

Japanese Inbound & Outbound Travel Market Update

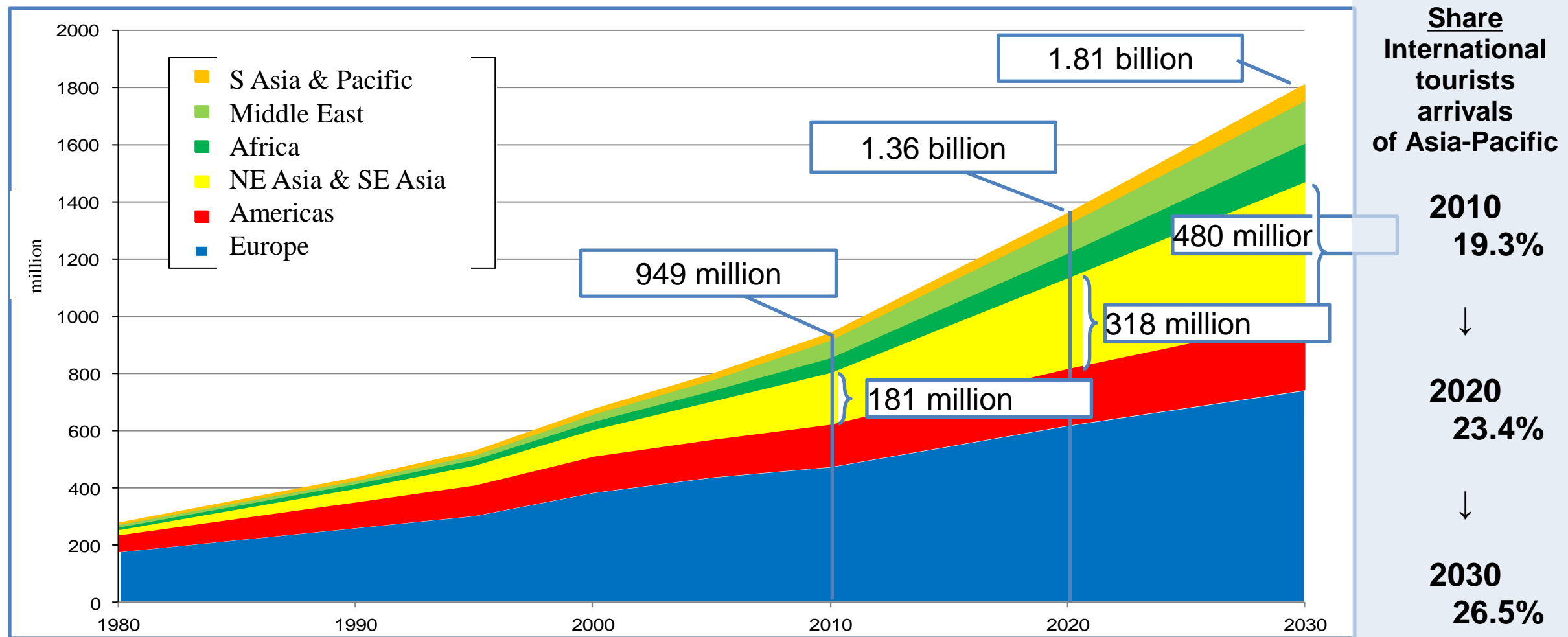
Japan Association of Travel Agents
May 2017

Global Trend (results)

- International Tourists Arrival: 1,235 million
- Average Annual Growth Rate: 3.9% (2005-2016)
- By Region

| | | |
|-------------------------------|--------------|-----------|
| Europe | 620 M | 2% |
| Asia & the Pacific | 300 M | 8% |
| Americas | 200 M | 4% |
| Africa | 58 M | 8% |
| Middle East | 54 M | 4% |

Global Trend (forecast)

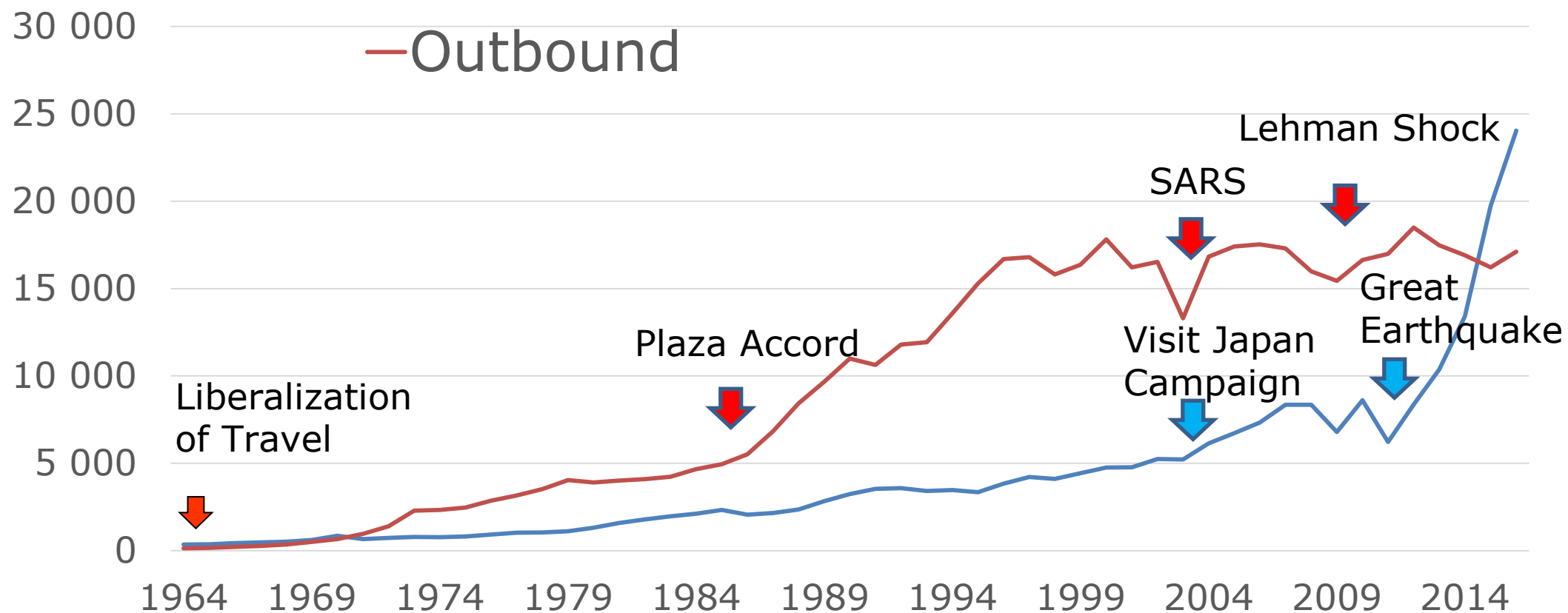


Japanese Inbound & Outbound Travel

(Unit: Thousand)

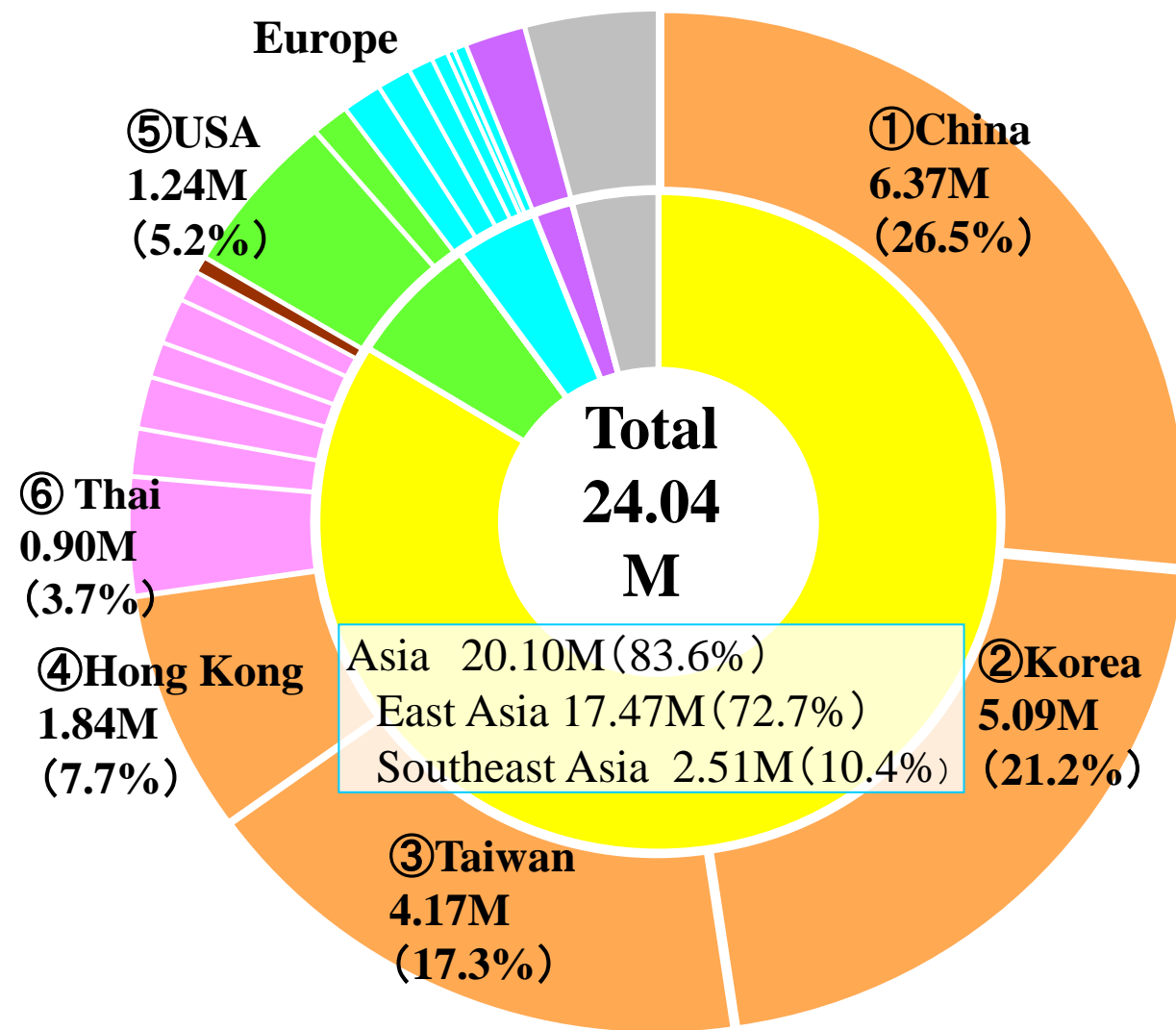
— Inbound

— Outbound



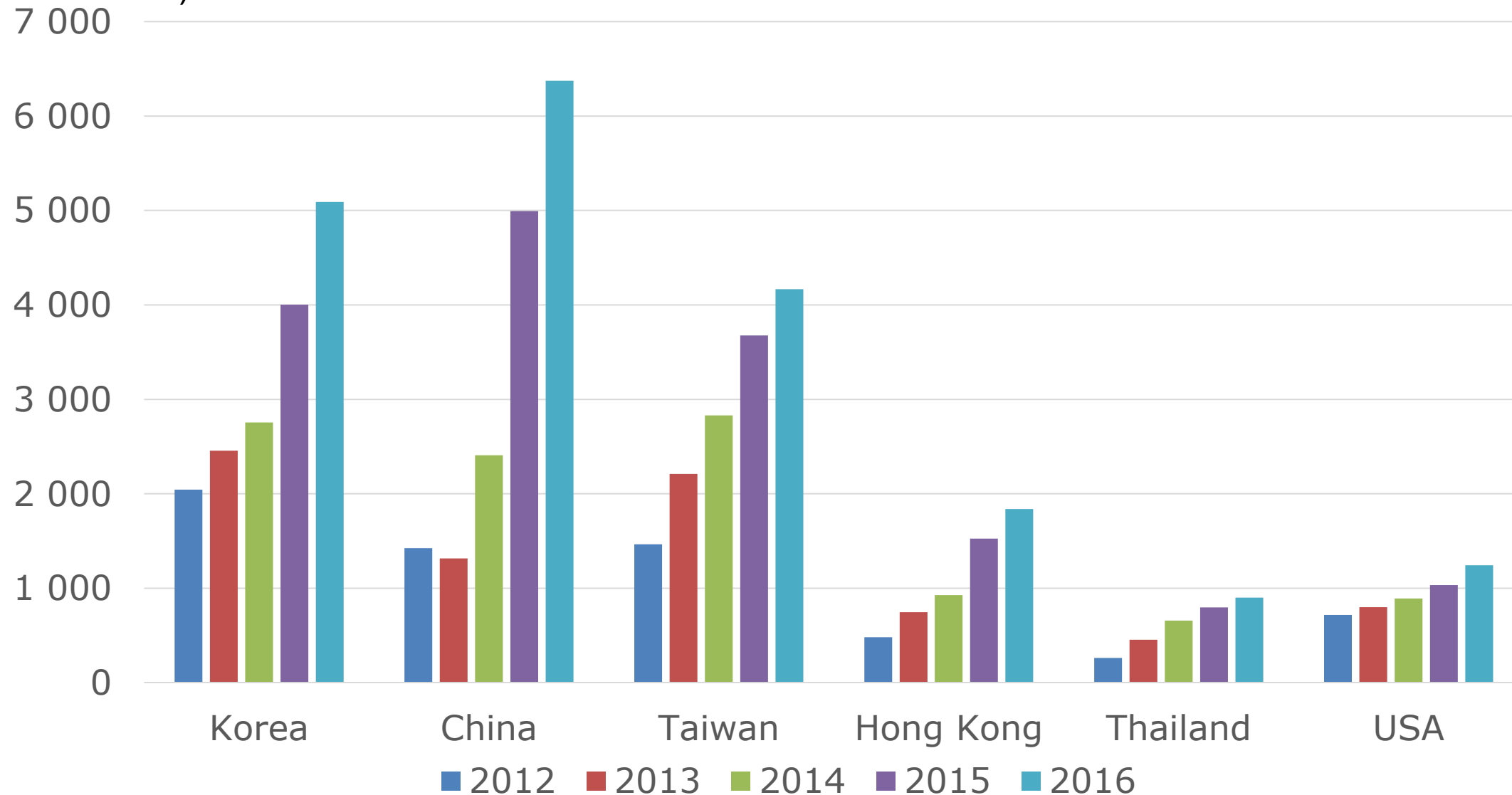
Source: JNTO

Japan's Inbound by Nationals (2016)

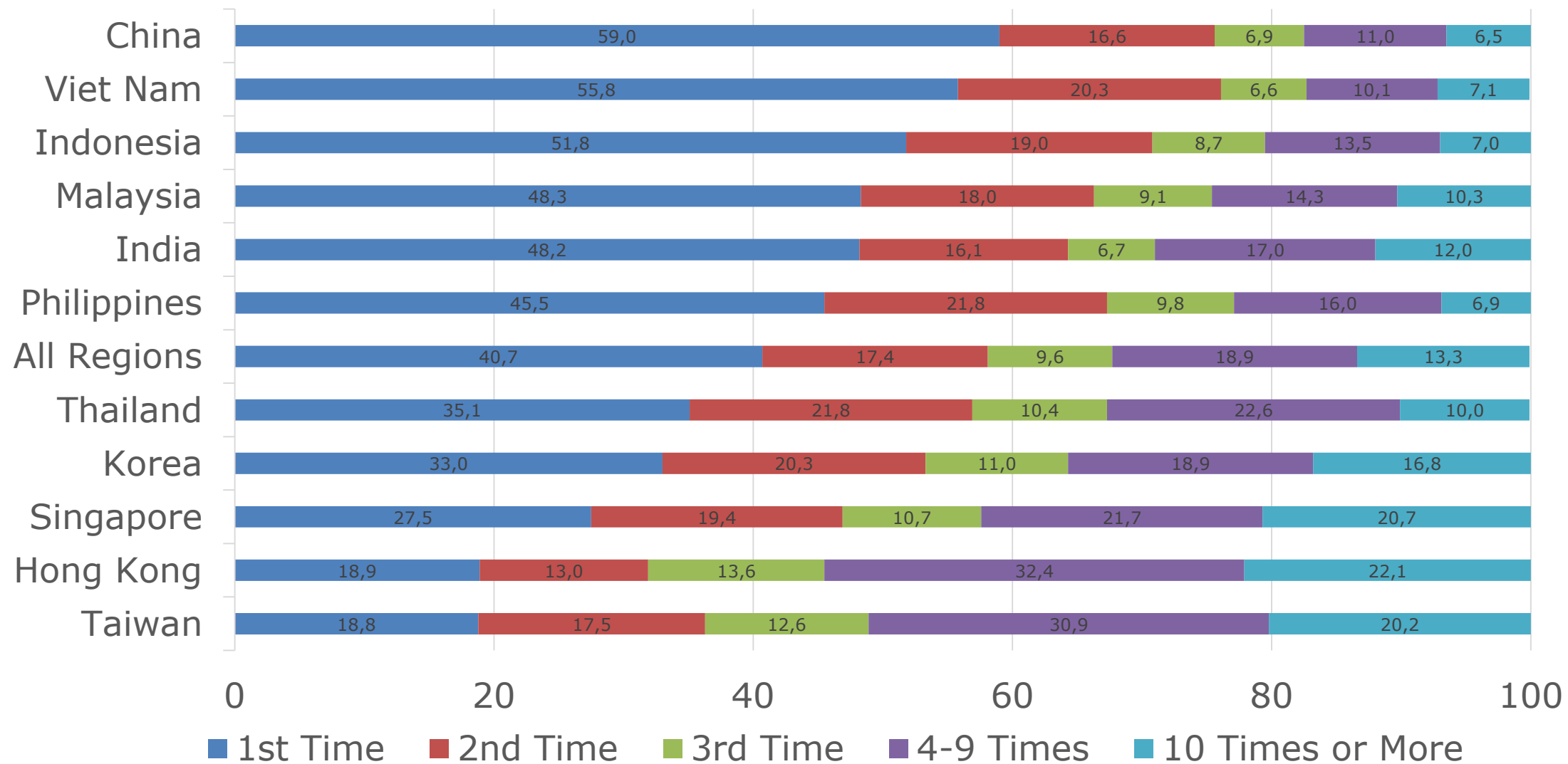


Japan's Inbound by Nationals (2016)

(Unit: Thousand)



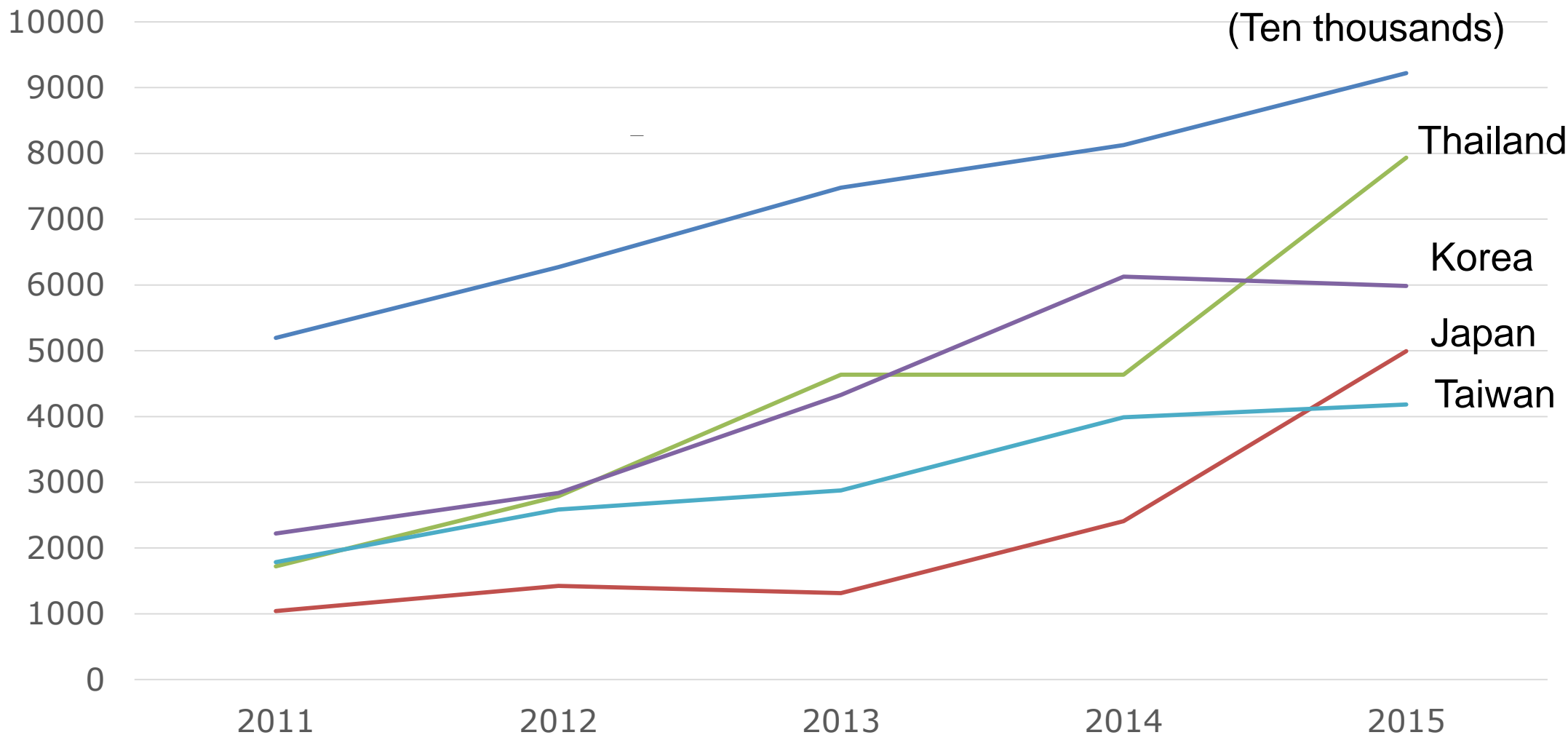
Number of Visits by Nationals



Chinese Outbound Travel 2011-2015

(Unit: Thousand)

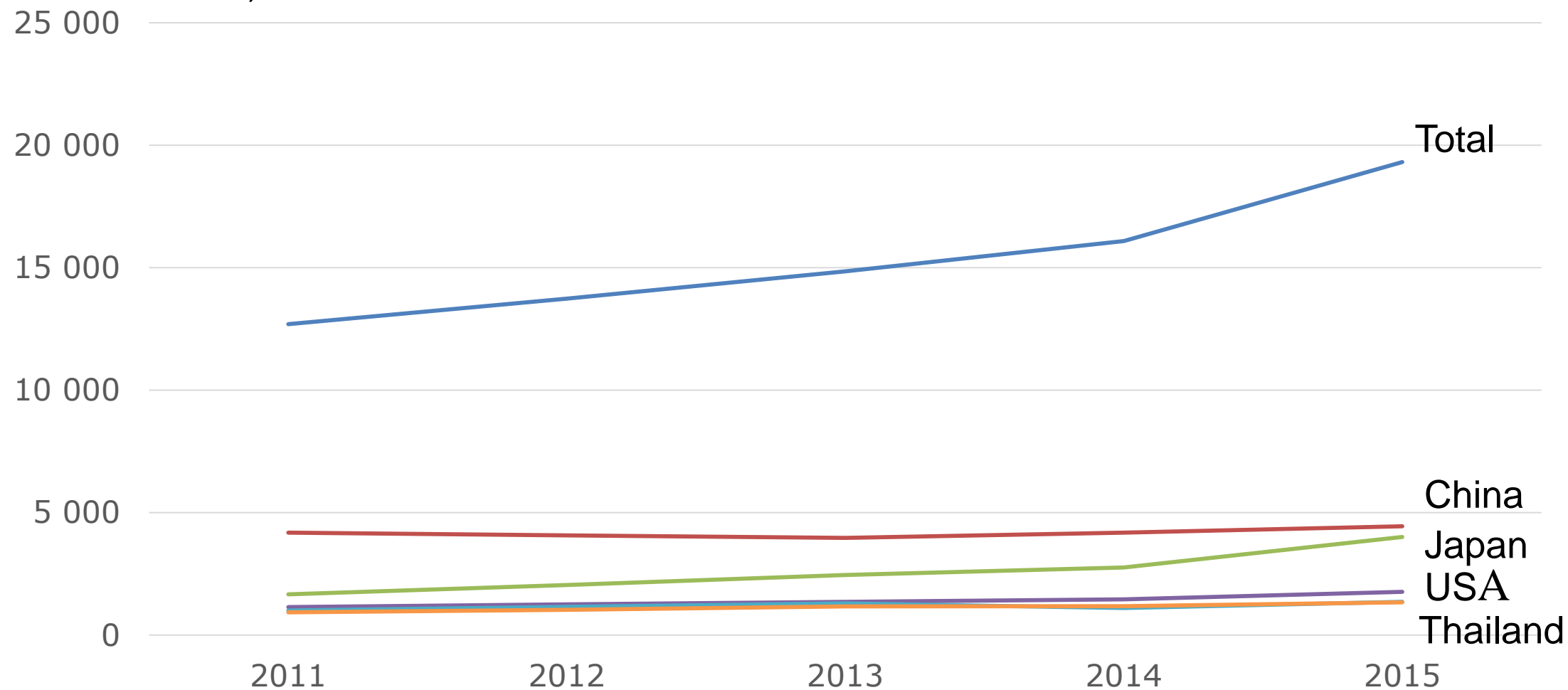
Total excl. HK & Macau
(Ten thousands)



Source: UNWTO

Korean Outbound Travel 2011-2015

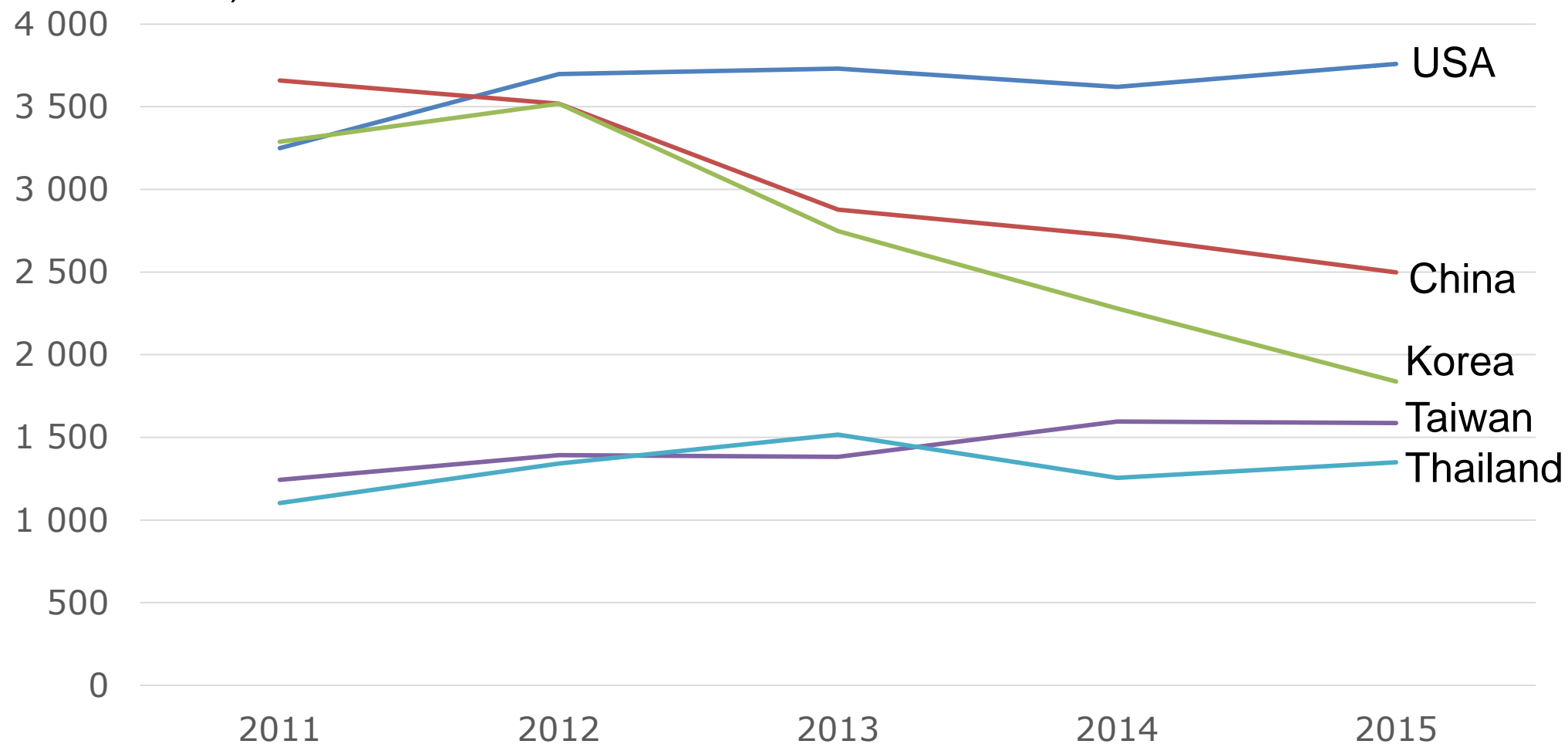
(Unit: Thousand)



Source: UNWTO

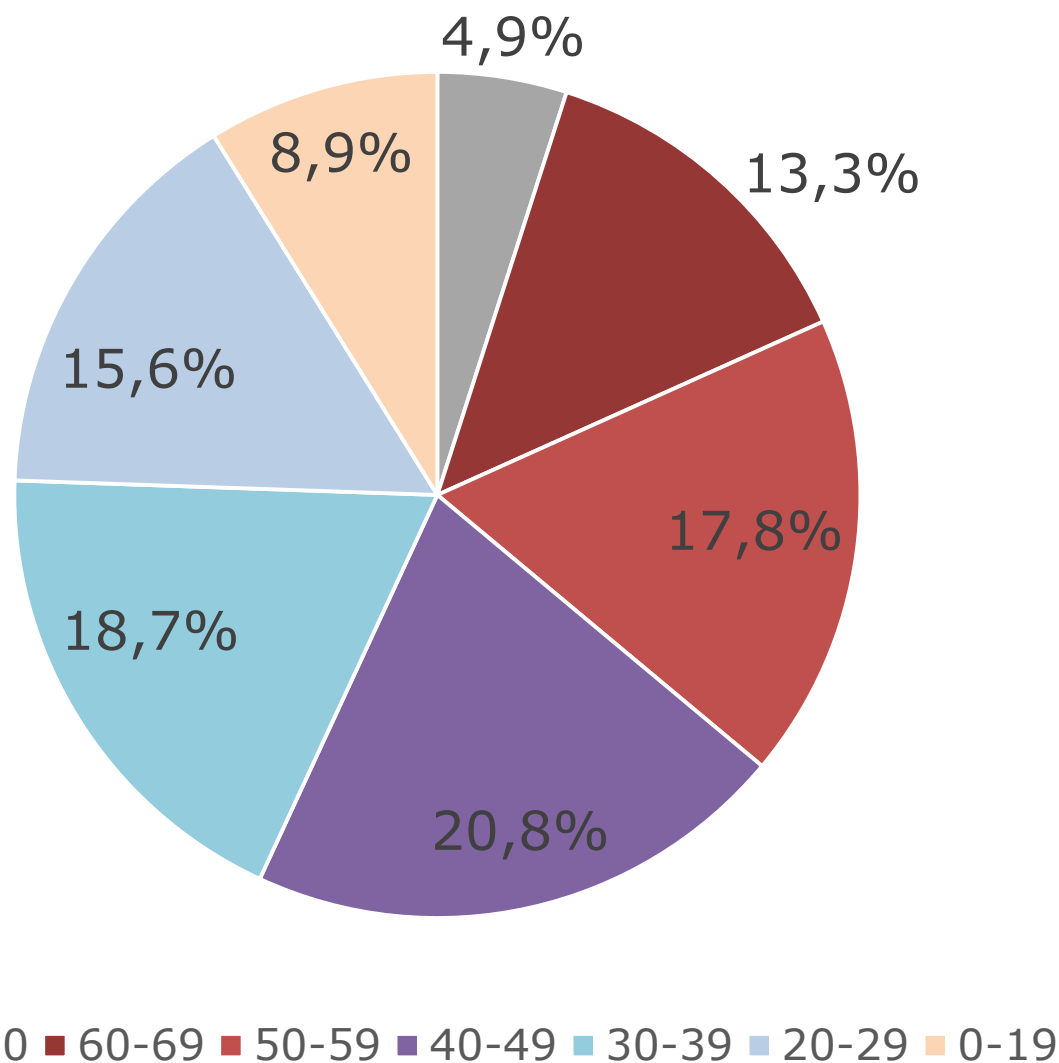
Japanese Outbound Travel 2011-2015

(Unit: Thousand)



Source: UNWTO

Japanese Outbound Travel by Age (2015)



[Share of Seniors]

- NZ (47%)
- Canada (35%)
- Spain (34%)
- ME, Africa (30%)

[Share of Repeaters]

- 2-3 times (12%)
- 4-5 times (12%)
- 6-9 times (16%)
- 10-19 times (24%)
- ≥20 times (30%)

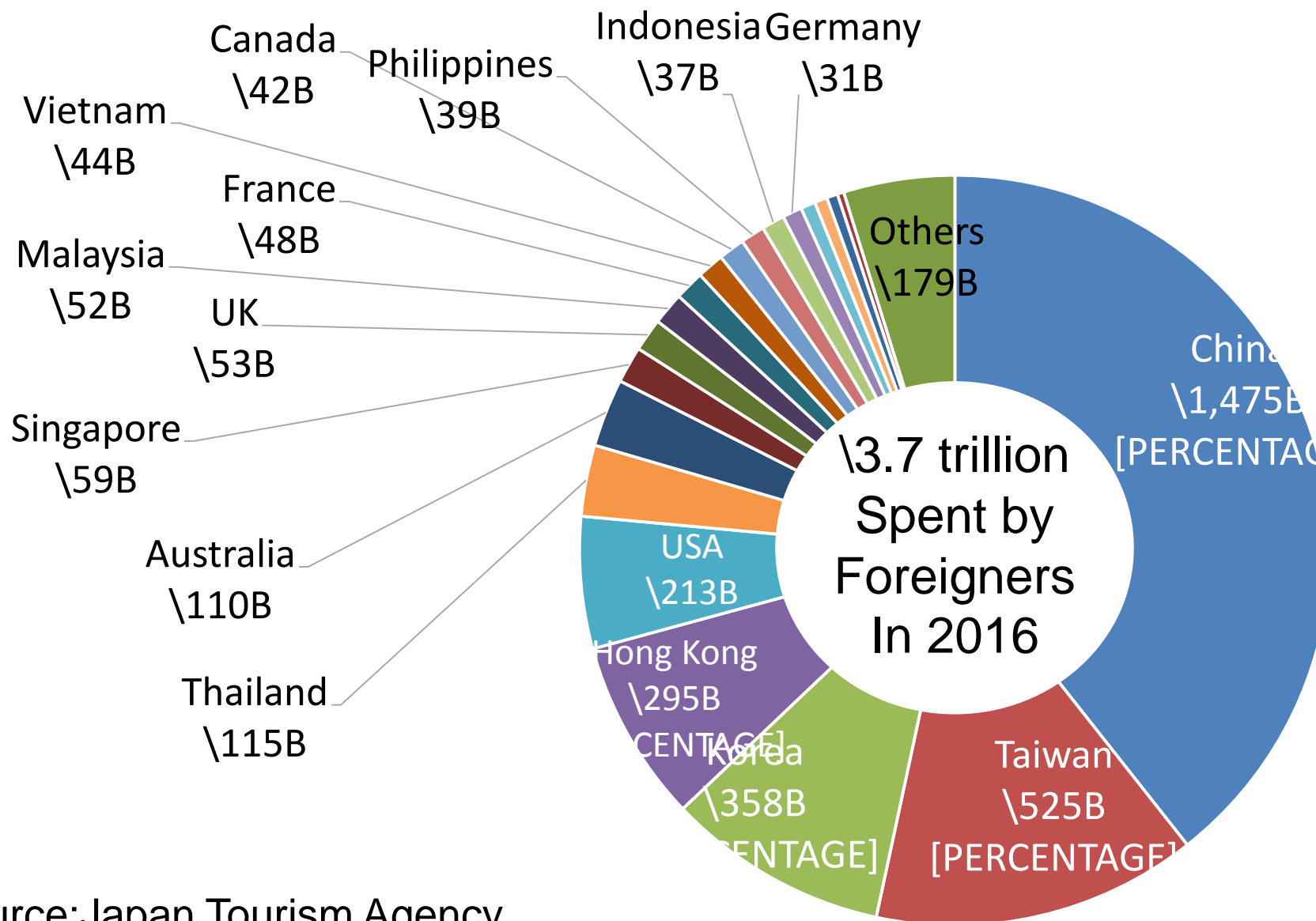
Liberalization of Travel

- 1964 Japanese overseas travel was liberalized.
 - 1987 “Ten-million plan” to send 10 million to abroad.
 - 1990 Outbound exceeded 10 million.
 - 2000 Group tourist visa for Chinese.
 - 2003 “Visit Japan Campaign” to promote inbound tourism.
 - 2009 Individual tourist visa for Chinese
 - 2013 Visa waiver for Thai & Malaysian
 - 2014 Visa waiver for Indonesian with IC passport
- ※ Most nationals from Asia, Europe & Americas are visa-free.

Relaxation of Tax for Tourists

- 2014 • Consumption tax exempted for consumable products.
 - Downtown duty-free shop opened in Tokyo, Fukuoka.
- 2016 • Minimum purchase for consumption tax exemption $\geq \text{¥}10,000 \rightarrow \geq \text{¥}5,000$.
- 2017 • Duty-free at arrival airport
 - About 40,000 tax-free shops around Japan
 - Another downtown duty-free shop opened in Tokyo.

Consumption by Foreigners



Source: Japan Tourism Agency

Per Capita Spending in JPY and in Local Currency

| | In JPY | YoY | In Local | YoY |
|-------------|---------|---------------|------------|--------------|
| China | 231,504 | -18.4% | RMB14,276 | -1.6% |
| Taiwan | 125,854 | -11.1% | TWD37,585 | 1.6% |
| Korea | 70,281 | -6.5% | KRW755,706 | 8.3% |
| Hong Kong | 160,230 | -7.0% | HKD11,517 | 4.4% |
| USA | 171,418 | -2.4% | USD1,587 | 9.4% |
| All regions | 155,896 | -11.5% | USD1,443 | -0.2% |

Source: Japan Tourism Agency

From Shopping to Experiencing?



Consumption Trends

[All Nationalities]

- Shopping (38%), Hotels (27%), Food (20%), Transport (11%)

[Country Specific]

- China: Shopping (53%), Hotels (19%), Food (17%)

- Korea: Shopping (28%), Hotels (31%), Food (25%)

- Taiwan: Shopping (37%), Hotels (27%), Food (21%)

- USA: Shopping (15%), Hotels (41%), Food (24%)

- UK: Shopping (13%), Hotels (44%), Food (23%)

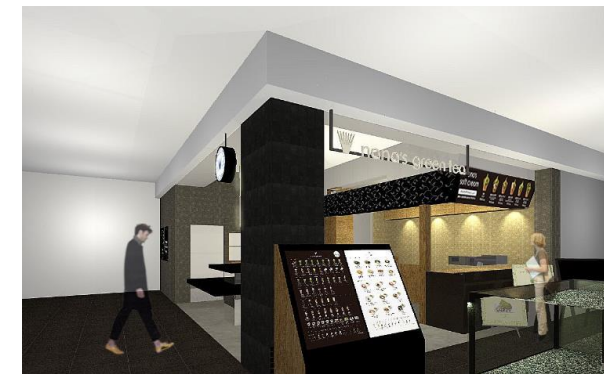
[Per Capita]

Australia (\246,866), China (\231,504), Spain (\224,072), Italy (\198,000),
France (\189,006), Vietnam (\186,138)

Airport Concessions



Local Specialty Restaurant

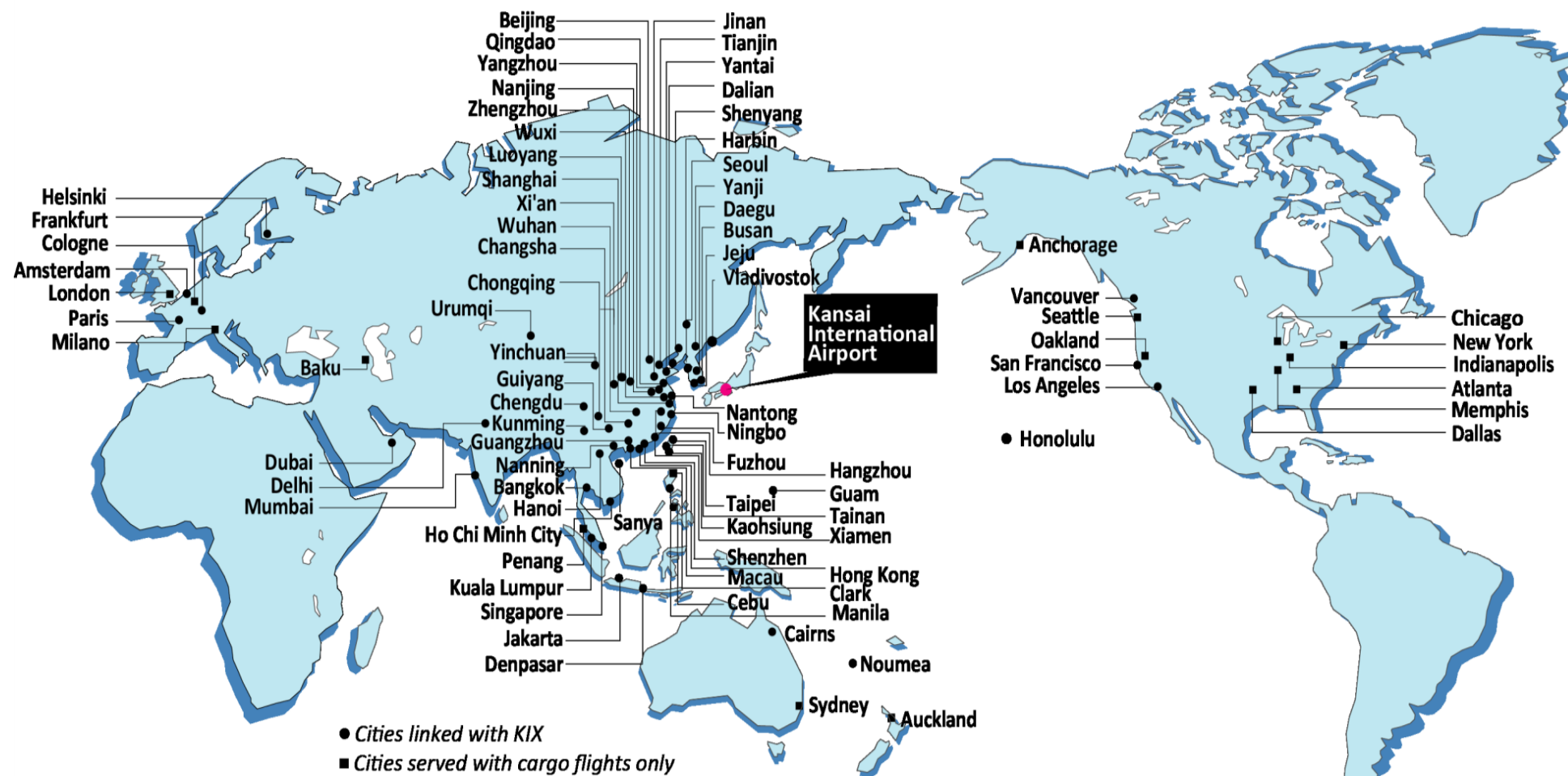


Walk-through Duty-free in KIX



KIX Network in IATA 2017 Summer

Connected with 32 cities(!) in mainland China

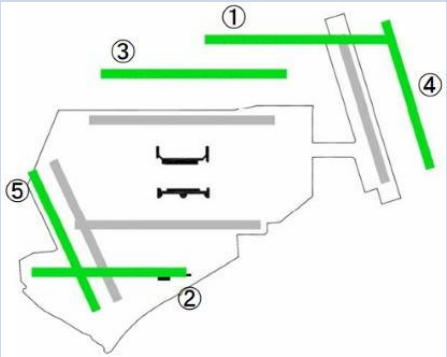
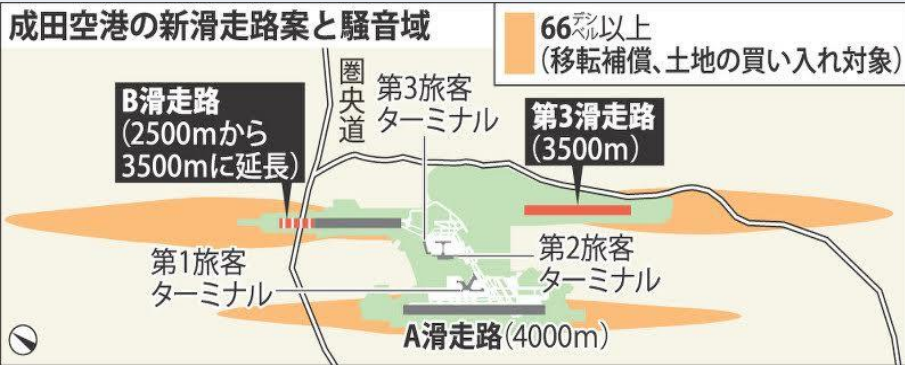


Source: Kansai Airports

Government's Goals for Tourism (March 2016)

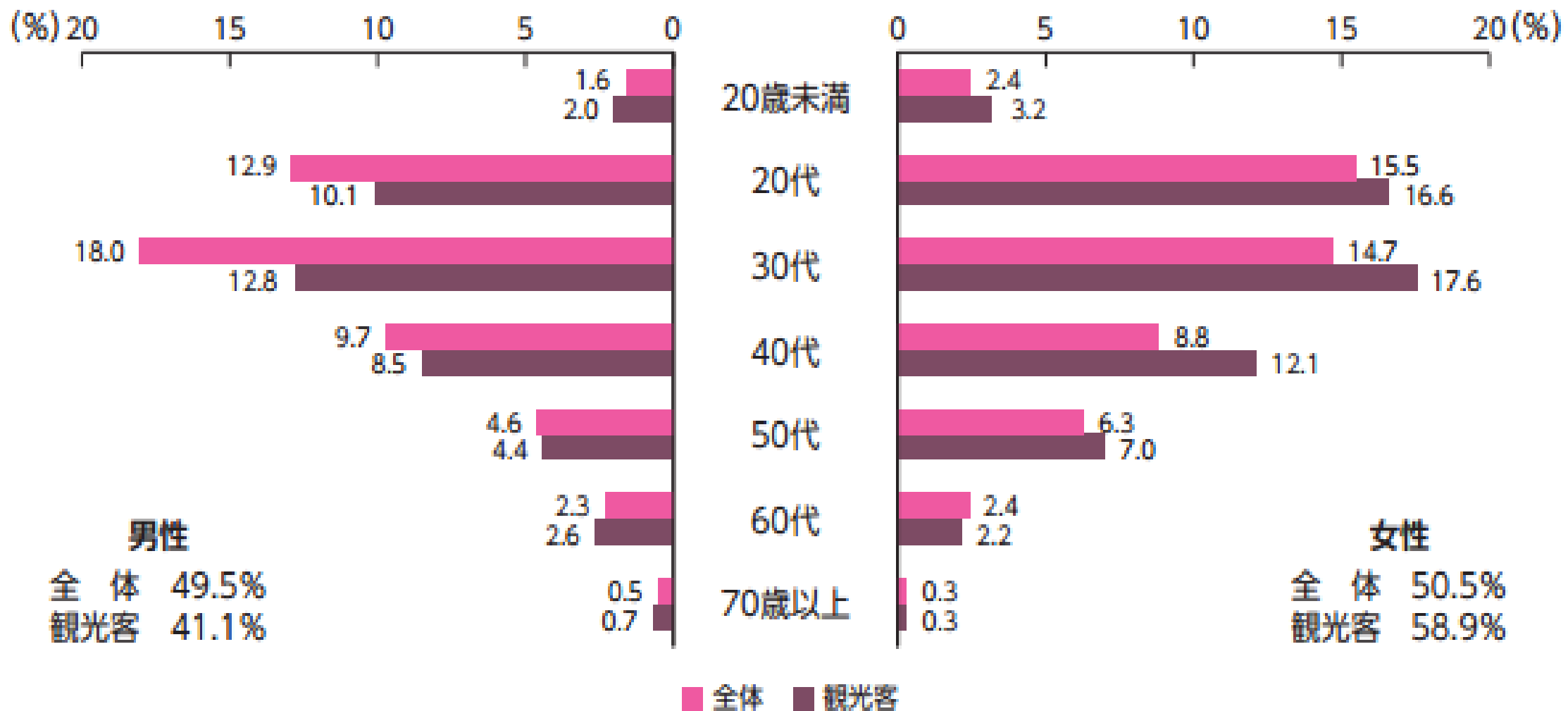
| | 2015 | 2020 | 2030 |
|---------------------------|--------|------|------|
| Inbound arrivals | 19.7M | 40M | 60M |
| Consumption by foreigners | \3.5T | \8T | \15T |
| Stays in regional areas | 28.2M | 70M | 130M |
| Foreign repeaters | 11.6M | 24M | 36M |
| Consumption by Japanese | \20.4T | \21T | \22T |

Metropolitan Airports' Expansion Plan

| | By 2020 | Beyond 2020 |
|--------|--|--|
| Haneda | Runway Capacity +13 thousand/yr. | New Runway  |
| | Flight Route +23~26 thousand/yr. | |
| Narita | Air Traffic Control +20 thousand/yr. | Runway Extension New Runway  |
| | High-speed Exit Taxiway +20 thousand/yr. | |
| | Shorter Night Curfew +a | |
| Total | 750 thousand/yr. + 80 thousand/yr. ⇒ Additional 220 slots/day | |



訪日中国人の年齢・性別構成



出典：観光庁「訪日外国人消費動向調査（平成26年）」に基づき日本政府観光局（JNTO）が作成