

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: April report

### Main points

#### ● Review of data published by JNTO in May

▶ According to JNTO estimates (Figure 1 and Table 1), the total number of foreign visitors in April was 10,900. While it decreased from the previous month (12,300), the number remained above the 10,000 threshold for the second consecutive month. A comparison with April 2019 shows a -99.6% decline.

▶ The top five inbound nationalities were: China (3,300 visitors), Korea (1,100 visitors), India and the USA (600 visitors each), followed by Taiwan (400 visitors). The number of visitors of all nationalities except the USA decreased from the previous month.

▶ Relative to April 2019, the decline rate exceeds -90% for all nationalities, indicating a prolonged absence of inbound tourists.

▶ In an effort to curb the spread of the new Indian variant of COVID-19, the government has banned the entry of foreign nationals from India, Pakistan, and Nepal. Considering that 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 February was 7,355 (provisional figure, -99.3% YoY). By travel purpose, the numbers are as follows: tourism, 266 (-100.0% YoY), business, 776 (-98.9% YoY), and other purposes, 6,313 (-94.4% YoY) (Figure 2 and Table 2). The number of foreign visitors decreased for 17 consecutive months in the case of tourism and business, and for 13 months in the case of other purposes.

▶ The top five inbound nationalities by travel purpose in February are listed below. Tourism: USA (81 visitors), China (40 visitors), Korea (22 visitors), Philippines (17 visitors), Taiwan (12 visitors). Business: China (201 visitors), Korea (94 visitors), Taiwan (61 visitors), USA (53 visitors), India (33 visitors). Other purposes: China (1,506 visitors), Korea (794 visitors), India (609 visitors), Taiwan (350 visitors), USA (233 visitors). Due to the fact that the entry ban also includes Vietnam, the number of Vietnamese visitors traveling for other purposes decreased sharply from 19,963 in January to just 190 in February.

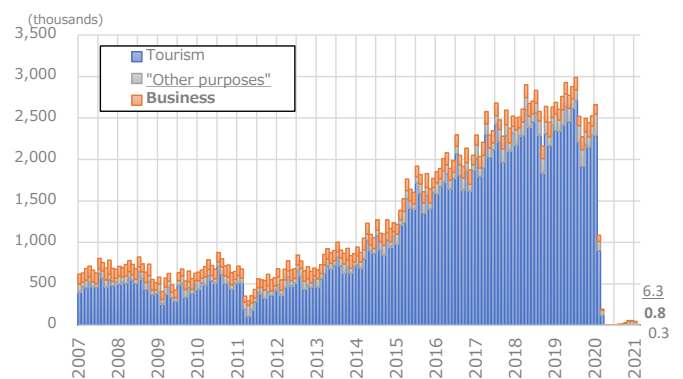
▶ As it can be seen in Figure 3, the major Western countries have registered significant progress in the vaccination rollout, and have started to ease restrictions on tourism. Starting on May 16 Italy is open to tourists who can show a proof of vaccination. Similarly, on May 17 the UK lifted travel restrictions to overseas destinations where the epidemiological situation is under control. On the other hand, Japan’s relatively slow vaccination rollout dampens hopes of travel restrictions being lifted anytime soon.

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 Jan-Feb 2021, and estimated for Mar-Apr 2021.

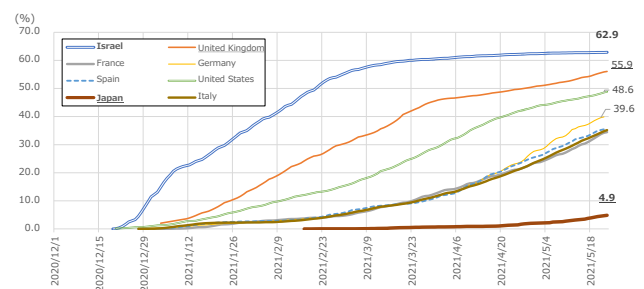
Figure 2 Number of foreign visitors by travel purpose



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.

Figure 3 Vaccination rollout situation



Source: based on “Our world in data” (as of May 23)

Note: shows the percentage of people who have received at least one COVID-19 vaccine dose.

\*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 international trade in goods and services in April and service industry trends in March

▶ Sustained by the economic recovery of China and the USA, in April Kansai's total exports rose by +24.5% YoY, increasing for the second consecutive month, while the growth rate accelerated from the previous month (+14.6% YoY). Total imports also expanded by +4.4% YoY, increasing for the third successive month. The increase in pharmaceutical imports from Europe and the USA remains robust. Consequently, Kansai's trade balance stood at JPY 317.2 billion, marking the 15<sup>th</sup> consecutive month of surplus. The total trade amount (imports plus exports) expanded by +14.7% YoY, marking the fourth straight month of positive growth (+10.8% YoY in March) (Figure 4).

▶ As shown in Figure 5, Kansai's China-bound exports increased by +26.4% YoY in April, marking the 11<sup>th</sup> straight month in positive territory. **Growth expanded from the previous month (+22.4%), marking the second consecutive month of double-digit increase.** Exports of semiconductors and plastics made a positive contribution. Imports from China shrank by -9.8% YoY, marking the first decline in three months. In a reactionary fall from last year's surge in masks imports, the imports of yarn and textile products made a negative contribution.

▶ While the imports and exports of goods show signs of recovery, the same cannot be said in the case of services. The number of international arrivals at Kansai International Airport (hereinafter referred to as KIX) in April totaled 2,341, decreasing from the previous month (3,129). By comparison with the pre-pandemic April 2019, the decline is -99.7% and inbound tourism demand continues to be virtually non-existent (Figure 6). The number of Japanese departures was 2,965, somewhat increasing from the previous month (2,411). The decline was -95.1% relative to March 2019, indicating that outbound tourism demand too continues to be insignificant.

▶ While the production of goods shows signs of recovery, the services sector is still struggling. The Index of Tertiary Industry Activity (seasonally adjusted: 2015 average=100), which reflects the economic activity within the services sector, expanded by +1.1% from the previous month to 97.5 in March for the first time in five months (Figure 7). In March, lifting the state of emergency nationwide had a positive effect mainly on sectors such as living and amusement-related services, and wholesale. The index was 96.9 in Q1, down by -1.1% from the previous quarter, the first decrease in three quarters. This represents a 3.3 pp drop compared with the same quarter of the previous year (100.1).

▶ Among the Tertiary Industry Activity Indices, the tourism-related index\* (2015 average=100) was 68.8, increasing by +5.6% MoM for the second consecutive month (previous month: +4.9% MoM) (Figure 7). As a result of the significant drop in January, the index was 65.4 in Q1, down -14.6% from the previous quarter and the first decline in three quarters. Compared to the same quarter of the previous year (92.7), the figure was 27.3 points lower, indicating a slow recovery. In addition, since April, a third state of emergency was declared due to the resurgence of COVID-19 (the fourth wave), which is likely to cause another decline in tourism-related industries.

\*Tourism-related indices are weighted averages of each of the tertiary industry activity indices corresponding to the classification of the Tourism Agency's *Travel and Tourism Satellite Account*: railroad passenger transportation, road passenger transportation, water passenger transportation, air passenger transportation, passenger transportation, other rental services, car rental, lodging, restaurants, food services, travel, movie theaters, theaters and entertainment companies.

Figure 4 Evolution of Kansai's foreign trade

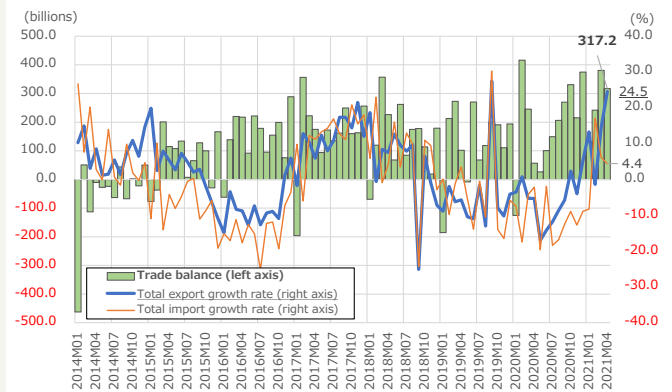
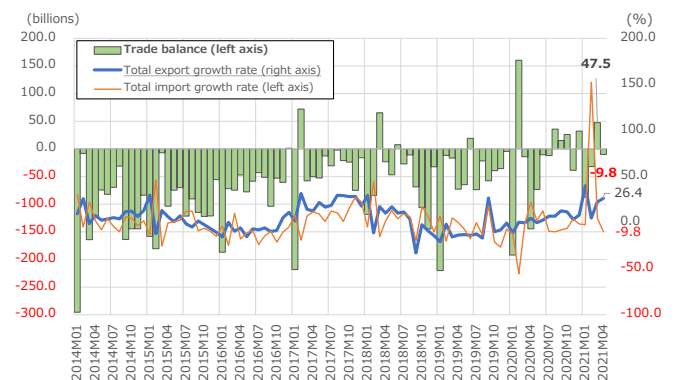
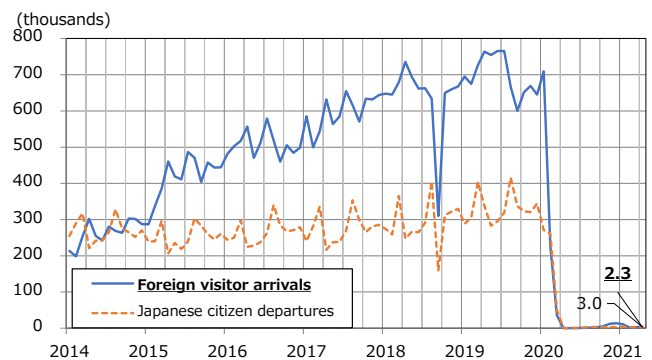


Figure 5 Evolution of Kansai's trade with China



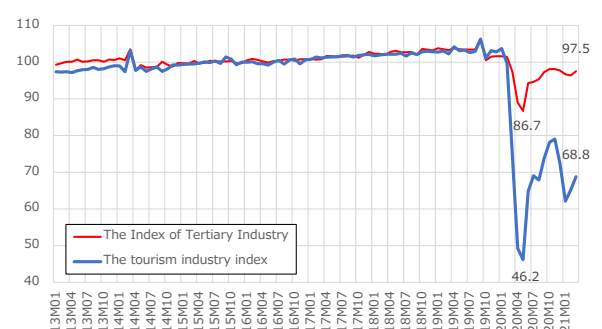
Source: based on Osaka Customs Preliminary Data for Kansai Area.

Figure 6 Evolution of the number of foreign visitor arrivals at KIX



Source: based on Immigration Control statistics. The numbers for April are preliminary figures.

Figure 7 Tourism-related face-to-face services in the tertiary industry: 2015 average=100



Source: based on "Indices of Tertiary Industry Activity" (METI)

## Topics 2

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

▶ In February, the total number of overnight guests in the Greater Kansai area was 3,077 million, declining for the 13<sup>th</sup> consecutive month (-55.7% YoY, Table 1). While the decline rate decelerated from the previous month (-63.9% YoY), it remains significant. After the second state of emergency was lifted nationwide on March 21, a third one was imposed on April 25. As a result, it is expected that the number of overnight guests will stay low.

▶ The total number of Japanese overnight guests was 3.044 million, shrinking for the 14<sup>th</sup> consecutive month (-48.0% YoY). The largest number of guests was in Osaka Prefecture (947.3 thousand), followed by Kyoto (603.7 thousand), Hyogo (499.4 thousand), Mie (255.5 thousand), Wakayama (172.5 thousand), Shiga (154.2 thousand), Fukui (127.7 thousand), Tottori (111.5 thousand), Nara (86.4 thousand) and Tokushima (86.4 thousand) (Table 1 and Figure 8).

▶ The total number of foreign overnight guests was 32.8 thousand (-97.0% YoY, and -98.6% relative to Feb 2019), declining for the 13<sup>th</sup> successive month (Figure 9). The decline rate expanded from the previous month (-96.3 YoY) (Table 1 and Figure 9). The largest number of foreign guests was in Osaka Prefecture (19.1 thousand), followed by Kyoto (4.8 thousand), Hyogo (3.5 thousand), Mie (2.3 thousand), Shiga (0.9 thousand), Tottori (0.8 thousand), Fukui (0.5 thousand), Nara (0.4 thousand), Wakayama (0.4 thousand) and Tokushima (0.2 thousand). One year has passed since the first entry restrictions were imposed in Feb 2020, and the number of foreign overnight guests continues to be negligible.

▶ In February the total number of guests from within the prefecture was 853 thousand (-16.0% YoY), while the total number of guests from outside the prefecture was 2.063 million (-63.0% YoY) (Figure 10). The growth rate was negative for the third consecutive month in the case of guests from outside the prefecture, and for 15 months in the case of guests from within the prefecture. Restrictions imposed on non-essential inter-prefectural travel under the state of emergency had a particularly large impact on the total number of guests from outside the prefecture.

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

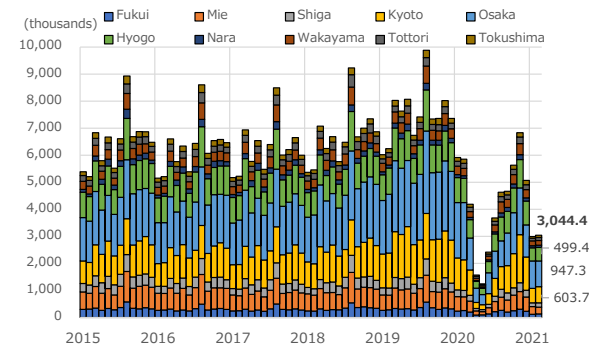


Figure 9 Evolution of the total number of foreign overnight guests by prefecture

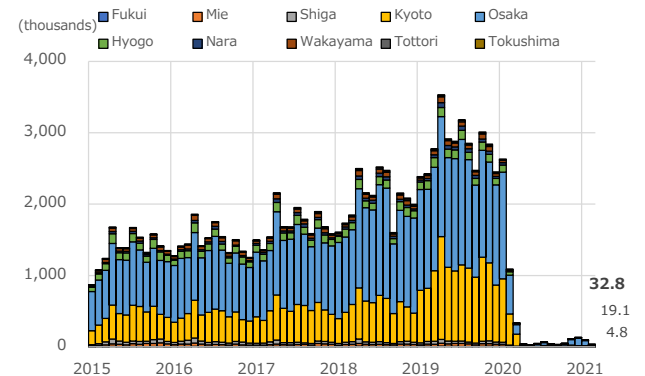
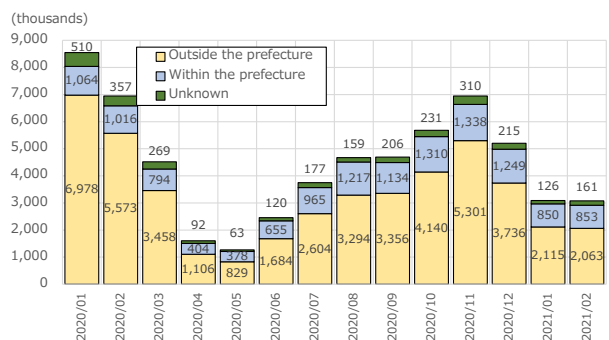


Figure 10 Evolution of the total number of overnight guests by residence



Note: The number of guests from outside the prefecture includes guests of foreign nationality.

Table 1 Evolution of the total number of overnight guests in Kansai

Feb. 2021	Total			Japanese overnight guests			Foreign overnight guests		
	Total number of overnight guests (thousands)	Growth rate: Relative to 2020 (%)	Growth rate: Relative to 2019 (%)	Total number of overnight guests (thousands)	Growth rate: Relative to 2020 (%)	Growth rate: Relative to 2019 (%)	Total number of overnight guests (thousands)	Growth rate: Relative to 2020 (%)	Growth rate: Relative to 2019 (%)
Fukui	128.2	-51.5	-56.5	127.7	-50.7	-55.1	0.5	-91.1	-95.2
Mie	257.8	-49.7	-54.8	255.5	-49.4	-52.9	2.3	-72.7	-91.8
Shiga	155.0	-36.7	-49.1	154.2	-34.1	-42.0	0.9	-92.1	-97.8
Kyoto	608.6	-61.2	-70.0	603.7	-46.6	-53.1	4.8	-98.9	-99.3
Osaka	966.4	-63.7	-72.9	947.3	-55.3	-56.4	19.1	-96.5	-98.6
Hyogo	502.8	-46.9	-54.3	499.4	-44.5	-48.8	3.5	-92.7	-97.2
Nara	86.8	-17.4	-39.4	86.4	-10.5	-22.7	0.4	-95.1	-98.7
Wakayama	172.8	-39.5	-47.7	172.5	-36.3	-41.1	0.4	-97.5	-99.0
Tottori	112.2	-42.0	-37.8	111.5	-39.7	-31.3	0.8	-91.3	-95.9
Tokushima	86.7	-46.5	-45.0	86.4	-44.2	-41.9	0.2	-96.6	-97.3
Kansai (6 pref.)	2,492.4	-57.1	-66.6	2,463.4	-48.2	-51.8	29.0	-97.3	-98.8
<b>Kansai (8 pref.)</b>	<b>3,077.2</b>	<b>-55.7</b>	<b>-64.5</b>	<b>3,044.4</b>	<b>-48.0</b>	<b>-51.2</b>	<b>32.8</b>	<b>-97.0</b>	<b>-98.6</b>
Japan	17,634.1	-52.9	-59.5	17,427.2	-46.5	-49.1	206.9	-95.7	-97.8

Source: based on *Overnight Travel Statistics Survey* by Japan Tourism Agency (figures 8~10 and Table 1)

Table 2 Foreign visitors in April 2021 (JNTO estimates) (comparison with 2019)

Country/Area	Total			Total		
	2019	2021	Growth	2019	2021	Growth
	April	April	rate(%)	Jan-Apr	Jan-Apr	rate(%)
Grand Total	2,926,685	10,900	-99.6	10,980,482	77,100	-99.3
Major countries total (excl. S.Korea)	2,212,671	6,910	-99.7	7,923,214	57,090	-99.3
South Korea	566,624	1,100	-99.8	2,647,397	6,500	-99.8
China	726,132	3,300	-99.5	2,895,449	19,300	-99.3
Taiwan	403,467	400	-99.9	1,593,227	2,000	-99.9
Hong Kong	194,806	60	-100.0	699,852	320	-100.0
Thailand	164,817	200	-99.9	512,754	1,100	-99.8
Singapore	36,704	40	-99.9	129,169	230	-99.8
Malaysia	46,092	100	-99.8	164,766	500	-99.7
Indonesia	39,768	200	-99.5	136,476	1,600	-98.8
Philippines	69,266	200	-99.7	188,700	1,600	-99.2
Vietnam	55,295	300	-99.5	177,928	20,700	-88.4
India	18,376	600	-96.7	57,667	2,900	-95.0
Australia	70,504	100	-99.9	243,400	300	-99.9
U.S.A.	170,247	600	-99.6	542,671	2,800	-99.5
Canada	38,897	100	-99.7	123,032	300	-99.8
Mexico	8,222	40	-99.5	20,466	140	-99.3
United Kingdom	44,537	200	-99.6	128,255	700	-99.5
France	46,005	100	-99.8	108,130	800	-99.3
Germany	27,829	100	-99.6	81,230	600	-99.3
Italy	24,062	90	-99.6	50,948	330	-99.4
Russia	13,787	100	-99.3	37,405	500	-98.7
Spain	13,858	80	-99.4	31,689	370	-98.8
Middle East	13,352	80	-99.4	32,644	300	-99.1
Others	134,038	2,810	-97.9	377,227	13,210	-96.5

※ <:less than

Table 3 The number of foreign visitors by purpose of visit in Feb 2021 (JNTO provisional figures)

Country/Region	Total			Tourism			Business			Others		
	2020	2021	Growth	2020	2021	Growth	2020	2021	Growth	2020	2021	Growth
	Feb	Feb	Rate(%)	Feb	Feb	Rate(%)	Feb	Feb	Rate(%)	Feb	Feb	Rate(%)
Total	1,085,147	7,355	-99.3	898,976	266	-100.0	73,265	776	-98.9	112,906	6,313	-94.4
Korea	143,896	910	-99.4	115,583	22	-100.0	14,639	94	-99.4	13,674	794	-94.2
China	87,220	1,747	-98.0	55,297	40	-99.9	5,333	201	-96.2	26,590	1,506	-94.3
Taiwan	220,420	423	-99.8	209,853	12	-100.0	5,484	61	-98.9	5,083	350	-93.1
Hong Kong	115,613	39	-100.0	113,289	2	-100.0	1,535	9	-99.4	789	28	-96.5
Thailand	97,957	92	-99.9	94,164	6	-100.0	1,984	2	-99.9	1,809	84	-95.4
Singapore	19,551	48	-99.8	17,625	2	-100.0	1,553	8	-99.5	373	38	-89.8
Malaysia	26,589	72	-99.7	23,993	3	-100.0	1,445	5	-99.7	1,151	64	-94.4
Indonesia	24,691	184	-99.3	20,480	4	-100.0	1,265	2	-99.8	2,946	178	-94.0
Philippines	39,728	236	-99.4	34,322	17	-100.0	1,690	9	-99.5	3,716	210	-94.3
Vietnam	39,905	194	-99.5	4,121	2	-100.0	2,279	2	-99.9	33,505	190	-99.4
India	6,582	649	-90.1	1,742	7	-99.6	2,489	33	-98.7	2,351	609	-74.1
Australia	48,522	33	-99.9	45,910	2	-100.0	1,792	3	-99.8	820	28	-96.6
US	73,373	367	-99.5	58,899	81	-99.9	10,967	53	-99.5	3,507	233	-93.4
Canada	17,601	22	-99.9	15,903	3	-100.0	1,165	2	-99.8	533	17	-96.8
Mexico	2,968	23	-99.2	2,649	0	-100.0	207	0	-100.0	112	23	-79.5
UK	18,645	73	-99.6	14,749	8	-99.9	2,805	5	-99.8	1,091	60	-94.5
France	17,123	79	-99.5	13,800	6	-100.0	2,095	9	-99.6	1,228	64	-94.8
Germany	10,937	52	-99.5	7,288	6	-99.9	2,937	12	-99.6	712	34	-95.2
Italy	4,718	34	-99.3	3,333	6	-99.8	1,065	7	-99.3	320	21	-93.4
Russia	6,702	90	-98.7	5,098	7	-99.9	1,189	9	-99.2	415	74	-82.2
Spain	4,329	38	-99.1	3,514	0	-100.0	519	5	-99.0	296	33	-88.9
Middle East	2,086	28	-98.7	1,422	0	-100.0	397	5	-98.7	267	23	-91.4
Others	55,991	1,922	-100.0	35,942	30	-100.0	8,431	240	-100.0	11,618	1,652	-99.9

Source: based on data published by the Japan National Tourism Organization (JNTO) on May 19, 2021

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