

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: January report

Main points

● Review of data published by JNTO in February 2021

▶ According to JNTO estimates (Figure 1 and Table 1), the total number of foreign visitors in January was 46,500 (-98.3% YoY), marking the 16th consecutive month of negative growth. As a result of stricter border restrictions implemented at the end of December, the number of foreign visitors dropped from the previous month (58,700 in December).

▶ The top five inbound nationalities were Vietnam (20,000 visitors), China (10,200 visitors), Korea (2,500 visitors), US (1,200 visitors), and the Philippines (1,000 visitors). The number of visitors from Vietnam and China exceeded 10,000 for the third successive month.

▶ The YoY growth rate remained negative for 11 successive months in the case of Vietnam and the Philippines, for 12 months in the case of China and the USA, and for 19 months in the case of Korea. The decline continues to exceed -90% YoY in all cases, with the only exception of Vietnam (-60.3% YoY).

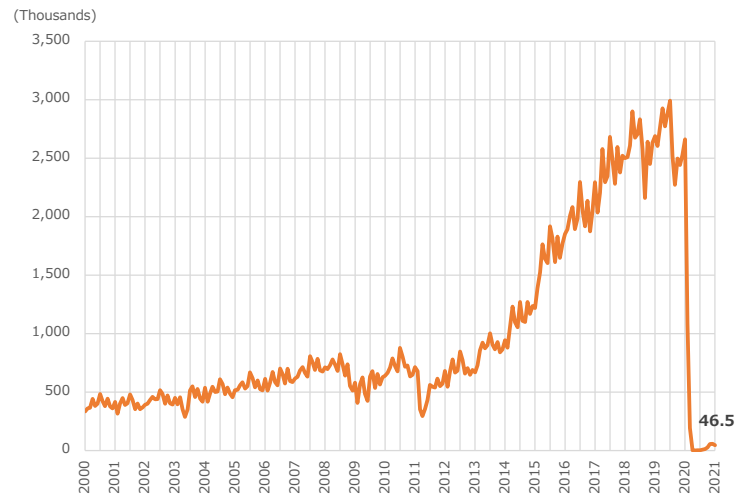
▶ Effective Jan 14, Japan temporarily suspended business travel agreements with 11 partner countries. In addition, on Feb 2 the state of emergency was extended until Mar 7, and border enforcement measures remained in place. In consideration of this, we expect the low number of foreign visitors to persist.

▶ According to JNTO, the total number of foreign visitors in November was 56,673 (provisional figure, -97.7% YoY). By travel purpose, the numbers are as follows: tourism, 1,030 (-100% YoY), business, 4,793 (-97.2% YoY), and other purposes, 50,850 (-59.0% YoY) (Figure 2 and Table 2). In November, Japan eased border restrictions for business travelers and international students from countries such as China and Vietnam, which contributed to a major MoM increase in the number of foreigners visiting Japan for “other purposes” (24,038 visitors in October).

▶ By travel purpose, the number of foreign visitors decreased for 14 consecutive months in the cases of tourism and business, and for 10 months in the case of the “other purposes” category.

▶ The top five inbound nationalities in November are listed below by travel purpose. Tourism: USA (278 visitors), China (135 visitors), Korea (89 visitors), the Philippines (44 visitors), and Taiwan (42 visitors). Business: China (1,097 visitors), Korea (916 visitors), Russia (423 visitors), Taiwan (343 visitors), and Malaysia (201 visitors). Other purposes: China (16,915 visitors), Vietnam (14,623 visitors), Indonesia (3,354 visitors), Korea (1,820 visitors), the Philippines (1,572 visitors). The number of foreign visitors falling under the “other purposes” category saw a major MoM increase in the case of Vietnamese and Chinese passport holders (in October: 6,056 visitors and 4,024 visitors, respectively). It is likely that the relaxed border restrictions have led to an increase in the numbers of foreign students and technical trainee visa holders.

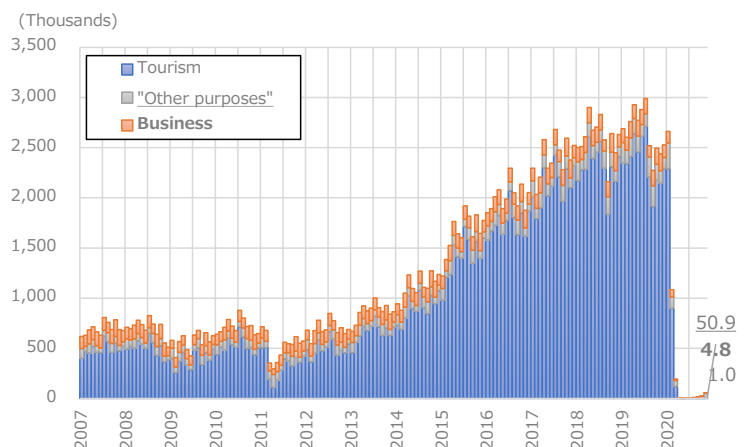
Figure 1 Number of foreign visitors



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

Note: the numbers are final for 2019, provisional for Jan-Nov 2020, and estimated for Dec 2020 and Jan 2021.

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 January

▶The number of foreign visitors arriving at Kansai International Airport (hereinafter referred to as KIX) in January was **10,919**, down **98.5% YoY** and marking the 12th consecutive month of decline (Figures 3 and 4). The decline has accelerated from the previous month (-97.9% in December). Considering the fact that the state of emergency was extended and that strict border enforcement measures remain in place, we expect that the number of foreign visitor arrivals will remain low.

▶During the same month, the number of departures by Japanese nationals was 4,634 (-98.3% YoY), declining for the 13th consecutive month. Outbound tourism demand too is likely to continue its downward trend.

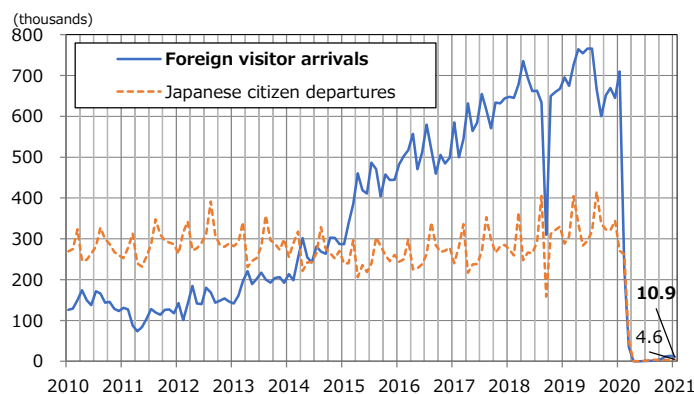
▶We have estimated the economic loss caused by the decrease in the number of foreign passengers arriving at KIX. Our estimates show that the consumption generated by foreigners in the Greater Kansai area in 2019 was approximately JPY 1,212.7 billion. Based on this figure, we estimate that the economic loss for the inbound tourism demand in Jan 2021 was JPY 99.5 billion (JPY 1,212.7 billion / 12 × the decrease rate of KIX arrivals). **This brings the overall estimated loss during the Feb 2020-Jan 2021 period to JPY 1,116.2 billion, equivalent to 96% of 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. One year after the COVID-19 outbreak, the number of foreign visitors remains low. Moreover, the government re-imposed the state of emergency and the border relaxation measures targeting business travel from certain countries were suspended too. Even if the state of emergency is lifted, inbound tourism demand will remain sluggish for the time being, as an early easing of border controls is unlikely.

▶Kansai's total exports in January expanded by **+13.3% YoY** marking the second successive month of positive growth (**+5.2% in December 2020**), partly due to an increase in **China-bound exports**. On the other hand, total imports decreased for the 16th consecutive month by **-8.4% YoY** (-8.9% YoY in December 2020). As a result, Kansai's trade balance stood at JPY 131.6 billion, marking the 12th consecutive month of surplus. Total trade (imports and exports) expanded by **+1.9% YoY** for the first time since September 2019 (-1.4% YoY in December 2020) (Figure 5).

▶As shown in Figure 6, in January, **Kansai's China-bound exports** grew at a faster pace than in December (**+8.3%**), expanding by **+40.0%** and **marking the eighth month of continuous growth**. This high figure is partly due to the fact that in 2020 the shipping disruptions caused by the Chinese New Year holidays happened in January. The exports of plastics and semiconductor manufacturing equipment (SME) contributed to this growth. China's increase in remote working and its economic rebound seem are likely to have propelled demand for integrated circuits. On the flip side, imports from China decreased for the second consecutive month (-2.4%).

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



Source: based on Immigration Control statistics. The numbers for Jan 2021 are preliminary figures (in Figure 4 as well)

Figure 4 Recovery paths from economic shocks

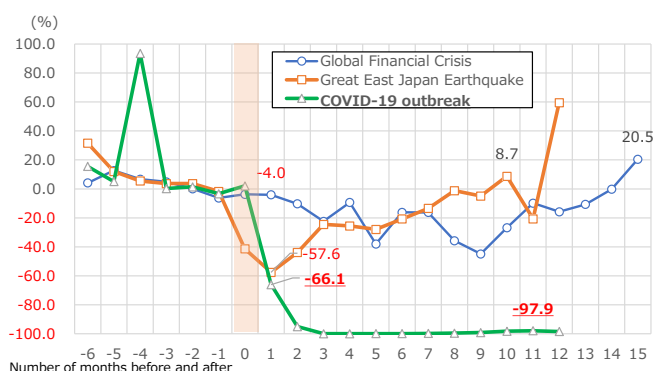


Figure 5 Evolution of Kansai's foreign trade

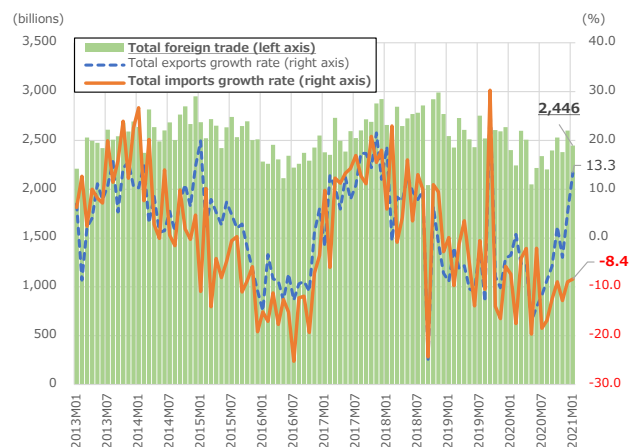
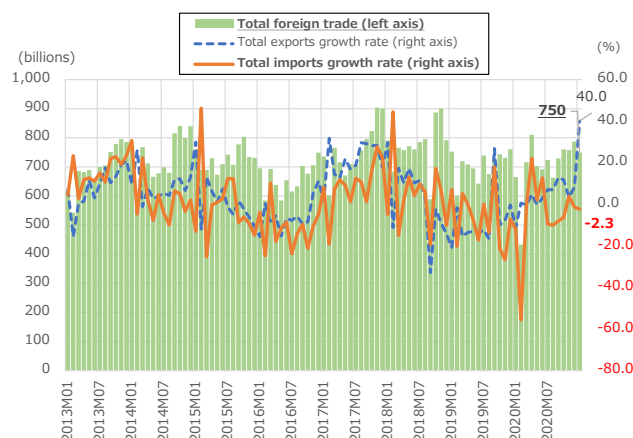


Figure 6 Evolution of Kansai's trade with China



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

Topics 2

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

► In November, the total number of overnight guests in the Greater Kansai area dropped for the 10th consecutive month by -36.0% YoY. The decline decelerated somewhat from the previous month (-45.2% YoY), partly due to the government's "Go to Travel" campaign. However, as the government halted the travel program on 14 Dec, there is a high probability that the decline will deepen again.

► In November, the total number of Japanese overnight guests was 6.8359 million, the highest figure since December 2019. Growth remained negative for the 11th consecutive month (-14.8% YoY), but the margin of decline narrowed from the previous month (-23.5% YoY) (Figure 7). The largest number of guests was in Kyoto prefecture (1.7786 million, +2.6 YoY), followed by Osaka (1.7301 million, -33.1% YoY), Hyogo (1.0491 million, -5.0% YoY), Mie (658.6 thousand, -7.3% YoY), Wakayama (406.2 thousand, -6.2% YoY), Shiga (324.5 thousand, -20.5% YoY), Fukui (301.2 thousand, -14.4% YoY), Tottori (243.1 thousand, -6.3% YoY), Nara (182.1 thousand, -14.1% YoY), Tokushima (162.6 thousand, -26.4% YoY) (Figure 8). The growth rate turned positive for the first time in 11 months in Kyoto prefecture. In the rest of the prefectures, the rate of decline decelerated from the previous month, with the only exception of Wakayama.

► The total number of foreign overnight guests was 112.6 thousand (-96.0% YoY), declining for the 10th successive month (Figure 9). The largest number of foreign guests was in Osaka prefecture (74.9 thousand, -94.7% YoY), followed by Kyoto (20.5 thousand, -98.1% YoY), Hyogo (5.0 thousand, 95.5% YoY), Wakayama (3.0 thousand, -95.3% YoY), Shiga (2.6 thousand, -93.6% YoY), Mie (1.9 thousand, -94.5% YoY), Tokushima (1.6 thousand, -89.6% YoY), Tottori (1.4 thousand, -92.2% YoY), Fukui (1.1 thousand, -88.8% YoY), Nara (0.5 thousand, -98.9% YoY) (Figure 10).

► We estimate Kansai's loss of domestic travel consumption attributable to the decrease in the number of overnight guests at approximately JPY 50.8 billion (JPY 4.1 trillion / 12 × the November decline rate of the total number of overnight guests in Greater Kansai). As a result, the losses for the Mar-Nov interval total approximately JPY 1.6 trillion. Based on preliminary data, we estimate that the nation-wide losses for the domestic travel consumption in December stand at approximately JPY 445.9 billion (= JPY 21.9 trillion / 12 × the December decline rate of the total number of overnight guests nation-wide), which raises the overall loss for the Mar-Dec period to roughly JPY 8.4 trillion.

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

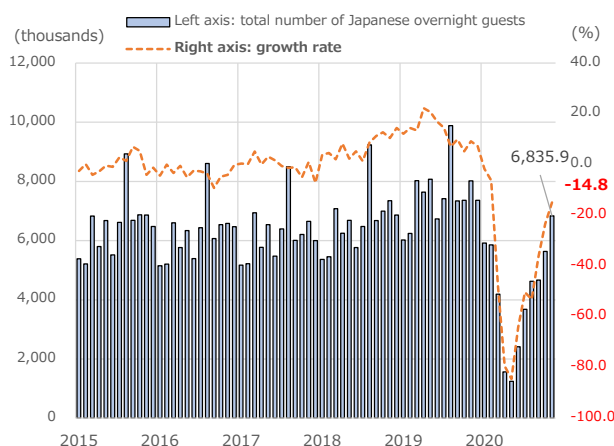


Figure 8 Evolution of the total number of Japanese overnight guests by prefecture

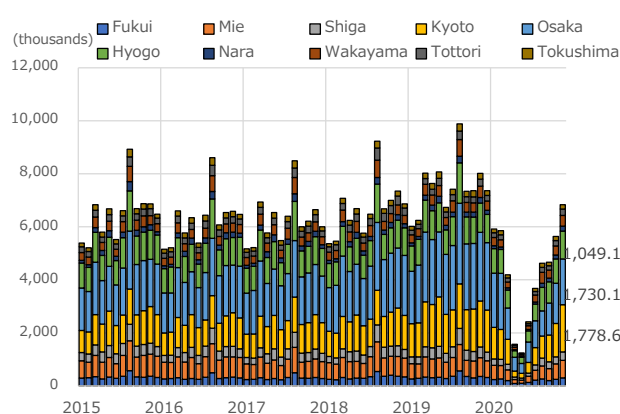


Figure 9 Evolution of the total number of foreign overnight guests in Kansai

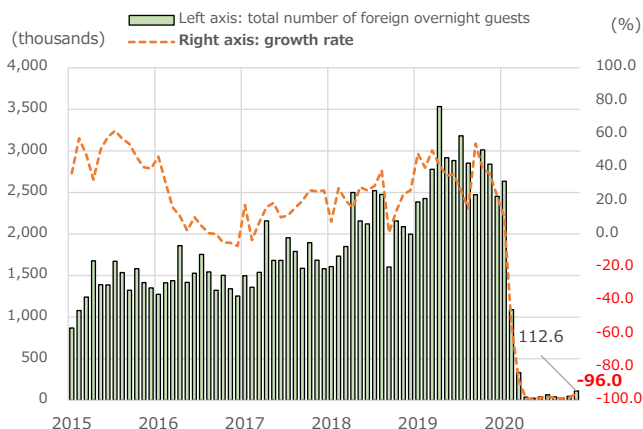
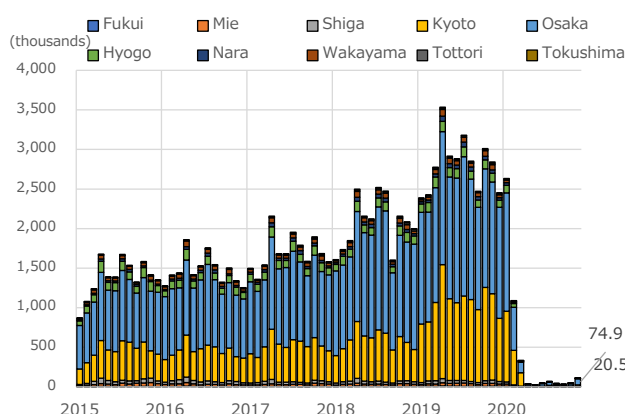


Figure 10 Evolution of the total number of foreign overnight guests by prefecture



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

Table 1 Foreign visitors in January 2021 (JNTO estimates)

| Country/Area | Total | | | Total | | |
|---------------------------------------|-----------|---------|---------|-----------|--------|---------|
| | 2020 | 2021 | Growth | 2020 | 2021 | Growth |
| | January | January | rate(%) | Jan | Jan | rate(%) |
| Grand Total | 2,661,022 | 46,500 | -98.3 | 2,661,022 | 46,500 | -98.3 |
| Major countries total (excl. S.Korea) | 2,257,062 | 38,150 | -98.3 | 2,257,062 | 38,150 | -98.3 |
| South Korea | 316,812 | 2,500 | -99.2 | 316,812 | 2,500 | -99.2 |
| China | 924,790 | 10,200 | -98.9 | 924,790 | 10,200 | -98.9 |
| Taiwan | 461,239 | 600 | -99.9 | 461,239 | 600 | -99.9 |
| Hong Kong | 219,358 | 200 | -99.9 | 219,358 | 200 | -99.9 |
| Thailand | 112,534 | 700 | -99.4 | 112,534 | 700 | -99.4 |
| Singapore | 30,180 | 90 | -99.7 | 30,180 | 90 | -99.7 |
| Malaysia | 44,829 | 200 | -99.6 | 44,829 | 200 | -99.6 |
| Indonesia | 37,540 | 900 | -97.6 | 37,540 | 900 | -97.6 |
| Philippines | 53,588 | 1,000 | -98.1 | 53,588 | 1,000 | -98.1 |
| Vietnam | 50,424 | 20,000 | -60.3 | 50,424 | 20,000 | -60.3 |
| India | 13,884 | 900 | -93.5 | 13,884 | 900 | -93.5 |
| Australia | 85,314 | 100 | -99.9 | 85,314 | 100 | -99.9 |
| U.S.A. | 117,343 | 1,200 | -99.0 | 117,343 | 1,200 | -99.0 |
| Canada | 28,931 | 100 | -99.7 | 28,931 | 100 | -99.7 |
| Mexico | 4,641 | 60 | -98.7 | 4,641 | 60 | -98.7 |
| United Kingdom | 24,320 | 300 | -98.8 | 24,320 | 300 | -98.8 |
| France | 16,481 | 600 | -96.4 | 16,481 | 600 | -96.4 |
| Germany | 11,189 | 400 | -96.4 | 11,189 | 400 | -96.4 |
| Italy | 6,921 | 200 | -97.1 | 6,921 | 200 | -97.1 |
| Russia | 8,399 | 200 | -97.6 | 8,399 | 200 | -97.6 |
| Spain | 5,157 | 200 | -96.1 | 5,157 | 200 | -96.1 |
| Middle East | 4,265 | 100 | -97.7 | 4,265 | 100 | -97.7 |
| Others | 82,883 | 5,750 | -93.1 | 82,883 | 5,750 | -93.1 |

※ <:less than

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

| Country/Region | Total | | | Tourism | | | Business | | | Others purposes | | |
|----------------|-----------|--------|---------|-----------|-------|---------|----------|-------|---------|-----------------|--------|---------|
| | 2019 | 2020 | Growth | 2019 | 2020 | Growth | 2019 | 2020 | Growth | 2019 | 2020 | Growth |
| | Nov | Nov | Rate(%) | Nov | Nov | Rate(%) | Nov | Nov | Rate(%) | Nov | Nov | Rate(%) |
| Total | 2,441,274 | 56,673 | -97.7 | 2,145,425 | 1,030 | -100.0 | 171,723 | 4,793 | -97.2 | 124,126 | 50,850 | -59.0 |
| Korea | 205,042 | 2,825 | -98.6 | 164,558 | 89 | -99.9 | 24,167 | 916 | -96.2 | 16,317 | 1,820 | -88.8 |
| China | 750,951 | 18,147 | -97.6 | 676,675 | 135 | -100.0 | 36,519 | 1,097 | -97.0 | 37,757 | 16,915 | -55.2 |
| Taiwan | 392,102 | 1,177 | -99.7 | 374,926 | 42 | -100.0 | 11,285 | 343 | -97.0 | 5,891 | 792 | -86.6 |
| Hong Kong | 199,702 | 453 | -99.8 | 194,857 | 6 | -100.0 | 3,610 | 73 | -98.0 | 1,235 | 374 | -69.7 |
| Thailand | 140,265 | 1,035 | -99.3 | 134,178 | 12 | -100.0 | 3,700 | 163 | -95.6 | 2,387 | 860 | -64.0 |
| Singapore | 65,295 | 161 | -99.8 | 61,188 | 15 | -100.0 | 3,749 | 81 | -97.8 | 358 | 65 | -81.8 |
| Malaysia | 64,987 | 430 | -99.3 | 61,118 | 5 | -100.0 | 3,041 | 201 | -93.4 | 828 | 224 | -72.9 |
| Indonesia | 37,213 | 3,424 | -90.8 | 30,129 | 14 | -100.0 | 3,538 | 56 | -98.4 | 3,546 | 3,354 | -5.4 |
| Philippines | 64,763 | 1,704 | -97.4 | 57,552 | 44 | -99.9 | 2,910 | 88 | -97.0 | 4,301 | 1,572 | -63.5 |
| Vietnam | 41,892 | 14,730 | -64.8 | 18,580 | 28 | -99.8 | 4,443 | 79 | -98.2 | 18,869 | 14,623 | -22.5 |
| India | 14,863 | 1,038 | -93.0 | 5,855 | 8 | -99.9 | 6,190 | 59 | -99.0 | 2,818 | 971 | -65.5 |
| Australia | 48,327 | 255 | -99.5 | 42,991 | 13 | -100.0 | 3,521 | 38 | -98.9 | 1,815 | 204 | -88.8 |
| US | 148,993 | 1,091 | -99.3 | 123,839 | 278 | -99.8 | 20,448 | 162 | -99.2 | 4,706 | 651 | -86.2 |
| Canada | 33,316 | 134 | -99.6 | 29,873 | 35 | -99.9 | 2,462 | 19 | -99.2 | 981 | 80 | -91.8 |
| Mexico | 6,494 | 57 | -99.1 | 5,858 | 2 | -100.0 | 484 | 15 | -96.9 | 152 | 40 | -73.7 |
| UK | 37,709 | 304 | -99.2 | 30,045 | 28 | -99.9 | 5,894 | 77 | -98.7 | 1,770 | 199 | -88.8 |
| France | 24,290 | 473 | -98.1 | 18,391 | 41 | -99.8 | 4,510 | 76 | -98.3 | 1,389 | 356 | -74.4 |
| Germany | 19,525 | 343 | -98.2 | 12,361 | 32 | -99.7 | 6,078 | 130 | -97.9 | 1,086 | 181 | -83.3 |
| Italy | 12,350 | 131 | -98.9 | 9,282 | 15 | -99.8 | 2,557 | 24 | -99.1 | 511 | 92 | -82.0 |
| Russia | 13,142 | 671 | -94.9 | 9,282 | 30 | -99.7 | 3,012 | 423 | -86.0 | 848 | 218 | -74.3 |
| Spain | 10,535 | 101 | -99.0 | 9,128 | 5 | -99.9 | 1,027 | 27 | -97.4 | 380 | 69 | -81.8 |
| Middle East | 9,836 | 163 | -98.3 | 7,970 | 9 | -99.9 | 1,372 | 22 | -98.4 | 494 | 132 | -73.3 |
| Others | 99,682 | 7,826 | -99.9 | 66,789 | 144 | -100.0 | 17,206 | 624 | -100.0 | 15,687 | 7,058 | -99.6 |

Source: based on data published by the Japan National Tourism Organization (JNTO) on Feb 17, 2021

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