

Efforts to Promote a Tourism-Oriented Nation

Japan Tourism Agency

November, 2009

Value of a Tourism-Oriented Nation

1. Promoting international tourism is to enhance the nation's soft power

- Building healthy relationships with foreign countries is a task of the country.
- Grass-root exchanges through international tourism complement and enhance diplomatic relations between nations as well as making a big contribution to the national security.
- Visitors from China and Korea to Japan greatly increased.
 - Yearly visitors: 1 million from China and 2,38 million from Korea (accounting for 40% of visitors in 2007)

2. Tourism is the trump card to stimulate economy in days of a declining birthrate and aging population

- Tourism promotion is effective in expanding the number of people interacting and creating demand and thus revitalizing economy in the society with a declining birthrate and aging population
- Domestic travel spending is ¥23.5 trillion. Its ripple effects on production is ¥53.1 trillion and result in 4.41 million jobs, 6.9% of the total workforce, created in 2007.
- Visitors to Japan are one significant group of consumers. (The consumption by travelers to Japan in 2007: ¥1.5 trillion)

3. Revitalize regional communities through expansion of the number of people interacting

- Local regions require new approaches to regional development measures. The expansion of the number of people interacting is a trigger device to revitalize the regional economy.
- Building unique communities capable of attracting more visitors fosters the spirit of self-control and autonomy in those communities.

4. Improve the quality of lives of people by promoting a tourism-oriented nation

- Baby boomers are retiring and searching for something to live for. Increased exchanges through tourism helps improve the quality of their lives including mental activities.
- Promoting a tourism-oriented nation is a process of re-realizing Japan's historical and cultural values and leads to reinvigation of the appeal of Japan.



- Revitalization of Japan
through the expansion of the number of people interacting through tourism -

Recent Moves on Tourism Measures

- 2003**
- 31, Jan Then Prime Minister Koizumi said in his policy speech to “double the number of overseas visitors to Japan to 10 million by 2010.”
 - 1, Apr The Visit Japan Campaign launched
 - 24, Apr The Japan Tourism Advisory Council compiled a report.
 - 21, May The first meeting of the Council of Related Ministers for the Realization of Japan As a Country Built on Tourism was held. (members: entire cabinet)
 - 22, Sep The minister of Land, Infrastructure, Transport and Tourism was appointed as minister in charge of tourism.
- 2006**
- 29, Sep Then Prime Minister Abe declared in his policy speech to "increase the number of major international conferences by over 50% in the next five years and make Japan one of the major conference-hosting countries in Asia.”
 - 13, Dec The Tourism Nation Promotion Act was unanimously passed as a member bill.
- 2007**
- 29, Jun The Tourism Nation Promotion Basic Plan was approved at a cabinet meeting.
- 2008**
- 18, Jan Then Prime Minister Fukuda said in his policy speech, “Promoting tourism is the key to local vitalization and we will establish Japan Tourism Agency to strengthen the measures such as vigorously sending out information on regional culture and natural beauty and attracting more overseas and domestic visitors.”
 - 25, Apr “The law for partial revisions of the laws to establish the Ministry of Land, Infrastructure, Transportation and Tourism” regarding to the establishment of the Japan Tourism Agency was passed.
 - 16, May “The law for developing tourism zones to drive the visits and stays by tourists” was passed.
 - 29, Sep Then Prime Minister Aso said that one of the roles of the Japan Tourism Agency established as of 1, October is to vitalize local economy through tourism.
 - 1, Oct The Japan Tourism Agency established.
 - 2, Oct Then Prime Minister Aso made a mention at an Upper House assembly that the old objective of the government for 10 million visitors by 2010 is expanded to double the current level to 20 million by 2020 and the public and private sectors work together to build attractive tourist destinations to solicit overseas visitors.
- 2009**
- 13, Mar Tourism Nation Promotion Strategic Council compiled a report “Realization of 20 million overseas visitors.”
 - 23, Jun The 2009 Basic Economic Policy was approved at a cabinet meeting. It includes mentions of “Realization of a world-class tourism nation (20 million overseas visitors by 2020)” and “Promotion of staggered holidays.”

Tourism Basic Act was revised thoroughly in 1963.

The new act was enacted on December 13, 2006 and came into effect on January 1, 2007.

Title

The title was revised from “Tourism Basic Act” to “Tourism Nation Promotion Act” with the view of the positioning of a tourism nation as a national strategy and the law aiming to promote measures to realize its targets.

Preamble

Establishing a tourism nation is positioned as “a key task essential for economic development of the nation in the 21C” in view of a declining birthrate and aging population and full-fledged development of international exchanges.

Objective

To promote comprehensive and systematic measures for establishment of a tourism nation and thus to contribute to the economic development, lifestyle stability and enhancement of global mutual understanding.

Fundamental Principles

The following are established for realizing a tourism nation;

1. the importance of being aware of “making a nation a good place to live and a good place to visit” in order to enrich the life of the people.
2. the importance of promoting people’s sightseeing trips.
3. the importance of having global points of view.
4. the importance of securing coordination among concerned parties.

Concerned Parties’ Responsibilities

1. Central Government
Draw up and implement comprehensive measures to realize a tourism nation.
2. Local governments
Draw up and implement measure taking advantage of regional characteristics and pursue broad-based cooperation.
3. People
Grasp the importance of promoting a tourism nation and assume a positive role of developing attractive tourist sites.
4. Tourism industry make efforts to realize a tourism nation.

Drawing up “National Tourism Promotion Plan”

1. Basic policy to realize a tourism nation
2. Targets to realize a tourism nation
3. Measures for the government to implement comprehensive and systematic measures
4. Draw up a tourism nation promotion basic plan which includes all necessary issues to be approved by a cabinet meeting. (The minister of MLIT is in charge)

Outline of Tourism Nation Promotion Basic Plan

Tourism Nation Promotion Act enacted in December, 2006

Based on the Article 10 of the Tourism Basic Act, the Tourism Nation Promotion Basic Plan was drawn up to promote measures in a comprehensive and systematic manner in order to realize a tourism nation. (Approved at a June, 2007 cabinet meeting)

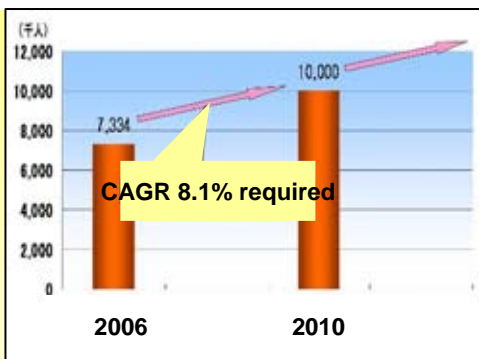
Basic Policy

Expand domestic travels of the Japanese and international visitors to Japan and develop Japanese tourists' overseas travels, and others

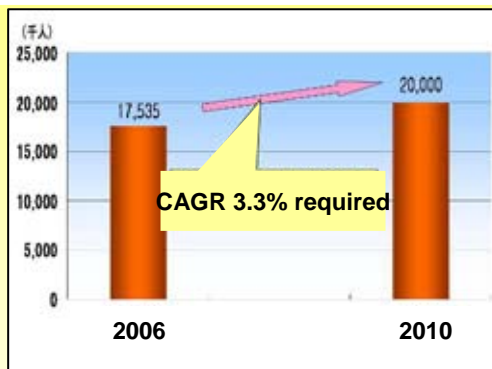
Goals

Basic goals during the planned period

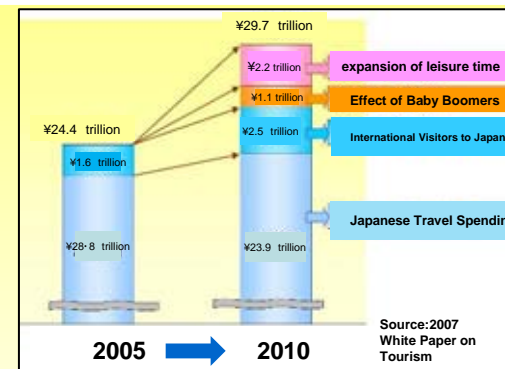
- International visitors to Japan
10 million by 2010 but target at the same number of overseas travelers from Japan in the future



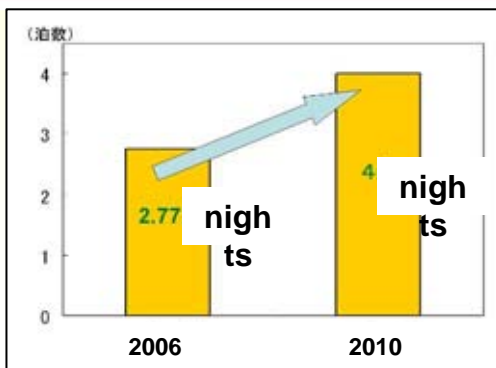
- Overseas travelers from Japan
20 million by 2010



- Domestic travel spending
¥30 trillion by 2010

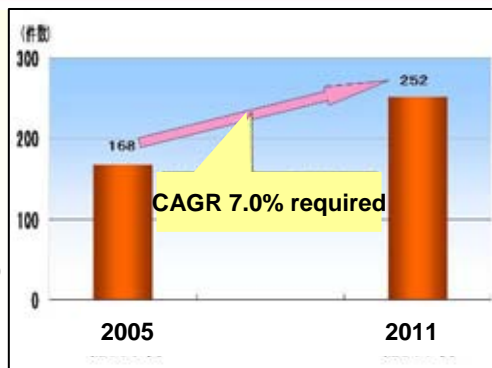


- Duration of domestic travels by Japanese
4 nights per year by 2010



* Tentative figure (Fixed at 2.72 nights)

- International conferences in Japan
More than 50% increase by 2011



Duration

5 years

* Previous figure (Revised to ¥23.9 trillion)

Measures

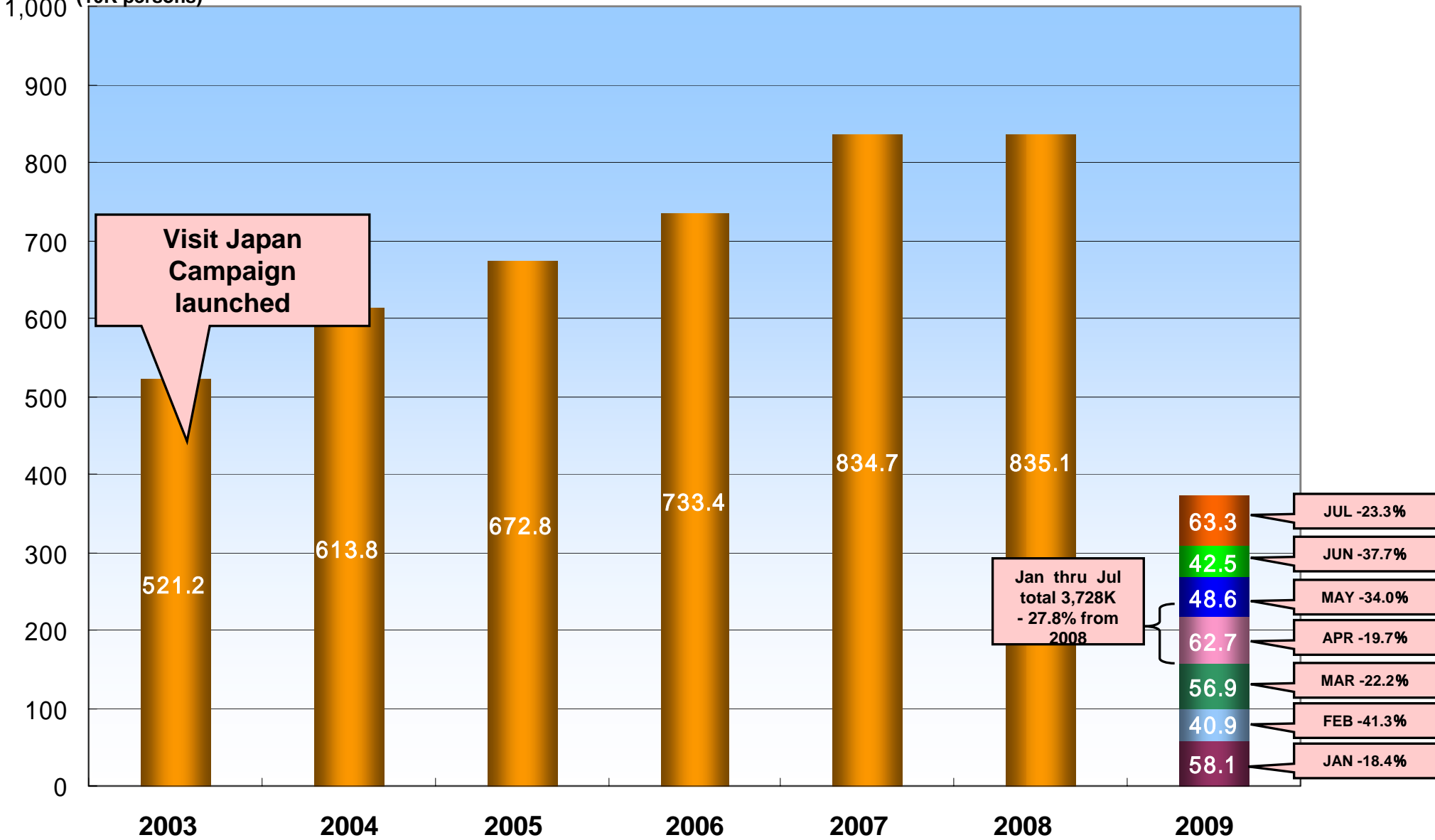
Describe concrete measures to achieve the goals

Other

Conduct annual inspections and review in about 3 years and others

Number of International Visitors to Japan

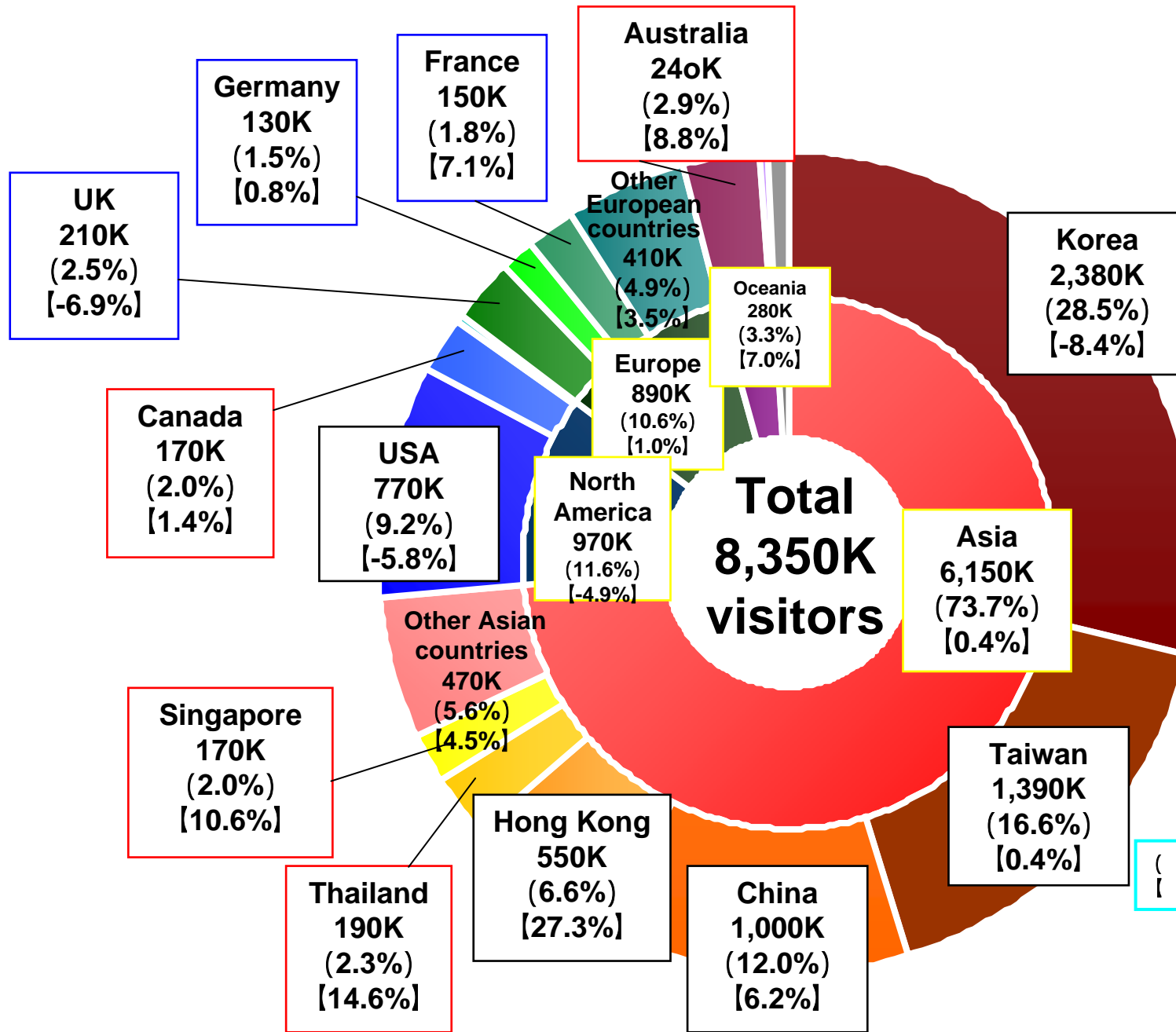
1,000 (10K persons)



Note: Estimates for June, 2009 and beyond

International Visitors to Japan by Region and Country

(2008)



Black Box: Priority Markets (FY2003 -)
Blue Box: Priority Markets (FY2004 -)
Red Box: Priority Markets (FY2005 -)

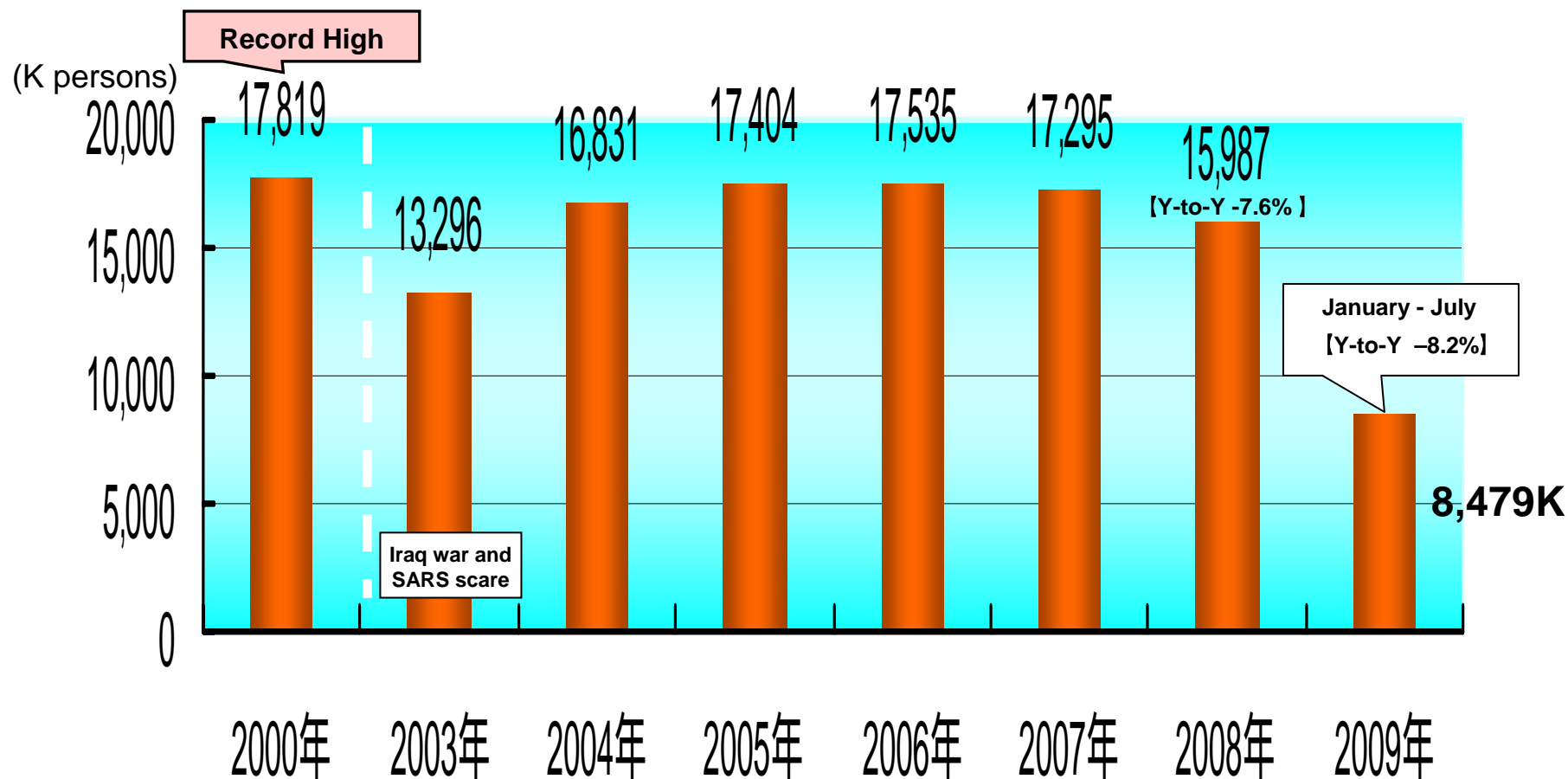
2008 priority markets total:
 7.34 million visitors (87.9%)

(): Percentage of total number of visitors
 []: Year-to-year growth

Overseas Travelers from Japan

The number of overseas travelers from Japan was steadily growing until 2000. Then, negative factors such as 9/11 in 2001 and the SARS scare in 2003 occurred in a row, and the number of the visitors to Japan made a record drop.

There was a sign of recovery in 2004 and in 2006 the number rebounded to 17,295 thousand persons. However, there was a decrease in 2007 and 2008.



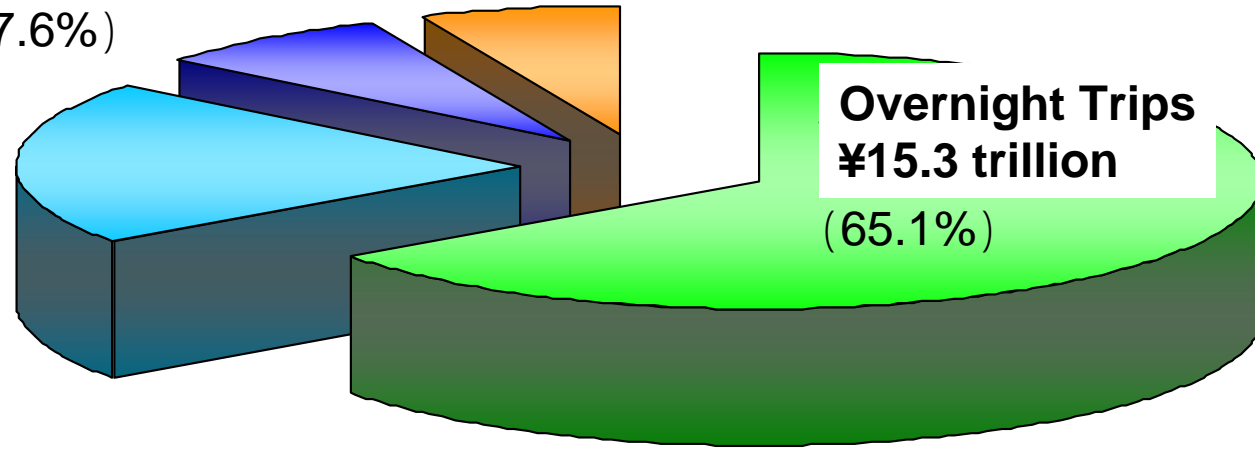
¥23.5 trillion

**Overseas trips by Japanese
(spending within Japan)
¥1.8 trillion**

**International visitors to Japan
¥1.5 trillion
(6.3%)**

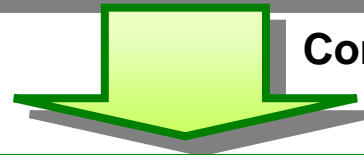
**Day trips
¥4.9 trillion
(21.1%)**

(7.6%)

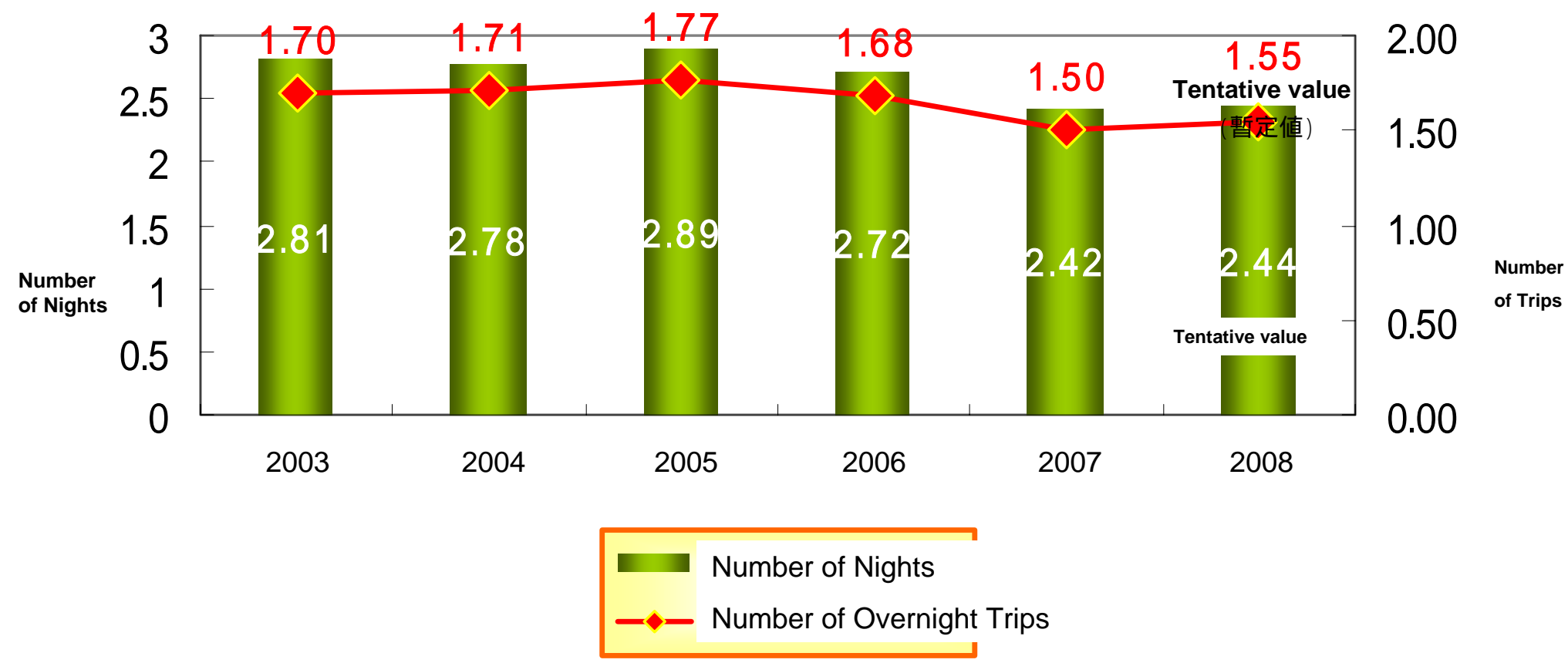


**Overnight Trips
¥15.3 trillion
(65.1%)**

Contribution to economy (economic effects)



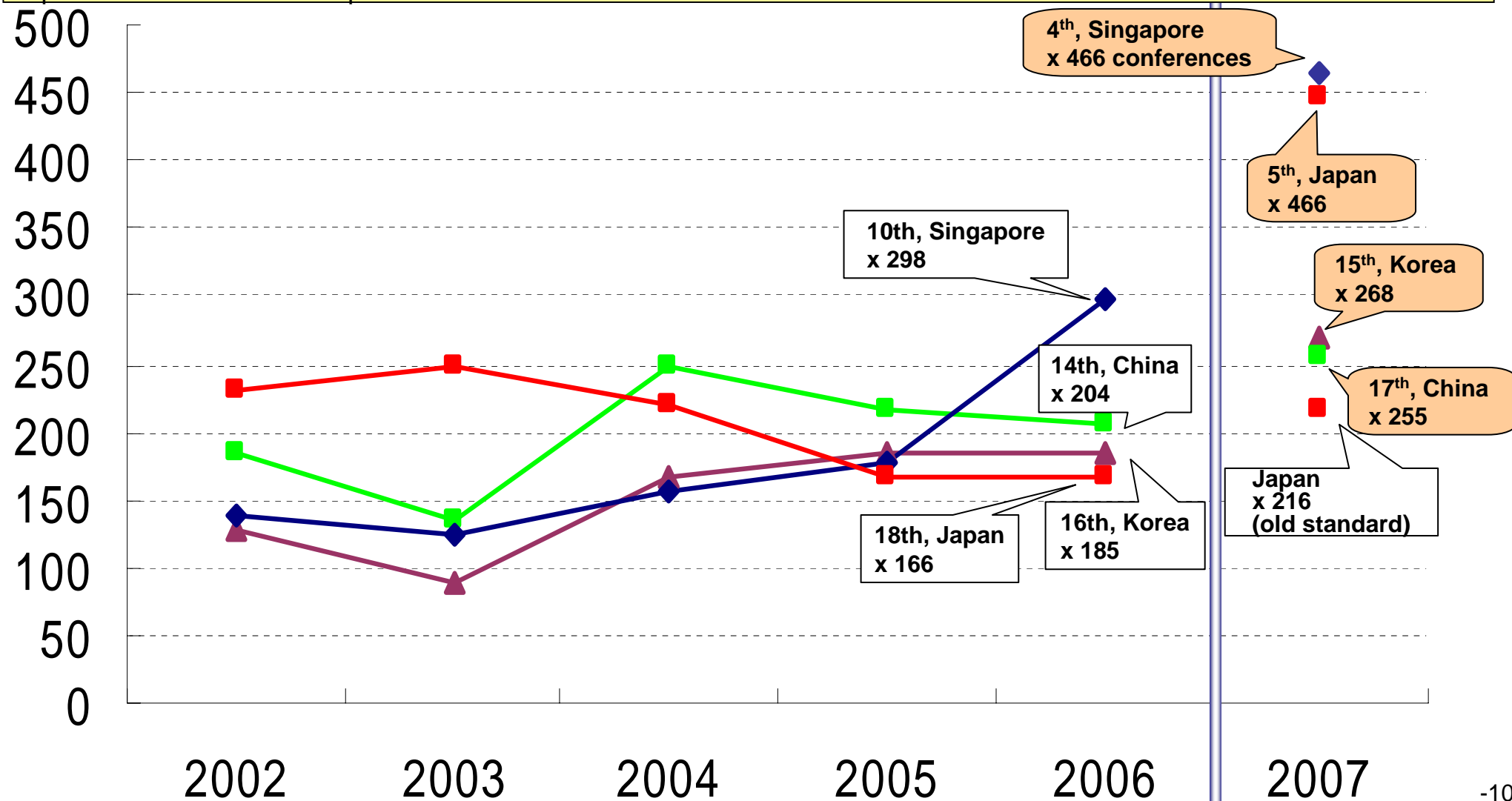
Inducement to Production	¥53.1 trillion	... 5.6% of domestic production in the interindustry table
Inducement to Added Value	¥28.5 trillion	... 5.5% of nominal GDP
Inducement to Employment	4.41 million jobs	...6.9% of workforce



Source: MLIT "Travel and Tourism Consumption Trend Survey"

International Conferences held in Japan

- Increase the number of international conferences held in Japan by more than 50% by 2011: 168 in 2011 to 252 in 2011.
- Japan was ranked 5th with 448, a major gain from last year's 18th place with 166 in line with the relaxed UIA standard. The number would be 216 according to the criteria based on the target figures in Tourism Nation Promotion Basic Plan.
- Other Asian countries increased their numbers as well. Especially Singapore leaped ahead from the last year's 10th place with 298 to the 4th place with 466 conferences.



Realizing a tourism nation is a national task essential for developing Japan's economic society

- Tourism Nation Promotion Act enacted in December, 2006
- Tourism Nation Promotion Basic Plan approved at a cabinet meeting in June, 2007

Enhance global mutual understanding



Vitalize regional economy

This nation needs a framework for the public and private sectors working together to realize a tourism nation.

**Japan Tourism Agency established at MLIT
to promote a tourism nation in a comprehensive and systematic manner**

Japan Tourism Agency's Role

- Support communities taking the initiative in developing attractive tourist sites
- Support the efforts to enhance the tourism industry's global competitiveness
- Promote international tourism, e.g. boosting the number of overseas visitors to Japan
- Improve the environment for promoting sightseeing trips

Effects of the establishment of Japan Tourism Agency

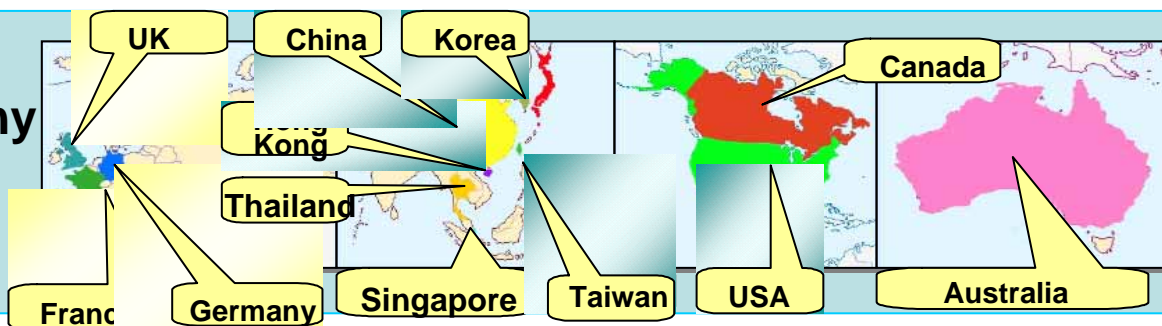
- Enhanced capability to offer information overseas as a government representative
- Reinforced all-nation approach under the leadership of the Japan Tourism Agency commissioner eliminating sectionalism
- Provision of a one-stop window for tourism related issues to regional people

Send out information on how attractive tourist sites in Japan are and conduct the Visit Japan Campaign with the public and private sectors working together to support the effort to create appealing Japan tour products with an aim to increase the number of visitors to Japan to 10 million by 2010.

Priority Markets

12 countries/regions sending many visitors to Japan

Surveys conducted in emerging markets;
India, Russia and Malaysia
(Initiated from 2009 surveys in the Philippines, Indonesia, Italy, Spain, Vietnam, Mexico and GCC countries)



Improve Recognition

Programs to offer information on the attractiveness of Japan's tourism

- Invite overseas media and support their coverage
- Advertisements such as overseas TV commercials
- Send out information through Web sites
- Participate in overseas tourism expositions



Inviting Hong Kong media (in Sendai in August, 2008)



Japan-France Tourism Exchange Year advertisement on bus (March, 2008)

Solicit Visitors

Support creation and sales of appealing Japan tour products and expand youth exchange programs

- Invite overseas travel agencies to Japan and hold business conferences
- Insert joint advertisements of Japan tour products
- Invite educational tours to Japan



Singapore educational tour to Japan seminar (Aug., 2008)



Large-scale business conferences Yokoso Japan Travelmart (Oct '08)

* When the above programs are conducted with a local government/business, the government bears up to the half of the total expense. (Visit Japan Campaign Regional Coalition Program)

The Tourism Nation Promotion Strategic Council (Chairman Jiro Uchio, Chairman of Ushio, Inc.) recommended that The Japan Tourism Agency develop a medium- and long-term tourism nation strategy in cooperation with ministries concerned, especially one related to inbound tourism (a target of 20 million visitors by 2020). After deliberations by its working group, the council compiled a report “Realization of the age of 20 million overseas visitors to Japan.”

Visitors to Japan in the age of 20 million visitors

- About 1 out of 6 overnight tourists are international visitors (1 out of 14 in 2007)
- Ratio of international visitors' spending to the total travel consumption
5.8% in 2006 to 16.3% in 2020
to exceed USA's current 14.3% and to close in on UK's 18.1% and Germany's 17.0%

Estimated are ¥4.3 trillion travel consumption by overseas visitors to Japan and 390 thousand jobs created as a direct employment effect when the 20 million visitor target is realized.
2006 travel consumption: ¥1.4 trillion



To look into an overseas promotion strategy aiming at 20 million visitors and a measure for a comprehensive improvement of a reception environment in terms of software and hardware areas

All Economic Effects on Japan

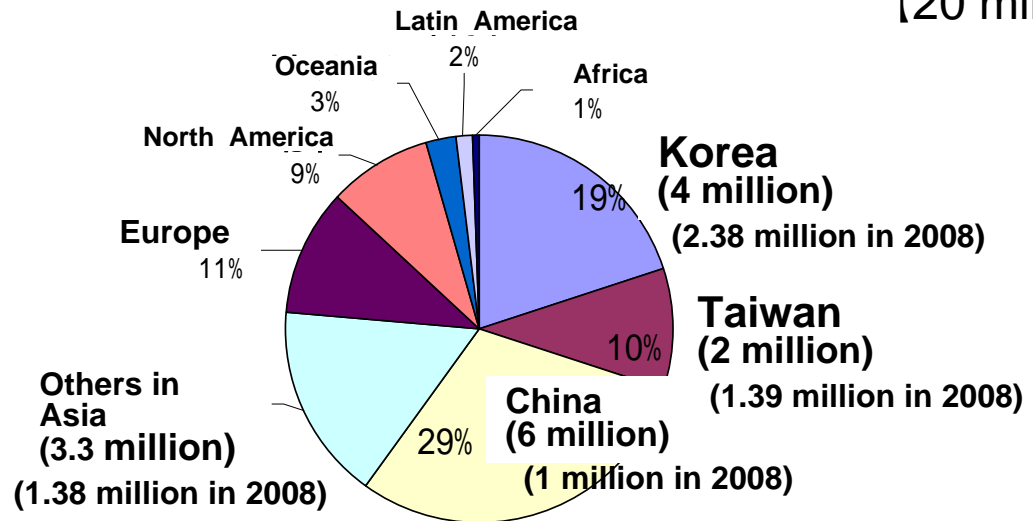
Overseas Visitors
20 million
 (8.35 million in 2008)

Travel Consumption
¥4.3 trillion
 (¥1.4 trillion in 2006)

Direct Employment Effect
390K jobs
 (120K in 2006)

Overseas Visitors in 2020

[20 million]



Asia: 76%

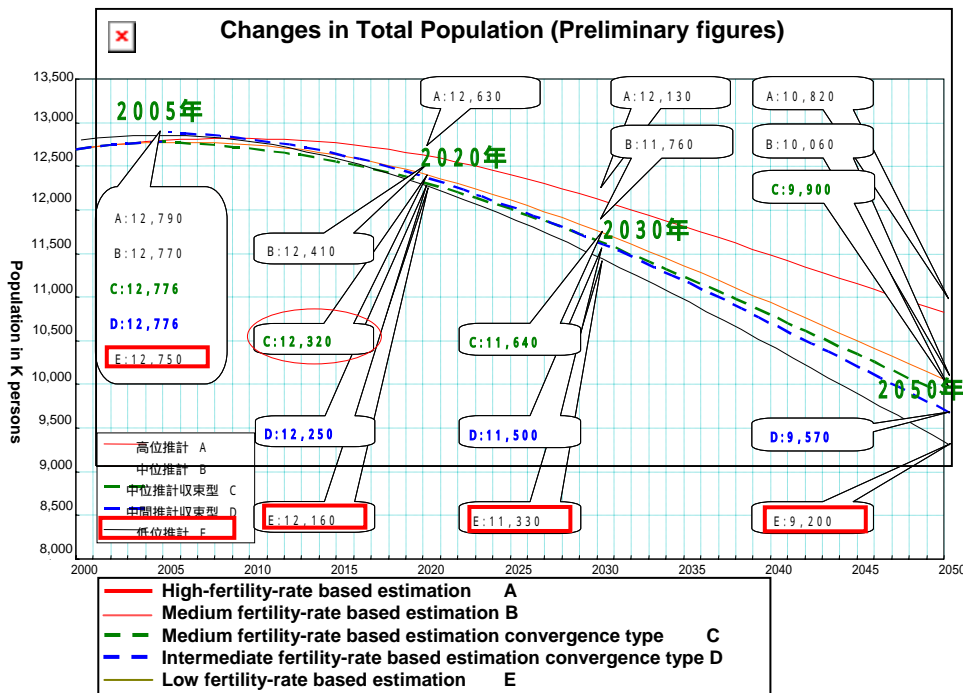
Economic Effects on Local Areas

The ratio of overseas visitors visiting three major metropolitan areas versus those visiting other local areas: 7 vs 3

If half of the planned 20 million overseas visitors visit local areas, that will have a further impact on local economy

Overseas visitors visits to local areas would create
 ¥1.6 trillion consumption, ¥2.0 trillion added value and 313 thousand jobs

Decreasing Residential Population



Estimated Future Population by Zone (provisional figures by MLIT Planning Bureau)

Pop		Tohoku	Greater Tokyo	Chubu	Hokuriku	Kinki	Chugoku	Shikoku	Kyushu	Nation-wide	
Actual	2000年	Pop	1,229	4,132	1,699	313	2,086	773	415	1,345	12,693
	2005年	Pop	1,207	4,237	1,722	311	2,089	768	409	1,335	12,776
		from 2000		-1.9%	2.5%	1.3%	-0.8%	0.2%	-0.7%	-1.6%	-0.7%
Latest Trend Type (2000-2005 pure migration rate fixed type)	2010年	Pop	1,170	4,300	1,710	300	2,070	750	400	1,310	12,700
	2020年	Pop	1,090	4,330	1,650	280	1,990	710	370	1,250	12,320
		from 2005		-9.6%	2.1%	-4.1%	-8.9%	-4.9%	-8.1%	-9.7%	-6.2%

- Note 1: "The Latest Trend Type" is a number count that is what the pure population migration rate among prefectures is fixed with the latest (2000 - 2005) coefficient.
- Note 2: The estimated population is matched to the total population estimated with the fertility rate which has an assumption that the deviation between the total fertility rate used for the medium-fertility-rate based estimation in the intermediate fertility-rate estimation convergence type ("Japan's Future Population," an estimate made in Jan. 2002 compiled by National Institute of Population and Social Security Research Future ") and the current statistic score converge until 2030.
- Note 3: The unit used for the population figures except the actual numbers are in 100 thousand persons. Also, ratios are calculated based on actual numbers.

Source: Prepared by MLIT National and Planning Bureau based on "Japan's Future Population(estimate made in Jan. 2002)" compiled by National Institute of Population and Social Security Research.

Note 1: "The medium-fertility-rate based estimation convergence type" has an assumption that the deviation between the total fertility rate used for the medium-fertility-rate based estimation and the current statistic score converge until 2030.

Note 2: "The intermediate fertility-rate estimation convergence type" is an intermediate value between the medium-fertility-rate based estimation convergence type and low-fertility-rate based estimation convergence type.

And, "the low-fertility-rate based convergence type" has an assumption that the deviation between the total fertility rate used for the low-fertility-rate based estimation and the current statistic score converge until 2030.

Source of the above two materials:
National Land Development Council Planning Work Group

Falling population will accelerate especially in local areas

Decreasing local spending will lead to shrinking local economy

Fear of widening regional differences

Tourism Zone strategy

- from scattered dots to linear alignment
and to a space -

1. Geographical Stretch

- from hotels to towns
- from towns to environs

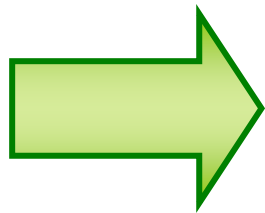
2. Temporal Stretch

- from daytrip to overnight trip
- from one overnight stay to multiple-night stay
- from seasonal to year-round

3. Interpersonal Stretch

- from just a guest to a big fan (repeater)
- from weekend residents to bi-regional residents

To make it happen



Enhance coordination among the three

1. Tourism industry and other industries
2. Local businesses and a local government
3. One local area and another

Need to take concrete steps based on the needs of tourists

< service quality improvement and branding at each zone >

Lodging

- Separation of board from bed, sending off tourists from hotel to town through, e.g., expansion of local consumption of local produce.
- Enhance the hospitality level in the lodging area through, for example, the introduction of a common hot spring coupon.

Tourism Resources

- Enrich the lineup of hands-on, learning, interacting and dining activities (especially those during early morning and evening hours).
- Put brands on tourism-related products by focusing on their genuineness, background information, differentiating factors and unique features.

Transportation and Transfer

- Figure out way to transform the feeling of a burden (cost) of moving to that of a joy (benefit)
- Enhance the ability to attract tourists by improving access and make a transfer within a zone easy.

Guidance, Information Provision and Marketing

- Enhance sightseeing suggestions to meet the needs and objectives of tourists.
- Improve marketing capability through improving customer satisfaction and introducing a common reservation system and membership program.

Develop Tourism Zones to Extend Tourists' Stay

Developing Tourism Zones

Leverage Tourism Resources

Develop tourism-related products leveraging attractive tourism resources



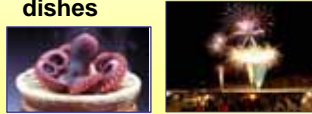
Enhance Tourism Guidance and Information Provision

- Introduce sightseeing suggestions
- Improve information signs



Enhance lineup of Hands-on, Interacting and Dining Activities

- Hold early-morning and evening events
- Develop distinctive local dishes



Central government's major support items to initiatives coordinated between local areas

Budgetary (aids to tourism zone development project costs) and Fiscal Investment and Loan steps

Support regional efforts to improve accommodations, tourism resources, transportation and guidance information provision

Boost regional efforts to develop a tourism zone good for spending 3 days and 2 nights comfortably and improve tourists' satisfaction level

Coordination in the hardware side

Give consideration to the efforts to coordinate a tourism zone development project with social capital improvement projects such as improving landscape and information signs

Enhance the comprehensive attractiveness of the whole tourism zone including items in the hardware side

Exceptions to Vitalizing Rural Areas Act

A Subsidy to support revitalizing rural area projects can be given to exchange facility building projects in rural areas in a tourism zone.

Enhance the lineup of programs for tourists to enjoy their stay such as hands-on and exchange activities in rural areas

Exceptions to Travel Agency Law

Exceptional measures applied to travel agents such as hotel and ryokan operators

Extend guests' stay by making it possible for hotels and ryokan to sell long-stay tour products to their guests

Support Initiatives based on Tourists' Needs

Effects

Build globally competitive, attractive tourist sites

Extend domestic and overseas tourists' stay to more than that of 3 days and two nights

Revitalization of regional economy

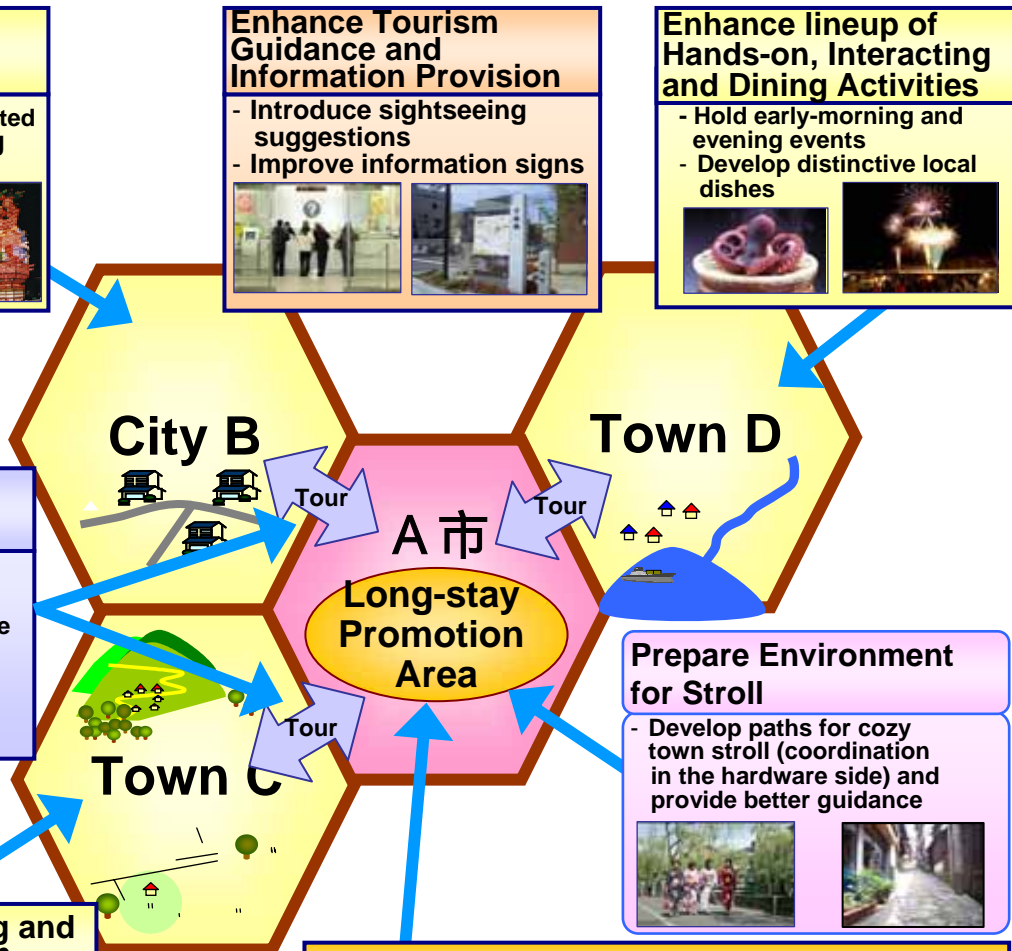
Provide Comfort in Transfer

- Introduce discount excursion tickets
- Plant trees on roadside



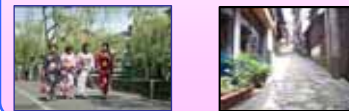
Enhance Farming and Fishing Hands-on Programs

- Provide facilities for hands-on and exchange activities
- Develop farming experience programs



Prepare Environment for Stroll

- Develop paths for cozy town stroll (coordination in the hardware side) and provide better guidance



Improve the Appeal of Accommodations

- Introduce separation of board from bed
- Introduce common hot spring coupons
- Promote hotels' efforts to push local travel products their guests



Tourism Zones (30 zones)

(as of June 1, 2009)

