



2015.8.3

## **Inbound Tourists –Government’s Target of 20 Million a Year Almost to be Met This Year**

**Atsushi Kato, Lead Economist  
Institute for International Monetary Affairs**

In Japan which is entering an era of shrinking population, to reinvigorate local economies and increase employment opportunities, it is needless to say that it is very important to take advantage of a 4% annually growing worldwide tourism industry and to attract foreign tourists to Japan.

Specific steps to make Japan a tourism nation began with the start of the “Visit Japan Campaign” in 2003, the establishment of the Tourism Nation Promotion Basic Law in 2006, by which “Tourism” for the first time became one of the important policy of Japan. According to the strategy of Abenomics, the goal is to have 20 million foreign tourists to Japan by 2020 and the next goal will be over 30 million by 2030.

As a result, the number of foreign tourists, which was eight million in 2012, reached ten million in 2013, 13 million in 2014 and in the first half of this year reached 18 million on an annualized basis. Especially in the period of April to June it increased rapidly by an annualized 20 million pace, thus almost meeting the government’s 2020 goal. If one looks at the breakdown of the first half of this year, over 80% were tourists coming from Asia and the rate of its increase compared to last year surpassed those of U.S./Europe.

Because of the increase in foreign tourists, the travel balance of Japan, which in the 1990s was constantly in a huge deficit with payments exceeding receipts by ten times, became almost in equilibrium in 2014. The prediction for this year is about one trillion yen surplus and has become one of the “money making” arms in terms international payment balance. In fact consumption by foreign tourists (inbound consumption) amounted to over two trillion yen in 2014 and is said to have pushed the GDP by 0.1%. This contribution to the economy is not small considering that the real GDP growth rate in 2014 was minus 0.1% and that Japan’s potential growth rate is said to be 0.5%. Its contribution will increase further this year and it is predicted that it will push the GDP up by 0.2%.

The background of the increase in foreign tourists includes depreciation of the yen and increase of income in the Asian countries, as well as relaxation of visa requirements, increased

consumer tax exemption and the announcement of strategic “Visit Japan” promotion and all kinds of other measures being taken. With the 2020 Tokyo Olympic coming up, the number of foreign tourist is predicted to continue to increase and currently the biggest issue is how to disperse these tourists who tend to flock to larger cities, to the regional areas. As both the private and public sectors work on how to cope with this issue, it is also important to encourage the people to think and act globally with a worldwide perspective of view.

Copyright 2015 Institute for International Monetary Affairs

All rights reserved. Except for brief quotations embodied in articles and reviews, no part of this publication may be reproduced in any form or by any means, including photocopy, without permission from the Institute for International Monetary Affairs.