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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: May report

**Main points**

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

▶ According to JNTO estimates (Figure 1 and Table 1), **the total number of foreign visitors in May was 10,000, marking a decrease from the previous month (10,900)**. A comparison with May 2019 shows a -99.6% decline.

▶ The top five inbound nationalities were: China (1,800 visitors), Korea, USA (1,000 visitors each), Philippines (600 visitors), and India (500 visitors). The number of visitors of all nationalities dropped by more than -99% relative to the pre-pandemic year of 2019.

▶ With the Tokyo Olympic and Paralympic Games scheduled to start in July, the number of foreign visitors is expected to slightly increase as participating athletes and other personnel began to arrive in Japan. However, considering that the strict entry restrictions remain in place for other categories, a significant increase in the number of foreign visitors is unlikely for the time being.

▶ According to JNTO, **the total number of foreign visitors in March was 12,276 (provisional figure)**. Relative to the pre-pandemic March 2019, the number declined by -99.6% and inbound tourism continues to be almost non-existent as a result. By travel purpose, the numbers are as follows (percentage change is relative to March 2019): tourism, 374 (-100.0%), business, 1,105 (-99.3%), and other purposes, 10,797 (-94.2%) (Figure 2 and Table 3).

▶ The top five inbound nationalities by travel purpose in March are listed below. Tourism: USA (81 visitors), China (66 visitors), Korea (31 visitors), Philippines (19 visitors), Taiwan (11 visitors). Business: China (327 visitors), Korea (128 visitors), USA (63 visitors), Taiwan (52 visitors), India (42 visitors). Other purposes: China (3,558 visitors), Korea (1,797 visitors), India (690 visitors), Taiwan (489 visitors), USA (406 visitors).

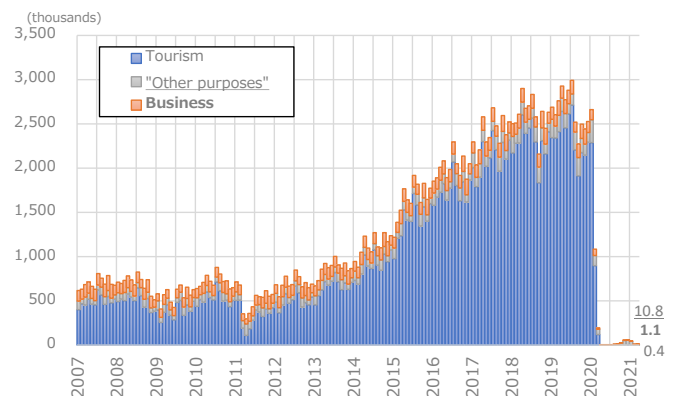
▶ Projections regarding the number of foreign visitors are largely dependent on the vaccination rollout situation around the world (Figure 3). In Israel (63.5%) and the UK (63.6%) more than 60% of the population has received at least one dose of the vaccine. In the USA the vaccination rate is 53.0%, while the vaccination rollout is also accelerating in other European countries. Despite a slow start, Japan’s inoculation rate has picked up and reached 18.3% as a result of group vaccinations. Meanwhile, the EU has agreed to allow foreign visitors from countries with a good epidemiological situation. Despite concerns over the Delta variant spreading quickly in the UK, European countries have started to relax border controls ahead of the summer tourist season.

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-Mar 2021, and estimated for Apr-May 2021.

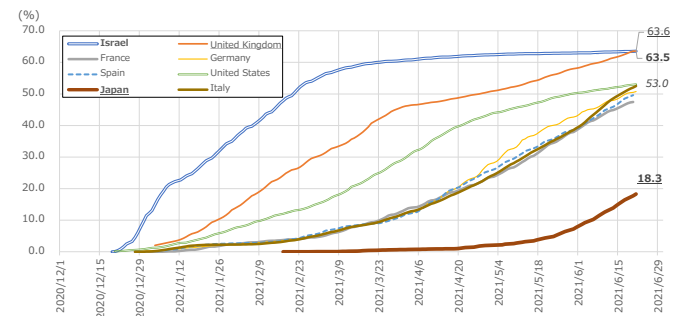
Figure 2 Number of foreign visitors by travel purpose



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 June 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 May and service industry trends in April

▶ Sustained by strong exports to China and the recovery of exports to the USA and EU, in May Kansai's total exports rose by +33.2% YoY, increasing for the third consecutive month, while the growth rate accelerated from the previous month (+24.5% YoY). US-bound exports of construction and mining equipment, and toys and games made a positive contribution. Total imports in May expanded by +14.2% YoY, marking the fourth successive month of positive growth (+4.5% in April). Pharmaceutical imports from EU and the USA remained robust. Consequently, Kansai's trade balance stood at JPY 227.4 billion, marking the 16<sup>th</sup> consecutive month of surplus (JPY 201.1 billion one year earlier). The total trade amount (imports plus exports) expanded by +23.8% YoY, marking the fifth straight month of positive growth (+14.7% YoY in April) (Figure 4).

▶ As shown in Figure 5, Kansai's China-bound exports increased by +15.5% YoY in May, marking the 12<sup>th</sup> straight month in positive territory (+26.4% YoY in April). Exports of semiconductor manufacturing equipment and raw materials made a positive contribution. Imports from China shrank by -2.1% YoY, marking the second consecutive month of decline (-9.8% YoY in April). In a reactionary fall from last year's surge in masks imports, the imports of yarn and textile products continued to contribute negatively.

▶ The imports and exports of goods recorded a strong increase, propped up by the economic recovery of China and Western countries. However, the imports and exports of services remain weak. The number of international arrivals at Kansai International Airport (KIX) in May totaled 2,001, decreasing from the previous month (2,341). By comparison with the pre-pandemic May 2019, the decline is -99.7% (Figure 6). The number of Japanese departures was 2,902, somewhat decreasing from the previous month (2,965). Relative to May 2019, the decline was -99.0%.

▶ The third state of emergency imposed at the end of April dealt another blow to the services sector. The Index of Tertiary Industry Activity (seasonally adjusted: 2015 average=100), which reflects the economic activity within the services sector, dropped by -0.7% MoM to 98.0 in April for the first time in two months (Figure 7). Services which require face-to-face interaction\*, such as retail, have been particularly affected by the state of emergency.

▶ Among the Tertiary Industry Activity Indices, the tourism-related index\*\* (2015 average=100) was 66.3, decreasing by -5.2% MoM for the first time in three months (previous month: +7.2% MoM) (Figure 7). Shorter business hours during the state of emergency had a negative impact on the food services industry. Considering that the state of emergency was extended in May, it is likely that services which require face-to-face interaction will continue to struggle.

\*Services which require face-to-face interaction include transportation, lodging, restaurants, food services, living-support and personal services, and the leisure industry.

\*\*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

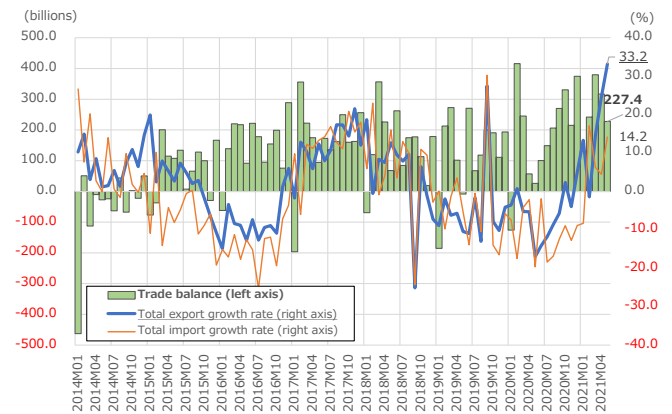
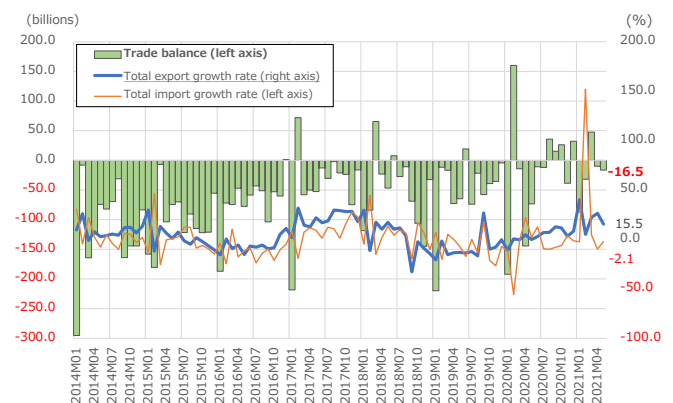
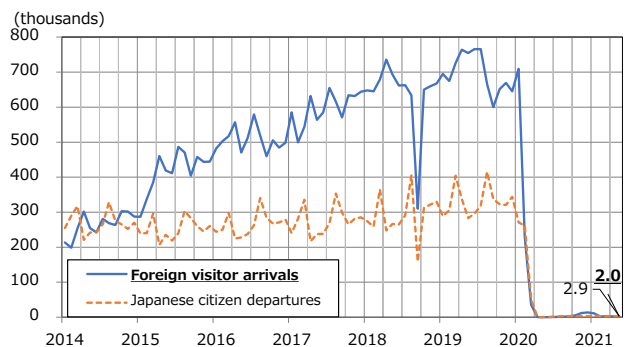


Figure 5 Evolution of Kansai's trade with China



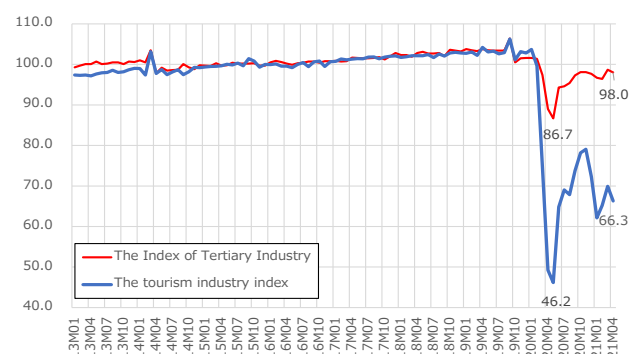
Source: based on Osaka Customs Preliminary Data for Kansai Area.

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



Source: based on Immigration Control statistics. The numbers for May 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 March in the Greater Kansai area

▶ In March, the total number of overnight guests in the Greater Kansai area was 5.413 million. Relative to March 2019, the decline rate is -49.9% (Table 1), decelerating from the previous month (-64.5%) due to the fact that the second state of emergency was lifted during this period. However, considering that a third one was imposed on April 25 in Kyoto, Osaka, and Kobe prefectures, it is highly likely that the decline will deepen again.

▶ The total number of Japanese overnight guests was 5.356 million. Relative to March 2019, the decline rate is -33.3%, decelerating from the previous month (-51.2%, see Table 1 and Figure 8). The largest number of guests was in Osaka Prefecture (1.655 million), followed by Kyoto (1.182 million), Hyogo (801.9 thousand), Mie (458.5 thousand), Wakayama (334.3 thousand), Fukui (216.4 thousand), Tottori (211.2 thousand), Shiga (209.5 thousand), Nara (149.0 thousand), and Tokushima (138.4 thousand). Remarkably, the decline rate in Tottori decelerated from -31.3% in February to just -2.5% in March as a result of demand stimulation measures taken by the prefectural authorities.

▶ The total number of foreign overnight guests was 56.9 thousand. Relative to the same period of 2019, the decline rate was -98.0%, slightly decelerating from the previous month (-98.6%) (Table 1 and Figure 9). The largest number of foreign guests was in Kyoto Prefecture (22.1 thousand), followed by Osaka (20.7 thousand), Hyogo (4.8 thousand), Tokushima (3.8 thousand), Shiga (1.5 thousand), Nara (1.0 thousand), Tottori (0.8 thousand), Wakayama (0.8 thousand), Mie (0.6 thousand), and Fukui (0.6 thousand).

▶ In March the total number of within-prefecture guests was 1.3 million (-2.5% relative to March 2019), while the total number of other-prefecture guests was 3.882 million (-56.6% relative to March 2019) (Figure 10). As the state of emergency was lifted, the decline rates decelerated from the previous month (-24.6% and -71.0%, respectively). Of the total, the share of within-prefecture guests was 24.0%, while the percentage of other-prefecture guests was 71.7%. A year-over-year comparison shows that the former increased by +6.4 pp, while the latter decreased by -4.8 pp, suggesting that intra-prefectural travel is increasingly preferred.

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

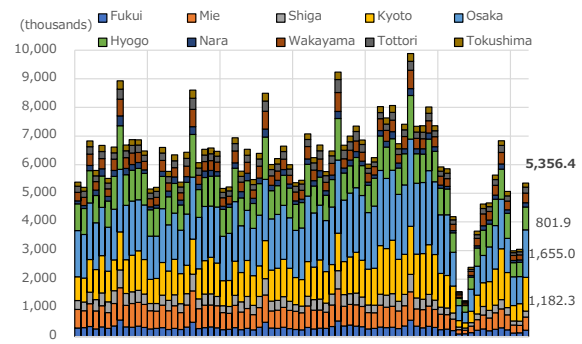


Figure 9 Evolution of the total number of foreign overnight guests by prefecture

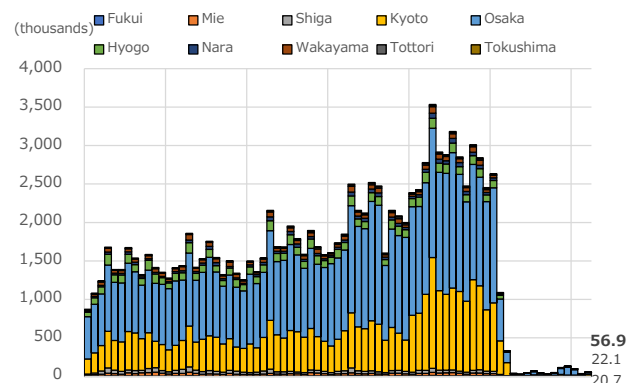
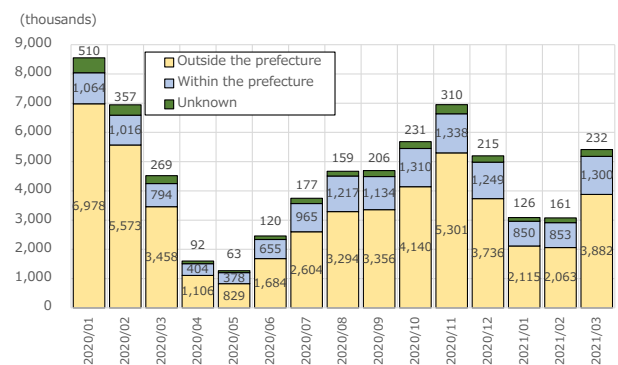


Figure 10 Evolution of the total number of overnight guests by residence



Note: The number of other-prefecture guests includes guests of foreign nationality.

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

Mar. 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	217.0	5.9	-35.2	216.4	6.4	-34.3	0.6	-61.9	-89.7
Mie	459.1	13.8	-42.3	458.5	14.6	-40.0	0.6	-81.4	-98.0
Shiga	211.1	-3.8	-50.5	209.5	-2.2	-45.6	1.5	-70.2	-96.3
Kyoto	1,204.4	8.6	-55.1	1,182.3	25.8	-30.3	22.1	-86.9	-97.8
Osaka	1,675.7	27.6	-58.9	1,655.0	40.2	-37.0	20.7	-84.4	-98.6
Hyogo	806.6	17.1	-39.8	801.9	17.9	-33.4	4.8	-44.6	-96.5
Nara	150.0	78.5	-33.4	149.0	84.3	-19.6	1.0	-85.8	-97.5
Wakayama	335.1	48.6	-28.7	334.3	52.1	-19.2	0.8	-85.8	-98.5
Tottori	212.0	34.5	-9.4	211.2	36.3	-2.5	0.8	-68.7	-95.2
Tokushima	142.2	23.7	-35.1	138.4	22.2	-33.2	3.8	111.6	-68.2
Kansai (6 pref.)	4,382.9	20.4	-52.5	4,332.0	30.7	-33.5	51.0	-84.3	-98.1
<b>Kansai (8 pref.)</b>	<b>5,413.3</b>	<b>19.7</b>	<b>-49.9</b>	<b>5,356.4</b>	<b>27.9</b>	<b>-33.3</b>	<b>56.9</b>	<b>-83.0</b>	<b>-98.0</b>
Japan	27,292.9	14.0	-46.6	27,028.6	18.5	-35.1	264.4	-76.6	-97.2

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

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

Country/Area	Total			Total		
	2019	2021	Growth	2019	2021	Growth
	May	May	rate(%)	Jan-May	Jan-May	rate(%)
Grand Total	2,773,091	10,000	-99.6	13,753,573	87,100	-99.4
Major countries total (excl. S.Korea)	2,069,728	6,590	-99.7	9,992,942	63,800	-99.4
South Korea	603,394	1,000	-99.8	3,250,791	7,500	-99.8
China	756,365	1,800	-99.8	3,651,814	21,000	-99.4
Taiwan	426,537	300	-99.9	2,019,764	2,300	-99.9
Hong Kong	189,007	70	-100.0	888,859	390	-100.0
Thailand	107,857	200	-99.8	620,611	1,400	-99.8
Singapore	37,650	40	-99.9	166,819	270	-99.8
Malaysia	42,629	100	-99.8	207,395	600	-99.7
Indonesia	30,107	300	-99.0	166,583	1,900	-98.9
Philippines	59,578	600	-99.0	248,278	2,300	-99.1
Vietnam	39,900	400	-99.0	217,828	21,200	-90.3
India	19,914	500	-97.5	77,581	3,400	-95.6
Australia	46,223	90	-99.8	289,623	380	-99.9
U.S.A.	156,962	1,000	-99.4	699,633	3,700	-99.5
Canada	35,335	60	-99.8	158,367	360	-99.8
Mexico	5,482	40	-99.3	25,948	180	-99.3
United Kingdom	31,642	200	-99.4	159,897	900	-99.4
France	30,863	200	-99.4	138,993	1,000	-99.3
Germany	21,552	200	-99.1	102,782	800	-99.2
Italy	12,463	90	-99.3	63,411	420	-99.3
Russia	9,691	200	-97.9	47,096	700	-98.5
Spain	9,971	200	-98.0	41,660	600	-98.6
Middle East	5,679	90	-98.4	38,323	400	-99.0
Others	94,290	2,320	-97.5	471,517	15,400	-96.7

Table 3 The number of foreign visitors by purpose of visit in Mar 2021 (JNTO provisional figures)  
(comparison with 2019)

Country/Region	Total			Tourism			Business			Others		
	2019	2021	Growth	2019	2021	Growth	2019	2021	Growth	2019	2021	Growth
	Mar	Mar	Rate(%)	Mar	Mar	Rate(%)	Mar	Mar	Rate(%)	Mar	Mar	Rate(%)
Total	2,760,136	12,276	-99.6	2,411,650	374	-100.0	163,242	1,105	-99.3	185,244	10,797	-94.2
Korea	585,586	1,956	-99.7	531,398	31	-100.0	29,901	128	-99.6	24,287	1,797	-92.6
China	691,279	3,951	-99.4	587,480	66	-100.0	31,393	327	-99.0	72,406	3,558	-95.1
Taiwan	402,433	552	-99.9	381,537	11	-100.0	11,196	52	-99.5	9,700	489	-95.0
Hong Kong	171,430	58	-100.0	166,108	2	-100.0	3,491	9	-99.7	1,831	47	-97.4
Thailand	147,443	145	-99.9	140,219	4	-100.0	3,718	10	-99.7	3,506	131	-96.3
Singapore	43,687	61	-99.9	39,575	0	-100.0	3,444	8	-99.8	668	53	-92.1
Malaysia	50,615	99	-99.8	45,887	1	-100.0	2,508	5	-99.8	2,220	93	-95.8
Indonesia	39,609	263	-99.3	33,105	10	-100.0	2,506	2	-99.9	3,998	251	-93.7
Philippines	48,277	218	-99.5	41,263	19	-100.0	2,492	10	-99.6	4,522	189	-95.8
Vietnam	47,881	230	-99.5	20,138	2	-100.0	3,593	4	-99.9	24,150	224	-99.1
India	17,752	735	-95.9	9,081	3	-100.0	5,703	42	-99.3	2,968	690	-76.8
Australia	44,175	47	-99.9	39,476	1	-100.0	3,177	5	-99.8	1,522	41	-97.3
US	176,564	550	-99.7	147,532	81	-99.9	21,325	63	-99.7	7,707	406	-94.7
Canada	37,959	48	-99.9	34,527	7	-100.0	2,187	9	-99.6	1,245	32	-97.4
Mexico	5,740	23	-99.6	4,888	2	-100.0	541	3	-99.4	311	18	-94.2
UK	38,610	157	-99.6	31,516	8	-100.0	5,248	14	-99.7	1,846	135	-92.7
France	29,408	87	-99.7	22,799	9	-100.0	4,375	6	-99.9	2,234	72	-96.8
Germany	28,659	79	-99.7	21,715	4	-100.0	5,438	18	-99.7	1,506	57	-96.2
Italy	14,956	50	-99.7	11,758	3	-100.0	2,463	11	-99.6	735	36	-95.1
Russia	11,701	92	-99.2	9,106	8	-99.9	1,923	12	-99.4	672	72	-89.3
Spain	8,916	83	-99.1	7,364	5	-99.9	1,039	7	-99.3	513	71	-86.2
Middle East	11,726	74	-99.4	9,865	1	-100.0	1,265	10	-99.2	596	63	-89.4
Others	105,730	2,718	-100.0	75,313	96	-100.0	14,316	350	-100.0	16,101	2,272	-99.9

Source: based on data published by the Japan National Tourism Organization (JNTO) on Jun 16, 2021

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