

White Paper on Tourism in Japan, 2008

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Current Status of Tourism in FY2007

Part I New Developments in Tourism Policy

Chapter 1 Concerted Promotion of Tourism Policy by the Government and Strengthening of the System of Tourism Administration

Section 1 Formulation and Promotion of the Tourism Nation Promotion Plan

The “Tourism Nation Promotion Act” (hereinafter “the Act”), which clearly identifies tourism as an important cornerstone of Japan’s national policy in the 21st century, came into effect on January 1st, 2007.

Based on the Act, the “Tourism Nation Promotion Plan” (hereinafter “the Plan”) was decided by the Cabinet on June 29th, 2007. It sets out basic principles related to measures for materializing a tourism nation and specifies a number of targets, as well as government measures and other action necessary to achieve those targets. The targets include ① increasing the number of foreign travelers to Japan to 10 million, ② increasing the number of Japanese tourists traveling overseas to 20 million, ③ increasing the value of tourism consumption to 30 trillion yen, ④ increasing the number of overnight stays per person in connection with domestic travel to 4 nights per year, and ⑤ increasing the number of international conferences held in Japan by at least 50%.

In future, based on the Plan, the government will make concerted efforts to implement measures to promote Japan as a tourism nation in a comprehensive and systematic manner.

Section 2 Towards the Creation of a Tourism Agency

To comprehensively and systematically promote measures aimed at creating a

tourism nation, a task of pressing urgency will be to develop an organized system for public and private sectors to combine in making efforts that involve the whole nation.

Therefore, with a view to clarifying the organizations that have responsibility for tourism administration and developing a system that will make it possible to implement functional and effective measures, a Bill for the establishment of a Tourism Agency in the Ministry of Land, Infrastructure and Transport was submitted to the 169th session of the Diet. The Bill was passed on April 25th, 2008, and the new law was promulgated on May 2nd. The new Tourism Agency is due to be established on October 1st, 2008.

Chapter 2 Sustainable and Attractive Tourism Based on Environmental Conservation

Amid the debate on environmental issues in recent years, it has been proposed that “environment” and “development”, rather than being mutually exclusive, can actually be made to coexist in harmony. As such, there have been calls for the promotion of “sustainable development”, whereby development is pursued with consideration for environmental protection. In this way, the interests not only of present generations but also of future generations will be assured.

In activities related to tourism, there is a growing awareness of the important social, cultural and economic significance of tourism. With the enactment of the Tourism Nation Promotion Act in 2006, establishing Japan as a tourism nation has been clearly identified as an important national policy for the 21st century, and public and private sectors should combine in making efforts to this end.

In this Tourism Nation Promotion Act, protecting environments and scenic beauty in tourist locations is also highlighted as an important policy.

Thus, the government will verify that, by reinforcing efforts for environmental

protection by the tourism industry and tourist locations, the attraction of tourist locations will be increased, and this in turn will contribute to the sustainable development of tourist locations and the creation of tourist locations that are “good to live in, good to visit”.

Section 1 International Trends Related to Tourism and the Environment

According to the United Nations World Tourism Organization (UNWTO), the number of foreign travelers accepted into every country reached a new record high of 846.39 million in 2006 (an increase of 5.4% over the previous year), illustrating how the tourism sector has grown steadily on a global scale in recent years. Moreover, further progress and growth in human exchanges and economic activity are expected to result from tourism.

Within this trend, the importance of “sustainable tourism” has been recognized by bodies like the World Tourism Organization (UNWTO), the Organization for Economic Cooperation and Development (OECD) and Asia-Pacific Economic Cooperation (APEC). Organizations such as these are now engaged in lively debate on the impact of environmental problems on the tourism sector, as well as measures by the tourism sector to address environmental problems.

Section 2 Present Status and Problems of Efforts for Environmental Protection by Japan’s Tourism Industry

The present status and problems of efforts for environmental protection by Japan’s tourism industry will now be analyzed with reference to a questionnaire¹

¹ Outline of the MLIT “FY2007 Survey of Awareness on Tourism and the Environment in the Tourism Industry”

Duration of survey: December 7th-21st, 2007

Survey targets: Travel agents, hoteliers, event organizers

Method of distribution and collection: By mail

Numbers distributed and collected

Questionnaires distributed: travel agents – 2,250, hoteliers – 1,725, event organizers – 87

Valid responses collected: travel agents – 718, hoteliers – 462, event organizers – 9

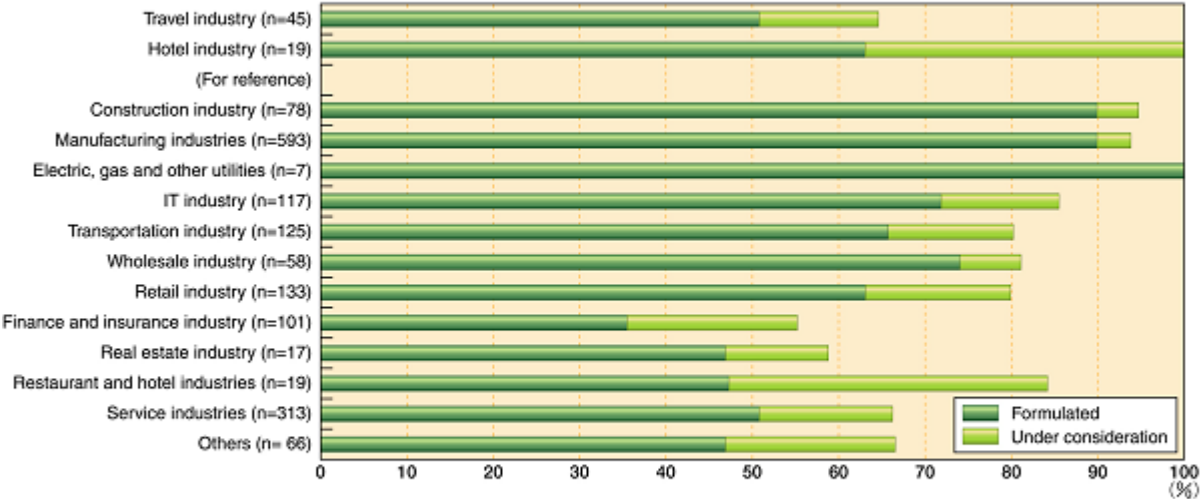
aimed at the tourism industry (travel agents, hoteliers, event organizers) to ascertain the status of trends on environmental protection in Japan’s tourism sector, in relation to these international trends.

1 Present status of efforts

(1) The status of efforts for environmental protection in the tourism industry

In terms of efforts for environmental protection by approximately 1,200 companies in the tourism industry, about 40% of businesses have prepared some kind of system for efforts concerning the environment. Taking large corporations (500 employees or more) in particular, although systems for such efforts are lagging somewhat behind those of manufacturing industries, they could be seen as on a par with finance and insurance, real estate and other non-manufacturing industries.

Fig. 1 Formulation of Management Policies on the Environment in Large Corporations (500 employees or more)



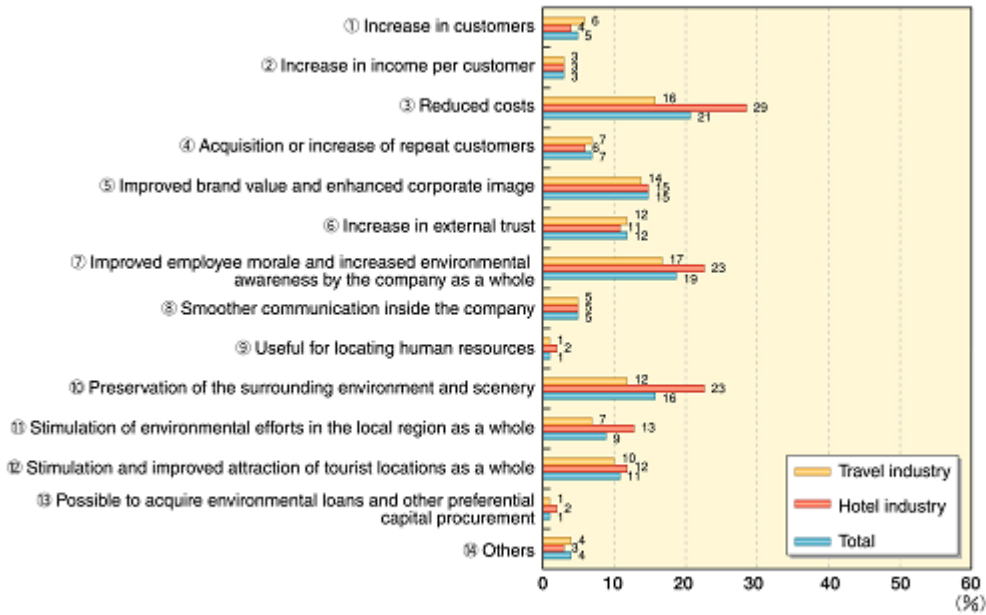
(Notes) 1 For the travel and hotel industries, companies with 500 or more employees (45 travel agents, 19 hoteliers) were selected from the “FY2007 Survey of Awareness on Tourism and the Environment in the Tourism Industry”.
 2 Figures for reference are based on the results of 1,626 “Unlisted companies and business establishments with 500 or more employees” from the “Survey on Eco-Friendly Activities by Companies” by the Ministry of the Environment (FY2006).
 3 The number of responses in each industry is marked on the graph (of the 1,636 companies, 9 recorded “No response”).

Valid response rate: travel agents – 31.9%, hoteliers – 26.8%, event organizers – 10.3%

(2) Effects arising from efforts for environmental protection

As actual effects arising from efforts for environmental protection, companies cite not only effects obtained within their business (“Reduced costs” and “Improved employee morale and increased environmental awareness by the company as a whole”) but also many effects that are diffused throughout the local area (“Preservation of the surrounding environment and scenery”, “Stimulation of environmental efforts in the local region as a whole”, and “Stimulation and improved attraction of tourist locations as a whole”).

Fig. 2 Effects of Efforts for Environmental Protection (Tourism Industry)



(Notes) 1 Source: “FY2007 Survey of Awareness on Tourism and the Environment in the Tourism Industry”.
 2 Events industry also included in totals.

2 Problems

As problems related to efforts for environmental protection, many businesses cite problems in terms of business operation and management (“Increased costs, difficult to recoup investment”, “Reduced working efficiency, inconvenience”, “Difficult to obtain employees’ understanding or uniform awareness concerning efforts”, etc.), and problems in obtaining the understanding and cooperation of

customers (“Difficult to convey the intention of environmental efforts to customers” and “Inconvenience and burden for customers”).

With a view to solving these problems, meanwhile, there were many voices calling for “Subsidies and support for environmental activity”, as well as strong calls for the “Creation of networks involving local authorities, the tourism industry and residents”, “Promotion of environmental activity together with the community” and “Provision of information on eco-friendly corporate activity”. These show that, to promote efforts for environmental protection in the tourism industry, support in terms of finance and information is important, as well as promoting efforts that involve the whole community.

Fig. 3 Problems Related to Efforts for Environmental Protection (Tourism Industry)

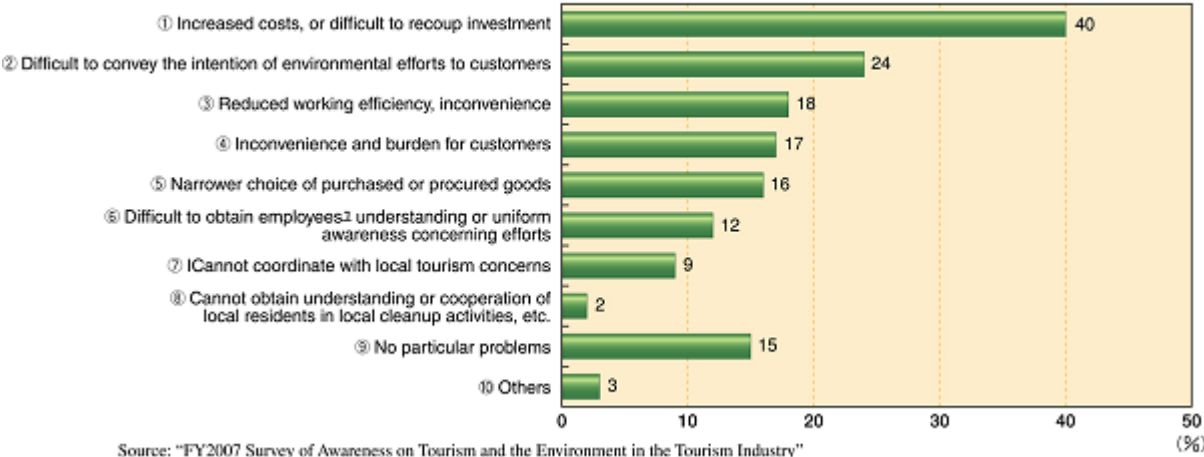
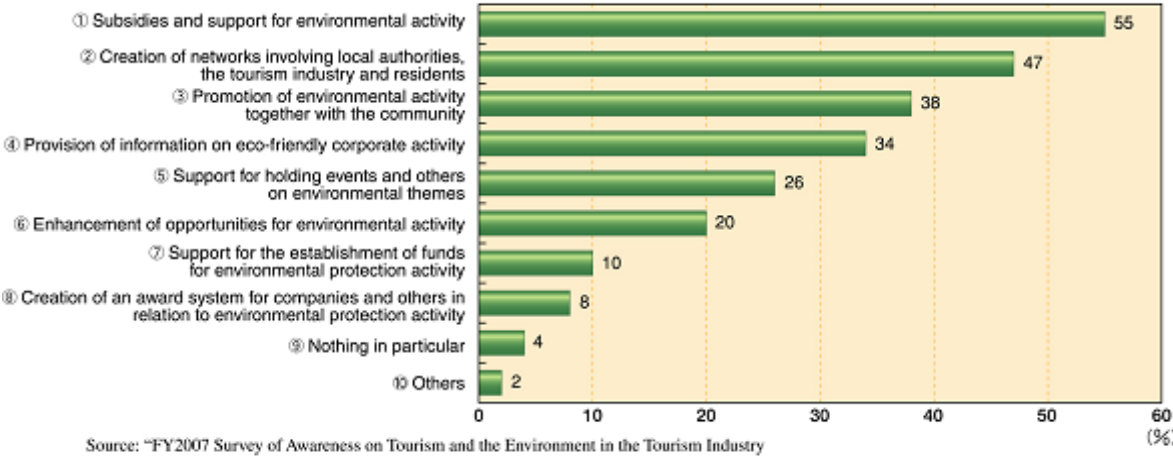


Fig. 4 Support and Systems Sought when Tackling Environmental Protection (Tourism Industry)



Section 3 Efforts for Environmental Protection in Japan’s Tourist Locations and the Present Status and Tasks of Regional Stimulation

In the previous Section, we concentrated on efforts for environmental protection by tourism as an “industry”. In this Section, our analysis focuses on tourist locations as “communities”, in order to examine what sort of impact efforts for environmental protection have on the stimulation of tourist locations, in particular.

1 Present status and tasks of local public bodies in tourist locations

(1) Present status of efforts

In a questionnaire survey aimed at municipalities that include tourist locations, responses were received from about 300 municipalities². About 60% of them answered that their priority policy in efforts for environmental protection was “Positively tackling efforts as a chance to increase recognition” or “ Making certain efforts as a long-term administrative task”, suggesting that they are positively tackling environmental protection. Efforts that were undertaken particularly positively included “Protecting natural, ecological, cultural and historical heritage, etc.” and “Preserving and continuing handicrafts, traditional performing arts, customs, festivals and other local culture”, promotional activities such as “Publicizing the attraction of local farm and fishery produce” and “Activities to attract tourists from outside the prefecture and remote locations”, as well as “Collaboration between local authorities and the tourism industry”, among others. The impression given was that activities to

² Outline of the MLIT “FY2007 Survey of Awareness on Tourism and the Environment by Local Public Bodies”

Duration of survey: December 7th, 2007, to January 18th, 2008

Survey targets: Officers responsible for tourism policy in 402 municipalities – Noteworthy tourist locations and local public bodies (e.g. those that had opened new tourism facilities) were selected from 100 top tourist locations selected by MLIT and the Ministry of the Environment, case studies of environmental action in tourist locations, and the results of tourist behavior surveys by various prefectures (incoming visitor number surveys).

Method of distribution and collection: By mail

Numbers distributed and collected

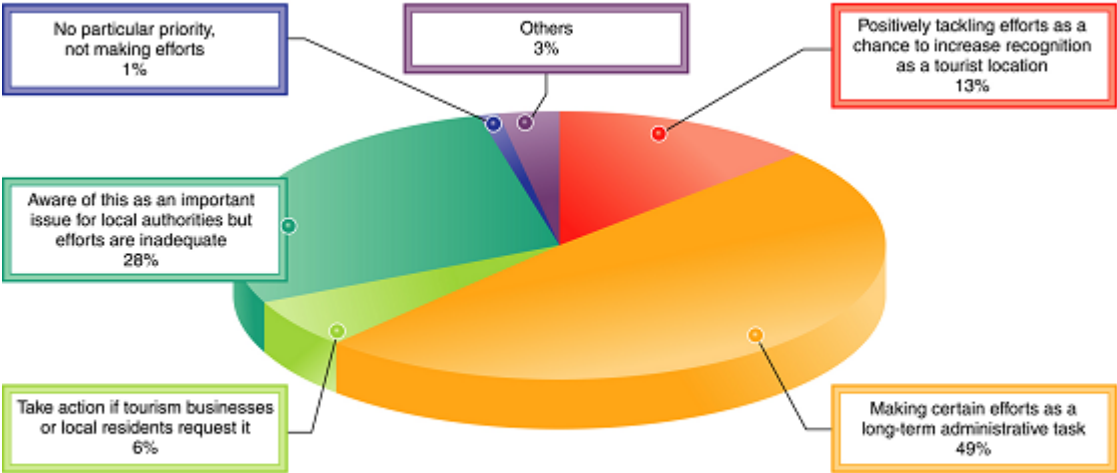
Distributed: 402

Valid responses: 285

protect tourism resources and make their attractions known to outsiders are being positively pursued, as well as the promotion of measures through public-private collaboration.

Cited among the effects of these efforts were “Increased opportunities for local efforts to be highlighted by the media, etc.”, as well as “Diffusion of local farm and fishery produce, local cuisine, etc.” and “Increased number of visitors from outside the prefecture or remote areas” in terms of tourism, and “Increased attraction of the region’s natural scenery”, “Increased participation of local residents in environmental protection activities” and “Increased preservation of historical heritage”, among others, as effects in environmental terms.

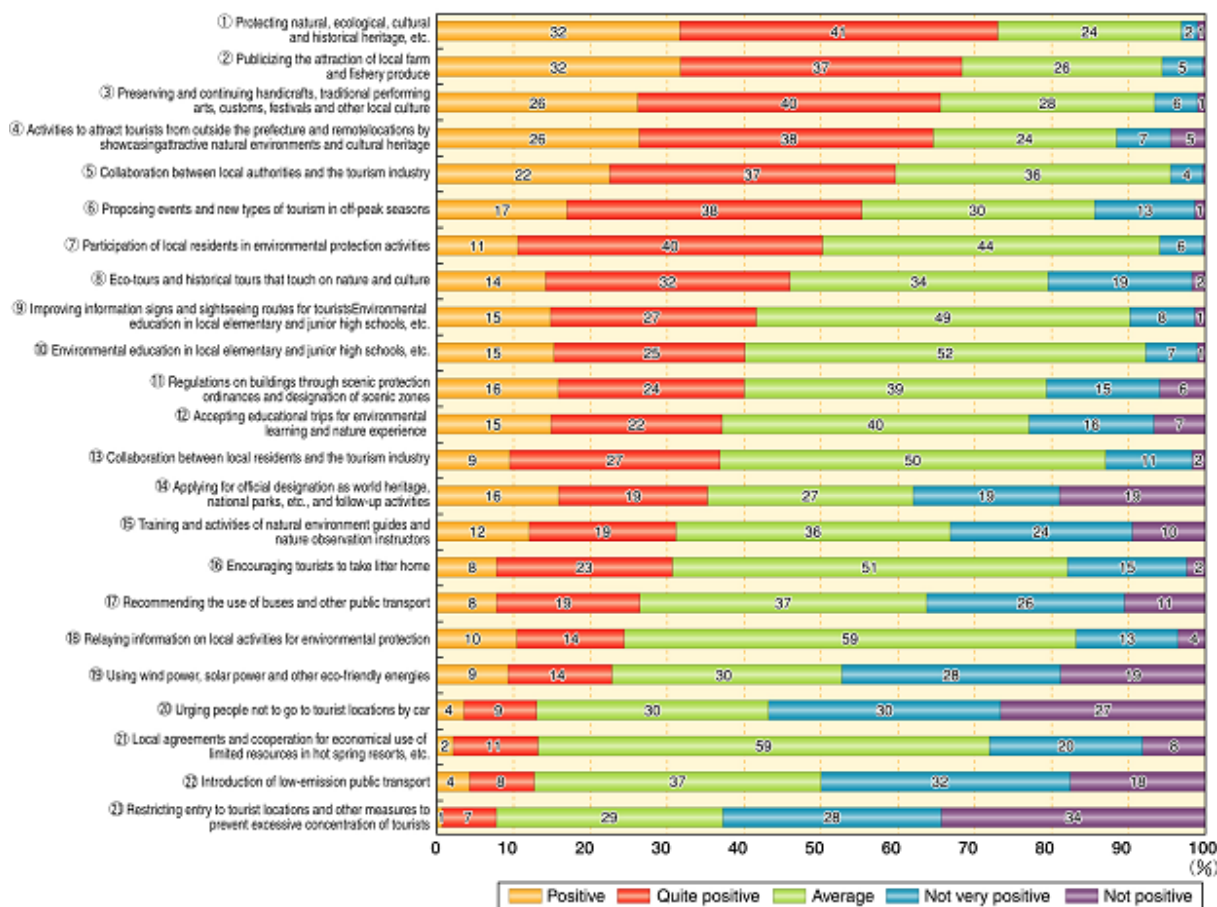
Fig. 5 Priority Policies in Efforts for Environmental Protection (Municipalities)



Source: “FY2007 Survey of Awareness on Tourism and the Environment by Local Public Bodies”

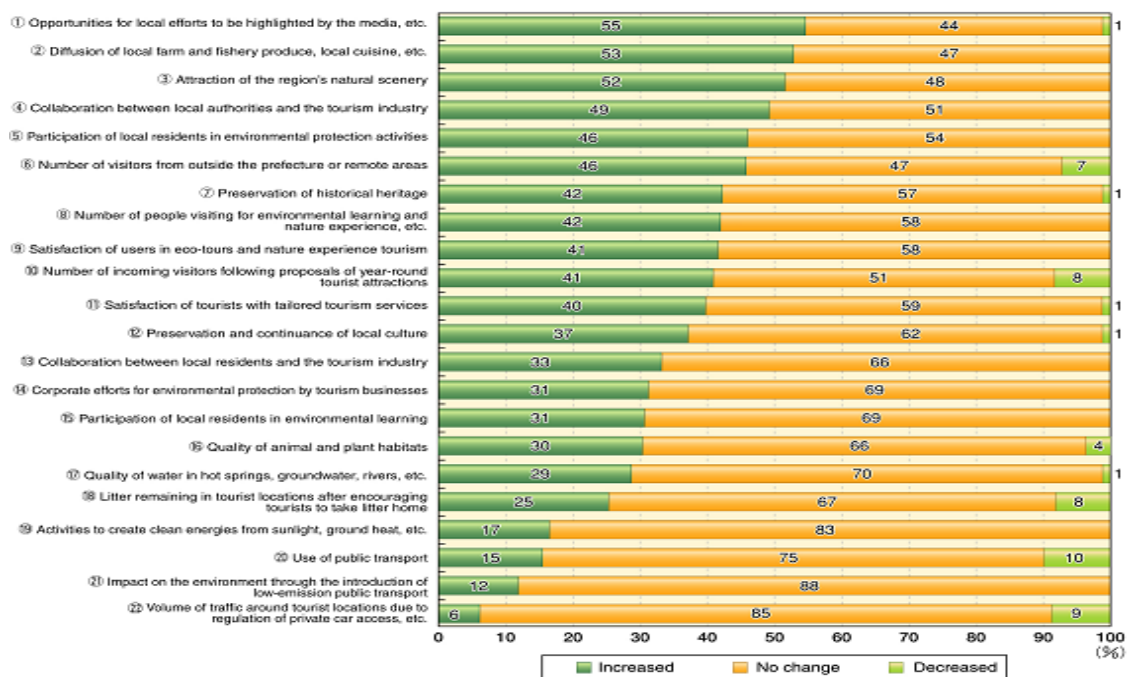
Valid response rate: 70.96%

Fig. 6 Specific Efforts for Environmental Protection (Municipalities)



Source: "FY2007 Survey of Awareness on Tourism and the Environment by Local Public Bodies"

Fig. 7 Effects of Efforts for Environmental Protection (Municipalities)

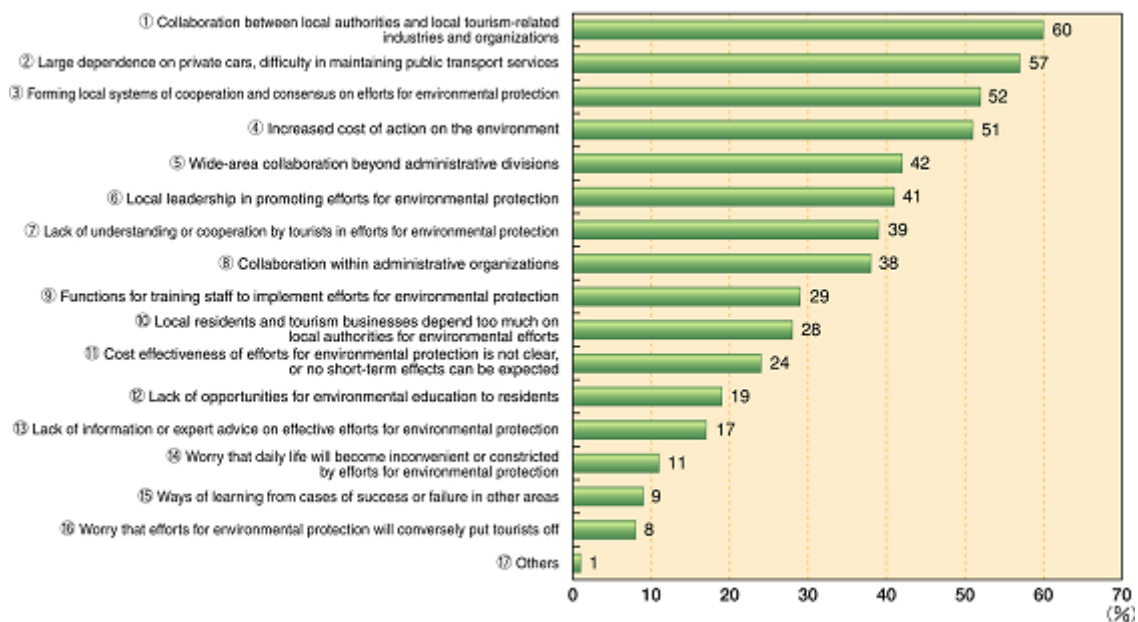


Source: "FY2007 Survey of Awareness on Tourism and the Environment by Local Public Bodies"

(2) Problems

In their efforts for environmental protection, more than half of all municipalities cite problems in creating cooperative relationships, such as “Collaboration between local authorities and local tourism-related industries and organizations”, “Forming local systems of cooperation and consensus” and “Wide-area collaboration beyond administrative divisions”, as well as other problems like “Large dependence on private cars, difficulty in maintaining public transport services” and “Increased cost of action on the environment”. On the other hand, concerns when undertaking environmental protection, such as “Worry that daily life will become inconvenient or constricted” and “Worry that efforts will put tourists off”, were not so significant.

Fig. 8 Problems When Making Efforts for Environmental Protection



Source: "FY2007 Survey of Awareness on Tourism and the Environment by Local Public Bodies"

2 Analysis of efforts for environmental protection and stimulation of tourist locations

To discover the effects of specific efforts for environmental protection, 19 tourist locations engaged in pioneering efforts related to environmental protection

were surveyed and analyzed. The targets were broadened beyond local public bodies to include local residents, local tourism businesses, etc., and even the tourists themselves³. The 19 target areas were selected to provide as great a diversity as possible, taking account of the characteristics of those areas, their tourist locations and environmental efforts.

Fig. 9 Nineteen Areas Subject to Analysis of Efforts for Environmental Protection, etc., in Tourist Locations

Environmental efforts Category of tourist location	Environmental education, nature experience	Environmental protection	Mitigation of environmental burden
Natural beauty	Ayakawa Gorge (Aya-chō)	Lake Mashō (Teshikaga-chō)	Shiretoko (Shari-chō)
Hot spring	Kusatsu Hot Spring (Kusatsu-chō)	Yufuin (Yufu City)	Yuhara Hot Spring (Maniwa City)
Historical site		Iwami Silver Mines (ōda City) Horikawa River, Matsue Castle (Matsue City)	Kamakura city center (Kamakura City) Shirakawa-gō (Shirakawa Village)
Rural / fishing village	Katsuyama City Toba Island (Toba City)	Kabukuri Marsh (osaki City)	Minami Aso Village
Urban location			Hibikinada (Kitakyushu City)
Other	Minamata City	Kōnotori-no-Sato Park (Toyooka City)	Kuzumaki-chō Naoshima-chō

(1) Efforts by residents and others in tourist locations, and their outcome

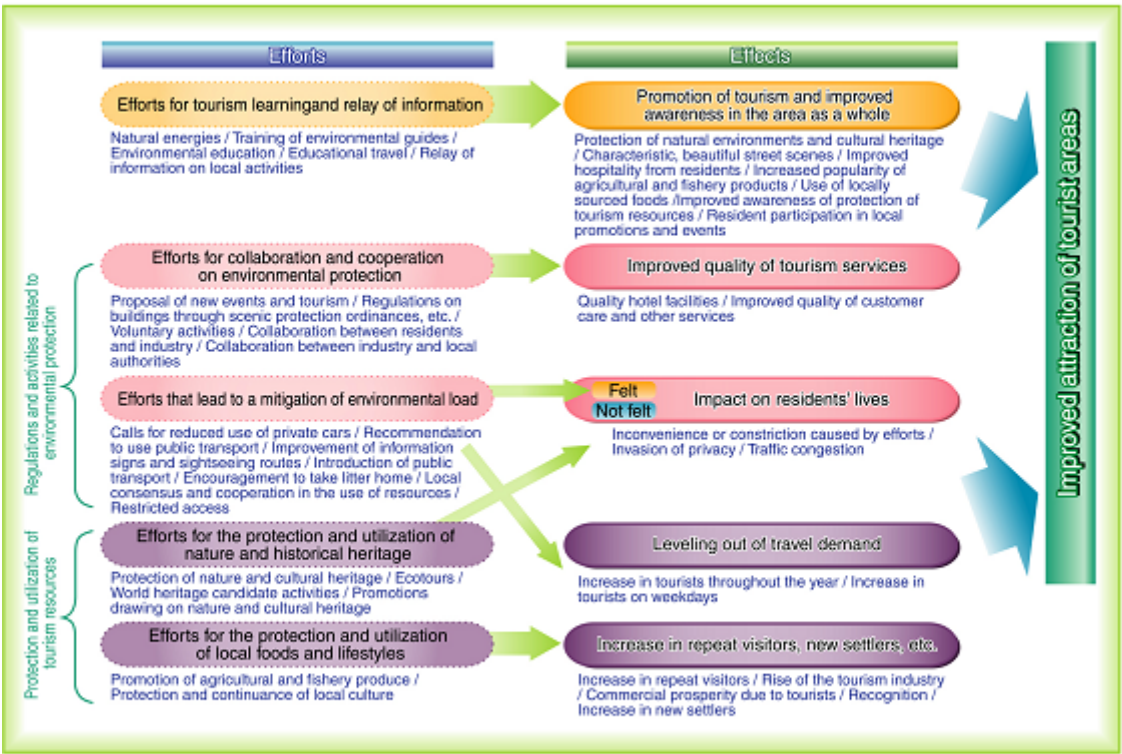
To analyze efforts related to environmental protection and their outcome in more detail, a “Survey of Awareness on Tourism and the Environment by Residents and Others in Tourist Locations⁴” targeted the residents and other people in 19

³ This analysis was based on a questionnaire survey of local residents, etc., and tourists. It was difficult to use objective numerical data such as statistical surveys in which data are aggregated in units of administrative divisions, since the survey was aimed at tourist locations corresponding to only one part within the administrative divisions of municipalities. For these and other reasons, there are certain constraints (limitations) to the precision of the analysis.

⁴ Outline of the MLIT “FY2007 Survey of Awareness on Tourism and the Environment by Residents and others in tourist Locations”
 Duration of survey: December 21st, 2007, to January 25th, 2008
 Survey targets: Residents and the local tourism industry, tourism and regional development NPOs, commerce and tourism organizations, etc., in 19 areas
 Method of distribution and collection: Distributed directly or by mail, collected by local public bodies or by mail
 Numbers distributed and collected
 Distributed: To residents – 200 in each area (not possible to distribute all 200 in some cases)
 To the tourism industry, etc. – 30 in each area (not possible to distribute all 30 in some cases)
 Valid responses: From residents – 1,403 From the local tourism industry, etc. – 296 Total 1,699
 Valid response rate: Valid response rate could not be calculated because there were several areas in

pioneering areas of environmental protection. Based on the data obtained from the survey, the cause-and-effect relationship between efforts related to environmental protection and their effects was analyzed using the technique of covariance structure analysis⁵, with the following results.

Fig. 10 Relationship Between Efforts for Environmental Protection by Residents and Others in Tourist Locations and Their Effects



- (Notes) 1. Prepared by MLIT from the “FY2007 Survey of Awareness on Tourism and the Environment by Residents and Others in Tourist Locations”
 2. Text in blue indicates the content of questions in the questionnaire.
 3. Arrows are only shown when there is a strong correlation between the effort and the effect. The absence of an arrow does not indicate a lack of correlation between effort and effect.

① Efforts for environmental learning and relaying information

which not all of the questionnaire papers could be distributed, making it impossible to ascertain the total number actually distributed.

⁵ A method of analyzing the cause-and-effect relationship between phenomena that cannot be measured directly, by quantifying them on the basis of observed phenomena. Component concepts that cannot be measured directly (for example “sales efforts”, “sales ability”) are calculated from observation variants that can be measured (for example “number of visits per household”, “number of customers”, “sales turnover”), and the cause-and-effect relationship between those components (“sales efforts” and “sales ability”) can then be clarified. In this analysis, using the questions concerning efforts and results (printed in blue in the diagram above) as observation variants in the questionnaire survey, component concepts such as “Efforts for tourism learning and relay of information” and “Promotion of tourism and improved awareness in the area as a whole” (in the elongated circles) are calculated. The cause-and-effect relationship between efforts for environmental protection and their effects are then calculated by covariance structure analysis.

Positively relaying information on efforts for environmental learning and environmental protection in an area leads to concerted local activity, in the form of improved hospitality and improved awareness of the protection of environmental resources by residents, promotion of local consumption of local produce, and participation by residents in local promotion events. In particular, the relationship between efforts for environmental learning and relaying information and their effects is shown to be stronger than other relationships, and there is thought to be a high expectation that effects commensurate with efforts can be obtained.

② Efforts for collaboration and cooperation on environmental protection

Regulations through scenic protection ordinances, etc., and efforts to strengthen collaboration between local concerns are seen as signs of a consensus to protect and develop tourism resources in an area. It is thought that this itself could lead to an improvement in the quality of hotel facilities in the area, improved customer care services, and so on.

As an example of regulations introduced for environmental protection, Yufu City in Oita Prefecture (formerly Yufuin-chō) has restricted moves into the area by large hotels and other developments under its “Characterful Town Development Regulations”. This effort is expected to give added value to “Yufuin character”, maintain local brand value and provide high quality services, by protecting the rustic landscape, scenery and tourism resources of Mount Yufu.

③ Efforts that help to mitigate environmental burden

Calls for the reduced use of private cars, recommendations to use public transport, and other efforts that lead directly to a mitigation of environmental burden cannot always be said to produce positive effects for the residents and others in tourist locations. Among other problems, local residents feel inconvenience or constriction as a result of these efforts. Nevertheless, in Kamakura City (Kanagawa Prefecture), Shirakawa Village (Gifu Prefecture), Ōta-chō (Shimane Prefecture), and other areas

where the influx of private cars to tourist locations has caused adverse impacts to residents' lives (e.g. traffic congestion and deterioration of the environment), traffic control measures such as Park & Ride have conversely been introduced.

From another angle, efforts to mitigate environmental burden are seen to have the effect of curbing excessive concentration during particularly busy periods. As such, it has been suggested that these efforts could also contribute to a leveling-out of travel demand, such as an increase in tourists over the year and an increase in tourists on weekdays.

④ Efforts to protect and utilize natural and historical heritage

On the one hand, it is thought possible that activities such as protecting natural and cultural heritage or lobbying for designation as world heritage could bring inconvenience to local residents, etc., by causing a sense of restriction and increasing traffic congestion due to the concentration of tourists. However, survey results have shown that these are not felt as negative impacts on the lives of local residents, and it is thought that these moves are, if anything, regarded positively by the residents and others in tourist locations.

⑤ Efforts to protect and utilize local foods and lifestyles

Positively striving to protect and publicize the appeal of local agricultural and fishery produce as well as local culture is thought to improve the attraction and liveliness of an area, due to an increase in repeat visits to the area by tourists, the raised profile of the area, an increase in settlers from outside, and so on.

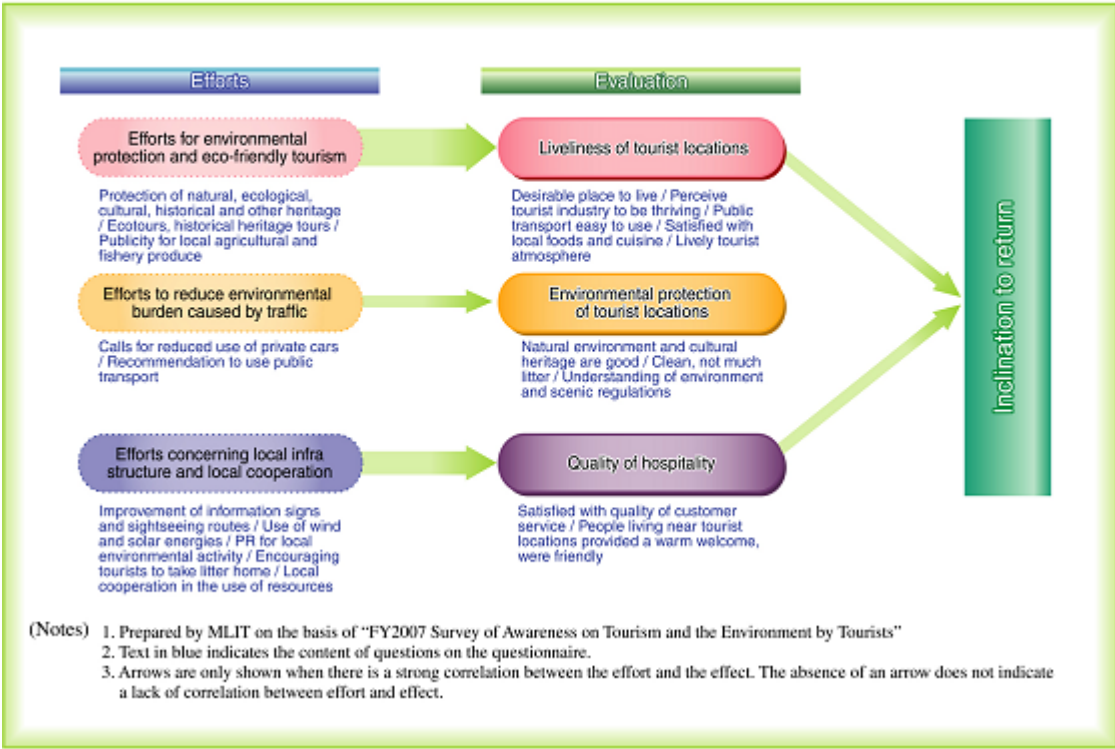
In Ōsaki City (Miyagi Prefecture), for example, attempts have been made to create symbiosis between wild birds and pastoral scenes in the area around Kabukuri Marsh called “Fuyu Mizu Tambo”. One result of this has been an increase in the added value of rice harvested here, in that there is now greater awareness of its safety and a new rice brand has been created. Other effects arising from efforts to protect natural ecosystems have been to increase the PR power of the area and raise its profile as an

area that is friendly to the environment, improve local image, and increase the number of “J-turners” (people from a rural area who return to the general region after a period in a major city) and other settlers from outside.

(2) Efforts and effects from the perspective of tourists

To measure the attraction of tourist locations, analysis was again carried out using covariance structure analysis, based on a questionnaire survey of tourists⁶.

Fig. 11 Efforts for Environmental Protection from the Perspective of Tourists, and the Relationship with Their Evaluation Thereof



① Relationship between efforts for environmental protection and their evaluation

It has been suggested that efforts such as protecting natural, historical or other

⁶ Outline of the MLIT “FY2007 Survey of Awareness on Tourism and the Environment by Tourists”
 Duration of survey: January to March 2008
 Survey targets: visitors to 19 areas (tourists)
 Method of distribution and collection: Interviews near tourist locations, and questionnaires left in central tourism facilities, etc.
 Number collected: 433

heritage and publicizing local products have the effect of increasing the sense of liveliness of a tourist location. For example, they may give a sense that the tourism industry is thriving, or make that tourist location more desirable as a place to live. Efforts to mitigate the environmental burden caused by traffic, meanwhile, lead to a perception that the environment in tourist locations is being well protected. Efforts related to local infrastructure and local cooperation lead to an improvement in the quality of hospitality. This is thought to result from the fact that efforts aimed at tourists, such as improving information signs and sightseeing routes or encouraging tourists to take litter home, have the effect of improving the awareness of hospitality among residents and others in tourist locations.

② Impact on inclination to return

Survey results show that, as factors that influence tourists' inclination to return to a location, improving the liveliness of the location and the quality of hospitality are more or less equally related. In terms of the competitiveness of tourist locations in attracting visitors, the factors of recognition and price appear to play a major part for tourists visiting a location for the first time. From this analysis, however, the quality of customer service and hospitality is also thought to be a major factor in persuading tourists to visit the same tourist location again.

The deciding factor in the choice of tourist locations has shifted from price to quality of service. In future, if locations start to compete over the quality of services, the quality of efforts for environmental protection is expected to become competitive as a distinguishing factor, and in future this trend will need to be watched closely.

(3) Problems with differences in the awareness of municipalities, residents and others in tourist locations, and tourists

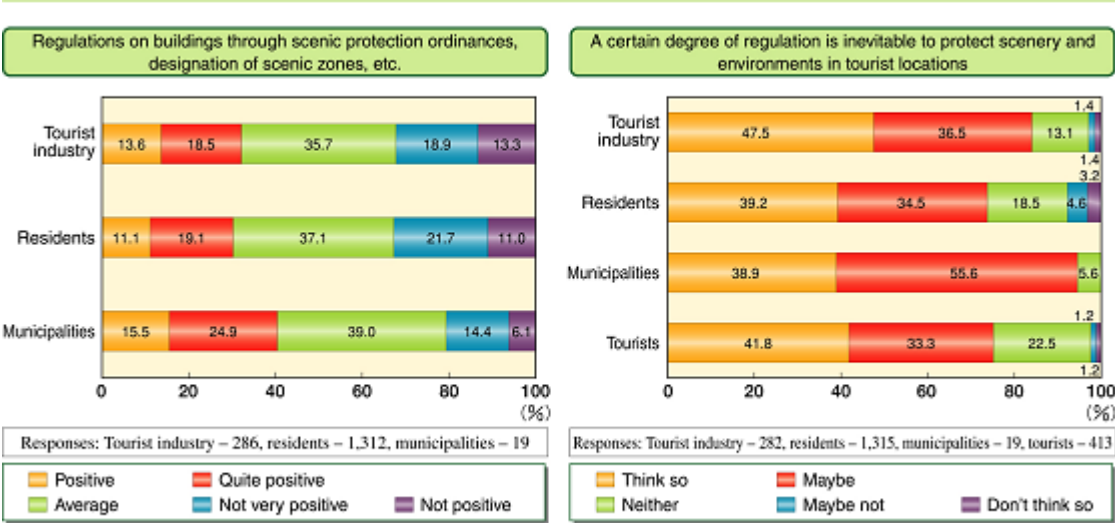
Attitudes to efforts on the environment, and the results thereof, generally tend to be evaluated more harshly by municipalities, compared to residents and others in

tourist locations and the tourists themselves.

① Regulations through scenic protection ordinances, etc.

While municipalities are confident that they are positively tackling regulations through scenic protection ordinances, etc., residents and others in tourist locations do not feel that these are being tackled so positively. Also, in the 19 areas targeted by this survey, about 30% of municipalities had formulated scenic protection ordinances aimed at tourist locations, while certain regulations such as the designation of scenic zones had been introduced. Nevertheless, about 80% of residents and others in tourist locations thought that “A certain degree of regulation is inevitable for environmental protection”. From this, it is thought that local residents and others have a higher tolerance of regulations than is generally perceived by local public bodies.

Fig. 12 Comparison of Awareness by Municipalities in Tourist Locations, Residents of Tourist Locations, etc.



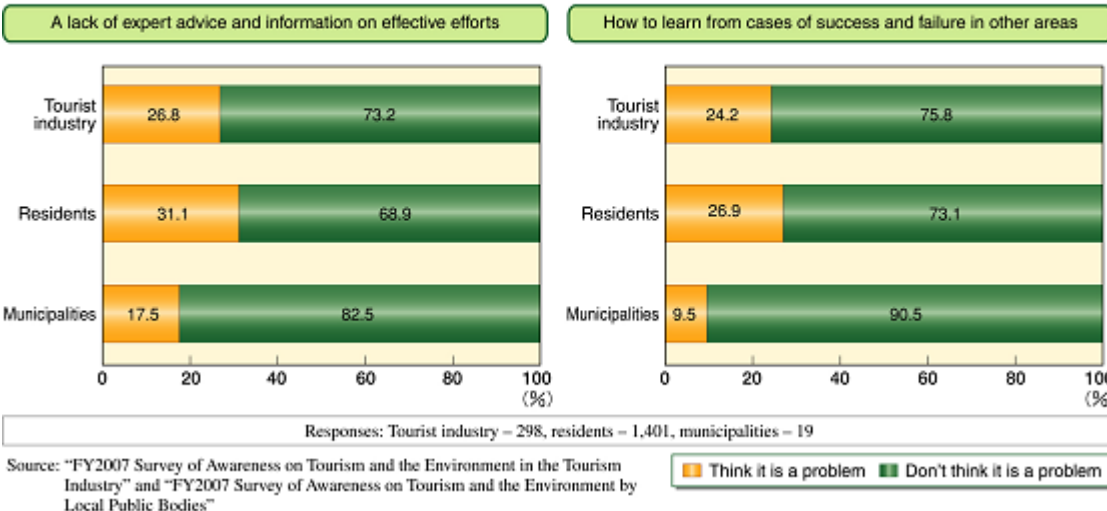
Source: "FY2007 Survey of Awareness on Tourism and the Environment in the Tourism Industry", "FY2007 Survey of Awareness on Tourism and the Environment by Local Public Bodies", "FY2007 Survey of Awareness on Tourism and the Environment by Tourists"

② Making use of experts and case studies from other areas

While residents and others in tourist locations have a strong awareness of issues such as “A lack of experts and information on effective efforts” and “How to learn from cases of success and failure in other areas”, in municipalities this awareness is relatively weak.

In future, local public bodies will be expected not only to continue activities in which they are already positively engaged (i.e. attracting tourists and publicizing agricultural and fishery produce), but also to positively provide detailed information to local residents, etc., introduce case studies from other areas, and train human resources inside the area.

Fig. 13 Comparison of Awareness by Municipalities in Tourist Locations, Residents of Tourist Locations, etc. (Topics Considered Problematic When Tackling Environmental Protection)



③ Efforts for environmental protection and the inclination to reside or visit

In tourist locations that many residents and others consider “Attractive as a place to live” and many tourists “Would like to visit again”, residents and others do not appear to feel any particular inconvenience or other adverse reactions to efforts for environmental protection. Survey results show that they are strongly aware of the need for a certain amount of regulation in order to protect scenery and environments. This is thought to suggest that, as well as being “good to live in, good to visit” in the true sense, these areas enjoy the synergistic effects of environmental protection and stimulation as tourist locations.

Section 4 Directions for Sustainable and Attractive Tourism through Environmental Conservation

Now that efforts for the environment have become an important issue in all sectors, efforts aimed at environmental protection are also being steadily advanced by various actors in Japan's tourism sector, including local public bodies, residents and the tourism industry. In pursuing such efforts, the need to build cooperative relationships beyond the efforts of individual actors has come to be strongly perceived.

The tourism industry is a resource-dependent industry whose existence depends to a large degree on natural tourism resources, which are difficult to reinstate once destroyed or lost. Therefore, not only do efforts for environmental protection form the core of sustainable growth for the tourism industry, but also the tourism industry itself is thought able to provide a lead for others through its efforts for environmental protection in a local area.

From the analysis outlined up to the previous Section, it has become clear that efforts for environmental protection are not only indispensable for the sustainable growth of tourism, but also play a large part in improving the attraction of tourist locations. This could suggest that the day will come when tourists will be attracted by efforts for environmental protection, or, conversely, when tourists will not be attracted if efforts for environmental protection are not attempted. As such, tourism, with its heavy dependence on local resources, should take today's trend for rising environmental awareness as a perfect opportunity to increase added value, further strengthen collaboration and cooperation between stakeholders, and strive to create sustainable, attractive tourist locations that are "good to live in, good to visit", in which the synergistic effects of three different elements (promoting tourism, environmental protection, and encouraging repeat visits by tourists) are well manifested.

Part II Status of Tourism and Measures in FY2007

Chapter 1 Current Status of Tourism

Section 1 Trends in Tourism by the Japanese Public

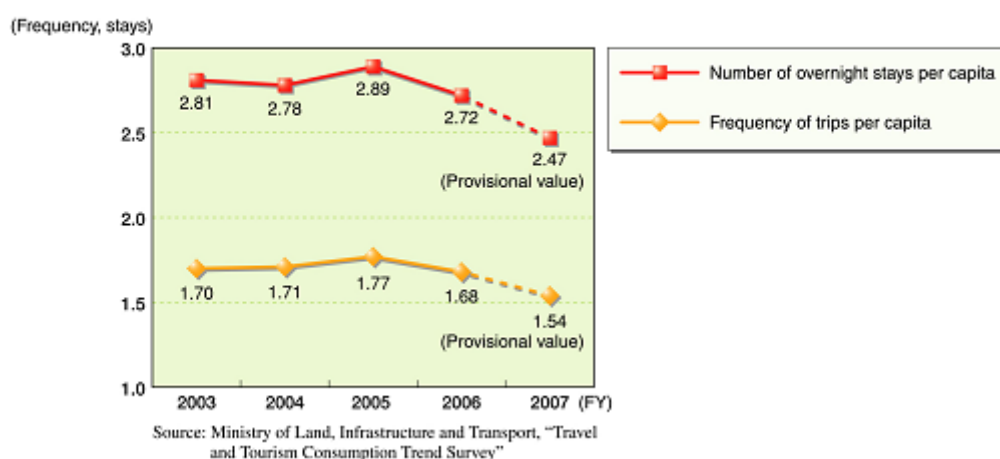
1 Trends in domestic overnight trips by the Japanese public

(1) Overview of domestic overnight tourist travel

The frequency of overnight domestic trips per capita of the Japanese population in FY2007 is estimated to have been 1.54, a decrease of 8.3% compared to the previous fiscal year. Meanwhile, the number of overnight stays on domestic trips per capita is estimated at 2.47, a decrease of 9.2% compared to the previous fiscal year.

Factors behind the decrease in domestic overnight trips are thought to include a decline in the average annual days of paid leave per worker, and leisure activity trends such as using limited leisure time for eating out, television games and other relatively minor activities. These trends will require further research and analysis in future.

Fig. 14 Trends in Frequency of Domestic Per Capita Annual Overnight Trips and Number of Stays

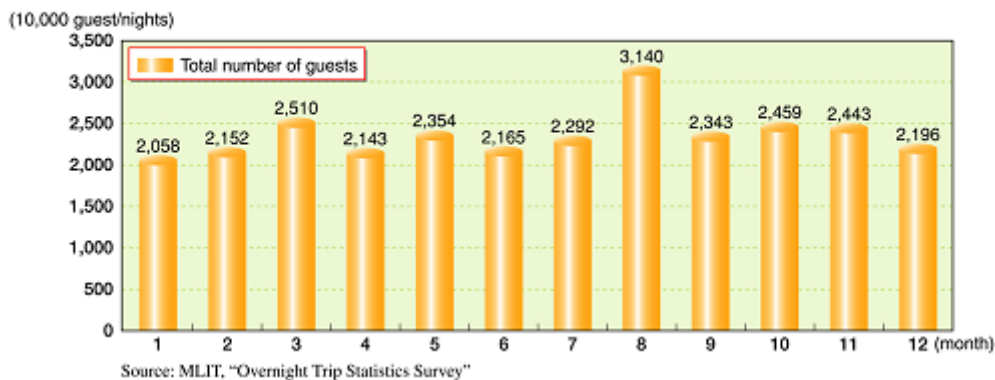


(2) General status of overnight trips

In January 2007, we started the “Overnight Trip Statistics Survey”, which is ① conducted under national uniform standards, ② aimed at all prefectures, and ③ used to survey data such as the number of guests staying in all hotels, inns and simple guesthouses with ten or more employees. According to the results of the survey, the total number of overnight guests between January and December 2007 was 304.45 million guest/nights overall, of which the total number of Japanese guests was 282.54 million guest/nights.

In terms of individual months, August was the busiest with 31.40 million guests while January was the quietest with 20.58 million.

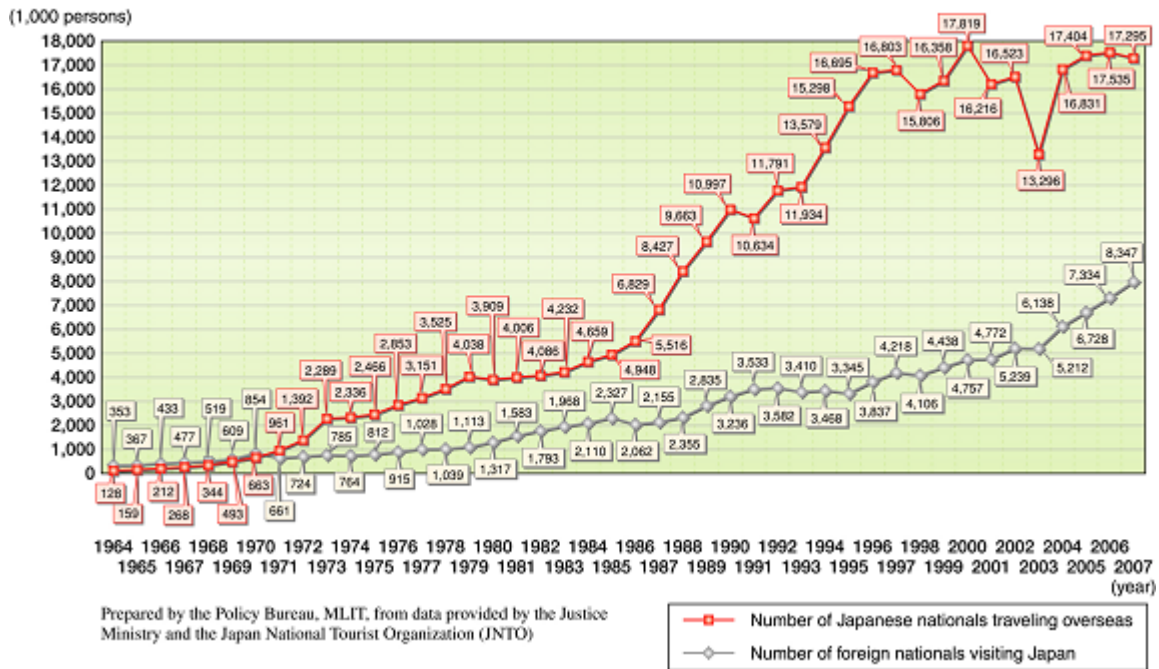
Fig. 15 Total Number of Japanese Overnight Guests by Month (2007)



2 Trends in overseas travel by the Japanese public

The number of Japanese nationals traveling overseas in 2007 was around 17.29 million. Compared to the previous year, this represented a decrease of around 240,000 or 1.4%.

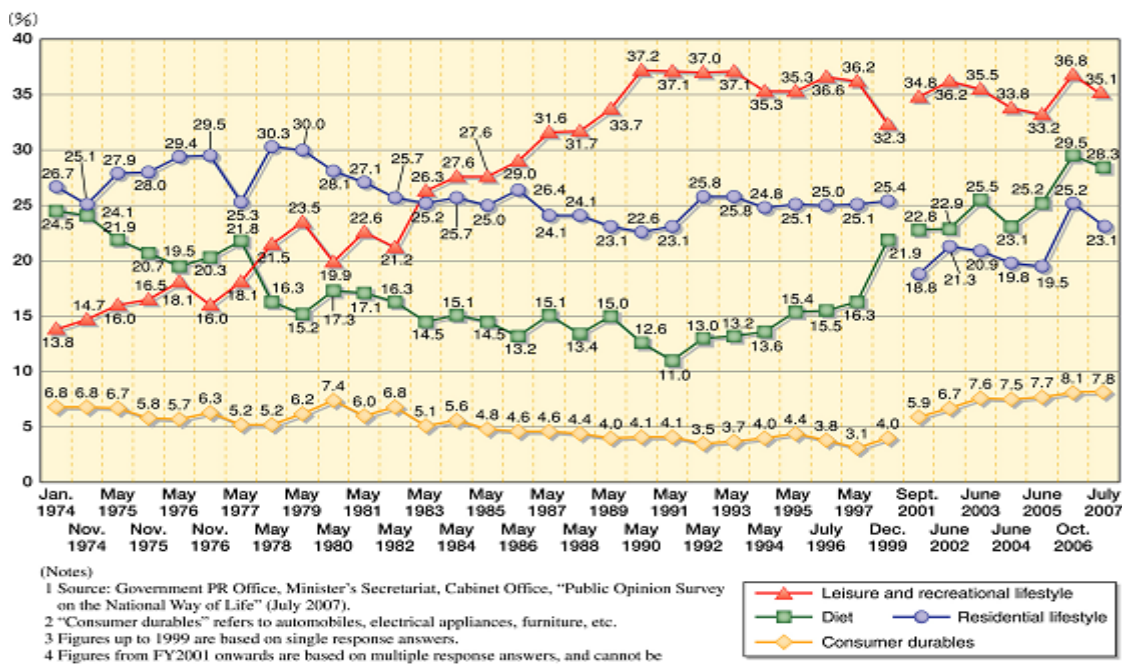
Fig. 16 Trends in Numbers of Japanese Nationals Traveling Overseas



3 Awareness trends and actual status concerning travel, etc., among the Japanese public

The sector in which most respondents wanted to place priority in their future lives was “Leisure and recreational lifestyle”, cited by 35.1%, followed by “Income” and “Diet” in that order.

Fig. 17 Trends in Priorities for Future Life



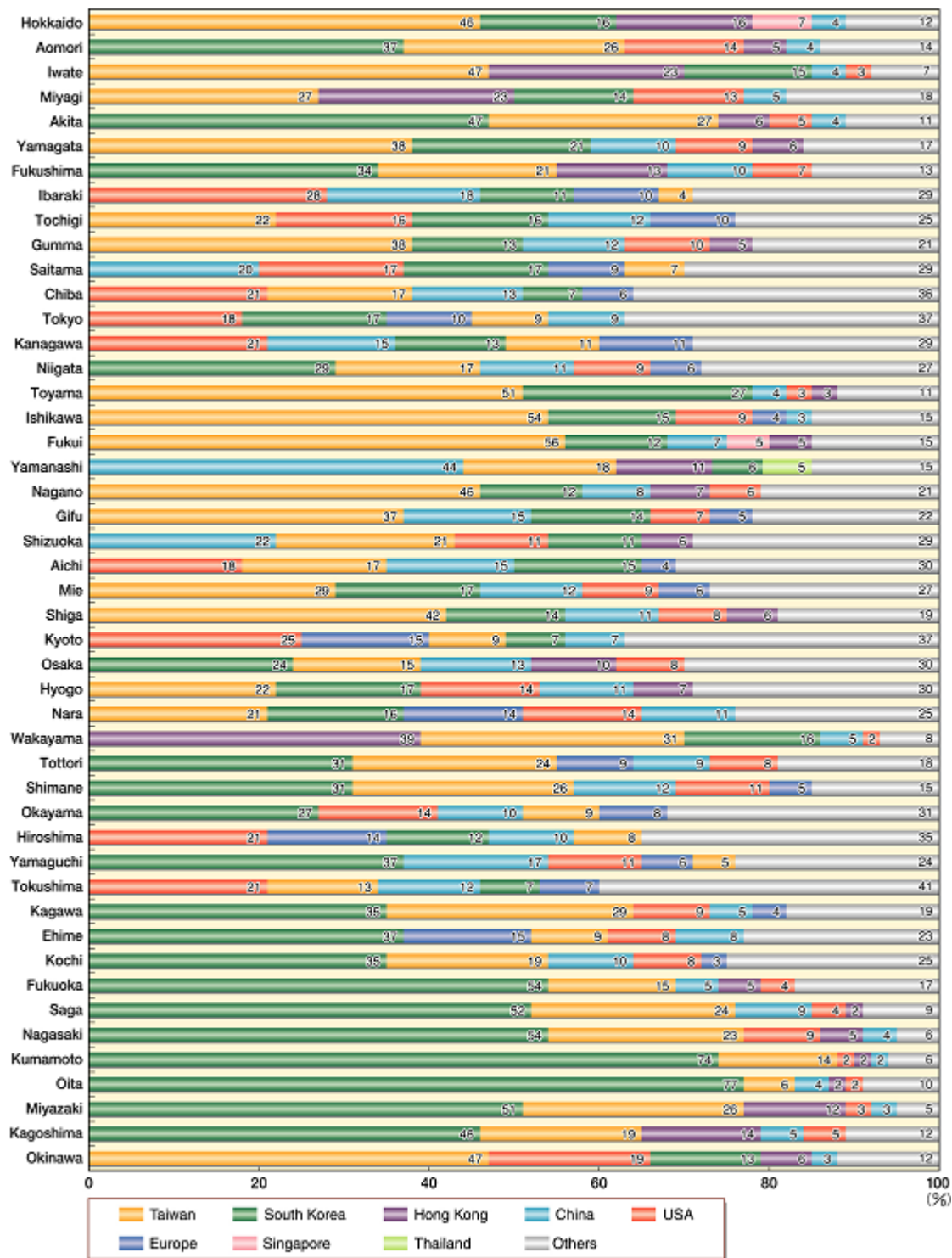
Section 2 Trends in Visits to Japan by Foreign Tourists

1 Trends in overnight trips by foreign tourists

(1) General status of overnight stays

According to the results of the “Overnight Trip Statistics Survey”, the total number of foreign guests between January and December 2007 was 21.91 million guest/nights. By prefecture and country or region of origin, many of the foreign nationals traveling to Kyushu were from South Korea, many of those visiting Hokkaido and Hokuriku were from Taiwan, and many visiting Tokyo and Kyoto were from America.

Fig. 18 Composition Ratios of All Foreign Nationals Making Overnight Stays, by Prefecture and by Country or Region of Origin (2007)



(Notes)

1 Source: MLIT, "Overnight Trip Statistics Survey"

2 "Foreign nationals" are visitors who do not have an address in Japan.

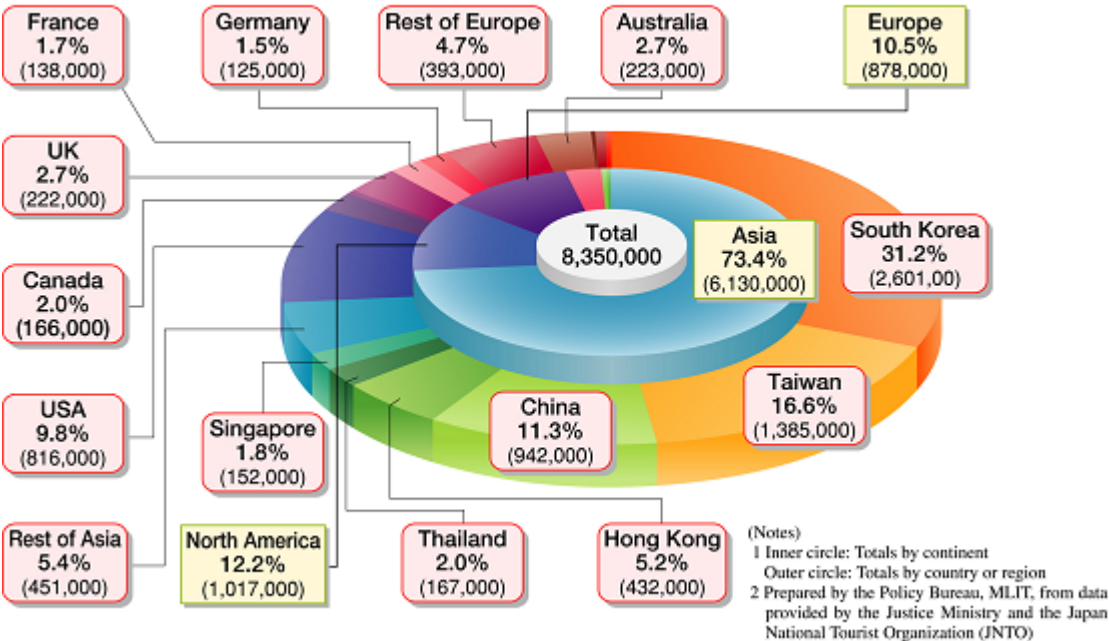
3 "Europe" consists of Germany, the UK and France.

(2) Number of travelers and their nationalities

The number of foreign travelers to Japan in 2007 was 8,347,000 (13.8% more than in the previous year), a new all-time record.

In terms of year-on-year changes in the country or region of origin, South Korea maintained a very high growth rate, rising by 22.8% to 2.6 million to occupy top position for the 9th year in succession. Below South Korea came Taiwan with 1.39 million (up by 5.8%), China with 940,000 (up by 16.1%), the USA with 820,000 (down by 0.1%), and Hong Kong with 430,000 (up by 22.6%), in that order, revealing particularly high growth for South Korea and Hong Kong.

Fig. 19 Proportions of Foreign Travelers Visiting Japan (2007)



2 Trends in international conventions

In 2003 Japan hosted 247 international conferences, the largest number in Asia, but in 2006 this fell to 166, putting Japan in 4th place in Asia behind Singapore, China and South Korea.

Section 3 Economic Effects of Travel on Japan as a Whole

1 Economic effects in FY2006

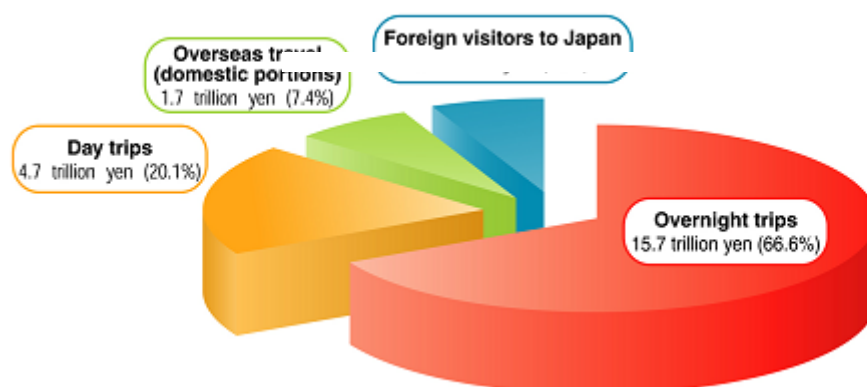
(1) Current status of travel consumption

The value of domestic travel consumption by the Japanese public in FY2006 was 15.68 trillion yen for overnight trips (a decrease of 4.2% from the previous fiscal year) and 4.74 trillion yen for day trips (an increase of 2.0%).

The value of travel consumption by foreign visitors to Japan was 1.36 trillion yen (an increase of 20.2% from the previous fiscal year), a vast rise accompanying an increase in foreign visitors to Japan.

The total value of domestic travel consumption in Japan was 23.54 trillion yen, a decrease of 1.4% from the previous fiscal year.

Fig. 20 Market Breakdown of Domestic Travel Consumption of 23.5 Trillion Yen (FY2006)



Source: MLIT, "Research on the Economic Effects of the Travel and Tourism Industries, VII"

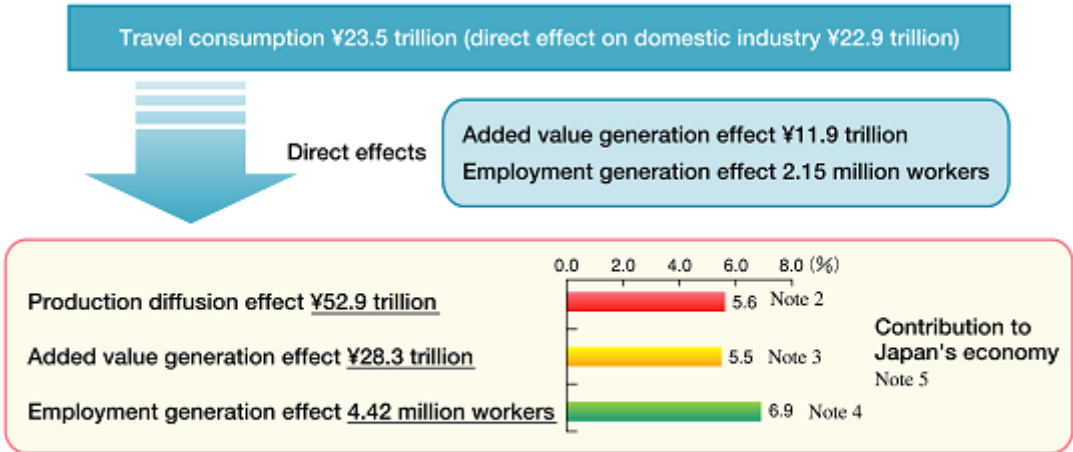
(2) Economic effects of travel on Japan as a whole

The direct economic effects on the Japanese economy due to the aforementioned domestic travel consumption of 23.54 trillion yen in FY2006 are estimated as a direct added value generation effect of 11.88 trillion yen and an employment generation effect of 2.15 million workers.

Meanwhile, the production diffusion effect of this travel consumption, including indirect

effects, is estimated at 52.89 trillion yen (5.6% of the value of domestic production), the added value generation effect at 28.33 trillion yen (5.5% of gross domestic product (nominal GDP)), and the employment generation effect at 4.42 million workers (6.9% of all persons in employment).

Fig. 21 Contribution to Japan's Economy (Economic Effects)

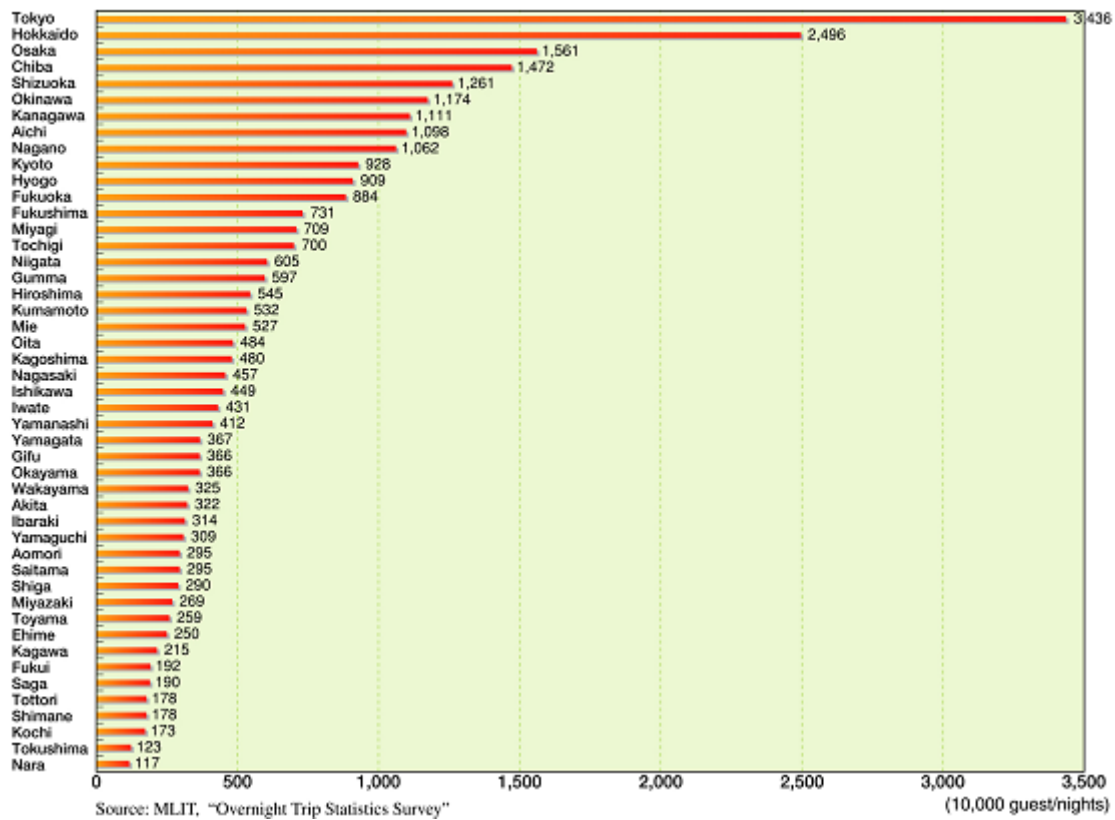


(Notes)
 1 Source: MLIT, Research on the Economic Effects of the Travel and Tourism Industries, VII"
 2 Corresponds to industry-related domestic production of ¥949.1 trillion (2000).
 3 Corresponds to nominal GDP of ¥512.2 trillion in the National Economy Computation (FY2006).
 4 Corresponds to a total workforce of 64.25 million in the National Economy Computation (FY2006).
 5 "Contribution" here means the proportion of all industries.

Section 4 State of Tourism in Prefectures According to the Overnight Trip Statistics Survey

Viewing the total number of guests by prefecture in 2007, Tokyo was in 1st place with 34.36 million guest/nights (11.2%), Hokkaido 2nd with 24.96 million guest/nights (10.4%), and Osaka 3rd with 15.61 million guest/nights (4.9%), these three prefectures accounting for about a quarter of the total.

Fig. 22 Total Number of Overnight Guests by Prefecture (2007)



Chapter 2 Creating Attractive, Internationally Competitive Tourist Locations

Section 1 Creating Attractive, Internationally Competitive Tourist Locations

1 Providing quality services that draw on the characteristics of tourist locations through collaboration between local public bodies, tourism businesses and other stakeholders

(1) As well as the “Tourism Renaissance Assistance Scheme” in support of private-sector attempts to stimulate tourist locations, a “Bill to Promote Visits and Stays by Tourists Through the Development of Tourism Spheres” was submitted to the 169th session of the Diet. The Bill, designed to promote the formation of tourism spheres that will encourage tourism involving at least two overnight stays among both

Japanese and foreign tourists, became law on May 16th, 2008.

(2) We implemented model projects called “Tourist Location Producers”. The purpose of these is to train and select human resources who can reinvest the effects of attracting tourists to their local areas, such as planning and directing efforts for the development of tourist locations, and to act as go-betweens with the respective localities.

(3) We have launched a “Tourist District Development Advisory Council” consisting of “Tourism Charisma” leaders, academic and professional experts, travel companies, and other stakeholders in each regional block. The Council gives advice on tourism district development.

2 Developing hotel facilities, restaurant facilities, information facilities and other travel-related and public facilities

(1) Treasury loans and special tax exemption measures have been made available for the development of hotels and inns.

(2) Grants for urban development have been used to support a wide variety of projects, both ‘hard’ and ‘soft’.

(3) Our development of travel-related and public facilities includes the development of street environments such as unique district development, scenic modification to the exteriors of housing, etc., undergrounding of power lines, development and improvement of roads, parks and other district facilities, and road improvement taking account of scenic views.

An example of scenic modification to the exteriors of housing, etc., undergrounding of power lines, etc., in a street environment development project (Imai-chō district, Kashihara City, Nara Prefecture)



Section 2 Creating Attractive Tourist Locations that Draw on Local Characteristics by Using Tourism Resources

1 We are promoting steps to protect, nurture, develop and otherwise improve tourism resources connected with national treasures, important cultural and other assets, world cultural heritage, and historical features in Kyoto and other ancient capitals.

2 We are promoting steps to protect, nurture, develop and otherwise improve tourism resources connected with national and quasi-national parks, world natural heritage areas and other places of outstanding natural beauty.

3 Protecting, nurturing and developing tourism resources related to scenic views
In FY2007, we established the Landscape Formation Comprehensive Support Project, and supported efforts based on preserving and utilizing structures and trees of scenic importance in line with the Landscape Act.

4 We have taken steps to protect, nurture and develop tourism resources connected with hot spring resorts and other culture, industry, etc.

Section 3 Comprehensive Development of Transport Facilities to Promote Visits by Tourists

We have promoted the development of international transport facilities such as Narita International Airport and the development of Shinkansen high-speed railways, expressways, etc.

Chapter 3 Strengthening the International Competitiveness of the Tourism Industry and Developing Human Resources to Contribute to Promoting Tourism

Section 1 Strengthening the International Competitiveness of the Tourism Industry

1 Conducting Travel Satisfaction Surveys, etc.

We conducted Travel Satisfaction Surveys of tourists traveling overseas, and analyzed these in order to study measures aimed at expanding mutual international exchanges.

2 Strengthening the international competitiveness of the hotel industry

We conducted demonstration experiments, such as separating accommodation from meals and providing long-term residential plans, in four locations including Sakunami Spa.

Section 2 Developing Human Resources to Contribute to the Promotion of Tourism

1 Enhancing further education to contribute to strengthening the international competitiveness of tourist locations and the tourism industry

(1) Enhancing academic societies and institutes of further education related to tourism

We have set up a “Cross-Sector Review Council on the Training of Tourism-Related Human Resources”, through which to study measures for training human resources in the tourism sector.

Meanwhile, in April 2007, faculties and graduate schools related to tourism were newly established in 5 universities. Altogether, 3,520 students are now enrolled in these subjects (in 33 universities), an increase of 1,615 over the past five years. Human resources related to tourism are also being trained in vocational colleges; as of May 2007, there were 11,727 pupils in a total of 156 travel-related courses in vocational colleges.

Scene from the 3rd Meeting of the “Cross-Sector Review Council” (March 13th-14th, 2008: Mita Kaigisho)



2 Improving the knowledge and abilities of workers in the tourism business

(1) Strengthening tourism management

We have surveyed and analyzed the skills needed by workers in the hotel business, and conducted studies aimed at establishing evaluation techniques.

Meanwhile, in 17 locations across the country, steps have been taken to strengthen tourism management by means such as training related workers.

(2) Holding Tourism Charisma classes

“Tourism Charisma Classes”, which aim to develop the human resources who will take care of promoting local tourism, were held in 8 districts.

3 Promoting the diffusion of knowledge on the culture, history, and other unique aspects of an area

(1) Enhancing education on the culture, history, and other unique aspects of an area in schools

In the “National Convention for Local Introduction and Tourism Volunteer Guides”, we introduced cases studies of voluntary guide activities by children and

pupils.

Chapter 4 Promoting International Tourism



Section 1 Encouraging Visits by Foreign Tourists

1 Prioritized and effective PR on the attraction of tourism in Japan

(1) Overseas PR, etc., on the attraction of tourism in Japan

① Overview of the Visit Japan Campaign

The Visit Japan Campaign is being promoted through concerted efforts by the public and private sectors. A total of 5.21 million foreign travelers visited Japan in 2003, but this climbed to a new record of 8.35 million in 2007.

② Projects in the Visit Japan Campaign

Twelve countries and regions whose nationals visit Japan with particular frequency (South Korea, Taiwan, China, Hong Kong, Thailand, Singapore, USA, Canada, UK, Germany, France and Australia) have been identified as priority markets. There, as well as publicizing the attraction of tourism in Japan, we implement Visit Japan Campaign projects involving, for example, the creation of attractive Japan travel goods. Meanwhile, India, Russia and Malaysia have been identified as promising markets for promotion, and market surveys have been started.

(2) Efforts to promote tourism to coincide with the Hokkaido Toyako Summit

At the “11th Tourism Nation Promotion Strategy Conference” held in November 2007, we compiled a “Proposal for promoting tourism and publicizing the attractions of Hokkaido and Japan to the world, to coincide with the Hokkaido Toyako Summit”.

(3) Relays of information, etc, by the Japan National Tourist Organization (JNTO)

The Japan National Tourist Organization has set up 13 overseas offices, which are currently engaged in tasks such as relaying information to local travel companies,

the media and so on. It also operates a portal site for information on travel to Japan in seven languages.

(4) Overseas PR, etc., on local attractions

The various Regional Transport Bureaus, etc., implement Visit Japan Campaign regional projects in collaboration with local public bodies and others.

(5) Besides these efforts, we have taken steps to hold tourism promotion events in embassies, official residences of consul generals and other facilities, to promote the diffusion of culture by artists, cultural figures, etc., to relay information on Japanese cuisine and Japanese foodstuffs, etc. in other countries, to relay information on pop culture, to relay information and networking on “*wa*” (traditional Japanese culture) contents, and to strengthen the relay of information through international broadcasting.

2 Providing information on the cost of domestic transport, accommodation and other aspects of tourist travel

(1) Providing information on travel costs

To erase the image of Japan as an expensive location, we have prepared the “Affordable Japan” pamphlet in which prices in Japan are compared with those abroad, and price information on restaurants, hotel facilities, etc., is introduced. These are now distributed overseas.

(2) Promoting measures to encourage information provision by public transport businesses, etc.

Under the “Foreign Tourist Visit Promotion Act”, in areas that are used with particular frequency by foreign tourists, public transport businesses and others (249 businesses as of April 2008) are implementing projects for measures to encourage the provision of information in different languages.

3 Promoting the convening of international conferences and other international scale events

(1) Inviting and convening international conferences, etc.

The Tourism Nation Promotion Plan set the numerical target of “increasing the number of important international conferences held in Japan by at least 50% within the next five years, with the aim of becoming the largest conference hosting nation in Asia”. Based on this, a “Program for Expanding International Exchanges by Promoting the Invitation and Convening of International Conferences” was to be compiled by the Meeting of Bureau Director-Generals for Expanding the Invitation and Convening of International Conferences, and concerted national efforts were to be made to promote invitation and convening, etc.

4 We took steps to improve measures related to entry to and departure from Japan by foreign tourists, improve interpreter-guide services, and establish other measures for welcoming foreign tourists.

Section 2 Promoting Global Interchange

1 Promoting cooperation with governments of other nations

(1) Strengthening trilateral tourism exchanges and cooperation between Japan, China and South Korea

The 2nd Meeting of Japanese, Chinese and South Korean Tourism Ministers was held in June 2007. At the Meeting, the “Aoshima Declaration on the Promotion of China-Japan-Korea Tourism Exchange and Cooperation” was drawn up. Its content included the goals of promoting youth exchanges, improving tourism statistics, and promoting IT.

(2) Promoting efforts for bilateral tourism exchanges

① “Japan-South Korea Tourism Exchange Expansion Evening” and the Japan-South Korea Tourism Promotion Council

In September 2007, a “Japan-South Korea Tourism Exchange Expansion Evening” was held in Japan, and a Joint Declaration was signed. Its content included making 2008 “Japan-South Korea Tourism Exchange Year”.

② Japan-China Normalization 35th Anniversary Commemorative Exchange Projects

To commemorate the fact that 2007 was the 35th anniversary of the normalization of ties between Japan and China, some 300 visiting delegations from Japan, consisting of about 24,700 people in all, visited 19 Chinese cities served by direct flights from Japan, and held exchanges there.

Japan-China Normalization 35th Anniversary
Commemorative Exchange Event (August 22nd, 2007:
Shanghai)



③ Japan-Thailand Tourism Exchange Year Commemorative Projects

To mark the 120th anniversary of friendly relations between Japan and Thailand, 2007 was dubbed “Japan-Thailand Tourism Exchange Year”, and steps were taken to encourage tourism exchanges between the two countries.

④ Besides the above, other efforts made for bilateral tourism exchanges included the Canada-Japan-Canada Tourism Conference, the Japan-India Tourism Exchange Year Evening, the Japan-Russia Tourism Exchange Promotion Council and the Japan-Russia Joint Working Group.

2 Promoting regional exchanges between Japan and other countries

(1) Promoting overseas travel by Japanese citizens

The rules for charter flights (ITC charter) were revised, preparing the way for increasing charter flights from provincial areas.

(2) Making use of sister and friendship city agreements

Sister and friendship city exchange agreements are being implemented via Visit Japan Campaign regional collaboration projects.

3 Promoting international youth exchanges

(1) Promoting educational trips to Japan

The “National Council for the Promotion of Educational Trips to Japan”, a joint public-private sector organization, promoted efforts to encourage educational trips to Japan.

(2) Making use of working holidays

From October 2007, a new working holiday scheme was started with Denmark.

(3) Promoting exchanges with young people from other countries

Young people from other countries have been invited to Japan to take part in a variety of exchange projects. In particular, a total of about 4,500 young people were invited from East Asian countries in FY2007, based on the “Youth Exchange Mechanism”.

Chapter 5 Improving the Environment for Encouraging Tourist Travel

Section 1 Making Tourist Travel Easier and Smoother

1 Encouraging holiday taking

To study various measures for stimulating domestic travel demand in tandem with holiday taking, an “Informal Meeting on Holiday-Taking Behavior to Stimulate

Domestic Travel Demand” was held and a Final Report compiled.

2 Easing the concentration of demand for tourist travel in specific seasons

Holidays for elementary and junior high schools are being made progressively diverse and increasing flexible, through measures such as setting holidays that draw on unique features of the region, autumn holidays, two-term systems, school holidays linked to local events, and so on.

The Tourism Industry Association of Japan also held an “Autumn Holiday Campaign”.

3 Protecting the interests of consumers in connection with tourism

In response to a report by the “Review Committee on Electronic Commerce in the Travel Industry”, we took steps to increase the rigor of guidance on the handling of travel transactions using the Internet.

4 We attempted to enhance public understanding of the significance of tourism by holding “tourism weeks”, as well as the “Travel Fair 2007”, “JATA World Travel Fair 2007” and others.

Section 2 Improving Hospitality Towards Tourists

1 Developing facilities related to travel

As well as taking steps to diffuse and publicize Guidelines for Signboards to Revitalize Tourism, we conducted demonstration experiments on support for the movement of tourists using various means of providing tourist information (the “Machi Meguri Navi Project”) in 31 areas around the country.

Meanwhile, the Japan National Tourist Organization (JNTO), besides providing

tourist information to foreign nationals through its Tourist Information Centers (TIC), has set up a network of tourist information centers run by local public bodies and others that can serve foreign travelers. These “Visit Japan Information Centers” (in all 47 prefectures of Japan, 214 sites in 121 cities as of March 31st, 2008) provide guidance and information in collaboration with the TICs.

Kamakura City Tourist Information Center



- 2 Enhancing introductions to Japan’s outstanding traditional food culture and other aspects of Japan’s lifestyle culture, industries, etc., and developing attractive products that harness national or regional characteristics

We took steps to promote local brands, such as by implementing the “VJC Attractive Souvenirs of Japan Contest 2008”.

Section 3 Enhancing Convenience for Tourists

- 1 Developing travel-related and public facilities so that the elderly or disabled, foreigners and other tourists who require special consideration may use them smoothly, and improving the convenience of these facilities
 - (1) As well as promoting barrier-free conversion for public transport, hotels, cultural facilities and others, we drew up guidelines for establishing tourism based on the rationale of universal design.
 - (2) Among other efforts, we attempted to improve the convenience of buses by introducing “bus location systems”, and to increase the efficiency of road transport by expanding the information provision range of the Vehicle Information and Communication System (VICS).
 - (3) We are taking steps to enhance guidance markings on roads, such as by

promoting the use of “Drivability Maps” that incorporate road surface information in car navigation systems, etc.

2 We have encouraged the provision of information on tourism using information technology, such as providing the “Denshi Kokudo” web-based e-mapping system, developing “Cultural Heritage Online” as a portal site for cultural heritage information, promoting the introduction of shared IC card systems that can be used mutually between different bus and railway services, introducing car park information systems that provide information on the location of car parks and space availability, etc.

Section 4 Ensuring the Safety of Tourist Travel

1 As well as providing meteorological and other information, we promoted the provision of information on the state of occurrence of accidents, disasters, etc., in tourist locations both in Japan and abroad, by for example rigorously informing of disaster danger areas, evacuation sites and evacuation routes, etc.

2 We tackled issues such as preventing the occurrence of accidents during tourist travel, including safety measures for public transport, road transport and hotel facilities, response to accidents or incidents overseas and safety measures for the same.

3 We carried out PR activities to eliminate damage caused by rumors following the occurrence of the “2007 Noto Peninsula Earthquake” and the “2007 Niigata Prefecture Chuetsu Offshore Earthquake”.

Section 5 Opening Up New Fields of Tourist Travel

In order to support efforts related to “new tourism” (new travel formats closely linked to individual regions, including eco-tourism, green tourism, industrial tourism and health tourism), each Regional Transport Bureau is offering consultancy by travel companies and experts, supporting the implementation of monitor tours, etc., and producing manuals and case study collections to promote the commercialization of travel merchandise. As well as this, we are promoting “new tourism creation and distribution promotion projects”, one of which is to create a database for promoting the distribution of “new tourism” travel merchandise.

Section 6 Protecting Environments and Scenic Views in Tourist Locations

We are striving to protect scenic views in tourist locations, by for example promoting the application of the Landscape Act, diffusing and publicizing its basic principles, enhancing systems related to outdoor advertising in tourist locations, and supporting town development that harnesses history, culture and local features.

Section 7 Developing Statistics on Tourism

Since January 2007 we have conducted the “Overnight Trip Statistics Survey” every quarter.

As for statistics on day-trippers and other tourists, we are drawing up common standards for conducting statistical surveys that can be compared between prefectures, with the aim of applying these to surveys from 2010 onwards. Meanwhile, to facilitate an accurate international comparison of the economic effects brought by tourism, studies are being made towards the fully-fledged introduction of TSA (Tourism Satellite Accounts, which are progressively being introduced in other countries) in 2010.

Measures for Tourism in FY2008

Chapter 1 Creating Attractive, Internationally Competitive Tourist Locations

Section 1 Creating Attractive, Internationally Competitive Tourist Locations

- 1 Securing the provision of quality services that harness the characteristics of tourist locations through collaboration between local public bodies, tourism businesses and other stakeholders
 - (1) To promote the formation of tourism spheres that will encourage vacational tourism involving at least two overnight stays, we will provide for linkage between “hard” and “soft” projects in the “Tourism Spheres Development Law” that was enacted during the 169th session of the Diet. Besides this, we will create tourism sphere development projects, give comprehensive and uniform support to self-determined efforts drawing on local creative ideas, and promote wide-area collaboration.
 - (2) We will promote efforts to share information, with each respective area, on common issues and pioneering cases related to the development of human resources for tourism district development. We will also select new model areas for the model work of “Tourist Location Producers”.
 - (3) In “Comprehensive Regional Projects to Support Visitor Promotion and Hospitality Services” (projects in support of efforts that make use of a region’s characteristic industries and others as resources for tourism and visitor promotion), in FY2008 the priority will be to promote the creation of new tourism and visitor promotion services based on local consumption of local produce, through linkage between agriculture, commerce and industry.

(4) On regional revitalization, we will make use of support measures to provide positive support and advice for areas that are promoting independent efforts to promote tourism, such as “developing human resources related to tourism”.

2 Developing hotel facilities, restaurant facilities, information facilities and other travel-related and public facilities

(1) In connection with loans from the National Life Finance Corporation and Okinawa Development Finance Corporation, we will make a partial amendment to the Enforcement Order for the “National Life Finance Corporation Law” to expand the eligible recipients of loans by adding operating capital to the system of non-collateral, unsecured loans to small and medium enterprises, and will take steps to improve the effectiveness of management guidance.

(2) We will expand “street environment development projects”, by for example adding the costs of purchasing, relocating, and repairing important scenic buildings to the eligible objects of assistance.

Section 2 Forming Attractive Tourist Destinations That Harness the

Characteristics of a Region by Making Use of Tourism Resources

1 Protecting, nurturing and developing tourism resources related to cultural properties

We will take steps to preserve and utilize cultural assets and to protect world cultural heritage.

2 Protecting, nurturing and developing tourism resources related to historical features

(1) As well as promoting the preservation and development of ancient capitals like Kyoto, Nara and Kamakura and the historical features of the Asuka region, the enhancement of the Asuka Historical Museum and the development of the “Asuka and Heijō Palace Site National Historical Park (provisional name)”, we will take steps to nurture the tourism industry and promote agriculture and forestry in harmony with tourism through the measure of “Grants for Projects Making Creative Use of Asukamura Historical Features”.

(2) We will promote the development of urban parks and others that make use of historical and cultural resources such as archaeological sites. For the further preservation and utilization of the Heijō Palace Special Historical Site, meanwhile, we will start work on developing the Heijō Palace Site Sector (provisional name) of the “Asuka and Heijō Palace Site National Historical Park (provisional name)”, as a combined park with the Asuka National Historical Park.

(3) The “Law Concerning the Maintenance and Improvement of Local Sites of Historical Scenic Beauty” was enacted during the 169th session of the Diet. The Law establishes a comprehensive support system for town development that contributes to maintaining or improving sites of historical scenic beauty.

3 Protecting, nurturing and developing tourism resources related to areas of outstanding natural beauty

We will take steps to disseminate the concept of protecting nature, and will promote the protection and use of national and quasi-national parks, and the proper conservation management of world natural heritage areas.

4 Protecting, nurturing and developing tourism resources related to scenic views

We will expand the areas and project implementers eligible for “Landscape Formation Comprehensive Support Projects” based on the “the Landscape Act”, and

will continue to provide support.

- 5 Protecting, nurturing and developing tourism resources related to hot spring resorts and other culture, industry, etc.

Among other efforts, we will provide support through funding by Minto (the Organization for Promoting Urban Development) to resident-participation town development funds that provide assistance for port development activities; promote tourism in remote island areas through the “100 Most Beautiful Scenic Islands (provisional name)” and other efforts; promote regional tourism based on marine leisure, such as supporting the establishment of “marine stations”; and select and introduce the “100 Best Waters of the Heisei Era”.

Section 3 Comprehensively Developing Transport Facilities Necessary to Encourage Visits by Tourists

We will take steps to develop international hub airports, trunk railways, expressways and other transport facilities, as well as stimulating and revitalizing regional transport by creating a system of all-in package support for local councils that tackle a diversity of projects such as railways, community buses, shared taxis and passenger boats, based on the “Law on the Stimulation and Revitalization of Regional Public Transport” that came into effect on October 1st, 2007.

Chapter 2 Strengthening the International Competitiveness of the Tourism Industry and Developing Human Resources to Contribute to Promoting Tourism

Section 1 Strengthening the International Competitiveness of the Tourism Industry

As well as conducting traveler satisfaction surveys and taking steps to diffuse and establish management with priority focus on customer satisfaction in the tourism industry, we will undertake demonstration projects on efforts to improve hotel room occupancy rates, combine operations and make them more efficient, etc. We will also take steps to improve the productivity and strengthen the international competitiveness of the tourism industry.

Section 2 Training Human Resources to Contribute to Promoting Tourism

In collaboration and cooperation between industry, academia and the public sector, we will implement internship model projects and encourage the use of internships. Meanwhile, we will support the development of human resource education programs through collaboration between industry and academia, with a view to developing human resources for business management of hotels, inns, etc., as well as tourism and visitor promotion exchanges. We will also take steps to develop female human resources in the tourism sector.

Chapter 3 Promoting International Tourism

Section 1 Promoting Visits to Japan by Foreign Tourists

- 1 Prioritized and effective PR on the attraction of tourism in Japan
 - (1) With the aim of increasing the number of foreign travelers to Japan to 9.15 million in 2008 (an increase of 9.6% compared to the previous year), we will continue to work on enhancing the “Visit Japan Campaign”. Specifically, since we need to raise the satisfaction of foreign travelers to Japan and encourage repeat visits, in FY2008 we will attempt to increase understanding of the attraction of Japan in the “Visit Japan Upgrade Project”, while also promoting efforts to enhance convenience for travelers

such as by making IC cards universal and mutually compatible.

Meanwhile, the functions of the Secretariat of the Visit Japan Campaign Implementation Headquarters will be taken over by the Japan National Tourist Organization (JNTO).

(2) In line with the “Proposal for promoting tourism and publicizing the attractions of Hokkaido and Japan to the world, to coincide with the Hokkaido Toyako Summit” compiled by the “Tourism Nation Promotion Strategy Conference” in November 2007, we will promote efforts drawing on the regional characteristics of Hokkaido, and will take measures to stimulate the regional economy and promote international tourism.

(3) We will promote efforts to encourage visits to Japan by foreign travelers via the website and overseas offices of the Japan National Tourist Organization (JNTO). The contents of the website will be enhanced, while two-way participatory functions such as posting of photographs by travelers and polls on popular tourist locations will be developed, with a view to upgrading the use of the web.

(4) We will strengthen the relay of information on pop culture and “*wa*” (traditional Japanese style) contents, as well as the relay of information using international broadcasting.

2 Promoting the convening of international conferences and other international scale events

(1) Inviting and convening international conferences, etc.

Public and private sectors will continue to combine efforts in promoting the invitation and convening of international conferences (such as those based on the “Program for Expanding International Exchanges by Promoting the Invitation and Convening of International Conferences”), in order to meet the government’s target of “increasing the number of important international conferences held in Japan by at least 50% within the next five years, with the aim of becoming the largest conference

hosting nation in Asia”.

- 3 Improving measures for entry to and departure from Japan by foreign tourists, improving interpreter-guide services, and other measures for welcoming foreign tourists
 - (1) For large ocean-going passenger ships that carry at least around 2,000 crew and passengers, we will reinforce efforts to speed up immigration procedures by conducting procedures while on the open seas.
 - (2) Region-specific interpreter guide examinations are due to be held additionally in Hokkaido and Tochigi Prefecture in FY2008.
 - (3) We will introduce pioneering cases in order to spread and encourage volunteer guide activities.
 - (4) In Hokkaido, we will conduct surveys aimed at preparing the ground for accepting drive tourism by foreigners in FY2008, as well as publicizing the attraction of drive tourism by foreigners, and implementing combined public and private sector efforts.
 - (5) We will promote negotiations on the deregulation of air travel based on the Asia Gateway Scheme.
 - (6) At Haneda Airport, we will permit certain international regular flights during the daytime and international regular flights including those to and from the USA and Europe during the late night / early morning times. At Narita Airport, we also intend to expand the framework of arrivals and departures.
 - (7) We will promote the provision of information to foreign tourists using foreign-language websites, pamphlets and others that introduce national parks.

Section 2 Promoting International Exchanges

1 Promoting cooperation with the governments of other countries

(1) The 3rd Japan, China and South Korea Tourism Ministers' Meeting is due to be held in Busan and Cheongju, North Chungcheong Province, South Korea in June 2008. We will continue to strive for stronger tourism exchanges and cooperation between the three countries of Japan, China and South Korea.

(2) We have established 2008 as Tourism Exchange Year with both South Korea and France, and are now engaged in efforts to expand mutual exchanges with those countries. We will also take the opportunity of "Japan-Indonesia Friendship Year (2008)", the "35th Anniversary of Establishment of Japan-Vietnam Diplomatic Relations (2008)", "Japan-Brazil Exchange Year (2008)" and others to promote bilateral tourism exchanges.

(3) We will continue to cooperate with the activities and projects of the World Tourism Organization (UNWTO) and Asia-Pacific Economic Cooperation (APEC), and will contribute to the growth of international tourism. Moreover, the UNWTO East Asia-Pacific Regional Commission is to meet in Kobe in June 2008, while the 6th APEC Meeting of Tourism Ministers in 2010 is also scheduled to be held in Japan.

2 Promoting regional exchanges between Japan and other countries

(1) In collaboration with the "Visit World Campaign" started by the Japan Association of Travel Agents (JATA), we will take steps to encourage overseas travel by Japanese nationals. Also, to address problems with air travel and promote cruise travel, etc., we will support efforts such as training human resources in developing countries that are promising as travel destinations for Japanese nationals, using Official Development Assistance.

(2) We will take steps to stimulate sister city and friendship city exchanges, and will encourage exchanges between regions.

3 Promoting international youth exchanges

(1) Based on the “21st Century East Asia Youth Exchange Program”, we will invite around 6,000 young people from EAS member countries (ASEAN, China, South Korea, Australia, India, New Zealand) and elsewhere, and in this and other ways strive to expand youth exchanges.

(2) In various youth exchange projects, we will actively recruit homestay families, and will attempt to encourage homestays.

Chapter 4 Improving the Environment for Encouraging Tourist Travel

Section 1 Making Tourist Travel Easier and Smoother

As well as gathering and analyzing case studies of companies that take a positive attitude to holiday taking and travel, we will verify efforts by areas and companies from which high effects are expected in terms of creating or leveling out domestic travel demand, and will broadly disseminate and publicize the results thereof.

Section 2 Enhancing Convenience for Tourists

1 Developing travel-related and public facilities so that the elderly or disabled, foreigners and other tourists who require special consideration may use them smoothly, and improving the convenience of these facilities

(1) We will create a project offering emergency support for barrier-free conversion of urban parks. We will enhance support for barrier-free conversion of railway stations that have a strong character of tourism or transport hubs, even if the average daily number of users is less than 5,000. In national parks, meanwhile, we will

promote barrier-free conversion of public facilities, etc., with efforts such as making admission to parks free for those accompanying disabled visitors from FY2008 (up to 1 accompanying person).

(2) We will disseminate and publicize guidelines with a view to establishing tourism based on the rationale of universal design.

(3) We will aim to commercialize car navigation systems compatible with “Nationwide Drivability Maps” and an Internet route search system.

2 Providing information on tourism using information technology

We will gradually provide basic map information via the Internet in order to make it easier to produce tourist location maps and others using electronic maps.

Section 3 Ensuring the Safety of Tourist Travel

We will attempt to provide meteorological information, river information and other information on the state of occurrence of accidents, disasters and others in tourist locations, both in Japan and overseas.

Section 4 Opening up New Fields of Tourist Travel

As well as taking steps to promote ecotourism, industrial tourism and other new forms of tourism, we will use a database of new tourism travel merchandise created in FY2007 to promote the creation of package tours by travel companies and the provision of information to travelers. Also, in order to foster “new tourism” markets, we will undertake dissemination activities such as holding symposia.

Section 5 Protecting Environments and Scenic Views in Tourist Locations

1 We will take steps to further enhance and strengthen the system of “Grants to

Promote the Formation of a Recycling-Oriented Society”, and will promote the formation of a recycling-oriented society.

2 As well as conducting surveys designed to make efficient use of the Landscape Act system, we will support local efforts, such as providing information on the effects arising from pioneering efforts, etc.