

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: July report

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### Main points

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

▶ According to JNTO estimates (Figure 1 and Table 1), **in July the total number of foreign visitors in Japan was 51,100**, marking a significant MoM increase (9,300 in June). While **the number surpassed the 50,000 threshold for the first time in seven months** due to the Tokyo Olympic and Paralympic Games, a comparison with July 2019 shows a -98.3% decline.

▶ The top five foreign visitors by nationality were: USA (6,100), China (3,900), UK (3,400), France (2,500), and Germany (2,200). The increase in the number of visitors from Western countries is noteworthy.

▶ According to JNTO, **the total number of foreign visitors in May was 10,035 (provisional figure)**. Relative to the pre-corona-pandemic May 2019, the number declined by -99.6%. By travel purpose, the numbers are as follows (percentage change is relative to May 2019): tourism, 1,057 (-100.0%), business, 1,323 (-99.2%), and other purposes, 7,655 (-95.2%) (Figure 2 and Table 3).

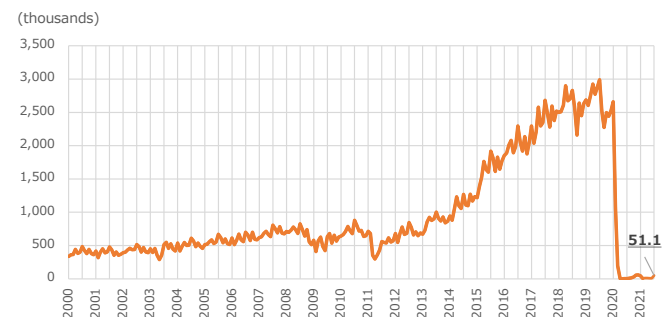
▶ The top five foreign visitors by nationality and travel purpose in May are listed below. Tourism: USA (287), China (92), Spain (54), Germany (44), Korea (43). Business: China (222), Korea (122), USA (111), France (78), Germany (69). Other purposes: China (1,509), Korea (785), Philippines (581), USA (560), India (409).

▶ The number of visitors is expected to continue to increase in August due to the Tokyo Paralympic Games (held between Aug 24 and Sep 5). However, a new decline is to be expected once the Games are over and the cross-border travel restrictions are reinstated.

▶ The vaccination rollout situation around the world (as of Aug 17) is the following: Spain (75.0%), UK (69.8%), France (69.0%), etc. (Figure 3). On the other hand, the vaccination rate in Israel (67.7%) and the USA (59.5%) seems to have reached a plateau. In some European countries such as Spain, the number of tourists has partially recovered. However, the COVID-19 resurgence linked to the Delta variant makes a full recovery highly uncertain.

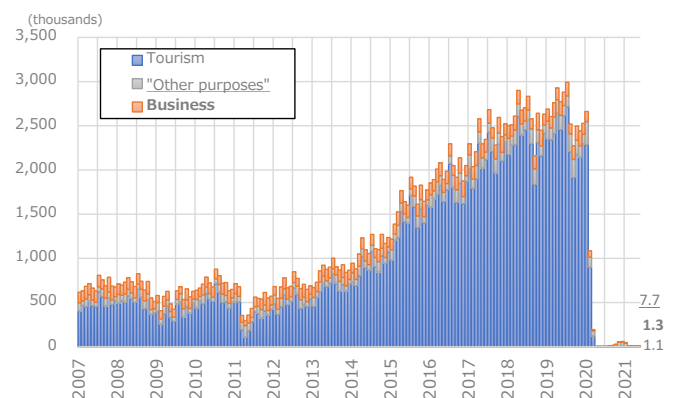
▶ While it still lags behind that of the Western countries, **Japan's vaccination rollout has accelerated and reached 50.6%**. As the vaccination moves forward, it is expected that the demand for domestic travel will increase. However, this process is likely to be slow due to the recent resurgence of the number of COVID-19 cases (the fifth wave) linked to the spread of the Delta variant.

Figure 1 Number of foreign visitors



Source: based on data published by the Japan National Tourism Organization (JNTO). Note: the numbers are final for up until 2020, provisional for Jan-May 2021, and estimated for Jun-Jul 2021.

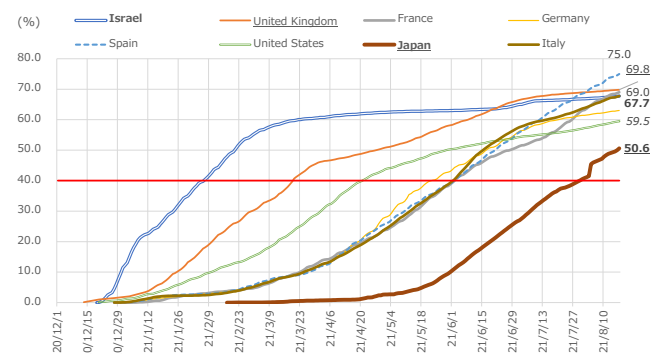
Figure 2 Number of foreign visitors by travel purpose



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 Aug 17)

Note: shows the percentage of people who have received at least one 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 July and service industry trends in June

▶ In July, Kansai's total exports rose by +25.0% YoY, increasing for the fifth consecutive month (+38.7% YoY in June) (Figure 4). By commodity, due to an increased demand for smartphones, **the exports of semiconductors and other electronic components logged a new record monthly high**. In addition, the exports of construction and mining equipment to the US and EU were strong, given the economic recovery in these regions. Total imports in July expanded by +17.3% YoY, marking the sixth successive month of positive growth (+20.7% in June). As a result, Kansai's trade balance stood at JPY 271.2 billion, marking the 18<sup>th</sup> consecutive month of surplus (+82.0% YoY). The total trade amount (imports plus exports) expanded by +21.4% YoY, marking the seventh straight month of positive growth (+30.1% YoY in June).

▶ As shown in Figure 5, Kansai's China-bound exports increased by +17.0% YoY in July, marking the 14<sup>th</sup> straight month in positive territory (+22.0% YoY in June). Exports of semiconductors and semiconductor manufacturing equipment made a positive contribution. Imports from China strengthened by +11.9% YoY, marking the second successive month of expansion (+12.7% YoY in June). Imports of telecommunication equipment and steel contributed positively.

▶ The number of international arrivals at Kansai International Airport (KIX) in July totaled 2,776. Despite increasing from the previous month (2,361) due to the Tokyo Olympic Games participants, the number continues to be low, 99.6% less by comparison with the pre-pandemic July 2019 (Figure 6). The number of Japanese departures was 2,998, increasing from the previous month (2,518), but relative to July 2019, the decline was -99.1%. During the same month, the numbers of international passengers at Haneda and Narita airports were 23,569 and 31,820, respectively. As a result of the Olympic Games, the numbers improved significantly from the previous month (Haneda: 3,890, Narita: 10,139).

▶ In June the services sector saw some improvements due to a lower number of new infections. The Index of Tertiary Industry Activity (seasonally adjusted: 2015 average=100), which reflects the economic activity within the services sector, grew by 2.3% MoM to 97.2 marking the first increase in three months (Figure 7). Similarly, the index of face-to-face services\* logged the first expansion in three months, growing by 5.2% MoM to 79.2, given the fact that the third state of emergency was lifted on Jun 20. During the Apr-Jun quarter the tertiary industry and face-to-face services decreased by -0.6% QoQ and -1.3% QoQ, respectively. In both cases, the decline continued for two quarters straight.

▶ Among the Tertiary Industry Activity Indices, the tourism-related index\*\* (2015 average=100) was 67.3, increasing by 7.0% MoM for the first time in three months (-7.6% MoM in May) (Figure 7). Following the lifting of the state of emergency, sectors such as the leisure and lodging industries, which declined by the large holidays in May, saw improvements. As a result, during Apr-Jun the index increased by 0.2% QoQ for the first time in two quarters.

\*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

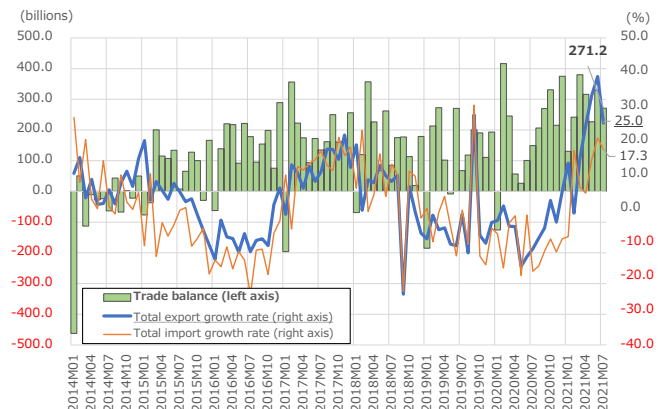
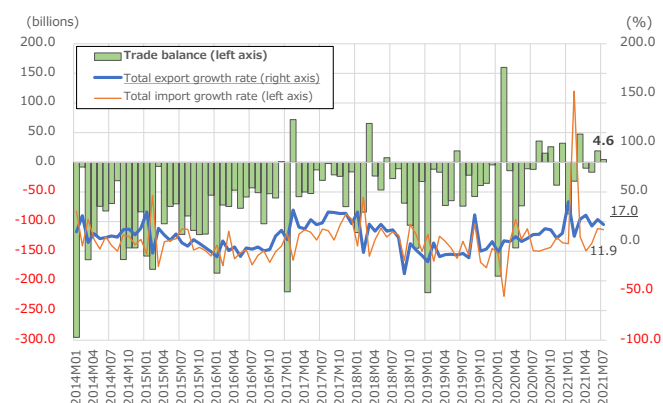
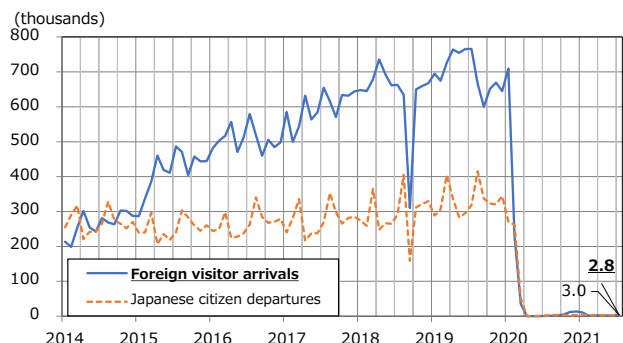


Figure 5 Evolution of Kansai's trade with China



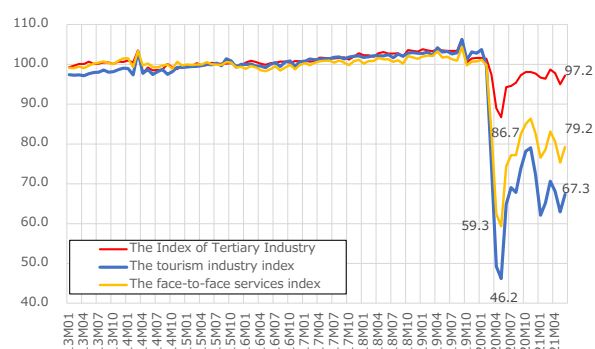
Source: based on Osaka Customs Preliminary Data for Kansai Area.

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



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

▶ In May, the total number of overnight guests in the Greater Kansai area was 3.0564 million. Relative to pre-pandemic May 2019, the decline rate was -72.2%. The decline accelerated from the previous month (-66.4%) due to the fact that a third state of emergency was declared in Kyoto, Osaka, and Hyogo prefectures during Apr 25 and Jun 20.

▶ Therein, the total number of Japanese overnight guests was 3.0157 million. Relative to May 2019, the decline rate was -62.6%, accelerating from the previous month (-51.3%, see Table 1 and Figure 8). The largest number of Japanese guests was in Osaka Prefecture (832.4 thousand), followed by Kyoto (504.4 thousand), Hyogo (460.3 thousand), Mie (318.2 thousand), Wakayama (211.3 thousand), Shiga (185.1 thousand), Tottori (163.8 thousand), Fukui (148.1 thousand), Tokushima (100.2 thousand), and Nara (92.0 thousand).

▶ The total number of foreign overnight guests was 40.7 thousand. Relative to the same period of 2019, the decline rate was -98.6%, unchanged from the previous month (Table 1 and Figure 9). The largest number of foreign guests was in Osaka Prefecture (22.0 thousand), followed by Shiga (6.2 thousand), Hyogo (4.3 thousand), Kyoto (3.8 thousand), Tottori (1.5 thousand), Fukui (0.8 thousand), Wakayama (0.8 thousand), Mie (0.7 thousand), Tokushima (0.6 thousand), and Nara (0.3 thousand).

▶ In May the total number of within-prefecture guests in the Greater Kansai area was 911.8 thousand (-37.1% relative to May 2019), while the total number of other-prefecture guests was 2.0158 million (-77.7% relative to May 2019) (Figure 10). The decline rates accelerated from the previous month (-28.5% and -71.6%, respectively) due to the third state of emergency. Of the total, the share of within-prefecture guests was 29.8%, while the percentage of other-prefecture guests was 66.0%.

▶ Considering that the state of emergency continued until Jun 20 in Kyoto, Osaka, and Hyogo prefectures, the total number of overnight guests in June is expected to remain low.

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

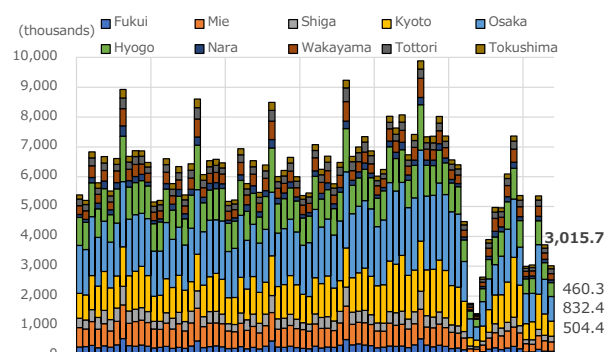


Figure 9 Evolution of the total number of foreign overnight guests by prefecture

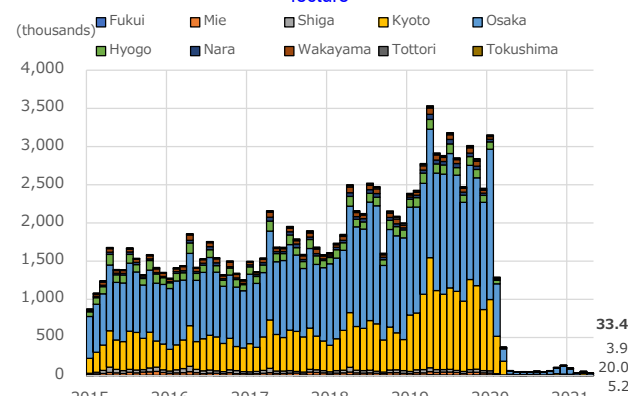
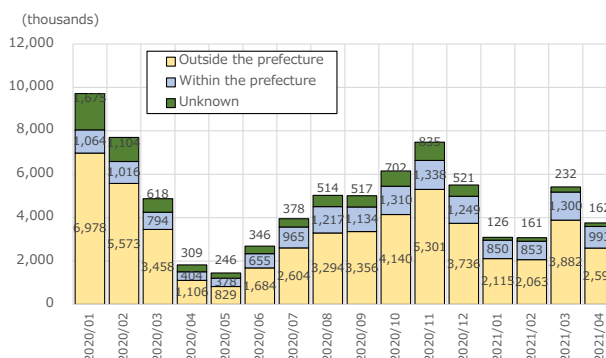


Figure 10 Evolution of the total number of overnight guests by residence



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 July 2021 (JNTO estimates) (comparison with 2019)

| Country/Area                          | Total     |        |         | Total      |         |         |
|---------------------------------------|-----------|--------|---------|------------|---------|---------|
|                                       | 2019      | 2021   | Growth  | 2019       | 2021    | Growth  |
|                                       | Jul       | Jul    | rate(%) | Jan-Jul    | Jan-Jul | rate(%) |
| Grand Total                           | 2,991,189 | 51,100 | -98.3   | 19,624,803 | 147,400 | -99.2   |
| Major countries total (excl. S.Korea) | 2,311,472 | 29,200 | -98.7   | 14,479,502 | 99,400  | -99.3   |
| South Korea                           | 561,675   | 1,800  | -99.7   | 4,424,333  | 10,000  | -99.8   |
| China                                 | 1,050,420 | 3,900  | -99.6   | 5,582,885  | 26,900  | -99.5   |
| Taiwan                                | 459,216   | 600    | -99.9   | 2,940,065  | 3,200   | -99.9   |
| Hong Kong                             | 216,810   | 300    | -99.9   | 1,314,699  | 700     | -99.9   |
| Thailand                              | 73,202    | 200    | -99.7   | 756,797    | 1,600   | -99.8   |
| Singapore                             | 21,716    | 200    | -99.1   | 235,799    | 500     | -99.8   |
| Malaysia                              | 22,957    | 200    | -99.1   | 260,886    | 1,000   | -99.6   |
| Indonesia                             | 25,215    | 400    | -98.4   | 241,088    | 2,800   | -98.8   |
| Philippines                           | 37,771    | 500    | -98.7   | 332,891    | 3,200   | -99.0   |
| Vietnam                               | 40,762    | 400    | -99.0   | 294,009    | 22,000  | -92.5   |
| India                                 | 13,222    | 400    | -97.0   | 106,162    | 3,800   | -96.4   |
| Australia                             | 34,873    | 1,600  | -95.4   | 361,779    | 2,100   | -99.4   |
| U.S.A.                                | 156,865   | 6,100  | -96.1   | 1,031,989  | 11,000  | -98.9   |
| Canada                                | 29,285    | 1,500  | -94.9   | 213,054    | 2,000   | -99.1   |
| Mexico                                | 8,661     | 500    | -94.2   | 40,285     | 800     | -98.0   |
| United Kingdom                        | 28,928    | 3,400  | -88.2   | 214,626    | 4,600   | -97.9   |
| France                                | 34,634    | 2,500  | -92.8   | 194,944    | 3,800   | -98.1   |
| Germany                               | 18,593    | 2,200  | -88.2   | 137,072    | 3,200   | -97.7   |
| Italy                                 | 13,566    | 1,700  | -87.5   | 88,334     | 2,200   | -97.5   |
| Russia                                | 9,005     | 1,200  | -86.7   | 64,945     | 2,000   | -96.9   |
| Spain                                 | 15,771    | 1,400  | -91.1   | 67,193     | 2,000   | -97.0   |
| Middle East                           | 6,813     | 1,000  | -85.3   | 52,883     | 1,500   | -97.2   |
| Others                                | 111,229   | 19,100 | -82.8   | 668,085    | 36,500  | -94.5   |

Table 3 The number of foreign visitors by purpose of visit in May 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  |
|                | May       | May    | Rate(%) | May       | May   | Rate(%) | May      | May   | Rate(%) | May     | May   | Rate(%) |
| Total          | 2,773,091 | 10,035 | -99.6   | 2,455,865 | 1,057 | -100.0  | 157,585  | 1,323 | -99.2   | 159,641 | 7,655 | -95.2   |
| Korea          | 603,394   | 950    | -99.8   | 552,260   | 43    | -100.0  | 29,554   | 122   | -99.6   | 21,580  | 785   | -96.4   |
| China          | 756,365   | 1,823  | -99.8   | 668,757   | 92    | -100.0  | 32,172   | 222   | -99.3   | 55,436  | 1,509 | -97.3   |
| Taiwan         | 426,537   | 327    | -99.9   | 407,072   | 29    | -100.0  | 10,996   | 32    | -99.7   | 8,469   | 266   | -96.9   |
| Hong Kong      | 189,007   | 65     | -100.0  | 184,374   | 9     | -100.0  | 3,388    | 19    | -99.4   | 1,245   | 37    | -97.0   |
| Thailand       | 107,857   | 235    | -99.8   | 101,260   | 25    | -100.0  | 3,604    | 35    | -99.0   | 2,993   | 175   | -94.2   |
| Singapore      | 37,650    | 37     | -99.9   | 33,775    | 8     | -100.0  | 3,354    | 7     | -99.8   | 521     | 22    | -95.8   |
| Malaysia       | 42,629    | 146    | -99.7   | 39,431    | 3     | -100.0  | 2,137    | 21    | -99.0   | 1,061   | 122   | -88.5   |
| Indonesia      | 30,107    | 305    | -99.0   | 25,015    | 24    | -99.9   | 1,812    | 25    | -98.6   | 3,280   | 256   | -92.2   |
| Philippines    | 59,578    | 624    | -99.0   | 50,888    | 32    | -99.9   | 2,864    | 11    | -99.6   | 5,826   | 581   | -90.0   |
| Vietnam        | 39,900    | 425    | -98.9   | 13,809    | 10    | -99.9   | 3,228    | 11    | -99.7   | 22,863  | 404   | -98.2   |
| India          | 19,914    | 459    | -97.7   | 9,983     | 19    | -99.8   | 5,308    | 31    | -99.4   | 4,623   | 409   | -91.2   |
| Australia      | 46,223    | 85     | -99.8   | 41,613    | 16    | -100.0  | 3,308    | 19    | -99.4   | 1,302   | 50    | -96.2   |
| US             | 156,962   | 958    | -99.4   | 129,959   | 287   | -99.8   | 19,722   | 111   | -99.4   | 7,281   | 560   | -92.3   |
| Canada         | 35,335    | 63     | -99.8   | 31,948    | 19    | -99.9   | 2,129    | 9     | -99.6   | 1,258   | 35    | -97.2   |
| Mexico         | 5,482     | 37     | -99.3   | 4,836     | 10    | -99.8   | 414      | 12    | -97.1   | 232     | 15    | -93.5   |
| UK             | 31,642    | 193    | -99.4   | 24,628    | 40    | -99.8   | 5,140    | 57    | -98.9   | 1,874   | 96    | -94.9   |
| France         | 30,863    | 209    | -99.3   | 24,792    | 22    | -99.9   | 3,907    | 78    | -98.0   | 2,164   | 109   | -95.0   |
| Germany        | 21,552    | 217    | -99.0   | 15,060    | 44    | -99.7   | 5,340    | 69    | -98.7   | 1,152   | 104   | -91.0   |
| Italy          | 12,463    | 94     | -99.2   | 9,728     | 11    | -99.9   | 2,143    | 34    | -98.4   | 592     | 49    | -91.7   |
| Russia         | 9,691     | 160    | -98.3   | 7,330     | 24    | -99.7   | 1,638    | 19    | -98.8   | 723     | 117   | -83.8   |
| Spain          | 9,971     | 158    | -98.4   | 8,580     | 54    | -99.4   | 913      | 23    | -97.5   | 478     | 81    | -83.1   |
| Middle East    | 5,679     | 85     | -98.5   | 4,167     | 5     | -99.9   | 1,081    | 10    | -99.1   | 431     | 70    | -83.8   |
| Others         | 94,290    | 2,380  | -100.0  | 66,600    | 231   | -100.0  | 13,433   | 346   | -100.0  | 14,257  | 1,803 | -99.9   |

Source: based on data published by the Japan National Tourism Organization (JNTO) on Aug 18, 2021

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