

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: October report

Main points

● Review of data published by JNTO in November

▶ According to JNTO estimates (Figure 1 and Table 1), **the total number of foreign visitors was 27,400 in October (-98.9% YoY)**, marking the 13th consecutive month of negative growth. **Despite a slight increase from the previous month (2,600), the number remains low.** Since October, business travel has been allowed under certain conditions. As a result of that, the total number of foreign visitors **surpassed 10,000 for the second consecutive month.**

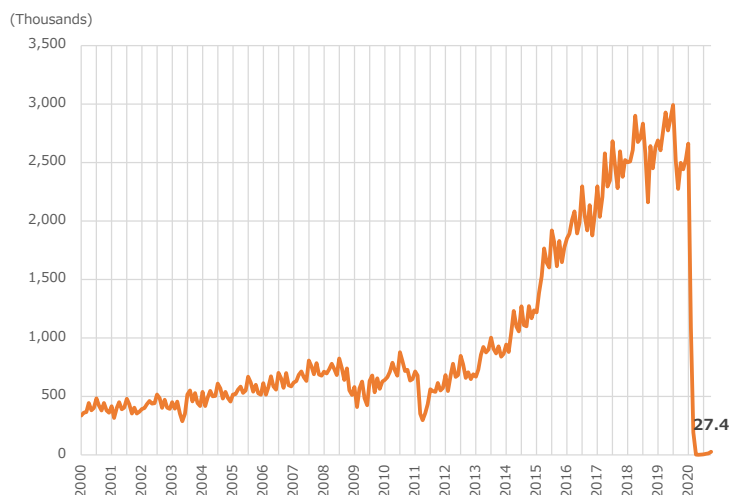
▶ The top five inbound nationalities were Vietnam (6,200 visitors), China (4,500 visitors), South Korea (2,000 visitors), Thailand (1,400 visitors), and Taiwan (1,300 visitors). **The decline rate surpassed -90% for all nationalities except Vietnam (-86.7% YoY), and the number of visitors remains low.**

▶ The number of visitors from China, Taiwan and Hong Kong decreased for the ninth consecutive month, while the number of Korean visitors dropped for the 16th consecutive month. Japan has eased border restrictions for business travel from nine countries including China, Korea and Vietnam since November. In addition, the implementation of the “Business Track” framework in collaboration with Vietnam is expected to lead to an increase in the **number of visitors travelling for business purposes.** However, considering the fact that **restrictions for tourists** are still in place, **it is difficult to expect a significant recovery.**

▶ According to JNTO, **the total number of foreign visitors in August was 8,658 (provisional figure, -99.7% YoY).** By travel purpose, the numbers are as follows: tourism, 482 (-100% YoY), business, 702 (-99.4% YoY), and other purposes, 7,474 (-96.3% YoY) (Figure 2 and Table 2). In the case of travel for tourism and business purposes the growth rate remained negative for 11 successive months, and in the case of travel for other purposes, for seven successive months. The border has been open to re-entry permit holders since August, thus leading to a MoM increase in the number of businesspeople (241 visitors) and other categories, such as international students (3,123 visitors).

▶ The top five inbound nationalities by travel purpose are listed below. Tourism: USA (140 visitors), China (74 visitors), France (29 visitors), Taiwan and Korea (23 visitors each). Business: Thailand (155 visitors), China (152 visitors), Korea (57 visitors), USA (40 visitors), Taiwan (39 visitors). Other purposes: China (1,380 visitors), Vietnam (1,104 visitors), Korea (669 visitors), USA (518 visitors), and Taiwan (386 visitors). While the decline rate exceeds -90% in all cases, the number of **business travelers and international students** is expected to increase slightly, as entry restrictions have been partially lifted for some nationalities.

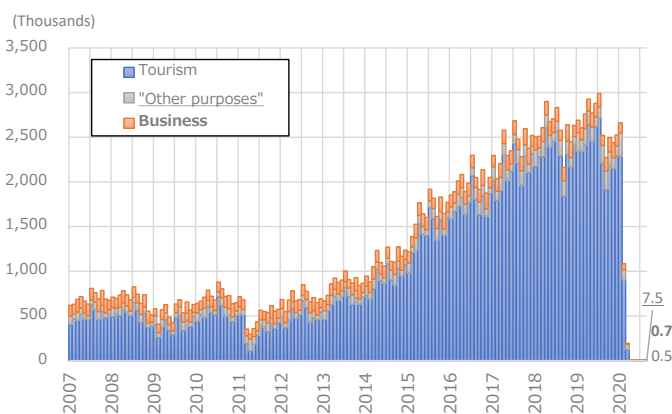
Figure 1 Number of foreign visitors



Source: based on data published by the Japan National Tourism Organization (JNTO).

Note: the numbers are final for 2019, provisional for Jan-Aug 2020 and estimated for October.

Figure 2 Number of foreign visitors by travel purpose



Source: JNTO

Note: the number of “tourists” is obtained by deducting the number of “business travelers” from the total number of “short-term visitors” and it also includes those who are visiting relatives or friends. “Other purposes” refers to those other than tourism and business, including studying, training, as well as diplomatic and official ones.

*Please note that the contents of this report have been partially changed starting this month due to the fact that the statistical survey used so far, the *Foreign Visitors Survey* (Japan Tourism Agency), is not currently being conducted.

Topics 1

●Kansai's goods and services foreign trade in October

▶The number of foreign visitors to Kansai International Airport (hereinafter referred to as KIX) in October totaled 5,381, down 99.2% YoY making the ninth consecutive month of decline (Figure 3 and Figure 6). The number of new arrivals increased from the previous month (2,467), partly due to the easing of border restrictions for holders of medium and long-term resident status since October. Since November, the Ministry of Foreign Affairs lowered the Infectious Disease Risk Warning to Level 2 for some countries/regions, so the number of foreign visitors is expected to expand to a certain degree. On the other hand, the number of Japanese departures decreased for the 10th consecutive month to 3,086, -99.0% YoY.

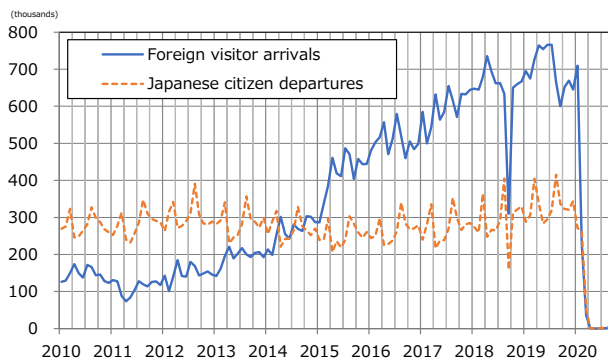
▶Next, we estimate the economic loss caused by the decrease in the number of foreign passengers arriving at KIX. Our estimates show that the consumption generated by foreigners in the Greater Kansai area in 2019 was approximately JPY 1,212.7 billion. Based on this figure, we estimate that the economic loss in Oct 2020 amounted to JPY 100.2 billion (JPY 1,212.7 billion / 12 × the decrease rate of KIX arrivals). **As a result, the overall loss during the February-October period is estimated at JPY 868.5 billion.**

▶In Figure 4, we compare the evolution of foreign arrival numbers at KIX following the Global Financial Crisis, the Great East Japan Earthquake, and the COVID-19 outbreak. Given the long-term impact of the COVID-19 pandemic, the decline is expected to continue for the time being. In October, entry regulations were relaxed, albeit only for businesspeople and international students. The government is considering to further loosen border enforcement measures. However, **since entry for tourists is still strictly regulated, it is difficult to expect a rapid recovery in the number of foreign visitors.**

▶**Total export growth in Kansai in October turned positive (+2.3% YoY) for the first time in eight months (previous month: -5.7% YoY) partly due to stronger exports to China.** On the other hand, imports continued to decrease (-9.0% YoY) for the 13th consecutive month (previous month: -12.6% YoY). As a result, the trade balance of Kansai stood at JPY 332.1 billion, marking **the ninth consecutive month of surplus**, widening by 74.2% YoY. The total trade amount of (imports and exports) decreased by -2.9% YoY, but the decline rate has decelerated for three consecutive months since August (Figure 4).

▶As shown in Figure 5, Kansai's China-bound exports increased for **the fifth consecutive month** in October (+11.7% YoY). The Economic recovery in China led to two successive months of double-digit growth (previous month: +12.9% YoY). On the flip side, imports from China shrank by -6.2% YoY, for the fourth consecutive month. Plastic and semiconductor manufacturing equipment were the major contributors to the rise in exports, while communication equipment, clothing and accessories were behind the decline in imports.

Figure 3 Evolution of the number of foreign visitor arrivals at KIX



Source: based on Immigration Control statistics.

The numbers for October 2020 are preliminary figures (in Figure 6 as well).

Figure 4 Recovery paths from economic shocks

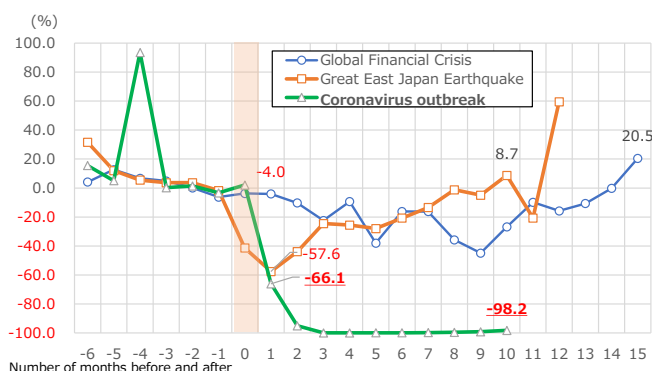


Figure 5 Evolution of Kansai's foreign trade

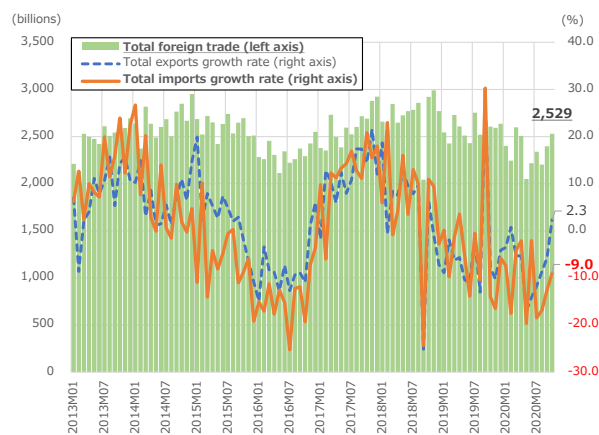
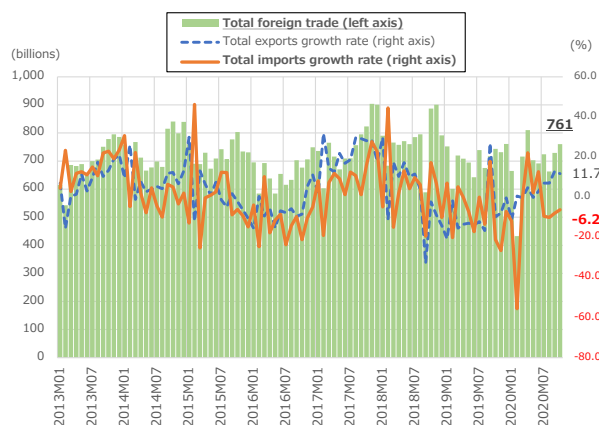


Figure 6 Evolution of Kansai's trade with China



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

Topics 2

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

▶ In August, the total number of overnight guests in Greater Kansai dropped for the seventh consecutive month (-63.3% YoY). In part due to a resurgence in the number of COVID-19 infections, the decline rate has not improved considerably by comparison with the previous month (-64.7% YoY).

▶ In August, the total number of Japanese overnight guests was 4.6287 million, shrinking for the eighth consecutive month (-53.2% YoY, Figure 7). The largest number of guests was in Osaka prefecture with (950.5 thousand, -68.8% YoY), followed by Hyogo (883.7 thousand, -41.9% YoY), Kyoto (835.2 thousand, -50.2% YoY), Mie (486.3 thousand, -50.9% YoY), Wakayama (411.6 thousand, -35.3% YoY), Shiga (295.8 thousand, -51.2% YoY), Fukui (261.7 thousand, -54.0% YoY), Fukui (261.7 thousand, -54.0% YoY), Tottori (188.6 thousand, -39.7% YoY), Tokushima (159.5 thousand, -42.3% YoY) and Nara (155.7 thousand, -36.5% YoY) (Figure 8). The decline rate has decelerated relative to the previous month in Kyoto, Nara, Wakayama, and Tottori. However, it accelerated in the rest of the prefectures.

▶ The total number of foreign overnight guests was 41.8 thousand, dropping for the seventh consecutive month (-98.5% YoY, Figure 9). Again, the largest number of guests was in Osaka prefecture (17.6 thousand, -98.8% YoY), followed by Mie (8.6 thousand, -75.6% YoY), Kyoto (6.0 thousand, -99.4% YoY), Hyogo (4.0 thousand, -96.0%), Wakayama (1.3 thousand, -97.4%), Shiga (1.2 thousand, -95.5% YoY), Fukui (1.0 thousand, -83.9% YoY), Nara (0.9 thousand, -98.3% YoY), Tottori (0.9 thousand, -93.0% YoY) and Tokushima (0.2 thousand, -98.1% YoY) (Figure 10). As a result of the strict border enforcement measures, the number of foreign guests remains negligible.

▶ We estimate Kansai's loss of domestic travel consumption due to the decrease in the number of overnight guests at approximately JPY 183 billion (JPY 4.1 trillion / 12 × the August decline rate of the total number of overnight guests in Kansai). As a result, the losses for the Mar-Aug interval total JPY 1.3 trillion. In addition, based on preliminary data we estimate the nation-wide losses for the domestic travel consumption in September at approximately JPY 684 billion (= JPY 21.9 trillion / 12 × the September decline rate of the total number of overnight guests nation-wide), which raises the overall loss for the Mar-Sep period to roughly JPY 7.3 trillion.

Figure 7 Evolution of the number of Japanese overnight guests in Kansai

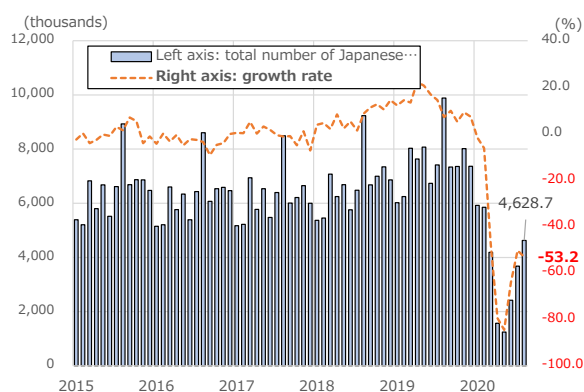


Figure 8 Evolution of the total number of Japanese overnight guests by prefecture

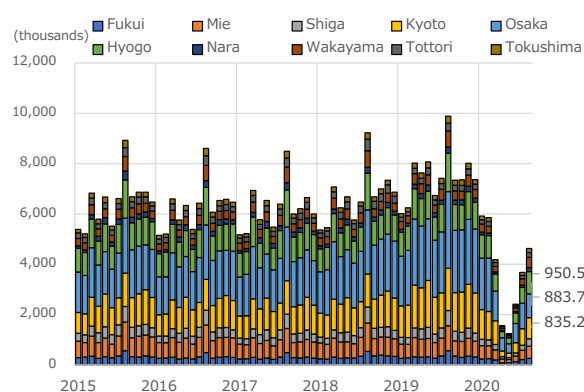


Figure 9 Evolution of the total number of foreign overnight guests in Kansai

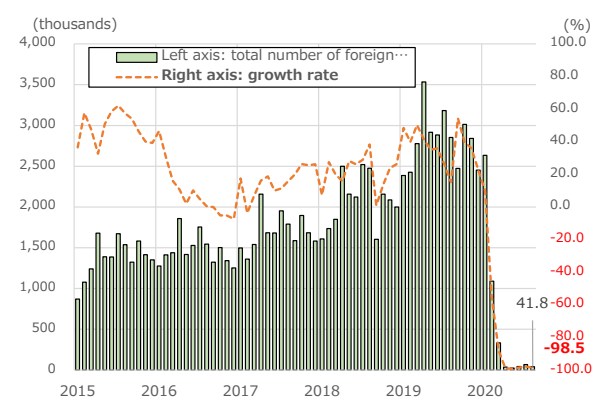
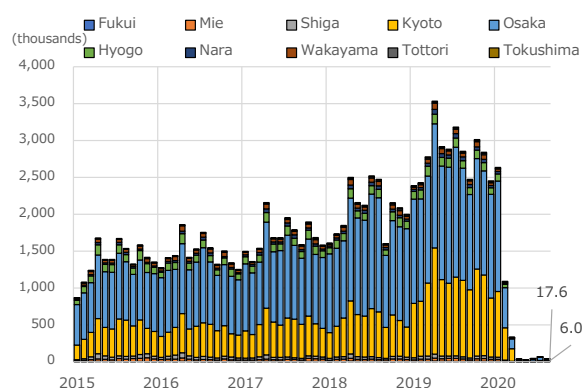


Figure 10 Evolution of the total number of foreign overnight guests by prefecture



Source: based on data from Overnight Travel Statistics Survey, Japan
Tourism Agency (figures 7~10)

Table 1 Foreign visitors in October 2020 (JNTO estimates)

Country/Area	Total			Total		
	2019	2020	Growth rate(%)	2019	2020	Growth rate(%)
	October	October		Jan-Oct	Jan-Oct	
Grand Total	2,496,568	27,400	-98.9	26,914,388	4,000,500	-85.1
Major countries total (excl. S.Korea)	2,147,181	18,830	-99.1	20,679,032	3,332,020	-83.9
South Korea	197,281	2,000	-99.0	5,131,596	482,300	-90.6
China	730,631	4,500	-99.4	8,133,209	1,032,800	-87.3
Taiwan	413,701	1,300	-99.7	4,150,231	692,400	-83.3
Hong Kong	180,562	200	-99.9	1,841,448	345,300	-81.2
Thailand	145,333	1,400	-99.0	1,013,776	218,100	-78.5
Singapore	41,937	100	-99.8	326,581	55,000	-83.2
Malaysia	48,864	600	-98.8	358,355	75,800	-78.8
Indonesia	34,094	700	-97.9	316,363	71,000	-77.6
Philippines	64,690	400	-99.4	466,809	105,000	-77.5
Vietnam	46,510	6,200	-86.7	422,553	122,200	-71.1
India	13,929	700	-95.0	149,294	24,300	-83.7
Australia	51,563	200	-99.6	500,791	143,100	-71.4
U.S.A.	153,363	900	-99.4	1,430,370	216,800	-84.8
Canada	37,667	100	-99.7	306,814	53,000	-82.7
Mexico	7,385	30	-99.6	58,752	9,420	-84.0
United Kingdom	68,401	300	-99.6	358,820	50,400	-86.0
France	39,457	400	-99.0	291,782	42,100	-85.6
Germany	26,276	300	-98.9	203,380	29,200	-85.6
Italy	14,731	100	-99.3	139,223	13,400	-90.4
Russia	14,348	300	-97.9	98,068	21,200	-78.4
Spain	13,739	100	-99.3	112,413	11,500	-89.8
Middle East	11,955	200	-98.3	79,770	7,600	-90.5
Others	140,151	6,370	-95.5	1,023,990	178,580	-82.6

※ <:less than

Table 2 The number of foreign visitors by purpose of visit in August 2020 (JNTO provisional figures)

Country/Region	Total			Tourism			Business			Others purposes		
	2019	2020	Growth Rate(%)	2019	2020	Growth Rate(%)	2019	2020	Growth Rate(%)	2019	2020	Growth Rate(%)
	Aug	Aug		Aug	Aug		Aug	Aug		Aug	Aug	
Total	2,520,134	8,658	-99.7	2,206,746	482	-100	113,052	702	-99.4	200,336	7,474	-96.3
Korea	308,730	749	-99.8	262,847	23	-100	18,866	57	-99.7	27,017	669	-97.5
China	1,000,639	1,606	-99.8	909,161	74	-100	27,069	152	-99.4	64,409	1,380	-97.9
Taiwan	420,279	448	-99.9	401,901	23	-100	8,278	39	-99.5	10,100	386	-96.2
Hong Kong	190,260	41	-100	186,357	1	-100	2,398	9	-99.6	1,505	31	-97.9
Thailand	49,589	350	-99.3	43,631	7	-100	2,444	155	-93.7	3,514	188	-94.6
Singapore	19,698	21	-99.9	16,930	3	-100	2,132	1	-100	636	17	-97.3
Malaysia	19,827	223	-98.9	16,173	1	-100	1,790	2	-99.9	1,864	220	-88.2
Indonesia	16,160	230	-98.6	9,056	7	-99.9	2,055	1	-100	5,049	222	-95.6
Philippines	31,470	132	-99.6	22,733	13	-99.9	1,771	1	-99.9	6,966	118	-98.3
Vietnam	43,709	1,122	-97.4	11,989	6	-99.9	2,894	12	-99.6	28,826	1,104	-96.2
India	13,308	278	-97.9	4,424	6	-99.9	4,161	10	-99.8	4,723	262	-94.5
Australia	26,951	90	-99.7	23,059	3	-100	2,224	5	-99.8	1,668	82	-95.1
US	117,828	698	-99.4	93,681	140	-99.9	13,233	40	-99.7	10,914	518	-95.3
Canada	27,568	81	-99.7	24,504	22	-99.9	1,192	4	-99.7	1,872	55	-97.1
Mexico	4,800	7	-99.9	4,261	2	-100	242	0	-100	297	5	-98.3
UK	26,213	150	-99.4	19,895	19	-99.9	3,237	5	-99.8	3,081	126	-95.9
France	30,851	226	-99.3	26,231	29	-99.9	1,813	13	-99.3	2,807	184	-93.4
Germany	17,264	112	-99.4	12,767	12	-99.9	2,962	14	-99.5	1,535	86	-94.4
Italy	22,804	51	-99.8	21,176	11	-99.9	857	7	-99.2	771	33	-95.7
Russia	8,321	62	-99.3	5,976	1	-100	1,319	7	-99.5	1,026	54	-94.7
Spain	20,009	46	-99.8	19,029	1	-100	432	8	-98.1	548	37	-93.2
Middle East	6,254	69	-98.9	4,902	1	-100	669	6	-99.1	683	62	-90.9
Others	97,602	1,866	-100.0	66,063	77	-100.0	11,014	154	-100.0	20,525	1,635	-99.9

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

Note: see the Figure 2 note for details regarding definitions of travel purposes.