

White Paper on Tourism in Japan, 2011

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Part I New Developments in Tourism Policy

Chapter 1 Promoting Tourism Policy by the Entire Government

Section 1 Tourism Administration as a Growing Field

“The realization of tourism nation” is regarded as an essential national issue for developing the Japanese economic society in the 21st century as seen in the enactment of “the Tourism Nation Promotion Basic Law” in December 2006 and the cabinet decision on “the Tourism Nation Promotion Basic Plan” in June 2007. Under such circumstances, it is necessary to promote measures for realizing a tourism nation comprehensively and systematically by the entire government by strengthening collaboration and coordination among concerned agencies and ministries in order to achieve a tourism nation. “The Japan Tourism Agency (JTA)” was founded on October 1, 2008 as an external bureau of the Ministry of Land, Infrastructure, Transport and Tourism (MLIT) to develop a system that enables functional and effective enforcement of operations and clarify an organization that is responsible for tourism administration.

Under a consciousness that tourism realizes economic growth without depending on the increase of public spending, in order to realize a tourism nation by the entire country, “the Tourism Nation Promotion Headquarters” consisting of the Minister of Land, Infrastructure, Transport and Tourism as its chief and the senior vice-ministers from all agencies and ministries was established in December 2009. The three working teams were established under the Headquarters to advance the consideration among concerned agencies and ministries; 1) “Working team on the attraction of foreign tourists” that carries out coordination for resolving issues related to the attraction of foreign tourists including a problem of issuing the tourist visa for the Chinese people, 2) “Tourism collaboration consortium” that deliberates on comprehensive promotion measures related to various tourism menus such as eco tourism, green tourism, cultural tourism, industrial tourism, medical tourism and sports tourism, and 3) “Working team on the decentralization of vacations” which deliberates on and coordinates the decentralization of vacation taking that has a great effect on the reduction of travel costs through an equalized demand for tourism, improvement of productivity of the tourism industry, stabilization of employment, etc.

In May 2010, “the MLIT Growth Strategy Conference” consisting of experts in each field created a report on growth strategies of Japan concerning the administration of land and transportation including the realization of a tourism nation. In addition, “the New Growth Strategy: Toward a Radiant Japan, Blueprint for Revitalizing Japan” of the government decided by the Cabinet in June 2010 positions the promotion of a tourism nation as one of the seven growth strategy fields.

The demand for tourism including the visits to Japan and domestic travel by Japanese nationals has decreased at a national level because of considerable damages in tourist destinations in Tohoku, etc. caused by the Great East Japan earthquake in March 2011 and of mood for voluntary ban and harmful rumors. However, tourism is a pillar field that should support local areas recovered from the earthquake damage and revitalize the entire country. Therefore, we will commit ourselves to actively making efforts for tourism promotion together with the recovery from the disaster.

Section 2 Tourism Nation Promotion Basic Plan and Its Promotion

“The Tourism Nation Promotion Basic Law” which positions the realization of a tourism nation as an essential issue for the development of Japanese economic society in the 21st century was enacted in January 2007, and based on the Law, “the Tourism Nation Promotion Basic Plan,” a master plan to promote various measures concerning the realization of a tourism nation comprehensively and systematically, was decided by the government in June 2007. This plan sets out basic principles related to measures concerning the realization of a tourism nation and the goals such as 1) raise the number of foreign tourists visiting Japan to 10 million by 2010, 2) raise the number of Japanese tourists visiting overseas to 20 million by 2010, 3) increase the amount of domestic consumption on tourist travel to 30 trillion yen by FY2010, 4) raise the average number of stays per person for domestic tourist travel by the Japanese public to 4 nights per year by FY2010, and 5) raise the number of international conferences held in Japan by more than 50% by 2011. Also, the Plan stipulates necessary measures to achieve those goals.

The entire government, mainly the Japan Tourism Agency, will promote measures to realize a tourism nation comprehensively and systematically.

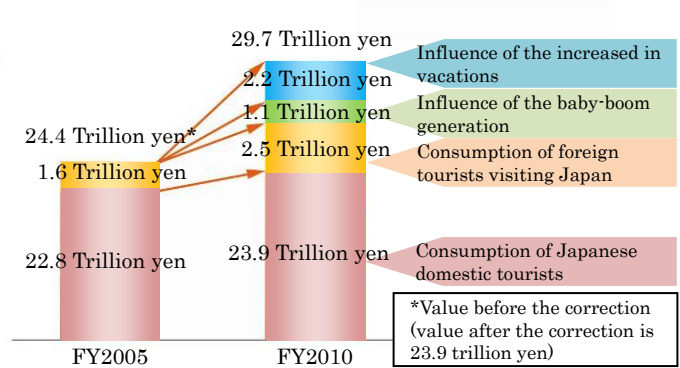
▼ Five goals to realize a tourism nation in “the Tourism Nation Promotion Basic Plan”

In accordance with the Tourism Nation Promotion Basic Law, “the Tourism Nation Promotion Basic Plan” was decided by the Cabinet on June 29, 2007. The Basic Plan stipulates the five basic goals to realize a tourism nation.

- Term of Plan: Five years
- The plan is checked every year and reviewed approx. three years later

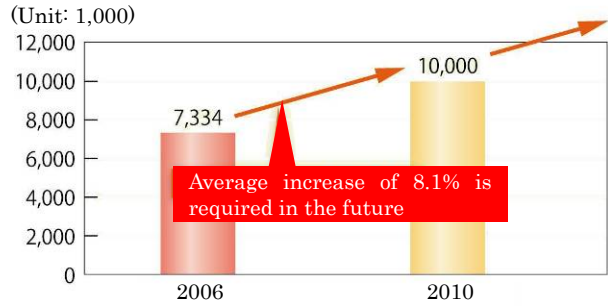
Amount of consumption on tourist travel in Japan

It will be raised to **30 trillion yen** by FY2010



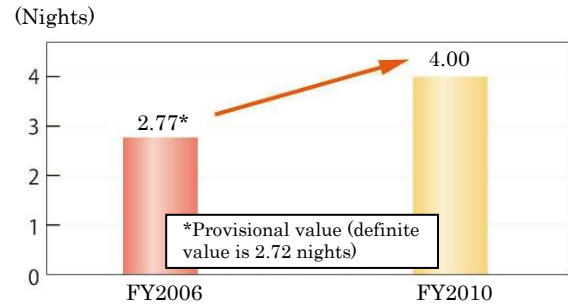
Number of foreign tourists visiting Japan

It will be raised to **10 million** by 2010 and to the same level as the number of Japanese tourists going overseas in the future.



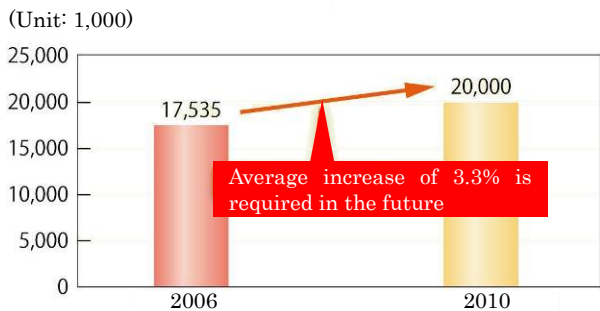
Number of stays per person in domestic tourist travel

It will be raised to **four nights** by FY2010.



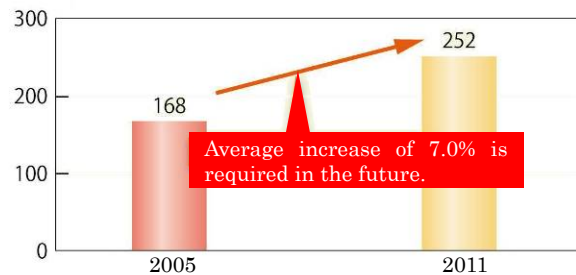
Number of Japanese tourists going overseas

It will be raised to **twenty million** by 2010.



Number of international conferences held in Japan

It will be raised by **more than 50%** by 2011.



Chapter 2 Damages Caused by the Great East Japan Earthquake and Toward the Recovery from it

Section 1 Great East Japan Earthquake

“2011 Tohoku-Pacific Ocean Earthquake (epicenter: Sanriku-oki, depth of seismic center: 24 kilometers (provisional value), scale: Magnitude 9.0 (provisional value, worst in the recorded history in Japan))” occurred on March 11, 2011.

Various places in Japan, mainly the coastline of the Pacific Ocean in the Tohoku area, were hit by a series of huge tsunamis and it caused unprecedented damages more serious than those caused by the Great Hanshin-Awaji Earthquake. The Fukushima Daiichi and Daini Nuclear Power Plants owned by Tokyo Electric Power Company (TEPCO) were damaged by the tsunamis so that the 20km-radius has been designated as an evacuation zone.

Section 2 Response to tourists, accommodations and foreign tourists immediately after the Great East Japan Earthquake

After the Great East Japan Earthquake occurred on March 11, 2011, the safety of tourists and damages of hotels and Japanese inns were confirmed. Hotels and Japanese inns accepted the affected people across the prefectural border. In addition, the Japan National Tourism Organization (JNTO) provided various information on the earthquake, etc. on its website and the Tourist Information Center (TIC) for foreign tourists visiting Japan provided a call service on a 24-hour basis.

1. Acceptance of the affected people by hotels and Japanese inns across the prefectural border

The Japan Tourism Agency has supported the acceptance of the affected people at accommodations across the prefectural border by utilizing the system under the Disaster Relief Act in collaboration with related ministries and agencies such as the Ministry of Health, Labour and Welfare.

2. Financial support, etc. for the tourism industry

Apart from the existing disaster guarantee and safety net guarantee, the emergency guarantee for the recovery from the Great East Japan Earthquake was established for small-and-medium-sized businesses that have been affected by the earthquake directly and indirectly as well as those affected by the nuclear power plant accident and harmful rumors. In addition, the special loan for the recovery from the Great East Japan Earthquake (partially interest free) that has expanded the limit of loan and the reduction of the rate of interest was founded in addition to the existing loan system provided by Japan Finance Corporation, etc.

3. Extension of the valid period of travel agency license

Taking serious damages caused by the earthquake into account, the valid period of travel agency license has been extended temporarily for travel agencies that have major offices in certain areas to which the Disaster Relief Act has been applied.

4. Prevention of harmful rumors

We request travel agencies to provide tourists with accurate information on the earthquake and the accidents at the Fukushima Daiichi and Daini Nuclear Power Plants owned by TEPCO.

5. Response to foreign tourists visiting Japan

On the JNTO website, accurate information on the disaster such as the state of domestic transportation infrastructure, the radiation level, etc. has been provided in multiple languages immediately after the earthquake. Moreover, the regular opening hour (9 am to 5 pm, every day) of the Tourist Information Center (TIC) has been extended to respond to foreign tourists visiting Japan such as multilingual phone inquiry service on the state of operation of airports and railways on a 24-hour basis (the phone service on a 24-hour basis ended at the end of April 2011).

Section 3 Damages and effects of the Great East Japan Earthquake

1. Damages to registered hotels and inns

About 25% of the 285 registered hotels and inns in the six prefectures in Tohoku have suspended

its operation including the eight facilities that were heavily damaged. A number of other registered hotels and inns were forced to provide limited services because of damages of facilities.

2. Effects on accommodations and travel agencies

Not only the directly-affected areas but also other tourist destinations have been affected by a significant reduction in tourists because of the voluntary ban of various activities, etc. About 61%, 48% and 36% of reservations made for March and April were cancelled in the Tohoku area, the Kanto area and the entire country, respectively, since the Great East Japan Earthquake.

With regard to domestic travels, a number of tours not only for visiting the Tohoku area, a major affected area, but also for visiting western Japan and the Tokyo Metropolitan area were cancelled. The amount of domestic travel sales treated by major travel agents decreased by 31.5% on a year-to-year basis (for the first time in 6 months). The number of inbound tourists also decreased compared to the previous year at tourism-related facilities around the country. The Japan Tourism Agency notified parties concerned of the effect that efforts for promoting tourism would also support the affected areas.

3. Current state of MICE (Meeting, Incentive, Convention or Congress, Event or Exhibition including International Conventions) and their future

Many international conventions, etc. were cancelled or suspended not only in the affected areas but also around the country because of the earthquake. The JPO Commissioner and the JNTO President issued a letter for organizers of international conventions who are considering a possibility of canceling them and right holders of deciding a host nation of international conventions that are in the final stage of selection and provided accurate information in order to prevent the increase of cancellations.

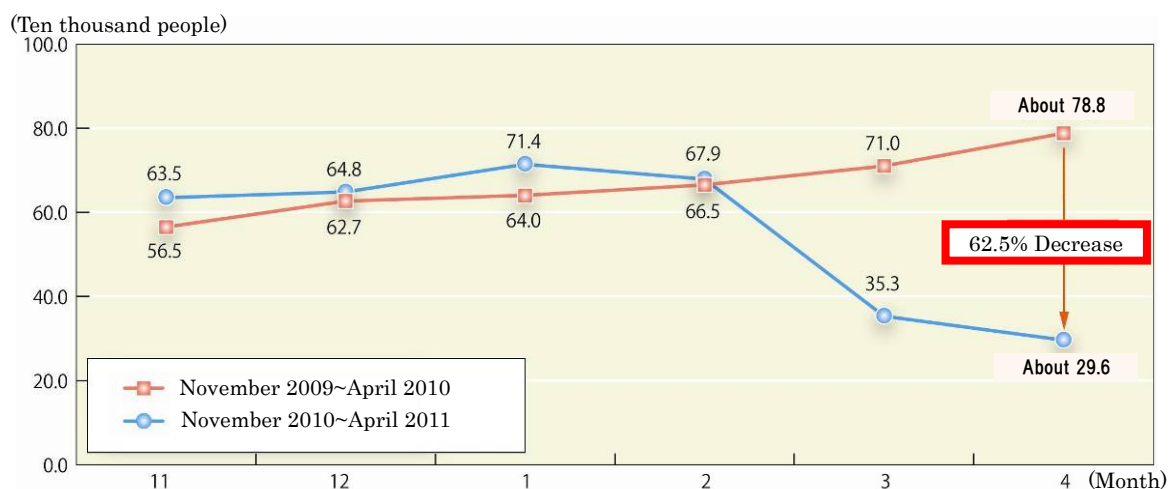
4. Foreign tourists visiting Japan and Japanese nationals traveling overseas

(1) Number of foreign tourists visiting Japan

The number of foreign tourists visiting Japan in March 2011 decreased by 50.3% on a year-to-year basis and reached 353,000 (see Figure I-2-3-1). Before the Great East Japan Earthquake occurred (March 1, 2011 - March 11, 2011), it had been increasing by 4% on a year-to-year basis to about 215,000. After the earthquake (March 12, 2011 - March 31, 2011), it decreased by 73% on a year-to-year basis to about 137,000.

It decreased by 62.5% on a year-to-year basis and reached 296,000 in April 2011. This is the worst rate of decrease in the recorded history on a monthly basis (see Figure I-2-3-1).

Figure I-2-3-1 Number of foreign tourists visiting Japan on a year-to-year basis from November 2010 to April 2011



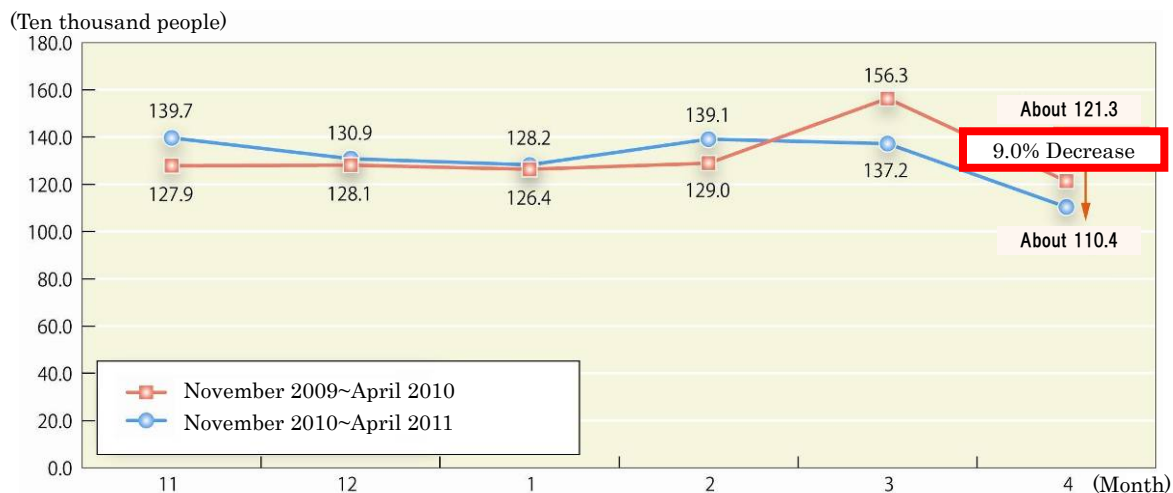
(Note) Prepared by JTA based on materials of JNTO

(2) Number of Japanese nationals traveling overseas

The number of Japanese nationals travelling overseas in March 2011 decreased by 12.2% on a year-to-year basis and reached 1.372 million (see Figure I-2-1-2). The rate of decrease is not as big as the months affected significantly by the simultaneous terrorist attacks in 2001, the pandemic of SARS in 2003 and the global financial crisis in 2009.

In April 2011, it decreased by 9.0% on a year-to-year basis and reached 1.104 million for the second consecutive month (see Figure I-2-3-2).

Figure I-2-3-2 Number of Japanese nationals traveling overseas on a year-to-year basis from November 2010 to April 2011



Section 4 Toward promotion of domestic travel and the recovery and promotion of the demand for visits to Japan

1. Promotion of domestic travel

(1) Domestic travel promotion campaign

The first domestic travel promotion campaign has started on April 21 utilizing the unified logo and catch-phrase (“Ganbaro! Nippon” which can be translated as “Never give up Japan”) as a joint effort by the public and private sectors. The campaign will be enhanced in collaboration with local communities as well as the tourism, transportation and related industries, and tourism promotion measures including the cooperation for events, etc. are planned to be implemented.



Logo of “Ganbaro! Nippon”

(2) Deployment of volunteer package

The volunteer package, a program in which private travel agencies dispatch volunteers to the affected areas, has been implemented utilizing results and know-how obtained from the “survey and analysis on pattern of and attitude toward travel thorough travel for social contribution activities such as volunteer” implemented by the Japan Tourism Agency in the FY2010 supplementary budget.

2. Recovery and promotion of the demand for visits to Japan

(1) Provision of accurate information to the priority overseas markets

1) Provision of information in multiple languages on the JNTO website

Information related to the earthquake such as the state of domestic transportation infrastructure and the radiation level has been provided. In addition, information on daily life in Japan which is difficult to see from other countries has been provided in multiple languages using movies, etc. toward the recovery of the demand for visits to Japan since April.

2) Visit of JTA Commissioner Mizohata to China and Korea

Mr. Hiroshi Mizohata, Commissioner of the Japan Tourism Agency, visited Beijing from April 10 to April 11, 2011 to meet Mr. Shao Qiwei, Chairman of the National Tourism Administration of the People's Republic of China, and visited Seoul to meet Mr. Choung Byoung-gug, Minister of Culture, Sports and Tourism Republic of Korea. Commissioner Mizohata appealed the provision of accurate information on the Great East Japan Earthquake and the Fukushima Daiichi and Daini nuclear power plant accidents as well as the promotion of visit Japan travel. Also, Commissioner Mizohata broadly appealed to the local media for the same purpose.

Column: Efforts for the recovery of foreign tourists visiting Thailand after the 2004 Indian Ocean Earthquake and Tsunami

The coastline of Andaman Sea in southern Thailand was damaged by the 2004 Indian Ocean Earthquake and Tsunami. The number of foreign tourists visiting Thailand started to decrease because of its effects and the tourism crisis had occurred.

The Thai government clarified the main target countries and the sub-target countries from a viewpoint of marketing toward the recovery from the tourism crisis, and then the government planned, implemented and verified short-term, mid-term and long-term promotion for each target. Such measures as the visa exemption, exemption and discount of landing fees, deduction of certain amount of taxes for stay at local hotels for Thai nationals, exemption of entrance fee of national parks, etc. were implemented other than the tourism promotion.

Clear information on the affected areas and non-affected areas was transmitted to the mass media for a viewpoint of public relations.

The public and private sectors actively appealed travel products in a united manner for the recovery by providing discounts of hotels in a limited period.

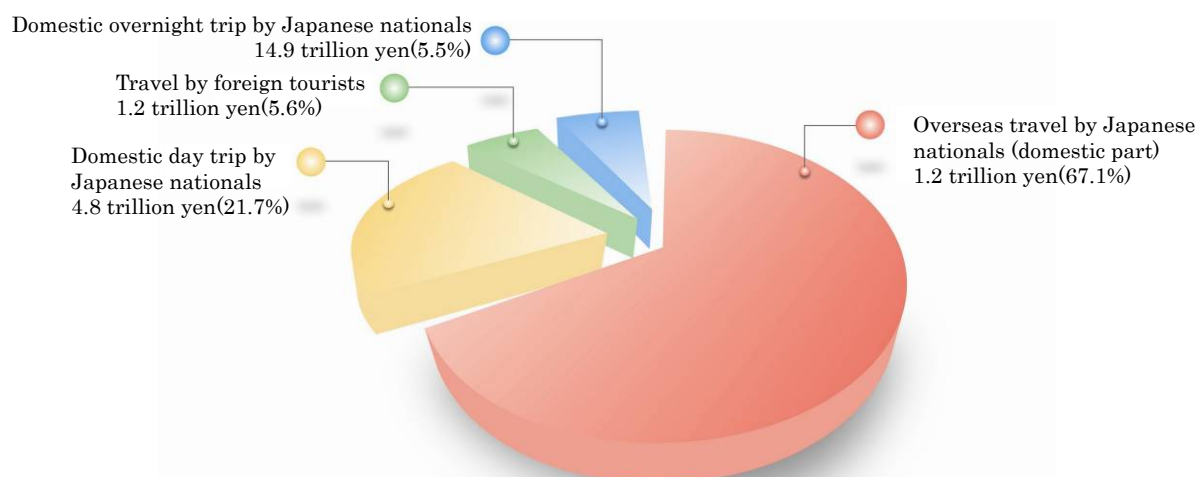
Firstly, how the overseas mass media reports is important in order to recover the number of foreign tourists. Secondly, it is important to create an environment where travel agencies are able to sell travel products without fear. The overseas mass media and travel agencies which have an influence over the tourism of Thailand were invited by turns at an unit of few hundreds people. This contributed to the accurate transmission of information on the state of local areas.

Section 5 Economic effects of tourism and scale of tourism of the three prefectures in Tohoku

1. Economic ripple effect and employment effect of tourism

The domestic travel consumption in FY2009 in Japan was 22.1 trillion yen. The direct economic effect is estimated to have been 11.0 trillion yen (2.3% of GDP (nominal GDP) for the direct effect of creating added value and 2.11 million people (3.4% of the total number of employees) for the effect of generating employment.

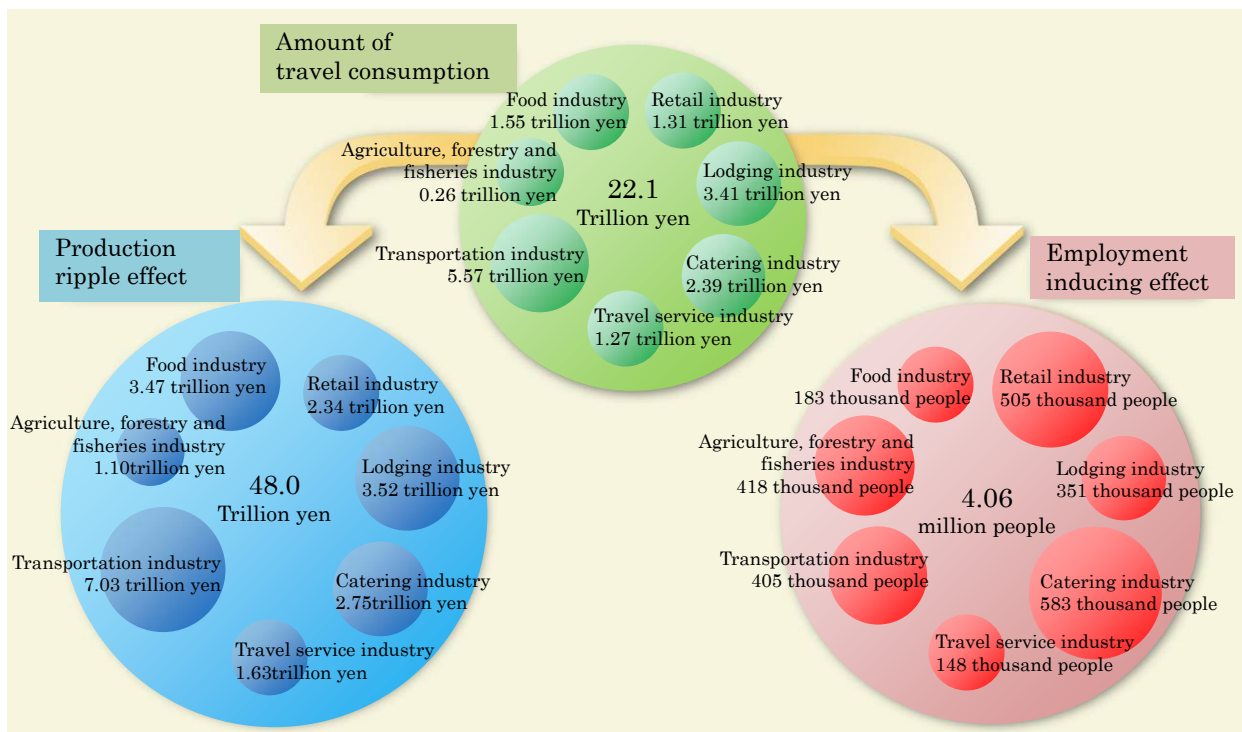
Figure I-2-5-1 Breakdown of the domestic travel consumption (22.1 trillion yen) by market



(Note) Japan Tourism Agency "Consumer Outlook Survey in Tourism"

In addition, the production ripple effects including indirect effects brought by the travel consumption is estimated to have been 48.0 trillion yen (4.9% of the domestic production amount), the added-value creation effect to have been 24.9 trillion yen (5.2% of GDP (nominal GDP)), and the employment inducing effect to be 4.06 million people (6.3% of the total number of employees).

Figure I-2-5-2 Economic effects by industry (FY2009)



(Note) Based on “Survey of the Economic Effects of the Travel and Tourism Industry” issued by the Japan Tourism Agency

As mentioned above, the travel consumption in Japan has direct economic effects on the travel and tourism related industries and production ripple effects on various domestic industries by stimulating the budget consumption of employees who work in the travel and tourism related industries.

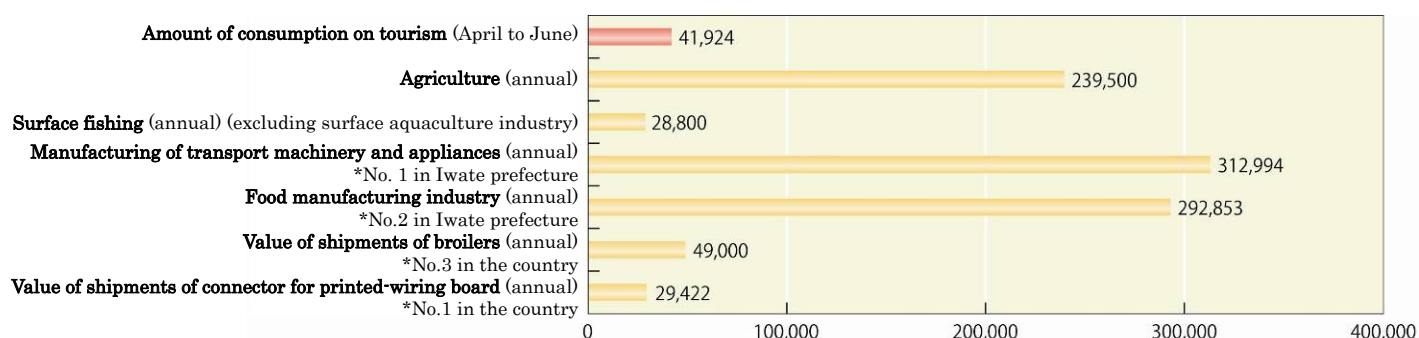
2. State of tourism in the three prefectures in Tohoku

(1) Tourism consumption in the three prefectures in Tohoku and comparison with major industries

As already mentioned, tourism and travel have strong ripple effects on the Japanese economy. Therefore, viewing the scale of tourism in the three prefectures (Iwate, Miyagi and Fukushima prefectures, hereinafter referred to as “the three prefectures in Tohoku”) which have particularly been affected by the Great East Japan Earthquake among the affected areas in terms of the tourism consumption, only the amount from April to June 2010 is available as data. However, the data shows that the tourism consumption accounts for a significant part of the annual value of shipments of major industries in the three prefectures. Also, the tourism consumption exceeds the annual value of shipments of major products of each prefecture (see Figure I-2-5-3, Figure I-2-5-4 and Figure I-2-5-5).

In the three prefectures in Tohoku, tourism has a strong influence on the local economy same as major industries in each prefecture. Considering wide economic ripple effects of tourism mentioned in 1, the recovery of tourism seems to contribute to the recovery and revitalization of the economy in the affected areas.

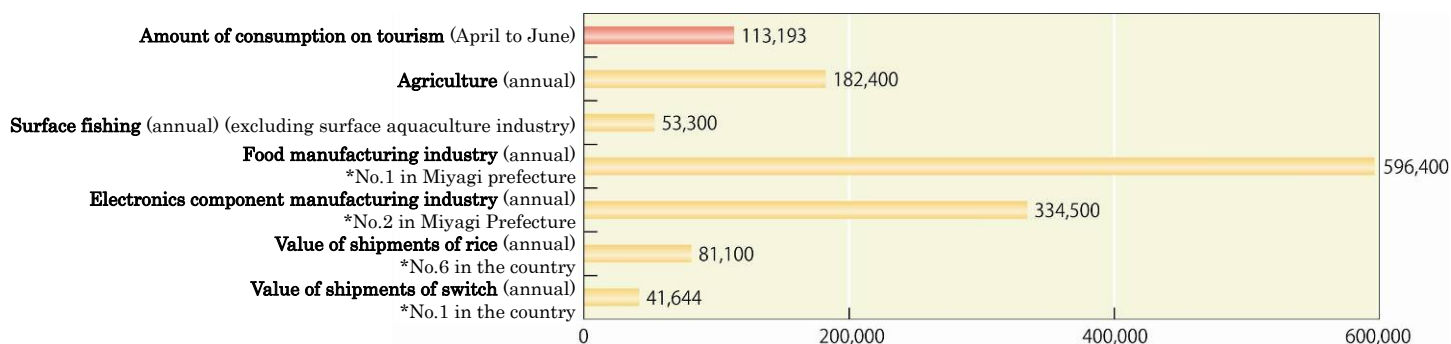
Figure I-2-5-3 Comparison of scale of the tourism consumption and major industries of Iwate prefecture



(Notes)

- 1: Prepared by the Japan Tourism Agency based on “Statistics on Inbound Tourists based on the Common Standards,” “2008 Statistical Survey on Industry” by METI, “2009 Value of Agricultural Shipments” and “2009 Amount of Fisheries Production” by MAFF
- 2: This table compares the amount of production (value of shipments) of each industry/product from the supply side and the tourism consumption (final demand) in order to see the scale of tourism consumption in the three prefectures in Tohoku. Therefore, the amount of production (value of shipments) does not take into account added values in the final consumption stage so that is should be treated as reference

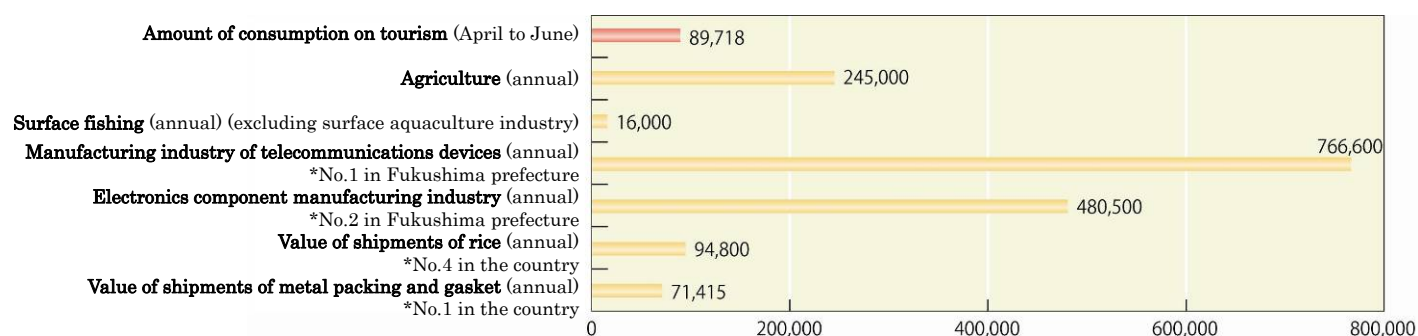
Figure I-2-5-4 Comparison of scale of the tourism consumption and major industries of Miyagi prefecture



(Notes)

- 1: Prepared by the Japan Tourism Agency based on “Statistics on Inbound Tourists based on the Common Standards,” “2008 Statistical Survey on Industry” by METI, “2009 Value of Agricultural Shipments” and “2009 Amount of Fisheries Production” by MAFF
- 2: This table compares the amount of production (value of shipments) of each industry/product from the supply side and the tourism consumption (final demand) in order to see the scale of tourism consumption in the three prefectures in Tohoku. Therefore, the amount of production (value of shipments) does not take into account added values in the final consumption stage so that is should be treated as reference

Figure I-2-5-5 Comparison of scale of the travel consumption and major industries of Fukushima prefecture



(Notes)

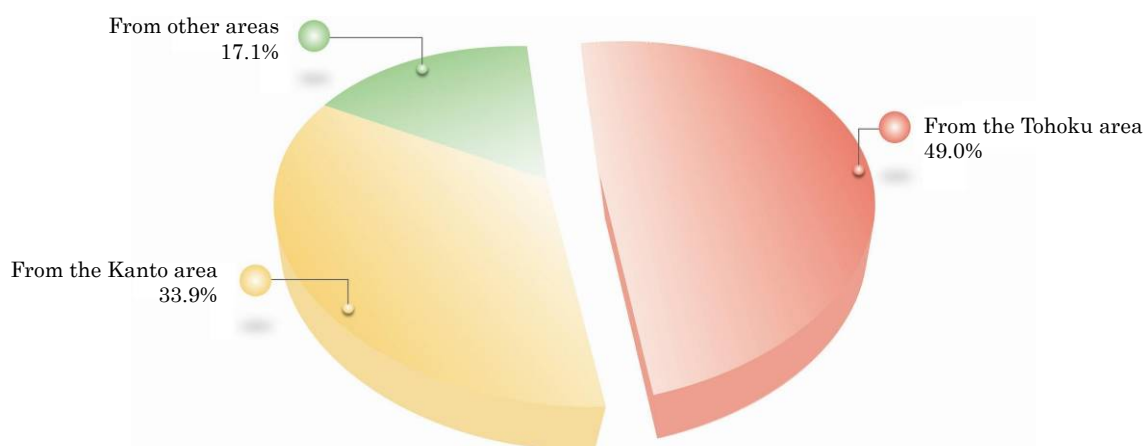
- 1: Prepared by the Japan Tourism Agency based on “Statistics on Inbound Tourists based on the Common Standards,” “2008 Statistical Survey on Industry” by METI, “2009 Value of Agricultural Shipments” and “2009 Amount of Fisheries Production” by MAFF
- 2: This table compares the amount of production (value of shipments) of each industry/product from the supply side and the tourism consumption (final demand) in order to see the scale of tourism consumption in the three prefectures in Tohoku. Therefore, the amount of production (value of shipments) does not take into account added values in the final consumption stage so that it should be treated as reference

(2) Ratio of overnight travelers to Tohoku by their residence

The number of overnight travelers to Tohoku from January to December 2010 was analyzed by their residence. 49.0% of them are from the Tohoku area, 33.9% from the Kanto area and 17.1% from other areas. Travelers from the Tohoku and Kanto areas account for more than 80% of overnight travelers to the Tohoku area.

The demand for overnight trip in the Tohoku area is mainly supported by residents of the Tohoku area. However, it is expected that the demand for travel by residents in the Tohoku area would decline because of the Great East Japan Earthquake. To recovery and revitalize the local economy by tourism by focusing on its economic effects, it is important to attract overnight travelers from areas other than the Tohoku area, particularly the Kanto area that accounts for the major part of the demand from areas outside the Tohoku area even before the earthquake, so that the decline in demand would be compensated.

Figure I-2-5-6 Ratio of overnight travelers to Tohoku by residence



(Notes)

- 1: Prepared by the Japan Tourism Agency based on “Statistical Survey on Overnight Trip”
- 2: The Tohoku area includes Aomori, Iwate, Akita, Miyagi, Yamagata and Fukushima prefectures. The Kanto area includes Ibaraki, Tochigi, Gunma, Chiba, Saitama, Tokyo and Kanagawa prefectures

Section 6 Roles of tourism toward the recovery

1. Short-term roles

The recovery and reconstruction of such life infrastructure as electricity, water supply, gas supply and housing and such social infrastructure as the transportation infrastructure including roads, railroads, ports and airports and communications facilities are necessary for reconstructing the affected areas, because they directly contribute to the reconstruction of life of the affected people. While immediate recovery has been implemented rapidly, certain time is required for designing a comprehensive recovery plan and a development plan for the affected areas, because they need to be formulated and implemented after a future course of those areas. On the other hand, tourism can be resumed if the social infrastructure is recovered to some extent, and contributes to the recovery of the local economy in terms of generating employment. There is no doubt that tourism can play such role at a relatively early stage.

For example, in Orland, Florida, one of the major tourist destinations in the United States where there are a number of huge theme parks, the change in the number of employees in that area before and after the Lehman shock in 2007 was investigated and analyzed. The results* show that the number of employees had decreased in industries other than the tourism industry after the Lehman shock, while that of tourism-related industries had increased despite of the decreased tourism-related sales. During that period, the tourism authority of Orland played a leading role in implementing active campaigns for attracting tourists as a joint effort by the private and public sectors. Particularly, a strategy to maintain the number of tourists was implemented even though unit prices of travel products and services would be reduced substantially. As a result, the total number of tourists had increased. This shows that if the number of tourists who visit one area is maintained despite of sacrifice of short-term tourism consumption and revenues, the labor force for providing tourists with service is required accordingly. Therefore, tourism-related industries have a big capacity to maintain employment.

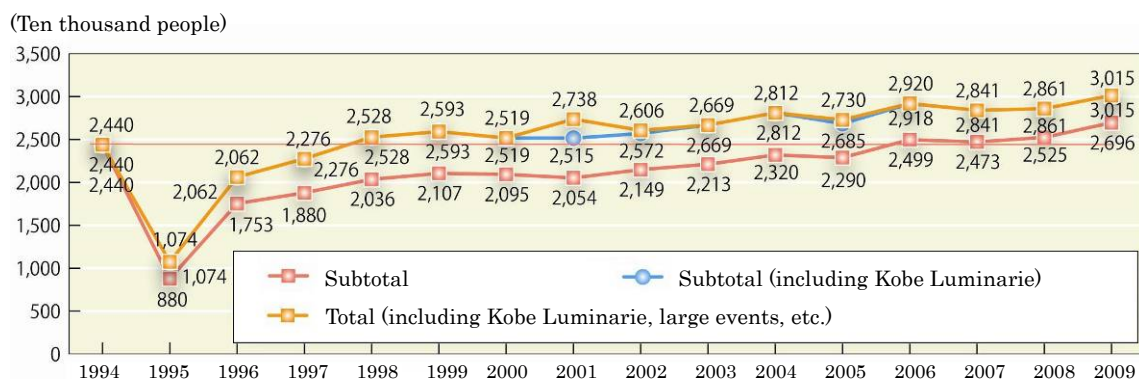
***See Zhong, Y, Hara, T., Ro, H, Dickson, D (2011) "Quantifying the Impacts of the Recent Economic Crisis on a Local Tourism Industry and Economic System " 16th Annual Graduate Education and Graduate Student Research Conference in Hospitality and Tourism, Houston, TX**

2 Mid-term and long-term roles and issues

As described in the above-mentioned section, in considering a recovery plan for the entire area after reconstruction of the life and social infrastructures toward the complete recovery of the affected area, it is important to take into account the position of tourism in that area, plan a future course of recovery and to incorporate it into the plan from an early stage of consideration, because tourism contributes to recovery and revitalization of the local economy to some extent.

One of the reasons is a time factor. According to the experience of the Great Hanshin-Awaji Earthquake, it was in 1998 (25.28 million people) when the number of tourists visiting Kobe came back to the level before the earthquake (24.4 million people). However, that number includes the number of tourists visiting Kobe Luminarie that has been held since the earthquake. Excluding the number of tourists visiting Kobe Luminarie, it was in 2006 (12 years after the earthquake, 24.99 million people) when it came back to the level before the earthquake (see Figure I-2-6-1). The example of the Great Hanshin-Awaji Earthquake, the most recent great earthquake, shows that the early implementation of efforts can have a great effect on a period required for recovering the number of tourists. To this end, it is important to incorporate an image of tourism of local areas into a plan of future course of them at an early stage.

Figure I-2-6-1 Change of the number of inbound tourists visiting Kobe from 1994 to 2009



(Note) Prepared by the Japan Tourism Agency based on “Change of the number of inbound tourists from 1994 to 2009”, Kobe City

The other reason is a spatial factor. That is, tourism is based on land, history, culture, resources and communities in each area and the products cannot be transferred. As it cannot be transferred from that area, it should be surely incorporated into a future course of that area and maintain consistency with the entire image of that region at an early stage. Such “locality” of tourism is supported by the Japanese people’s consciousness on travel. Although the survey only targets the young generation, the results show that most common purposes for domestic travel are closely related to regional resources. The experience of natural sceneries and the visit to hot springs, historical places and cultural heritages are major activities in travel and the purchase of food, beverages and local products is a major consumption activity (see Figure I-2-6-2). Therefore, in formulating a recovery plan of an area, it is necessary to incorporate those factors at an early stage.

Figure I-2-6-2 Purposes for domestic travel



		Activities during the trip															Shopping and eating						
		Watch and touch natural sceneries	Visit hot springs	Visit and watch historical places, cultural heritages, museums and art museums	Visit famous buildings	Training camp of clubs, etc.	Enjoy driving	Visit theme parks and amusement parks	Visit home	Enjoy outdoor activities such as skiing, snowboarding, diving, etc.	Go to concert or event	Participate in or visit festival, event regional event, etc.	The sports and cultural activities, and tours to participate	Climb mountain	Visit famous place for flowers	Factory visit tour	Experience of agriculture or fishing	Experience of craftwork or processing of agricultural product	Enjoy eating/drinking	Buy local products	Buy souvenirs	Enjoy shopping of other than local products	
n		1625	62.0	51.1	46.2	38.5	32.3	31.2	29.9	23.3	20.9	18.2	14.5	13.2	9.7	8.8	6.1	3.4	1.2	59.7	40.7	39.4	11.6
Gender	Male	827	62.2	47.8	43.9	36.0	33.9	33.7	20.7	23.9	24.4	13.8	11.7	16.3	12.6	6.4	7.3	2.7	1.2	54.7	38.5	32.8	9.1
	Female	798	61.8	54.5	48.6	41.1	30.7	28.6	39.5	22.6	17.3	22.8	17.4	10.0	6.6	11.3	4.9	4.1	1.1	64.9	43.0	46.2	14.2

Notes: Based on “Survey and analysis on travel pattern of the young generation” by the Japan Tourism Agency, Ministry of Land, Infrastructure, Transport and Tourism

Overview of “Survey and analysis on travel pattern of the young generation” by the Japan Tourism Agency, Ministry of Land, Infrastructure, Transport and Tourism

Period of survey: March 2011

Method of survey: Internet survey (monitor survey)

Target: Male and female students who live in Japan from 18 to 25 years old (university, junior-college, technical college and postgraduate students)

3. Toward the development of competitive tourist destinations

As mentioned above, in order for tourism to contribute to the recovery, it is necessary to develop tourism locations that are resilient to external factors.

As we have seen in the examples in which the number of domestic tourists and foreign tourists visiting Japan decreased because of the Great Hanshin-Awaji Earthquake, SARS and the Lehman shock, tourism tends to be affected by external factors such as the economy, natural disasters, etc. The Great East Japan Earthquake has also caused the decrease in the number of tourists around the country mainly in eastern Japan because of direct and indirect effects of the earthquake. It is unrealistic and impossible to eliminate the effect of external factors, but it is important to take measures in peacetime based on the recognition that external factors could affect tourism.

Some of the verifications* of the measures for recovering tourism after the Great Hanshin-Awaji Earthquake point out that strategic management of recovery of tourism did not exist at an early stage and that statistics on tourism were not enough to implement strategic management. The example of Orland in the United States shows that strategic management and marketing evaluations on which it is based had success. It is necessary to grasp strong and weak points of each tourism location on a regular basis such as which type of tourists highly evaluates own tourist destination and which type of tourists does not in order to minimize the effect of external factors. Such efforts in peacetime would help strategic efforts in the process of recovery in line with a future course of growth of tourist destinations.

*See Nobuji Kitano “Efforts for Tourism Promotion” and Hyogo prefecture, Committee of 10-year Construction “Great Hanshin-Awaji Earthquake: Report on Comprehensive Verification and Suggestions after 10 Years of Reconstruction”

Chapter 3 Structure of Local Industries related to Tourism

1. Necessity of autonomous formation of the tourism industry

The tourism industry is based on a number of companies such as facilities that attract tourists, the lodging industry, the transportation industry, retail stores, restaurants that directly deal with tourists and companies that provide those companies with products and services. Prosperity or failure of tourist destinations affects local industries to a large extent, because tourism is closely related to regional resources such as employment. Therefore, the autonomous and sustainable development of the tourism industry is expected in order to realize a tourism nation not only in each area but also around the country.

On the other hand, the tourism nation has a strong regional character so that a ratio and effects of the tourism industry vary in each area. Therefore, the “test survey for the basic survey on structure of the tourism industry* (provisional title) to grasp characteristics of each tourism-related industry as well as the “survey and analysis toward autonomous formation of the tourism industry*” to investigate the consciousness of residents and tourists were conducted by focusing on Furano City (Hokkaido prefecture), Shima City (Mie prefecture) and Iida City (Nagano prefecture).

2. Characteristics of tourism-related industries in Furano City, Shima City and Iida City

(1) Overview of the three cities

The area, population and number of tourism business offices of the three cities are shown in the table below (see Figure I-3-1-1).

Viewing characteristics of the industrial structure of the three cities in terms of the composition ratio of the number of employees at tourism business offices, the lodging industry accounts for 5.7% in Furano City, 11.3% in Shima City and 1.6% in Iida City. The ratio of the three cities exceeds the national average (1.3%). In addition, the ratio of the entertainment industry is higher in Shima City than in the other two cities. On the other hand, the ratio of the agriculture, forestry and fisheries industry in Furano City and the ratio of the manufacturing industry in Iida City are higher than the other two cities (see Figure I-3-1-2).

Figure I-3-1-1 Overview of area, population and concentration of offices in the three cities

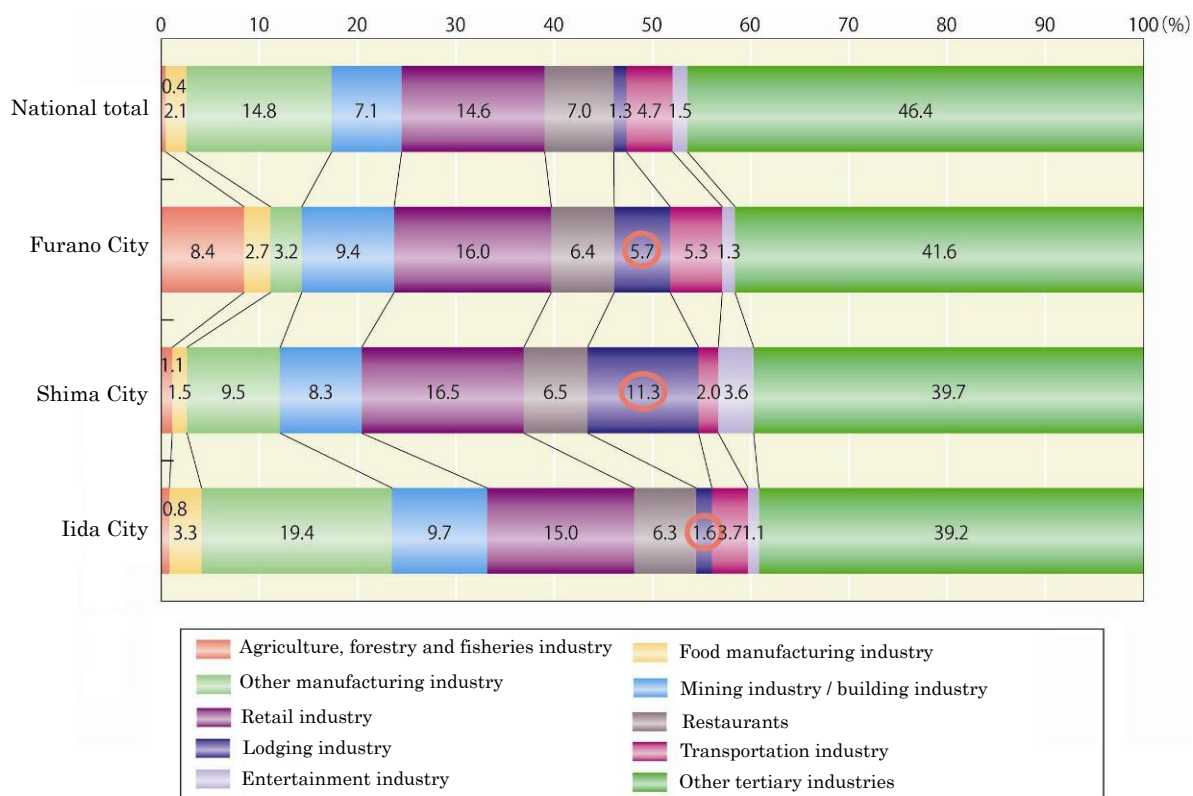
	Total area*1 (km ²)	Population*2	Concentration of tourism offices	
			Number of tourism offices*3	Number of employees*3
Furano City (Hokkaido prefecture)	600.97	24,266	1,299	11,243
Shima City (Mie prefecture)	179.70	54,700	3,477	22,514
Iida City (Nagano prefecture)	658.76	105,364	6,914	54,394

(Notes): *1 Geospatial Information Authority, “2008 National survey on Area by municipality and prefecture”

*2 Ministry of Internal Affairs and Communications, “2010 National Census (quick estimation)”

*3 Ministry of Internal Affairs and Communications, “2006 Statistical Survey on Offices and Companies”

Figure I-3-1-2 Composition ratio of the number of employees by industry



(Note) Ministry of Internal Affairs and Communications, “2006 Statistical Survey on Offices and Companies”

***Overview of “Test survey for the basic survey on structure of the tourism industry (provisional title)” by Japan Tourism Agency, Ministry of Land, Infrastructure, Transport and Tourism**

Period of survey: November 2010

Method of survey: Survey by sending questionnaire sheets by mail

Target: 2972 offices in Furano City (Hokkaido), Iida City (Nagano) and Shima City (Mie). The tourism industry in this survey refers to businesses that provide tourists with products and services (retail industry, lodging industry, restaurants, facilities to attract tourists, etc.) and that provide those companies with products and services (wholesale industry, food industry, agriculture, forestry and fisheries industry, etc.)

*** Overview of “FY2010 Survey and analysis toward autonomous formation of the tourism industry” by Japan Tourism Agency, Ministry of Land, Infrastructure, Transport and Tourism**

Period of survey: March 2011

Method of survey: Internet survey (monitoring survey)

Target: 1) Resident consciousness survey: Residents of Furano City (Hokkaido), Iida City (Nagano) and Shima City (Mie) over 20 years of age. 134 samples out of 150 target samples were collected (Furano 86, Shima 155 and Iida 134)

2) Visitor consciousness survey: Those who answered that they have visited any of the three cities within the past 3 years and are over 20 years of age. 309 samples were collected in the three cities compared to 300 target samples

3. Characteristics of industry accumulation related to tourism in the three cities

The sales, suppliers and subcontractors, and state of employment of those businesses (businesses that marked the sales of tourism) that sold products and provided services for tourists who visit the three cities are explained.

(1) Sales related to tourism of major projects

Viewing the ratio of sales related to tourism to the entire sales in the case of businesses that marked sales related to tourism in major projects (those projects that account for a high percentage of sales of businesses), the ratio of sales related to tourism is as high as 70.9% in Furano City compared to the other two cities (Shima City: 32.2%, Iida City: 16.8%).

Viewing the data by business, the difference between the three cities is minor in the retail business, while the sales related to tourism is high in the order of Furano City, Shima City and Iida City in the lodging and food service businesses. The ratio of the lodging business is 91.7 for Furano City, 65.6% for Shima City and 32.6% for Iida City, and that of the food service business is 66% for Furano City, 40.3% for Shima City and 15.9% for Iida City (see Figure I-3-1-6).

In Furano City and Shima City, the ratio of the number of lodging business operators to the entire number of business operators is high because of their historical background.

Figure I-3-1-6 Ratio of sales related to tourism

	Furano City				Shima City				Iida City			
	Number of business operators	Sales (unit: million yen)			Number of business operators	Sales (unit: million yen)			Number of business operators	Sales (unit: million yen)		
		(a)	Sales related to tourism (b)	Ratio of tourism in each business (b/a)		(a)	Sales related to tourism (b)	Ratio of tourism in each business (b/a)		(a)	Sales related to tourism (b)	Ratio of tourism in each business (b/a)
Total	32	382,111	270,753	70.9%	39	165,146	53,129	32.2%	27	379,999	63,921	16.8%
Lodging business	16	243,196	223,073	91.7%	9	13,618	8,939	65.6%	5	99,126	32,314	32.6%
Food service business	7	40,867	26,962	66.0%	12	46,845	18,889	40.3%	10	37,756	6,004	15.9%
Retail business	6	80,647	15,894	19.7%	14	85,301	11,196	13.1%	8	60,957	8,430	13.8%

(Notes)

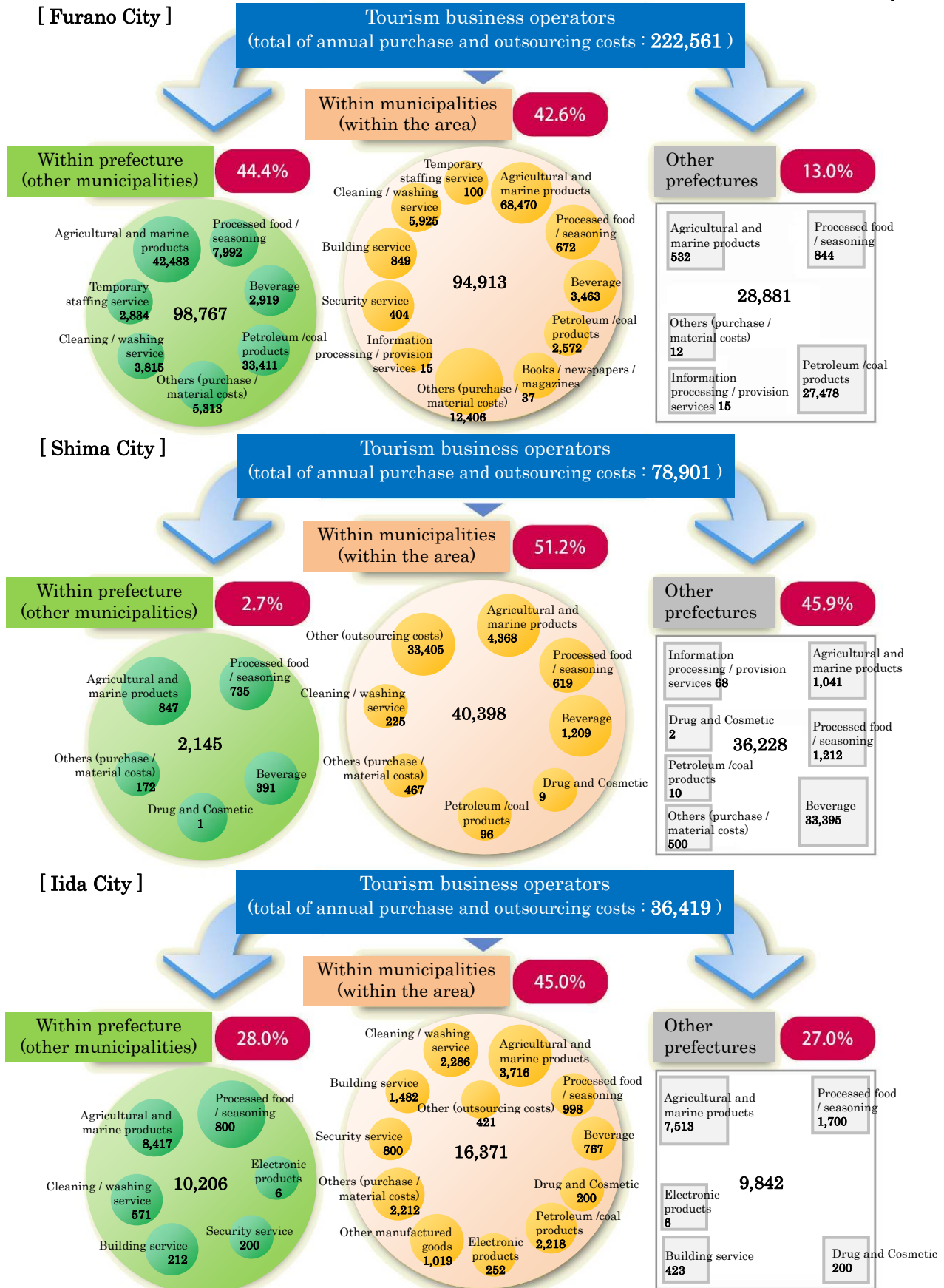
1. 2010 Test survey for the basic survey on structure of the tourism industry by Japan Tourism Agency
2. Extract business operators that answered sales of major businesses sales related to tourism

(2) Structure of purchase and outsourcing

Looking at the ratio of suppliers and subcontractors by region in the case of Furano City, 42.6% of them is located in the city, 44.4% in other municipalities in Hokkaido and 13.0% in other prefectures. On the other hand, 51.2% of them are located in the city, 2.7% in other municipalities in Mie and 45.9% in other prefectures in the case of Shima City, and 46.0% in the city, 28.0% in other municipalities in Nagano and 27.0% in other prefectures. The ratio of procurement from the city is around 40%~50% in the three cities, but that from the prefecture varies between the three cities, 44.4% for Furano City, 2.7% for Shima City and 28.0% for Iida City.

Concerning the content of purchase and outsourcing, agricultural and marine products occupy the first position in Furano City and Iida City, and the ratio of procurement from the same prefecture is high for such products (see Figure I-3-1-7).

Figure I-3-1-7 Annual costs of purchase and outsourcing and suppliers
(Unit: Ten thousand yen)



- (Notes) 1. “2010 Test survey for the basic survey on structure of the tourism industry” by Japan Tourism Agency
 2. Total of amount of business operators that answered about purchase and outsourcing
 3. The annual purchase and outsourcing costs and suppliers of Shima City exclude “import 1.3 million yen (0.2%)”

4. Consciousness of residents and that of visitors in the three cities

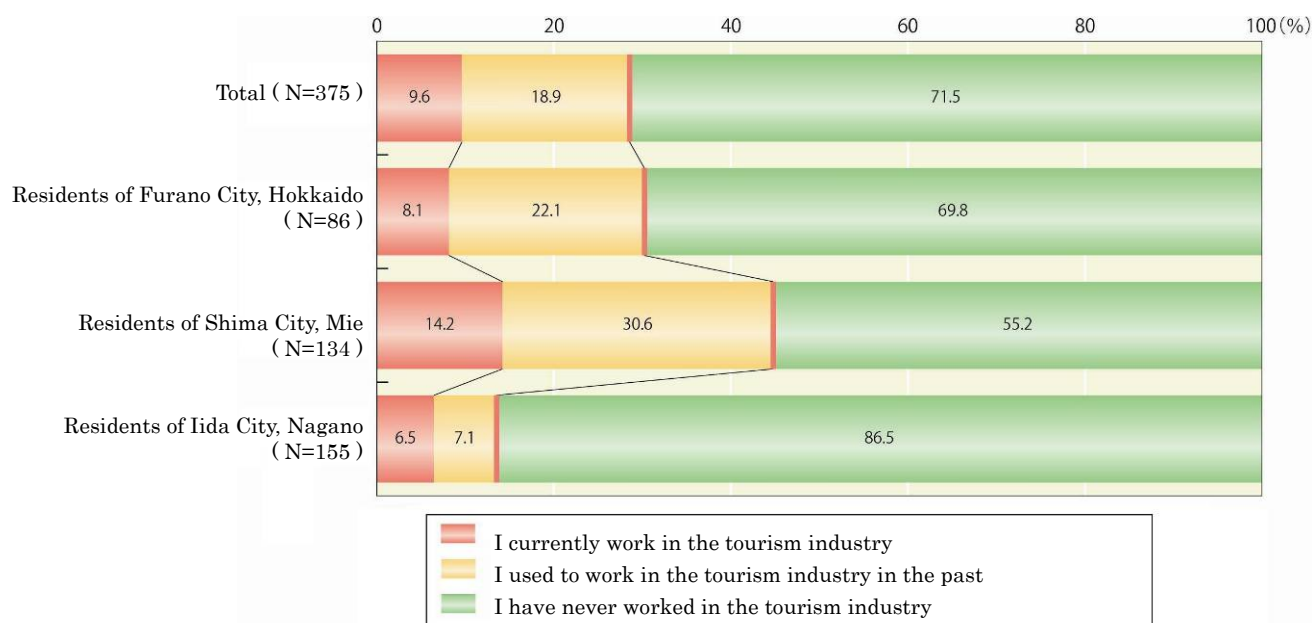
A survey on consciousness was conducted for residents and visitors of the three cities. Evaluation of the current state as a tourist destination and a future course of tourism promotion were analyzed.

(1) Comparison of consciousness of residents (tourism mind of residents and those who work in the tourism industry)

1) Work experience in the tourism industry

In the case of Shima City, 14.2% answered that “I currently work in the tourism industry” and 30.6% that “I used to work in the tourism industry in the past” with regard to working experience in the tourism industry. The total reaches 44.8%. On the other hand, in the case of Furano City, 8.1% answered that “I currently work in the tourism industry” and 22.1% that “I used to work in the tourism industry in the past” so that the total is 30.2%. In the case of Iida City, 6.5% answered that “I currently work in the tourism industry” and 7.1% that “I used to work in the tourism industry in the past” so that the total is only 13.6%. This shows that the number of people who work in the tourism industry in Shima City has been larger than that of the two cities (see Figure I-3-1-9).

Figure I-3-1-9 Working experience in the tourism industry



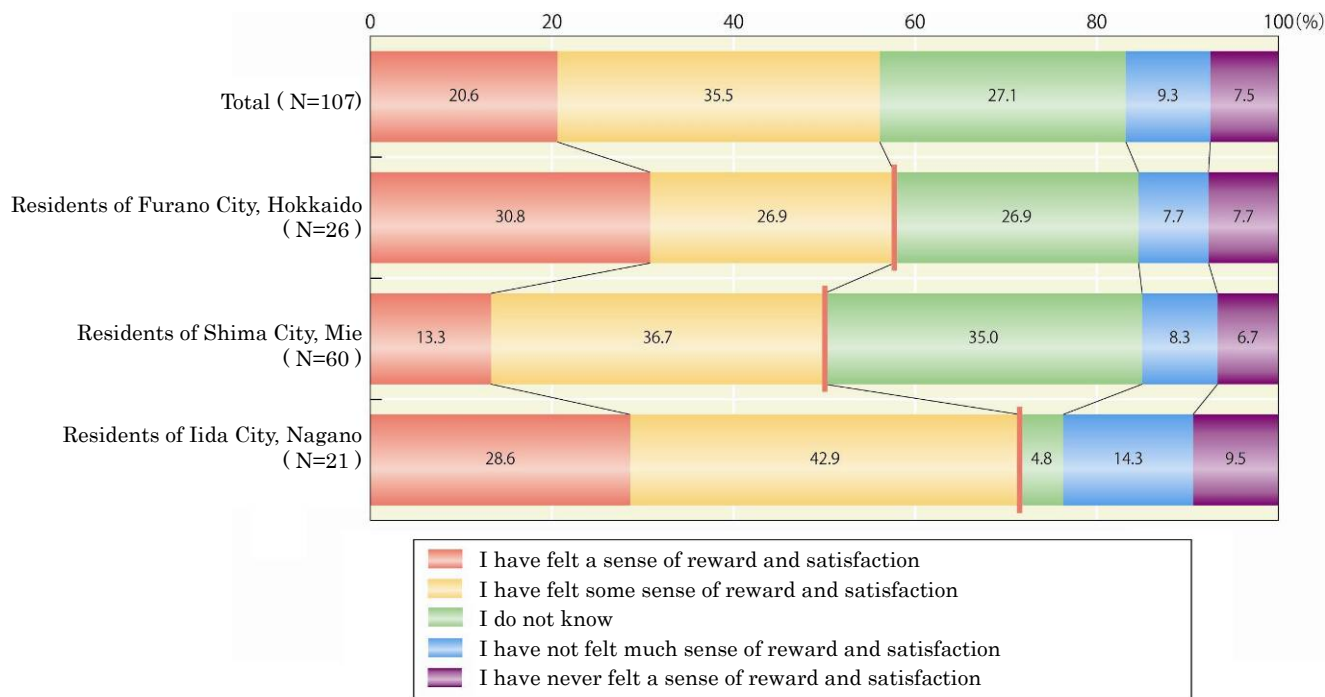
(Notes)

1. “FY2010 Survey and analysis toward autonomous formation of the tourism industry” by Japan Tourism Agency
2. The tourism industry in this survey refers to businesses that provide tourists with products and services (retail industry, lodging industry, restaurants, facilities to attract tourists, etc.) and that provide those companies with products and services (wholesale industry, food industry, agriculture, forestry and fisheries industry, etc.)

2) Consciousness as those who work in the tourism industry

57.7% (Furano City) and 71.5% (Iida City) of those who have working experience in the tourism industry answered that “I have felt a sense of reward and satisfaction” or “I have felt some sense of reward and satisfaction.” On the other hand, the ratio of Shima City is a little lower than that of the two cities (50.0%, see Figure I-3-1-10).

Figure I-3-1-10 Degree of satisfaction as employee



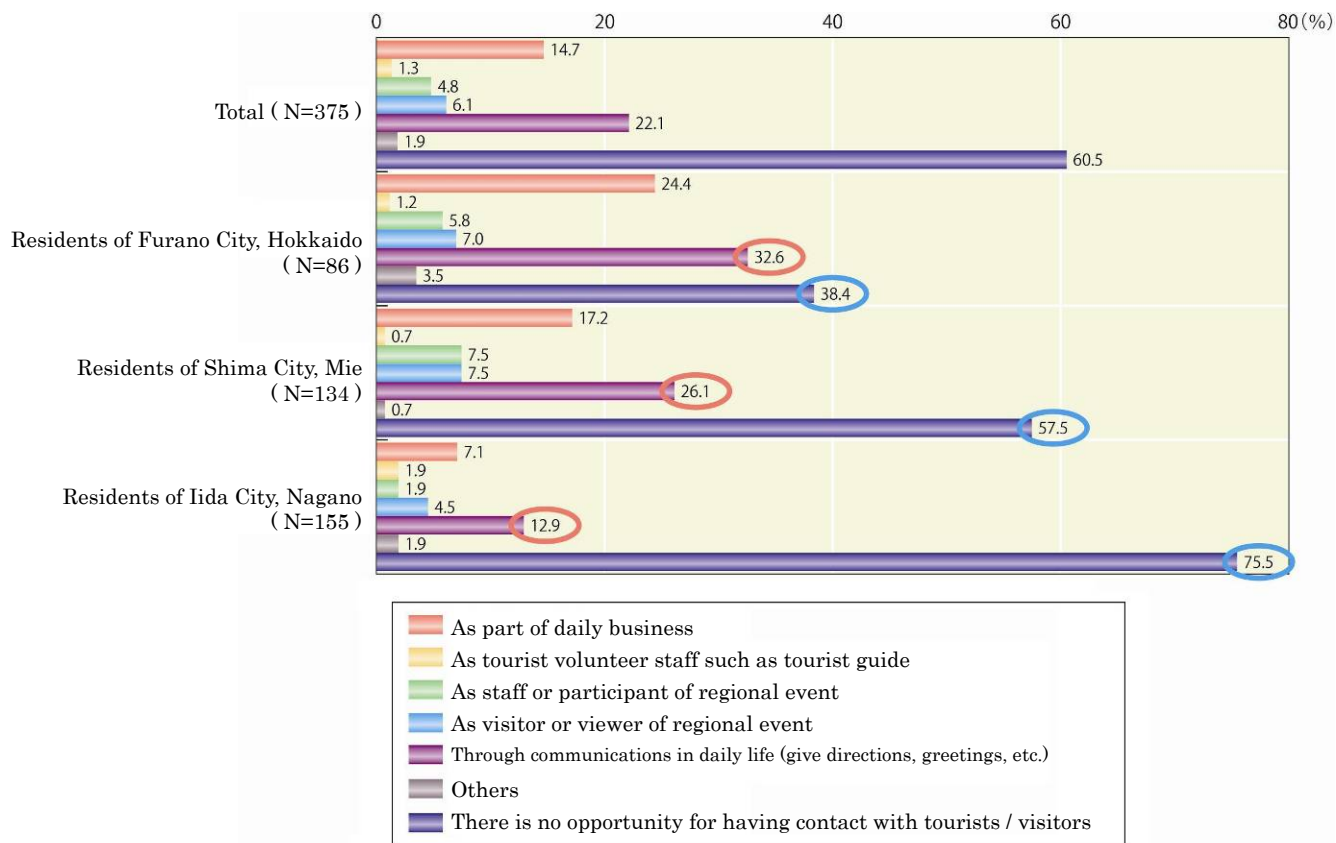
(Note) “FY2010 Survey and analysis toward autonomous formation of the tourism industry” by Japan Tourism Agency

3) Tourism promotion performed by residents

1) Contact with tourists / visitors

The ratio of the answer, “through communications in daily life,” was 32.6% for Furano City, 26.1% for Shima City and 12.9% for Iida City. The ratio of the answer, “there is no opportunity for having contact with tourists / visitors” was 38.4% for Furano City, 57.5% for Shima City and 75.5% for Iida City. These data show that there are many opportunities for having contact with tourists and visitors in Furano City (see Figure I-3-1-11).

Figure I-3-1-11 Tourism promotion as resident (contact with tourists / visitors)



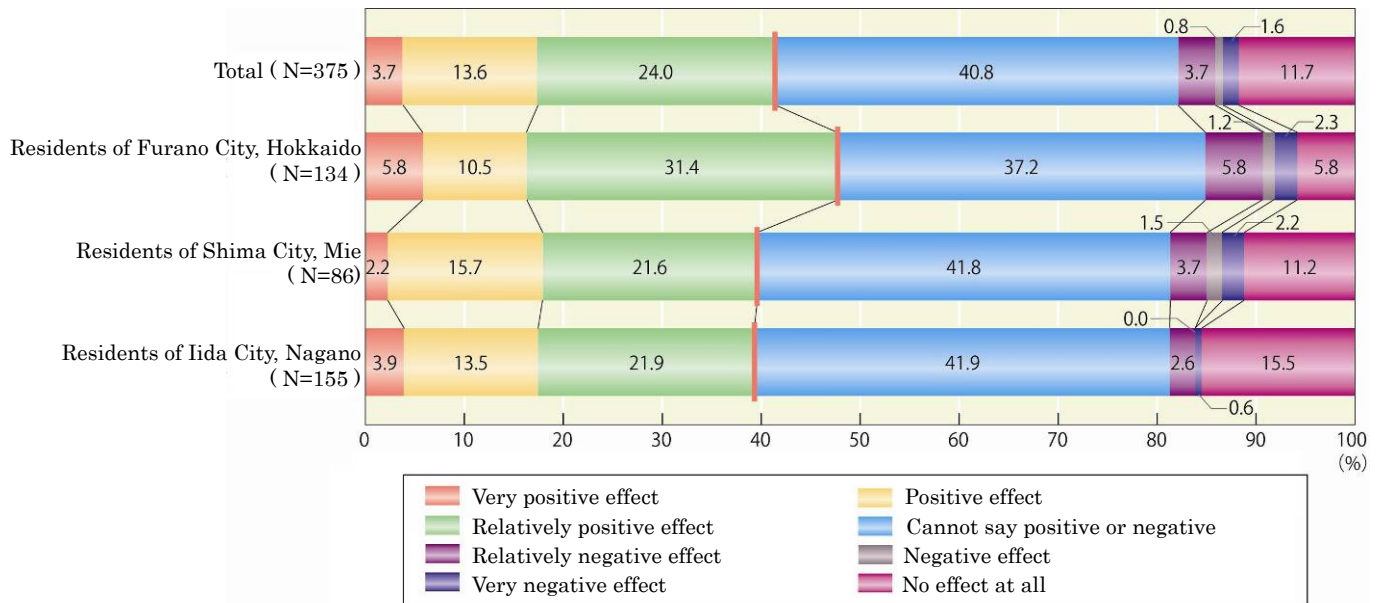
(Notes)

1. "FY2010 Survey and analysis toward autonomous formation of the tourism industry" by Japan Tourism Agency
2. Multiple answers

4) Recognition of effects of the increase in tourists / visitors

Concerning effects of the increase in tourists and visitors, the ratio of the answer, "there are positive effects" was 47.7% for Furano City, 39.5% for Shima City and 39.3% for Iida City, while 9.3% (Furano City), 7.4% (Shima City) and 3.2% (Iida City) responded negatively. Furano City marked both positive and negative answers (see Figure I-3-1-13).

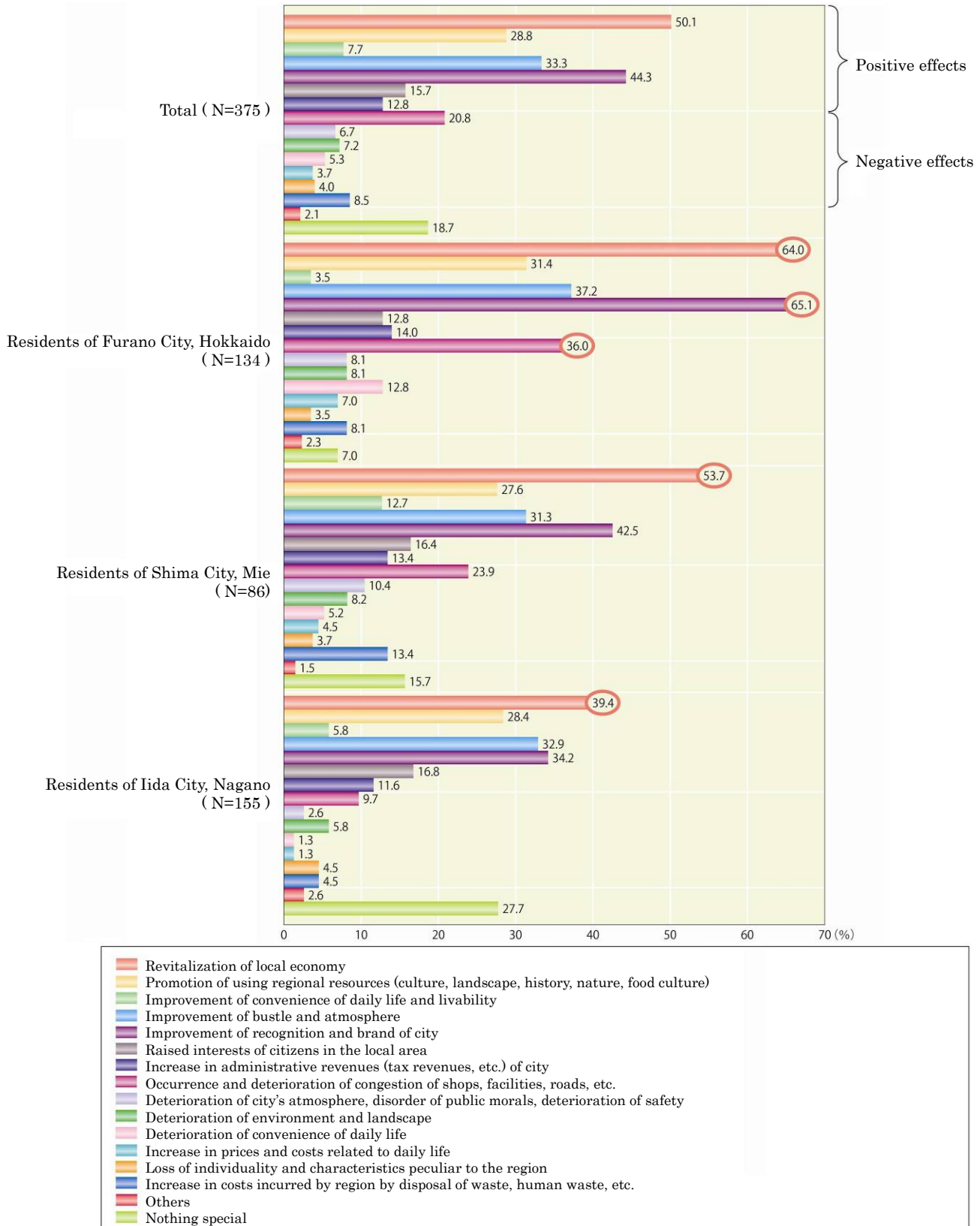
Figure I-3-1-13 Effects of the increase in tourists and visitors on respondents and their families



(Note) “FY2010 Survey and analysis toward autonomous formation of the tourism industry” by Japan Tourism Agency

The ratio of the answers, “revitalization of local economy,” “improvement of recognition and brand of city,” “promotion of using regional resources (culture, landscape, history, nature, food culture)” and “improvement of bustle and atmosphere of city” was high in the three cities (see Figure I-3-1-14). The ratio of the answers such as “revitalization of local economy” and “improvement of recognition and brand of city” was high in the order of Furano City, Shima City and Iida City. In the case of Furano City, the ratio of the answers, “improvement of recognition and brand of city” and “occurrence and deterioration of congestion of shops, facilities, roads, etc.” was higher than the two other cities.

Figure I-3-1-14 Effects of increase in tourists and visitors



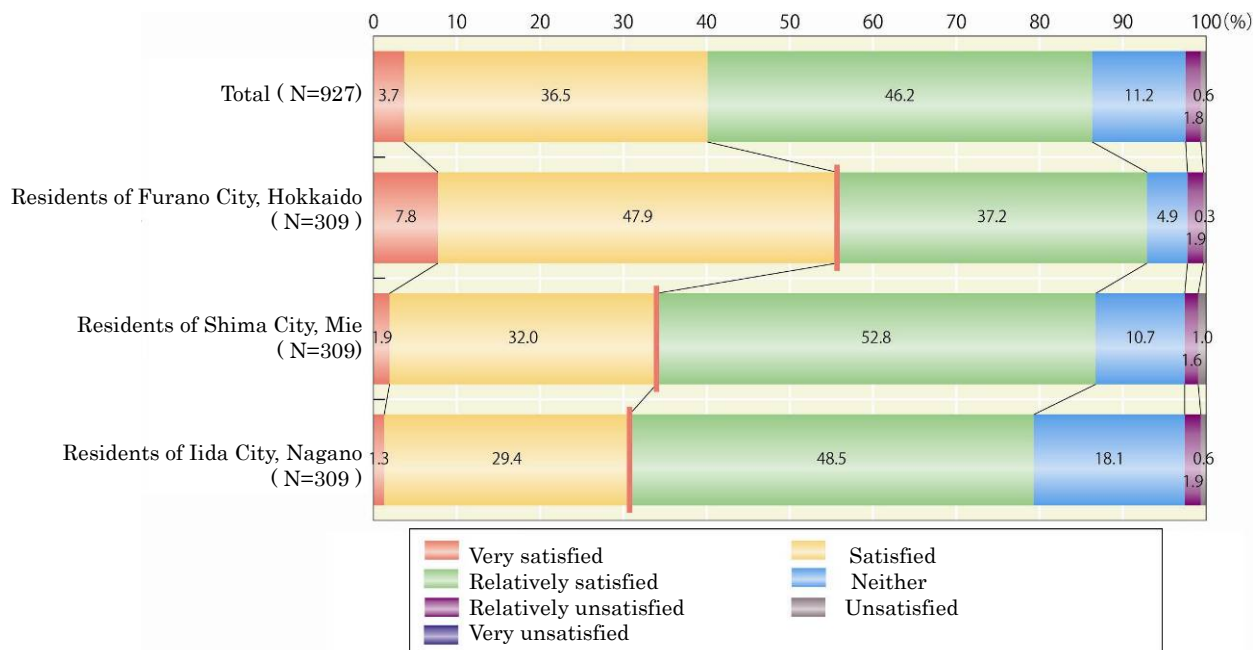
(Note) "FY2010 Survey and analysis toward autonomous formation of the tourism industry" by Japan Tourism Agency

(2) Comparison of consciousness of visitors (status of visit/purchase, degree of satisfaction and intention to revisit)

1) Comprehensive degree of satisfaction of stay

In the case of Furano City, more than half (55.7%) answered that “very satisfied” or “satisfied.” This is the highest degree of satisfaction in the three cities (see Figure I-3-1-16).

Figure I-3-1-16 Degree of satisfaction of visit



(Note) “FY2010 Survey and analysis toward autonomous formation of the tourism industry” by Japan Tourism Agency

(3) Comparison of residents’ consciousness and visitors’ consciousness concerning evaluation as tourist destination and future course

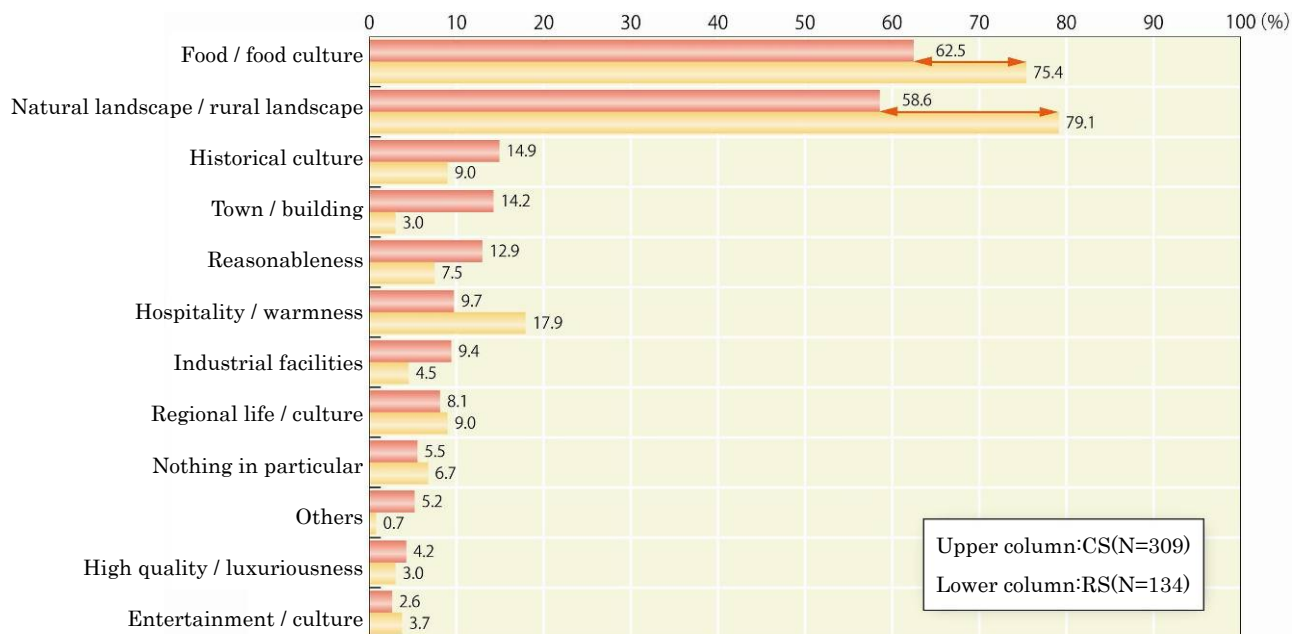
1. Shima City

1) Comparison of residents’ consciousness and visitors’ consciousness of Shima City

“Food and food culture” and “natural landscape and rural landscape” are popular answers both for residents and visitors. On the other hand, there is certain gap between the residents’ consciousness and the visitors’ consciousness so that the appeal and advantage of region have not been exploited to a full extent. It may be attributable to the fact that no effective appeal is made to visitors (see Figure I-3-1-20).

In the future, further efforts are required with regard to “attractive food and food culture,” because there is a small gap between residents’ and visitors’ consciousness. On the other hand, there found a wide gap (residents’ consciousness is higher than visitors’ consciousness) in “enhancement of regional transportation and improvement of its convenience,” enhancement of prior information transmission and promotion activities” and “improvement of attraction of sceneries.” There is a possibility that the city would result in an unattractive tourist destination if tourism promotion continues to focus only on residents’ consciousness not on visitors’ consciousness (see Figure I-3-1-21).

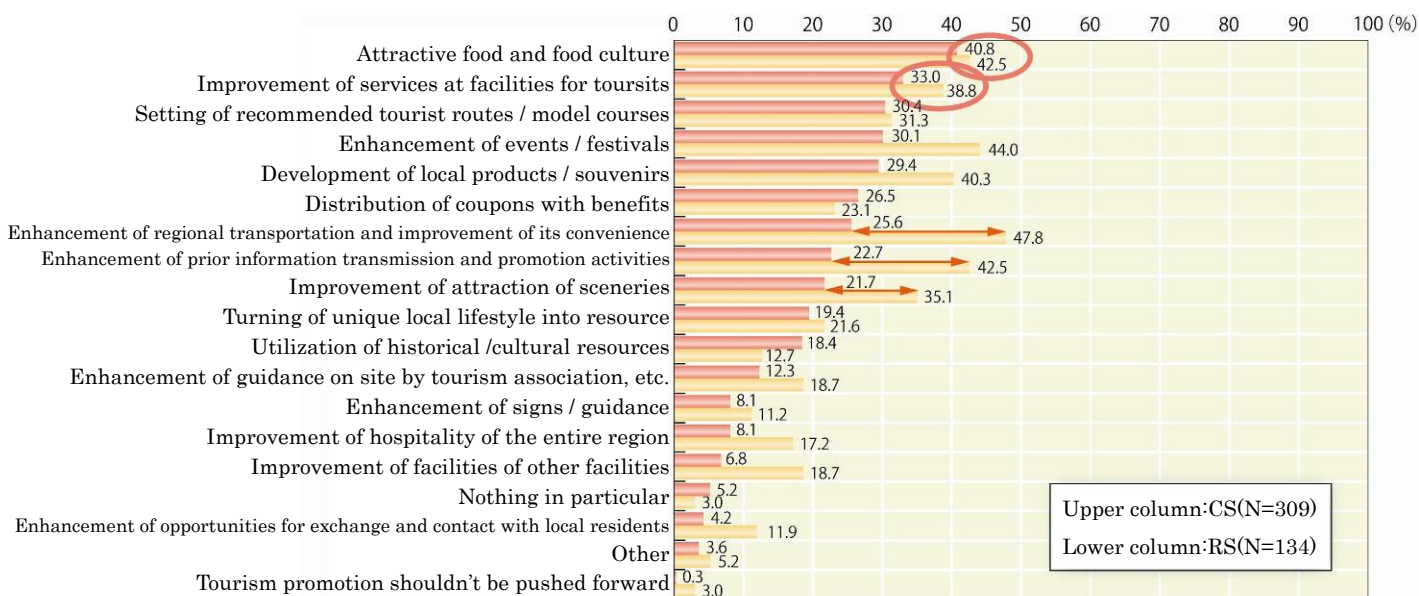
Figure I-3-1-20 Advantage as tourist destination / tourism resource (Shima City)



(Notes)

1. “FY2010 Survey and analysis toward autonomous formation of the tourism industry” by Japan Tourism Agency
2. Multiple answers

Figure I-3-1-21 Factor necessary for tourism promotion (Shima City)



(Notes)

1. “FY2010 Survey and analysis toward autonomous formation of the tourism industry” by Japan Tourism Agency
2. Multiple answers

5. Future course of efforts of local industries that are involved in tourism

The ratio of answers that the increase in visitors to each city has a positive effect in local residents is high in all three cities (Furano City: 47.7%, Shima City: 39.5%, Iida City: 39.3%). The reasons for that also emphasize positive effects rather than negative effects such as “improvement of recognition and brand of city,” “promotion of utilization of regional resources (culture, landscape, history, nature, food culture)” and “improvement of bustle and atmosphere of city” (see Figure I-3-1-14). Although the ratio of tourism sales to the entire sales varies for business operators that marked tourism sales in major businesses (see Figure I-3-1-6), tourism plays an important role in

economy and employment of local industries.

However, regional industries that is involved in tourism have different geographical conditions, historical backgrounds, regional resources such as “food / food culture,” “natural landscape / rural landscape” and “town / building,” circulation of money in the region, residents’ and visitors’ consciousness and plans for tourism promotion by the each region’s administration. Therefore, effective means for developing local industries related to tourism are also different.

The specific analysis of the three cities reveals the following points. Furano City has worked on tourism promotion focusing on the ski resort by taking advantage of its geographical conditions and become a national tourist destination through the large-scale resort development and influence of TV drama. The ratio of tourism sales to the entire local industry is high and the residents understand that fact. Therefore, not only the local industrial world and the administration side but also local residents have a high awareness on tourism and efforts for promoting it. It is desirable to continue tourism promotion with the participation of local residents. However, tourism promotion by expanding the tourism menu for tourists such as the acceptance of new entrants taking into account visitors’ consciousness may be one measure for solving the seasonal fluctuation of demand.

As for Shima City, the residents’ consciousness on “food and food culture” is higher than the visitors’ consciousness with regard to regional advantages. This indicates that visitors do not value it as an advantage as residents think. Viewing the content of purchase and outsourcing of Shima City, the purchase from other prefectures occupies 45.9%. There is a possibility that visitors receive products similar to what they have contact with in daily life even though they came all the way to Shima City so that they do not think it is an advantage. To solve this gap of consciousness and improve the degree of satisfaction, one measure would be to raise the ratio of local production for local consumption

As for Iida City, the degree of satisfaction of those who work in the tourism industry is high. This means that they are satisfied with working in the tourism industry, because the ratio of tourism sales to the entire sales of local industries is low. The seasonal fluctuation of users of major businesses is small, there are various tourism resources in Iida City and the ratio of purchase from and outsourcing to the city and the prefecture, so that the creation of food and souvenirs wanted in the residents’ and visitors’ consciousness is an effective measure for developing local industries related to tourism.

As mentioned above, to increase the number of visitors to the region and vitalize local industries related to tourism, the regional collaboration including not only local industries but also residents and employees, the improvement of awareness of residents and employees on tourism, the discovery and creation of attractions of regional tourism resources in cooperation with other local industries from a local and visitors’ point of view, and the transmission of regional appeals taking into account advantages and disadvantages of the region are important.

To vitalize local industries by tourism, it is important to design tourism measures and to systematically distribute and invest appropriate sources based on them after properly grasping the number of business operators who are involved in tourism, their size of sales, basic structure of employment/working conditions, accurate number of annual visitors, number of overnight tourists, visitors’ consciousness, residents’ and employees’ consciousness, gap between residents’ and visitors’ consciousness using statistics on tourism and various surveys.

Part II State of Tourism and Tourism Measures in FY2010

Chapter 1 Current State of Tourism

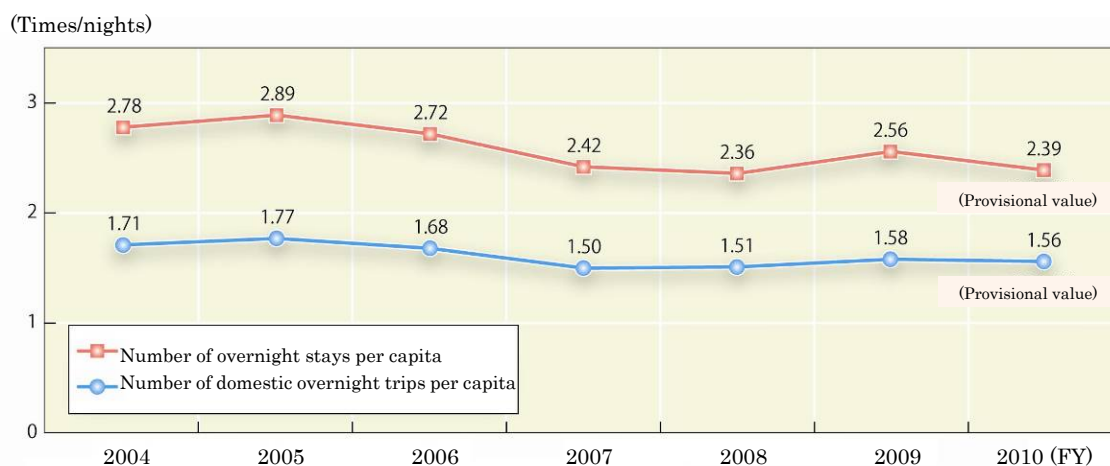
Section 1 Trends in Tourism by the Japanese Public

1 Trends in domestic overnight trips by the Japanese public

(1) Overview of domestic overnight tourist travel

The frequency of overnight domestic travels per capita of the Japanese population in FY2010 is estimated to have been 1.56 times, a decrease of 1.3% on a year-to-year basis. Meanwhile, the number of overnight stays on domestic travels per capita is estimated to be at 2.39 nights, a decrease of 6.6% on a year-to-year basis.

Changes in the frequency of domestic overnight trips and the number of overnight stays



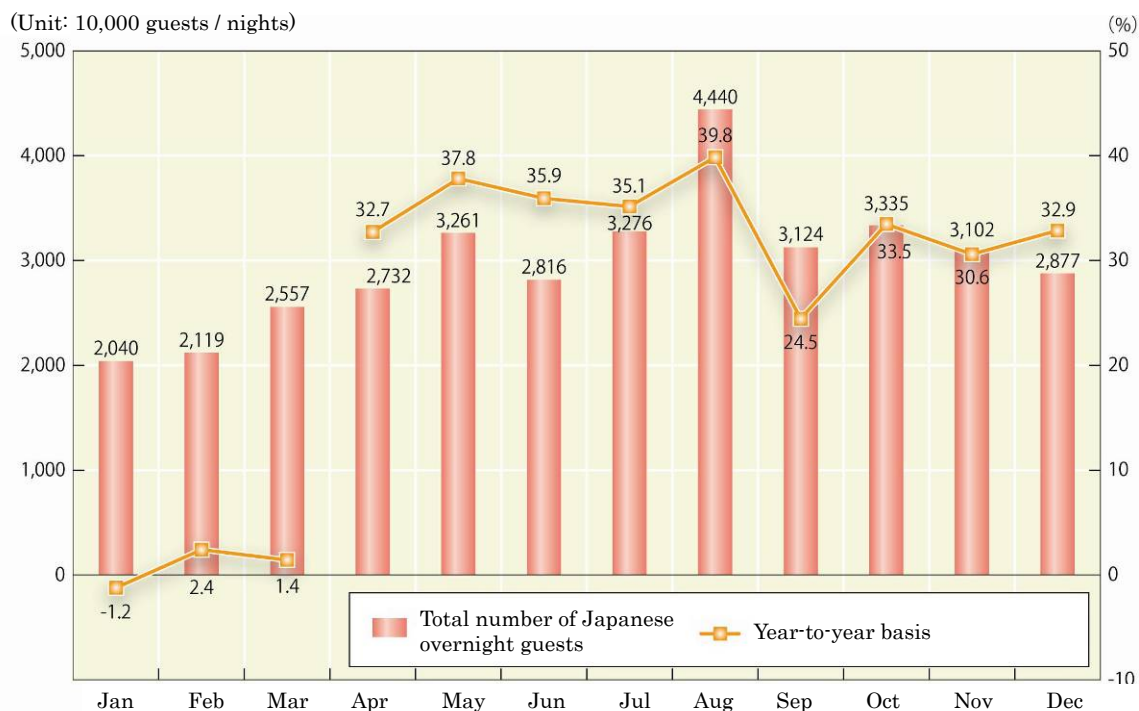
(Notes)

1. Japan Tourism Agency, Ministry of Land, Infrastructure, Transport and Tourism, "Travel and Tourism Consumption Trend Survey"
2. Values for FY2010 are provisional

(2) General state of overnight trips

In January 2007, we started the "Overnight Trip Statistics Survey (approved statistics)," which is based on 1) the national uniform standards, is targeted at 2) all prefectures and city governments, and aims to clarify 3) 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 2010 was 382.95 million guest/nights overall, of which the total number of Japanese guests was 356.81 million guest/nights. When looking at the figures by month, August was the busiest with 44.40 million guests while January was the quietest with 20.40 million. In addition, all months except January marked a positive growth on a year-to-year basis. This recovery is due to the fact that the number fell significantly in the previous year because of pandemic of the new influenza virus, etc.

Total Number of Japanese Overnight Guests by Month (2010)



(Notes)

1. Based on Japan Tourism Agency, Ministry of Land, Infrastructure, Transport and Tourism, "Overnight Trip Statistics Survey".
2. The values do not reflect data of newly built and closed facilities in the year so that the definite values may change slightly.
3. It is impossible to compare with the results of the previous surveys directly because the target of survey has been extended to facilities with 9 or less employees since April 2010.

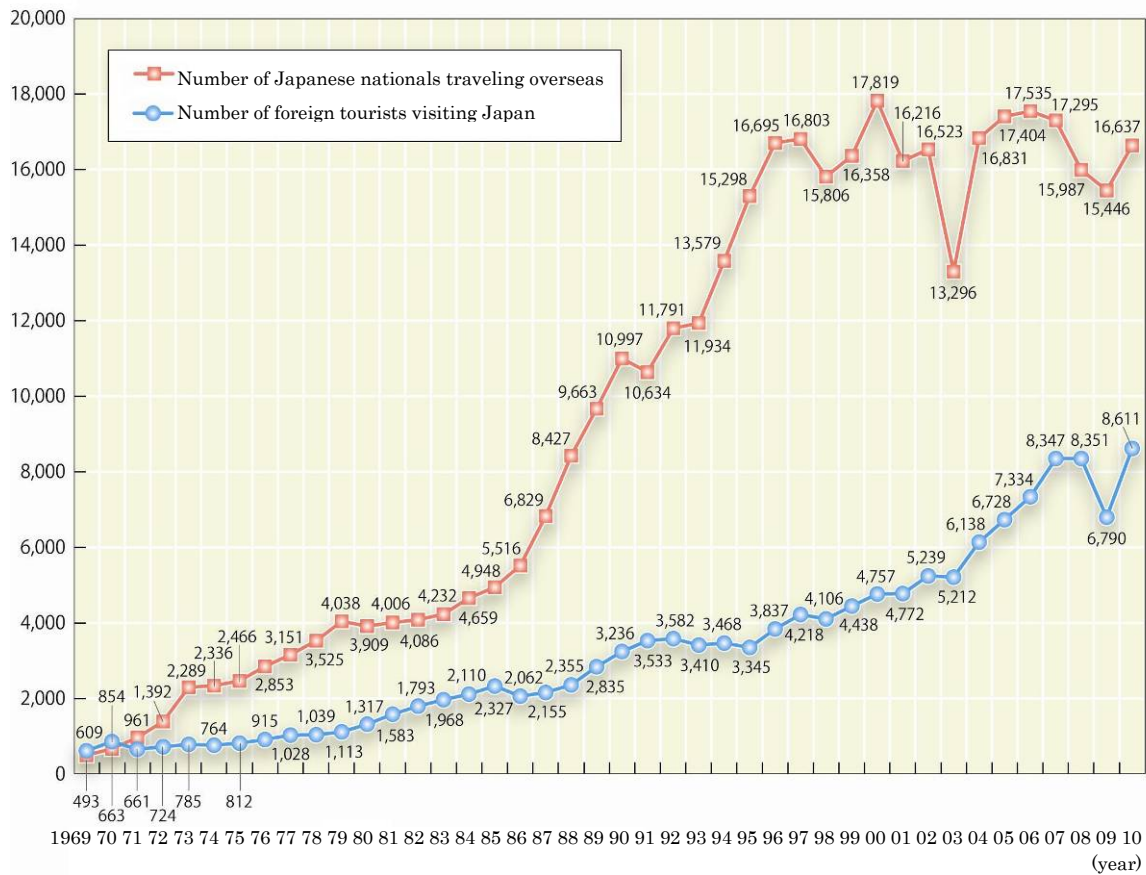
2 Trends in overseas travel by the Japanese public

(1) Change in the number of overseas travelers

The number of Japanese nationals traveling overseas in 2010 was around 16.64 million. Compared to the previous year, this represented an increase of around 1,190,000 or 7.7% because the number declined significantly in the previous year due to the expansion of the new influenza virus.

Changes in the number of Japanese Nationals Traveling Overseas

(Unit: 1000)

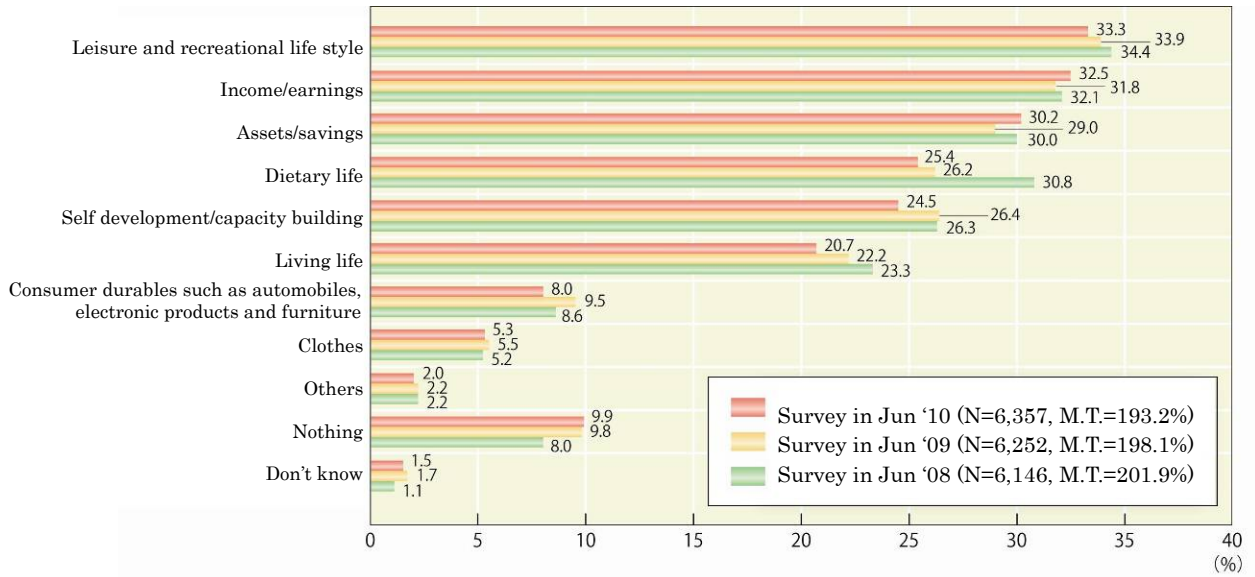


Note: Prepared by the Japan Tourism Agency, from data provided by the Justice Ministry and the Japan National Tourist Organization (JNTO)

3 Consciousness trends and actual state of travel, etc. among the Japanese public

Although the sectors in which most respondents wanted to place priority in their future lives were “Leisure and recreational lifestyle,” cited by 33.9%, it tends to decrease. The gap with the second and the third, which are “Income” and “Assets/savings”, has been closing.

Priorities for Future Life



Note: (Source) "Opinion Survey on the National Way of Life" by Government PR Office, Minister's Secretariat, Cabinet Office

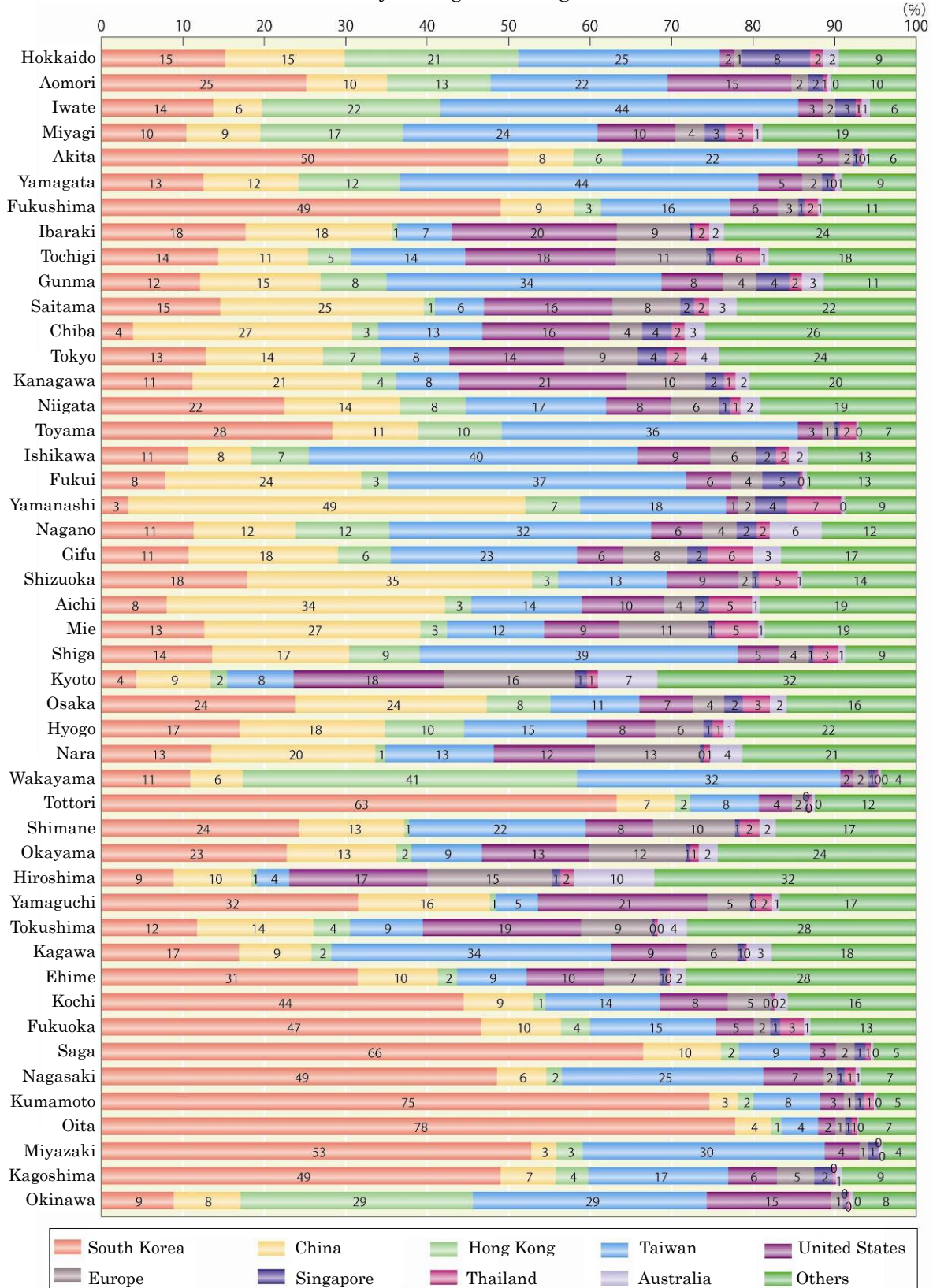
Section 2 Trends in Visits to Japan by Foreign Tourists

1 Trends in overnight trips of foreign tourists

(1) Trends in stay

According to the results of the "Statistical Survey on Overnight Travel," the total number of foreign guests between January and December 2010 was 26.14 million guest/nights, an increase of 42.9% on a year-to-year basis.

Composition Ratios of All Foreign Nationals Making Overnight Stays, by Prefecture and by Country or Region of Origin (2010)



Notes:

1. Japan Tourism Agency, 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
4. The values do not reflect data of newly added/closed facilities in the year and the definite values may change slightly
5. Prepared by the survey for facilities with 10 or more employees

(2) Number of travelers and their nationalities

The number of foreign travelers to Japan in 2010 was 8.61 million (26.8% increase from the previous year), a sharp increase from the previous year due to the significant downturn in the previous year caused by the influence of expansion of the new influenza virus.

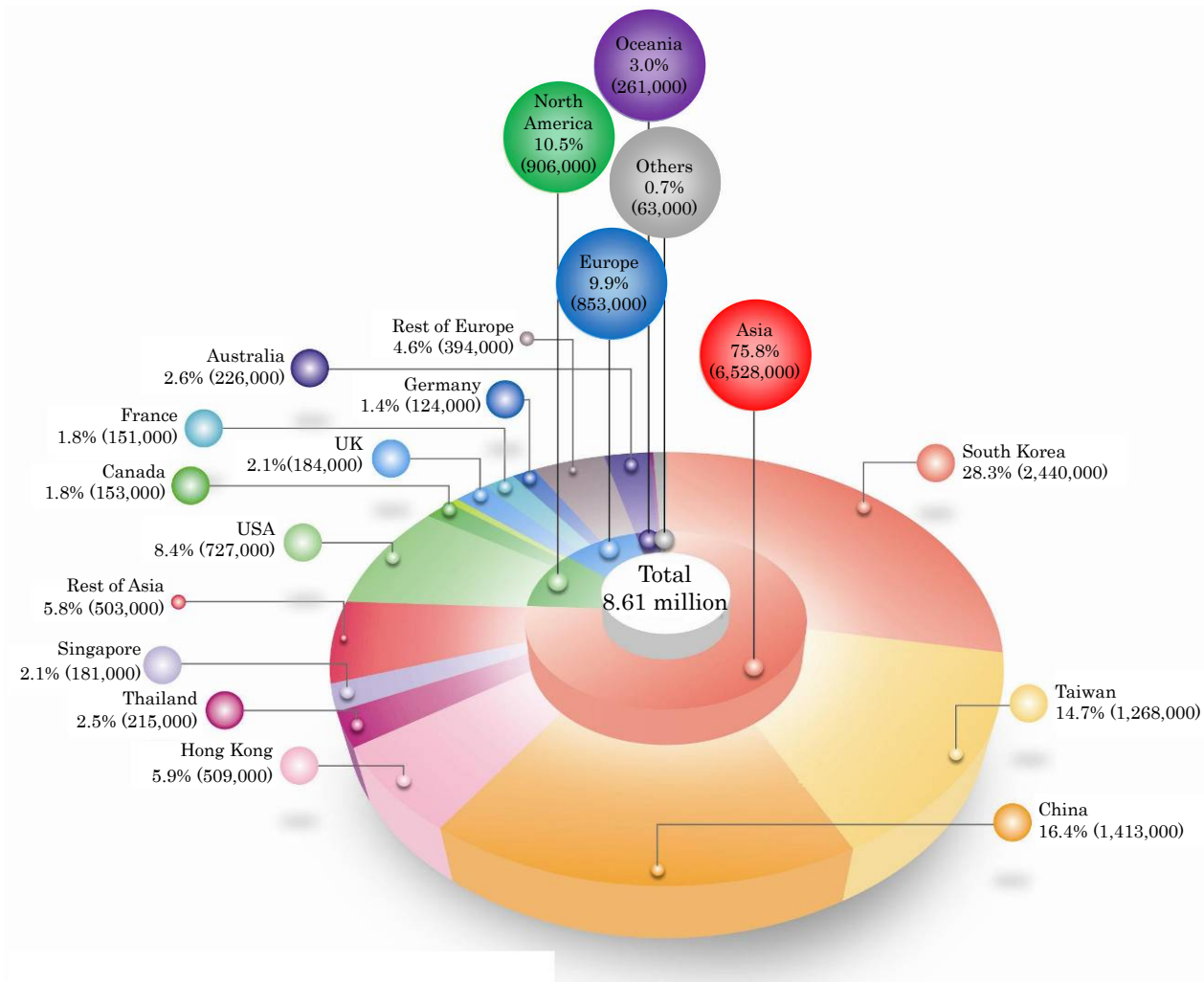
In terms of the number of foreign travelers by continent, 6,53 million people visited from Asia (75.8%), then 910,000 from North America (10.5%), 850,000 from Europe (9.9%) and 260,000 (3.0%) from Oceania.

According to the change over time by country and region, South Korea occupied the first position with 2.44 million (53.8% increase), followed by China (1.41 million, 40.4% increase), Taiwan (1.27 million, 23.8% increase), USA (730,000, 3.9% increase) and Hong Kong (510,000, 13.2% increase). China surpassed Taiwan to have occupied the second position.

In the year 2009 in which the international ranking of the number of foreign travelers can be compared at an international level, Japan accepted 6.79 million travelers. This was the 33rd position in the world and 8th in Asia. Both in the world and in Asia, Japan has fallen behind China, Malaysia, Hong Kong, Thailand, Macau, South Korea and Singapore.

When looking at the number of foreign travelers by months, it marked an increase on a year-to-year basis in all months in 2010. Particularly, it marked an increase of more than 50% in February and June.

Proportions of Foreign Travelers Visiting Japan from Top 12 Countries by Country/Region of Origin (2010)



Notes:

1. Inner circle: Totals by continent
Outer circle: Totals by country or region
2. Prepared by the Japan Tourism Agency based on data provided by the Justice Ministry and the Japan Tourist Organization (JNTO)

2 Trends in international conventions

In 2003, Japan hosted 280 international conferences, the largest number in Asia, but in 2006, this fell to 166. However, the number recovered significantly to 475 in 2007 and 538 in 2009, pushing Japan in the second place in Asia (5th place in the world).

Section 3 Economic Effects of Travel on Whole Japan

1 Economic effects in FY2009

(1) Current state of travel consumption

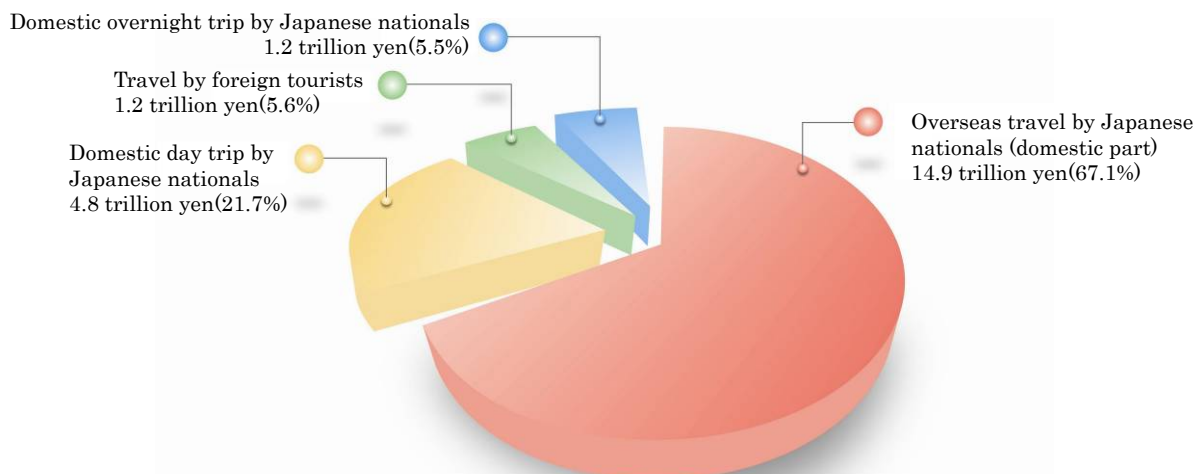
The value of travel consumption in Japan has been estimated every year since FY2003 by conducting the “Consumer Outlook Survey in Tourism” approved statistics. In addition, the “Research Study on Economic Effects of the Travel and Tourism Industries” which estimates economic ripple effects of travel consumption has been conducted based on TSA (Tourism Satellite Account), a world standard statistical tool for economic effects of tourism consumption.

According to the latest results of the survey, the value of domestic travel consumption by the Japanese public in FY2009 was 14.9 trillion yen for overnight trips (a decrease of 4.5% from the previous fiscal year) and 4.8 trillion yen for day trips (a decrease of 2.0% from the previous fiscal year).

The value of travel consumption by foreign visitors to Japan was 1.2 trillion yen (a decrease of 7.77% from the previous fiscal year).

The total value of domestic travel consumption in Japan is estimated to be 22.1 trillion yen (a decrease of 6.4% from the previous fiscal year).

Breakdown of the domestic travel consumption (22.1 trillion yen) by market



(Note) Japan Tourism Agency “Consumer Outlook Survey in Tourism”

(2) Economic effects of travel on whole Japan

The direct economic effects on the Japanese economy due to the aforementioned domestic travel consumption of 22.1 trillion yen in FY2009 are estimated to be 11.0 trillion yen (a direct added value generation effect) and 2.11 million workers (an employment inducing effect).

In addition, the production ripple effect of this travel consumption, including indirect effects, is estimated to be 48 trillion yen (4.9% of the value of domestic production), the added value generation effect at 24.9 trillion yen (5.2% of gross domestic production (nominal GDP)), and the employment inducing effect of 4.06 million workers (6.3% of the total number of workers).

(3) Economic effects of travel on Japanese industries

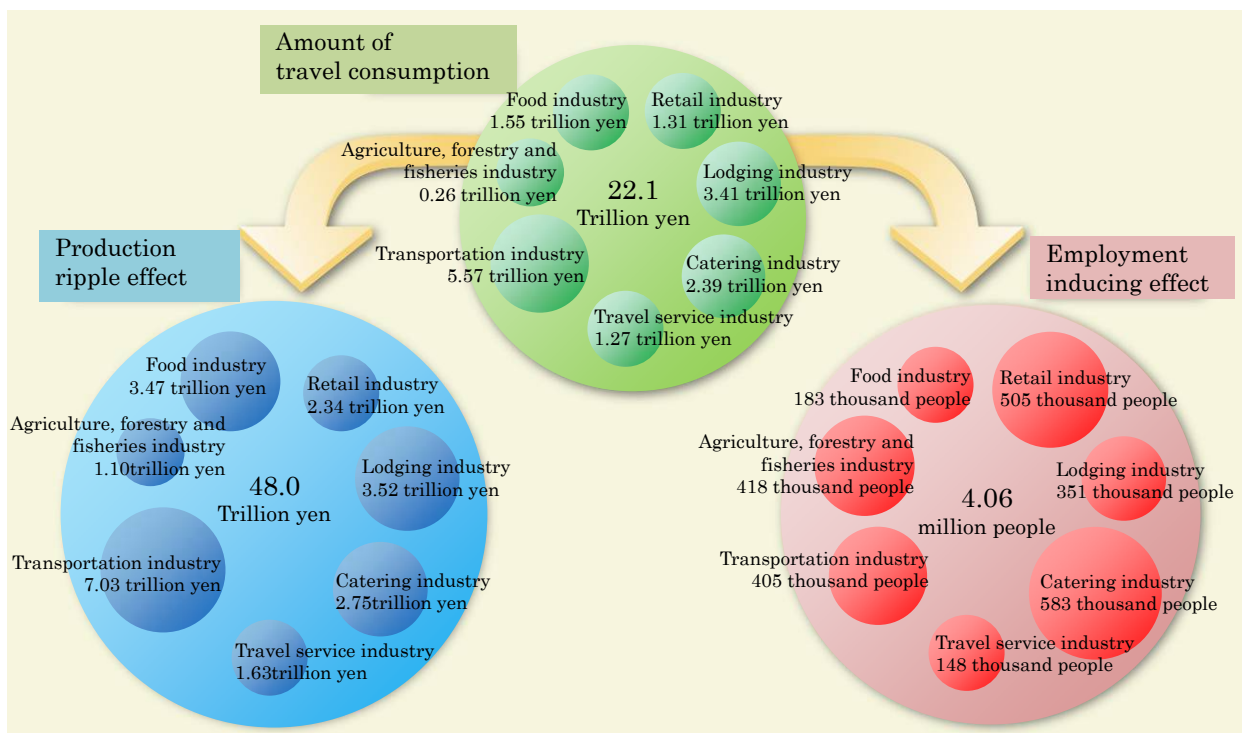
The travel consumption in Japan has a direct economic effect on tourism/tourism related industries and a production ripple effect on various industries in Japan by stimulating the household consumption by employees of travel/travel-related industries.

The direct economic effect of the value of travel consumption in FY2009 on related industries is 7.0 Trillion yen for the transportation industry and 3.5 Trillion yen for the lodging industry. This

indicates that the effect is larger on industries directly related to tourism.

On the other hand, the production ripple effect is estimated at 1.1 trillion yen for the agriculture, forestry and fishing, 3.5 trillion yen for the food industry and 2.8 trillion yen for the catering industry other than the aforementioned industries. The employment inducing effect is estimated at 420,000 workers for the agriculture, forestry and fisheries and 510,000 for the retail industry. This indicates that tourism has a great ripple effect not only on the transportation and lodging industries but also on other industries such as the agriculture, forestry and fishing and the retail industry.

Economic effects by industry (FY2009)



(Note) Based on "Survey of the Economic Effects of the Travel and Tourism Industry" issued by the Japan Tourism Agency

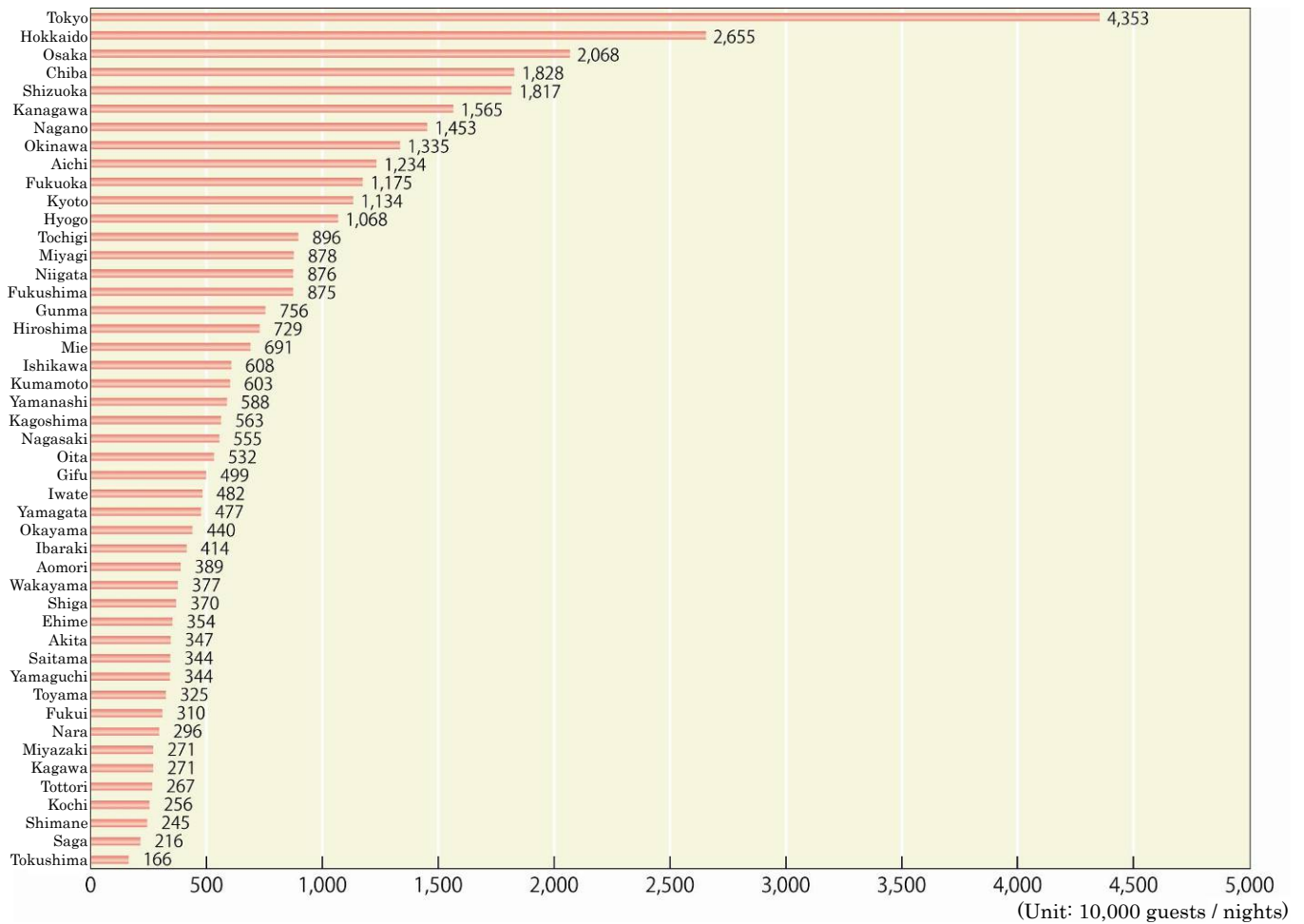
Section 4 State of Tourism in Prefectures According to the Overnight Trip Statistics Survey

1 Current state of the number of guests

(1) Total number of guests by prefecture

Viewing the total number of guests by prefecture in 2010, it was 382.95 million guests/nights. Prefectural breakdown shows Tokyo was in the 1st place with 43.53 million guests/nights (11.4%), Hokkaido in the 2nd place with 26.55 million (6.9%) and Osaka in the 3rd place with 20.68 million (5.4%), these three prefectures account for about a quarter of the total (23.7%).

Total Number of Overnight Guests by Prefecture (2010)



Notes:

1. Source: "Overnight Trip Statistics Survey" by Japan Tourism Agency, MLIT
2. The values do not reflect data of newly added/closed facilities in the year and the definite values may change slightly

Section 5 Common standards for Inbound Tourist Statistics

Surveys based on "the common standards for inbound tourist statistics (formulated in December 2009)" which was decided to make it possible to compare inbound tourist statistics of prefectures have been diffused and promoted. The statistical survey based on the standards has started in FY2010. The survey is conducted every quarter and the results of April to June 2010 concerning the number of inbound Japanese tourists, unit price of travel consumption and value of travel consumption are as follows:

Comprehensive table of number of inbound tourists (actual), unit price of travel consumption and value of travel consumption (Japanese nationals, for travel purpose)

Prefecture	① Number of inbound tourists (thousand person-time)				② Travel consumption unit price (Yen/person-time)				③ Amount of travel consumption (million yen)			
	From prefecture		From other prefectures		From prefecture		From other prefectures		From prefecture		From other prefectures	
	Overnight trip	Day trip	Overnight trip	Day trip	Overnight trip	Day trip	Overnight trip	Day trip	Overnight trip	Day trip	Overnight trip	Day trip
01Hokkaido	1,404	11,075	756	5	20,568	3,634	65,838	7,000	28,879	40,242	49,799	32
02Aomori	119	3,047	275	1,160	13,194	3,772	30,106	8,571	1,567	11,495	8,287	9,947
03Iwate	213	1,992	365	1,064	21,257	3,803	30,556	8,799	4,526	7,574	11,155	9,363
04Miyagi	505	3,085	791	2,765	13,777	2,790	27,236	8,847	6,953	8,607	21,534	24,466
05Akita	Common standards will be applied from the survey for January-March 2011											
06Yamagata	298	1,578	396	1,698	22,698	10,101	25,544	17,101	6,759	15,936	10,109	29,039
07Fukushima	332	3,249	772	2,762	20,629	3,870	29,604	8,397	6,850	12,574	22,868	23,189
08Ibaraki	Common standards will be applied from the survey for January-March 2011											
09Tochigi	Common standards will be applied from the survey for January-March 2011											
10Gunma	336	3,760	983	2,561	18,173	2,273	20,968	5,457	6,102	8,547	20,614	13,975
11Saitama	Common standards will be applied from the survey for January-March 2011											
12Chiba	438	7,826	1,944	14,249	11,745	6,004	40,406	9,087	5,147	46,986	78,548	129,484
13Tokyo	722	54,465	1,845	48,615	42,980	4,350	33,741	5,503	31,052	236,920	62,258	267,521
14Kanagawa	546	22,693	959	8,445	28,527	3,184	33,159	5,738	15,570	72,245	31,803	48,454
15Niigata	318	2,565	592	3,291	29,666	6,908	17,786	14,577	9,431	17,720	10,535	47,976
16Toyama	97	998	206	1,516	20,308	4,031	33,732	8,359	1,970	4,023	6,938	12,671
17Ishikawa	346	1,620	526	2,713	10,114	3,743	23,636	14,239	3,499	6,064	12,444	38,629
18Fukui	184	635	257	1,901	13,124	4,549	25,691	10,987	2,415	2,889	6,596	20,887
19Yamanashi	115	1,741	894	3,639	24,022	3,705	22,476	6,476	2,768	6,451	20,100	23,563
20Nagano	384	1,746	1,651	4,332	20,749	3,908	26,475	7,120	7,969	6,824	43,722	30,844
21Gifu	127	1,779	571	6,573	26,317	2,376	25,852	4,182	3,351	4,229	14,768	27,491
22Shizuoka	542	5,037	2,094	6,704	27,331	8,875	24,630	13,882	14,819	44,704	51,570	93,062
23Aichi	760	10,495	633	6,239	12,080	2,745	14,519	4,199	9,184	28,805	9,192	26,203
24Mie	238	2,411	742	3,986	19,932	3,997	24,002	5,036	4,743	9,637	17,816	20,071
25Shiga	155	1,372	438	3,372	15,458	3,816	18,303	4,730	2,403	5,234	8,015	15,948
26Kyoto	627	2,315	1,289	4,282	11,706	2,789	52,114	6,769	7,338	6,458	67,182	28,983
27Osaka												
28Hyogo	363	5,757	897	6,842	22,144	3,055	22,843	4,615	8,043	17,585	20,481	31,576
29Nara	95	688	515	3,470	17,032	2,829	27,791	4,940	1,616	1,945	14,323	17,139
30Wakayama	151	320	443	1,566	18,344	4,032	28,442	9,375	2,761	1,292	12,610	14,686
31Tottori	112	631	344	1,598	9,555	2,406	12,505	4,330	1,069	1,518	4,306	6,921
32Shimane	66	1,215	244	1,304	12,633	2,622	25,247	6,522	839	3,186	6,150	8,507
33Okayama	263	1,058	369	1,407	6,278	5,772	11,534	7,345	1,648	6,107	4,256	10,337
34Hiroshima	389	2,885	422	1,073	15,616	2,749	22,714	4,919	6,072	7,931	9,578	5,278
35Yamaguchi	135	1,447	254	1,248	18,090	3,681	18,984	5,929	2,445	5,326	4,815	7,398
36Tokushima	25	411	139	1,472	18,882	1,915	20,382	7,417	467	788	2,826	10,916
37Kagawa	66	214	307	1,983	25,914	4,823	27,791	7,981	1,702	1,033	8,539	15,828
38Ehime	143	2,316	333	1,519	14,081	2,582	16,765	3,759	2,015	5,979	5,584	5,708
39Kochi	58	341	331	726	13,409	4,447	23,107	6,785	779	1,518	7,638	4,928
40Fukuoka												
41Saga	Common standards have been applied from the survey for October-December FY2010											
42Nagasaki	Common standards will be applied from the survey for January-March 2011											
43Kumamoto	184	1,396	551	2,158	8,048	2,983	15,489	4,576	1,481	4,165	8,535	9,873
44Oita	153	1,661	723	1,748	14,958	2,333	14,150	3,360	2,290	3,874	10,224	5,874
45Miyazaki	161	1,395	163	1,071	8,771	3,509	31,559	17,549	1,411	4,895	5,132	18,789
46Kagoshima	174	2,611	423	630	23,636	2,586	33,710	5,095	4,111	6,753	14,253	3,208
47Okinawa	216	1,347	1,159	47	34,163	6,186	81,376	1,779	7,370	8,333	94,344	84

Notes:

1. The values are estimated based on the Survey on the Number of Inbound Tourists at Tourist Places, the Parameter Survey at Tourism Places and the Statistical Survey on Overnight Trip (provided by the Japan Tourism Agency)
2. 1) Number of inbound tourists is actual number excluding duplication at tourism places. Even if one inbound tourist visits several tourism places in one prefecture, it is counted as one people, time.
3. 2) Unit price of travel consumption (yen/people, time) refers to the value of travel consumption one inbound tourist spent during one trip
4. Quarterly survey results are quick estimation and subject to change in the annual count

Section 6 Trends of Tourism in the World

1. State of international tourism in the world

According to the estimation by the World Tourism Organization (UNWTO), the total number of foreign tourists accepted by all countries in 2009 was 876.89 million (4.0% decrease from the previous year) and the total revenue of international travel of all countries was 850.8 billion dollars (9.4% decrease from the previous year), both of which were affected by the new influenza virus, etc.

In recent years, the decrease rate in the number of foreign tourists accepted by the Asia Pacific region (1.7% decrease from the previous year) which has experienced a rapid increase of the number of foreign tourists was lower than the decrease rate in the Europe region (5.0% decrease from the previous year) and in the North and South America region (4.9% decrease from the previous year). In addition, the decrease rate in the growth rate of the international travel revenue of the Asia Pacific region was significantly lower (2.2% decrease from the previous year) than the decrease rate of the Europe region (12.9% decrease from the previous year) and the North and South America region (12.1% decrease from the previous year), so that it is a good opportunity for Japan to make efforts for realizing a tourism nation by promoting the visit by foreign tourists who visit neighboring countries to Japan.

Chapter 2 Creating Attractive, Internationally Competitive Tourist Destinations

Section 1 Creating Attractive, International Competitive Tourist Destinations

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

(1) “The Tourism Spheres Development Implementation Plan” of 15 regions was newly accredited in FY2010 based on the “Act on Promote Visits and Stays by Tourists Through the Development of Tourism Spheres” in order to promote the formation of tourism spheres that will encourage tourism involving at least two overnight stays by the collaboration among wide parties concerned in local areas. In addition, 41 areas were selected for “the Assistance System for Tourism Spheres Development Project” that supports efforts by the private sector integrally and comprehensively.

Moreover, after selecting plans made by entities that work on grass-root tourism such as the platform for developing tourist destinations, a digest of case examples was prepared to provide parties concerned who are involved in the development of tourist destinations.

(2) Taking into account diversified needs of tourists, we implemented the “consulting project for developing tourist destinations” in order to promote the collaboration and cooperation between local tourism industry representatives who are familiar with local attractions and travel agencies from a point of view of creating new demand for travel and activating local communities by creating and distributing appealing travel products which utilize resources unique to each region.

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 taken available for the development of hotels and inns.

(2) Comprehensive support for independence and revitalization of local communities was provided based on the “Act on the Development of Infrastructures for Wide-Area Local Revitalization.”

(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 of local facilities such as roads and parks, development of a town environments such as the maintenance of visually important buildings, and road improvement taking accounting of scenic views.

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

1 We are promoting the protection of the national treasures, important cultural and other properties, and the world cultural heritages, as well as the promotion of the national trust movement.

2 We are promoting measures to protect, nurture and develop tourism resources connected with historical features such as the conservation of historical features in Kyoto and other ancient capitals and development of the Asuka area, particularly the Asuka/Heijo Palace Historical National Government Park.

3 We strive to protect, nurture and develop tourism resources related to natural scenic beauty such as the national and quasi-national parks, the world national heritage areas and other places of outstanding natural beauty

4 We strive to protect, nurture and develop tourism resources related to natural beauty by supporting efforts, mainly the preservation and utilization of visually significant buildings and trees, based on “the Landscape Act.”

5 We have taken steps to protect, nurture and develop tourism resources related to hot springs and other cultures/industries, etc.

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

We have promoted the development of international transport facilities such as the expansion of the number of arrival and departure slots of Narita Airport and the full-fledged launch of new international scheduled flights arriving at and departing from Haneda International Airport, and the improvement of international transport facilities and development of Shinkansen and high-speed railways, expressways, etc.

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

Section 1 Strengthening the International Competitiveness of the Tourism Industry

We decided on the “Guidance for Promoting Innovation of the Tourism Industry” which extracts the essence of success and issues obtained from demonstrative projects implemented in the past to create a new and innovative business model designed to improve customer service and profitability in the tourism industry and its business characteristics. In addition, we held seminars in which this guideline was explained, cases of demonstrative projects were presented and specialists of management of the tourism industry or of regional development delivered lectures.

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

1 Development of Human Resources to Support the Competitive Tourism Industry

(1) Enhancing higher education by the industry-government-academia collaboration

In developing human resources in tourism-related industries, the Japan Tourism Agency has strived to establish a curriculum model for developing educational materials and deepening studies on tourism through the industry-government-academia joint study in order to promote efforts related to the development of human resources in the business management field and to enhance education on tourism in adult and higher education facilities taking into account needs of human resources required in the industrial world.

In addition, we implemented the internship model project with the participation of 62 students from 17 universities that focus mainly on tourism under the cooperation of tourism organizations and tourism-related companies as an effort for raising awareness of students on profession and developing human resources who are effective immediately upon graduation required by tourism-related industries.

2 Developing human resources playing a major role in developing attractive tourist destinations

(1) Support for efforts for developing human resources that play a role in developing tourist destinations

To enhance efforts for developing human resources that play a role in developing autonomous and sustainable tourist destinations in each region, we held seminars in line with “the draft guidelines on human resources development for formation of tourist destination” in the six model areas toward the formulation of guidelines for developing human resources in the region.

Also, we held “the symposium on human resources development for formation of tourist destination” in May 2010 with the participation of 271 persons from local public bodies, tourism associations, tourism organizations and private businesses. In the symposium, innovative cases for developing human resources that play a part in developing tourist destinations were presented.

3 Developing generations that take care of districts and tourism in the future

The JTO has promoted “tourism nation education” in collaboration with parties concerned by awarding the Commissioner prize for efforts such as “the National Tourism Nation Education Contest”, “the Tourism Koshien” and “Tourism Education Study in High School in Japan” held under collaboration among education officials and tourism-related organizations.

Chapter 4 Promoting International Tourism

Section 1 Encouraging Visit by Foreign Tourists

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

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

(i) Overview of the Visit Japan Campaign

The growth of foreign tourists supplements diplomacy among the nations by enhanced mutual understanding through opportunities for the Japanese and foreigners to exchange, contributes to the safety security, and has effects of vitalizing local economies and creating job opportunities due to the increase of influx of the people from neighboring countries where the economy is rapidly growing in spite of such problems as a falling population caused by the declining birthrate and aging population.

Therefore, the government and the private sector have integrally promoted “the Visit Japan Campaign” that disseminates the attraction of Japanese tourism in overseas and supports the creation of visit-Japan travel products since FY2003. The number of foreign tourists visiting Japan was 5.21 million in 2003 when this campaign started and it has steadily increased since then. However, the number decreased significantly to 6.79 million in 2009 due to the global economic recession and the epidemic of the new influenza virus in 2009. Although the original target (10 million) was not achieved in 2010, the number of foreign tourists visiting Japan recovered to 8.61 million at the highest rate since the Osaka Expo and marked the record high.

(ii) Projects in the Visit Japan Campaign

Fifteen countries and regions (South Korea, Taiwan, China, Hong Kong, Thailand, Singapore, Malaysia, India, Australia, USA, Canada, UK, Germany, France and Russia) where foreign tourists visiting Japan are expected to increase have been identified as priority markets. There, we have implemented PR activities to promote the trip to Japan.

We have invited overseas media to Japan, provided support for their coverage, posted advertisement on overseas travel magazines, transmitted information on websites and participated in overseas travel expos in order to raise interests in Japan as a tourist destination and stimulate the demand for trip to Japan as main contents of projects to promote the visit to Japan by foreign tourists. In addition, we have invited persons in charge of foreign travel agencies to Japan, provided support for creating and selling attractive visit Japan travel products by holding business fairs with domestic travel agencies, and attracted the educational trip to Japan for expanding exchanges at a youth level.

(iii) Examples of specific efforts in the Visit Japan Campaign

In the Korean market from where many tourists visit Japan repeatedly, we promoted new travel routes in Japan called J-Route in accordance with diversified needs of them using different advertising medium as the 2010 Visit Japan Campaign. Also, in the European market where there is a high interest in the Japanese culture, the campaign website that uses traditional Japanese cultures represented by Kyoto, etc. as a motif has been opened in each market to promote the visits to Japan. In markets of Singapore, Malaysia and other countries, information on the visits to Japan is transmitted using social networks services such as Facebook.

(2) Transmission of information at foreign bases

The Japan National Tourist Organization (JNTO) has set up 13 overseas offices in the countries and regions from where many foreign tourists visit Japan, and positively implemented activities for the purpose of collecting information on the tourism market, publicizing and promoting the attraction of tourism in Japan, supporting the creation and sales of visit-Japan travel products to local travel agencies, providing consultation services to local public bodies and private businesses in Japan that sell products in other countries, and most importantly contributing to “the Visit Japan Campaign” to increase the number of foreign tourists visiting Japan.

In addition, the JNTO operates a portal site (<http://www.jnto.go.jp>) of information on the travel to Japan in 11 languages (English, Chinese (simplified and traditional), Korean, French, German, Thai, Russian, Portuguese, Italian and Spanish) to increase the degree of recognition of Japan as a tourist destination and support visitors to Japan in creating travel plans and making a large

variety of bookings. This website has had a great effect on information transmission.

(3) Overseas PR on local attractions

Each Regional Transport Bureau, etc., implements “the Visit Japan Campaign regional projects” that transmits the appeal of tourism of each region and supports the creation of attractive visit Japan travel products in collaboration with efforts made by local public bodies and others for promoting the visits to Japan by foreign tourists.

(4) Besides the efforts mentioned above, the JNTO has promoted the dissemination of culture by artists and cultural figures, and the dissemination of information on Japanese food, Japanese ingredients, pop culture and Japanese contents, and the strengthening of information provision through networking and international broadcasting.

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

(1) Providing information on travel costs

As efforts in line with “the Visit Japan Year,” a campaign was implemented for a limited time to provide foreign tourists who came to Japan during that period with discounted products. In addition to this promotion of reasonable trip to Japan, information on prices in Japan has been provided.

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

It has become an obligation for public transport businesses (247 businesses as of April 2009) to prepare and carry out “the plan for promoting and implementing the provision of information” in areas that are used with particular frequency by foreign tourists. Currently, public transport businesses and others are implementing the “projects for measures to encourage the provision of information” in foreign languages based on the plan.

3 Promoting the attraction of MICE (international conference, etc.)

The number of international conferences held in Japan in 2009 was 538. Although Japan could not reach Singapore (689), it keeps the 5th place in the world.

Various efforts have borne fruits in terms of the promotion of holding and attracting international conferences. However, competitors in Asia such as Singapore and South Korea, the United States and Australia are actively promoting not only international conferences but also the entire MICE (Meeting, Incentive travel, Convention, Event/Exhibition). Thus, it is also necessary for Japan to promote not only international conferences but also the entire MICE, because those events in addition to international conferences have a great significance for the increase of foreign tourists visiting Japan, economic effects and internationalization/vitalization of local areas.

To this end, “the MICE Promotion Action Plan” which summarizes particular roles the government and related bodies should play, the content of activities and terms thereof was formulated in July 2009. This Action Plan states that the government and related bodies shall collaborate to promote MICE.

We designated the year 2010 as the “Japan MICE Year,” the first year of MICE to convert the conventional attraction of international conferences into the promotion of the entire MICE so that concentrated and active appeal was made to other countries.

4 Developing an environment to accept foreign tourists such as the improvement of measures related to immigration of foreign tourists, improvement of translator guidance services and others

(1) Expeditious and smooth visa issuance procedures

The measure to facilitate the issuance of visit-Japan visa for Chinese nationals has been implemented since July 2009. To be more specific, the number of diplomatic missions and Chinese travel agencies (proxy application agents) that handle the issuance of visa has been expanded. This measure has improved the usability of the visa. As a result, the number of Chinese nationals who visit Japan as individuals has increased significantly.

(2) Expeditious and smooth immigration procedures

We have strived to reduce the time required for immigration procedures at the arrival by

dispatching immigration officials to local airports and ports where no immigration officials are stationed and effectively utilizing “the secondary examination” and “the Advanced Passenger Information System (APIS)” at the time of landing examination. “Examination booth concierges” who provide guidance on the immigration procedures have been stationed effectively at airports and ports from where a number of foreigners enter the country annually. In addition, efforts were made to reduce the waiting time for arrival examination at an arriving port by conducting the examination on shipboard before arriving in a port in the case of ocean-going cruise ships with more than 2,000 passengers. Moreover, the automated gates that allow pre-registered guests to pass through such dedicated gates to the immigration procedures have been installed at Narita International Airport, Chubu International Airport and Kansai International Airport. In October 2010, the gates have been newly installed at Tokyo International Airport (Haneda Airport) to start their operation.

(3) In addition, we strive to develop tourist information offices for foreign tourists, enhance the licensed guide system and disseminate volunteer guides.

(4) We strive to promote the improvement of guidance for foreigners at museums, art museums, national theaters, national parks, etc.

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 5th China-Japan-Korea Tourism Ministerial Meeting and related events were held in China (Hangzhou, Huzhou) in August 2010, and Seiji Maehara, Minister of Land, Infrastructure, Transport and Tourism Japan (at the time), Shao Qiwei, Chairman of National Tourism Administration of the People’s Republic of China, and Choung Byoung-gug, Minister of Culture, Sports and Tourism Republic of Korea issued a joint announcement for the purpose of further promoting tourism exchanges and cooperation between the three countries toward the achievement of a new target of 26 million exchange population between the three countries by 2015.

(2) Promoting efforts for bilateral tourism exchanges

(i) Promotion of tourism exchanges between Japan and Korea

The exchange population between Japan and Korea reached 5 million in 2010 for the first time in the history. In the “25th Japan-Korea Tourism Promotion Council” held in Takamatsu, Kagawa Prefecture, Japan in December 2010, opinions on issues concerning the promotion and expansion of tourism exchanges between parties of the two countries that are involved in tourism were exchanged actively.

(ii) Relaxing of the requirements for issuing the tourist visa for individuals in China

The visit-Japan visa for group trip has been issued since 2000 and the number of Chinese tourists visiting Japan has steadily increased. In addition, the issuance of tourist visa for individuals apart from “group trip” has started in response to the request for a freer travel with a small group if they satisfy certain requirements. The requirements for issuing the visa have been eased since July 2010 so that the number of diplomatic missions and Chinese travel agencies that handle the application has increased.

(3) International tourism promotion through the cooperation for international organizations

We provided support for international tourism promotion through discussions and opinion exchanges with other governments at multilateral meetings held for the purpose of promoting international tourism by the World Tourism Organization (UNWTO) and the Organization for Economic Co-operation and Development (OECD), the Asia-Pacific Economic Cooperation (APEC) and the Association of South-East Asian Nations (ASEAN).

2 Promoting regional exchanges between Japan and other countries

(1) Promoting overseas travel by Japanese citizens

The demand for overseas travel has been stimulated through the cooperation for the “Visit World

Campaign” which is implemented mainly by the Japan Association of Travel Agents (JATA).

(2) Making use of sister and friendship city agreements

Sister and friendship city exchange projects are being implemented via the “Visit Japan Campaign regional collaboration projects” from a viewpoint of increasing the number of tourists visiting Japan by activating mutual exchanges. To this end, efforts in collaboration with regions are being implemented.

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, actively promoted efforts to encourage educational trips to Japan.

(2) 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 8,500 young people were invited from East Asian countries in FY2010 based on the “21st Century East Asia Youth Exchange Plan.”

Chapter 5 Improving the Environment for Encouraging Tourist Travel

Section 1 Making Tourist Travel Easier and Smoother

1 Encouraging holiday taking

To form a national consensus for decentralizing the holiday taking from a viewpoint of economy, industry, work and education, etc., the regional block explanatory meeting (held twice by 10 blocks nationwide, of which one meeting opened the symposium by the Kanto block) and the National Panel on Vacation Reform (first panel: October 6, 2010, second panel: October 21, 2010) were held. In addition, the special poll by the Cabinet Office was implemented (period: October 21~October 31, 2010) to grasp the nation’s consciousness.

Furthermore, the project for taking spare time for family (demonstrative project for decentralizing and promoting the vacation taking) was implemented to verify educational and social effects of taking spare time for family on families, schools and regions, issues and measures for improvement by matching vacations for adults and children by means of the promotion of taking paid leave of companies and flexible setting of school holidays in each region.

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

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

The “Working Team on Vacation Decentralization” (Chairman: Vice Minister of Land, Infrastructure, Transport and Tourism, Members: Vice Ministers and Parliamentary Secretaries for related ministries and agencies) was established under the Tourism Nation Promotion Headquarters in December 2009 to promote the decentralization of vacation taking that have various effects such as the reduction of travel costs by equalizing the demand for tourist travel, the improvement of productivity of the tourism industry and the stabilization of employment integrally and comprehensively by the government. A plan for decentralizing vacations and an implementation schedule were discussed.

3 Protecting the interests of consumers in connection with tourism

A guidance was provided for the appropriate application of “the fair competition convention on the display of travel souvenirs” in order to secure fair competition of travel souvenirs.

4 We strived to enhance public understanding of the significance of tourism by holding the “Travel Fair 2010” and the “JATA World Travel Fair 2010” and others.

Section 2 Improving Hospitality Towards Tourists

1 Improving facilities related to travel

In order to develop easy-to-understand signboards in tourist areas, we strived to diffuse and

publicize the “Guidelines for Signboards to Revitalize Tourism.” In addition, we have strived to facilitate the transfer of foreign tourists by implementing multilingual guidance using various measures including guidance displays such as digital signboards, on-board announcement and numbering of bus stops so that foreign tourists do not have any trouble in terms of language from the transport base to destinations (major tourist destinations).

2 We strived to promote regional brands by enhancing the introductions to Japan’s outstanding traditional food culture as well as other aspects of Japan’s lifestyle culture and industries, developing attractive products that harness national or regional characteristics, and implementing the “VJC Attractive Souvenirs of Japan Contest 2011.”

Section 3 Enhancing Convenience for Tourists

1 Developing travel-related 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 are promoting the preparation of basic concepts by municipalities for the barrier-free conversion for travel-related facilities such as public transportations and others based on the Act on Promotion of Smooth Transportation, etc. of Elderly Persons, Disabled Persons, etc (Barrier-Free Act). As of the end of December 2010, 354 basic concepts have been prepared in 265 municipalities.

(2) We strived to increase the efficiency of road transport by expanding the information provision range of the Vehicle Information and Communication System (VICS).

2 We provide the “Online Land Web System” by which local public bodies transmit tourist maps and information on tourism.

Section 4 Ensuring the Safety of Tourist Travel

1 In addition to providing meteorological and other information, we promoted the provision of information on the state of occurrence of accidents, disasters, etc. in tourist destinations both in Japan and abroad, by for example rigorously informing of disaster-prone areas, evacuation sites and evacuation routes, etc.

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

Section 5 Opening Up New Fields of Tourist Travel

In order to promote new tourism such as eco-friendly tourism, green tourism, health tourism, industrial tourism, etc., monitor tours of travel products that are expected to create new travel needs and contribute to local revitalization have been planned and created. Their effects were verified by implementing a questionnaire survey on participants and persons concerned.

Deliberations have been made on comprehensive promotion measures of various tourism menus such as eco tourism, green tourism, culture tourism, medical tourism, sports tourism, etc., by the collaboration of related ministries and agencies in the “Tourism Collaboration Consortium” established under the Tourism Nation Promotion Headquarters since January 2010.

1. Promotion of cultural tourism

The tourism division was established in the “Short Short Film Festival,” the largest international short film festival in Japan. Films sent from the entire country and the film created by the Japan Tourism Agency, “Heaven’s Island,” were used as a tool for tourism promotion.

2. Promotion of medical tourism

“The Study Group on Inbound Medical Tourism” was held. Target countries for Japan were selected and overseas trend surveys were implemented for those who are involved in medical tourism for the purpose of organizing target fields of accepting medical examination. Besides, the doctor promotion was implemented for the purpose of forming Japanese brand of medical tourism and improving the degree of recognition.

3. Promotion of sports tourism

“The Sports Tourism Promotion Liaison Conference” was established as a place for jointly

exchanging opinions on the improvement of liaison for sports tourism promotion and sharing information by sports organization, tourism organizations, companies, etc. Deliberations on future sports tourism promotion were made.

Section 6 Conserving Environments and Scenic Views in Tourist Destinations

In addition to preserving environments in tourist destinations, we are striving to protect scenic landscapes in tourist destinations, by for example promoting the application of the Landscape Act, diffusion and publicizing of its basic principles, enhancing systems related to outdoor advertising in tourist destinations, and supporting town development that harnesses history, culture and local features.

Section 7 Developing Statistics on Tourism

1 Developing statistics on Tourism by the Japanese nation

As for the “Overnight Trip Statistics Survey,” survey items to grasp the number of occupied rooms of hotels and inns were added to publicize the room occupancy ratio by municipalities. As for the “Consumer Outlook Survey in Tourism,” a method of survey was revised to grasp the annual travel ratio by the Japanese nation and the average number of trips. In addition, as for the “Common Standards for Inbound Tourist Statistics,” statistical surveys based on the standards have started in FY2010 in 45 prefectures. The standards specify

the standardization of survey methods and estimation methods adoptable by local public bodies for statistics related to day-trip tourists and other tourists.

In addition, in order to encourage future researchers and practitioners of tourism policies to conduct studies, the commissioner prize of the Japan Tourism Agency was founded for “research papers on empirical analyses utilizing tourism statistics” and the awards were given by the Commissioner in March 2010.

2 Introduction of TSA

In order to create TSA (Tourism Satellite Account) which has been widely introduced at an international level) to conduct international comparison of economic effects of tourism, a method of establishing Japanese TSA in compliance with the standards for formulation (TSA:RMF08) of the UNWTO was created.

Tourism Policy in FY2011

Introduction

The Great East Japan Earthquake has caused a considerable effect on various fields around the country. Not only regions directly affected by the earthquake but also other tourist destinations have been in a serious situation due to the significant decrease in tourists.

Tourism has a strong influence on the local economy, because it has wide economic and job generation effects. In addition, the tourism business can be restarted at a relatively early stage so that it is of extreme importance to promote tourism around the country including the affected areas by promoting domestic tourist travel and attracting foreign tourists as mentioned below.

From such viewpoint, we will strive to take measures in FY2011 actively and urgently toward the early reconstruction of the affected areas.

Chapter 1 Creating Attractive, Internationally Competitive Tourist Destinations

Section 1 Creating Attractive, Internationally Competitive Tourist Destinations

1 Securing the provision of quality services that harness the characteristics of tourist destinations through collaboration between local public bodies, tourist businesses and other parties concerned

(1) In order to promote the development of attractive and internationally competitive tourist destinations and the visits and stays of tourists from Japan and other countries, we provide comprehensive support for tourism promotion efforts made integrally by parties concerned such as private local organizations, local public bodies, tourism-related parties and local residents. In addition, in order to support business operators that have a corporate status and address the autonomous town development by making their own profits, we provide support for establishing “tourism community development platform.”

(2) We provide support for efforts made broadly and comprehensively by designing unique differentiated strategies with the participation of various parties concerned such as unique regional industries, those who are involved in manufacturing and urban areas. In addition, we analyze advanced cases of efforts implemented under the scheme of the “Project for Supporting Vitalization of Regional and Tourism Industries” and summarize the principle for improving tourism and attraction of customers.

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

In order to develop the infrastructure for revitalizing towns of Japanese inns in each region, the state of hotels and inns that form nationwide towns of Japanese inns was grasped and interregional analysis was made. Its results are utilized in each region to promote the region-based revitalization of towns of Japanese inns.

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 promote comprehensive efforts that contribute to culture promotion, tourism promotion and regional revitalization in line with the actual state of each region by taking advantage of rich and various regional cultural heritages which can be thought to be the national treasures.

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

We strive to disseminate the concept of nature protection, protect and make use of national/quasi national parks, conserve and manage the world natural heritage sites in an appropriate manner.

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

Transport facilities such as international hub airports and expressways will be developed.

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

Section 1 Strengthening the International Competitiveness of the Tourism Industry

1. Developing human resources to support the competitive tourism industry

We have strived to develop educational materials and nurture educators and researchers through academic-industry joint studies. To further promote the nurturing of human resources that are involved in the tourism business management, we continue to develop educational materials through achievements of academic-industry joint studies and provide opportunities for transmitting know-how such as educational contents and methods taking into account the world trend to Japanese educators who engage in tourism by inviting educators who have an established reputation in the tourism education from Japan and other countries. We strive to enhance and strengthen the education on tourism business management toward the strengthening of international competitiveness in the Japanese tourism field thorough the aforementioned efforts.

2. Developing human resources that are responsible for developing attractive tourist destinations

To develop human resources required for developing tourist destinations, we will hold trainings by inviting tourism specialists from Japan and other countries and dispatching them to tourist destinations in Japan and other countries where innovative efforts are being implemented.

In addition, to formulate guidelines for human resource development in each region, trainings will be held in line with the “draft guidelines for developing human resources that are responsible for developing tourist destinations” to further bring them into shape.

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) PR for other countries on the attraction of tourism in Japan

Based on the “30 Million Foreign Tourists Program” which was set to raise the number of tourists visiting Japan to 30 million in the future, we designate Eastern Asian countries as the immediate priority market. Also, we will design an optimized marketing plan based on measurement results of KPI and deplore effective overseas promotion by selection and concentration. However, we strive to recover the number of foreign tourists visiting in Japan in 2011 expeditiously and fully taking into account the serious effect of the Great East Japan Earthquake by providing information from a viewpoint of overseas consumers and actively working on overseas mass media and travel agencies for full-fledged restart of the visits to Japan.

(2) Promotion of cool Japan and collaboration for it

Based on the “Action Plan for Promoting Cool Japan” which is being formulated by the Liaison Conference on the Promotion of Cool Japan of Related Ministries and Agencies (decided by the chairman of the planning board, Intellectual Property Strategy Headquarters, October 22, 2010), the development of travel routes in Japan under the theme of cool Japan will be promoted and the collaboration of tourism, contents, food, etc. will be strengthened.

(3) PR in overseas bases

The JNTO is expected to work on local parties concerned such as the travel industry and media and implement overseas management of the visit Japan campaign as a government tourism office instead of the Japan Tourism Agency that does not have any overseas office based on the “Basic Principles on Reviewing Businesses and Projects of Incorporated Administrative Agencies” (decided by the Cabinet on December 7, 2010). To this end, the overseas promotion system of JNTO will be strengthened by expanding the Beijing office.

(4) PR on Japanese food and ingredients for other countries

As a measure for promoting the export of Japanese agricultural and marine products and food, information on Japanese food and ingredients will be provided utilizing existing PR materials related to food in cultural PR activities held by foreign diplomatic missions and the support project for overseas operation by JETRO in FY2011.

(5) PR on Japanese contents and networking

High-quality Japanese resources such as traditional arts, culture, Japanese inns and food will be introduced to other countries to revitalize the economy by the visit of the overseas affluent people.

(6) Overseas operation of regional contents

Contents that introduce the attraction of tourism resources such as nature, culture and food will be produced under the collaboration between local broadcasters and local public bodies and local businesses. Opportunities for transmitting those contents through overseas broadcasters will be created to provide various information local areas in Japan effectively and continuously and to promote the visit of foreign tourists.

2 Promoting the convening of MICE (international conferences, etc.)

We actively appeal to the world that Japan is an ideal place for MICE and promote the convening of MICE in Japan for the vitalization and internationalization of local areas. Also, we strive to develop an environment for promoting MICE through human resource development, support for promoting internationalization of MICE and surveys related to MICE.

3 Improving measures for entry to and departure from Japan of foreign tourists, improving interpreter-guide services, and other measures for welcoming foreign tourists

(1) Expeditious and smooth visa issuance procedures

To promote human exchanges between the two countries, we continue to provide the expeditious and smooth visa issuance procedures so that the convenience for applicants would be enhanced.

(2) Expeditious and smooth immigration procedures

We strengthen efforts for reducing the waiting time for landing examination at an arriving port by providing on-shipboard examination services before the entrance to a port for ocean-going cruise ships with more than 2,000 passengers. In addition, “examination booth concierges” who assists in the examination procedures for entrance to and departure from Japan will be increased to further reduce the waiting time.

(3) Improvement of the standard of environment for acceptance

We strive to provide an environment where foreign tourists visiting Japan are able to enjoy safe and comfortable stay around the country and promote their visit by supporting the autonomous development of strategic and regional bases as well as environment for accepting tourists toward the realization of 30 million foreign tourists. Also, we strive to improve the degree of satisfaction and increase repeaters.

Section 2 Promoting International Exchanges

1. Strengthening tourism exchange and cooperation between Japan, China and South Korea

In 2011, the 6th Japan-China-Korea Tourism Ministerial Meeting will be held in Japan. We will continue to strengthen tourism exchange and cooperation between the three countries.

2. Promotion of efforts for bilateral tourism exchange

Efforts for expanding bilateral mutual exchange will be made as part of the Visit Japan Campaign using opportunities such as the exchange year, because they contribute to the enhanced understanding of the people of the two countries and the expansion of tourists visiting Japan. The year 2011 is the 150th anniversary of the exchange between Japan and Germany so that the promotion of visits to Japan will be implemented in collaboration with events held as the anniversary project

Chapter 4 Improving the Environment for Encouraging Tourist Travel

Section 1 Making Tourist Travel Easier and Smoother

Specific measures for the decentralization of holiday taking which is positioned as a priority strategic field to be addressed by the entire nation will be considered at the “Tourism Nation Promotion Headquarters Working Team on the Decentralization of Holidays.” In addition, discussions on specific measures for forming a national consensus will be held at the “Vacation

Reform National Conference” consisting of members from various fields in order to widely explore the national movement toward the preparation and implementation of the decentralization of vacation taking.

Section 2 Ensuring the Safety of Tourist Travel

To alleviate tsunami disasters, the new distant tsunami database that has a higher prediction accuracy of tsunamis (distant tsunamis) that occurred in other countries far away from Japan starts to operate in FY2011. In addition, we strive to implement publication and PR activities on appropriate use of tsunami warnings by using newly-prepared materials of tsunami images.

Section 3 Opening up New Fields of Tourist Travel

We consider measures for promoting autonomous efforts to improve the degree of satisfaction of customers by grasping the state of marketing, creation, sales and improvement of travel products created by utilizing unique regional tourism resources in each region.

In addition, PR for inviting the visit of ocean-going cruise ships will be implemented from various angles taking into account the situation that the demand for cruise is increasing in the Asian region.

Section 4 Protecting Environments and Scenic Views in Tourist Destinations

The formation of an optimal-sized “regional cycle sphere” according to characteristics of recycling resources will be promoted utilizing regional characteristics. As an example of the efforts in the tourism sector, there is a project to make compost out of the leftovers from hotels and to use agricultural products cultivated by using the compost for hotel’s menus. In FY2011, innovative efforts will be supported as a model project under the agreement of the regional council in the three blocks of Hokkaido, Tohoku and Kanto. In addition, the regional council will be operated in the Chugoku and Shikoku blocks to form a consensus on measures for collecting and using potential regional recycling resources.

Section 5 Establishing Statistics on Tourism

To implement the Basic Survey on Tourism Industry Structure (provisional title) at a full scale in FY2012 to reveal the number of business operators and the state of employment in the Japanese tourism industry, we will strive to plan the survey through preliminary surveys.