

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: December report

Main points

● **Review of data published by JNTO in January 2021**

▶ According to JNTO estimates (Figure 1 and Table 1), **the total number of foreign visitors in December was 58,700 (-97.7% YoY)**, marking the 15th consecutive month of negative growth. **The total number of foreign visitors in 2020 was 4,115,900, -87.1% lower than the year before, marking the first decrease in nine years.** This represents the lowest annual figure since 1998, when it was 4,106,057.

▶ On Nov 30 Japan added China to the Residence Track and Business Track Framework, which allows travel between the two countries, thus leading to a slight MoM increase in the number of foreign visitors in December (56,700 visitors in November).

▶ The top five inbound nationalities were China (18,400 visitors), Vietnam (15,700 visitors), Indonesia (3,300 visitors), Korea (2,800 visitors), the Philippines (2,300 visitors).

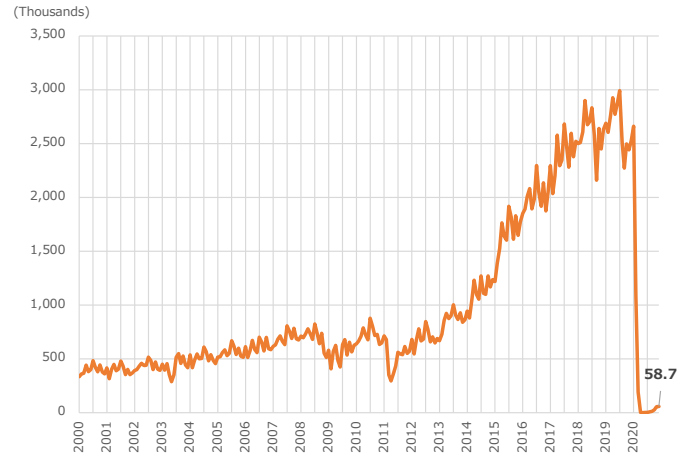
▶ The growth rate remained negative for 10 successive months in the case of Vietnam, Indonesia, and the Philippines, for 11 months in the case of China, and for 18 months in the case of Korea.

▶ As a consequence of the new COVID-19 strain being confirmed in Japan, **the government temporarily suspended the implementation of relaxed cross-border travel restrictions starting Dec 28.** In addition, **the special arrangements allowing business travel from certain countries were cancelled effective Jan 14.** Therefore, a decrease in the number of foreign visitors in January is highly probable.

▶ According to JNTO, **the total number of foreign visitors in October was 27,386 (provisional figure, -98.9% YoY).** By travel purpose, the numbers are as follows: tourism, 760 (-100% YoY), business, 2,588 (-98.4% YoY), and other purposes, 24,038 (-84.7% YoY) (Figure 2 and Table 2). In the case of travel for tourism and business purposes, the growth rate was negative for 13 successive months, and in case of travel for other purposes, for nine months. In October, the number of visitors falling under the latter category, which includes students, surpassed 10,000 for the second consecutive month, partly due to the relaxation of re-entry requirements for foreigners having a resident status.

▶ The top five inbound nationalities in October are listed below by travel purpose. Tourism: USA (209 visitors), China (93 visitors), Korea (48 visitors), France (33 visitors), the UK (31 visitors). Business: China (385 visitors), Korea (320 visitors), Taiwan (302 visitors), Thailand (185 visitors), Malaysia (156 visitors). Other purposes: Vietnam (6,056 visitors), China (4,024 visitors), Korea (1,653 visitors), Thailand (1,165 visitors), Taiwan (930 visitors). The number of foreign visitors falling under the "other purposes" category increased MoM in the case of Vietnamese and Chinese passport holders (in September: 2,674 visitors and 2,626 visitors, respectively).

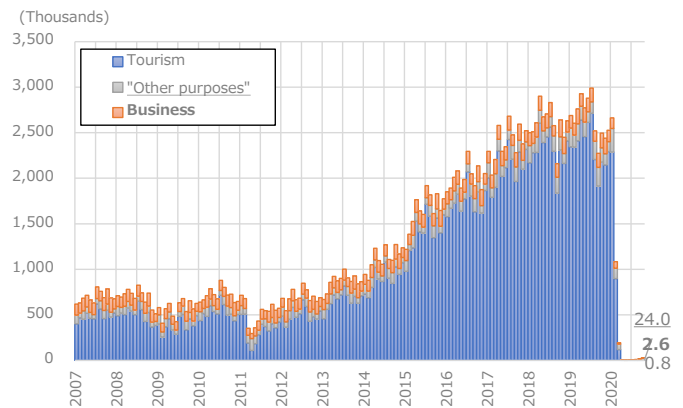
Figure 1 Number of foreign visitors



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

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

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 purposes.

*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 December

▶ In December, the number of foreign visitors arriving at Kansai International Airport (hereinafter referred to as KIX) was **13,552**, down 97.9% YoY and marking the 11th consecutive month of decline (figures 3 and 4). **The total number for 2020 was 1,011,184 arrivals, the lowest figure since 1996 when it was 920,491.** The situation is likely to become even more difficult considering the temporary suspension of cross-border travel.

▶ During the same month, the number of departures by Japanese nationals was 3,192 (-99.1% YoY), declining for the 12th consecutive month. **The total figure for 2020 shows 603,957 departures, the lowest number on record since the airport was opened in 1994.**

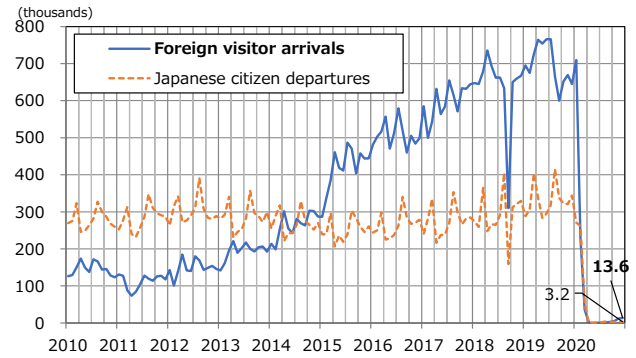
▶ We have estimated the economic loss caused by the decrease in the number of foreign passengers arriving at KIX. Our estimates show that the consumption generated by foreigners in the Greater Kansai area in 2019 was approximately JPY 1,212.7 billion. Based on this figure, we estimate that the economic loss for the inbound tourism demand in Dec 2020 was JPY 98.9 billion (JPY 1,212.7 billion / 12 × the decline rate of KIX arrivals). **This brings the overall estimated loss during the Feb-Dec 2020 period to JPY 1,066.7 billion, equivalent of 88% to the total consumption generated by foreigners in 2019.**

▶ 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. Eleven months after the COVID-19 outbreak, inbound tourism demand continues to struggle with no sign of recovery. In consideration of the fact that a new COVID-19 strain was confirmed in Japan at the end of December, and that strict arrival restrictions for foreign nationals have been imposed due to the re-emergence of the virus, the number of international passengers is expected to maintain its low level.

▶ **Total export growth in Kansai in December turned positive (+5.2% YoY) for the first time in two months (-4.0% YoY in November).** On the other hand, total imports decreased for the 15th consecutive month by -9.0% YoY (-12.9% YoY in November). In 2020, total exports decreased by -5.5% YoY and total imports by -11.0% YoY, both marking the second consecutive year of decline. As a result, **Kansai's trade balance stood at JPY 375.9 billion in December, marking the 11th consecutive month of surplus** and widening by +94.2% YoY. The total trade (imports and exports) decreased by -1.4% YoY, and while its decline has slowed down from the previous month (-8.2% YoY in November), its value has been shrinking continuously since Dec 2018, with the only exception of Sep 2019 (Figure 5).

▶ As shown in Figure 6, **Kansai's China-bound exports grew by +8.3% YoY in December, expanding for the seventh consecutive month, and accelerating from November (+3.3 YoY).** The exports of plastics and non-ferrous metals contributed to this growth. On the flip side, imports from China declined by -1.4% YoY, marking the first decrease in two months. On an annual basis, in 2020, China-bound exports increased by +4.3% YoY, the first increase in two years. In contrast, imports from China decreased by -4.8% YoY, the second consecutive year of decline

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



Source: based on Immigration Control statistics. The numbers for Dec 2020 are preliminary figures (in Figure 4 as well).

Figure 4 Recovery paths from economic shocks

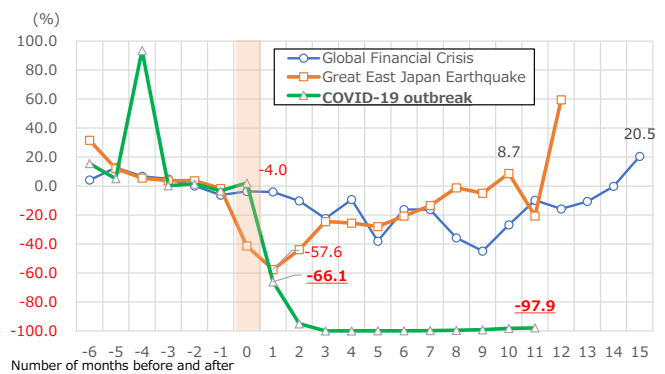


Figure 5 Evolution of Kansai's foreign trade

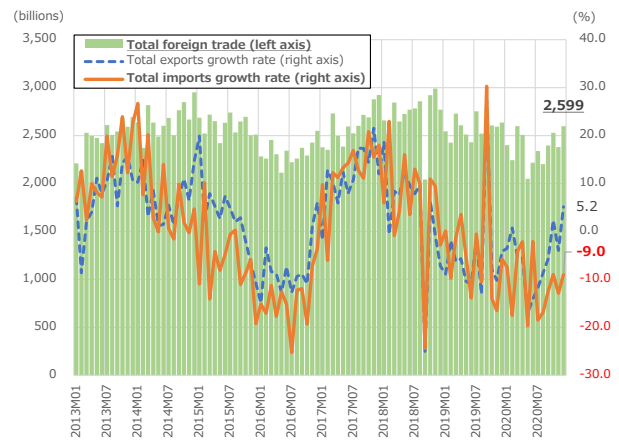
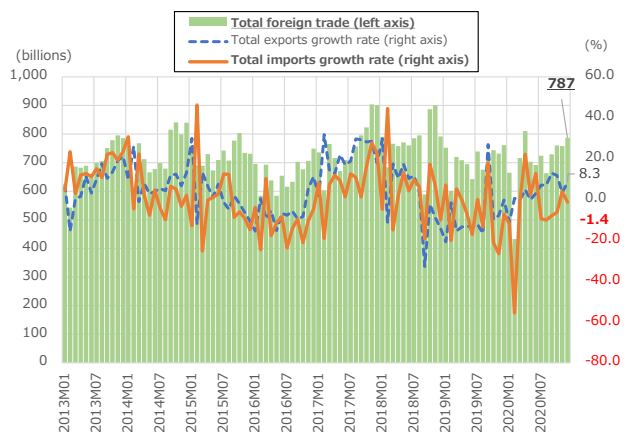


Figure 6 Evolution of Kansai's trade with China



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

Topics 2

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

▶ In October, the total number of overnight guests in the Greater Kansai dropped for the ninth consecutive month by **-45.2% YoY**. The decline has decelerated somewhat from the previous month (**-52.1% YoY**). Since its lowest level in May (-88.4% YoY), the decline rate has narrowed progressively for five consecutive months, in part due to the fact that Tokyo was added to the “Go To Travel” campaign starting Oct 1. Nevertheless, the resurgence of the virus since the second half of November has led to a growing uncertainty.

▶ In October, the total number of Japanese overnight guests was **5.6344 million**, shrinking for the **10th consecutive month by -23.5% YoY**, albeit at a slower pace than in the previous month (**-36.4% YoY**) (Figure 7). The largest number of guests was in Osaka prefecture (1.5138 million, -39.9% YoY), followed by Kyoto (1.2644 million, -20.9% YoY), Hyogo (919.7 thousand, -7.8% YoY), Mie (578.0 thousand, -9.5% YoY), Wakayama (345.9 thousand, -0.5% YoY), Shiga (268.1 thousand, -25.3% YoY), Fukui (247.6 thousand, -17.6% YoY), Tottori (201.0 thousand, -11.7% YoY), Tokushima (152.0 thousand, -33.1% YoY), Nara (143.9 thousand, -22.6% YoY) (Figure 8). The decline rate decelerated relative to the previous month in all prefectures but Nara.

▶ The total number of foreign overnight guests was **47.0 thousand (-98.4% YoY)**, declining for the ninth successive month, with the decline rate exceeding **-90%** (Figure 9). Again, the largest number of visitors was in Osaka prefecture (26.1 thousand, -98.3% YoY), followed by Kyoto (9.7 thousand, -99.2% YoY), Hyogo (4.0 thousand, -96.5% YoY), Wakayama (2.2 thousand, 96.8% YoY), Mie (1.5 thousand, 95.9% YoY), Shiga (1.4 thousand, 96.1% YoY), Fukui (1.0 thousand, -87.4% YoY), Tottori (0.6 thousand, 95.5% YoY), Nara (0.4 thousand, -99.2% YoY), Tokushima (0.2 thousand, -98.9% YoY) (Figure 10). The number of foreign guests remains negligible in all prefectures, as landing permission does not apply to tourists.

▶ We estimate Kansai’s loss of domestic travel consumption due to the decrease in the number of overnight guests at approximately JPY 80.7 billion (JPY 4.1 trillion / 12 × the October decline rate of the total number of overnight guests in Greater Kansai). As a result, the losses for the Mar-Oct interval total approximately JPY 1.5 trillion. Based on preliminary data, we estimate that the nationwide losses for the domestic travel consumption in November stand at approximately JPY 287.3 billion (= JPY 21.9 trillion / 12 × the November decline rate of the total number of overnight guests nationwide). As a result, the overall loss for the Mar-Nov period is estimated at roughly JPY 7.9 trillion.

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

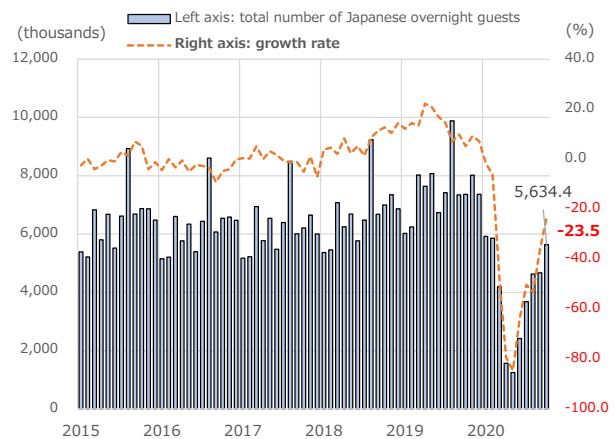


Figure 8 Evolution of the total number of Japanese overnight guests by prefecture

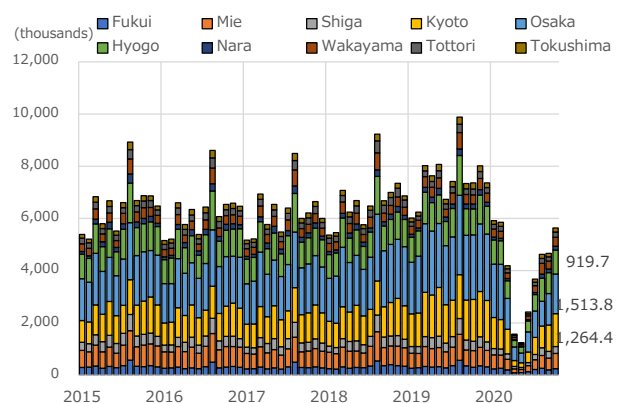


Figure 9 Evolution of the total number of foreign overnight guests in Kansai

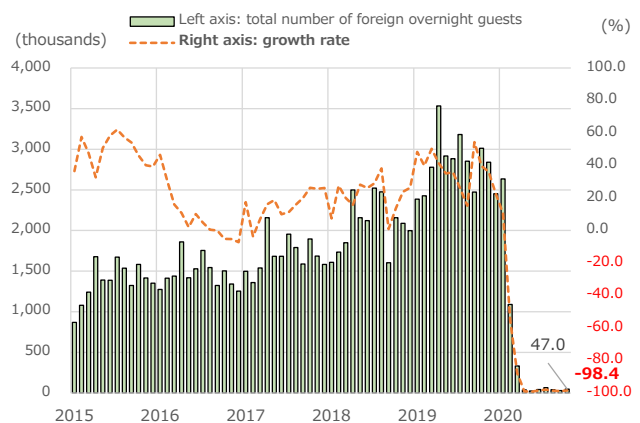
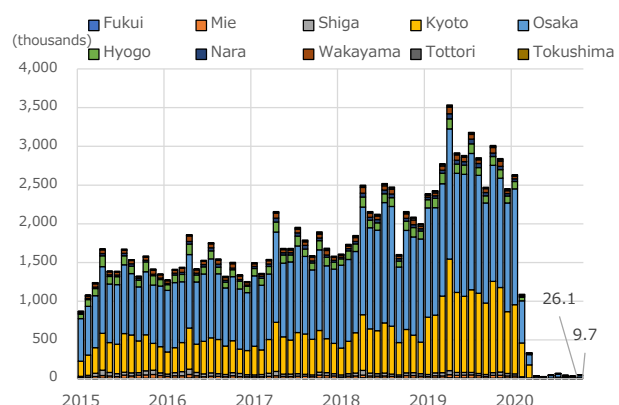


Figure 10 Evolution of the total number of foreign overnight guests by prefecture



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

Table 1 Number of foreign visitors in Dec 2020 (JNTO estimates)

Country/Area	Total			Total		
	2019	2020	Growth rate(%)	2019	2020	Growth rate(%)
	December	December		Jan-Dec	Jan-Dec	
Grand Total	2,526,387	58,700	-97.7	31,882,049	4,115,900	-87.1
Major countries total (excl. S.Korea)	2,182,553	47,250	-97.8	24,988,299	3,424,930	-86.3
South Korea	247,959	2,800	-98.9	5,584,597	487,900	-91.3
China	710,234	18,400	-97.4	9,594,394	1,069,200	-88.9
Taiwan	348,269	1,000	-99.7	4,890,602	694,500	-85.8
Hong Kong	249,642	300	-99.9	2,290,792	346,100	-84.9
Thailand	164,936	700	-99.6	1,318,977	219,800	-83.3
Singapore	100,376	100	-99.9	492,252	55,300	-88.8
Malaysia	78,250	300	-99.6	501,592	76,500	-84.7
Indonesia	59,203	3,300	-94.4	412,779	77,700	-81.2
Philippines	81,542	2,300	-97.2	613,114	109,100	-82.2
Vietnam	30,606	15,700	-48.7	495,051	152,500	-69.2
India	11,739	1,600	-86.4	175,896	26,900	-84.7
Australia	72,653	200	-99.7	621,771	143,600	-76.9
U.S.A.	144,498	1,300	-99.1	1,723,861	219,300	-87.3
Canada	35,132	200	-99.4	375,262	53,300	-85.8
Mexico	6,499	50	-99.2	71,745	9,530	-86.7
United Kingdom	27,750	400	-98.6	424,279	51,100	-88.0
France	20,261	400	-98.0	336,333	43,100	-87.2
Germany	13,639	300	-97.8	236,544	29,700	-87.4
Italy	11,196	200	-98.2	162,769	13,700	-91.6
Russia	8,833	400	-95.5	120,043	22,300	-81.4
Spain	7,295	100	-98.6	130,243	11,700	-91.0
Middle East	5,554	100	-98.2	95,160	7,800	-91.8
Others	90,321	8,550	-90.5	1,213,993	195,270	-83.9

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Table 2 The number of foreign visitors by purpose of visit in Oct 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(%)
	Oct	Oct		Oct	Oct		Oct	Oct		Oct		
Total	2,496,568	27,386	-98.9	2,177,382	760	-100.0	162,020	2,588	-98.4	157,166	24,038	-84.7
Korea	197,281	2,021	-99.0	155,972	48	-100.0	23,643	320	-98.6	17,666	1,653	-90.6
China	730,631	4,502	-99.4	645,903	93	-100.0	31,428	385	-98.8	53,300	4,024	-92.5
Taiwan	413,701	1,258	-99.7	395,168	26	-100.0	11,103	302	-97.3	7,430	930	-87.5
Hong Kong	180,562	221	-99.9	176,031	10	-100.0	3,356	28	-99.2	1,175	183	-84.4
Thailand	145,333	1,365	-99.1	138,912	15	-100.0	3,710	185	-95.0	2,711	1,165	-57.0
Singapore	41,937	140	-99.7	38,030	7	-100.0	3,395	78	-97.7	512	55	-89.3
Malaysia	48,864	630	-98.7	45,071	5	-100.0	2,763	156	-94.4	1,030	469	-54.5
Indonesia	34,094	675	-98.0	26,605	18	-99.9	3,137	9	-99.7	4,352	648	-85.1
Philippines	64,690	423	-99.3	57,161	18	-100.0	2,915	19	-99.3	4,614	386	-91.6
Vietnam	46,510	6,162	-86.8	16,131	13	-99.9	4,033	93	-97.7	26,346	6,056	-77.0
India	13,929	714	-94.9	6,068	7	-99.9	5,244	39	-99.3	2,617	668	-74.5
Australia	51,563	200	-99.6	46,906	16	-100.0	3,547	43	-98.8	1,110	141	-87.3
US	153,363	932	-99.4	127,454	209	-99.8	20,501	128	-99.4	5,408	595	-89.0
Canada	37,667	118	-99.7	34,305	19	-99.9	2,365	17	-99.3	997	82	-91.8
Mexico	7,385	34	-99.5	6,702	5	-99.9	467	1	-99.8	216	28	-87.0
UK	68,401	253	-99.6	59,330	31	-99.9	6,788	51	-99.2	2,283	171	-92.5
France	39,457	449	-98.9	33,306	33	-99.9	4,367	81	-98.1	1,784	335	-81.2
Germany	26,276	269	-99.0	19,780	29	-99.9	5,264	83	-98.4	1,232	157	-87.3
Italy	14,731	133	-99.1	11,088	11	-99.9	2,477	23	-99.1	1,166	99	-91.5
Russia	14,348	304	-97.9	11,262	7	-99.9	2,299	98	-95.7	787	199	-74.7
Spain	13,739	100	-99.3	11,720	3	-100.0	1,069	22	-97.9	950	75	-92.1
Middle East	11,955	194	-98.4	9,873	7	-99.9	1,244	30	-97.6	838	157	-81.3
Others	140,151	6,289	-100.0	104,604	130	-100.0	16,905	397	-100.0	18,642	5,762	-99.7

Source: based on data published by the Japan National Tourism Organization (JNTO) on Jan 20, 2021

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