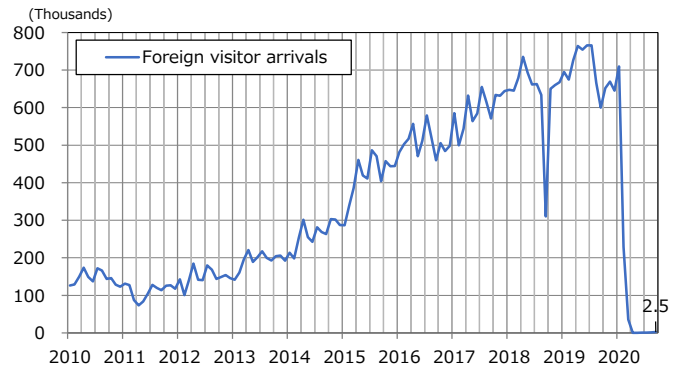
▶ **In September, the prospects for Kansai's exports continued to improve.** Overall exports contracted by -5.7% YoY, marking the seventh consecutive month of decrease, but the decline rate has improved for the fourth straight month (-8.7% YoY in August), propped up by stronger exports to China and the US. On the other hand, **imports fell for the 12th straight month by 11.4% YoY** (-17.0% YoY in August). As a result, for the eighth consecutive month, Kansai reported a trade surplus of JPY 258.1 billion, expanding by +28.9% YoY. However, the total foreign trade (imports + exports) dropped by -8.3% YoY (-12.6% in August), shrinking continuously since December 2018, with the sole exception of September 2019 (Figure 3).

▶ **By destination (Figure 4), Kansai's China-bound exports increased for the fourth consecutive month in September (+12.9% YoY).** The growth rate improved (+7.1% YoY in August), reflecting China's economic rebound. Meanwhile, imports from China declined by -8.1% YoY for the third straight month. Non-ferrous metals and plastic contributed to the increase in exports, while communication equipment, clothes, and accessories contributed to the decrease in imports.

▶ **In September, the number of foreigners arriving at KIX slumped by -99.6%, the seventh consecutive month of decline.** Our updated estimates show that the total spending by foreigners in the Greater Kansai area in 2019 was JPY 1,212.7 billion (official figure)*. Based on this figure, we estimate that the loss from inbound tourism demand in September JPY 100.6 billion (=12,127/12×the decline in foreign visitor numbers arriving at KIX). **The overall loss during the Feb-Sep period is estimated to be JPY 768.3 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.** The impact of COVID-19 remains severe. Despite the fact that re-entry restrictions were lifted for all foreign residents in September, the drastic decline has continued. Since October, the ban on travel, mainly business-related, has been eased. However, **considering that strict restrictions are still in place for tourists, a swift recovery in the number of foreign visitors is unlikely.**

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



Source: based on Immigration Control statistics.

The numbers for September 2020 are preliminary figures (in Figure 5 as well).

Figure 3 Evolution of Kansai's foreign trade

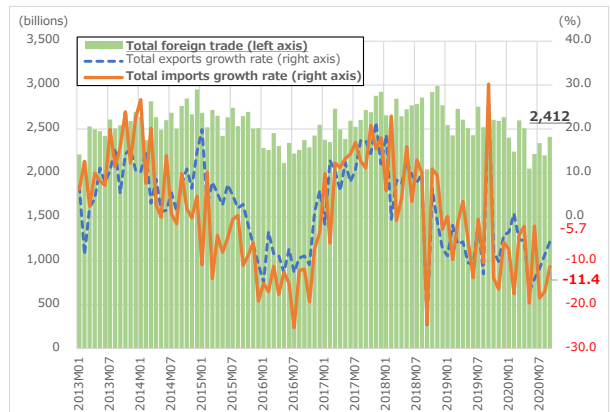
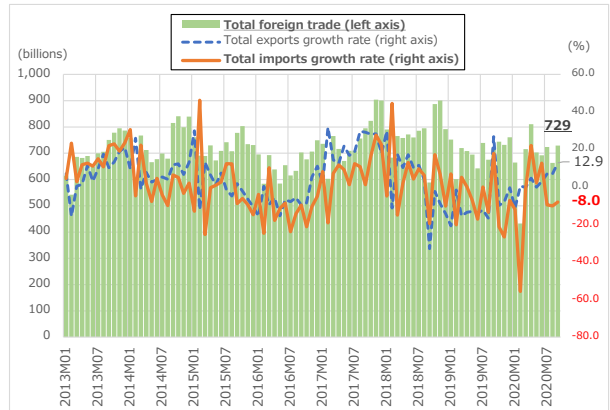
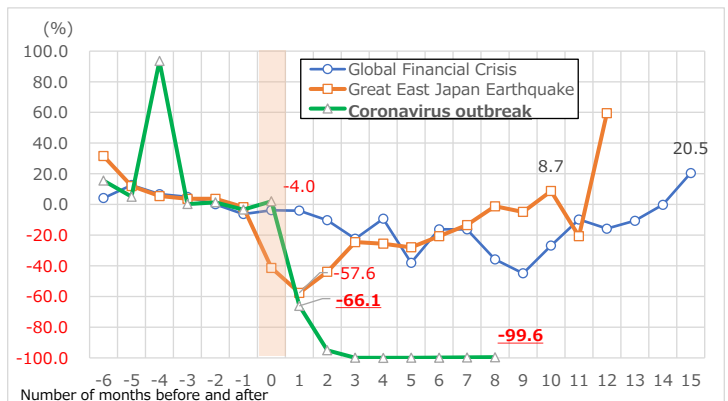


Figure 4 Evolution of Kansai's trade with China



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 July in the Greater Kansai area

▶ In July, the total number of overnight guests in Greater Kansai dropped for the sixth consecutive month (-64.7% YoY). While the decline rate improved slightly from the previous month (-74.4% YoY), it remained significant. On July 22, the government launched the *Go To Travel* campaign (excluding Tokyo), so it is necessary to pay attention to its impact.

▶ In July, the total number of Japanese overnight guests was 3.6799 million, dropping for the seventh consecutive month (-50.4% YoY, Figure 6). The largest number of guests was in Osaka prefecture (1.0074 million, -58.4% YoY), followed by Kyoto (657.6 thousand, -52.9% YoY), Hyogo (634.4 thousand, -41.9% YoY), Mie (372 thousand, -47.4% YoY), Wakayama (257.5 thousand, -40.0% YoY), Fukui (215.2 thousand, -41.0% YoY), Shiga (200.1 thousand, -49.9% YoY), Tottori (133.2 thousand, -42.1% YoY), Tokushima (122.1 thousand, -39.0% YoY), and Nara (80.5 thousand, -53.8% YoY), as shown in Figure 7. As some economic activities have resumed, the number of overnight guests increased somewhat from the previous month in all prefectures. However, growth is still stifled by concerns over a second wave of infections.

▶ The total number of foreign overnight guests was 66.4 thousand, dropping for the sixth consecutive month (-97.9% YoY, Figure 8). Again, the largest number of guests was in Osaka prefecture (39.9 thousand, -97.7% YoY), followed by Kyoto (10.4 thousand, -99.0% YoY), Mie (8.7 thousand, 79.1% YoY), Hyogo (3.6 thousand, -97.2% YoY), Wakayama (1.0 thousand, -98.4% YoY), Tottori (0.8 thousand, -95.6% YoY), Shiga (0.7 thousand, -98.0% YoY), Fukui (0.6 thousand, -90.2% YoY), Tokushima (0.4 thousand, -95.7% YoY), and Nara (0.4 thousand, -99.3% YoY) (Figure 9). As a result of the strict border enforcement measures, the number of foreign guests remains very low.

▶ During the March-July period, the loss in domestic travel consumption due to the decrease in the number of overnight guests was approximately JPY 1.1 trillion (=Σ JPY 4.1 trillion/12×each month's decline rate of the total number of overnight guests in Kansai). In addition, preliminary data published in August regarding the decrease in overnight guests during the Mar-Aug period shows that the nation-wide losses in domestic travel consumption amount to approximately JPY 6.6 trillion (=Σ JPY 21.9 trillion/12×each month's decline rate of the total number of overnight guests nation-wide).

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

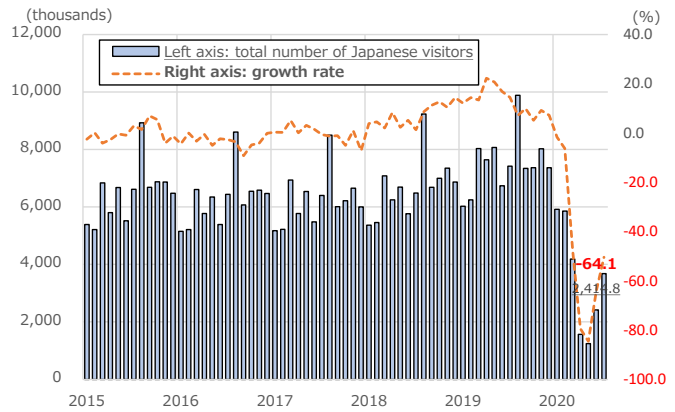


Figure 7 Evolution of the total number of Japanese overnight guests by prefecture

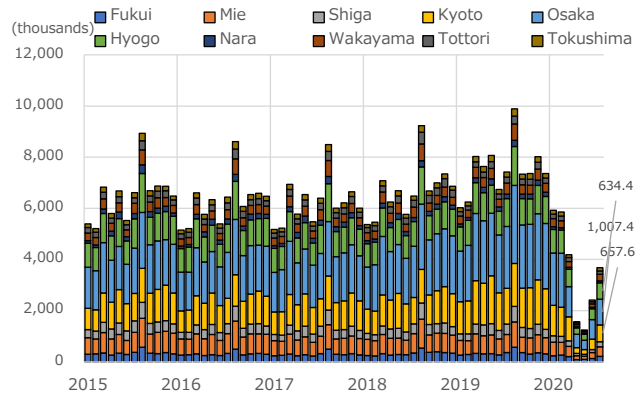


Figure 8 Evolution of the total number of foreign overnight guests in Kansai

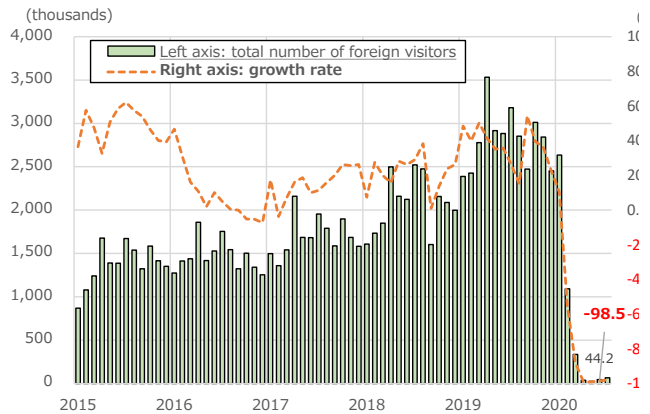
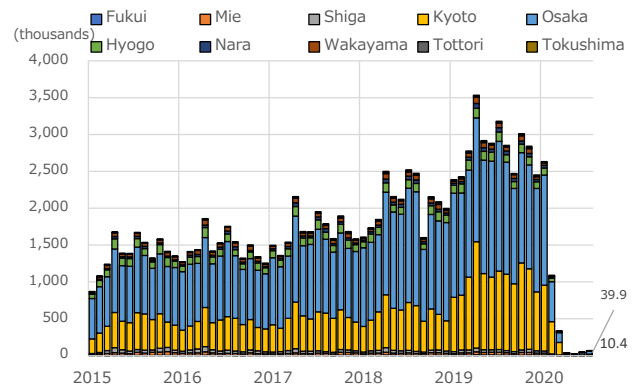


Figure 9 Evolution of the total number of foreign overnight guests by prefecture



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

Table 2 Monthly visit ratios (advance estimates)

Prefecture	2020/7	2020/8	2020/9	20Q1	20Q2
Fukui	0.14	0.14	0.14	0.20	0.15
Mie	0.65	0.67	0.69	0.70	0.64
Shiga	0.80	0.77	0.77	0.90	0.85
Kyoto	25.94	27.99	28.50	21.50	22.92
Osaka	31.54	32.80	33.55	33.40	30.60
Hyogo	5.31	5.45	5.59	5.60	5.23
Nara	7.69	9.28	10.66	7.60	6.45
Wakayama	0.64	0.85	1.05	0.70	0.49
Tottori	0.29	0.32	0.36	0.30	0.26
Tokushima	0.24	0.23	0.23	0.40	0.28

Transport Bureau	2020/7	2020/8	2020/9	20Q1	20Q2
Hokkaido	6.26	6.92	7.62	11.20	6.76
Kanto	51.77	51.58	51.31	52.90	51.99
Chubu	12.87	13.70	14.02	11.70	11.89
Kinki	39.48	41.65	42.35	36.20	36.72
Kyushu	8.45	8.40	8.42	9.10	8.56

Note: Actual values are highlighted.

Figure 10 Evolution of visit ratios

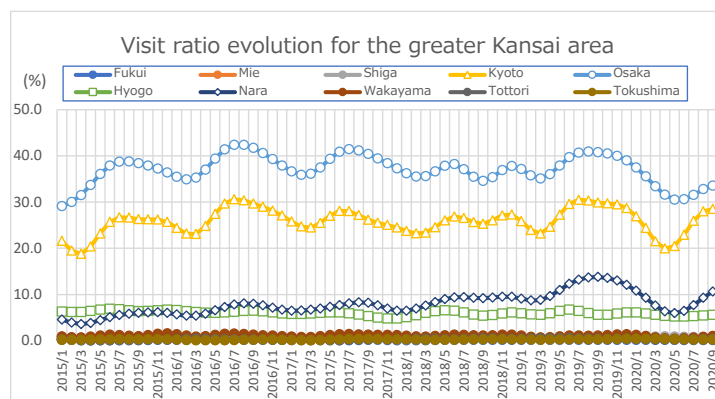
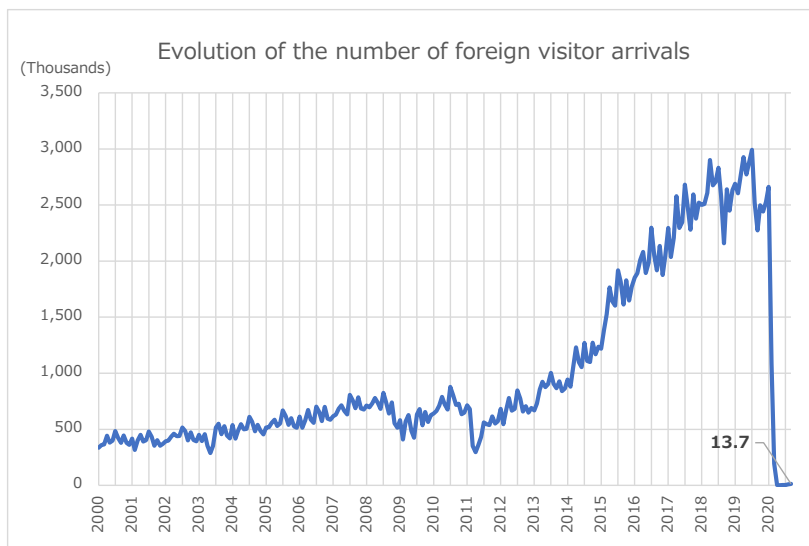


Table 3 Foreign visitors in September 2020 (JNTO estimates)

Country/Area	Total			Total		
	2019	2020	Growth rate(%)	2019	2020	Growth rate(%)
	September	September		Jan-Sep	Jan-Sep	
Grand Total	2,272,883	13,700	-99.4	24,417,820	3,973,200	-83.7
Major countries total (excl. S.Korea)	1,944,801	9,880	-99.5	18,531,851	3,313,070	-82.1
South Korea	201,252	1,400	-99.3	4,934,315	480,200	-90.3
China	819,054	3,000	-99.6	7,402,578	1,028,300	-86.1
Taiwan	376,186	800	-99.8	3,736,530	691,100	-81.5
Hong Kong	155,927	90	-99.9	1,660,886	345,060	-79.2
Thailand	62,057	1,000	-98.4	868,443	216,800	-75.0
Singapore	29,147	30	-99.9	284,644	54,850	-80.7
Malaysia	28,778	200	-99.3	309,491	75,100	-75.7
Indonesia	25,021	300	-98.8	282,269	70,300	-75.1
Philippines	37,758	100	-99.7	402,119	104,600	-74.0
Vietnam	38,325	2,700	-93.0	376,043	115,900	-69.2
India	15,895	400	-97.5	135,365	23,600	-82.6
Australia	60,498	90	-99.9	449,228	142,890	-68.2
U.S.A.	127,190	600	-99.5	1,277,007	215,900	-83.1
Canada	28,525	70	-99.8	269,147	52,930	-80.3
Mexico	6,282	10	-99.8	51,367	9,390	-81.7
United Kingdom	49,580	100	-99.8	290,419	50,200	-82.7
France	26,530	100	-99.6	252,325	41,700	-83.5
Germany	22,768	90	-99.6	177,104	28,860	-83.7
Italy	13,354	70	-99.5	124,492	13,280	-89.3
Russia	10,454	60	-99.4	83,720	20,890	-75.0
Spain	11,472	70	-99.4	98,674	11,420	-88.4
Middle East	8,678	200	-97.7	67,815	7,400	-89.1
Others	118,152	2,220	-98.1	883,839	172,530	-80.5

Figure 11 Evolution of the number of foreign visitor arrivals



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