

Toward a timely reading of “the signs of change” in tourism

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The Number of Foreign Visitors and Visit Ratio by Prefecture

Advance estimation of monthly indexes: October report

Main points

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

▶ According to JNTO estimates (Figure 1 and Table 3), **the total number of foreign visitors in Japan in October was 22,100**. Due to some border relaxation measures, such as the shortening of the quarantine period after arrival, the number has increased from September (17,700). However, compared to October 2019, the decrease is -99.1%.

▶ The top five foreign visitors by nationality were: China (4,000), USA (2,000), Korea (1,900), India (1,500), and Vietnam (1,000).

▶ According to JNTO, **the total number of foreign visitors in August was 25,916 (provisional figure)**. Relative to the pre-pandemic August 2019, it declined by -99.0%. By travel purpose, the numbers are as follows (percentage change is relative to August 2019): tourism, 13,304 (-99.4%), business, 1,374 (-98.8%), other purposes, 11,238 (-94.4%). The number of tourists (short-term foreign visitors) exceeded the 10,000 threshold due to the Tokyo Paralympics Games (Figure 2 and Table 4).

▶ The top five foreign visitors by nationality and travel purpose in August are listed below. Tourism: USA (935), UK (903), France (682), China (662), Germany (605). Business: China (230), France (148), USA (134), Korea (113), Germany (86). Other purposes: USA (1,912), China (1,504), Korea (1,183), France (972), Indonesia (488).

▶ **Starting with November, countries across Asia implemented border relaxation measures for fully-vaccinated tourists.** For example, Malaysia has exempted from quarantine tourists traveling to certain resorts. India has started to allow tourists to enter the country for the first time in approximately a year and a half, owing to an improving COVID-19 pandemic situation. Despite a significant difference between the vaccination rates of these countries (76.1% in Malaysia, 27.9% in India; see Figure 3), the tourism industry is expected to recover to some degree. Nevertheless, the risk of a resurgence in the number of new infections cannot be dismissed and needs to be kept under close monitoring.

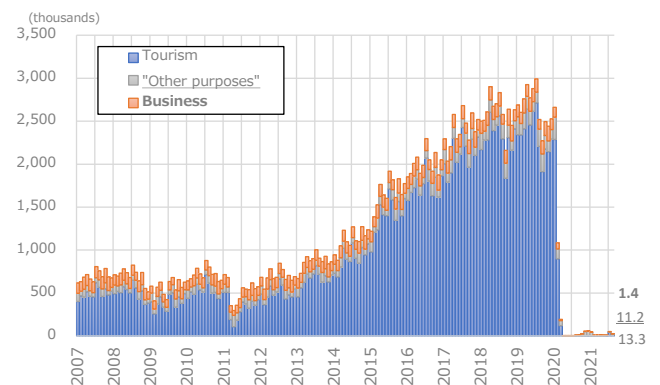
▶ **Japan's vaccination rate was 76.2% as of November 18, surpassing Europe and the USA** (Figure 3). Considering this, on November 8 the government has started to allow new entry visas for fully-vaccinated business travelers and international students. In addition, the cap on daily arrivals was increased from 3,500 to 5,000 starting November 26. These measures are expected to lead to an increase in the number foreign visitors, mainly for business purposes. Despite this, **tourism recovery is a distant prospect, considering that restrictions for tourists are still in place, in addition to the quarantine requirements after arrival.**

Figure 1 Number of foreign visitors



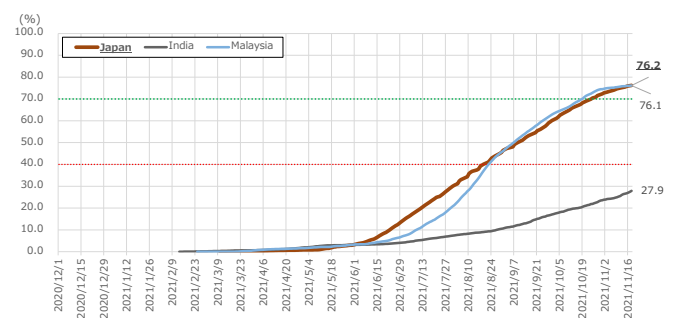
Source: based on data published by Japan Tourism Organization (JNTO).
Note: the number are final for the period up until 2020, provisional for Jan-Aug 2021, and estimated for Sep-Oct 2021.

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 Nov 18)
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 October and service industry trends in September

▶ In October Kansai's total exports rose for the eighth consecutive month by +21.1% YoY (+21.2% YoY in September, Figure 4). By commodity, the exports of semiconductors and other electronic components logged a new monthly record high. Exports of toys and gaming equipment bound for the EU and the USA were also strong. Imports also expanded by +18.2% YoY for the ninth successive month (+30.1% YoY in September). As a result, Kansai's trade balance stood at JPY 431.2 billion, marking the 21st consecutive month of surplus. Due to the fact that imports decelerated, while exports were constant, the trade surplus expanded for the first time in two months by +30.7% YoY.

▶ Kansai's China-bound exports increased by +17.1% YoY in October, marking the 17th straight month in positive territory (Figure 5). The expansion rate has accelerated from the previous month (+11.9% YoY in September). Exports of semiconductors and semiconductors manufacturing equipment made positive contributions. Imports from China also increased by +13.2% YoY for the fifth consecutive month (+31.4% in September). Imports of clothing and accessories, and steel contributed positively.

▶ The number of international arrivals at Kansai International Airport (KIX) in October totaled 3,743, increasing from the previous month (3,079). However, compared to October 2019, this represents a -99.4% decline (Figure 6). It appears that the government's decision to raise the cap on daily arrivals starting on August 16 had some effect. As previously mentioned, border relaxation measures were introduced for some categories such as business travelers, so a partial recovery of the number of foreign visitors is likely. In October outbound departures by Japanese citizens counted 4,160, slightly increasing from the previous month(4,090), but by comparison to October 2019, the decline rate is -98.7%.

▶ In September, the economic activity indices of the services industry saw some improvements due to better consumer sentiment and COVID-19 pandemic situation. The Index of Tertiary Industry Activity (seasonally adjusted: 2015 average=100) increased by +0.5% MoM to 96.0 for the first time in three months (-1.1% MoM in August, Figure 7). A lower number of new infections and the following lifting of the state of emergency at the end of September had a positive effect on personal services and retail businesses. The index of face-to-face services* increased by +2.6% MoM to 77.0 for the first time in two months (-6.0% MoM in August), largely due to services for amusement and hobbies. On the other hand, comparing 2021 Q3 with Q2 shows that the activity in the tertiary industry and face-to-face services decreased by -0.8% and -1.5% QoQ, respectively, marking the third consecutive quarter of decline.

▶ The tourism-related index** (2015 average=100) increased by +1.2% MoM to 64.1 (Figure 7). Improvements in road passenger transport and travel industries led to the first positive growth in two months. However, Q3 logged the first decline (-0.0% QoQ) in two quarters. Compared to the pre-pandemic peak (2019 Q4), the tertiary industry, face-to-face services, and tourism-related indices are all lower by 5.2, 23.1, and 36.3 points, respectively.

*Face-to-face services include transportation, accommodation, 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: railroad passenger transportation, road passenger transportation, water passenger transportation, air passenger transportation, passenger transportation, other rental services, car rental, accommodation, eating and drinking places, take-out and delivery services, travel, movie theaters, theaters and entertainment companies.

Figure 4 Evolution of Kansai's foreign trade

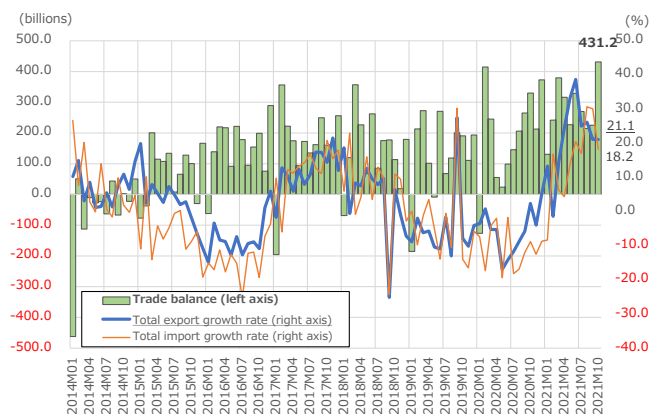
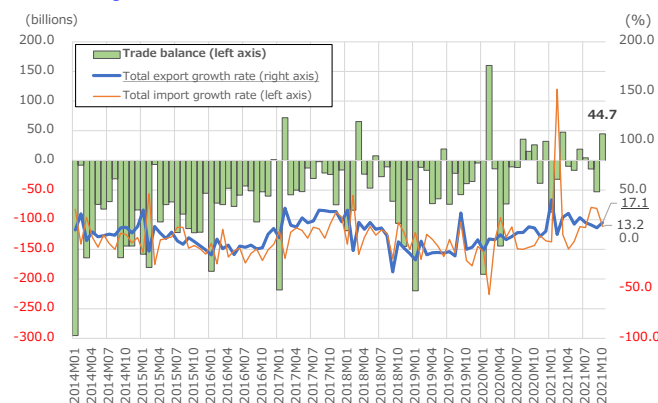
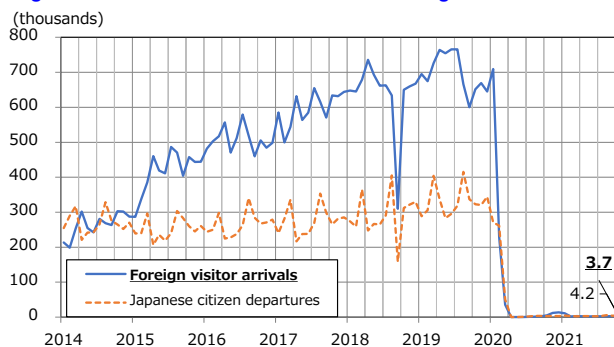


Figure 5 Evolution of Kansai's trade with China



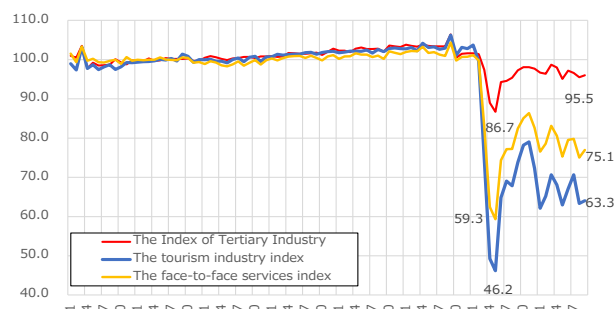
Source: based on Osaka Customs Preliminary Data for Kansai Area.

Figure 6 Evolution of the number of foreign arrivals at KIX



Source: based on Immigration Control Statistics. The numbers for October are preliminary figures.

Figure 7 Tourism-related, face to face services, and tertiary industry indices: 2015 average=100



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

Topics 2

●The total number of overnight guests in August in the Greater Kansai area

▶ In August, the total number of overnight guests in the Greater Kansai area was 5.7205 million. Relative to the pre-pandemic August 2019, the decline rate was -55.1%, accelerating from the previous month (-49.5%, Table 1). Due to the increasing number of new COVID-19 cases, the state of emergency was expanded to more prefectures, and the population refrained from traveling despite the summer holidays.

▶ The total number of Japanese overnight guests was 5.6816 million. Relative to August 2019, the decline rate was -42.5%, accelerating from the previous month (-28.3%, see Table 1 and Figure 8).

▶ The total number of foreign overnight guests was 38.9 thousand. Relative to August 2019, the decline rate was -98.6%, (-98.7% in July, see Table 1 and Figure 9).

▶ In September the number of overnight guests is expected to remain low despite the fact that the epidemiological situation has improved nationwide, due to the restrictions of human mobility imposed during the state of emergency.

▶ After the state of emergency was lifted nationwide on September 30, each prefecture started to implement its own policies for bolstering travel demand. Table 2 summarizes the travel subsidy campaigns carried out by Kansai's prefectures. Accommodation fee discounts have been available in all prefectures since October at the earliest until the end of the year, except for Mie Prefecture (until November 30) and Nara Prefecture (until February 28, 2022).

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

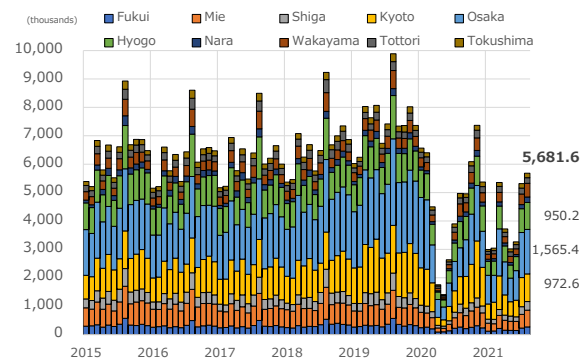


Figure 9 Evolution of the total number of foreign overnight guests by prefecture

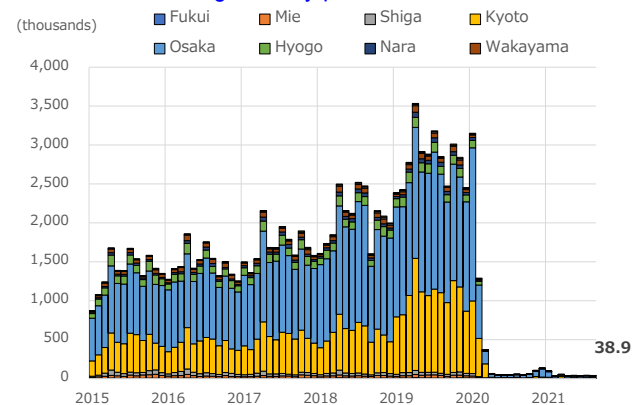


Table 1 Evolution of the total number of overnight guests in Kansai

Aug. 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	271.0	1.5	-52.8	270.0	1.5	-52.5	1.0	12.4	-83.9
Mie	592.8	15.5	-42.2	590.9	17.0	-40.4	1.8	-76.6	-94.8
Shiga	305.1	-0.1	-51.8	303.3	-0.3	-50.0	1.9	40.2	-93.0
Kyoto	980.2	0.8	-63.9	972.6	0.7	-42.1	7.6	8.0	-99.3
Osaka	1,584.1	51.2	-65.3	1,565.4	53.9	-48.7	18.7	-39.5	-98.8
Hyogo	955.6	3.2	-41.1	950.2	3.1	-37.6	5.5	42.9	-94.5
Nara	191.0	0.0	-36.0	190.5	0.3	-22.3	0.5	-49.5	-99.1
Wakayama	484.3	11.4	-29.4	483.6	11.6	-24.0	0.7	-53.7	-98.6
Tottori	199.4	-6.7	-38.7	198.6	-6.5	-36.5	0.8	-36.6	-93.9
Tokushima	157.0	1.7	-45.7	156.4	1.6	-43.4	0.6	52.8	-95.7
Kansai (6 pref.)	4,500.4	16.1	-57.2	4,465.6	16.5	-42.3	34.8	-23.7	-98.8
Kansai (8 pref.)	5,720.5	13.8	-55.1	5,681.6	14.3	-42.5	38.9	-30.3	-98.6
Japan	30,975.5	8.3	-51.0	30,388.0	7.2	-43.5	587.5	133.8	-93.8

Source: based on *Overnight Travel Statistics Survey* by Japan Tourism Agency (figures 8~9 and Table 1).

Table 2 Travel subsidy campaigns in Kansai

Campaign name	Campaign period (accommodation fee discounts)	Target
Fukui Special Deal Fukui Campaign (Japanese: <i>Fukui de Otoku Kyanpēn</i>)	Oct 1, 2021~Dec 31, 2021※	Residents within the prefecture
Mie Mie Discount Travel Coupon (Japanese: <i>Mie Toki Toraberu Kūpon</i>)	Oct 15, 2021~Nov 31, 2021	Residents within the prefecture
Shiga Let's travel now in Shiga! (Japanese: <i>Ima koso Shiga wo tabi shiyō</i>)	Part 4: Jul 9, 2021~Dec 31, 2021	Residents within the prefecture
Kyoto Rediscover the Charm of Kyoto Project (Japanese: <i>Kyōto Miryoku Sai-hakken Tabi Purojekuto</i>)	Oct 22, 2021~Dec 31, 2021	Residents within the prefecture
Osaka Welcome to Osaka Campaign 2021 (Japanese: <i>Ōsaka Irasshai Kyanpēn 2021</i>)	Nov 24, 2021~Dec 31, 2021	Residents within the prefecture
Hyogo Support your hometown! Let's travel in Hyogo Campaign (Japanese: <i>Furusato Ōen! Hyōgo wo Tabi Shiyō Kyanpēn</i>)	Advance sale for accommodation and travel tickets: Oct 14, 2021~Dec 31, 2021 OTA reservations are eligible for discounts: Phase 1: Nov 12, 2021~Dec 2, 2021 Phase 2: Dec 3, 2021~Dec 31, 2021	Residents within the prefecture
Nara Now is the time for Nara - Campaign 2021 (Japanese: <i>Ima Nara Kyanpēn 2021</i>)	Dec 1, 2021~Feb 28, 2022※	Residents within the prefecture
Wakayama Wakayama Refresh 3rd Plan (Japanese: <i>Wakayama Rifuresshu Puran 3rd</i>)	~Dec 31, 2021	Residents within the prefecture
Tottori & Shimane #WeLove San'in Campaign	~Dec 31, 2021	Residents of Tottori and Shimane prefectures
Tokushima "Let's all support Tokushima" Discounts (Japanese: <i>Minna de! Tokushima Ōen Wari</i>)	Oct 1, 2021 (discount campaign restarted)~Dec 31, 2021	Residents within the prefecture

※Increased the maximum discount amount.

※Scheduled to start when all municipalities in the prefecture have completed the full vaccination scheme for those who wish to receive the anti-COVID-19 vaccine.

Source: based on various documents presented by authorities in each prefecture (as of November 24, 2021).

Table 3 Foreign visitors in October 2021 (JNTO estimates) (comparison with 2019)

Country/Area	Total			Total		
	2019	2021	Growth rate(%)	2019	2021	Growth rate(%)
	Oct	Oct		Jan-Oct	Jan-Oct	
Grand Total	2,496,568	22,100	-99.1	26,914,388	213,100	-99.2
Major countries total (excl. S.Korea)	2,159,136	13,520	-99.4	20,758,802	141,550	-99.3
South Korea	197,281	1,900	-99.0	5,131,596	15,800	-99.7
China	730,631	4,000	-99.5	8,133,209	37,300	-99.5
Taiwan	413,701	400	-99.9	4,150,231	4,300	-99.9
Hong Kong	180,562	100	-99.9	1,841,448	1,000	-99.9
Thailand	145,333	200	-99.9	1,013,776	2,400	-99.8
Singapore	41,937	70	-99.8	326,581	720	-99.8
Malaysia	48,864	200	-99.6	358,355	1,600	-99.6
Indonesia	34,094	500	-98.5	316,363	4,300	-98.6
Philippines	64,690	900	-98.6	466,809	4,800	-99.0
Vietnam	46,510	1,000	-97.8	422,553	24,400	-94.2
India	13,929	1,500	-89.2	149,294	6,000	-96.0
Australia	51,563	300	-99.4	500,791	3,000	-99.4
U.S.A.	153,363	2,000	-98.7	1,430,370	17,600	-98.8
Canada	37,667	300	-99.2	306,814	3,100	-99.0
Mexico	7,385	50	-99.3	58,752	1,030	-98.2
United Kingdom	68,401	400	-99.4	358,820	6,600	-98.2
France	39,457	400	-99.0	291,782	6,500	-97.8
Germany	26,276	400	-98.5	203,380	4,900	-97.6
Italy	14,731	200	-98.6	139,223	3,200	-97.7
Russia	14,348	300	-97.9	98,068	3,300	-96.6
Spain	13,739	100	-99.3	112,413	2,800	-97.5
Middle East	11,955	200	-98.3	79,770	2,700	-96.6
Others	140,151	6,680	-95.2	1,023,990	55,750	-94.6

Table 4 The number of foreign visitors by purpose of visit in August 2021 (JNTO provisional figures) (comparison with 2019)

Country/Region	Total			Tourism			Business			Others		
	2019	2021	Growth Rate(%)	2019	2021	Growth Rate(%)	2019	2021	Growth Rate(%)	2019	2021	Growth Rate(%)
	Aug	Aug		Aug	Aug		Aug	Aug		Aug		
Total	2,272,883	13,684	-99.7	2,206,746	482	-100.0	113,052	702	-99.4	200,336	7,474	-96.3
Korea	201,252	1,426	-99.8	262,847	23	-100.0	18,866	57	-99.7	27,017	669	-97.5
China	819,054	2,954	-99.8	909,161	74	-100.0	27,069	152	-99.4	64,409	1,380	-97.9
Taiwan	376,186	767	-99.9	401,901	23	-100.0	8,278	39	-99.5	10,100	386	-96.2
Hong Kong	155,927	89	-100.0	186,357	1	-100.0	2,398	9	-99.6	1,505	31	-97.9
Thailand	62,057	1,038	-99.3	43,631	7	-100.0	2,444	155	-93.7	3,514	188	-94.6
Singapore	29,147	30	-99.9	16,930	3	-100.0	2,132	1	-100.0	636	17	-97.3
Malaysia	28,778	242	-98.9	16,173	1	-100.0	1,790	2	-99.9	1,864	220	-88.2
Indonesia	25,021	299	-98.6	9,056	7	-99.9	2,055	1	-100.0	5,049	222	-95.6
Philippines	37,758	134	-99.6	22,733	13	-99.9	1,771	1	-99.9	6,966	118	-98.3
Vietnam	38,325	2,698	-97.4	11,989	6	-99.9	2,894	12	-99.6	28,826	1,104	-96.2
India	15,895	389	-97.9	4,424	6	-99.9	4,161	10	-99.8	4,723	262	-94.5
Australia	60,498	88	-99.7	23,059	3	-100.0	2,224	5	-99.8	1,668	82	-95.1
US	127,190	632	-99.4	93,681	140	-99.9	13,233	40	-99.7	10,914	518	-95.3
Canada	28,525	69	-99.7	24,504	22	-99.9	1,192	4	-99.7	1,872	55	-97.1
Mexico	4,800	11	-99.9	4,261	2	-100.0	242	0	-100.0	297	5	-98.3
UK	26,213	101	-99.4	19,895	19	-99.9	3,237	5	-99.8	3,081	126	-95.9
France	30,851	116	-99.3	26,231	29	-99.9	1,813	13	-99.3	2,807	184	-93.4
Germany	17,264	93	-99.4	12,767	12	-99.9	2,962	14	-99.5	1,535	86	-94.4
Italy	22,804	68	-99.8	21,176	11	-99.9	857	7	-99.2	771	33	-95.7
Russia	8,321	61	-99.3	5,976	1	-100.0	1,319	7	-99.5	1,026	54	-94.7
Spain	20,009	65	-99.8	19,029	1	-100.0	432	8	-98.1	548	37	-93.2
Middle East	6,254	173	-98.9	4,902	1	-100.0	669	6	-99.1	683	62	-90.9
Others	130,754	2,141	-100.0	66,063	77	-100.0	11,014	154	-100.0	20,525	1,635	-99.9

Note: see the Figure 2 note for details regarding the definitions of travel purposes.
Source: based on data published by JNTO on November 17, 2021.