

“Foreign Visitors” still increasing in Japan

Trend in inbound tourists are reported in the “Number of foreign tourists visiting Japan”, statistics released by the Japan National Tourist Organization (JNTO). The estimated “numbers of tourists” from 20 countries and regions of the previous month are released in the end of following month. Also, details of foreign tourists’ spending, shown by their country/region, can be found in a quarterly survey titled “Consumption Trend Survey for Foreigners Visiting Japan” also made by JNTO.

Point 1

“Number of foreign tourists visiting Japan” increased 23.9% YoY to about 1.99 million in June 2016

Aggregate from January to June 2016 grew by 28.2% YoY to 11.71 million

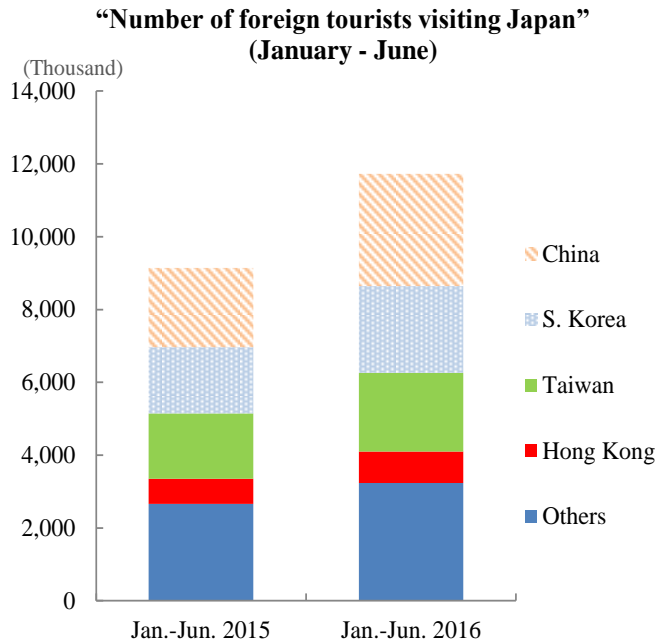
- The “Number of foreign tourists visiting Japan” in June 2016 was released by JNTO on 20th July. The number rose 23.9% YoY to approximately 1.99 million. This was a record high for the month of June. Pace of growth has slowed to 10% level YoY in April and May, however, in addition to recovery from Kumamoto Earthquake, start of summer holiday season and significant increase of arrival of passenger boats to Japan led the number of visitors to rise. As a result, “Number of inbound tourists” rose +28.2% YoY to about 11.71 million for the first half of this year.

Point 2

Visitors from China continued to lead the increase

However, Total Trip Expenditure per person has been trending down

- Still, largest number of visitors have come from China, increasing 41% to about 3.08 million and keeping up the pace.
- According to “Consumption Trend Survey for Foreigners Visiting Japan” for April to June 2016 which was released on the same day, total trip expenditure for the quarter rose 7.2% YoY to JPY953.3billion. Consumption per inbound tourist dropped 9.9%, while the number of visitors rose 19.0%. This was mainly due to decline in spending per Chinese visitor by 22.9% YoY.



(Source) SMAM, based on JNTO data.

Japan's government has set measures aimed at doubling the number of inbound tourists to 40 million by year 2020

- The government has set a target of doubling the “Number of foreign tourists visiting Japan” to 40 million by year 2020 and put related measures in place. Those involve (i) relaxation of visa requirements for some countries, (ii) introduction of regulation for so-called “*minpaku*”, private lodging services such as renting private homes and rooms, (iii) making use of cultural treasures and (iv) easing restrictions on floor area ratio for lodging facilities, which will give easier access to Japan and help Japan's tourism accept more foreign visitors. According to the questionnaire survey carried out by Japan Tourism Agency to poll visitors to Japan, 59% answered “will definitely visit Japan again” and 34% answered “will visit Japan again” which was an encouraging result. We can expect to have more and more repeaters visiting Japan, and the government's target has become more likely to be achieved.
- On the other hand, the slowing pace of total trip expenditure is a bit of concern. This is likely due to rise of tax imposed on souvenirs in China since April this year. However, based on the latest survey, total trip expenditure per tourist from Vietnam and Australia surpassed that of China, which partly have offset impact of pullbacks in Chinese visitors spending. We should give considerable attention to this trend going forward.

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