

## **CHAPTER II**

### **TOURISM IN JAPAN**

In this chapter, the author will discuss the development of tourism in Japan and its tourism policies which support the development, and how the contents of the policy are the steps of the Japanese government to increase the percentage of foreign tourists that coming to Japan.

#### **A. Tourism Development in Japan**

Tourism is one sector that is very important for the progress of the countries in the world, one of them is Japan. In addition, the tourism industry in Japan is also an important sector in the economy of the country because it is able to contribute a large percentage of the total Gross Domestic Product (GDP). In the beginning, modern Japanese tourism began at the Tokyo Olympics in 1964 where the number of tourists that visiting Japan increased in the following years. The increasing of the tourists was also influenced by the strengthening of the Yen exchange rate against the dollar that occurred in 1973. Then, Japanese tourism also continued to increase in the 1990s where the number of foreign tourists that come to Japan reached 1.2 million. Whereas, in 1997, increased again to 4.2 million (Sahara, Cultivating Inbound Tourism, 2012). The foreign tourists who visit Japan not only come from Asia but also from outside Asia such as Europe and America.

In 2000, the tourism sector contributed 90 billion US dollars that equivalent to 2.2% of Japan's Gross Domestic Product (GDP). In addition, this sector also produces 1.97 million jobs for Japanese people or by 2.9% of total employment (National Tourism Policy Review of Japan, 2002). While, in 2003, the Japanese government issued the Visit Japan Campaign where this campaign was a form of Japan's

efforts to promote its tourism with the aim of getting 10 million foreign tourist that visits in 2010. In promoting tourism in the international world, Japan set 10 target countries of the tourism market. These countries are South Korea, Taiwan, the United States, China, Hong Kong, England, Australia, Canada, Thailand, Germany, France, and Singapore (Tourism Organization, 2006).

Then, in 2008, another effort of the Japanese government to promote its tourism is by forming the Japan Tourism Agency (JTA). This agency also acts as a support for Japanese society in developing tourism sites, increasing global competition in the tourism industry, and increasing tourism promotion in Japan internationally. The Japanese government hopes that the Japan Tourism Agency can reach the target of visiting 10 million foreign tourists in Japan in the next 2 years. Initially, the Japan Tourism Agency was able to provide the good results where the foreign tourists that visiting Japan in that year reached 8.35 million which showed an increase of 60% in Japan since the Visit Japan Campaign in 2003 (Ishimori, 2009). However, in 2009, there were only 6 million foreign tourists that visiting Japan. The decreased number of foreign tourists was caused by the global crisis (Hays, 2011).

With the declining number of tourists that come to Japan, according to Japan Today, there are two main factors that can affect the low number of tourists visiting (News, 2015). First, Japan is often rated as a country with expensive living costs. Because the high value of Yen is a consideration for foreign tourists to visiting Japan. This is a matter of consideration for tourists spending on food, accommodation, and transportation while in Japan. The second obstacle factor is about language. As it is known that the Japanese people have a low level of

English proficiency which makes it difficult for foreign tourists to communicate in English with the Japanese people.

In order to achieve the target in 2010, the Japanese government developed their some strategies to promote tourism in increasing the number of foreign tourists that visit Japan. The strategies that carried out by the Japanese government in 2008 to 2010 was the promotion of programs on tourism information, commercial advertisements on overseas television and participating in the world tourism fairs, expanding the youth exchange programs, attracting the foreign travel agents to hold conferences in Japan, and inviting foreign education tours to Japan (Travel Industry, 2013). However, the promotion efforts that carried out by the Japanese government have not been able to achieve the desired target of reaching 10 million foreign tourist visits (Japan Bound, 2017).

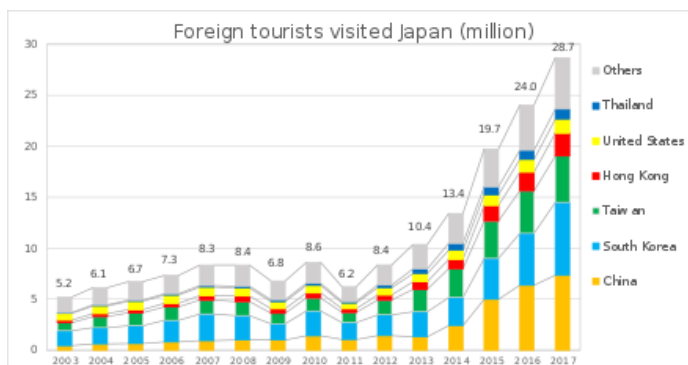
In 2011, Japan experienced one of the biggest disasters for human history, namely the earthquake and tsunami. This disaster resulted in a downturn in Japan's economy. In addition, during the period of tourism development, Japan experienced a sharp decline. The Gross Domestic Product (GDP) derived from tourism in 2011 was the worst in the last 5 years, only 2.1%. The number of foreign tourists who were previously become the main tourists for Japan has declined, for the example is the Chinese tourists that have decreased by 33% at the end of October (Pramudita, 2014).

However, the decline that occurred in 2011 did not last long, because in 2012 the Japanese government had begun to increase its tourism again by expanding the tourism promotion with the purpose to attract tourists' attention and develop their tourism. In the 2012 Japan Tourism White Paper, Japan has a commitment to become Southeast Asian countries as a

target for the tourism promotion. The countries in Southeast Asia are expected to produce significant increases in visits to Japan in the next few years (Ota, 2012).

In 2013, there was an increase in foreign tourists to Japan which reached 1.15 million tourists where the tourists came from Thailand, Singapore, Malaysia, Indonesia, the Philippines, and Vietnam. At the end of 2013, Japan was finally able to reach the desired target before, which is the visiting of foreign tourists is about 10 million people (Ishizaki, 2014). This achievement was not separated from the visit of foreign tourists from Southeast Asian countries.

**Table 2.1 Foreign Tourist Visited Japan**



*Source: Japan National Tourism Organization (JNTO)*

Based on the table above, time by time, the number of foreign tourists coming to Japan is increasing in terms of tourist visits to Japan, the majority of visitors who come to Japan from year to year are China, South Korea, Taiwan, Hong Kong, United States, and Thailand, where the highest number of tourists is from South Korea. In addition, there are

also European countries such as France, Russia, Britain and also from Asian and African countries. According to the Japan National Tourism Organization (JNTO), in 2012, the number of foreign tourists that visiting Japan reached 8 million. Then, in 2013, the number of foreign tourists visiting Japan reached 10 million for the first time. This increase was influenced by a number of factors, including the incessant promotion of JNTOs in many countries, increasing frequency of flights to Japan including flights with a lower price, and visa exemptions by the Japanese government in a number of countries. Whereas in 2014, tourists who came to Japan increased by 28.2% to 13 million tourists. In addition to foreign tourists from Thailand, Singapore and the Philippines, there are also foreign tourists from predominantly Muslim countries such as Malaysia and Indonesia where foreign tourists from Malaysia who come to Japan from January to September in 2014 experience an increase of 52.3% as many as 158.500 tourists, while the number of Indonesian tourists coming to Japan experienced an increase of 12.7% as many as 135.000 tourists. In 2015, the number of foreign tourists increased by 47.1% to 20 million tourists. Meanwhile, the number of foreign tourist in 2016 and 2017 increased to 24 million and 29 million tourists (Matsuyama, 2017).

The efforts that made by the Japanese government to continue the increased tourism are looking for other potential tourists. One potential that has been recently seen by the Japanese government is Muslim tourists. According to the article “Japan Sees Big Potential Asian Muslim Tourist” that written by Mutsuko Murakami in the New Straits Times, the percentage of Muslim tourists coming to Japan is always increasing where Muslim tourists come from countries with a majority Muslim population, 40%

coming from Indonesian tourists and 66% are from Malaysia (Murakami, 2013). With the increasing number of Muslim tourists, the Japanese government realizes that Muslim tourists are a new potential market. For this reason, the Japanese government has many strategies to fulfill the target of 20 million foreign tourists that visiting until 2020, such as to provide friendly facilities for foreign tourists, especially Muslim tourists with the aim that more Muslim tourists are visiting Japan. The policy was carried out by the Japanese government because it saw the visit of Muslim tourists as a good market for the tourism sector.

In today's era, Japan is one of the countries that is a favorite destination for foreign tourists. In 2017, two cities in Japan, namely Tokyo and Osaka, entered the list of the 10 most sought after tourist destinations by tourists (Dwianthony, 2017). Japan is now seen as a country that has a fairly well-established economic, technological and cultural development so that Japan is made a country of a tourism destination. Japan is also one of the countries in the East Asia continent that has many innovations in products that are found and become superior products in international trade. In addition to technology, Japan also keeps various kinds of cultural heritage and natural beauty as the main attractions in their tourism. This tourism aspect is very emphasized by the Japanese government to spur the Japanese economy because the tourism industry is one of the industries that is growing very rapidly. In its economy, not only the trade sector is the main pillar for the welfare of Japanese society, but the tourism sector is also a very important sector in Japan. This can be proven by the income from the tourism sector of 2.2% of the total Gross Domestic Product (GDP) (National Tourism Policy Review of Japan, 2002). Therefore,

Japanese tourism is a hope for Japan to become a milestone in Japan's economy in order to increase the country's foreign exchange.

Japan has the tourism potential that attracts tourists from many countries. Japan itself also has a variety of attractions and in large numbers, ranging from beautiful natural scenery to historic temples, including famous temples such as Hokkaido Jingu Shrine and Kandajinja Shrine located in the cities of Hokkaido and Tokyo, traditional Japanese gardens namely Takino Suzuran Hillside Park Snow World and Kairakuen Garden, to famous shopping centers such as Akihabara and OASIS21. In addition, other historical and most famous tourist destinations to be visited by tourists when in Japan is Kyoto where tourists can see typical Japanese building architecture and traditional cultural or artistic performances. Japan also has 20 attractions listed in UNESCO's world heritage. Attractions included in the list are very diverse, such as Ogasawara Island, a tourist attraction for nature lovers, Fujisan Mountain (better known as Fujiyama by Indonesian tourists), buildings or architecture, to historical attractions such as Genbaku Dome (Hiroshima Peace Memorial) (Lufi Wahidati, 2018).

The existence of tourist trends that are offset by the development of communication technology, making tourism in Japan increasingly heading to a positive trend. There are several reasons for foreign tourists to visit Japan, where these tourists have a special interest in Japan (Silva, 2018). First, tourists are generally interested in Japan, which has four seasons. Second is security. Security in Japan is an attraction for tourists, which makes tourists feel safe to be able to visit Japan without fear of criminal acts such as theft. The third reason is the transportation system. The transportation system in Japan is a

railroad-based transportation system that is very sophisticated and can be said to be the best in the world. This transportation system is one of the most useful means of transportation in Japan because it can help the daily activities of Japanese people and also foreign tourists who come. The fourth reason is saved by technology. The comfort that provided by the Japanese government, one of which is offering airlines to go to Japan at a low cost. This is one of the Japanese strategies to increase the number of tourists. In addition, tourists can also access accommodation at a lower cost by using various online.

## **B. Japanese Tourism Policy**

There are so many efforts of the Japanese government to increase the number of foreign tourists that visit Japan, one of the efforts is through policymaking in the tourism sector which is beneficial for foreign tourists. In December 2014, Prime Minister Shinzo Abe officially issued a new policy to increase the number of foreign tourists coming to Japan. This as one of the support from the Japanese government for the increasing number of foreign tourists come to Japan always increases from year to year and also to provide the maximum support for the development of special facilities for foreign tourists who are Muslim, such as prayers room, healthy and halal food. This policy is a policy that made in the tourism sector which is also part of the government's main policy, "Abenomics Growth Strategy" and was made by Prime Minister Shinzo Abe and his cabinet, where the Japanese government targets the number of foreign tourists to reach 20 million tourists in 2020 and 30 million tourists in 2030 (Ong, 2014).

The policy of the Abenomics Growth Strategy was motivated because the Japanese economy had stagnated. This problem is divided into two, namely



the problem of repeated deflation and Japanese society that does not improve the birth process to reduce the population mortality ratio and the number of elderly people that have an impact on the reduction of labor in both government agencies and companies. Both of these problems also forced the company to supervise stock investments and wages, even to stop the efforts of research and product development. In addition, the fall of the Japanese economy caused a loss of hope and confidence to advance the company from its managers.

The loss of trust certainly affects the company in making a decision, resulting in a lack of courage to take risks in regulating the new economic sector. This further worsened the company with the result of not exploiting Human Resources to its full potential and also technology that was not well implemented for the company, as well as company assets that could not be reused. These problems are consequences that must be faced by companies and governments in Japan who are experiencing a period of economic recession. However, with the Abenomics Growth Strategy, this policy gives hope to revive the Japanese economy (Kantei Japan, 2016).

The Abenomics Growth Strategy policy is a big umbrella of Japanese tourism policy. This policy is aggressively implemented to overcome the obstacles faced by Japan in its economy by innovating in domestic and international trade. Therefore, Japan can move the wheels of the economy again and turning stagnant status into continuity. In addition, this is how the Japanese government is able to attract investment in the economic sector and also increase the flow of labor that is profitable for the company so that it can have an impact on workers to get higher wages while providing new jobs for Japanese society. The purchasing power of Japanese people will also

increase and the more foreign investment that enters Japan, the more Small and Medium Enterprises (SMEs) will emerge (Kantei Japan, 2016).

In the Abenomics Growth Strategy policy is divided into three parts that spearhead the policy where the three parts are referred to as “Three Arrows” (Three Pillars of Economics). “Three Arrows” is a policy that aims to revive the downturn in the Japanese economy. This policy itself is grouped into “First Arrow”, “Second Arrow”, and “Third Arrow”. The first is “First Arrow (Monetary Easing)” is to increase monetary policy aimed at preventing deflation by increasing the price of domestic goods and weakening the Yen so that the prices of exported goods are cheap and the government can increase the number of goods exported to the country other. This action is nothing but so that the Japanese economy can develop. Then, “Second Arrow (Nimble Fiscal Policy)” is a flexible fiscal policy that is directed at boosting a declining economy. By increasing people’s purchasing power from 8% to 10% or in other words the government not only develops people’s purchasing power but also at the same time rebuilds state finances or at least reduces the country’s dependence on debt. The last one is the “Third Arrow (Structural Reform)” which aims to improve the economy by cooperating in the economic field with other countries. Unlike the other two “arrows”, the third “arrow” has five cores. The cores are as follows (Austin, 2014):

1. Increasing The Labor Participation Of Women
2. Medical Treatment And Agriculture Sector Improvement
3. Openness To Foreigners In Society
4. Lowering Corporation Tax And Regulations
5. Cool Japan

Based on the reason of the Japanese government that saw the huge potential of increasing

the number of foreign tourists to Japan, the government gave more attention to the needs of foreign tourists who came to Japan. Therefore, at the end of 2014 and in early 2015, Prime Minister Shinzo Abe gave full support to this new tourism policy to be applied to increase the number of foreign tourists to visit Japan, where the policy is pro to foreign tourists. The vision of this new tourism policy is to increase the Japanese income from 5.5 trillion Yen to 35 trillion Yen in 2020 by increasing the number of foreign tourist visits and attracting foreign companies to invest in Japan (Obe, 2016).

Besides, the Japanese government's effort to achieve its target through this new tourism policy is increasing the number of foreign tourists especially Muslim tourists by giving special treatment such as by freeing visas for countries in ASEAN whereas it is known that within ASEAN itself there are some countries which are predominantly Muslim population, such as Indonesia and Malaysia. With the visa exemption, it will have an impact on increasing the number of foreign tourists that visiting from the Southeast Asian region. However, according to the Japanese Ministry of Foreign Affairs, the visa exemption is only intended specifically for Electronic Passport (E-Passport) owners with International Civil Aviation Organization (ICAO) standards only. Foreign tourists who want to visit Japan are required to register at the Japanese Embassy in their respective countries to be able to obtain E-Passport so that foreign tourists if visiting Japan no longer require a visa to enter the country. The following is a list of 68 countries that have Japan entry visa exemptions in February 2017 worldwide (Ministry of Foreign Affairs of Japan, 2017):

**Table 2.2 List of Countries that Have Visa Exemptions**

<b>Asia</b>	<b>Latin America and the Caribbean</b>	<b>Europe</b>
Brunei Darussalam	Guatemala	Hungary
Indonesia	Honduras	Iceland
Malaysia	Mexico	Ireland
Republic of Korea	Surinam	Italy
Singapore	Uruguay	Latvia
Thailand	<b>Europe</b>	Liechtenstein
Hong Kong	Andorra	Lithuania
Macao	Austria	Luxembourg
Taiwan	Belgium	Malta
<b>North America</b>	Bulgaria	Monaco
Canada	Croatia	Netherlands
United States	Cyprus	Norway
<b>Latin America and the Caribbean</b>	Czech Republic	Poland
Argentina	Denmark	Portugal
Bahamas	Estonia	Romania
Barbados	Finland	San Marino
Chile	The former Yugoslav Republic	Serbia
Costa Rica	France	Slovakia
Dominican Republic	Germany	Slovenia
El Salvador	Greece	Spain
<b>Europe</b>	<b>Middle East</b>	<b>Africa</b>
Sweden	Israel	Lesotho
Switzerland	Turkey	Mauritius
United Kingdom	United Arab Emirates	Tunisia
<b>Oceania</b>		
Australia		
New Zealand		

*Source: Ministry of Foreign Affairs of Japan, 2017*

The Japanese government also gives facilities to Muslim tourists that Muslim friendly, such as some restaurants that serve healthy and halal food menus where halal food is a new innovation from the Japanese government along with other supporting infrastructure that aims to provide comfort to tourists such as the establishment of prayer room which is equipped with a place for ablution and guidance towards the Qibla at a famous shopping center in Tokyo, namely Takashimaya. Besides providing prayer rooms in shopping centers, the Japanese government also provides a prayer room for Muslim tourists at stations, airports, and public spaces.

The seriousness of the Japanese government and private companies in implementing the policy to fulfill and realize the needs of foreign tourists is also carried out through the step of importing healthy food that is also halal-certified from Malaysia which will be marketed at 1.800 Aeon Hypermarkets located throughout Japan (Maharani E. , 2014). Japanese restaurants that provide healthy food and halal certified menus are increasing in number. The locations of these restaurants are spread in major cities in Japan such as Tokyo, Kobe, Osaka, Nagoya, and Kyoto. The food menu that served also has a distinctive taste from countries with a majority Muslim population such as Malaysia, Turkey, Pakistan and also Egypt (Sasongko, 2015).