

WHITE PAPER ON TOURISM IN JAPAN, 2007

(Summary)

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Current Status of Tourism in FY2006

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Tourism Nation Promotion Act (Act No. 117, December 20, 2006) (extract)

(Annual reports, others)

Article 8: The government shall every year present to the Diet a report related to the tourism situation and its policies for realization of Japan as a tourism nation.

2. The government shall every year, based on opinions obtained from the Transport Screening Committee, prepare documents elucidating prospective policy, and present to the Diet reports taking into account the preceding Paragraph's report-related tourism situation

Current Status of Tourism in FY2006

Part I New Strategies for a Tourism Nation

Chapter 1 Establishment of the Tourism Nation Promotion Act

Section 1 Background to the Enactment of the Tourism Nation Promotion Act

In the 43 years since the Tourism Basic Act was enacted, the circumstances surrounding tourism in Japan have changed dramatically. We have entered an era of low birth rates and population aging on a scale not witnessed elsewhere in the world, as well as growing expectations of full-scale global interaction. These changes have made it necessary to clarify and define national initiatives aimed at creating a “Tourism Nation”, with a view to making Japan “a country that is good to live in and good to visit”. As a result, the Tourism Nation Promotion Act, which highlights tourism as an important cornerstone of national policy in the 21st century, was enacted on December 13th, 2006 and came into effect on January 1st, 2007.

Section 2 Outline of the Tourism Nation Promotion Act

1 Purpose (related to Article 1)

The stated purpose of the Act is to contribute to the growth of the national economy, improve the stability of the national way of life and enhance international understanding by comprehensively and systematically promoting measures aimed at creating a Tourism Nation.

2 Basic concepts of measures (related to Article 2)

The basic concepts stated in the Act are ① that it is important to create “a country that is good to live in and good to visit” through proactive local efforts that harness creative ideas, ② that steps must be taken to promote tourist travel by the Japanese public, ③ that an international vision must be applied, and ④ that mutual links need to be forged between the administration, residents and tourism operators.

3 Duties of relevant participants (related to Articles 3-6)

The duties stated in the Act are ① that the national government has the duty of comprehensively formulating and implementing measures aimed at creating a Tourism Nation, ② that local authorities have the duty of independently and proactively formulating and implementing measures, as well as striving to establish wide-region collaborative efforts, ③ that residents should strive to play an active role in creating attractive tourist locations, and ④ that tourism operators should endeavor to take proactive initiatives, with due consideration for the welfare of residents.

4 Basic measures (related to Articles 12-25)

On the goal of “Creating Attractive, Internationally Competitive Tourist Locations”, the Act provides that travel-related facilities and transport facilities should be developed. At the same time, efforts should be made to provide quality services and form tourist locations that harness the characteristics of a region and make use of tourism resources – historical sites, beauty spots, landscapes with historical character and outstanding natural features, attractive scenery, culture, and industry – while taking steps to preserve and nurture them.

As concerns “Strengthening the International Competitiveness of the Tourism Industry and Developing Human Resources to Contribute to the Promotion of Tourism”, services are to be provided to meet the more sophisticated demands of tourists and the diversification of travel formats. The knowledge and abilities of tourism

industry workers are to be improved, and knowledge on the culture, history and other features unique to a region is to be disseminated.

As for “Promoting International Tourism”, the Act states that interregional exchanges and youth exchanges with other countries need to be encouraged in order to promote global interchange, including overseas travel by Japanese citizens, while essentially maintaining the principles of the Tourism Basic Act on promoting inbound tourism from overseas.

On “Improving the Environment to Encourage Tourist Travel”, finally, the Act emphasizes the need to improve holiday-related systems and in other ways encourage employees to take paid holidays, as well as easing the concentration of demand for tourist travel in specific seasons. With a view to improving the services provided to travelers, meanwhile, steps should be taken to promote Japan’s excellent traditional food culture, other aspects of our living culture, industries, etc., make tourist travel easier for elderly or disabled persons, foreigners and other travelers who require special consideration, develop new areas of tourist travel, preserve environments and scenery in tourist locations, maintain statistics, and so on.

Section 3 Formulation of the Tourism Nation Promotion Plan

The Tourism Nation Promotion Act provides that the government shall formulate the Tourism Nation Promotion Plan, as the Master Plan for creating a Tourism Nation. As well as incorporating the basic aims and goals of measures aimed at creating a Tourism Nation, the Basic Plan should specify, among others, measures related to “Creating Attractive, Internationally Competitive Tourist Locations”, “Strengthening the International Competitiveness of the Tourism Industry and Developing Human Resources to Contribute to the Promotion of Tourism”, “Promoting International Tourism” and “Improving the Environment to Encourage Both Domestic and Inbound Tourist Travel”. These measures are to be comprehensively and systematically devised by the government, as indicated in the Basic Act.

Section 4 National Convention to Promote the “Tourism Nation” Japan, etc.

To commemorate the enactment of the Tourism Nation Promotion Act, the Ministry of Land, Infrastructure and Transport held a “Commemorative National Convention to Promote the “Tourism Nation” Japan” on March 13th, 2007. The Convention was attended by Akie Abe, wife of Prime Minister Shinzo Abe, together with more than 700 other participants, and was brought to a successful conclusion with the adoption of the “National Convention to Promote the “Tourism Nation” Japan” Declaration.

National Convention to promote the “Tourism Nation” Japan



Tourism Nation promotion pamphlets



Proclamation of "All-Japan Tourism State Promotion Convention"

Through exchanges of people, tourism "enables a country's glories to be seen." It contributes to realization of citizens' daily living abundance and establishment of a status of honor in international society. Its sustained development improves the stability of the people's daily living, and is a symbol of peace.

Today we celebrate at this "All-Japan Tourism State Promotion Convention" the coming into force of the Tourism State Promotion Basic Act. We proclaim reaffirmation of the importance of tourism state promotion, as well as creation of "a good country to live in and to visit," whereby for realization of a tourism state the central government, regional public bodies, tourism firms and each of us individually play positive roles in our respective venues.

March 30, 2007

Section 1 Economic Effects of Tourism on Japan as a Whole

1 Economic Effects in FY2005

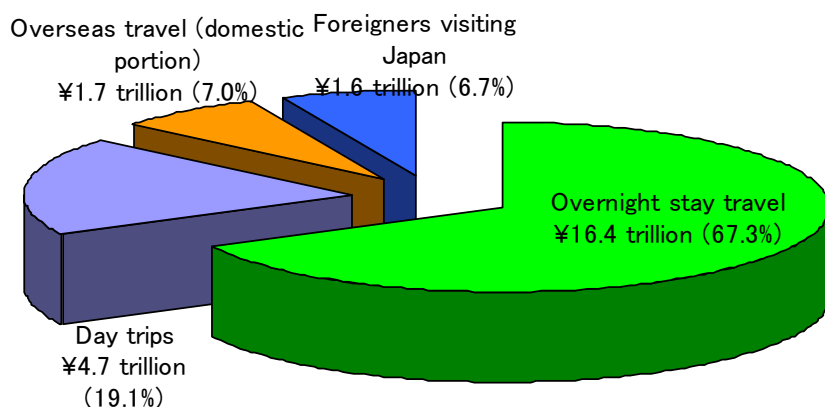
(1) Current status of tourism consumption

The value of domestic tourism consumption by the Japanese public in FY2005 was 16.41 trillion yen for overnight trips (a decrease of 1.4% from the previous fiscal year) and 4.66 trillion yen for day trips (an increase of 2.7%). The increase in the consumption value for day trips compared to the previous fiscal year is partially attributed to the effect of the Aichi Expo, which was held that year.

The value of tourism consumption by foreign tourists in Japan was 1.65 trillion yen (an increase of 3.9% from the previous fiscal year), accompanying an increase in foreign tourists during that year.

When these figures are aggregated, the overall value of domestic tourism consumption in Japan was 24.43 trillion yen, more or less on a par with the previous fiscal year.

Market breakdown of domestic tourism consumption of ¥24.4 trillion

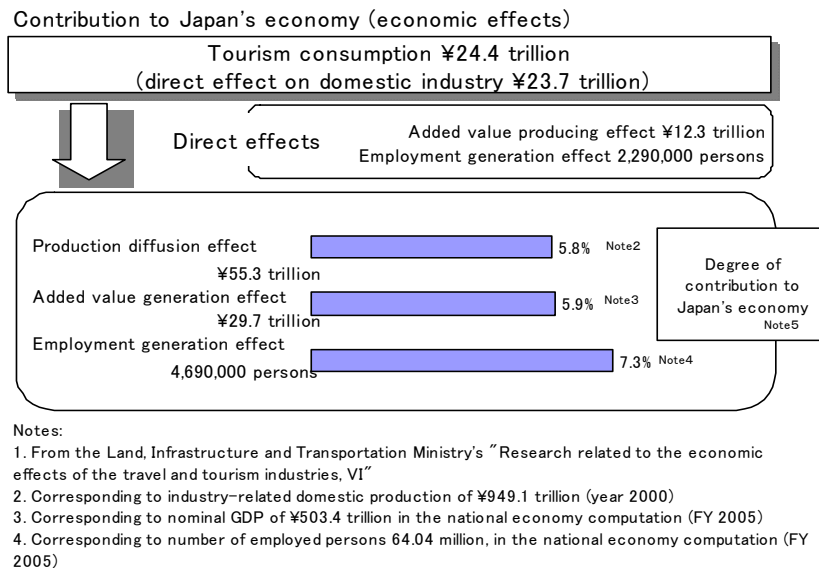


Note: Derived from the Land, Infrastructure and Transportation Ministry's "Research related to the economic effects of the travel and tourism industries, VI"

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

The direct economic effects on the Japanese economy due to this domestic tourism consumption (total 24.43 trillion yen) in FY2005 are estimated as a direct added value induction effect of 12.34 trillion yen and an employment induction effect of 2.29 million workers.

Besides this, the production wave effect of this tourism consumption, including indirect effects, is estimated at 55.31 trillion yen (5.8% of the value of domestic production), the added value induction effect at 29.67 trillion yen (5.9% of gross domestic product (nominal GDP)), and the employment induction effect at 4.69 million workers (7.3% of all persons in employment).

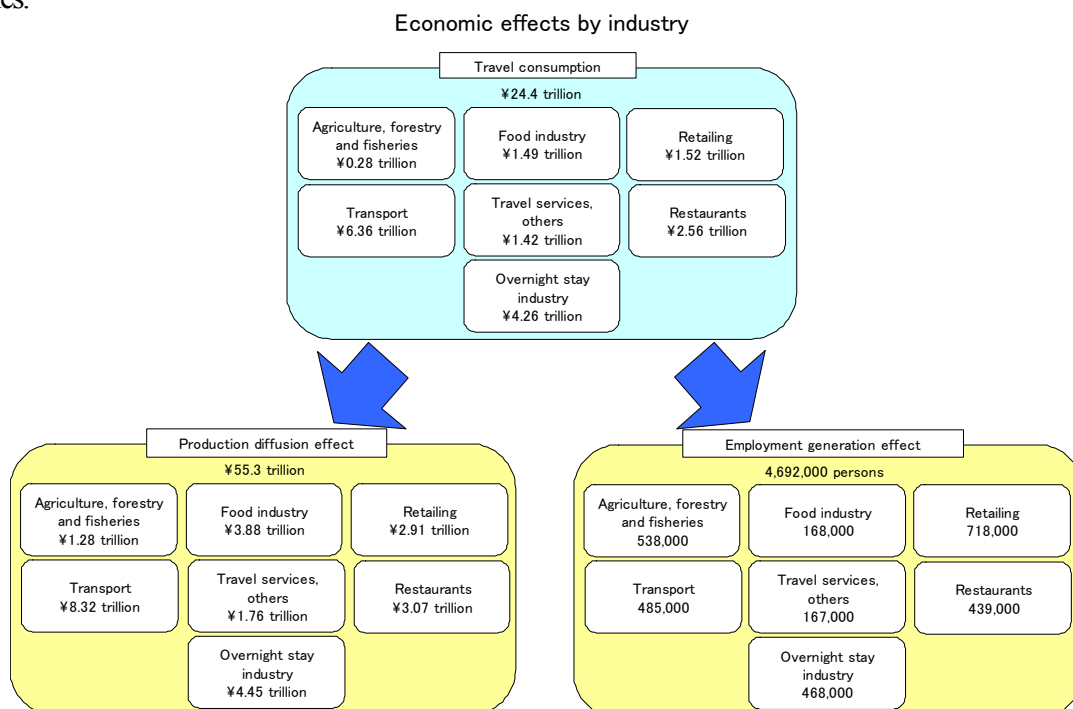


(3) Economic effects of tourism on Japanese industry

As well as having direct economic effects on tourism-related industries, Japan's tourism consumption also has a production wave effect on a broad spectrum of domestic industries, by stimulating household consumption by persons employed in tourism-related industries.

The direct economic effects of the value of tourism consumption on related industries include 6.36 trillion yen in the transportation industry and 4.26 trillion yen in the accommodation industry, showing that the effect is particularly large on industries directly linked to tourism.

According to an estimation of economic effects in FY2005, meanwhile, tourism consumption has also impacted other industries besides those mentioned above. Namely, the effect on the agriculture, forestry and fisheries industry is estimated at 1.28 trillion yen, that on the food industry at 3.88 trillion yen and that on the eating-out industry at 3.7 trillion yen. Similarly, the employment induction effect is estimated to be 540,000 workers in the agriculture, forestry and fisheries industry and 720,000 in the retail industry, revealing significant wave effects not only on the accommodation and transportation industries but also on agriculture, forestry and fisheries, food, retail and other industries.



Note: From the Land, Infrastructure and Transportation Ministry's "Research related to the economic effects of the travel and tourism industries, VI"

2 Projection of Economic Effects in FY2010

We projected the economic effects of tourism in 2010 with reference to “Population Projections for Japan”^{※1} and “Course and Strategies of the Japanese Economy”: New Growth Economy Transition Scenario^{※2}. Our projections were also based on ① the number of foreign travelers to Japan reaching 10 million, ② an increased tourism demand by the postwar “baby boomer” generation after retirement, and ③ an improved ratio of paid holidays for those still in employment.

(1) Projection of the value of domestic tourism consumption

① The impact on domestic tourism consumption due to an increase in foreign travelers to Japan

If the number of foreign travelers to Japan reaches 10 million in 2010, an increase of 840 billion yen in the value of domestic tourism consumption is projected. The total value of tourism consumption by foreign travelers to Japan is estimated at 2.48 trillion yen^{※3}.

② The impact on domestic tourism consumption due to increased leisure activity following retirement by the “baby boomer” generation

When members of the so-called “baby boomer” generation (assumed to be persons aged 55-59^{※4}; in 2005, these comprised 5.08 million males and 5.18 million females) reach retirement age, their leisure activities are expected to increase beyond those of previously retired generations. Based on this expectation, the increase in travel frequency by baby boomers after retirement is regarded as the difference between the annual frequency of participation in travel by baby boomers 10 years from now and the annual frequency of participation in travel by people currently in their early sixties (according to the “White Paper of Leisure 2006” by the Japan Productivity Center for Socio-Economic Development^{※5}). In comparison with FY2005, domestic day trips are assumed to increase 1.58 times for males and 1.68 times for females, and domestic overnight trips 0.50 times for males and 0.73 times for females.

We also assumed that the number of overnight stays associated with travel by baby boomers after retirement would be one night longer than the current average number of overnight stays by that generation, due to an increased inclination towards longer holidays and the development and marketing of attractive travel goods to suit longer holidays.

The increase in the value of tourism consumption resulting from this is estimated to be 1.1 trillion yen.

③ The impact on domestic tourism consumption due to an increased ratio of paid holidays given to working generations

The ratio of paid holidays given to currently working generations was 46.6% in 2005, this being in a gradually decreasing trend. However, we assumed that the ratio would rise to 55% in 2009 (the target set by a decision of the Council on Measures for the Society with a Declining Birthrate on December 24th, 2004), and that this situation would moreover continue until 2010. We then estimated the impact of this on domestic tourism consumption.

Specifically, the total increase in days of paid holidays in Japan as a whole due to the increased ratio of paid

※1 Based on figures in “Population Projections for Japan (Dec. 2006 Projections)” by the National Institute of Population and Social Security Research (estimates based on low birthrate and medium mortality).

※2 Based on the Cabinet Office “Course and Strategies of the Japanese Economy”: New Growth Economy Transition Scenario (consumer price index in Fiscal Expenditure Reduction Case A (fiscal expenditure reduction of 14.3 trillion yen)) (FY2005: 0.98, FY2010: 1.03).

※3 Japan National Tourist Organization, April 2007 “JNTO Survey Report on the Economic Wave Effect of Travel by Foreign Tourists”.

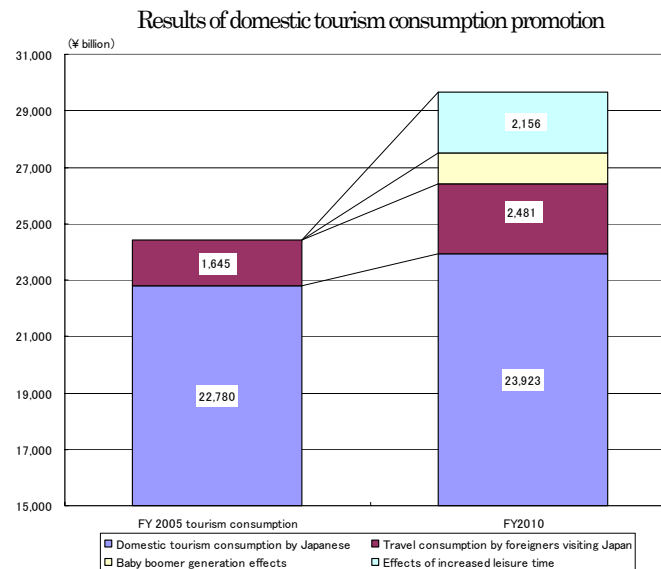
※4 The definition of baby boomers in the “White Paper of Leisure 2006” was used when making projections (the postwar baby boom generation is defined as people aged 55 to 59).

※5 The annual travel frequency of baby boomers in 5 years’ time is assumed to be the same as that of the current generation aged 60-64.

holidays is estimated to be 72.62 million days^{※1}. Based on the fact that day trips represent 33.3% of these days and 41.0% of them are used for overnight trips, and also that family travel accounts for 45.2% of all travel, the increase in the value of tourism consumption is estimated to be 2.16 trillion yen.

④ The value of domestic tourism consumption in 2010

The value of domestic tourism consumption in 2010, with the projected increases in the value of tourism consumption shown in ① to ③ above^{※2}, is estimated to be 29.66 trillion yen, or an increase of 21.4% from FY2005.



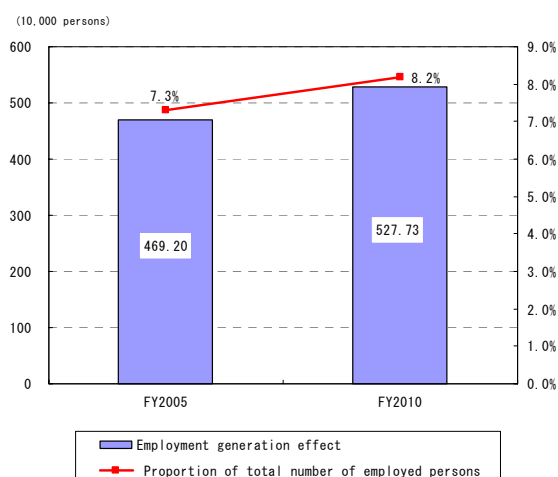
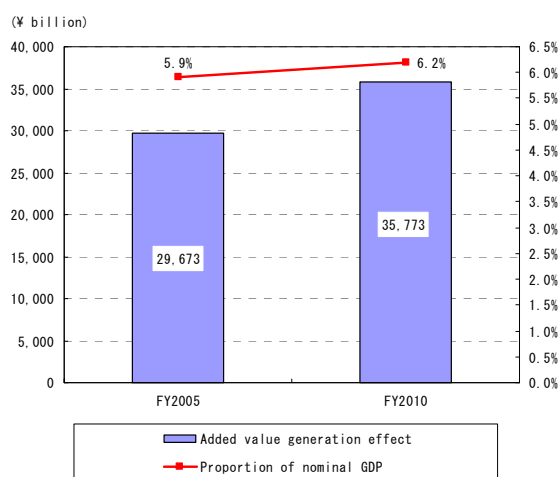
(2) Projection of economic effects

If domestic tourism consumption to the value of 29.66 trillion yen is generated in 2010, the resultant production induction effect is estimated at 65.20 trillion yen, the added value induction effect at 35.77 trillion yen (6.2% of nominal GDP) and the employment induction effect at 5.28 million workers (8.2% of all persons in employment). Compared to FY2005, the weight of tourism within the Japanese economy as a whole would therefore increase still further.

Meanwhile, both the frequency of overnight trips and the number of overnight stays by Japanese citizens have been in a decreasing trend in recent years, while the value of domestic tourism consumption has also remained on a par. In view of this, our projection that the value of tourism consumption in 2010 would be more than 20% greater than that in FY2005, as well as our projection of economic effects based on this, may be seen as overly optimistic, even when considering increased leisure activity by baby boomers and the transition to economic growth. Nevertheless, for tourism to contribute to the further growth of the Japanese economy, the key will be for regions, residents, tourism-related entities and others to stimulate tourism exchanges – for example, by taking positive steps to enhance the attraction of regional resources and make effective use of them – rather than a passive attitude of waiting for leisure activity by baby boomers to increase. It is vital that the various regions make redoubled efforts to enhance economic effects, partly by referring to the case study analysis in the following section.

^{※1} (Number of employees) × (average days of paid leave) × (rate of increase in taking paid leave) = (increased days of paid leave)

^{※2} The impact on domestic tourism consumption due to the increase in foreign travelers to Japan is reflected in the estimated value of domestic tourism consumption in 2010.



Section 2 Economic Effects on Regional Areas

To stimulate regions through tourism, it will be important to increase the economic effects due to increased tourism consumption in those regions. From this perspective, we selected the four prefectures of Aomori, Gumma, Okayama and Oita Prefecture for our case study analysis, based on three justifying factors: ① that they are not included in the three major urban spheres of Tokyo, Nagoya and Osaka, ② that they are either relatively close to or far from these major urban spheres, in terms of temporal distance, and ③ that their populations and gross prefectural production are on a medium scale in terms of the country as a whole.

1 Economic Situation of Each Prefecture

(1) Aomori Prefecture

Aomori Prefecture has a population of 1.44 million, and this has been in a decreasing trend in recent years (falling by 2.6% compared to 2000). The rate of population aging is 22.7%, above the national average of 20.1%^{※1}.

The value of gross prefectural production is 4.3 trillion yen, but this is falling sharply (a decrease of 5.5% compared to FY1999). It is affected, in particular, by a decline in production value in the construction industry accompanying a downturn in public works projects. On the other hand, the prefecture's primary industries are thriving (the ratio of gross prefectural production in terms of economic activity is 4.8% compared to a national average of 1.6%). Aomori is one of Japan's leading agricultural prefectures, boasting unrivalled production volumes of onions, apples, yams and burdock, for example. It also has a prospering fishery industry, with rich fishing grounds in the seas that surround it on three sides.

Aomori also a high ratio of tertiary industries, mainly consisting of retail and wholesale industries selling the products of primary industries (the ratio of gross prefectural production in terms of economic activity is 77.1%, compared to a national average of 71.8%)^{※2}.

The prefectural unemployment rate^{※3} is 6.0% and the ratio of job offers to applicants^{※4} is 0.42 times, both of

※1 Population and the rate of population aging are based on figures in the "2005 National Census", Ministry of Internal Affairs and Communications. Rates of increase or decrease are compared to 2000. The same applies to the other prefectures below.

※2 The value of gross prefectural production is based on FY2004 figures in the Cabinet Office "Prefectural Economy Calculations". The same applies to the other prefectures below.

※3 The prefectural unemployment rate is based on the 2006 average figure in "Manpower Survey Reference Materials: Full Unemployment Rates by Prefecture (Model Projections)", Ministry of Internal Affairs and Communications. The same applies to the other prefectures below.

※4 The ratio of job offers to applicants is based on the FY2005 average in "Job Stability Operation Statistics", Ministry of Health, Labour and Welfare, Long-Term

these being the second worst in the country.

(2) Gumma Prefecture

Gumma Prefecture has a population of 2.02 million, and this has remained more or less on a par in recent years (a decrease of 0.04% compared to 2000). The rate of population aging is 20.6%, above the national average (20.1%).

The value of gross prefectural production is 7.53 trillion yen. This fell sharply between FY2000 and FY2001 (a decrease of 5.0%), but has been more or less on a par since FY2001. Thanks to progressive relocation of factories producing transportation machinery products and others, Gumma has a high weighting of secondary industries (the ratio of gross prefectural production in terms of economic activity is 36.9% compared to a national average of 26.5%).

The prefectural unemployment rate is 3.4%, below the national average (4.1%), while the ratio of job offers to applicants is 1.46 times (the second highest in the country), signs that the employment climate is relatively healthy.

(3) Okayama Prefecture

Okayama Prefecture has a population of 1.96 million, showing a slightly rising tendency in recent years (an increase of 0.3% compared to 2000). The rate of population aging is 22.4%, above the national average (20.1%).

The value of gross prefectural production is 7.09 trillion yen, but this is declining sharply (a decrease of 5.0% compared to FY1999). This is particularly affected by a fall in the value of production in the manufacturing, construction and retail industries. On the other hand, there has been progressive relocation of petroleum product, chemical engineering and other factories, and, as in Gumma Prefecture, there is a high weight of secondary industries (the ratio of gross prefectural production in terms of economic activity is 33.5% compared to a national average of 26.5%).

The prefectural unemployment rate is 3.4%, below the national average (4.1%).

(4) Oita Prefecture

Oita Prefecture has a population of 1.21 million, and this has been in a slightly decreasing tendency in recent years (a decrease of 0.9% compared to 2000). The rate of population aging is 24.2%, well above the national average (20.1%).

The value of gross prefectural production is 4.55 trillion yen, and boasts the 7th highest rate of increase in the country (an increase of 2.0% compared to FY1999). Among other factors, this is due to a healthy value of production shipments in manufacturing industries and a firm performance in the real estate and service industries. The prefecture is attracting relocations of electronic engineering product and other factories, and its ratio of secondary industries is high (the ratio of gross prefectural production in terms of economic activity is 32.5% compared to a national average of 26.5%). It also has a higher weight of primary industries than the national average, with the country's largest production volumes of *shiitake* mushrooms and *kabosu* citrus fruit (the ratio of gross prefectural production in terms of economic activity is 2.4% compared to a national average of 1.6%).

The prefectural unemployment rate is 3.9%, somewhat lower than the national average (4.1%).

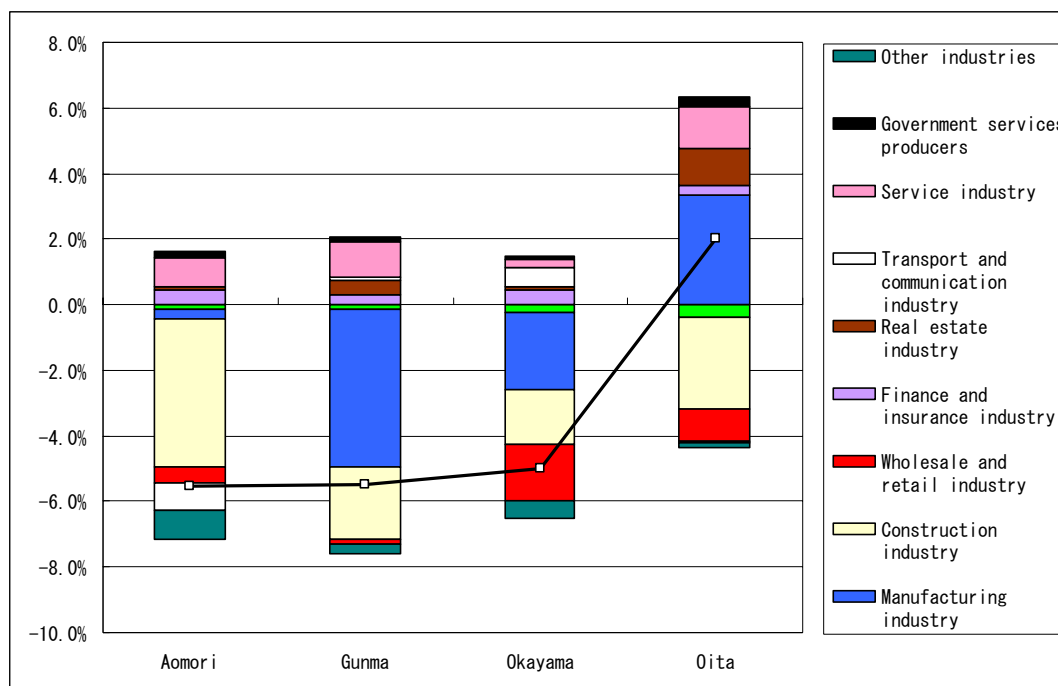
The economic situation of these four prefectures can thus be summarized as follows.

- In terms of population, all except Okayama Prefecture are in a slightly decreasing tendency, whereas the rate of population aging is more progressive than the national average in all except Gumma Prefecture.
- Considering trends in the value of gross prefectural production, Oita Prefecture is in an increasing trend, but the other three prefectures are either decreasing or on a par, putting them in a depressed trend.

Time-Related Tables (including part-time work). The same applies to the other prefectures below.

- As concerns industrial structure, Aomori Prefecture has a relatively large weight of primary industries, while Gumma Prefecture and Okayama Prefecture have higher ratios of secondary industries. Oita Prefecture also has a high ratio of electronic engineering product and other secondary industries, but its weight of primary industries is also higher than the national average.

- On the employment situation, Gumma Prefecture, Okayama Prefecture and Oita Prefecture all have unemployment rates below the national average. Of these, Okayama Prefecture and Gumma Prefecture, in particular, also have a high ratio of job offers to applicants. Aomori Prefecture, however, has an unemployment rate vastly higher than the national average, and the employment climate is therefore harsh.

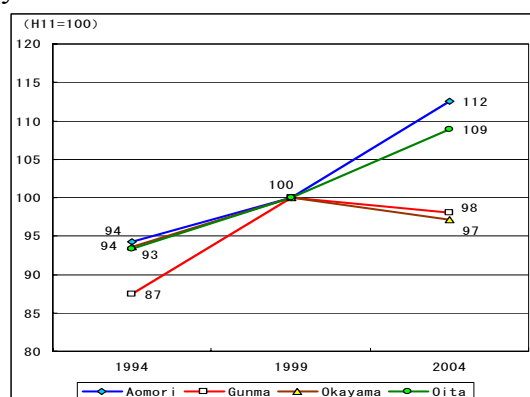


2 Tourism trends in each prefecture

For tourist numbers and the value of tourism consumption, as basic data related to tourism, we took the 1999 figures for these data as 100 and compared the tourism trends in each prefecture^{※1}.

(1) Comparison of trends for tourist numbers in each prefecture

Overall tourist numbers increased in Aomori Prefecture and Oita Prefecture but decreased in Gumma Prefecture and Okayama Prefecture between 1999 and 2004.



Notes:

1. From Aomori Prefecture's "Aomori Prefecture Tourism Statistical Overview"

2. From Gumma Prefecture's "Tourist numbers and consumption research (estimates)"

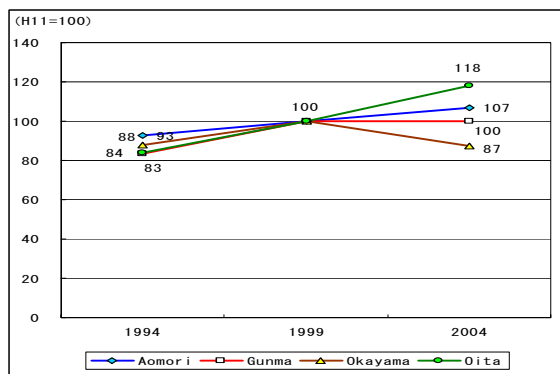
3. From Okayama Prefecture's "Okayama Prefecture Tourist dynamic statistical research report"

4. From Oita Prefecture's "Tourism dynamic research"

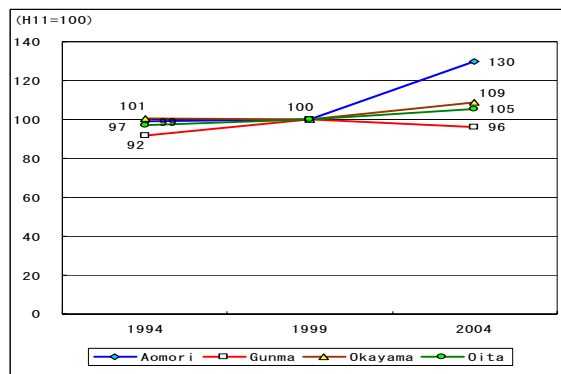
※1 Figures for Gumma Prefecture use a comparative index based on "fiscal years", taking the figure for FY1999 as 100.

Of these, visitors from outside the prefecture increased sharply in Aomori Prefecture and increased in Okayama Prefecture and Oita Prefecture, but decreased in Gumma Prefecture. Visitors from inside the prefecture increased sharply in Oita Prefecture, increased in Aomori Prefecture, were on a par in Gumma Prefecture, and decreased in Okayama Prefecture.

Trends in tourist numbers outside the prefectures

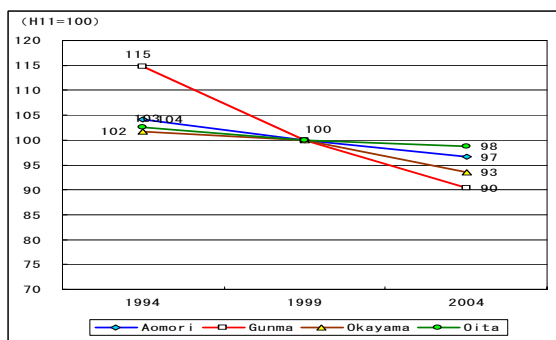


Trends in tourist numbers within the prefectures

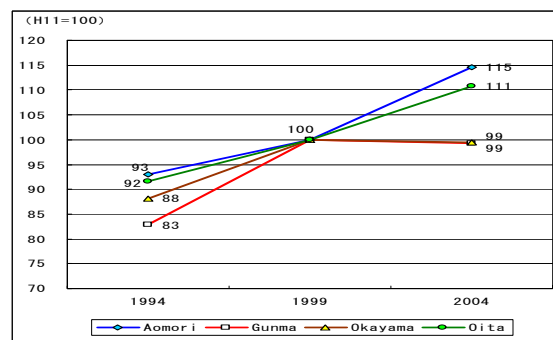


Overnight trip visitors were in a decreasing trend in each prefecture, the degree of decline being particularly sharp in Gumma Prefecture compared to the other three. Day trip visitors increased in Aomori Prefecture and Oita Prefecture, but were more or less on a par in Gumma Prefecture and Okayama Prefecture.

Trends in prefectures' overnight stay tourist numbers



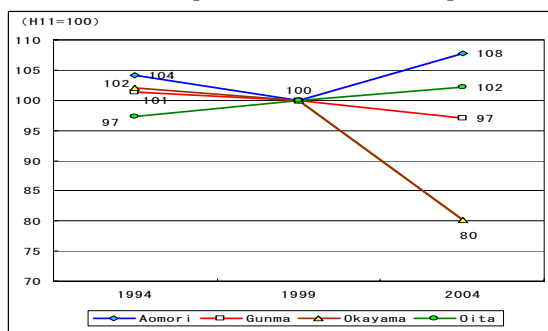
Trends in prefectures' day trip tourist numbers



(2) Comparison of trends in the value of tourism consumption in each prefecture

The value of tourism consumption increased in Aomori Prefecture and Oita Prefecture, decreased in Gumma Prefecture, and fell sharply in Okayama Prefecture.

Trends in prefectures' tourism consumption



Summarizing tourism trends in each prefecture in the period from 1999 to 2004, Aomori Prefecture and Oita Prefecture saw healthy increases in both total tourist numbers and the value of tourism consumption, but Gumma Prefecture and Okayama Prefecture were generally in a decreasing trend. As concerns overnight trip visitors, meanwhile, a major characteristic has appeared in that each prefecture was either in a decreasing trend or on a par.

Prefectures' tourism directions (increase/decrease)

	Aomori Prefecture	Gunma Prefecture	Okayama Prefecture	Oita Prefecture
Total tourist numbers	Increase	Decrease	Decrease	Increase
Outside prefecture	Large increase	Decrease	Increase	Increase
Within prefecture	Increase	Flat	Decrease	Large increase
Overnight stays		Decrease	Decrease	Flat
Day trips	Increase	Flat	Flat	Increase
Tourism consumption	Increase		Large decrease	Increase

3 Analysis by Prefecture

(1) Aomori Prefecture

① Tourism resources, etc.

Aomori Prefecture boasts some highly renowned natural resources in the form of Lake Towada, Oirase Gorge, the Hakkoda mountain range and Shirakami-Sanchi, and outstanding hot spring resources such as the Asamushi and Hakkoda-Sanroku hot spring complexes. It also has historical heritage sites represented by the Sannai-Maruyama archaeological complex, highly individual living culture resources typified by the Nebuta Festival and other large-scale events unique to the region, and, besides these, a wealth of superior fishery resources including Oma tuna and Hachinohe squid.

② Trends and problems to date

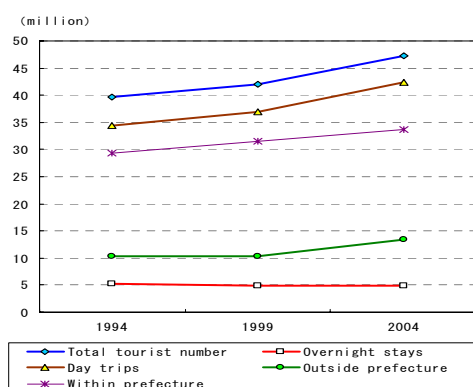
While the population of Aomori Prefecture is in a decreasing trend and the economy is also in a generally harsh situation, the situation surrounding tourism could be described as healthy. For example, thanks to the “Hayate effect” (Shinkansen-related boom) following the opening of Hachinohe Station on the Tohoku Shinkansen line in December 2002, total tourist numbers turned to a sharp increase. Viewing trends between 1999 and 2004, the number increased by 12.5% from 41.99 million to 47.24 million in that time.

However, the increase in total tourist numbers owes much to an increase in day trip visitors from outside the prefecture, as also shown in an increased ratio of visitors from outside the prefecture, while the number of overnight trip visitors conversely decreased from 4.98 million to 4.81 million. As a result, although the value of tourism consumption increased from 162.3 billion yen to 174.9 billion yen, the rate of increase was 7.8%, not as high as the rate of increase in total tourist numbers.

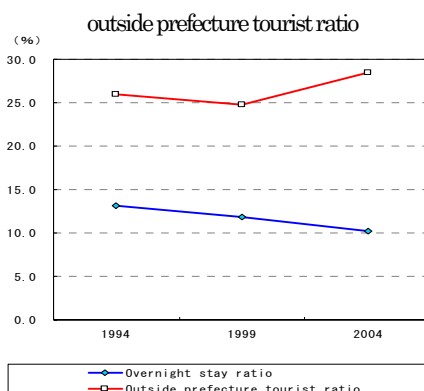
The low level of overnight trip visitors is largely attributed to the fact that, with improved access convenience following the opening of the Shinkansen, the Tokyo metropolitan sphere is now within day-tripping range, while on the other hand visitors coming in by air have sharply decreased. Meanwhile, under the impact of the shift in passengers between these two modes of transport, the number of overnight travelers from outside the prefecture has decreased.

From the above, the task at hand is to expand tourism consumption by means such as increasing numbers of overnight travelers.

Trends in Aomori Prefecture total tourist numbers

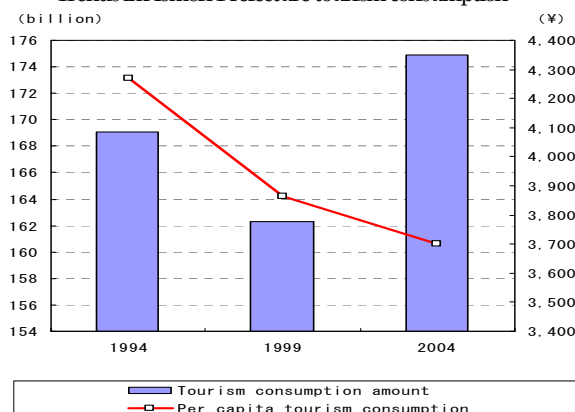


Trends in Aomori Prefecture's overnight stay ratio and



Note: From Aomori Prefecture's "Aomori Prefecture Tourism Statistical Overview"

Trends in Aomori Prefecture tourism consumption



Note: From Aomori Prefecture's "Aomori Prefecture Tourism Statistical Overview"

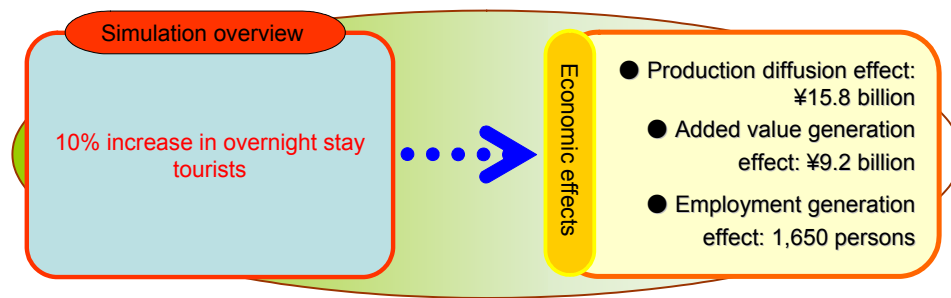
③ Future efforts

Aomori Prefecture is currently trying to achieve a new type of tourism which it calls "Aomori tourism", in which visitors will be encouraged to enjoy a wide variety of regional resources amid a leisurely flow of time. Other moves include increasing accommodation and experience options, such as opening the "Miroku Yokocho" street stall village in Hachinohe or promoting winter snowdrift sleigh rides in Goshogawara.

With a view to stimulating the regional economy through tourism, it is vital that the attraction of rich, seasonal foods and farming, mountain and fishing villages (the strengths of Aomori as a prefecture of agriculture and fisheries) are harnessed, and that more promotion is given to accommodation- and experience-type tourism accompanied by overnight stays, among others. In particular, the question will be how to take advantage of the opening of Shin-Aomori Station on the Tohoku Shinkansen, due in 2010.

④ Simulation

Assuming that, through efforts to increase the attraction of overnight stays, overnight trip visitors were to increase by 10%, this would produce an increase of 12.9 billion yen in the value of tourism consumption, and the production wave effect including direct effects is projected to be an increase of around 7.4% or 15.8 billion yen. In terms of employment, it is also estimated that around 1,650 jobs would be created, five times the number employed by principal factories in the prefecture's leading iron industry.



(2) Gumma Prefecture

① Tourism resources, etc.

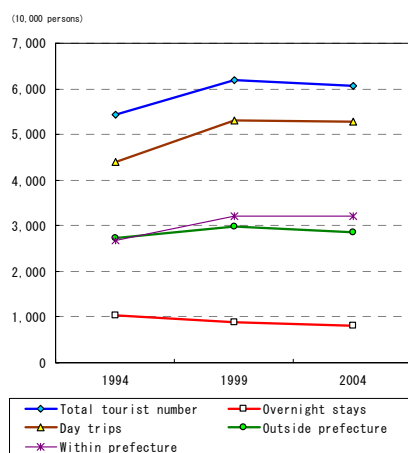
Besides some of the country's leading hot spring resorts including Kusatsu and Ikaho, Gumma Prefecture has a number of other attractions within its borders, including natural resources such as Oze and the Onioshidashi Rocks on Mount Asama, the Mount Tanigawa and Manza ski resorts. It also has industrial heritage in the former Tomioka Silk Factory, a symbol of the Meiji government's policy of promoting industrial production.

Gumma is also adjacent to the Tokyo metropolitan sphere, to which it is directly linked via a high-speed transport network including the Tohoku and Kanetsu Expressways as well as the Joetsu and Hokuriku Shinkansen.

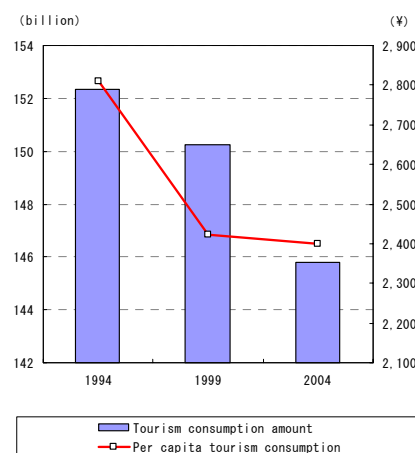
② Trends and problems to date

The economy of Gumma Prefecture remains more or less on a par, partly due to the stagnation of manufacturing industries. As far as tourism is concerned, total tourist numbers fell from 62.03 million to 60.77 million in the period between FY1999 and FY2004. The value of tourism consumption fell from 150.3 billion yen to 145.8 billion yen, with a particularly sharp decline in overnight trip visitors.

Trends in Gumma Prefecture total tourist numbers



Trends in Gumma Prefecture tourism consumption



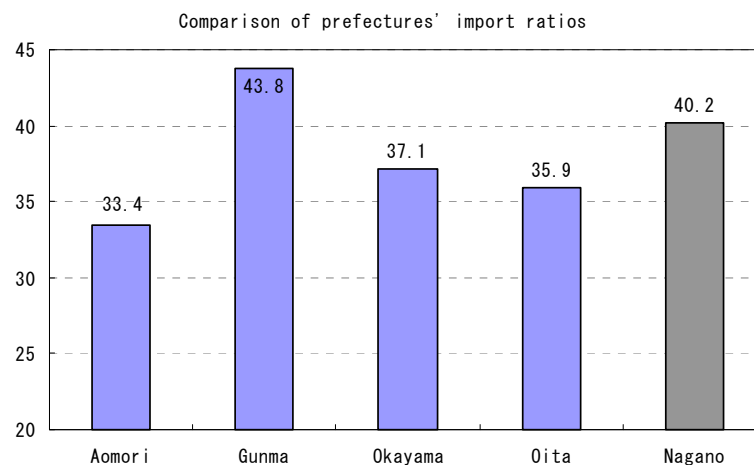
Note: From Gumma Prefecture's "Tourist numbers and consumption research (estimates)"

Partly due to the direct links for distribution routes, etc., to the Tokyo metropolitan sphere, Niigata and elsewhere thanks to the advanced state of the expressway network, the ratio of product imports into Gumma Prefecture from outside the prefecture (product import ratio) is higher than the three other prefectures targeted by this case study analysis, as well as Nagano Prefecture (another land-locked prefecture). The wave effect of tourism on agriculture, forestry and fisheries and the food manufacturing industry, which is normally thought to be particularly

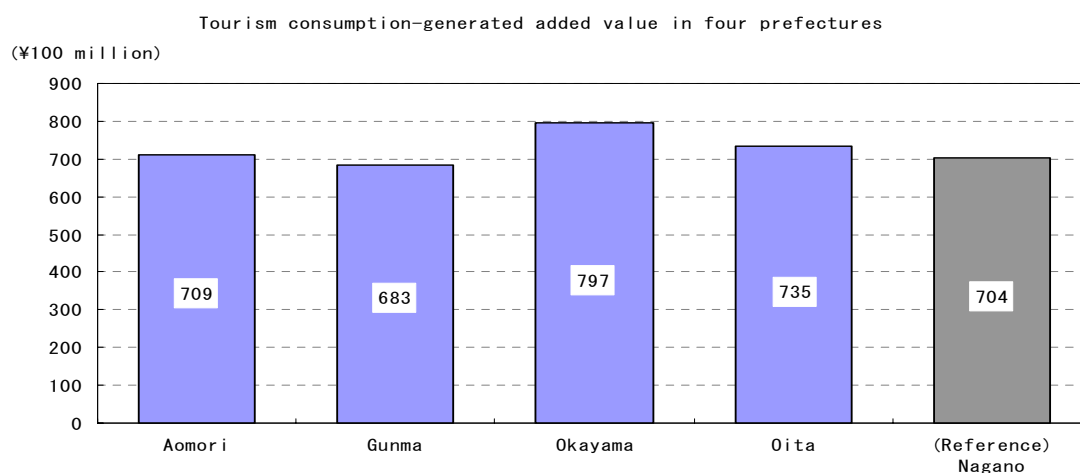
high, has become smaller. Part of the reason for this is assumed to be that locally produced foods are not adequately used in inns, etc., but that fishery produce and others imported from places such as Niigata outside the prefecture are used instead.

■ Comparison of the economic wave effect due to differences in economic trading structure in each prefecture

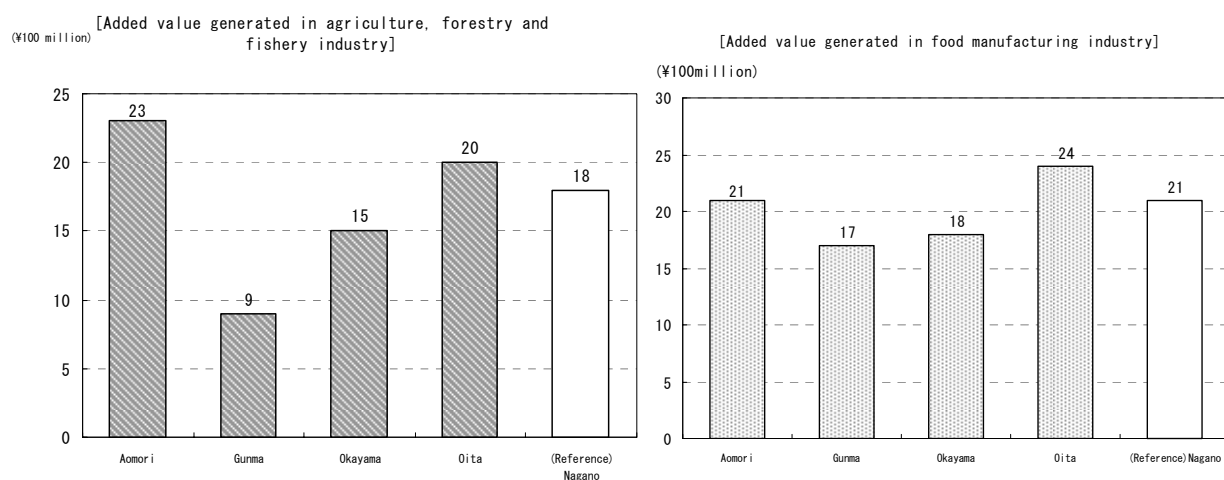
Differences in the product import ratio in the economic trading structure of each prefecture also have a major impact on the economic effects brought by tourism consumption. Gumma Prefecture has a higher product import ratio (29.5%) than the three other prefectures as well as Nagano Prefecture, another land-locked prefecture.



If tourism consumption to the same amount of 100 billion yen were produced in each prefecture, the estimated amount of added value induction, using the industrial tables of each prefecture, would be smaller in Gumma Prefecture (68.3 billion yen) than in the other prefectures. The difference is particularly pronounced in agriculture, forestry and fisheries and the food manufacturing industry, which are thought to have a high wave effect due to tourism.



Four prefectures' tourism consumption-generated added value in agriculture, forestry and fishery industry and food manufacturing industry



③ Future efforts

Gumma Prefecture is currently engaged in efforts to promote tourism through collaboration between the administration and prefectural residents, based on the campaign “Gumma Nigiwai Plan – Gumma Tourism Created by Two Million Prefectural Citizens”. The stated aims are to “make Gumma inviting”, “make Gumma fun” and “support the creation of Gumma attractions”. Other moves in the prefecture include a hot spring branding campaign stressing the “insistence on quality” of the Kusatsu hot spring, and active promotion of the Shima Onsen hot spring, which was used as the setting for an NHK serialized TV drama in the first half of FY2005. Besides these, as an initiative aimed at local consumption of local produce, there is the activity of the “Gumma Conference to Promote Prefectural Citizens’ Movements for Local Consumption of Local Produce^{※1)}”, consisting of agricultural producers and processors, consumers, academic and professional experts and others.

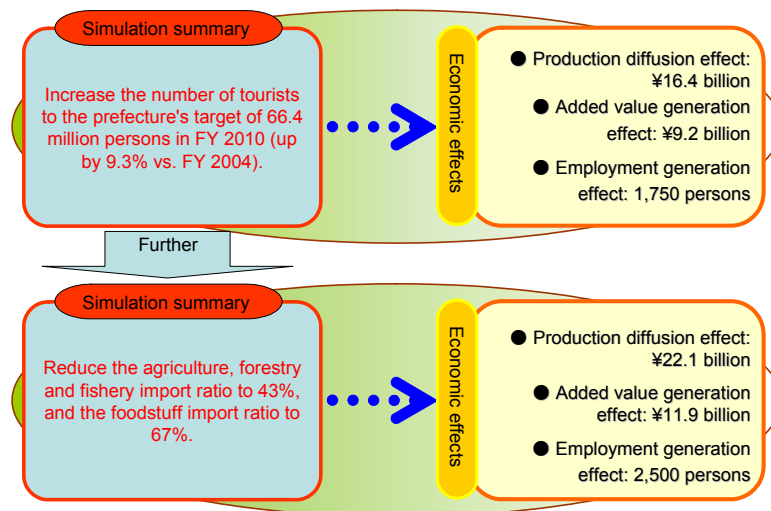
With a view to stimulating the regional economy through tourism, it is vital that maximum use be made of the advantageous conditions of being directly linked to the Tokyo metropolitan sphere by a high-speed transport network, to conduct finely-tuned tourism marketing aimed at a broad spectrum of customers including overnight travelers, and, based on the results of this marketing, to make greater efforts to create the attraction of high added value foods using local ingredients and to develop attractive local produce.

④ Simulation

If the target for total tourist numbers set in “Gumma Prefectural Government Aims for the New Age” (66.40 million, an increase of 9.3% in 2010 compared to FY2004) were attained, an increase of 13.5 billion yen in the value of tourism consumption would arise. The production wave effect of this, including direct effects, is projected to be an increase of about 9.3% or 16.4 billion yen, with the creation of employment for about 1,750 people. In addition to this, if the product import ratio for agriculture, forestry and fishery products could be reduced from the current 63% to 43% as in Nagano Prefecture, a similarly land-locked prefecture, and that of the food manufacturing industry from 75% to 67%, the production wave effect of this, including direct high added value effects, is projected to be an increase of about 12.5% or 22.1 billion yen. In this case, moreover, it is estimated that employment would be created for about

※1 Created on July 14th, 2004, with members consisting of producers, processors, consumers, academic and professional experts, and others.

2,500 people, rivaling the number employed by principal factories in the prefecture's leading automobile manufacturing industry.



(3) Okayama Prefecture

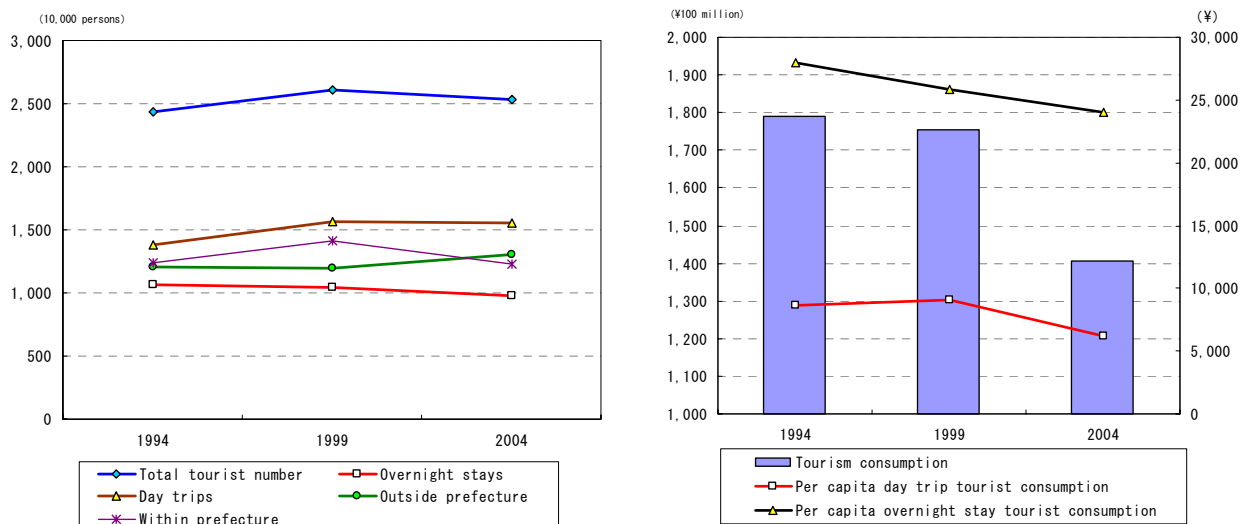
① Tourism resources, etc.

Okayama Prefecture is endowed with a wealth of tourism resources, including the atmospheric old-time charms of towns like Kurashiki, quality hot spring resorts such as Mimasaka Santo and the scenic beauty of Setouchi, as well as the islands that dot the Seto Inland Sea and the richly individual living culture there. The prefecture also has historical resources in the form of *kofun* burial mounds and the remains of the old Kibi Highway, some of the country's finest high added value agricultural produce such as peaches and muscat grapes, fish and shellfish from the Seto Inland Sea, and so on. Okayama could also be said to have an excellent transportation infrastructure, even in national terms, being criss-crossed by an expressway network and with the Shinkansen railway passing through from east to west, among others.

② Trends and problems to date

The economy of Okayama Prefecture is in recession owing to the stagnation of manufacturing industries. As for the current status of tourism, similarly, total tourist numbers fell from 26.07 million to 25.32 million in the period from 1999 to 2004, when the value of tourism consumption also fell sharply from 175.4 billion yen to 140.5 billion yen. Among the reasons for this is thought to lie the fact that visitors to the Kurashiki Chibori Park have decreased significantly in that period.

From the above, the task at hand is to raise the level of tourism consumption, as well as increasing tourist numbers from the Tokyo metropolitan sphere by improving tourist attractions, etc.



Note: From Okayama Prefecture's "Okayama Prefecture Tourist dynamic statistical research report"

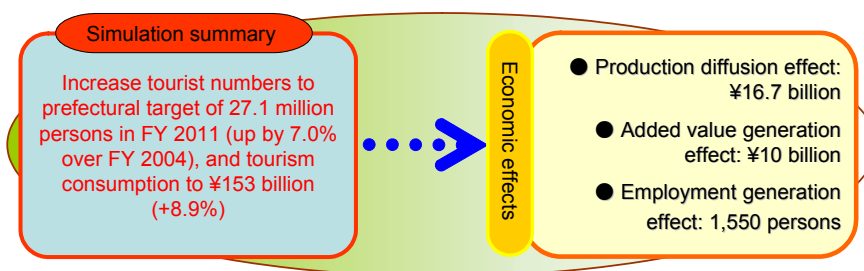
③ Future efforts

Okayama Prefecture is currently trying to create tourism resources on the theme of the history and culture of “Kibi no Kuni Okayama”, to establish the “Tourism Okayama” brand and to attract visitors mainly from the postwar baby boom generation, based on its “New Okayama Dream-Building Plan” that is due to start in FY2007. Other moves include promoting residential-type tourism with night-time illumination of the Kurashiki aesthetic area, and creating tourist districts using the historical streets of the Tsuyama and Takahashi castle towns.

With a view to stimulating the regional economy through tourism, the key will be to actively promote means of attracting tourists from the Tokyo metropolitan sphere and elsewhere, partly via the “Okayama Destination Campaign” held by six JR group companies between April and June 2007, to develop wide-area tourism routes based on shared history, culture, etc., within the Chugoku-Shikoku sphere by taking advantage of the high level of transport convenience, and to raise the added value of food and special produce in order to identify and improve the attraction of local tourism resources.

④ Simulation

Assuming that the total tourist number of 27.10 million targeted in the “New Okayama Dream-Building Plan” (an increase of 7.0% in 2011 compared to 2004) is reached, and that the target of 153.0 billion yen for the value of tourism consumption (an increase of 8.9% in 2011 compared to 2004) is attained, the production wave effect of this, including direct effects, is projected to be an increase of about 8.9% or 16.7 billion yen. Employment would also be created for about 1,550 people, equivalent to about 80% of the number employed by the country’s leading petrochemical factories located in the Mizushima Industrial Estate.



(4) Oita Prefecture

① Tourism resources, etc.

Oita Prefecture boasts the country's highest output of spa water and ratio of hot spring sources compared to the number of hot spring resorts. Of these, Beppu and Yufuin located in the center of the prefecture are particularly well known nationwide. These two resorts attract 8 million tourists every year and are leading tourist locations that act as motors for tourism in the prefecture. Besides these, Oita also has a wealth of nature, history and culture in the Hita, Kuju, Kunisaki Peninsula, Nippo Coast and other areas, while also boasting numerous food-related tourism resources and special products, including high-class fish in the form of Seki mackerel and horse mackerel.

Meanwhile, express and non-stop buses from Fukuoka and Oita Airports travel to Beppu and Yufuin, while attempts are being made to reduce traveling time from Fukuoka Prefecture to Beppu, Yufuin, Hita and other tourist locations by using the Oita Expressway.

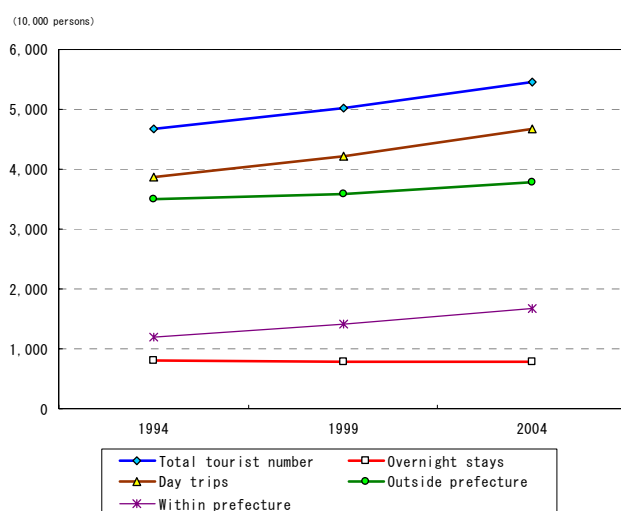
② Trends and problems to date

Compared to the other three prefectures targeted by the case study analysis, Oita is in a relatively healthy economic situation. On the status of tourism, similarly, total tourist numbers increased from 50.13 million to 54.59 million in the period from 1999 to 2004. In particular, day trip visitors increased from 42.23 million to 46.79 million in that period.

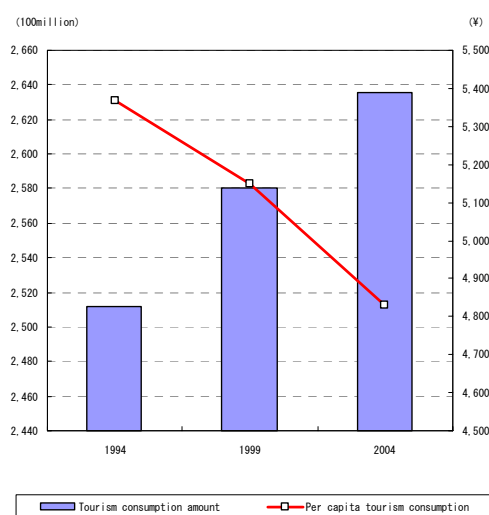
On the other hand, the increase in visitors from outside the prefecture was only 5.2%, while overnight trip visitors decreased from 7.90 million to 7.80 million and the value of tourism consumption per tourist fell from 5,147 yen to 4,828 yen.

From the above, the tasks are thought to be to increase visitors from outside the prefecture and other overnight trip visitors, and to boost the value of tourism consumption.

Trends in Oita Prefecture's total tourist number



Trends in Oita Prefecture's tourism consumption



Note: From Oita Prefecture's "Tourism dynamic research"

③ Future efforts

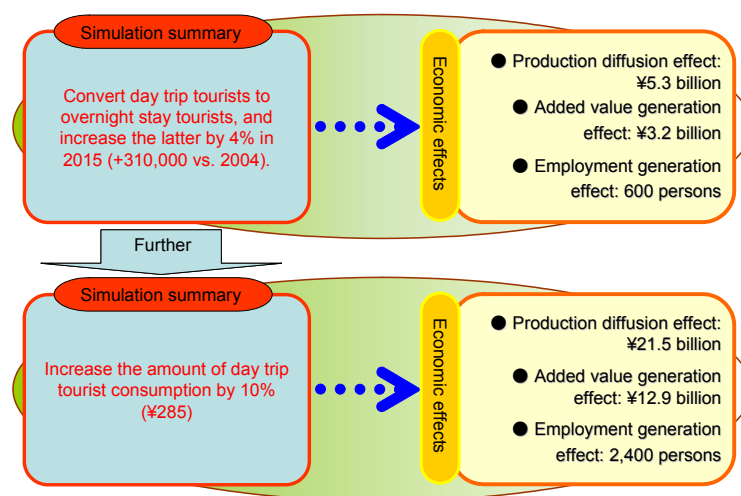
Oita Prefecture is currently attempting to identify local tourism resources, improve their attraction and promote green tourism, among other efforts, as part of its "Regional development full of vitality, growing through interaction –

Promotion of tourism to link the region with the world and enjoy contact” based on the “Reassurance, Vitality and Growth Plan 2005 – Building the Future of Oita Together”. Besides these, other moves include attempts to increase accommodation options by holding “*Beppu Hatto Onpaku*”, a kind of hot spring exposition in the famous eight hot-springs of Beppu City, etc., and reviving the shopping streets of Bungo Takada into a Showa-style district as a way of attracting tourists.

With a view to stimulating the regional economy through tourism, it is essential that diverse residential-type and experience-type tourism is promoted, for example by providing early-morning walking and other programs or making use of rural guesthouses in Ajimu, and that attempts are made to boost tourism consumption by promoting the development of souvenirs based on hot springs and local produce, etc.

④ Simulation

Assuming that the target for a 4% increase in overnight trip visitors as set out in the “Reassurance, Vitality and Growth Plan 2005” (an increase of 310,000 in 2015 compared to 2004)^{※1} is achieved by converting day-trippers to overnight travelers, an increase of 4.3 billion yen in the value of tourism consumption would arise, and the production wave effect of this, including direct effects, is projected to be an increase of about 1.6% or 5.3 billion yen, with the creation of about 600 new jobs. In addition to this, if the value of tourism consumption per day-tripper were to increase by 10% (285 yen), an increase of 17.6 billion yen would arise in the value of tourism consumption, and the production wave effect of this, including direct effects, is projected to be an increase of about 6.7% or 21.5 billion yen. Meanwhile, employment is projected to be created for about 2,400 people, on a par with the number employed by the prefecture’s main semiconductor IC manufacturing factories.



◎ Current status of tourism in prefectures in terms of statistics on overnight trips

As a basic statistic for the Japanese tourism sector, in 2007 we started a quarterly “Overnight Trip Statistics Survey (approved statistics)”, in which we survey data such as the number of guests staying in all hotels, *ryokan* inns and simple guesthouses with ten or more employees. The survey is conducted under national uniform standards and is aimed at all prefectures.

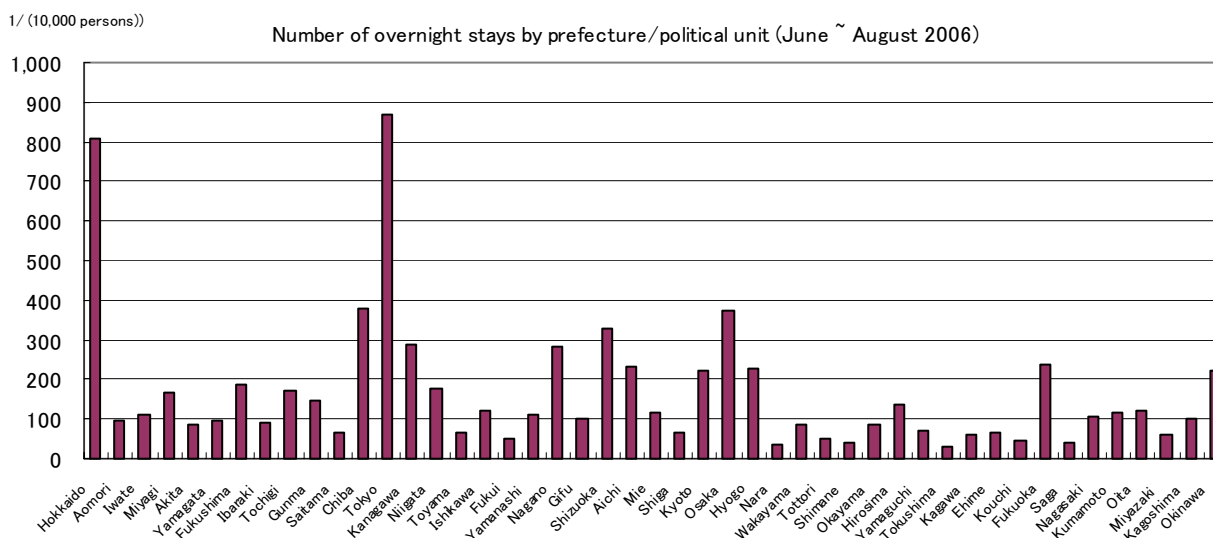
Below, we will describe the current status of tourism in each prefecture in terms of their accommodation, based on the “Overnight Trip Statistics 2nd Preliminary Survey (approved statistics)”, which was carried out over the space

^{※1} In Oita Prefecture, we started conducting Tourism Statistics Surveys using a new method from 2006. Based on the figures for 2006 obtained from the Survey, the target for 2015 is an increase of 4%. However, since the figures for 2006 have not yet been announced, here we decided to base our simulation on the figures for 2004.

of three months from June to August 2006 as a trial for this survey.

(1) Number of overnight guests by prefecture

In terms of the number of overnight guests by prefecture, Tokyo occupies 1st place with 8.68 million guest/nights (share 11.2%), followed by Hokkaido with 8.08 million guest/nights (10.4%) and Chiba Prefecture in 3rd place with 3.80 million guest/nights (4.9%). The top three prefectures accounted for more than a quarter of the total.



(2) Status of accommodation in terms of basic prefectural indicators

Viewing the total number of overnight guests in relation to the basic prefectural indicators of population, gross production and employment figures, the top five prefectures in all of these indicators were Hokkaido, Yamanashi, Nagano, Ishikawa and Okinawa.

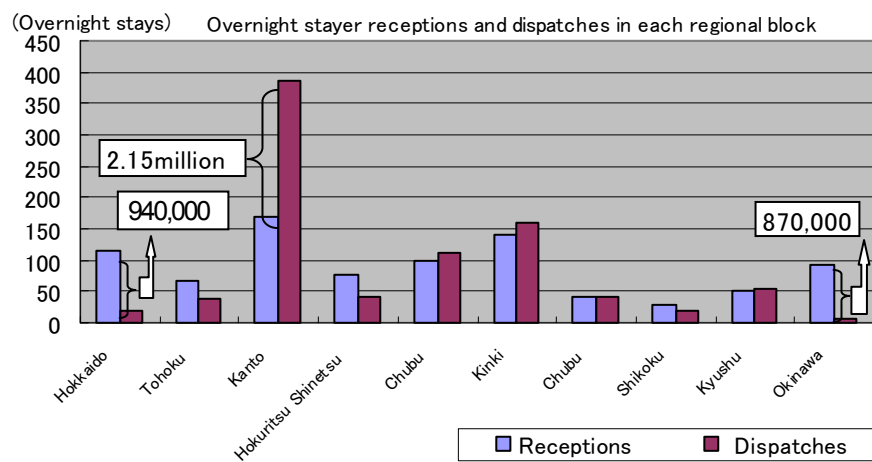
Ranking of overnight stayers by linkage with basic indicators (June ~ August 2006)

	1st rank	2 nd rank	3 rd rank	4 th rank	5 th rank
Extended overnight stayers from outside political unit, per capita of population	Okinawa	Yamanashi	Nagano	Hokkaido	Ishikawa
Extended overnight stayers per ¥10 million of prefectural gross production	Okinawa	Hokkaido	Yamanashi	Nagano	Ishikawa
Proportion of overnight stay facility employees among tertiary industry employed persons	Nagano	Okinawa	Ishikawa	Ishikawa	Yamanashi

(3) Current status of tourism exchanges between regional blocks

In terms of mobility both inside and between regional blocks, based on the number of overnight guests in accommodation facilities employing 100 or more employees by area of original domicile, mobility within the region accounted for at least 30% in all except Hokuriku-Shinetsu, Shikoku and Okinawa.

In terms of source areas, Kanto provides overwhelmingly the largest number of travelers, followed by the Kinki and Chubu regions in that order. Conversely, Hokkaido and Okinawa have by far the largest influx of travelers from other blocks.



Part II Status of Tourism and Measures in FY2006

Chapter 1 Current Status of Tourism

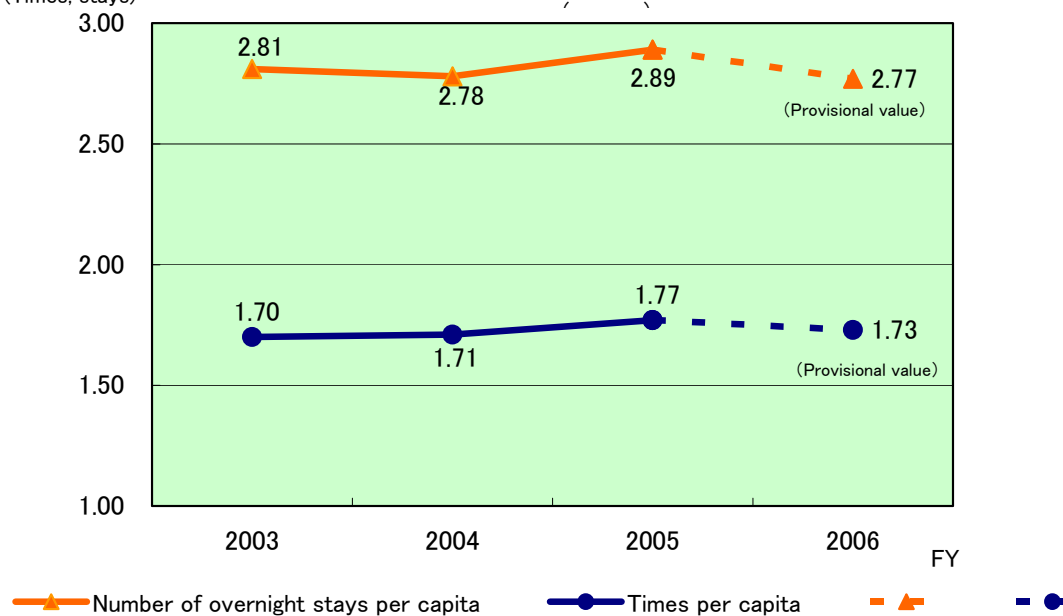
Section 1 Trends in Tourism by the Japanese Public

1 Trends in Domestic Overnight Trips by the Japanese Public

The frequency of overnight domestic trips per capita of the Japanese population in FY2006 is estimated to have been 1.73, a decrease of 2.3% compared to the previous fiscal year.

Meanwhile, the number of domestic overnight stays on overnight trips per capita is estimated at 2.77, a decrease of 4.2% compared to the previous fiscal year.

(Times, stays) Trends in national per capita annual overnight stay tourism travel times and number of stays



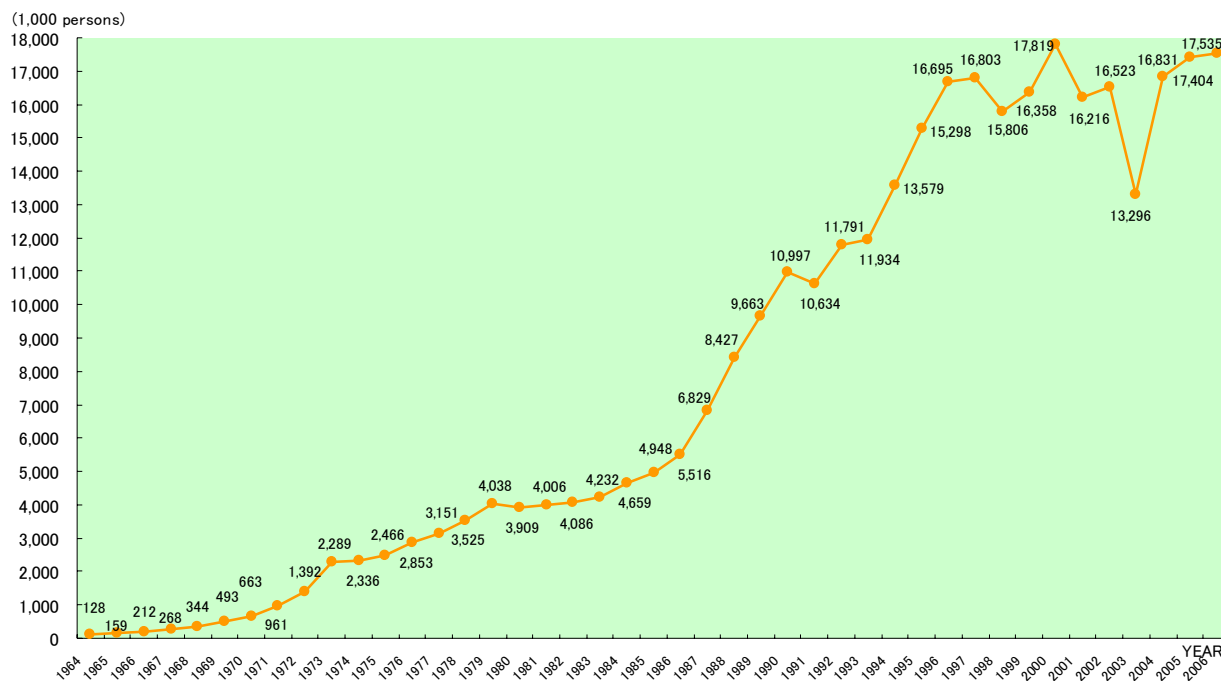
Note: Ministry of Land, Infrastructure and Transport, "Travel and tourism consumption research"

2 Trends in Overseas Travel by the Japanese Public

(1) Trends in numbers of overseas travelers

The number of Japanese tourists traveling overseas in 2006 was around 17.53 million, the second highest following the all-time record of 17.82 million in 2000. Compared to the previous year, this represented an increase of around 130,000 or 0.8%.

Trends in numbers of Japanese overseas travelers



Prepared by Ministry of Land, Infrastructure and Transport's General Policy Bureau from Justice Ministry data

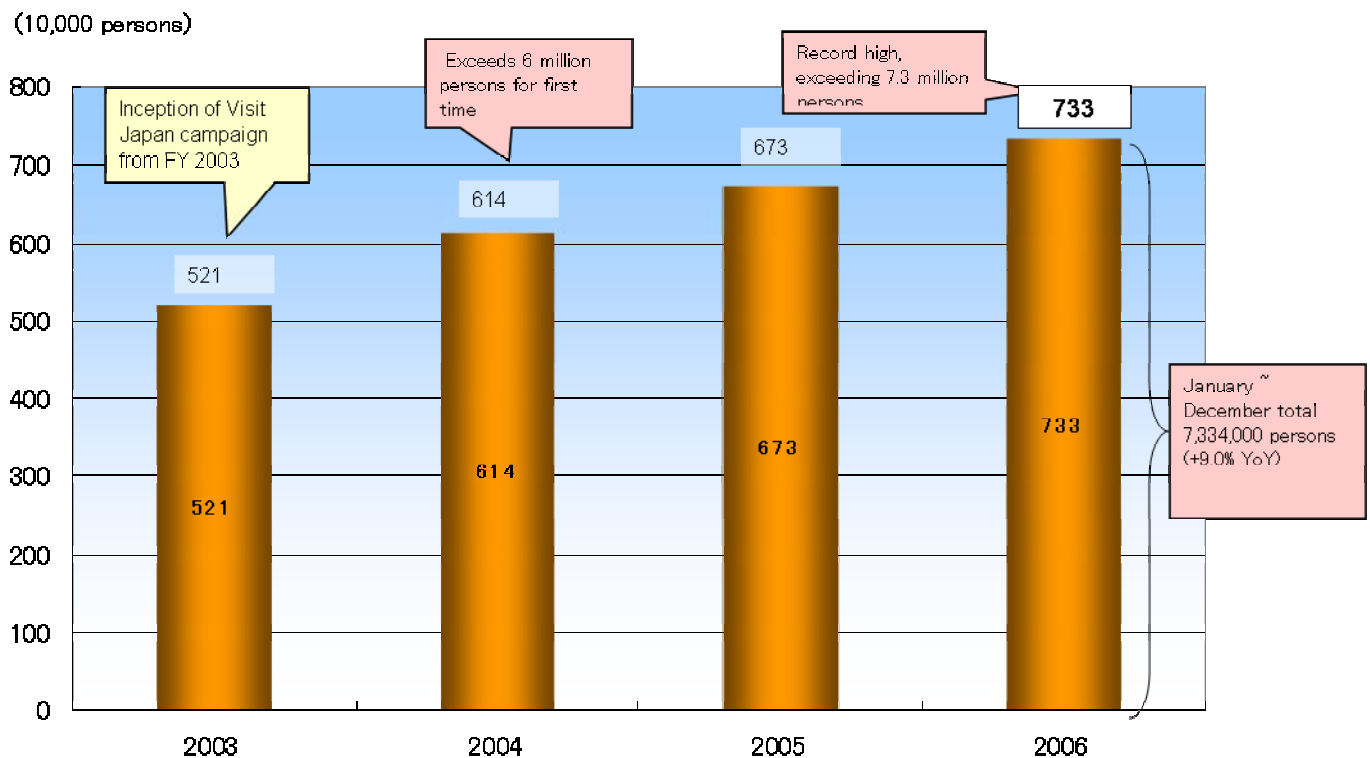
Section 2 Trends in Visits to Japan by Foreign Tourists

1 Trends in Travel by Foreign Tourists

(1) Number of travelers and their country or region of origin

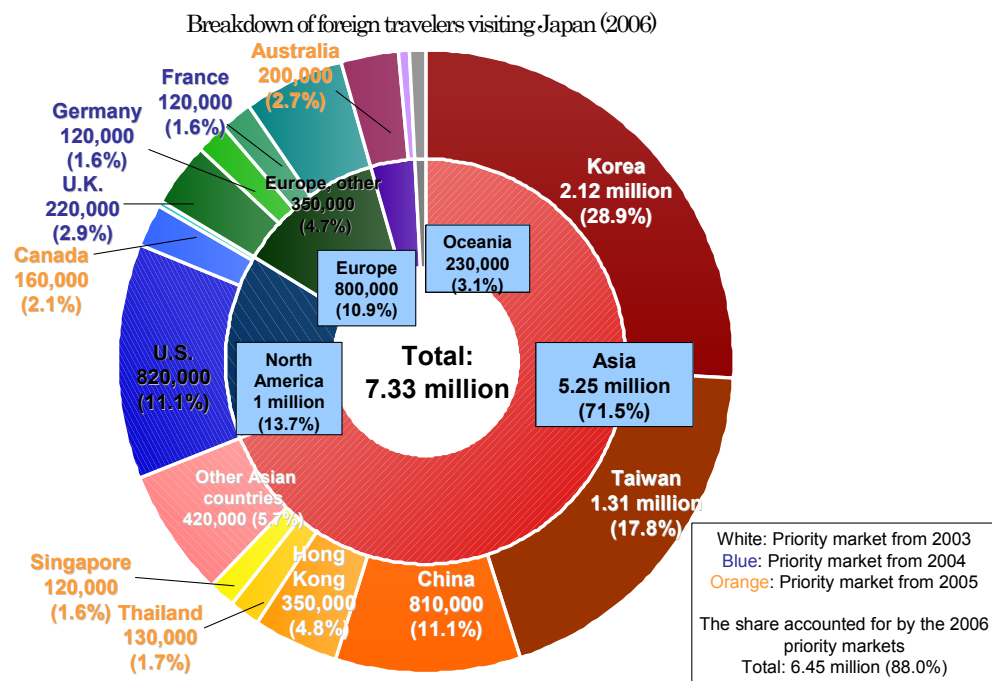
The number of foreign travelers to Japan in 2006 was 7.33 million (9.0% more than in the previous year), a new all-time record.

Trends in numbers of foreign travelers visiting Japan



Note: Prepared by Ministry of Land, Infrastructure and Transport's General Policy Bureau from International Tourism Promotion Organization data

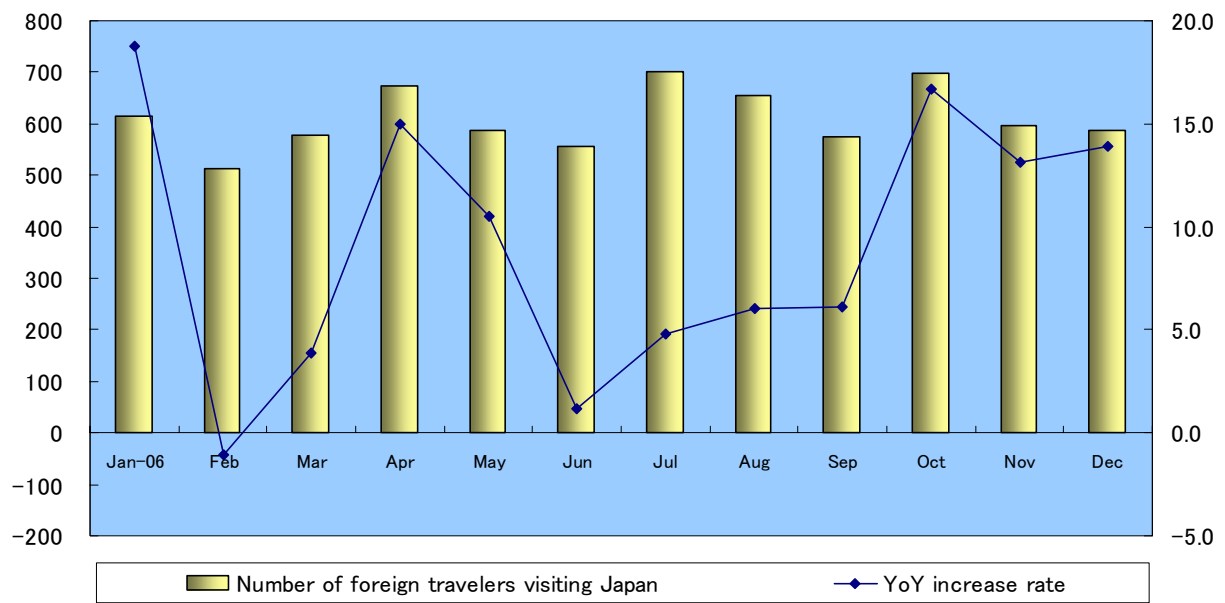
In terms of their country or region or origin, Asia accounted for 71.5% of the all travelers with 5.25 million, followed by North America with 1 million (13.7%), Europe with 800,000 (10.9%), and Oceania with 230,000 (3.1%).



Note: Prepared by Ministry of Land, Infrastructure and Transport's General Policy Bureau from International Tourism Promotion Organization data

By month, all months except February (which was affected by the fact that Chinese New Year was unusually in January) reached a new record, and following from last year, at least 500,000 foreign travelers visited Japan in every month throughout the year.

Trends in foreign travelers visiting Japan (by month on 2006)



Note: Prepared by Ministry of Land, Infrastructure and Transport's General Policy Bureau from International Tourism Promotion Organization data

Chapter 2 Creating Attractive, Internationally Competitive Tourist Locations

Section 1 Creating Attractive, Internationally Competitive Tourist Locations

1 Securing the Provision of Quality Services that Harness the Characteristics of Tourist Locations

(1) Promoting the Tourism Renaissance Project

To promote Japan as a Tourism Nation, it will be important not only to transmit information via the Visit Japan Campaign, but also for the residents in each region to take self-determined action to harness the characteristic features and attractions of their region (such as its nature, history and culture), and to collaborate broadly with local authorities, tourism operators and other bodies in actively promoting the creation of tourist locations.

To this end, we are promoting the creation of internationally competitive, attractive tourist locations in collaboration with the “Tourism Renaissance Assistance Scheme”. The Scheme supports ingenious and highly creative efforts by local private sector organizations aimed at creating tourist locations (such as projects to improve the environment for accepting foreigners or projects for human resource development), as well as municipal projects funded by grants for urban development, etc. In FY2006 we selected eight new cases for the “Tourism Renaissance Assistance Scheme” (another 11 cases were continued from FY2005).

Meanwhile, we selected four more regions for the “Practical Plan to Create Tourist Locations” in FY2006. This is a program for supporting, from the launch stage, regional development projects centered on tourism that are attempted by a broad spectrum of regional stakeholders in collaboration.

(2) Promoting regional tourism marketing activity

In line with the diversification of travelers’ needs, we have initiated measures aimed at encouraging links and collaboration between local tourism-related entities and travel companies that are well acquainted with local tourist attractions. The aim of this is to create new travel demand and revitalize regions by creating and marketing attractive travel goods through the use of unique regional resources. Specifically, we have launched a “Tourist District Development Advisory Council” consisting of “Tourism Charisma” leaders, academic and professional experts, travel companies, and other stakeholders in each regional block. As well as giving advice on tourism district development in response to local requests, we also offer a Tourist District Development Consultancy Service, which selects between one and three regions from each regional block and provides intensive support.

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

1 Protecting, Nurturing and Developing Hot Springs and Other Tourism Resources Related to Culture, Industry, etc.

(1) Publication of “Regional *Iki-Iki* Tourism District Development 100”

As part of the movement to promote Japan as a Tourism Nation, imaginative and creative efforts to create attractive tourist locations are currently underway all over Japan. We have compiled “Regional *Iki-Iki* Tourism District Development 100” to introduce some of these regional efforts and have them broadly used as reference by people involved in creating tourist locations. “Regional *Iki-Iki* Tourism District Development 100” is a collection of case studies in which we introduce 100 regions, focusing on efforts that draw on lifestyles, culture, industry and other features rooted in the local area, as well as efforts aimed at reviving tourist locations. To publicize such efforts to interested parties overseas, we also introduce them on our website in other languages (English, Chinese and Korean).

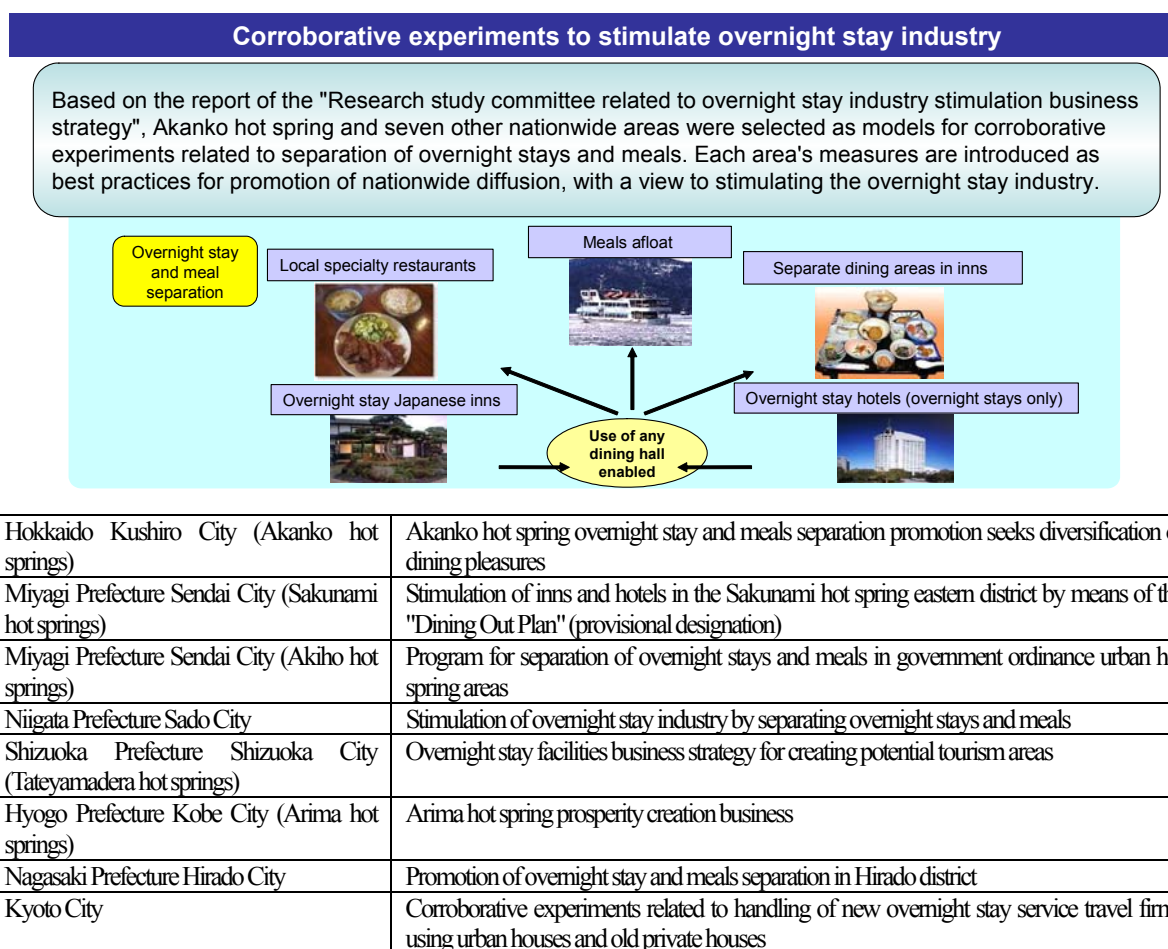
Chapter 3 Strengthening the International Competitiveness of the Tourism Industry and Developing Human Resources to Contribute to the Promotion of Tourism

Section 1 Strengthening the International Competitiveness of the Tourism Industry

1 Ensuring the Provision of Services to Meet the More Sophisticated Demands of Tourists and the Diversification of Travel Formats

(1) Stimulating the accommodation industry

With a view to stimulating the accommodation industry by providing new services to meet changes in trends for travel demand (such as the increase in individual and small group travel), we conducted a demonstration experiment in eight regions of Japan, including the Lake Akan hot spring. The experiment focused on issues such as the introducing separate accommodation and meals. We then gathered and analyzed data with a view to establishing a new business model and diffusing it all over Japan.



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

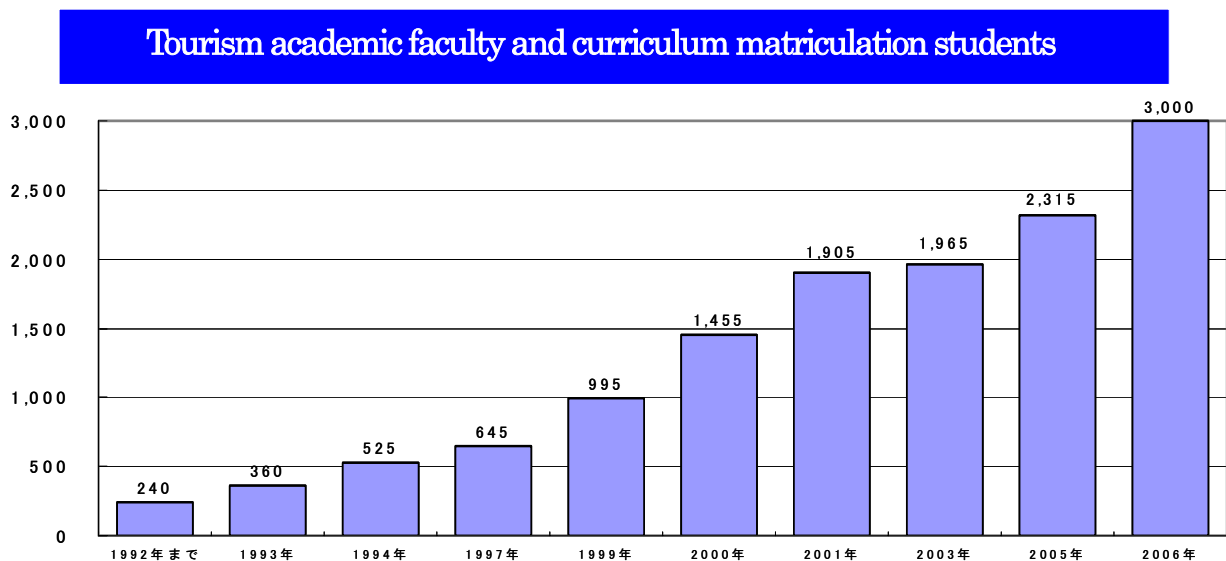
1 Enhancing Further Education to Assist in Strengthening the International Competitiveness of Tourist Locations and the Tourism Industry

(1) Training human resources in institutes of further education

In FY2006, tourism-related faculties or departments were set up in six universities, namely Takasaki City University of Economics, Josai International University, Rikkyo University, Teikyo University, Matsumoto University and Seinan Jo Gakuin University.

With this, the number of student places in tourism-related faculties or departments in universities reached a total

of 3,000 (5 faculties, 28 departments) in FY2006, having increased by 1,095 places (11 departments) over the last five years.



Chapter 4 Promoting International Tourism

Section 1 Promoting visits to Japan by foreign tourists

1 Harnessing Japan's Traditions, Culture, etc., for Prioritized and Effective Tourism PR Activity Overseas

(1) Promoting the Visit Japan Campaign

① South Korea

With the removal of time restrictions on short-term stay visas from March 2006, an increase in leisure time due to the expansion of the five-day week, and the impact of the firm South Korean economy, demand for overseas travel is in an expanding trend, especially for individual travel. After an intensive advertising promotion campaign to consumers over three periods (summer, autumn, winter) with Internet linkage, the number of South Korean travelers visiting Japan topped two million for the first time in 2006, reaching 2.12 million (an increase of 21.2% compared to the previous year).



Ceremony commemorating attainment of annual 2 million Korean visitors to Japan

② China

2006 was billed as “Japan-China Tourism Exchange Year”, and various exchange projects were implemented. Following efforts to support the creation and marketing of ‘visit Japan’ travel goods (for example, by emphasizing the

appeal of Japan as a travel destination to consumers through participation in the JATA World Travel Fair, etc., holding events such as training for travel company staff in charge of sales, and so on), the number of Chinese travelers visiting Japan in 2006 rose to 810,000 (an increase of 24.4% from the previous year).

③ Australia

When former MLIT Minister Kitagawa visited Australia on August 10th, 2006, a “Japan-Australia Tourism Night” was held in Sydney to commemorate the Japan-Australia Year of Exchange. The event was attended by 250 guests. At the event, representatives of the Australia-Japan Society and JETAA (the JET Program Alumni Association) were appointed as special envoys of the Visit Japan Campaign. Their cooperation was requested with a view further increasing the number of travelers from Australia visiting Japan.

Section 2 Promoting Global Interchange

1 Promoting Cooperation with Foreign Governments

(1) Initiatives by Japan, South Korea and China

Between July 1st and 3rd, 2006, the 1st Meeting of Japanese, Chinese and South Korean Tourism Ministers and commemorative events were held in Kushiro, Asahikawa and Sapporo, Hokkaido. The Ministerial Meeting was held in Akan-cho, Kushiro, on July 2nd. Japanese Minister of Land, Infrastructure and Transport Kazuo Kitagawa, Shao Qiwei, Director of China's National Tourism Administration, and South Korean Culture and Tourism Minister Kim Myong Gon exchanged views with a view to strengthening cooperation in tourism between the three countries. The outcome of the Meeting was presented as the “Hokkaido Declaration on the Promotion of China-Japan-Korea Tourism Exchange and Cooperation”. As well as confirming the diverse significance of tourism, the Declaration states that, with the arrival of the era of major East Asian exchanges in the 21st century, the three countries would strive to strengthen cooperation while respecting each other's culture and traditions. Plans for an expansion of tourism exchanges within the Japan-China-South Korean sphere, dubbed the “Japan, China and Korea Tourism Big Bang”, were also formulated.



Chapter 5 Improving the Environment to Encourage Tourist Travel

Section 1 Making Tourist Travel Smoother and Easier

1 Encouraging Holiday Taking

(1) Improving the environment to stimulate travel demand by taking more holidays

With a population decline expected in areas outside the major cities, more and more regions are aiming to revitalize by expanding cultural exchanges through tourism. To link these regional efforts to an expansion of cultural exchanges, domestic travel demand will need to be stimulated. Thus, with a view to studying holiday-taking behavior and measures to stimulate domestic travel demand linked to holiday-taking, we held an “Informal Meeting on Holiday-Taking Behavior to Stimulate Domestic Travel Demand” in February 2007. Following this, in March 2007, we held a “Symposium to Promote Long Family Holidays: Stimulation of Domestic Travel Demand and Approaches to Holiday-Taking Behavior”. The aim of the symposium was to arouse public awareness of the significance of travel, including long family holidays, and the importance of taking holidays.

Meanwhile, to promote a more even dispersal of holidays, which tend to be concentrated in certain times of year, the Tourism Industry Association of Japan holds an “Autumn Holiday Campaign”. In FY2006, it conducted PR activity using posters and others, sales promotion of various travel goods to coincide with “autumn holidays”, and other activities.

Section 2 Enhancing Convenience for Tourists

1 Developing travel-related facilities and public facilities that can be used with ease by elderly or disabled persons, foreigners and other travelers who require special consideration, and improving the convenience of these

(1) Support for the introduction of information devices by public transport operators, etc.

On April 1st, 2006, the “Act on Promoting International Tourism by Encouraging the Development of Travel Destinations for Foreign Tourists, etc. (Foreign Tourist Visit Promotion Act)” came into effect. With this, public transport operators and others became obliged to promote the provision of guidance information in foreign languages, etc. Meanwhile, transport sectors used by large numbers of foreign tourists (such as routes linking international airports with principal tourist locations, in particular) were designated as sectors in which public transport operators and others are obliged to prepare plans for the promotion of information provision, and to provide information in line with those plans. Plans were to be submitted by the end of FY2006. We provided information on these designated sectors to foreign travelers via our English website in FY2006.

Measures for Tourism in FY2007

Chapter 1 Creating Attractive, Internationally Competitive Tourist Locations

1 Securing the Provision of Quality Services that Harness the Characteristics of Tourist Locations

(1) Promoting the Tourism Renaissance Project

To promote the creation of internationally competitive, attractive tourist locations that will act as receivers for foreign travelers to Japan, we will implement the Tourism Renaissance Project and comprehensively support efforts to promote tourism through concerted action by the local private sector and the administration.

In FY2007, we will position “hand-made tourism service creation projects” (which aim to promote, among others, business startups in tourism services that make use of the industry, culture, history and lifestyles rooted in a region and are implemented collectively by the region) and “foreign visitor satisfaction enhancement projects” (which help to increase repeat visits by improving the satisfaction levels of foreign visitors) as priority sectors and give them positive support. Meanwhile, as well as planning and producing initiatives for the creation of tourist locations, we will also take steps to apply the necessary coordination and form consensus; train and register human resources who will be able to specifically reproduce visitor attraction effects in the regions; implement “tourist location producer projects” that will act as bridges to the regions; and promote the creation of attractive tourist locations as well as the stimulation of regional economies and employment.

(2) Support via the Program for the Use of Regional Resources by Small and Medium Enterprises

In FY2007 we will create a “Program for the Use of Regional Resources by Small and Medium Enterprises”, through which we will provide comprehensive support for small and medium enterprises that develop new goods and services using regional resources and attempt to market the same.

2 Forming pleasant urban areas

To promote district development that attempts to form pleasant urban landscapes and draws on regional characteristics, we will promote the formulation of landscape plans by landscape administration bodies based on the Landscape Act. We will also use a newly created Landscape Formation Comprehensive Support Project to support initiatives based on preserving and utilizing landscape structures and trees that are important for the formation of pleasant landscapes in a region.



"Urban Landscape Grand Prize"

-- beautiful house alignment award to Omi Hachiman City

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

1 Promoting the Creation and Marketing of New Tourism

We will support the formation of a “new tourism” market by undertaking database creation and demonstration projects, among others, in order to promote the creation and marketing of “new tourism” (new travel formats based on personal experience and interaction, which draw on the attractions unique to a region and include long-term residential-type tourism, eco-tourism and health tourism).

2 Training Human Resources in Institutes of Further Education

We will set up a “Cross-Sector Review Council on the Training of Tourism-Related Human Resources”, consisting of members from tourism-related industries, universities and relevant government bodies. The Council will share information on the training of human resources in the tourism sector and study future cross-sector collaborative measures.

3 Fostering human resources employed in the tourism industry

As well as implementing training designed to improve levels of response to foreign travelers in Japan by tourism employees and others, we will also survey the skills needed by tourism industry employees and conduct studies aimed at establishing assessment methods, in order to respond to the diversifying needs of foreign travelers to Japan and improve the motivation of tourism industry employees.

Chapter 3 Promoting International Tourism

1 Promoting Global Interchange through the Visit Japan Campaign, etc.

With a view to increasing the number of foreign travelers to Japan in 2007 to 8 million (an increase of 9.1% compared to the previous year), we will continue to develop the “Visit Japan Campaign”, a nationwide campaign conducted jointly by the national government, local authorities and the private sector.

Concerning the Chinese market, Prime Minister Abe and Chinese President Hú Jintāo agreed on the aim to achieve cultural exchanges of 5 million people between Japan and China in 2007. Since 2007 coincides with the 35th anniversary of the normalization of relations between Japan and China, large-scale Japan-China commemorative exchange projects will be implemented. Through these and others, we will attempt to further increase the number of Chinese travelers visiting Japan.

As concerns the South Korean market, meanwhile, 2007 is the 400th anniversary of the “Chosen Tsushinshi” (Korean ambassadors of faithful exchange), and to commemorate this, the two countries have agreed to exchange visiting delegations. Taking these events as a focal point, we aim to further increase the number of South Korean travelers visiting Japan.

As well as activating initiatives based on existing bilateral agreements, we will also promote an expansion of exchanges based on tourism exchange years with Thailand, Canada and India in 2007.



Japan-China exchange evening scene at Guangzhou

2 Promoting the Convening of International Conferences and Other Events Held on an International Scale
In Prime Minister Abe's keynote address to the Diet, he set the numerical target of "increasing the number of important international conferences held in Japan by at least 50% over the next five years, with the aim of becoming the largest conference hosting nation in Asia". Based on this, we will draw up and implement the necessary measures with a view to reaching this target, in collaboration with the relevant government bodies, organizations and others.

3 Improving Systems for Accepting Foreign Travelers
Interpreter guides have a considerable role to play in helping foreign travelers to correctly understand Japan and enjoy their visit. Therefore, we will continue to hold primary examinations for interpreter guides overseas in FY2006, while also taking steps to improve the quality of interpreter guides by promoting the introduction of region-specific examinations for interpreter guides in the various prefectures, etc.

Chapter 4 Improving the Environment to Encourage Tourist Travel

1 Enhancing Public Understanding of the Significance of Tourism
We will support the holding of the "Travel Fair 2007", a general trade fair for travel to be held at the Makuhari Messe in April 2007, and "JATA World Travel Fair 2007" to be held at Tokyo Big Sight in September 2007.

2 Developing Travel-Related Facilities
We will continue to provide support, via special fiscal measures and fiscal loans, for hotels and *ryokan* inns registered under the International Tourist Hotel Development Act. From FY2007, in particular, we will add "international broadcasting equipment" and "high-speed communications equipment" to equipment covered by the tax system covering registered hotels and *ryokan* inns in central accommodation districts under the Foreign Tourist Visit Promotion Act. Meanwhile, we will promote analysis of the current status and study on future directions of the system of finance for the *ryokan* industry, in our Research Group on Finance for the Ryokan Industry.

3 Promoting Tourism Based on the Universal Design Approach
As well as promoting the development of travel merchandise and travel systems with consideration for universal design and the universal design of tourist locations, we will draw up guidelines, based on the results of a study in FY2006, with a view to establishing tourism using the rationale of universal design.

4 Revitalization and Revival of Public Transport
Convenient and usable public transport not only helps to increase the attraction of tourist locations, but vehicles and transportation services can also themselves become tourism resources. We are currently submitting a "Bill for the Revitalization and Revival of Regional Public Transport" to the National Diet. Partly based on this Bill, we will positively support specific initiatives aimed at revitalizing and reviving public transport.