

### **Section 3 Inbound tourism demand expected to drive Japan's economic growth**

Tourism is a growth sector that is very important for restoring strength for the Japanese economy. Amid prospects for a future population decline and aging of society with a low birth rate, it is important to achieve the revitalization of regional economies and increase employment opportunities by incorporating global tourism demand, including in rapidly growing Asia, as well as by stimulating domestic tourism demand.

In Japan, the government as a whole has been promoting inbound tourism (travel to Japan by foreign tourists). After the inauguration of the second Abe administration, the annual number of foreign tourists to Japan surpassed 10 million people for the first time in 2013 and the value of tourism consumption by foreign tourists visiting Japan exceeded 2 trillion yen, as a result of the implementation of the Action Program toward Realization of Japan as a Tourism Nation, formulated by the Ministerial Council on the Promotion of Japan as a Tourism-Oriented Country, which was established in the same year. Furthermore, the Tourism Vision to Support the Future of Japan, formulated in 2016, set the following targets: increasing the annual number of foreign tourists to Japan to 40 million people by 2020 and to 60 million people by 2030; and increasing the value of tourism consumption in Japan by foreign tourists to 8 trillion yen by 2020 and to 15 trillion yen by 2030. Accordingly, the number of foreign tourists to Japan and the value of tourism consumption in Japan by foreign tourists continued to steadily increase.

However, because of the onset of the COVID-19 pandemic in 2020, an incident that was beyond the control of government policy, inbound tourism remained in a sharp slump for more than two years. As the acceptance of foreign tourists visiting Japan for tourism purposes has been gradually resumed since June 2022, the anticipation of recovery in inbound tourism has grown. In addition, due to the rapid policy interest rate hikes in the United States, the yen has depreciated over this period, with the dollar temporarily rising to the 151.50-152.0 yen range in October 2022 and recording the highest level in 32 years since 1990. The yen depreciation, which reduces the burden of payment in Japan by foreign tourists in terms of home country currency, was expected to provide an additional boost to inbound consumption.

Under these circumstances, this section provides an overview of the future course of inbound tourism, which is expected to strengthen the Japanese economy in a sustainable manner.

#### **1. Chronology of border control measures implemented**

In response to the expansion of the COVID-19 pandemic, which broke out in early 2020, Japan strengthened border control measures in order to restrict the entry into Japan by foreign visitors.

Looking back at the chronology of border control measures, first, Japan designated some regions in China as areas from which entry is denied in February 2020 and denied entry from those regions in principle. With this as the first case of denial of entry from abroad, by April of the same year, Japan gave the same designation to many countries, including the United States, China, the Republic of Korea and European countries, and as a result, inbound tourism all but disappeared. Afterwards, Japan continued to alternately relax and tighten restrictions on entry for business purposes while keeping a careful watch on the situation of infection. However, as restrictions on entry for tourism purposes remained tight, calls for resuming the acceptance of foreign tourists grew in and outside Japan.

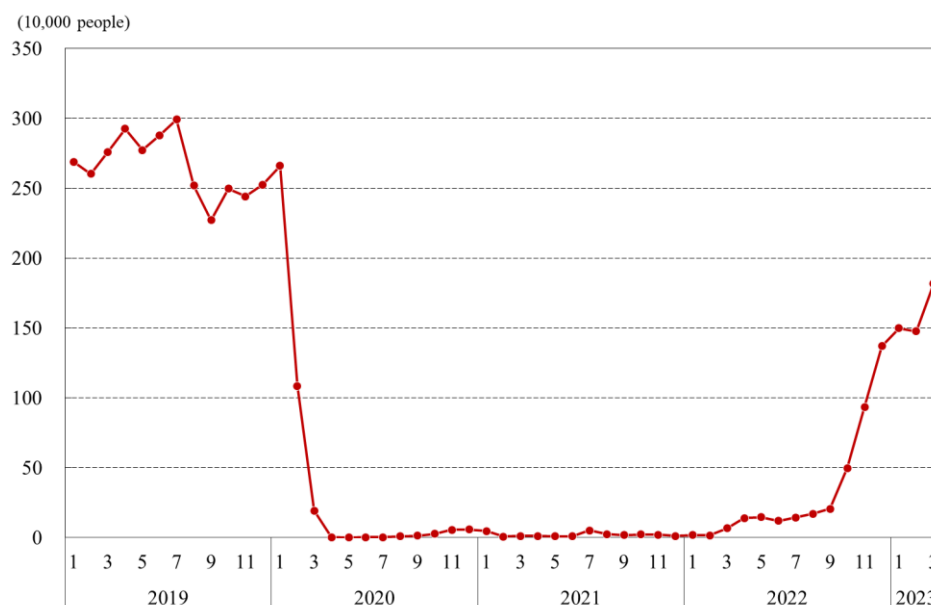
In this situation, in May 2022, Prime Minister Kishida, in a speech in London, expressed an intention to relax border control measures to a degree similar to that observed in other G7 countries. Accordingly, in June, the acceptance of foreign tourists was resumed with some conditions attached, such as that only package tours accompanied by attendants would be allowed. Furthermore, in October, border control measures were considerably relaxed, with the acceptance of visa-free visits and entry by individual tourists resumed and the upper limits on the number of foreign visitors entering Japan removed (Table II-2-3-1). Because visa procedures were causing impediments to visits to Japan due to the burdensome paperwork and strict screening, and as individual tourists accounted for more than 80% of the overall number of foreign tourists to Japan before the COVID-19 crisis, the acceptance of visa-free visits and entry by individual tourists was resumed, returning inbound tourism to the path of recovery. According to the figure below (Figure II-2-3-2), which shows month-to-month changes in the number of foreign tourists to Japan, although the number started to drop steeply in January 2020 and remained near zero from April of the same year onwards, it has steadily been recovering since October 2022, when border control measures were considerably relaxed. Since January 2023, the number has stayed above half the level seen in 2019.

**Table II-2-3-1. Main background to border control measures for tourism**

Date	Overview
Feb. 2020	- In order to prevent the spread of COVID-19, Japan designated the regions subject to entry denial to Japan one by one and it refused the entry of foreign nationals from these regions to Japan, in principle.
Mar. 2020	?
May 2022	- In his speech in London, Prime Minister Kishida announced that Japan would relax the border control measures to a degree similar to that observed in other G7 countries in the next month.
Jun. 2022	- The upper limit on the number of foreign visitors entering Japan was raised to 20,000 per day. - Acceptance of foreign tourists with some conditions (package tours accompanied by attendants, etc.) was resumed.
Sep. 2022	- The upper limit on the number of foreign visitors entering Japan was raised to 50,000 per day. - Acceptance of package tours not accompanied by attendants was resumed.
Oct. 2022	- The upper limit on the number of foreign visitors entering Japan was removed. - Acceptance of individual tourists was resumed. - Visa-free visits was resumed.
Dec. 2022	- In response to the spread of COVID-19 in China, the entry inspection was conducted subject to visitors from China and people with a history of travel to China.
Mar. 2023	- Japan changed the check that all visitors from China and all people with a history of travel to China were required to take to a random check.

Source: Released data.

**Figure II-2-3-2. Changes in the number of foreign tourists to Japan  
(from January 2019 to March 2023)**



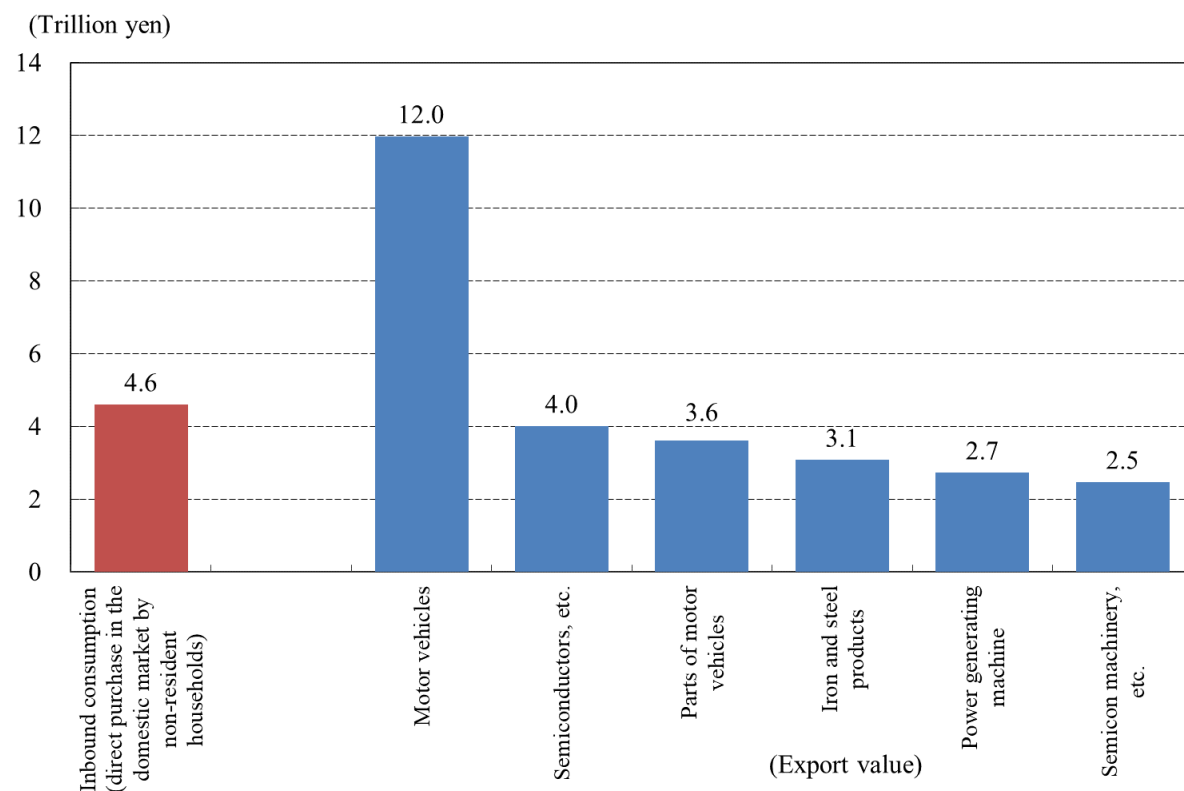
Note: The number of foreign tourists to Japan is calculated based on the immigration statistics compiled by the Ministry of Justice. The term “foreign tourists to Japan” refers to foreign tourists who entered Japan, i.e., the results of removing the number of permanent residents and other foreign nationals whose main country of residence is Japan from the number of regular foreign visitors and adding the number of foreign visitors who temporarily entered Japan. Residential employees of foreign nationals in Japan, their family members, international students, and others who entered or re-entered Japan are included in the category of foreign tourists to Japan. Note that crew members are not included in the number of foreign visitors to Japan mentioned above. The figures in and after March 2023 are estimates.

Source: Japan National Tourism Organization (JNTO).

## **2. Impact of inbound tourism on the Japanese economy**

How much of the Japanese economy does inbound tourism account for? As inbound consumption is classified as “services export” under GDP statistics (System of National Accounts), let us compare it with the export value of Japan’s major product items. As shown in the figure below (Figure II-2-3-3), inbound consumption is recorded in the “direct purchases in the domestic market by non-resident households” column. In 2019, the value of this item was 4.6 trillion yen. According to data on the value of exports to the rest of the world by major product item under trade statistics (2019), motor vehicles (12.0 trillion yen), semiconductors, etc. (4.0 trillion yen), parts of motor vehicles (3.6 trillion yen) and iron and steel products (3.1 trillion yen) were among the top export items. This means that inbound tourism is the second largest export industry, after motor vehicles but above semiconductors, etc., and is a driving force of the Japanese economy.

**Figure II-2-3-3. Comparison of consumption value spent by foreign tourists to Japan and export value by major product item (2019)**



Source: *Trade Statistics of Japan* (MOF), *FY2021 Annual Report on National Accounts (2008 SNA, Benchmark year = 2015)* (CAO).

Table II-2-3-4 shows the spillover effects brought to production by the consumption of around 4.8 trillion yen by foreign tourists visiting Japan in 2019 as estimated by the Ministry of Economy, Trade and Industry (2020).<sup>229</sup> The value of “induced domestic products (including consumption) (primary)” was 7,775.6 billion yen, 1.75 times as large as the value of consumption. In short, the spread across Japan of the effects of tourism consumption by foreign tourists visiting Japan created new production equivalent to 75% of overall domestic production.

As the value of “induced domestic products” corresponds to “sales value,” the value of “induced value added,” which is calculated by subtracting the value of intermediate input therefrom, was also estimated. As a result, the value of “induced domestic products (primary)” was 4,023.0 billion yen, equivalent to 0.7% of nominal GDP in 2019. As a portion of “induced employee income,” which is a component of “induced domestic products,” is used for consumption, additional production is induced (known as the secondary spillover effect). The estimated value of “induced domestic products (secondary)” due to the secondary spillover effect was 1,674.2 billion yen, and the estimated value of “induced value added (secondary)” due to the secondary spillover effect was 1,003.2 billion yen.

<sup>229</sup> Ministry of Economy, Trade and Industry, “HITOKOTO KAISETSU: HOUNICHI GAIKOKUJIN RYOKOUSHOUHI NO JOUHATSU NO EIKYOU SHISAN: NENKAN DE 9 WARI GENSYOU SURUTO GDP NI 0.8% NO OSISAGE KOUKA.” See the website below: [https://www.meti.go.jp/statistics/toppage/report/minikaisetsu/hitokoto\\_kako/20200804hitokoto.html](https://www.meti.go.jp/statistics/toppage/report/minikaisetsu/hitokoto_kako/20200804hitokoto.html).

To sum up the above, the total value of induced domestic products (primary and secondary) was approximately 9.4 trillion yen, while the value of induced value added (primary and secondary), calculated by subtracting intermediate input therefrom, was approximately 5.0 trillion yen, equivalent to 0.9% of GDP. As described above, inbound consumption, if its spillover effects are also taken into consideration, produces an increased impact on the Japanese economy by spreading widely.

**Table II-2-3-4. Production spillover effects brought by consumption by foreign tourists to Japan (2019)**

Category	Primary spillover effect (100 million yen)	Category	Secondary spillover effect (100 million yen)
Accommodation, and eating and drinking services	23,904	Commerce	2,312
Commerce	12,791	Housing rent (imputed rent)	1,937
Food and tobacco	5,474	Food and tobacco	1,042
Railway transportation	3,539	Finance and insurance	1,033
Other business services	2,746	Accommodation, and eating and drinking services	840
Chemical final products (except medicines)	2,011	Other business services	723
Beverages	1,897	Medical, health care and welfare	632
Road transportation	1,854	Communication	537
Forestry	1,778	Housing rent (house and room lessors)	527
Leisure services	1,574	Electricity	406
Electricity	1,434	...	...
Goods rental and leasing services	1,127	Total value of induced domestic products (secondary) (C)	16,742
Finance and insurance	1,090	Total value of induced value added (secondary) (D) in (C)	10,032
Services incidental to transportation	1,020		
Real estate brokers, and rental and leasing	942	Total value of induced domestic products (primary and secondary) (A+C)	94,498
...		Total value of induced value added (primary and secondary) (B+D) in (A+C)	50,262
Total value of induced domestic products (primary) (A)	77,756		
Total value of induced value added (primary) (B) in (A)	40,230	Ratio in GDP	0.7%
Consumption value spent by foreign tourists to Japan (100 million yen) (B)	44,334		
Nominal GDP in 2019 (100 million yen; CAO)	5,539,622		

Note: The consumption value is calculated based only on domestically produced goods.

Ratio in GDP 0.9%

Note: Nominal GDP in 2019 is estimated using the data on the October-December 2019 period (second preliminary report).

Source: METI.

### **3. Inbound tourism-related policies<sup>230</sup> and the uptrend in the number of foreign tourists to Japan (before the COVID-19 crisis)**

Characterizing inbound tourism as a pillar of its growth strategy, Japan has been strongly promoting its expansion by implementing relevant policies. Below, focusing on the initiatives conducted since the

<sup>230</sup> Japan Tourism Agency, “Tourism Nation Promotion Basic Law.” See the website below: <https://www.mlit.go.jp/kankocho/kankorikkoku/index.html>.

inauguration of the second Abe administration, we will look at inbound tourism-related policies and the uptrend in the number of foreign tourists to Japan.

In 2013, then Prime Minister Abe, in a policy speech, expressed an intention to promote efforts to make Japan a tourism-oriented country that attracts people from around the world, and the newly established Ministerial Council on the Promotion of Japan as a Tourism-Oriented Country worked out the Action Program toward Realization of Japan as a Tourism Nation. In addition, in September of the same year, Tokyo was selected as the host city of the 2020 Summer Olympic and Paralympic Games, so the Action Program 2014<sup>231</sup> specified the ambitious goal of increasing the annual number of foreign tourists to Japan to 20 million people by 2020 by taking advantage of the Olympic/Paralympic host country status as a golden opportunity to boost foreign tourism. As a result of implementation of the Action Program through government-wide efforts and cooperation between the public and private sectors, reforms were carried out one after another, including the strategic relaxation of visa requirements and expansion of the duty-free system, enhancement of the immigration control system, and the expansion of aviation networks.

Consequently, the number of foreign tourists to Japan in 2015 came to approximately 20 million people, double the level in 2012 (8.36 million people), while the value of tourism consumption in Japan by foreign tourists tripled to approximately 3.5 trillion yen (approximately 1.1 trillion yen in 2012).

In 2016, the Council for a Tourism Vision to Support the Future of Japan was convened to consider new targets and necessary measures to realize it, and the Tourism Vision to Support the Future of Japan was worked out.<sup>232</sup> The Vision set the following new targets: increasing the annual number of foreign tourists to Japan to 40 million people by 2020 and to 60 million by 2030; and increasing the value of tourism consumption in Japan by foreign tourists to 8 trillion yen by 2020 and to 15 trillion yen by 2030. Accordingly, the number of foreign tourists to Japan and the value of tourism consumption in Japan by foreign tourists continued to steadily increase.

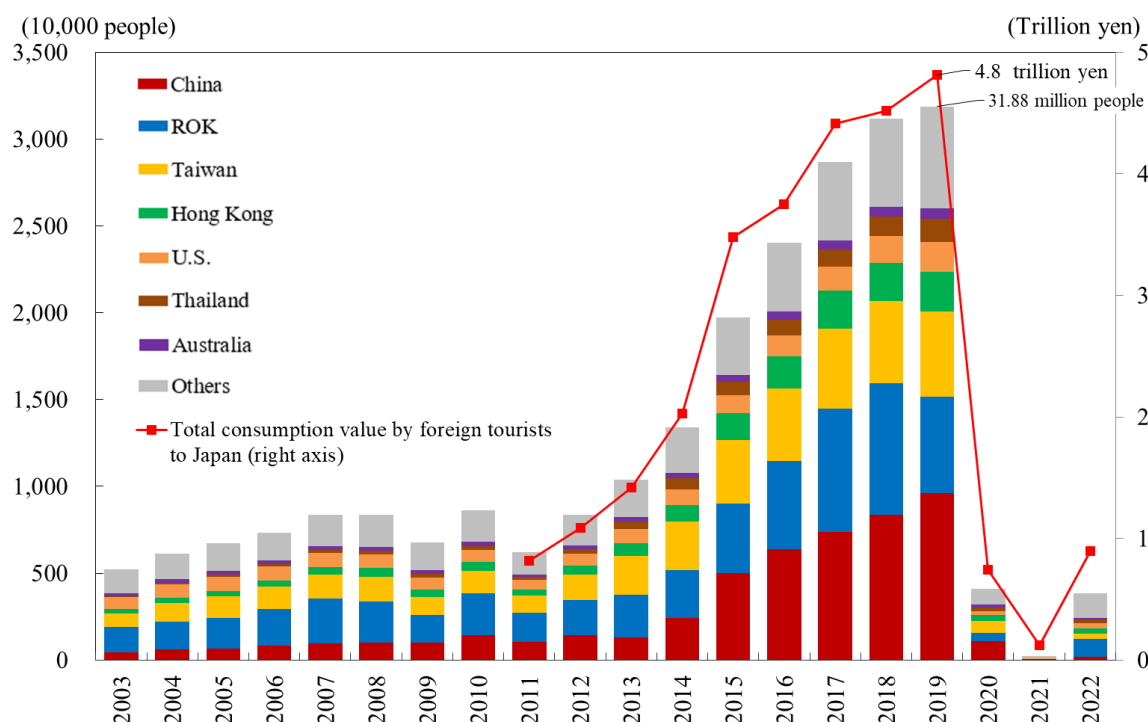
The results in 2020 fell far short of the target figures due to the COVID-19 pandemic, an incident that was beyond the control of government policy, but in the previous year, 2019, the number of foreign tourists to Japan came to 31.88 million people, the highest-ever level, and the value of tourism consumption in Japan by foreign tourists amounted to 4.8 trillion yen, also the highest-ever level. By country/region of origin of tourists, East Asian countries and regions with easy access to Japan in terms of geographical proximity, such as China, the Republic of Korea, Taiwan, and Hong Kong, accounted for around 70% of the overall number of foreign tourists to Japan and the overall tourism consumption by foreign tourists (Figures II-2-3-5 and II-2-3-6).

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<sup>231</sup> Japan Tourism Agency, “Action Program 2014.” See the website below: <https://www.mlit.go.jp/common/001046636.pdf>.

<sup>232</sup> Japan Tourism Agency, Outline of “Tourism Vision to Support the Future of Japan” (<https://www.mlit.go.jp/common/001126601.pdf>).

**Figure II-2-3-5. Changes in the number of foreign tourists to Japan by country/region of origin and the consumption value spent by them (from 2003 to 2022)**



Note 1: The term “foreign tourists to Japan” includes foreign nationals visiting Japan for tourism and leisure as well as for business purposes and those who visit relatives and acquaintances in Japan, and excludes permanent residents and other foreign nationals whose main country of residence is Japan.

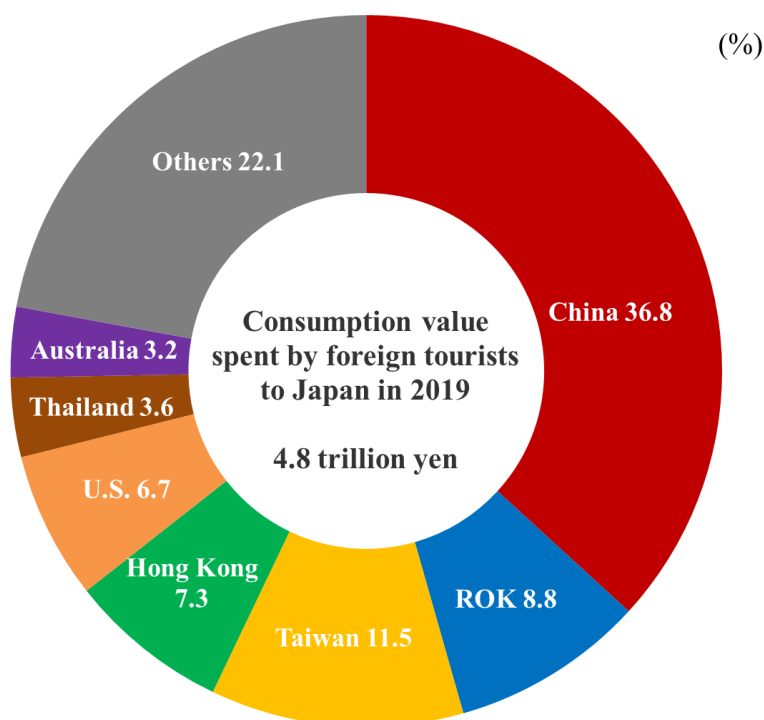
Note 2: In and before 2017, the survey focused on passengers using airports, but in light of the rapid increase in cruise passengers, who tend to stay in Japan for a shorter period of time, the survey also started to target such passengers in and from 2018, and the survey results have been reflecting the data on them. Accordingly, this fact should be noted in comparing the data in and after 2018 with the data in and before 2017.

Note 3: Due to the impact of COVID-19, the survey was suspended from the April-June 2020 period to the October-December 2021 period, and the annual value from 2020 to 2021 are estimates calculated by using the results of a quarterly survey. Accordingly, this fact should be noted in comparing the data above with the data in and before 2019.

Note 4: Due to the impact of COVID-19, the data in 2022 are estimates based on the results of a quarterly survey in the January-March period, the April-June period and the July-September period. Accordingly, it should be noted that the annual value is also an estimate.

Source: Japan National Tourism Organization (JNTO), *Survey on the Consumption Trends of International Visitors to Japan* (Japan Tourism Agency).

**Figure II-2-3-6. Composition ratio of consumption value spent by foreign tourists to Japan by nationality and region (2019)**



Note: The pie graph does not show the data in the order of the higher composition ratios, but shows the data in the order of the countries and regions with the larger number of foreign tourists to Japan shown in the figure above (Figure II-2-3-5).

Source: *Survey on the Consumption Trends of International Visitors to Japan* (Japan Tourism Agency).

In March 2023, a Cabinet decision was made on the New Tourism Nation Promotion Basic Plan for FY2023 to FY2025. The Basic Plan features three key phrases, “sustainable tourism,” “increase in tourism consumption,” and “promote regional attraction.” Based on the plan, the government will implement initiatives to revive Japan as a tourism-oriented nation in the post-COVID-19 world.

#### **4. Background to the uptrend in the number of foreign tourists to Japan before the COVID-19 crisis**

Regarding the background to the marked growth of inbound tourism before the COVID-19 crisis, the Cabinet Office analyzed the factors of the growth based on data concerning the numbers of foreign tourists to Japan from 36 countries and regions (Table II-2-3-7). According to the analysis results, it was found that economic growth in departure countries and exchange rates had considerable impacts on the uptrend in the number of foreign tourists visiting Japan. Another finding is that the relaxation of visa requirements and an increase in the number of air flights flown by low-cost carriers also made significant contributions.



**Table II-2-3-7. Factors of growth in the number of foreign tourists to Japan**

Dependent variable: Number of foreign tourists to Japan	
Independent variable	Coefficients
Real GDP	302.442*** (13.881)
Exchange rate (2003=100; in the currency of the country concerned)	2329.573*** (794.327)
Visa exemption	341277.300*** (76895.000)
Great East Japan Earthquake	-95583.100** (43687.460)
Issues involving the Senkaku Islands	-1453347.000*** (188646.500)
Number of LCC flights	9466.411*** (312.554)
Constant term	-644421.500*** (100838.700)
Number of samples	540
Coefficient of determination	0.781
F-measure	295.69***

Note 1: The numerals in parentheses indicate standard errors.

Note 2: Each of the asterisks (i.e., \*, \*\*, \*\*\*) refers to being significant at the significance level of 10%, 5%, and 1%, respectively.

Note 3: For details on the estimation method, see the CAO website below.

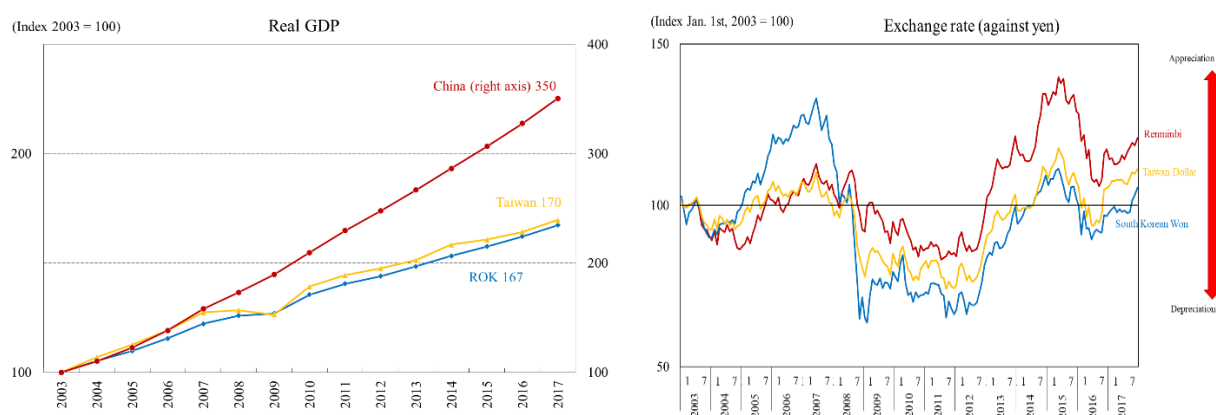
<Note: 2-3. Factors of growth in the number of foreign tourists to Japan

([https://www5.cao.go.jp/j-j/cr/cr18/img/chr18\\_02-03-04h.html](https://www5.cao.go.jp/j-j/cr/cr18/img/chr18_02-03-04h.html))>

Source: *CHIKI NO KEIZAI 2018* (CAO).

A detailed look at the data shows that because of the high growth achieved by East Asia in terms of real GDP, the main region of origin of foreign tourists visiting Japan, the people in the region became more affluent, resulting in the increase in the number of visitors to Japan (Figure II-2-3-8 [left-side figure]). As for exchange rates, the yen's depreciation in terms of its nominal exchange rate contributed to the increase in the number of visitors to Japan (Figure II-2-3-8 [right-side figure]). Regarding the application of visa exemption, visa requirements were relaxed for countries and regions that were expected to make significant contributions to an increase in the number of foreign tourists to Japan on the premise of giving due consideration to maintaining public order in Japan (Table II-2-3-9). When it comes to the relaxation of visa requirements, not only are the specifics of the relaxation important, but also, the act of relaxing the requirements in itself serves as a message of welcome from Japan for the active exchange of people with counterpart countries, thereby providing tourists and the travel industry with reassurance about visits to Japan.

**Figure II-2-3-8. Changes in Real GDP and exchange rates in major East Asian countries and regions**



Source: (Left) WEO (IMF), (Right) Refinitiv.

**Table II-2-3-9. Situations of relaxation of major visa requirements for foreign tourists to Japan**

Year started	Country	Relaxation measures (maximum stay and validity period)
2013	Thailand	Visa exemption for IC passports (15 days)
	Malaysia	Resumption of visa exemption for IC passports (90 days)
	Viet Nam, Philippines	Introduction of multiple entry visa (15 days and 3 years)
	Indonesia	Extension of the term of stay for multiple entry visa (30 days and 3 years)
2014	Indonesia	Visa exemption for IC passports under the prior-registration system (15 days and 3 years)
	Indonesia	Dramatic relaxation of the requirements for multiple entry visa (30 days and 5 years)
	Philippines	Simplification of the application procedures for participants in package tours by designated travel agencies
	Viet Nam	
	India	Introduction of multiple entry visa (15 days and 3 years)
2015	Myanmar	Introduction of multiple entry visa (15 days and 3 years)
	China	Relaxation of the requirements for multiple entry visa targeting Okinawa Prefecture and three prefectures in the Tohoku region (30 days and 3 years) Introduction of multiple entry visa for substantial high income earners (90 days and 5 years)

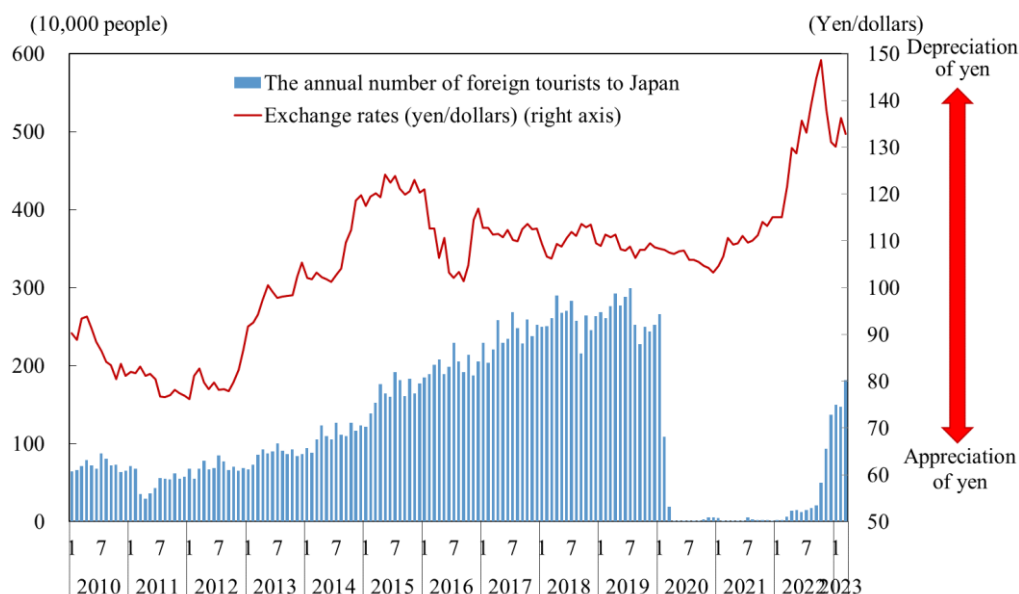
Source: MOFA.

## 5. Impact of exchange rate fluctuations on inbound consumption

The yen depreciation had positive effects on inbound consumption (tourism consumption in Japan by foreign tourists) in addition to increasing the number of foreign tourists to Japan as mentioned earlier.

Looking back at exchange rate (yen/U.S. dollar rate) fluctuations since 2010, after the yen appreciated through 2012, with the dollar falling from the 90-100 yen range to around 80 yen, it depreciated toward the end of 2013, with the dollar rising above 100 yen. Thereafter, the yen depreciation accelerated further, with the dollar rising to around 120 yen and staying around that level in the second half of 2014 through 2015 (Figure II-2-3-10).

**Figure II-2-3-10. Changes in exchange rates and the number of foreign tourists to Japan (from January 2010 to March 2023)**

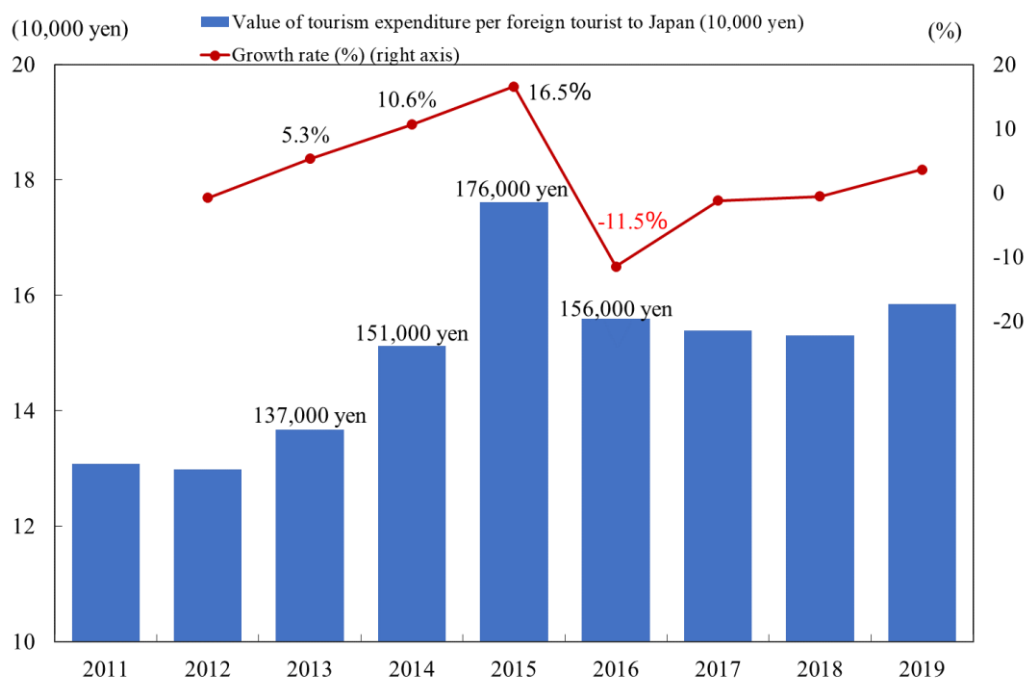


Note: The number of foreign tourists to Japan is calculated based on the immigration statistics compiled by the Ministry of Justice. The term “foreign tourists to Japan” refers to foreign tourists who entered Japan, i.e., the results of removing the number of permanent residents and other foreign nationals whose main country of residence is Japan from the number of regular foreign visitors and adding the number of foreign visitors who temporary entered Japan. Residential employees of foreign nationals in Japan, their family members, international students, and others who entered or re-entered Japan are included in the category of foreign tourists to Japan. Note that crew members are not included in the number of foreign visitors to Japan mentioned above. The figures in and after March 2023 are estimates.

Source: Refinitiv, Japan National Tourism Organization (JNTO).

Figure II-2-3-11 shows the value of tourism expenditure per foreign tourist to Japan and the rate of change from the previous year. The value of expenditure, which was 137,000 yen in 2013, recorded double-digit growth in the following two years, increasing to 151,000 yen in 2014 (growth of 10.6%) and to 176,000 yen (growth of 16.5%) in 2015. This indicates that because of the yen depreciation in 2012-2015, the burden of payment by foreign tourists in terms of home country currency decreased, leading to an increase in consumption because the cost of stay and shopping in Japan became relatively low. In 2016, the yen turned around and started to appreciate as a trend against the backdrop of the slowdown of the Chinese economy and a steep fall in crude oil prices, and the value of tourism expenditure declined to 156,000 yen (decline of 11.5%).

**Figure II-2-3-11. Changes in value of tourism expenditure per foreign tourist to Japan and growth rate**



Source: *Survey on the Consumption Trends of International Visitors to Japan* (Japan Tourism Agency).

## **6. Challenges in the way of inbound tourism**

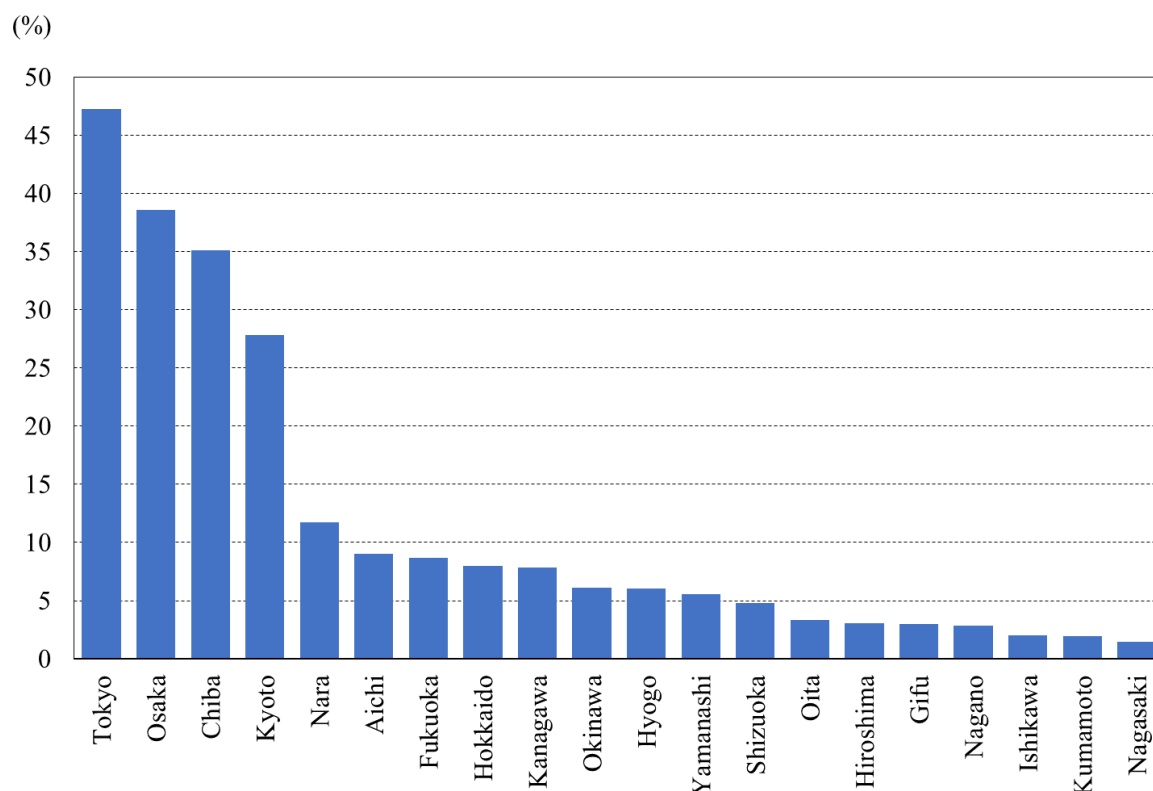
It should be kept in mind that inbound tourism produces more than just positive effects, such as economic benefits. If tourists are excessively concentrated in some particular regions, that could have negative effects on local residents' everyday lives and the natural environment. The situation of tourism spots suffering unacceptably strong negative effects is known as “overtourism.” Although the situation in Japan is not as serious as what is occurring in Barcelona, Spain, and Venice, Italy, it is important to bear in mind the negative aspect and promote inbound tourism in a sustainable manner, for example by dispersing the excessive concentration of tourists from popular tourism spots to neighboring regions.

Indeed, destinations of foreign tourists visiting Japan are concentrated in metropolitan areas that have an abundance of well-known, easily accessible tourism resources, and the number of visitors to other regions tend to be small. The figure below (Figure II-2-3-12) shows the top 20 prefectures in terms of the percentage of visitors among foreign tourists to Japan. The percentage of visitors is outstandingly high, above 30%, for Tokyo and Osaka and Chiba Prefectures.

Also ranked high are Kyoto and Nara Prefectures, both of which are rich in historical and cultural heritage and Aichi Prefecture, which constitutes the third-largest metropolitan area and which has an international airport. Meanwhile, Fukuoka Prefecture attracts many visitors from the Republic of Korea, while Okinawa Prefecture is popular among Taiwanese tourists, indicating that geographical proximity is an influencing factor. On the other hand, the percentage of visitors was lower than 5% for many other prefectures (35 prefectures), highlighting the wide regional disparity in the percentage of visitors. One

challenge is spreading the effects of inbound tourism across Japan by correcting the uneven geographical distribution of visitors.

**Figure II-2-3-12. Percentage of visitors among foreign tourists to Japan in top 20 prefectures (2019)**



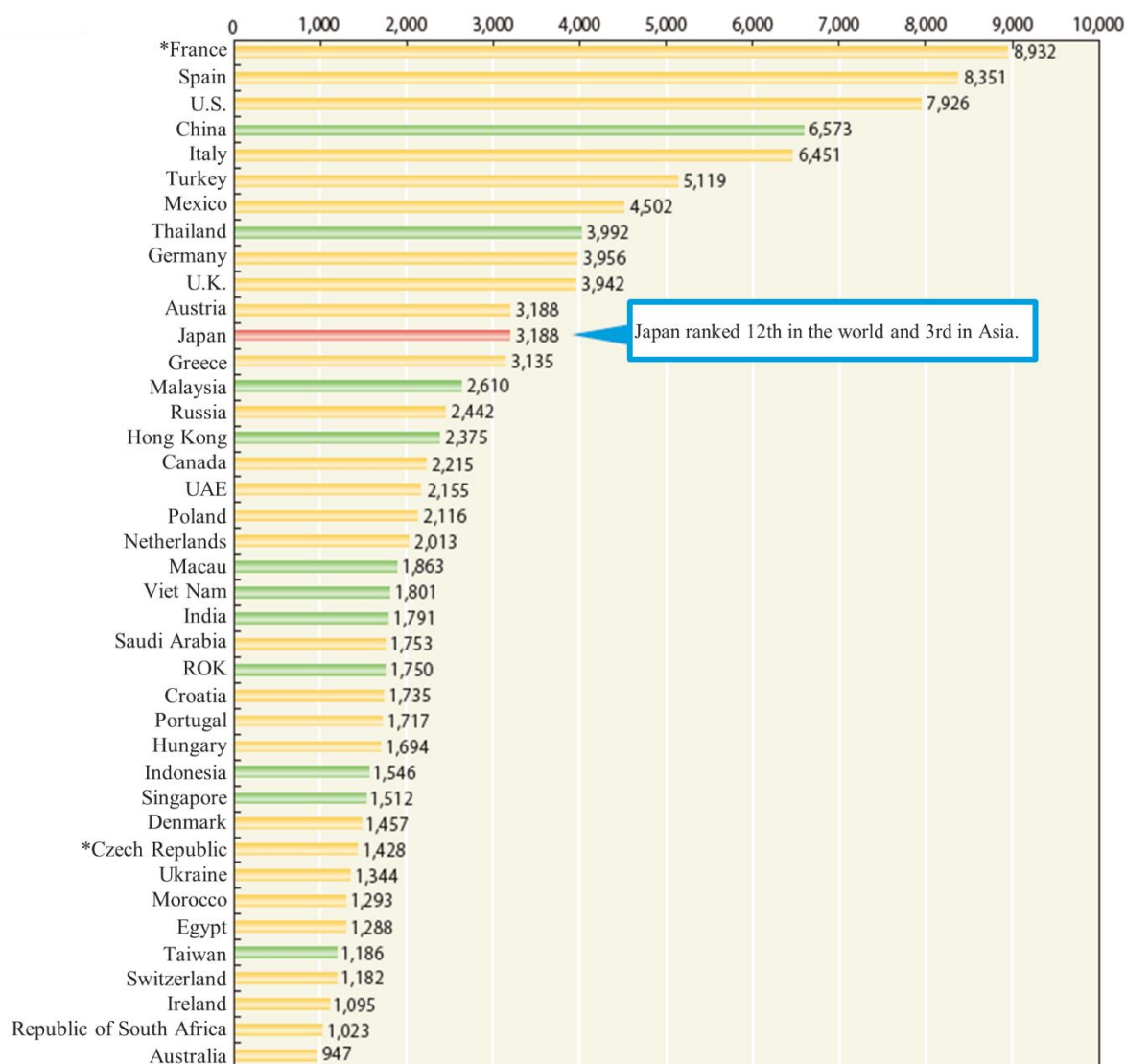
Note: This data is based on the interviews conducted with foreign tourists to Japan when they leave Japan (excluding those staying in Japan for one year or longer, residents in Japan, transit passengers not entering Japan, and crew members).

Source: *Survey on the Consumption Trends of International Visitors to Japan* (Japan Tourism Agency).

## **7. Expectations for future inbound tourism**

As mentioned earlier, the number of foreign tourists to Japan was increasing as a trend before the COVID-19 crisis, which means that Japan was making steady progress toward realizing the vision of Japan as a tourism nation. The figure below (Figure II-2-3-13) shows the rankings of countries in the number of foreign tourists accepted (2019). Japan was ranked 12th in the world and third in Asia, after China and Thailand. The global top three were France (89 million foreign tourists), Spain (approximately 84 million foreign tourists), and the United States (approximately 79 million foreign tourists) in that order, and China (approximately 66 million foreign tourists), the highest-ranking country in Asia, was No. 4 in the world. The number of foreign tourists who visited each of those high-ranking countries was more than twice as large as the number of those who visited Japan. As the global tourism market is huge, there is ample room for Japan to capture global demand for overseas tourism.

**Figure II-2-3-13. Ranking of countries in the number of foreign tourists accepted (2019)**



Note 1: Since the number of foreign tourists is calculated and published according to different statistical standards for each country and region, note this fact in comparing these figures (e.g., the number of foreign crew members is not included in the statistics in Japan, but it is included in the statistics in France, Spain, China, the ROK, etc.)

Note 2: The data in this figure are provisional as of May 2021.

Note 3: For countries with an asterisk (\*), the data in 2018 are used since the data in 2019 are not published.

Note 4: The data adopted in this figure show, in principle, the number of foreign tourists who have stayed at least one night, except those in Japan, Russia, Viet Nam, the ROK, Taiwan, and Australia.

Note 5: The graphs in green in this figure show countries and regions belonging to the Asia region.

Note 6: The ranking of countries may change from time to time, depending on when the data are adopted, since new data may be released later or updated retroactively.

Source: *White Paper on Tourism in Japan, 2021*.

Attractive tourism resources are essential for capturing global demand for overseas tourism. In the Travel & Tourism Development Index 2021 Rebuilding for a Sustainable and Resilient Future report

published in May 2022 at the World Economic Forum, Japan was placed 1st among 117 countries in the overall rankings for the first time, indicating that Japan has a high reputation as a tourist destination (Figure II-2-3-14). A detailed look at the rankings show that Japan won high scores in terms of health and hygiene, air transport infrastructure, cultural resources, and non-leisure resources, while it was pointed out that there was room for improvement in terms of prioritization of travel and tourism, price competitiveness, and environmental sustainability.

As Japanese tourism is gaining reputation, moves to expand inbound tourism are accelerating. Expressing an intention to capture inbound tourism demand through country-wide efforts, Prime Minister Kishida stated in a policy speech in October in 2022 that Japan aims to raise the annual value of consumption by foreign tourists visiting Japan to more than 5 trillion yen.

In March 2023, a Cabinet decision was made on the Tourism Nation Promotion Basic Plan, which was mentioned earlier. The new Basic Plan, covering FY2023 to 2025, features three key phrases, “sustainable tourism,” “increase in tourism consumption,” and “promote regional attraction.” The new Basic Plan set concrete numerical targets that should be achieved by 2025, such as designating 100 regions as areas for sustainable tourism development, raising the value of tourism consumption per foreign tourist to Japan to 200,000 yen (the value in 2019: 159,000 yen), and increasing the number of nights stayed in Japanese regions per foreign tourist to Japan to two nights (the number in 2019: 1.4 nights). In 2025, the EXPO 2025 Osaka, Kansai, Japan is scheduled to be held in Osaka, so inbound tourism is expected to play an important role in strengthening the Japanese economy by expanding further on the back of this event.

**Figure II-2-3-14. Travel & Tourism Development Index 2021 Rebuilding for a Sustainable and Resilient Future**

Top 10 countries		Japan's ranking by pillar	
1	Japan	Japan: in the overall ranking (among 171 countries)	1st
2	U.S.	Enabling environment	
3	Spain	Business environment	15th
4	France	Safe and security	15th
5	Germany	Health and hygiene	9th
6	Switzerland	Human resources and labor market	31st
7	Australia	ICT readiness	29th
8	U.K.	Travel and tourism policy and enabling conditions	
9	Singapore	Prioritization of travel and tourism	42nd
10	Italy	International openness	39th
		Price competitiveness	96th
		Infrastructure	
		Air transport infrastructure	4th
		Ground and port infrastructure	6th
		Tourist service infrastructure	28th
		Travel and tourism demand drivers	
		Natural resources	12th
		Cultural resources	4th
		Non-leisure resources (presence of multinational cities, the number of headquarters of major multinational corporations, etc.)	3rd
		Sustainability	

Environmental sustainability	38th
Socioeconomic resilience and conditions (poverty rates, greater workers' rights, gender equality, social protection services, etc.)	11th
Travel and tourism demand pressure and impact (visitor stays, tourism seasonality, dispersion of tourism, etc.)	41st

Source: *Travel & Tourism Development Index 2021* (May 2022) (WEF).