

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: November report

Main points

● **Review of data published by JNTO in December**

▶ According to JNTO estimates (Figure 1 and Table 1), **the total number of foreign visitors in November was 56,700 (-97.7% YoY)**, marking the 14th consecutive month of negative growth. Starting with Nov 1, the Japanese government lowered the Infectious Disease Risk Warning for nine countries, notably China (including Hong Kong and Macao), Korea and Vietnam from Level 3 (banning all travel) to Level 2 (banning non-essential travel) on its scale of four, which led to an increase in the total number of foreign visitors from the previous month (27,400 in October).

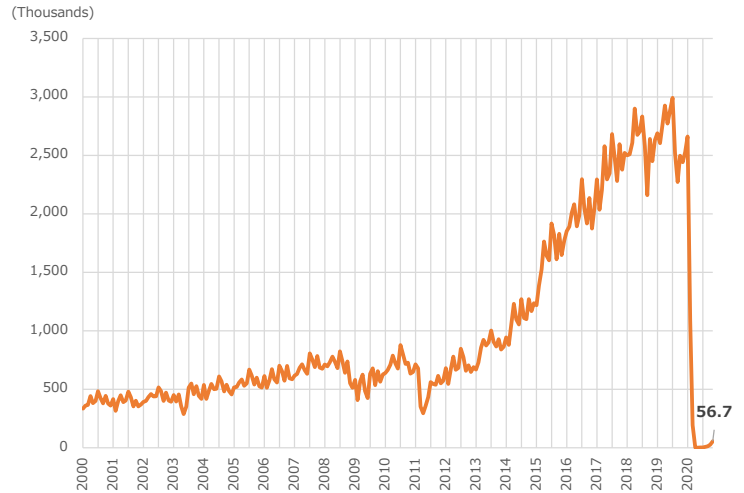
▶ The top five inbound nationalities were China (18,100 visitors), Vietnam (14,700 visitors), Indonesia (3,400 visitors), Korea (2,800 visitors), and the Philippines (1,700 visitors). While still low, the number of visitors from China and Vietnam exceeded 10,000.

▶ The number of visitors from China, Taiwan and Hong Kong decreased for the 10th consecutive month, while the number of Korean visitors dropped for the 17th consecutive month. Although easing entry restrictions was expected to continue after December, the worldwide resurgence of COVID-19 makes a potential recovery in the number of foreign visitors uncertain.

▶ According to JNTO, **the total number of foreign visitors in September was 13,684 (provisional figure, -99.4% YoY)**. By travel purpose, the numbers are as follows: tourism, 497 (-100% YoY), business, 1,317 (-99.1% YoY), and other purposes, 11,870 (-94.2% YoY) (Figure 2 and Table 2). In case of travel for tourism and business purposes the growth rate remained negative for 12 successive months, and in case of travel for other purposes, for eight successive months. In September, the number of other-purposes visitors, including students, increased from the previous month (7,474) to over 10,000, due in part to the relaxation of re-entry requirements for foreigners having a resident status.

▶ The top five inbound nationalities in September are listed below by travel purpose. Tourism: USA (128 visitors), China (74 visitors), Korea (46 visitors), UK (24 visitors), the Philippines (17 visitors). Business: Thailand (389 visitors), China (254 visitors), Taiwan (132 visitors), Korea (116 visitors), USA (97 visitors). Other purposes: Vietnam (2,674 visitors), China (2,626 visitors), Korea (1,264 visitors), Thailand (635 visitors), Taiwan (618 visitors). While the decline rate remains high, **the number of business travelers and other categories is expected to increase, as entry restrictions for business travelers and students have been partially lifted for some nationalities.**

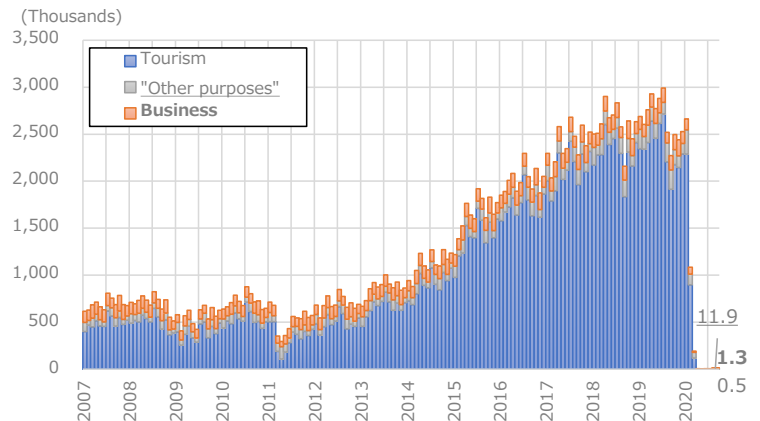
Figure 1 Number of foreign visitors



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

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

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 with Nov 2020 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 November

▶ In November, the number of foreign visitors arriving at Kansai International Airport (hereinafter referred to as KIX) totaled 11,945, down 98.2% YoY and marking the 10th consecutive month of decline (Figure 3 and Figure 4). While still low, the number has inched closer to the Mar 2020 level (35,696 visitors) as a result of relaxed entry restrictions for nine countries notably China (including Hong Kong and Macao), Korea, and Vietnam. On the other hand, the number of Japanese departures (3,451) decreased for the 11th consecutive month (-98.9% YoY) and remains low.

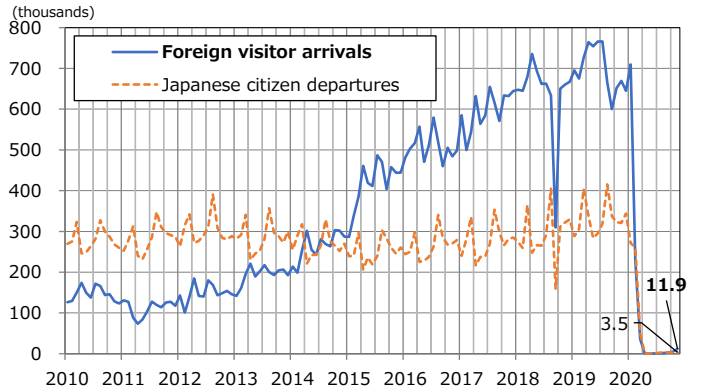
▶ Next, we have estimated the economic loss caused by the decrease in the number of foreign passengers arriving at KIX. Our estimates show that the consumption generated by foreigners in the Greater Kansai area in 2019 was approximately JPY 1,212.7 billion. Based on this figure, we estimate that the economic losses for the inbound tourism demand in Nov 2020 was JPY 99.3 billion (JPY 1,212.7 billion / 12 × the decline rate of KIX arrivals). **As a result, the overall loss during the February-November period is estimated at JPY 967.8 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. Ten months after the Great East Japan Earthquake the number of arrivals had returned to positive growth. This time, however, the decline is persistent due to the ongoing COVID-19 pandemic. Although in November, entry regulations were relaxed for a number of nationalities, the resurgence of the virus, especially in Europe, has led to a growing uncertainty regarding the return of foreign visitors.

▶ Total export growth in Kansai in November turned negative (-4.0% YoY) for the first time in two months (+2.3% YoY in October) due to a slowdown in exports to China. Likewise, total imports decreased for the 14th consecutive month by 12.9% YoY (-9.0% YoY in October). As a result, Kansai's trade balance stood at JPY 217.1 billion, marking the 10th consecutive month of surplus, which widened by +95.8% YoY. The total trade value (imports and exports) decreased by -8.2% YoY and has been shrinking continuously since Dec 2019, with the only exception of Sept 2019. The November decline rate worsened by comparison with October, when it was -2.9% YoY (Figure 5).

▶ As shown in Figure 6, Kansai's China-bound exports grew by 3.3% in November, expanding for the sixth successive month. However, the growth was slower than in October (+11.9% YoY). The likely cause for this is the decline in exports of semiconductors and other electronic components (-24.9% YoY), which had been performing well previously. Imports from China expanded by +3.8% YoY, the first increase in five months.

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



Source: based on Immigration Control statistics. The numbers for Nov 2020 are preliminary figures (in Figure 6 as well).

Figure 4 Recovery paths from economic shocks

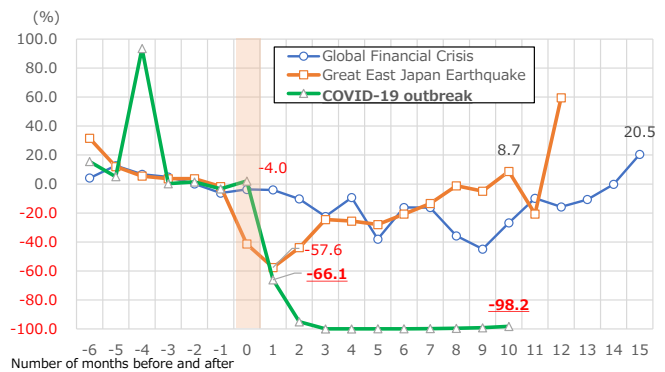


Figure 5 Evolution of Kansai's foreign trade

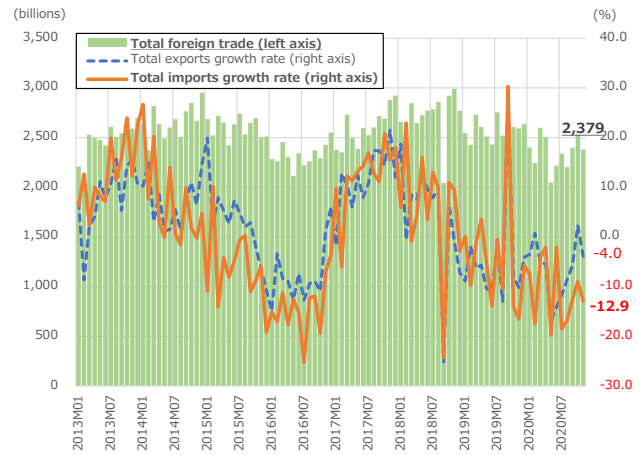
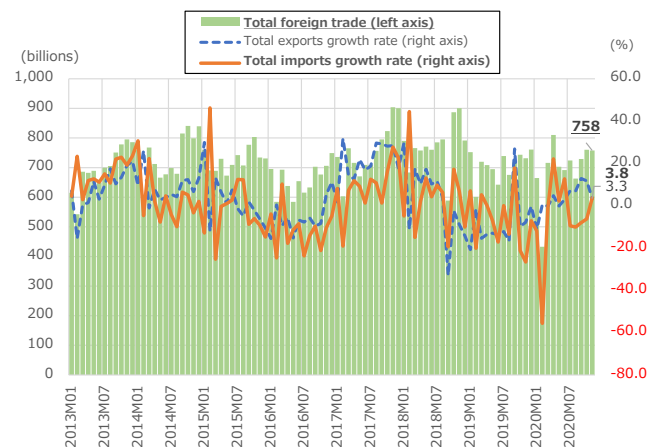


Figure 6 Evolution of Kansai's trade with China



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

Topics 2

● **Total number of overnight guests in September in the Greater Kansai area**

▶ **In September, the total number of overnight guests in Greater Kansai dropped for the eighth consecutive month (-52.1% YoY).** The decline rate shrunk from the previous month (-63.6% YoY) due to a dwindling number of COVID-19 infection cases, and the consecutive national holidays in the second half of the month. Considering that Tokyo was added to the government's "Go To Travel" campaign in October, the number of overnight guests is expected to increase.

▶ **In September, the total number of Japanese overnight guests was 4.6652 million, shrinking for the ninth consecutive month by -36.4% YoY (Figure 7).** Nonetheless, this represents an improvement from the previous month when the decline rate was -53.2% YoY. The largest number of guests was in Osaka prefecture (1.211 million, -51.1% YoY), followed by Kyoto (1.005 million, -34.5% YoY), Hyogo (796.9 thousand, -22.3% YoY), Mie (449.5 thousand, -25.3% YoY), Wakayama (300.4 thousands, -18.1% YoY), Shiga (263.0 thousands, -31.4% YoY), Fukui (198.0 thousands, -44.7% YoY), Tottori (165.1 thousands, -24.7% YoY), Nara (144.6 thousands, -18.4% YoY), Tokushima (131.4 thousands, -33.3% YoY) (Figure 8). In all prefectures the rate of decline decelerated relative to the previous month.

▶ **The total number of foreign overnight guests was 30.7 thousand (-98.8% YoY), dropping for the eighth successive month (Figure 9).** Again, the largest number of guests was in Osaka prefecture (16.5 thousand, -98.7% YoY), followed by Kyoto (5.8 thousand, -99.4% YoY), Hyogo (3.4 thousand, -96.4% YoY), Shiga (1.2 thousand, -95.7% YoY), Nara (0.9 thousand, 97.9% YoY), Wakayama (0.9 thousand, 98.3% YoY), Mie (0.7 thousand, -96.8% YoY), Tottori (0.6 thousand, -93.8% YoY), Fukui (0.4 thousand, -94.3% YoY), and Tokushima (0.4 thousand, -96.2% YoY) (Figure 10). In all prefectures, the number of foreign guests remains very low and the decline rate exceeds -90%.

▶ We estimate Kansai's loss of domestic travel consumption due to the decrease in the number of overnight guests at approximately JPY 125.4 billion (JPY 4.1 trillion / 12 × the September decline rate of the total number of overnight guests in Kansai). As a result, the losses for the Mar-Sep interval total approximately JPY 1.4 trillion. Based on preliminary data, we estimate the nationwide losses for the domestic travel consumption in October at approximately JPY 313.8 billion (= JPY 21.9 trillion / 12 × the October decline rate of the total number of overnight guests nationwide). The overall loss for the Mar-Oct period is estimated at roughly JPY 7.6 trillion.

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

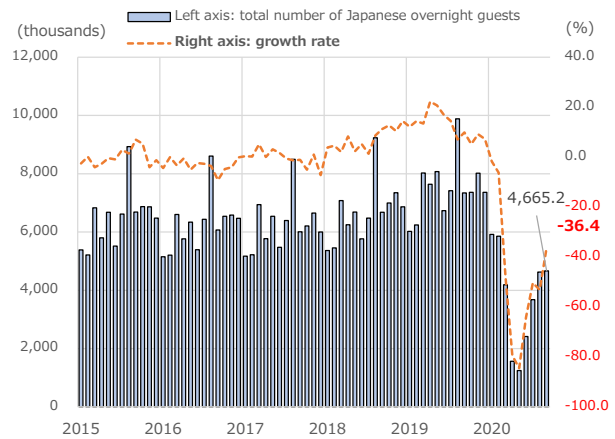


Figure 8 Evolution of the total number of Japanese overnight guests by prefecture

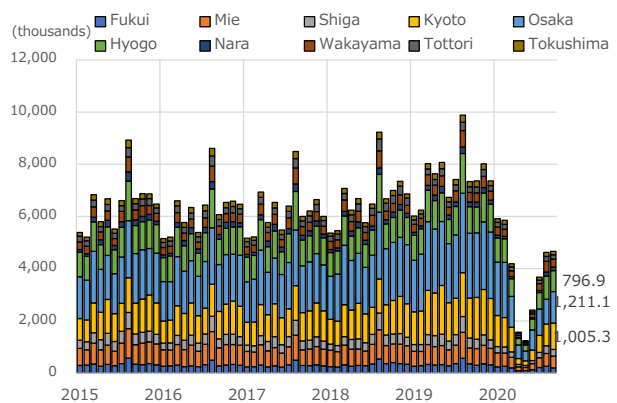


Figure 9 Evolution of the total number of foreign overnight guests in Kansai

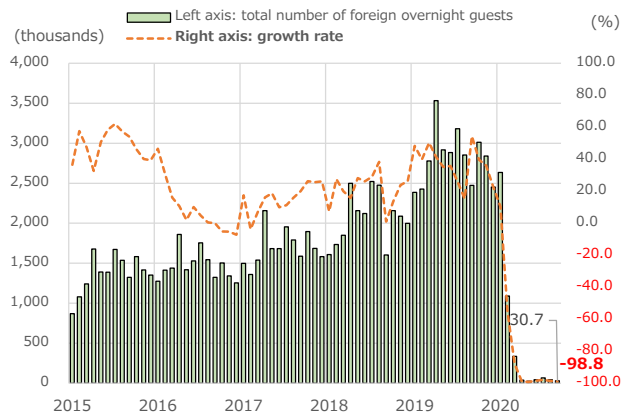
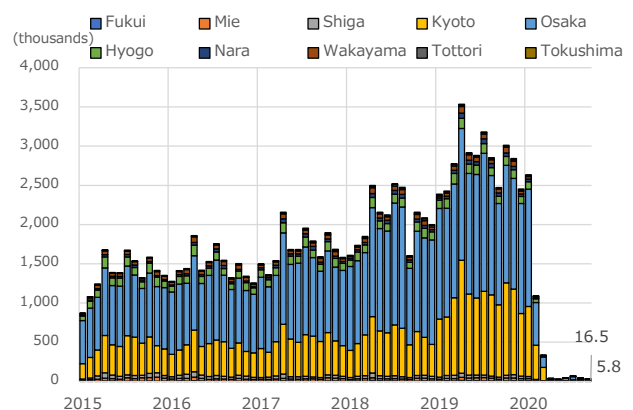


Figure 10 Evolution of the total number of foreign overnight guests by prefecture



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

Table 1 Foreign visitors in Nov 2020 (JNTO estimates)

Country/Area	Total			Total		
	2019	2020	Growth	2019	2020	Growth
	November	November	rate(%)	Jan-Nov	Jan-Nov	rate(%)
Grand Total	2,441,274	56,700	-97.7	29,355,662	4,057,200	-86.2
Major countries total (excl. S.Korea)	2,126,714	45,760	-97.8	22,805,746	3,377,780	-85.2
South Korea	205,042	2,800	-98.6	5,336,638	485,100	-90.9
China	750,951	18,100	-97.6	8,884,160	1,050,800	-88.2
Taiwan	392,102	1,200	-99.7	4,542,333	693,600	-84.7
Hong Kong	199,702	500	-99.7	2,041,150	345,800	-83.1
Thailand	140,265	1,000	-99.3	1,154,041	219,100	-81.0
Singapore	65,295	200	-99.7	391,876	55,200	-85.9
Malaysia	64,987	400	-99.4	423,342	76,200	-82.0
Indonesia	37,213	3,400	-90.9	353,576	74,400	-79.0
Philippines	64,763	1,700	-97.4	531,572	106,800	-79.9
Vietnam	41,892	14,700	-64.9	464,445	136,900	-70.5
India	14,863	1,000	-93.3	164,157	25,300	-84.6
Australia	48,327	300	-99.4	549,118	143,400	-73.9
U.S.A.	148,993	1,100	-99.3	1,579,363	217,900	-86.2
Canada	33,316	100	-99.7	340,130	53,100	-84.4
Mexico	6,494	60	-99.1	65,246	9,480	-85.5
United Kingdom	37,709	300	-99.2	396,529	50,700	-87.2
France	24,290	500	-97.9	316,072	42,600	-86.5
Germany	19,525	300	-98.5	222,905	29,500	-86.8
Italy	12,350	100	-99.2	151,573	13,500	-91.1
Russia	13,142	700	-94.7	111,210	21,900	-80.3
Spain	10,535	100	-99.1	122,948	11,600	-90.6
Middle East	9,836	200	-98.0	89,606	7,700	-91.4
Others	99,682	7,940	-92.0	1,123,672	186,620	-83.4

※ <:less than

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

Country/Region	Total			Tourism			Business			Others purposes		
	2019	2020	Growth	2019	2020	Growth	2019	2020	Growth	2019	2020	Growth
	Sep	Sep	Rate(%)	Sep	Sep	Rate(%)	Sep	Sep	Rate(%)	Sep	Sep	Rate(%)
Total	2,272,883	13,684	-99.4	1,913,105	497	-100.0	154,051	1,317	-99.1	205,727	11,870	-94.2
Korea	201,252	1,426	-99.3	152,617	46	-100.0	21,633	116	-99.5	27,002	1,264	-95.3
China	819,054	2,954	-99.6	705,154	74	-100.0	33,159	254	-99.2	80,741	2,626	-96.7
Taiwan	376,186	767	-99.8	354,624	17	-100.0	10,766	132	-98.8	10,796	618	-94.3
Hong Kong	155,927	89	-99.9	150,763	6	-100.0	3,395	12	-99.6	1,769	71	-96.0
Thailand	62,057	1,038	-98.3	54,621	14	-100.0	3,310	389	-88.2	4,126	635	-84.6
Singapore	29,147	30	-99.9	25,124	3	-100.0	3,435	6	-99.8	588	21	-96.4
Malaysia	28,778	242	-99.2	23,871	3	-100.0	2,525	8	-99.7	2,382	231	-90.3
Indonesia	25,021	299	-98.8	17,652	9	-99.9	2,475	4	-99.8	4,894	286	-94.2
Philippines	37,758	134	-99.6	30,576	17	-99.9	2,565	6	-99.8	4,617	111	-97.6
Vietnam	38,325	2,698	-93.0	9,383	6	-99.9	3,466	18	-99.5	25,476	2,674	-89.5
India	15,895	389	-97.6	6,269	4	-99.9	6,054	12	-99.8	3,572	373	-89.6
Australia	60,498	88	-99.9	55,570	13	-100.0	3,593	8	-99.8	1,335	67	-95.0
US	127,190	632	-99.5	100,459	128	-99.9	19,973	97	-99.5	6,758	407	-94.0
Canada	28,525	69	-99.8	25,379	14	-99.9	1,934	6	-99.7	1,212	49	-96.0
Mexico	6,282	11	-99.8	5,523	1	-100.0	416	2	-99.5	343	8	-97.7
UK	49,580	101	-99.8	41,325	24	-99.9	5,845	12	-99.8	2,410	65	-97.3
France	26,530	116	-99.6	20,157	12	-99.9	3,725	10	-99.7	2,648	94	-96.5
Germany	22,768	93	-99.6	16,328	12	-99.9	4,537	23	-99.5	1,903	58	-97.0
Italy	13,354	68	-99.5	10,551	9	-99.9	1,784	11	-99.4	1,019	48	-95.3
Russia	10,454	61	-99.4	7,261	5	-99.9	2,085	4	-99.8	1,108	52	-95.3
Spain	11,472	65	-99.4	9,942	6	-99.9	808	15	-98.1	722	44	-93.9
Middle East	8,678	173	-98.0	6,863	3	-100.0	1,071	4	-99.6	744	166	-77.7
Others	118,152	2,141	-100.0	83,093	71	-100.0	15,497	168	-100.0	19,562	1,902	-99.9

Source: based on data published by the Japan National Tourism Organization (JNTO) on Dec 16, 2020

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