

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: June report

Yoshihisa Inada, Director of Research &
Director of Center for Quantitative Economic Analysis
Yoichi Matsubayashi, Senior Research Fellow
Ryosuke Nomura, Research Fellow
Kenta KOYAMA, Program Officer
For inquiries, please contact: nomura-r@apir.or.jp

Main points

● Review of data published by JNTO in July

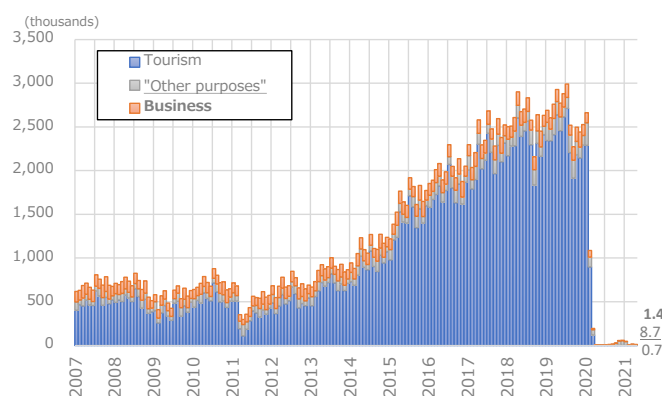
- ▶ According to JNTO estimates (Figure 1 and Table 1), **the total number of foreign visitors in Japan in June was 9,300, marking a decrease from the previous month (10,000) and dropping below the 10,000 threshold for the first time in four months.** A comparison with May 2019 shows a -99.7% decline.
- ▶ The top five foreign visitors by nationalities were: China (2,000), USA (1,200), Korea (800), Indonesia (500), Philippines and Vietnam (400).
- ▶ According to JNTO, **the total number of foreign visitors in April was 10,853 (provisional figure).** Relative to the pre-corona-pandemic April 2019, the number declined by -99.6%. By travel purpose, the numbers are as follows (percentage change is relative to April 2019): tourism, 740 (-100.0%), business, 1,368 (-99.0%), and other purposes, 8,745 (-94.1%) respectively (Figure 2 and Table 3).
- ▶ The top five foreign visitors by nationality and travel purpose in April are listed below. Tourism: USA (208), China (110), Korea (55), France (34), Italy (28). Business: China (296), Korea (117), USA (85), Germany (68), Canada (41). Other purposes: China (2,865), Korea (904), India (523), Taiwan (350), Vietnam (319).
- ▶ The number of visitors is expected to increase temporarily in July and August due to the Tokyo Olympic and Paralympic Games. According to the Organizing Committee, approximately 53,000 participating athletes and related personnel are expected to arrive in Japan for the games.
- ▶ The vaccination rollout situation around the world (as of 26 July) shows that some countries succeeded in vaccinating more than 60% of their population with at least one dose: UK (68.5%), Israel (66.5%), Italy (65.2%), etc. (Figure 3). As vaccination moves forward, the EU formally launched its Digital COVID Certificate on 1 Jul, which is expected to increase travel demand during the summer vacation season. However, due to growing concerns over the spread of the Delta variant, the outlook remains highly uncertain.
- ▶ Japan's vaccination rollout has accelerated and reached 36.2%, moving closer to the 40% vaccination rate threshold which is believed to lead to a decrease in the number of new infections. However, the Delta variant might lead to a resurgence of the number of COVID-19 cases, so the situation must be kept under close observation.

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

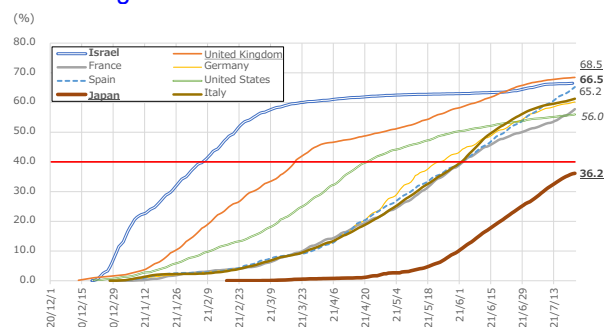
Figure 2 Number of foreign visitors by travel purpose



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 26 Jul)

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 June and service industry trends in May

▶ Sustained by strong exports to the rest of Asia, the USA and the EU, in June, Kansai's total exports rose by +38.7% YoY, increasing for the fourth consecutive month, accelerating from the previous month growth (+33.2% YoY) (Figure 4). By commodity, due to an increased demand for smartphones, **the exports of semiconductors and other electronic components logged a record monthly high**. Total imports in June expanded by +20.7% YoY, marking the fifth successive month of positive growth (+14.2% in May). As the exports growth outpaced the imports, Kansai's trade balance stood at JPY 330.0 billion, marking the 17th consecutive month of surplus (up JPY 229.3 billion from a year earlier). The total trade amount (imports plus exports) expanded by +30.1% YoY, marking the sixth straight month of positive growth (+23.8% YoY in May).

▶ As shown in Figure 5, Kansai's China-bound exports increased by +21.1% YoY in June, marking the 13th straight month in positive territory (+15.5% YoY in May). Exports of scientific and optical instruments as well as semiconductor manufacturing equipment made significant positive contributions. Imports from China expanded by +12.7% YoY, marking the first increase in three months (-2.1% YoY in May). Imports of clothing and accessories, and telecommunication equipment contributed positively.

▶ While the imports and exports of goods continue to recover, the imports and exports of services remain weak. The number of international arrivals at Kansai International Airport (KIX) in June totaled 2,361. Despite a slight increase from the previous month (2,001), the number continues to be low, 99.7% less by comparison with the pre-pandemic June 2019 (Figure 6). The number of Japanese departures was 2,518, decreasing from the previous month (2,902). Relative to June 2019, the decline was -99.1%. **However, a part of the participants to the Tokyo Olympic and Paralympic Games arrived on Kansai International Airport, so it is expected that the number of international arrivals will recover somewhat in July.**

▶ In May the services sector continued to perform poorly due to the third state of emergency. The Index of Tertiary Industry Activity (seasonally adjusted: 2015 average=100), which reflects the economic activity within the services sector, dropped by -2.7% MoM to 95.3, marking the second successive month of decline (Figure 7). Similarly, the index of face-to-face services* logged the second consecutive month of decline, dropping by -5.5% MoM to 76.4.

▶ Among the Tertiary Industry Activity Indices, the tourism-related index** (2015 average=100) was 62.9, decreasing by -8.2% MoM for the second straight month, while the decline rate expanded from April (-3.1% MoM). Due to the third state of emergency, travel demand in May remained low, and the travel and lodging sectors were particularly affected.

*Face-to-face services 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

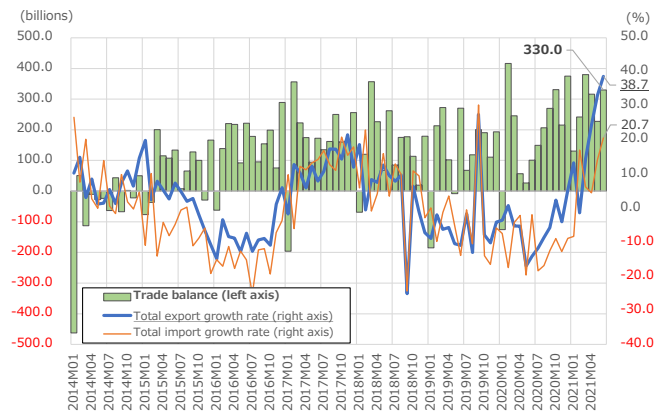
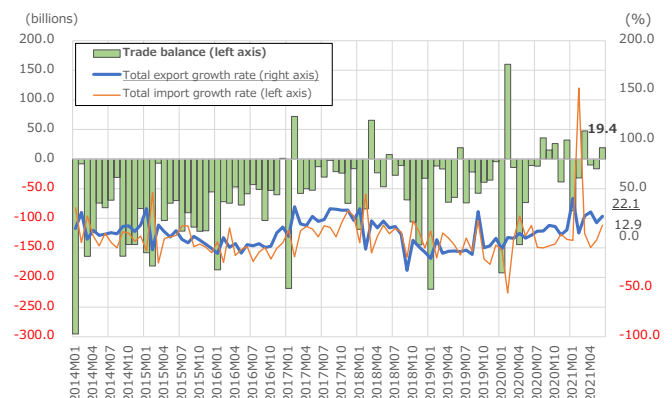
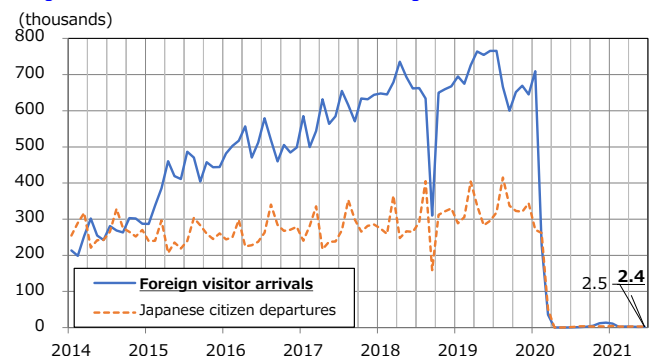


Figure 5 Evolution of Kansai's trade with China



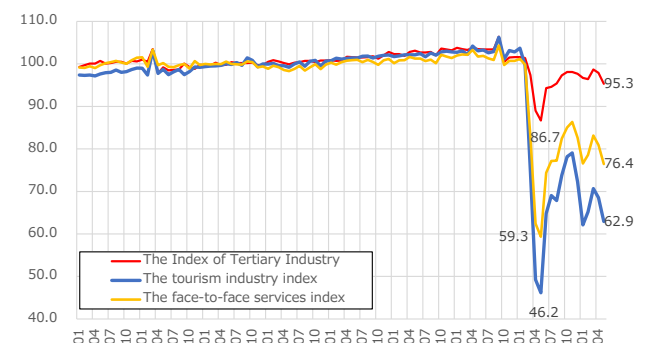
Source: based on Osaka Customs Preliminary Data for Kansai Area.

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



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

▶ In April, the total number of overnight guests in the Greater Kansai area was 3.753 million. Relative to pre-pandemic April 2019, the decline rate was -66.4% (Table 1). The decline accelerated from the previous month (-49.9%) due to the fact that on April 25 a third state of emergency was declared in Kyoto, Osaka, and Hyogo prefectures.

▶ Starting with this month's report, we have updated the data for 2020. As a result, the annual number of overnight guests nationwide was revised up from 304.8 million to 331.65 million, and the annual number of overnight guests in Kansai – from 56.29 million to 61.35 million.

▶ In April, the total number of Japanese overnight guests in Kansai was 3.719 million. Relative to April 2019, the decline rate was -51.3%, accelerating from the previous month (-33.3%, see Table 1 and Figure 8). The largest number of guests was in Osaka Prefecture (1.165 million), followed by Kyoto (713.5 thousand), Hyogo (558.3 thousand), Mie (348.8 thousand), Wakayama (221.7 thousand), Shiga (182.6 thousand), Fukui (153.7 thousand), Tottori (151.9 thousand), Tokushima (116.7 thousand), and Nara (107.2 thousand).

▶ The total number of foreign overnight guests was 33.4 thousand. Relative to the same period of 2019, the decline rate was -99.1%, accelerating from the previous month (-98.0%) (Table 1 and Figure 9). As the COVID-19 Delta variant is spreading worldwide, the number of nationalities who are denied entry to Japan is increasing. Considering this, it is expected that it will take some time for the number of foreign guests to start recovering.

▶ In April the total number of within-prefecture guests was 993 thousand (-28.5% relative to April 2019), while the total number of other-prefecture guests was 2.597 million (-71.6% relative to April 2019) (Figure 10). The decline rates accelerated from the previous month (-2.5% and -56.6%, respectively) due to the third state of emergency. Of the total, the share of within-prefecture guests was 26.5%, while the percentage of other-prefecture guests was 69.2%. A year-over-year comparison shows that both categories increased their shares by +4.3 pp and +8.4 pp, respectively. Each prefecture has budgeted travel subsidy programs to stimulate internal travel ahead of the summer holidays. As a result, the share of intra-prefectural travel is likely to increase.

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

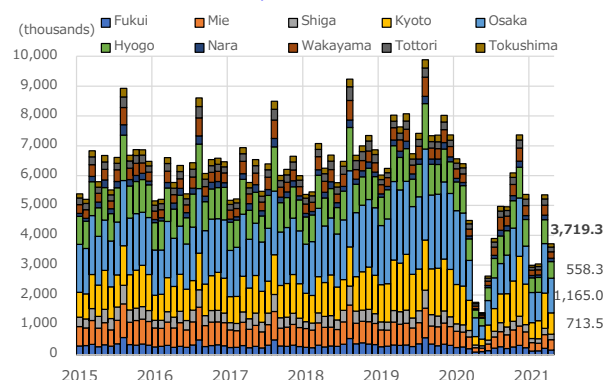


Figure 9 Evolution of the total number of foreign overnight guests by prefecture

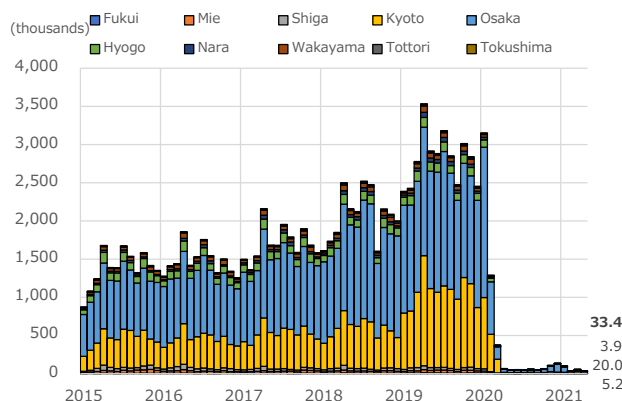
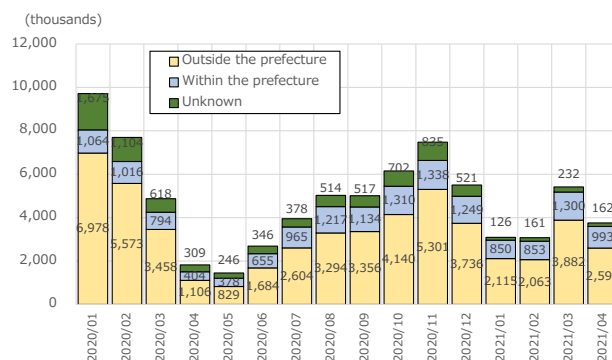


Figure 10 Evolution of the total number of overnight guests by residence



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

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

Apr. 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	154.3	67.8	-52.0	153.7	69.6	-50.4	0.6	-54.1	-94.6
Mie	349.2	140.9	-53.4	348.8	142.8	-50.8	0.4	-67.4	-99.0
Shiga	183.6	97.6	-61.2	182.6	99.2	-56.5	1.0	-23.4	-98.2
Kyoto	718.7	144.3	-76.6	713.5	153.9	-56.2	5.2	-60.7	-99.6
Osaka	1,185.0	76.3	-71.3	1,165.0	84.9	-52.4	20.0	-52.6	-98.8
Hyogo	562.2	111.2	-54.1	558.3	111.2	-49.0	3.9	106.3	-97.0
Nara	107.7	153.5	-60.3	107.2	158.6	-47.7	0.5	-52.0	-99.3
Wakayama	222.5	147.0	-52.4	221.7	149.4	-42.3	0.8	-29.7	-99.0
Tottori	152.6	92.4	-35.1	151.9	94.1	-30.8	0.7	-35.6	-95.7
Tokushima	117.0	158.5	-48.5	116.7	160.1	-45.5	0.3	-20.5	-97.7
Kansai (6 pref.)	2,979.6	104.4	-69.1	2,948.2	111.0	-52.3	31.4	-48.3	-99.1
Kansai (8 pref.)	3,752.7	106.3	-66.4	3,719.3	112.0	-51.3	33.4	-48.4	-99.1
Japan	22,444.5	95.1	-55.7	22,219.8	110.4	-43.7	224.7	-9.3	-98.0

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

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

Country/Area	Total			Total		
	2019	2021	Growth	2019	2021	Growth
	June	June	rate(%)	Jan-Jun	Jan-Jun	rate(%)
Grand Total	2,880,041	9,300	-99.7	16,633,614	96,300	-99.4
Major countries total (excl. S.Korea)	2,175,088	6,440	-99.7	12,168,030	70,120	-99.4
South Korea	611,867	800	-99.9	3,862,658	8,300	-99.8
China	880,651	2,000	-99.8	4,532,465	23,000	-99.5
Taiwan	461,085	300	-99.9	2,480,849	2,600	-99.9
Hong Kong	209,030	50	-100.0	1,097,889	440	-100.0
Thailand	62,984	100	-99.8	683,595	1,400	-99.8
Singapore	47,264	40	-99.9	214,083	310	-99.9
Malaysia	30,534	100	-99.7	237,929	700	-99.7
Indonesia	49,290	500	-99.0	215,873	2,400	-98.9
Philippines	46,842	400	-99.1	295,120	2,700	-99.1
Vietnam	35,419	400	-98.9	253,247	21,600	-91.5
India	15,359	70	-99.5	92,940	3,410	-96.3
Australia	37,283	100	-99.7	326,906	500	-99.8
U.S.A.	175,491	1,200	-99.3	875,124	4,900	-99.4
Canada	25,402	100	-99.6	183,769	500	-99.7
Mexico	5,676	80	-98.6	31,624	260	-99.2
United Kingdom	25,801	300	-98.8	185,698	1,200	-99.4
France	21,317	200	-99.1	160,310	1,200	-99.3
Germany	15,697	200	-98.7	118,479	1,000	-99.2
Italy	11,357	100	-99.1	74,768	500	-99.3
Russia	8,844	100	-98.9	55,940	800	-98.6
Spain	9,762	100	-99.0	51,422	700	-98.6
Middle East	7,747	100	-98.7	46,070	500	-98.9
Others	85,339	1,960	-97.7	556,856	17,380	-96.9

Table 3 The number of foreign visitors by purpose of visit in Apr 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
	Apr	Apr	Rate(%)	Apr	Apr	Rate(%)	Apr	Apr	Rate(%)	Apr	Apr	Rate(%)
Total	2,926,685	10,853	-99.6	2,640,569	740	-100.0	137,353	1,368	-99.0	148,763	8,745	-94.1
Korea	566,624	1,076	-99.8	521,904	55	-100.0	28,345	117	-99.6	16,375	904	-94.5
China	726,132	3,271	-99.5	647,544	110	-100.0	27,128	296	-98.9	51,460	2,865	-94.4
Taiwan	403,467	405	-99.9	386,461	19	-100.0	9,702	36	-99.6	7,304	350	-95.2
Hong Kong	194,806	59	-100.0	190,540	6	-100.0	2,995	26	-99.1	1,271	27	-97.9
Thailand	164,817	154	-99.9	159,604	10	-100.0	2,647	7	-99.7	2,566	137	-94.7
Singapore	36,704	40	-99.9	33,387	6	-100.0	2,990	13	-99.6	327	21	-93.6
Malaysia	46,092	95	-99.8	42,857	3	-100.0	2,209	39	-98.2	1,026	53	-94.8
Indonesia	39,768	198	-99.5	34,327	11	-100.0	1,942	11	-99.4	3,499	176	-95.0
Philippines	69,266	212	-99.7	62,010	19	-100.0	2,215	8	-99.6	5,041	185	-96.3
Vietnam	55,295	332	-99.4	25,092	7	-100.0	3,407	6	-99.8	26,796	319	-98.8
India	18,376	555	-97.0	11,410	11	-99.9	4,288	21	-99.5	2,678	523	-80.5
Australia	70,504	95	-99.9	66,968	4	-100.0	2,491	18	-99.3	1,045	73	-93.0
US	170,247	583	-99.7	148,005	208	-99.9	17,540	85	-99.5	4,702	290	-93.8
Canada	38,897	105	-99.7	36,313	8	-100.0	1,763	41	-97.7	821	56	-93.2
Mexico	8,222	39	-99.5	7,699	18	-99.8	273	7	-97.4	250	14	-94.4
UK	44,537	185	-99.6	39,068	7	-100.0	3,936	40	-99.0	1,533	138	-91.0
France	46,005	123	-99.7	41,140	34	-99.9	3,410	25	-99.3	1,455	64	-95.6
Germany	27,829	139	-99.5	23,063	18	-99.9	3,881	68	-98.2	885	53	-94.0
Italy	24,062	91	-99.6	22,069	28	-99.9	1,475	20	-98.6	518	43	-91.7
Russia	13,787	132	-99.0	11,043	13	-99.9	2,010	40	-98.0	734	79	-89.2
Spain	13,858	79	-99.4	12,813	10	-99.9	643	20	-96.9	402	49	-87.8
Middle East	13,352	83	-99.4	11,969	9	-99.9	853	7	-99.2	530	67	-87.4
Others	134,038	2,802	-100.0	105,283	126	-100.0	11,210	417	-100.0	17,545	2,259	-99.9

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

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