

CHAPTER IV

JAPANESE GOVERNMENT STRATEGY IN DEVELOPING HALAL TOURISM INDUSTRY IN JAPANESE “SMEs”

In this chapter, the author discusses what strategies or efforts have been made by the Japanese government to develop the halal tourism industry in collaboration with Small and Medium Enterprises (SMEs) in Japan. The SMEs itself also collaborate with SMEs in Muslim-majority countries, like Malaysia and Indonesia. In addition, to cooperate with Muslim countries, the SMEs also provide Muslim-friendly facilities to fulfill the needs of Muslims in Japan.

A. Establish Cooperation with Muslim Countries

Japan is one of the world's 60 non-Muslim countries that want to portray themselves as Muslim-friendly tourist destinations for Muslim tourists. The increasing number of foreign tourists coming to Japan has encouraged the Japanese government to continue to improve its services, especially for Muslim tourists. In improving the halal tourism industry is one of the ways the Japanese government provides services to Muslim tourists to be able to fulfill their needs while in Japan. In the past few years, this halal tourism industry has experienced a significant development. The improvement of the halal tourism industry is also one of the preparations for the Japanese government to welcome the 2020 Tokyo Olympics where Japan is the host. The seriousness of the Japanese government in improving the halal tourism industry is supported by predictions from the Japanese government itself on the number of Muslim tourists who will come to Japan. The Japanese government estimates that Muslim

tourists who will come to Japan in 2020 will increase to reach 1 million people (Bahardeen, 2014).

In developing its halal tourism industry, Japan cannot work alone. Therefore, in order to achieve its national interest, such as to increase the Japan's economic growth, the Japanese government is trying to be able to cooperate with other countries in terms of developing the tourism industry because as it is known that the tourism industry is great influences the economic growth in Japan with the number of foreign tourists especially Muslim tourists. Indirectly, with the increasing number of Muslim tourists that coming to Japan, the Japanese government also should improve its halal tourism industry as a way to reward Muslim tourists who come to fulfill their needs while in Japan.

Based on the Japanese national interest, it is clear that in developing its halal tourism industry, Japan cooperates with the countries that are predominantly Muslim, like Malaysia and Indonesia. The Japanese government collaborated with Malaysia and Indonesia by the promotion of halal tourism attractions that conducted by the Japan National Tourism Organization (JNTO). The promotion was carried out by organizing travel fairs in several countries such as Indonesia, inviting tourists directly from Japan, and also through advertisements in various media such as television and official sites, also active on social media. Besides that, the Japanese government efforts in increasing the number of foreign tourists especially Muslim tourists is by providing many facilities that are able to fulfill the needs of Muslim tourist while in Japan. For this reason, besides providing halal food products, the Japanese government also provides other Muslim friendly services. One of the way of the Japanese government that attracted the attention of the world community, especially Muslim tourists is by

organizing seminar of halal and *sharia* hotels in Tokyo in January 2014 where the seminar is handled by Halal Development Foundation Japan (HDFJ) which discusses the potential of *sharia* tourism and the provision of menus that have ingredients and through the process of cooking that qualify as halal.

The other efforts of the Japanese government in attracting Muslim tourists are seen from a range of breakthroughs including sending a number of people that being staffs to a predominantly Muslim country such as Malaysia and Indonesia to see what the needs of Muslim tourists are in Japan. By making halal industry a current market phenomenon and trend, many businesspeople are working on the Japanese government's move in its strategy to encourage the economy of the tourism sector where they hold event like Halal Development Council (HDC) that organizes training for business people, as well as events Japan Halal Summit 2014 (HDFJ, 2014).

On the other hand, based on the Gastro Diplomacy or culinary diplomacy, nowadays, the phenomenon and opportunities in the aspect of tourism are very suitable to be associated with Japanese culinary development, and seeing the number of Muslim tourist arrivals coming to Japan increases every year, making the Japanese government more aggressive in promoting Gastro Diplomacy as the country's soft power. In 2005, through a program called "*Shoku-Bunka Kenkyū Suishin Kondankai*", Japan intensively introduced Sushi as a Japanese specialty and halal food to international dating through Gastro Diplomacy. The Gastro Diplomacy efforts that carried out by the Japanese government then had an impact on prestige for Japan to be known internationally (Rahman, 2018).

The establishment of cooperation between Japan and Malaysia and Indonesia is not just to

provide halal food facilities and held the seminar but the Japanese government also wants to develop its halal tourism industry through cooperation with the Small and Medium Enterprises (SMEs) in Japan. Small and Medium Enterprises are always the biggest part of the Islamic economy and most sectors outside Islamic finance are dominated by Small and Medium Enterprises rather than large multinational companies.

As it is known that Japan is a country that concern to Small and Medium Enterprises (SMEs). Small and Medium Enterprises have a big role and have a strong position in supporting industry in Japan on a large scale. Therefore, the Japanese government relies heavily on Small and Medium Enterprises (SMEs) in its economic growth because, during the global crisis, Japan still can survive (Jauhari, 2010). This is done by the Japanese government because SMEs are one of the fields that can make a significant contribution to spurring economic growth. In this land of sunrise, a business called Small and Medium Enterprises must have a minimum of 50 workers and a working capital of 50 million Yen. Besides that, during the Shinzo Abe administration, one of the supports that given by the Japanese government for the development of SMEs in Japan was to provide preferential treatment and ease the tax burden on SMEs if these SMEs made innovative efforts. The tax given to SMEs will be further alleviated by the government if these SMEs are able to develop their businesses to be more innovative for economic growth in Japan. In addition, with the Abenomics Growth Strategy policy, the Japanese economy has returned to be better even though it still needs a stronger push to improve economic growth to be better (Susilo, 2017).

The Small and Medium Enterprises (SMEs) in Japan are able to absorb labor because this business is a new job for Japanese people. These SMEs have very

high indicators when compared to other countries such as Indonesia. With a high awareness of the importance of SMEs for the stability of the State, the Japanese government channeled its cost assistance to developing the SMEs through its country's banks on a regular basis. In addition to its guaranteed development and driven by the unyielding nature of Japanese entrepreneurs, even large companies also help build a conducive atmosphere for the growth of SMEs (Komarudin, 2018).

In the international world, the Small and Medium Enterprises (SMEs) should be able to consider venturing into new businesses, like utilizing the fast-growing halal food industry in various countries in both Muslim and non-Muslim countries. Through Gastro Diplomacy or culinary diplomacy, Japan is developing its halal tourism industry through Small and Medium Enterprises in collaboration with Small and Medium Enterprises in Malaysia and Indonesia where the two countries are the majority of the population are Muslims. This cooperative relationship is not only limited to halal food and beverages but also includes cosmetic and medicinal products. In addition, the Japanese government also provides facilities to Small and Medium Enterprises in Japan to develop its halal tourism industry. The facility is the Japanese government encourages the production of halal food by providing a budget of 6 billion yen in 2014 with a 50 percent subsidy for purchasing halal product facilities for Small and Medium Enterprises in Japan (Ika, 2016). The following is a collaboration between Japan and countries whose majority are Muslim, namely Malaysia and Indonesia.

1. Japan's Cooperation with Malaysia

As it is known that Japan is very serious in developing its halal tourism industry. The efforts to increase the number of Muslim tourists through this halal industry will be more active and effective after Japan wants Malaysia to participate. Japan is very comfortable with the high standards of halal applied in Malaysia which are considered capable of fulfilling their aspirations and hopes in developing this industry. Malaysia is a pioneer in the certification, production, and distribution of halal food to non-Muslim countries. In addition, the Japanese government also plans to send some of its employees to Malaysia to learn more about the halal industry. With the Japanese government pushing for the growth of this halal industry, Japan wants entrepreneurs from Malaysia to be able to participate in the halal industry sector of goods and services. This is a help for Japan because it can facilitate Japanese investment in the halal industry sector in Malaysia. Malaysian companies are also interested and have a strong desire to participate in cooperation with Japan knowing that Japan is hosting the 2020 Tokyo Olympics and Paralympics Games (Budiawati, 2016).

With Malaysia's high participation in developing the halal tourism industry, Malaysia has signaled its readiness to help Japan ahead of the 2020 Tokyo Olympics. Malaysia offers assistance in managing and providing halal products and services in Japan. According to the Malaysia External Trade Development Corp. (MATRADE), Malaysia is the only country in the world that provides a comprehensive ecosystem for the development of halal industries. The Malaysian government is pleased to help Japan in

sharing expertise and experience regarding the halal industry and also helping to promote and develop the halal industry. Malaysia also wants to encourage more Japanese companies to be involved in the halal sphere. Therefore, MATRADE also plans to collaborate with the Japan External Trade Organization (JETRO) so that Malaysian and Japanese companies can cooperate in running suitable business programs especially in the halal tourism industry (Murdaningsih, 2017). The Japanese government also hopes that halal products will contribute greatly to Japan's economic growth and by making Tokyo as the host of the 2020 Tokyo Olympics capable of providing a great opportunity for the development of the halal sector where Muslim tourists who come to Japan can benefit from the 2020 Tokyo Olympics is in the form of expanding their halal business.

Japan is the fourth largest export destination for Malaysia after China, Singapore, and the United States. The halal products exported by Malaysia to Japan are food, beverages, coconut oil, and pharmaceutical products. In 2016, exports of halal products from Malaysia to Japan reached 2.7 billion ringgit, which accounted for around 6.4 percent of Malaysia's total exports of halal products worth 42.2 billion ringgit sent worldwide. Japan will buy halal products from Malaysia which will be sent via the Chinese route and will be distributed to 1,800 Aeon supermarkets, starting from Chiba prefecture. These products will receive halal certificates from the Islamic Development Department in Japan in collaboration with the Malaysian Ulama Council (Puspaningtyas, 2018).

Japan's high demand for halal products from Malaysia makes Malaysian Small and Medium Enterprises (SMEs) consider how to be able to enter the halal market in Japan. Indeed, currently, the halal food industry sounds popular in the Land of the Rising Sun. Japan has a strong purchasing power for halal products, so Small and Medium Enterprises are expected to be able to export halal products and services to encourage the halal industry globally. In 2018, the value of Malaysian exports reached 68.48 billion Malaysian ringgit. Malaysia's main exports are liquefied natural gas, wood and iron, and steel products. A number of SMEs are also successful in exporting frozen seafood, coconut nectar sugar, building materials, and wood products to Japan (Ogilvy, 2018).

Besides, Japan's Natural Health Farm Manufacturing also collaborates with a local company in Malaysia which is a poultry producer such as Lay Hong. This company launched five variants of frozen chicken products such as Kaarage (meat without thigh bones), Chiki-chiki (middle wing bones), Amakaarage (whole thigh bones), Tebamoto Amakaarage, and Menchi Katsu (inner meat). These products will be marketed under the Nippon Premium Nutriplus brand, and the current product distribution will soon be available at AEON Supermarket. The cooperation between Malaysia and AEON Supermarket aims to intend to strengthen the services and halal products of Malaysia in Japan because nowadays Japan is increasingly opening up opportunities for the halal market. MATRADE targets 30 local companies and brands in the food and beverage sector to enter the Japanese market through major

retailer AEON. Among the products to be brought in ready-to-eat products, spices, and tropical fruit.

In addition, to be able to improve the quality of Small and Medium Enterprises both Japan and Malaysia, MATRADE in collaboration with JETRO held a halal seminar that enables local SMEs to take advantage of the opportunities offered in welcoming the 2020 Tokyo Olympics to promote halal products and services in particular of halal food because nowadays consumes halal food has become a trend in Japan. With the 2020 Tokyo Olympics, many Japanese and Malaysian companies take the opportunity to include halal food as the targeted sector (Maharani E. , 2018).

2. Japan's Cooperation with Indonesia

Besides cooperating with Malaysia, in the development of its halal tourism industry, the Indonesian government and the Japanese government agreed to establish cooperation in the trade and investment sector, especially for Small and Medium Enterprises (SMEs). This business is a big economic contributor to the two countries. The form of cooperation carried out between the two countries is forming a special task to assist SME entrepreneurs from Indonesia and Japan in doing business. One of the collaborations carried out by the Indonesian government to foster the development of halal tourism industry in Japan is to attend various events organized by the Japanese government in introducing halal products, especially halal food to Japanese people.

For instance, in 2017, Indonesia as a Muslim-majority country participated in the annual agenda held by Halal Media Japan at the 2017 Halal Expo which took place at the Taito Asakusa Tokyo Metropolitan Industrial Trade

Center, Japan. This event is an Exhibition or Business matching, Tourism Expo, Modest Fashion Show, Muslim Recruit Fair, Visiting Halal Restaurants in Asakusa, etc. In helping Japan to improve its halal tourism industry, the Indonesian government facilitates approximately 24 Small and Medium Enterprises (SMEs) from Indonesia to be able to participate in the Halal Expo Japan event. The SMEs introduced a variety of halal products that became Indonesian flagship starting from halal food, fashion, to halal tourism. Not only that, the Halal Corner Foundation as a community that has concern for halal products, especially halal food, also attended the Halal Expo Japan 2017 (Muslimah, 2017).

On the other hand, the halal product market is a great opportunity for the Indonesian government to be able to export various halal products to Japan because the Japanese government began to take into account the halal product market after Tokyo was chosen as the host of the 2020 Olympics which is predicted to have a positive impact on halal products. Therefore, Small and Medium Enterprises (SMEs) in Indonesia are asked to be more active in cooperating with Japanese Small and Medium Enterprises (SMEs). For the halal food, the products export potential from Indonesia to Japan are palm oil and its fractions refined but not chemically modified, sauces and preparations and mixed condiments and mixed seasoning, as well as meat and edible meat offal, of the poultry of heading and fowl meat that have big export potential. In addition to being able to benefit each other, the cooperation that can be carried out by the two countries is by sharing experience or knowledge, as well as being a supplier of raw

materials needed by Japanese companies to produce halal products (Dwi, 2016).

B. Provide Muslim Friendly Facilities

The development of the halal tourism industry which continues to increase from year to year has encouraged the Japanese government to be even more active in increasing the construction of Muslim-friendly facilities to attract more Muslim tourists and fulfill their needs when coming to Japan. This was realized by the Japanese government because Japan's main market today is Middle Eastern and Southeast Asian countries, such as Malaysia and Indonesia, the majority of whom are Muslims. With the cooperation between the Japanese government and Small and Medium Enterprises (SMEs), the Japanese government wants these SMEs to also provide Muslim-friendly facilities such as halal foods, halal restaurants, prayers room, toilets, etc. The following are some of the facilities and services provided by the Japanese government which is also provided by Japanese SME entrepreneurs to fulfill the needs of Muslims when visiting Japan.

1. Halal food

For Muslims, food consumed must fulfill the requirements of two things, both health and halal according to the instructions written in the Qur'an. Until 2010, food and culinary companies in Japan did not seem interested in producing halal food for the domestic market because most Japanese people did not know the concept of halal food. In addition, for Japanese people, halal products are sensitive things related to religion, the rules of which are too complex to apply and also most Japanese specialties use ingredients containing alcohol and pork. Entering the halal

market is one of the challenges for companies in Japan because most consumers in Japan do not know the concept of halal and are not interested in learning it. However, due to the shrinking of the local market in Japan, Japanese companies are now starting to look for alternatives outside the traditional market and enter the global market.

Time by time, the Japanese government was increasingly encouraged to provide halal food because of the increasing number of Muslim tourists who were increasing rapidly. In 2015, there were 52 halal restaurants in Japan recorded in tourist guidebooks published by the Japan National Tourism Organization (JNTO) for Muslim tourists. In the past, halal restaurants were limited to restaurants that served Turkish, Malaysian or cuisine from other countries where the majority of the population were Muslim (Azasuma, 2015).

Nowadays, the halal food business is growing rapidly in Japan. In October 2017, there were 788 registered restaurants that provided food that could be consumed by Muslims, but among them restaurants that had halal certificates there were only 161 places. Meanwhile, there are 456 restaurants that use halal meat in their products. In other words, even though it is not halal certified, most of these restaurants use halal basic ingredients.

Table 4.1 The Number of Restaurants that Provide Halal Menu

No.	Prefecture	Provide Halal Menu	Halal certified
1	Tokyo	362	73

2	Osaka	52	14
3	Hokkaido	45	-
4	Kyoto	39	23
5	Aichi	37	5
6	Kanagawa	36	1
7	Hyogo	33	7
8	Chiba	26	10
9	Fukuoka	20	2
10	Saitama	17	2
11	other locations	121	24
Total		788	161

Source: Jurnal Gama Societa, 2018

The huge number of restaurants that are halal certified is quite significant. According to NAHA (Nippon Asia Halal Association), one of the three halal certification bodies in Japan, in 2011 and 2012 only issued halal certificates for five companies, but from 2013 to 2016, there were approximately 110 companies that received halal certificates from this associations. With the increasing number of halal-certified restaurants, Muslim tourists can now enjoy Japanese food calmly. There are so many kinds of Japanese food that categorized as halal food such as sushi,

tempura, tendon, teriyaki chicken, udon, vegetarian food or Shojin Ryouri, yakiniku, yakitori, yakizakana, etc (Smith, 2016).

However, there are still some problems that are still felt by Muslim tourists. Restaurants that provide halal food and halal certification are mostly located in major cities in Japan such as Tokyo, Osaka, Hokkaido, and Kyoto. While the rest are scattered in small towns in Japan so there are many Muslim tourists still difficult to find halal food in these small cities. Though the fact is that most Muslim tourists, especially from Malaysia and Indonesia, prefer to visit small towns because they want to enrich their knowledge while enjoying traditional Japanese culture. Therefore, today, visits to small towns are more popular because these cities are known for their traditional culture that is still sustainable and the beauty of nature is still maintained (Samori, 2016).

In addition, the next problem is that there are still many restaurants that sell alcoholic beverages or use alcohol in their dishes, including restaurants that have halal certificates. This makes Muslim tourists still confused whether halal-certified restaurants but still providing alcoholic beverages can be said to be halal because according to Islamic law the sale of alcoholic beverages is a prohibited act. Halal certification is still a problem among Muslims. As it is known that each Islamic State or a country with a majority population is Islam has its own halal certification body.

Most halal certification bodies do not issue halal certificates for companies that are still selling alcohol, but there are also certification bodies that want to publish (COMCEC, 2016).

Saudi Arabia is one of the countries that are very strict in providing requirements for issuing halal certificates because the manufacture, sale, and distribution of non-halal food and beverages are strictly prohibited. Meanwhile, because Japan does not have its own halal certification body, Japanese companies cooperate with JAKIM (Malaysian Islamic Progress Office), JMA (Japan Muslim Association), Islamic Center Japan, JHA (Japan Halal Association), or other organizations to obtain a halal certificate for its products (Sugiyama, 2014).

Picture 4.1. Halal Labels in Japanese Halal Restaurants



The strategy of the SMEs itself in assisting the service of facilities for Muslim tourists is to put on a halal label in front of the restaurant or display the evidence of the halal certification that has been obtained by the restaurant. As in the example image above.

2. Prayer Rooms

Finding prayer rooms is a major difficulty for Muslim tourists when visiting non-Muslim countries. A Muslim is obliged to pray five times a day. Therefore, Muslim tourists really hope that

there is a prayer room around the place when doing activities, especially during the day and evening.

There are currently around 241 prayer rooms spread throughout Japan. The oldest mosque is located in the city of Kobe, Hyogo Prefecture. In addition, other prayer rooms are also available in strategic places such as Tokyo station, Osaka station, Kansai international airport, and Narita airport.

Table 4.2 List of Prayers Room

No.	Prefecture	Mosque	Prayer Facilities	Total Prayer rooms
1	Tokyo	33	17	50
2	Hokkaido	18	3	21
3	Osaka	14	2	16
4	Aichi	5	9	14
5	Kyoto	11	1	12
6	Chiba	7	5	12
7	Saitama	2	9	11
8	Tochigi	7	4	11
9	Kanagawa	5	3	8
10	Nara	7	-	7
11	Ibaraki	-	7	7
12	Okinawa	6	1	7

13	Hyogo	4	1	5
14	Gunma	-	5	5
15	Shizuoka	2	3	5
16	other locations	21	29	50
Total		142	99	241

Source: Jurnal Gama Societa, 2018

For instance, in developing of prayers room, in 2015, the tourist village of *Iyashi no Sato* was a village that was not Muslim friendly. Over time, with the increasing number of Muslim tourists that coming to Japan, the village became a Muslim-friendly village. So that local SMEs in the village are invited to work with large companies in Japan to be able to make small prayer rooms in these SME restaurants or shops. However, seeing the opportunities for the development of halal tourism industry are very large, the local SMEs chose to develop the mosque even bigger.

The number of prayer rooms has indeed increased, but there are still problems that are felt by Muslims in Japan, namely the absence of a place for ablution, there is no bathtub or faucet that can be used to wash feet. Therefore, most Muslims are forced to do ablution in the sink if they want to pray.

Given this problem, COMCEC (2016) says that in prayers facilities, a place for ablution is needed with facilities to wash feet. Based on the explanation above, it can be concluded that the needs of Muslim tourists especially for prayer rooms have been fulfilled, but not yet maximally.

3. Bathroom with Water Availability

Water is very important for Muslims in terms of purity and cleanliness because both are core aspects of faith. For Muslim tourists, the unavailability of water in the bathroom is an unpleasant thing. As it is known that in general, the majority of bathrooms in Japan are dry toilets. However, currently, bathrooms in Japan already provide *bidet* technology that allows a Muslim to clean themselves with water after using the bathroom. So the need for a bathroom with water can be filled almost everywhere in Japan (COMCEC, 2016).

Picture 4.2 Bidet Technology in Japanese Toilets



In Japan, *bidet* technology is commonly called washlet or as a warm water cleaning toilet equipped with many advanced features that are rarely seen outside of Asia. The idea for this washlet came from abroad, and the first toilet seat with integrated bidet was produced in Switzerland by Closomat in 1957. Then, in 1980, this washlet was used to refer to all types of high-tech toilets in Japan (Brooke, 2002). The features in this washlet toilet are anal cleaning, washing bidet, deodorization, blow dryer, heated seat, massage

options, water jet adjustment, automatic lid opening, automatic rinsing, wireless control panel, room, and air heating. These types of features can be accessed by a control panel installed in a chair or mounted on the nearest wall (Guide, 2003).

With the availability of highly sophisticated toilets, a number of halal restaurants that owned by Japanese SMEs are motivated to provide washlet toilets to attract a large number of Muslim tourists who come with the aim of being able to improve the Japanese economy in accordance with the national interests of the Japanese government who want to improve their economy through Japanese SMEs.

4. Hotels

In addition to halal food, other facilities that are needed by Muslim tourists are Muslim-friendly hotels. Nowadays, the Japanese government has provided several Muslim-friendly inns such as Richmond Hotels (located in Osaka and Tokyo) and Kyoto Century Hotel (located in Kyoto). The Muslim-friendly hotel in question is an inn that is halal-certified and provides a prayers room.

There is a hotel with a distinctive Japanese architecture called Satoyu Mukashibanashi Yuzanso on Lake Biwa, Shiga prefecture which seeks to attract Muslim tourists by providing facilities that are different from the others namely providing *onsen* (hot spring) that can be used for individuals. In general, *onsen* in Japan is a hot spring bath used together with other people even though it is separated between *onsen* for men and women. In addition, the manager of the onsen also requires someone to take off all their clothes when bathing. For a Muslim, bathing with other people without using clothes is something that is not

allowed in Islamic teachings. The existence of private *onsen* facilities provided by Satoyu Mukashibanashi Yuzanso Hotel fulfills the needs of Muslim tourists for recreational facilities with privacy (Wahidati, 2018).

Some hotels in Japan also provide special packages for Muslim tourists, such as the Mapple Inn Makuhari hotel. The hotel provides a practice package for making *futomaki sushi*, the practice of making *soba* noodles, and the practice of *aizome* (fabric coloring techniques with Japanese natural ingredients).

5. Other Halal Products

The needs of other Muslim tourists are not only limited to halal food and lodging, but also other service sectors such as fashion and cosmetics. Currently, there are already several fashion companies that have produced clothing in accordance with Islamic law such as Uniqlō Fashion Company collaborating with Hana Tajima (a Japanese Muslim designer) who has launched clothing for Muslim women since July 2017. In addition, for cosmetic products has been produced by the Greato Corporation Company which is a local company that is a training of large companies in Japan which launched cosmetic products with Indonesian-language brands, namely Melati. These products have received halal certificates from the Japan Islamic Trust (JIT) in 2017. Other halal products that are available in Japan are Japanese cooking spices such as miso and sukiyaki sauce. Currently, in Japan, there are also souvenir shops that produce halal souvenirs, one of which was established by Yamadaya, a souvenir shop in Hiroshima (Lufi Wahidati, 2018).