

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: September report

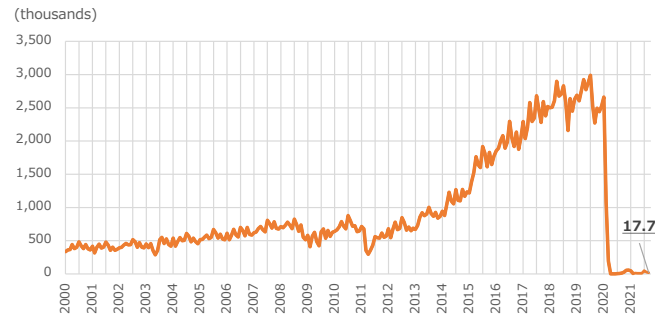
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Main points

●Review of data published by JNTO in October

- ▶ According to JNTO estimates (Figure 1 and Table 2), **the total number of foreign visitors in Japan in September was 17,700 (25,900 in August)**. While the number surpassed the monthly average of the first half of 2021 (16,049 visitors), September marks the second consecutive month of decline. However, we also have to factor in that the Tokyo Olympic and Paralympic Games have ended. A comparison with September 2019 shows a -99.2% decrease.
- ▶ The top five foreign visitors by nationality were: China (4,000), Korea (2,200), USA (1,700), Vietnam (1,000), and Indonesia, India and France (500 visitors each).
- ▶ According to JNTO, **the total number of foreign visitors in July was 51,055 (provisional figure)**. Relative to the pre-pandemic July 2019, it declined by -98.3%. By travel purpose, the numbers are as follows (percentage change is relative to July 2019): **tourism, 42,621 (-98.4%)**, business, 941 (-99.4%), other purposes, 7,493 (94.0%). The number of tourists increased significantly by comparison with June (1,657) due to an increase in participants of the Tokyo Olympic Games (Figure 2 and Table 3).
- ▶ The top five foreign visitors by nationality and travel purpose in July are listed below. **Tourism:** USA (4,614), UK (3,169), China (2,225), France (2,207), Germany (2,008). **Business:** China (243), USA (99), Korea (92), UK (50), France and Germany (36 visitors each). **Other purposes:** China (1,463), USA (1,426), Korea (693), Philippines (344), Vietnam (325).
- ▶ As vaccination is progressing, countries around the world are easing border control measures. The USA has announced that starting with Nov 8 travelers with vaccination certificate will be exempt from quarantine. Countries in South-East Asia such as Singapore, Thailand or Vietnam are relaxing border restrictions, mainly for visitors from Western nations. The percentage of fully-vaccinated population varies greatly among the aforementioned countries. While in Singapore and the USA the percentage is comparatively high, in Thailand and Vietnam it is still low (Figure 3). While lifting restrictions is expected to lead to a recovery of the number of tourists, there are also concerns that it may lead to a reemergence of the virus, so the situation warrants close monitoring.
- ▶ As of Oct 19, Japan's vaccination rate has reached 68.3%, relatively higher than Western countries. Despite this fact, no significant border relaxation measures were implemented yet, except for lifting the cap on daily arrivals into the country and shortening the quarantine period. The number of new foreign technical interns is also stalling. Despite the fact that there are proposals to gradually lift restrictions, the risk of new variants makes it unlikely that full relaxation will happen for the time being.

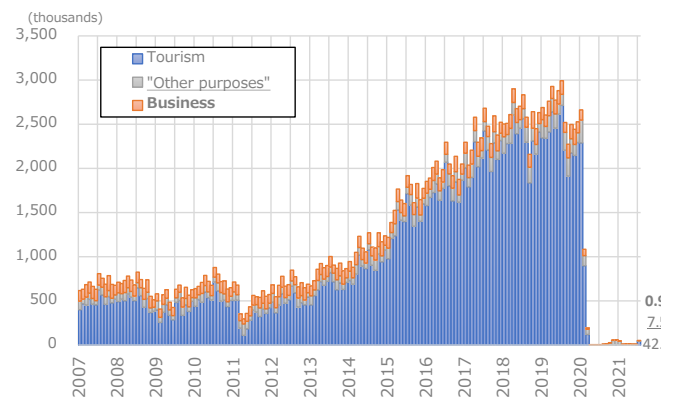
Figure 1 Number of foreign visitors



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

Note: the numbers are final for the period up until 2020, provisional for Jan-Jul 2021, and estimated for Aug-Sep 2021.

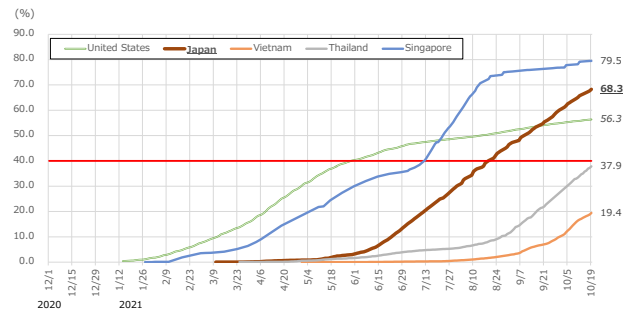
Figure 2 Number of foreign visitors by travel purpose



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 Oct 19)

Note: shows the percentage of fully-vaccinated people.

*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 September and service industry trends in August

▶ In September Kansai's total exports rose by +21.2% YoY decelerating from the previous month (+26.2% YoY in August, Figure 4). Nevertheless, this also marked the seventh consecutive months of increase e. By commodity, the exports of semiconductors and other electronic components logged a new monthly record high. In addition, the exports of construction and mining equipment to the EU remained strong. Imports expanded by +30.7% YoY for the eighth consecutive month (+30.6% in August). As a result, Kansai's trade balance stood at JPY 225.8 billion, marking the 20th successive month of surplus. However, considering that imports increased at a faster rate than exports, the trade surplus shrank by -16.3% YoY for the first time in seven months.

▶ Kansai's China-bound exports increased by +11.9% YoY in September, marking the 16th straight month in positive territory. However, positive growth was decelerating from previous month (+14.7% YoY in August). Exports of semiconductors and other electronic components, and metal products made positive contributions. Imports from China also increased by +31.4% YoY marking the fourth consecutive month of expansion (+32.4% YoY in August). Imports of clothing and accessories, and communication equipment contributed positively.

▶ The number of international arrivals at Kansai International Airport (KIX) in September totaled 3,079, increasing from the previous month (2,476) (Figure 6). It appears that the government's decision to raise the daily cap of arrivals from 2000 to 3,500 played a role in this. Relative to the pre-pandemic September 2019, the figure represents a -99.5% decline. The total number of international arrivals in Q3 2021 is 8,331, increasing from the previous quarter (6,073 in Q2), but still significantly less when compared to Q3 2019 (2,031,655). Outbound departures by Japanese citizens were 4,090, decreasing from previous month (5,778) in September (-98.8% relative to September 2019). The Q3 total is 12,866, increasing from the previous quarter (8,385 in Q2).

▶ In August, the services industry saw further deterioration due to the fact that the state of emergency was expanded to more regions. The Index of Tertiary Industry Activity (seasonally adjusted: 2015 average=100), which reflects the economic activity within the services sector, dropped by -1.7% MoM to 95.0, marking the second consecutive month of decline (-0.6% MoM in July). This is the result of expanding the state of emergency in response to the fifth wave of COVID-19. The index of face-to-face services* dropped by -6.6% MoM to 74.6, the first decrease in three months (+0.4% MoM in July), largely due to the worsening situation in eating and drinking places, take-out and delivery services sector

▶ The tourism-related index** (2015 average=100) was 63.2 (Figure 7). In July the Tokyo Olympics led to improvements in the travel and accommodations sectors. However, in August the positive effect of the games ebbed away leading to a significant decline of -10.6% MoM, the first decrease in three months (+5.4% MoM in July).

*Face-to-face services include transportation, accommodations, eating and drinking places, take-out and delivery 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 made by the Tourism Agency's Travel and Tourism Satellite Account: rail-road passenger transportation, road passenger transportation, water passenger transportation, air passenger transportation, passenger transportation, other rental services, car rental, accommodations, eating and drinking places, take-out and delivery services, travel, movie theaters, theaters and entertainment companies.

Figure 4 Evolution of Kansai's foreign trade

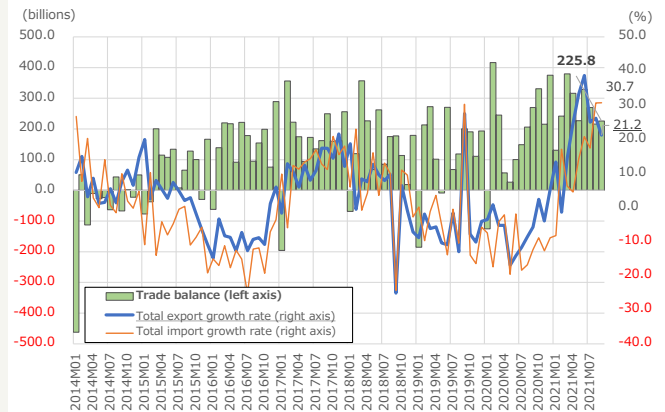
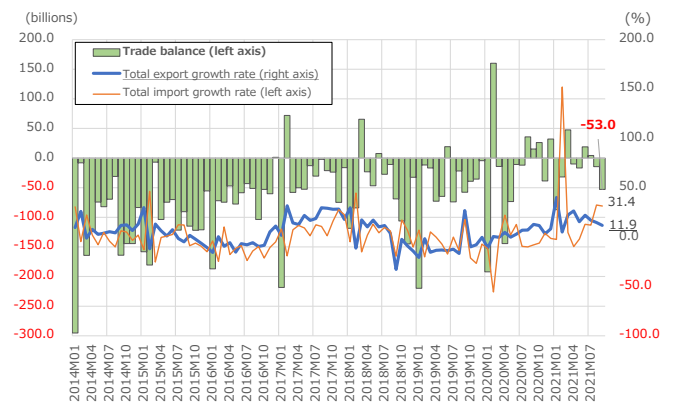
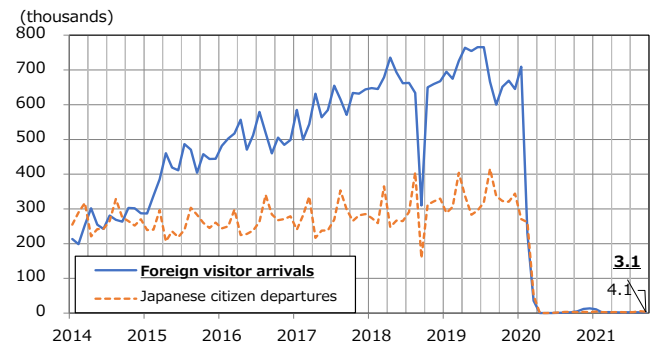


Figure 5 Evolution of Kansai's trade with China



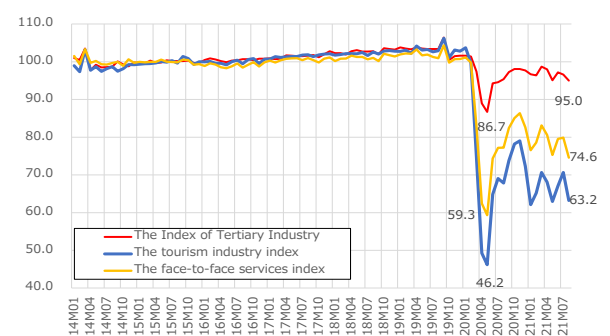
Source: based on Osaka Customs Preliminary Data for Kansai Area.

Figure 6 Evolution of the number of foreign arrivals at KIX



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

▶ In July, the total number of overnight guests in the Greater Kansai Area was 5.3563 million. Relative to the pre-pandemic July 2019, the decline rate was -49.5%, decelerating from the previous month (-65.7%, Table 1). The third state of emergency covering Kyoto, Osaka and Hyogo prefectures was lifted on June 20, resulting in a recovery in the number of domestic and foreign overnight guests, due to the relaxation of restrictions and hosting the pre-Olympic Games training camps for foreign athletes.

▶ The total number of Japanese overnight guests in Kansai was 5.3146 million. Relative to July 2019, the decline rate was -28.3%, decelerating from the previous months (-51.4%, see Table 1 and Figure 8). The largest number of guests was in Osaka Prefecture (1.585 million), followed by Kyoto (1.0257 million), Hyogo (837.6 thousand), Mie (482.0 thousand), Wakayama (372.8 thousand), Shiga (270.3 thousand), Fukui (231.5 thousand), Tottori (209.7 thousand), Tokushima (155.8 thousand), and Nara (144.3 thousand). The numbers improved significantly in Kyoto and Nara prefectures, especially.

▶ The total number of foreign overnight guests was 41.7 thousand. Relative to the same period of 2019, the decline rate was -98.7% (-98.9% in June, see Table 1 and Figure 9). The largest number of foreign guests was in Osaka Prefecture (21.1 thousand), followed by Kyoto (8.1 thousand), Hyogo (5.4 thousand), Shiga (1.8 thousand), Mie and Tokushima (1.3 thousand each), Tottori (1.2 thousand), Fukui (0.9 thousand), Nara and Wakayama (0.3 thousand each).

▶ In July the total number of within-prefecture guests in the Greater Kansai area was 1.4141 million (+4.2% relative to July 2019), while the total number of other-prefecture guests was 3.7465 million (-56.5% relative to July 2019) (Figure 10). The share of within-prefecture guests was 26.4%, while that of other-prefecture guests was 69.9% of the total. It is noteworthy that in July the number of within-prefecture guests returned to positive growth (-32.1% in June), and that the decline rate of other-prefecture guests has decelerated (-71.1% in June).

▶ Due to the worsening epidemiological situation, Osaka Prefecture became the first prefecture in Kansai to enforce the fourth state of emergency on August 2. It was followed by Kyoto and Hyogo prefectures on August 20, and Mie and Shiga prefectures on August 27 (expected to last until September 30). Consequently, the number of overnight guests is not expected to recover in the following two months due to the population's reluctance to travel.

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

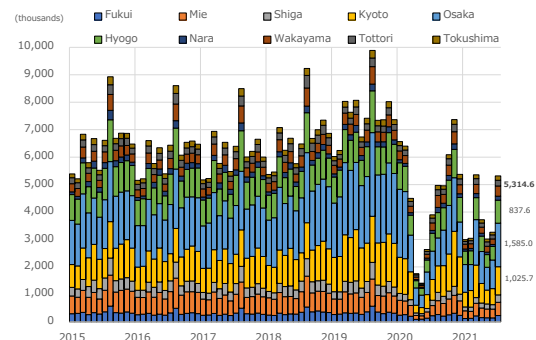


Figure 9 Evolution of the total number of foreign overnight guests by prefecture

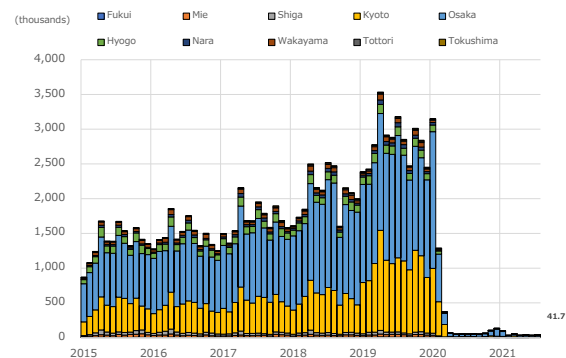


Figure 10 Evolution of the total number of overnight guests by residence

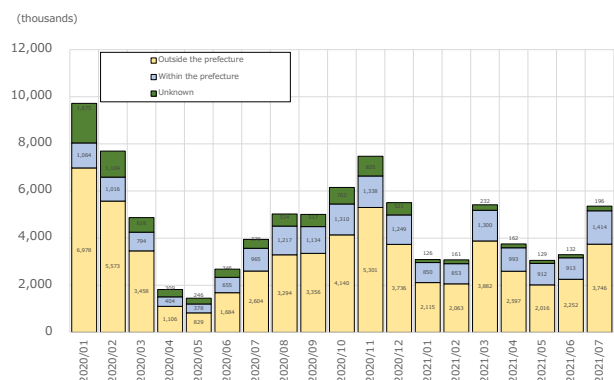


Table 1 Evolution of the total number of overnight guests in Kansai

July, 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	232.3	4.1	-37.4	231.5	4.0	-36.6	0.9	30.3	-86.6
Mie	483.3	29.2	-35.4	482.0	29.8	-31.8	1.3	-53.7	-96.8
Shiga	272.2	39.9	-37.3	270.3	39.8	-32.4	1.8	64.3	-94.6
Kyoto	1,033.7	34.8	-58.1	1,025.7	35.5	-26.6	8.1	-18.6	-99.2
Osaka	1,606.2	51.6	-61.6	1,585.0	53.8	-34.6	21.1	-27.6	-98.8
Hyogo	842.9	28.7	-30.7	837.6	28.5	-23.3	5.4	74.4	-95.7
Nara	144.6	35.4	-38.0	144.3	35.9	-17.1	0.3	-52.4	-99.5
Wakayama	373.1	36.9	-23.9	372.8	37.3	-13.1	0.3	-72.2	-99.6
Tottori	210.9	20.5	-15.1	209.7	20.7	-8.8	1.2	-5.4	-93.4
Tokushima	157.1	30.6	-25.1	155.8	30.0	-22.2	1.3	188.9	-86.4
Kansai (6 pref.)	4,272.6	39.9	-52.6	4,235.7	40.7	-28.4	37.0	-17.6	-98.8
Kansai (8 pref.)	5,356.3	35.7	-49.5	5,314.6	36.4	-28.3	41.7	-16.9	-98.7
Japan	29,907.4	27.9	-42.2	29,157.0	25.9	-28.8	750.4	222.7	-93.1

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

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

Country/Area	Total			Total		
	2019	2021	Growth	2019	2021	Growth
	Sep	Sep	rate(%)	Jan-Sep	Jan-Sep	rate(%)
Grand Total	2,272,883	17,700	-99.2	24,417,820	190,900	-99.2
Major countries total (excl. S.Korea)	1,953,479	11,290	-99.4	18,599,666	128,300	-99.3
South Korea	201,252	2,200	-98.9	4,934,315	13,900	-99.7
China	819,054	4,000	-99.5	7,402,578	33,300	-99.6
Taiwan	376,186	400	-99.9	3,736,530	3,900	-99.9
Hong Kong	155,927	100	-99.9	1,660,886	900	-99.9
Thailand	62,057	200	-99.7	868,443	2,200	-99.7
Singapore	29,147	70	-99.8	284,644	640	-99.8
Malaysia	28,778	200	-99.3	309,491	1,400	-99.5
Indonesia	25,021	500	-98.0	282,269	3,800	-98.7
Philippines	37,758	400	-98.9	402,119	4,000	-99.0
Vietnam	38,325	1,000	-97.4	376,043	23,400	-93.8
India	15,895	500	-96.9	135,365	4,500	-96.7
Australia	60,498	100	-99.8	449,228	2,700	-99.4
U.S.A.	127,190	1,700	-98.7	1,277,007	15,700	-98.8
Canada	28,525	200	-99.3	269,147	2,700	-99.0
Mexico	6,282	20	-99.7	51,367	960	-98.1
United Kingdom	49,580	300	-99.4	290,419	6,200	-97.9
France	26,530	500	-98.1	252,325	6,100	-97.6
Germany	22,768	300	-98.7	177,104	4,500	-97.5
Italy	13,354	200	-98.5	124,492	3,100	-97.5
Russia	10,454	200	-98.1	83,720	3,000	-96.4
Spain	11,472	100	-99.1	98,674	2,800	-97.2
Middle East	8,678	300	-96.5	67,815	2,500	-96.3
Others	118,152	4,210	-96.4	883,839	48,700	-94.5

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

Country/Region	Total			Tourism			Business			Others		
	2019	2021	Growth	2019	2021	Growth	2019	2021	Growth	2019	2021	Growth
	Jul	Jul	Rate(%)	Jul	Jul	Rate(%)	Jul	Jul	Rate(%)	Jul	Jul	Rate(%)
Total	2,991,189	51,055	-98.3	2,713,329	42,621	-98.4	153,430	941	-99.4	124,430	7,493	-94.0
Korea	561,675	1,808	-99.7	517,548	1,023	-99.8	28,319	92	-99.7	15,808	693	-95.6
China	1,050,420	3,931	-99.6	973,293	2,225	-99.8	37,223	243	-99.3	39,904	1,463	-96.3
Taiwan	459,216	549	-99.9	441,976	259	-99.9	10,710	35	-99.7	6,530	255	-96.1
Hong Kong	216,810	253	-99.9	212,590	202	-99.9	3,285	12	-99.6	935	39	-95.8
Thailand	73,202	233	-99.7	67,670	137	-99.8	3,136	5	-99.8	2,396	91	-96.2
Singapore	21,716	172	-99.2	18,078	135	-99.3	3,236	8	-99.8	402	29	-92.8
Malaysia	22,957	233	-99.0	19,890	159	-99.2	2,233	17	-99.2	834	57	-93.2
Indonesia	25,215	360	-98.6	19,111	140	-99.3	2,510	9	-99.6	3,594	211	-94.1
Philippines	37,771	495	-98.7	30,686	141	-99.5	2,499	10	-99.6	4,586	344	-92.5
Vietnam	40,762	389	-99.0	17,324	52	-99.7	3,652	12	-99.7	19,786	325	-98.4
India	13,222	376	-97.2	5,133	293	-94.3	5,593	4	-99.9	2,496	79	-96.8
Australia	34,873	1,570	-95.5	31,016	1,449	-95.3	2,676	7	-99.7	1,181	114	-90.3
US	156,865	6,139	-96.1	133,516	4,614	-96.5	17,128	99	-99.4	6,221	1,426	-77.1
Canada	29,285	1,545	-94.7	26,663	1,435	-94.6	1,665	10	-99.4	957	100	-89.6
Mexico	8,661	477	-94.5	8,132	453	-94.4	332	2	-99.4	197	22	-88.8
UK	28,928	3,420	-88.2	22,762	3,169	-86.1	4,448	50	-98.9	1,718	201	-88.3
France	34,634	2,515	-92.7	29,836	2,207	-92.6	3,204	36	-98.9	1,594	272	-82.9
Germany	18,593	2,175	-88.3	13,312	2,008	-84.9	4,288	36	-99.2	993	131	-86.8
Italy	13,566	1,728	-87.3	11,313	1,640	-85.5	1,780	25	-98.6	473	63	-86.7
Russia	9,005	1,197	-86.7	6,380	1,041	-83.7	1,884	9	-99.5	741	147	-80.2
Spain	15,771	1,433	-90.9	14,341	1,341	-90.6	900	10	-98.9	530	82	-84.5
Middle East	6,813	988	-85.5	5,331	847	-84.1	1,099	12	-98.9	383	129	-66.3
Others	111,229	19,069	-99.8	87,428	17,651	-99.8	11,630	198	-100.0	12,171	1,220	-99.9

Source: based on data published by the Japan National Tourism Organization (JNTO) on Oct 20, 2021

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