

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: March report

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**Main points**

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

▶ According to JNTO estimates (Figure 1 and Table 1), **the total number of foreign visitors in March was 12,300 (-93.6% YoY), marking the 17<sup>th</sup> consecutive month of negative growth. While the figure improved from the previous month (7,400), it remains low.** Considering that the number of visitors in March 2020 was already low due to the spreading COVID-19 pandemic, a comparison with March 2019, which is more appropriate, shows a -99.6% decline.

▶ The top five inbound nationalities were: China (4,000 visitors), Korea (2,000 visitors), India (700 visitors), Taiwan and the USA (600 visitors each). While the number of visitors from China, Korea and India increased slightly MoM, it is still negligible.

▶ The number of visitors from China, India, Taiwan and the USA decreased for the 14th consecutive month, while the number of Korean visitors dropped for the 21st consecutive month.

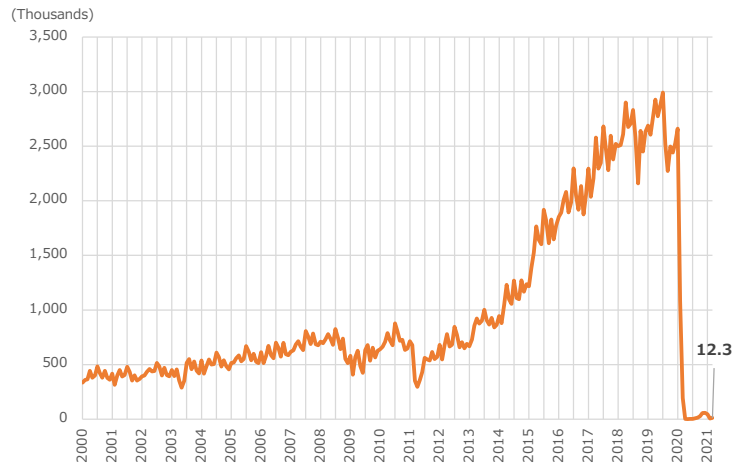
▶ Considering that new variants of COVID-19 are spreading worldwide, and the strict entry restrictions are expected to remain in place, the number of foreign visitors is likely to stay insignificant for the time being.

▶ According to JNTO, **the total number of foreign visitors in January was 46,522 (provisional figure, -98.3% YoY).** By travel purpose, the numbers are as follows: tourism, 547 (-100.0% YoY), business, 3,099 (-97.3% YoY), and other purposes, 42,876 (-83.4% YoY) (Figure 2 and Table 2). By travel purpose, the number of foreign visitors decreased for 16 consecutive months in the case of tourism and business, and for 12 months in the case of the “other purposes”.

▶ The top five inbound nationalities by travel purpose in January are listed below. Tourism: USA (130 visitors), China (83 visitors), Korea (76 visitors), France (20 visitors), Canada and Vietnam (both 19 visitors). Business: China (649 visitors), Korea (585 visitors), Thailand (218 visitors), USA (138 visitors), Philippines (118 visitors). Other purposes: Vietnam (19,963 visitors), China (9,493 visitors), Korea (1,874 visitors), USA (938 visitors), Indonesia (883 visitors).

▶ **The number of visitors from Vietnam traveling for “other purposes” exceeded 10,000 for three consecutive months, as the border restrictions were relaxed for business travelers.** The “other purposes” category includes studying or training in Japan, so it is likely that technical interns form the bulk of foreign visitors. However, starting January 14, the government reimposed strict entry restrictions, temporarily halting business travel. Accordingly, the number of foreign visitors will likely return to decline next month.

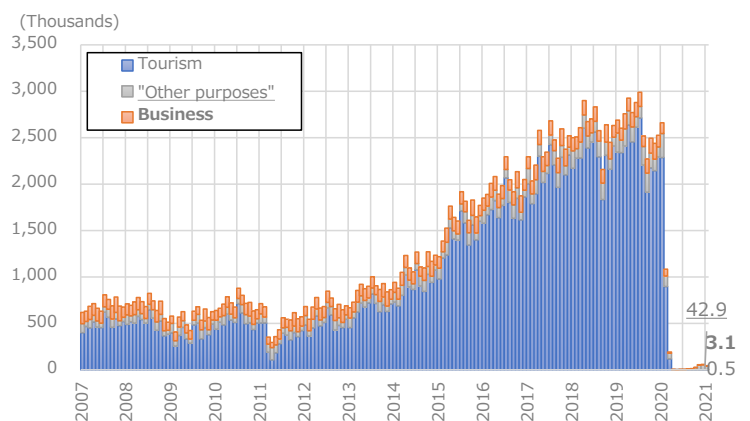
Figure 1 Number of foreign visitors



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

Note: the numbers are final for 2019, provisional for 2020 and January 2021, and estimated for February and March 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 March

▶ **The number of foreign visitors arriving at Kansai International Airport (hereinafter referred to as KIX) in March totaled 3,129, increasing from the previous month (1,879). The decline was -91.2% YoY, marking the 14<sup>th</sup> consecutive month in negative territory (Figures 3 and 4). By comparison with the pre-pandemic March 2019, the decline is -99.6%. The number of Japanese departures was 2,411, decreasing for the 15<sup>th</sup> consecutive month. The decline was -95.2% YoY, and -99.4% relative to March 2019, indicating that outbound tourism demand too continues to be insignificant.**

▶ Over one year has passed since Japan implemented the first entry restrictions to limit the spread of the virus. After banning visitors from parts of China and Korea last year in February, in **March** Japan added some parts of Europe to the entry ban list. Consequently, the number of foreign visitor arrivals at KIX **decreased drastically to 35,696.**

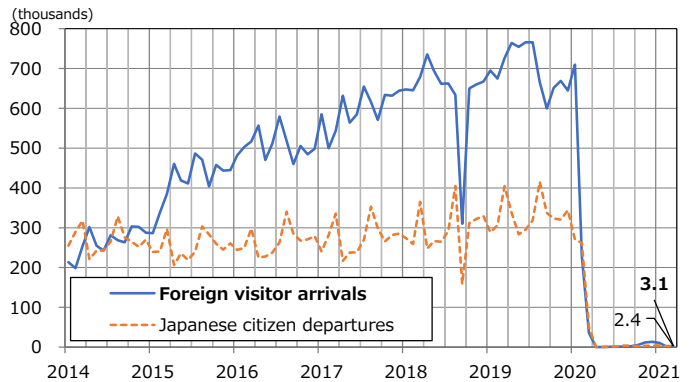
▶ In Figure 4, we compare the evolution of foreign arrival numbers at KIX following the Global Financial Crisis, the Great East Japan Earthquake, and the COVID-19 outbreak. Although the YoY decline rate seemingly decelerated in March 2021, it has to be kept in mind that in March 2020 the number of foreign arrivals was already low.

▶ **In March, Kansai's total exports rose by +14.6% YoY, marking the first increase in two months, sustained by strong demand from other Asian countries, particularly China. Total imports also expanded by +6.2% YoY, for the second consecutive month.** Consequently, **Kansai's trade balance stood at JPY 380.9 billion, marking the 14<sup>th</sup> consecutive month of surplus.** The total trade amount (imports and exports) expanded by +10.8% YoY, marking the third straight month of positive growth (+6.1% YoY in February) (Figure 5).

▶ As shown in Figure 6, **Kansai's China-bound exports** increased by +22.4% YoY in March, marking the 10<sup>th</sup> straight month in positive territory. The growth accelerated significantly from the previous month (+5.1% YoY in February). Exports of plastics and scientific optical instruments made a positive contribution. Imports from China also grew by +4.5% YoY, for the second consecutive month. The main growth contributors were audio and visual equipment (including parts), and office equipment.

▶ **Kansai's exports in FY 2020 decreased by -2.7% YoY, declining for the third year in a row.** While exports to the USA and Europe dropped due to the COVID-19 pandemic, China-bound exports increased due to the country's fast recovery. By category, non-ferrous metals, which are used in automobiles and home appliances, and semiconductors and other electronic components, which are used for manufacturing devices such as PCs, saw an increase in demand due to teleworking. **The region's imports also decreased by -8.0% YoY for the second successive year.** While imports of yarn and textile products such as non-woven masks, and office equipment such as tablets increased, energy products such as crude oil decreased significantly.

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



Source: based on Immigration Control statistics.

The numbers for Feb 2021 are preliminary figures (in Figure 4 as well)

Figure 4 Recovery paths from economic shocks

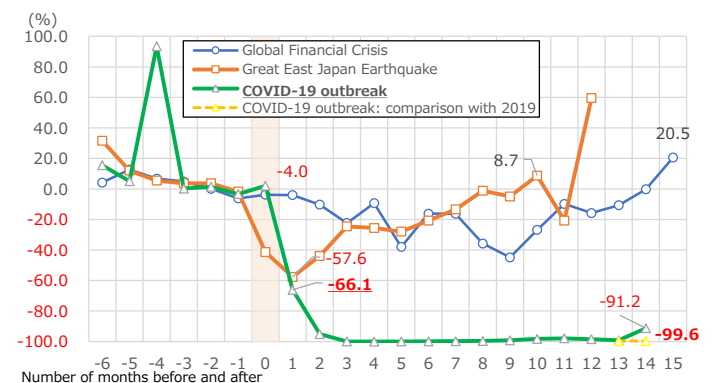


Figure 5 Evolution of Kansai's foreign trade

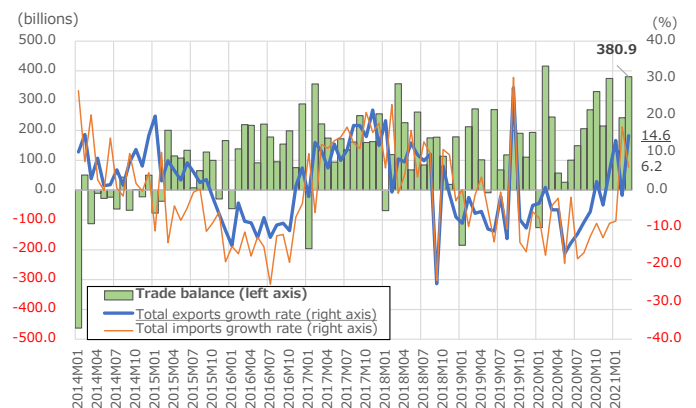
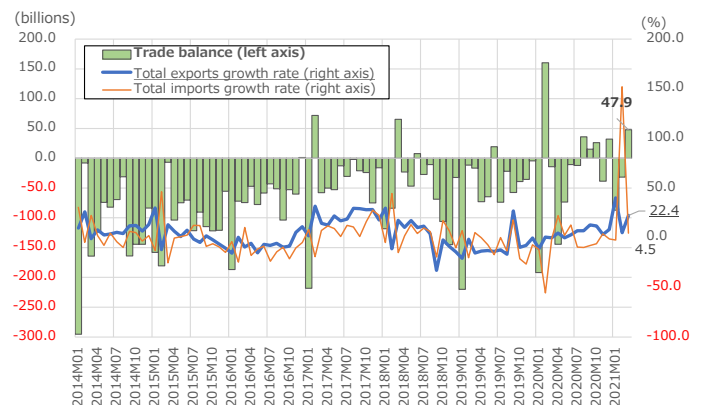


Figure 6 Evolution of Kansai's trade with China



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

## Topics 2

### ● Total number of overnight guests in January in the Greater Kansai area

▶ In January, the total number of overnight guests in the Greater Kansai area dropped for the 13<sup>th</sup> consecutive month, by -63.9% YoY (Figure 7). Due to the fact that the government declared a state of emergency effective from January 14 in Kyoto, Osaka and Hyogo prefectures, the decline rate accelerated from the previous month (-47.0% YoY). As the state of emergency was lifted on February 28, the number of guests is expected to decrease even further in February.

▶ In January, the total number of Japanese overnight guests was 2.993 million, shrinking for the 13<sup>th</sup> consecutive month (-49.4% YoY). The decline rate accelerated from the previous month (-31.2% YoY, figures 7 and 8). The largest number of guests was in Osaka Prefecture (1.0099 million, -50.6% YoY), followed by Kyoto (533.9 thousand, -54.9% YoY), Hyogo (491.6 thousand, -46.9% YoY), Mie (281.7 thousand, -47.3% YoY), Wakayama (176.2 thousand, -44.3% YoY), Shiga (141.0 thousand, -42.7% YoY), Fukui (119.8 thousand, -49.6% YoY), Tottori (98.9 thousand, -43.1% YoY), Nara (75.9 thousand, -30.4% YoY) and Tokushima (64.1 thousand, -55.6% YoY). Despite a positive growth of +2.6% YoY in November 2020, the number of guests in Kyoto Prefecture dropped for the next two consecutive months while the decline rate accelerated.

▶ The total number of foreign overnight guests was 97.1 thousand (-96.3% YoY), declining for the 12<sup>th</sup> successive month (Figure 9). The decline rate expanded from the previous month (-94.7% YoY) (figures 7 and 9). The largest number of foreign guests was in Osaka Prefecture (70.2 thousand, -95.3% YoY), followed by Kyoto (9.8 thousand, -98.9% YoY), Hyogo (6.4 thousand, -93.4% YoY), Mie (4.7 thousand, -81.7% YoY), Wakayama (2.3 thousand, -92.6% YoY), Shiga (1.3 thousand, -95.3% YoY), Fukui (1.3 thousand, -87.4% YoY), Tottori (0.8 thousand, -93.4% YoY), Nara (0.4 thousand, -98.9% YoY) and Tokushima (0.1 thousand, -98.8% YoY).

▶ The total number of overnight guests in Kansai hit rock bottom in May 2020 in the case of both residents from within the prefecture and outside the prefecture (including foreign guests) (Figure 10). Notably, the number of guests from outside the prefecture started increasing in July, when the "Go to Travel" campaign was launched. However, the number has been gradually declining since the campaign was temporarily suspended due to the resurgence of COVID-19 (the so-called third wave). In January 2021 the number of guests from outside the prefecture dropped significantly to 2.1145 million (-69.7% YoY), while the number of guests from within the prefecture was 8.501 million (-20.1% YoY).

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

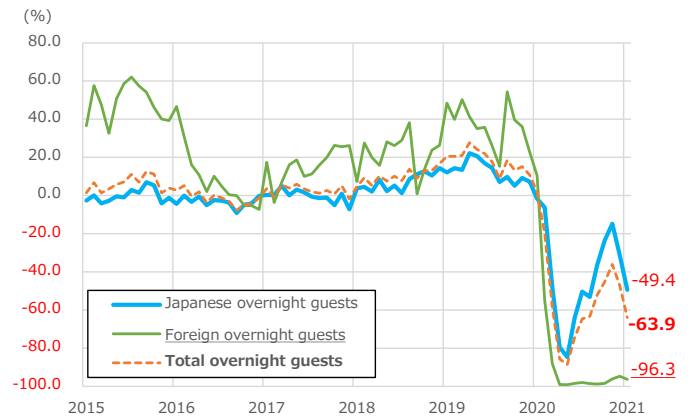


Figure 8 Evolution of the total number of Japanese overnight guests by prefecture

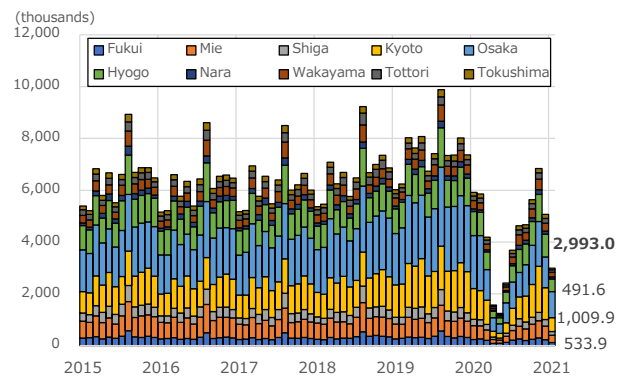


Figure 9 Evolution of the total number of foreign overnight guests by prefecture

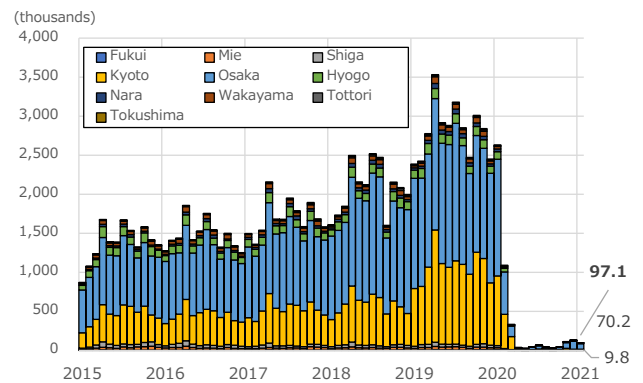
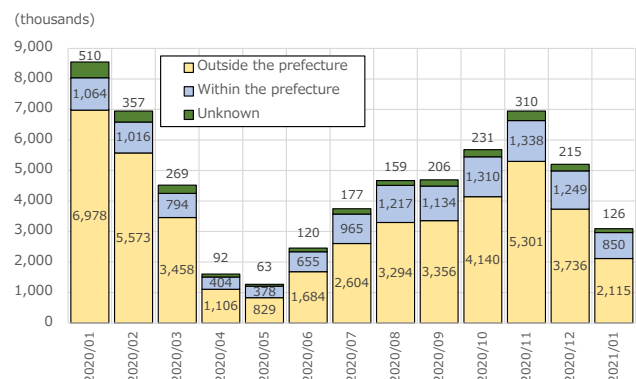


Figure 10 Evolution of the total number of overnight guests by residence



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

Table 1 Foreign visitors in March 2021 (JNTO estimates) (comparison with 2019)

| Country/Area                                | Total     |        |                   | Total     |         |                   |
|---|-----------|--------|-------------------|-----------|---------|-------------------|
|   | 2019      | 2021   | Growth<br>rate(%) | 2019      | 2021    | Growth<br>rate(%) |
|   | March     | March  |                   | Jan-Mar   | Jan-Mar |                   |
| Grand Total                                 | 2,760,136 | 12,300 | -99.6             | 8,053,797 | 66,200  | -99.2             |
| Major countries<br>total (excl.<br>S.Korea) | 2,057,094 | 7,630  | -99.6             | 5,710,543 | 49,950  | -99.1             |
| South Korea                                 | 585,586   | 2,000  | -99.7             | 2,080,773 | 5,400   | -99.7             |
| China                                       | 691,279   | 4,000  | -99.4             | 2,169,317 | 15,900  | -99.3             |
| Taiwan                                      | 402,433   | 600    | -99.9             | 1,189,760 | 1,600   | -99.9             |
| Hong Kong                                   | 171,430   | 60     | -100.0            | 505,046   | 260     | -99.9             |
| Thailand                                    | 147,443   | 100    | -99.9             | 347,937   | 900     | -99.7             |
| Singapore                                   | 43,687    | 60     | -99.9             | 92,465    | 200     | -99.8             |
| Malaysia                                    | 50,615    | 100    | -99.8             | 118,674   | 400     | -99.7             |
| Indonesia                                   | 39,609    | 300    | -99.2             | 96,708    | 1,400   | -98.6             |
| Philippines                                 | 48,277    | 200    | -99.6             | 119,434   | 1,400   | -98.8             |
| Vietnam                                     | 47,881    | 200    | -99.6             | 122,633   | 20,400  | -83.4             |
| India                                       | 17,752    | 700    | -96.1             | 39,291    | 2,200   | -94.4             |
| Australia                                   | 44,175    | 50     | -99.9             | 172,896   | 190     | -99.9             |
| U.S.A.                                      | 176,564   | 600    | -99.7             | 372,424   | 2,200   | -99.4             |
| Canada                                      | 37,959    | 50     | -99.9             | 84,135    | 200     | -99.8             |
| Mexico                                      | 5,740     | 20     | -99.7             | 12,244    | 100     | -99.2             |
| United Kingdom                              | 38,610    | 200    | -99.5             | 83,718    | 500     | -99.4             |
| France                                      | 29,408    | 90     | -99.7             | 62,125    | 720     | -98.8             |
| Germany                                     | 28,659    | 80     | -99.7             | 53,401    | 480     | -99.1             |
| Italy                                       | 14,956    | 50     | -99.7             | 26,886    | 230     | -99.1             |
| Russia                                      | 11,701    | 90     | -99.2             | 23,618    | 380     | -98.4             |
| Spain                                       | 8,916     | 80     | -99.1             | 17,831    | 290     | -98.4             |
| Middle East                                 | 11,726    | 70     | -99.4             | 19,292    | 230     | -98.8             |
| Others                                      | 105,730   | 2,600  | -97.5             | 243,189   | 10,620  | -95.6             |

※ <:less than

Table 2 The number of foreign visitors by purpose of visit in Jan 2021 (JNTO provisional figures)

| Country/Region | Total     |        |                   | Tourism   |      |                   | Business |       |                   | Others purposes |        |                   |
|----------------|-----------|--------|-------------------|-----------|------|-------------------|----------|-------|-------------------|-----------------|--------|-------------------|
|                | 2020      | 2021   | Growth<br>Rate(%) | 2020      | 2021 | Growth<br>Rate(%) | 2020     | 2021  | Growth<br>Rate(%) | 2020            | 2021   | Growth<br>Rate(%) |
|                | Jan       | Jan    |                   | Jan       | Jan  |                   | Jan      | Jan   |                   | Jan             | Jan    |                   |
| Total          | 2,661,022 | 46,522 | -98.3             | 2,287,755 | 547  | -100.0            | 115,099  | 3,099 | -97.3             | 258,168         | 42,876 | -83.4             |
| Korea          | 316,812   | 2,535  | -99.2             | 266,717   | 76   | -100.0            | 20,946   | 585   | -97.2             | 29,149          | 1,874  | -93.6             |
| China          | 924,790   | 10,225 | -98.9             | 804,901   | 83   | -100.0            | 24,645   | 649   | -97.4             | 95,244          | 9,493  | -90.0             |
| Taiwan         | 461,239   | 592    | -99.9             | 434,358   | 14   | -100.0            | 7,921    | 100   | -98.7             | 18,960          | 478    | -97.5             |
| Hong Kong      | 219,358   | 161    | -99.9             | 214,948   | 9    | -100.0            | 2,564    | 31    | -98.8             | 1,846           | 121    | -93.4             |
| Thailand       | 112,534   | 719    | -99.4             | 106,035   | 8    | -100.0            | 2,688    | 218   | -91.9             | 3,811           | 493    | -87.1             |
| Singapore      | 30,180    | 85     | -99.7             | 27,443    | 3    | -100.0            | 2,085    | 23    | -98.9             | 652             | 59     | -91.0             |
| Malaysia       | 44,829    | 242    | -99.5             | 41,556    | 5    | -100.0            | 1,613    | 87    | -94.6             | 1,660           | 150    | -91.0             |
| Indonesia      | 37,540    | 922    | -97.5             | 30,755    | 13   | -100.0            | 1,680    | 26    | -98.5             | 5,105           | 883    | -82.7             |
| Philippines    | 53,588    | 998    | -98.1             | 40,371    | 19   | -100.0            | 2,754    | 118   | -95.7             | 10,463          | 861    | -91.8             |
| Vietnam        | 50,424    | 20,032 | -60.3             | 11,452    | 10   | -99.9             | 2,156    | 59    | -97.3             | 36,816          | 19,963 | -45.8             |
| India          | 13,884    | 905    | -93.5             | 3,208     | 7    | -99.8             | 4,359    | 75    | -98.3             | 6,317           | 823    | -87.0             |
| Australia      | 85,314    | 106    | -99.9             | 81,452    | 3    | -100.0            | 1,980    | 20    | -99.0             | 1,882           | 83     | -95.6             |
| US             | 117,343   | 1,206  | -99.0             | 91,560    | 130  | -99.9             | 14,558   | 138   | -99.1             | 11,225          | 938    | -91.6             |
| Canada         | 28,931    | 125    | -99.6             | 25,582    | 19   | -99.9             | 1,400    | 33    | -97.6             | 1,949           | 73     | -96.3             |
| Mexico         | 4,641     | 56     | -98.8             | 3,841     | 2    | -99.9             | 326      | 9     | -97.2             | 474             | 45     | -90.5             |
| UK             | 24,320    | 256    | -98.9             | 17,442    | 12   | -99.9             | 3,594    | 42    | -98.8             | 3,284           | 202    | -93.8             |
| France         | 16,481    | 554    | -96.6             | 10,615    | 20   | -99.8             | 2,746    | 109   | -96.0             | 3,120           | 425    | -86.4             |
| Germany        | 11,189    | 351    | -96.9             | 6,226     | 12   | -99.8             | 3,296    | 107   | -96.8             | 1,667           | 232    | -86.1             |
| Italy          | 6,921     | 153    | -97.8             | 4,408     | 4    | -99.9             | 1,465    | 27    | -98.2             | 1,048           | 122    | -88.4             |
| Russia         | 8,399     | 204    | -97.6             | 6,167     | 5    | -99.9             | 1,165    | 78    | -93.3             | 1,067           | 121    | -88.7             |
| Spain          | 5,157     | 174    | -96.6             | 3,609     | 1    | -100.0            | 632      | 34    | -94.6             | 916             | 139    | -84.8             |
| Middle East    | 4,265     | 125    | -97.1             | 2,930     | 3    | -99.9             | 697      | 15    | -97.8             | 638             | 107    | -83.2             |
| Others         | 82,883    | 5,796  | -99.9             | 52,179    | 89   | -100.0            | 9,829    | 516   | -99.9             | 20,875          | 5,191  | -99.8             |

Source: based on data published by the Japan National Tourism Organization (JNTO) on Apr 21, 2021

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