

JAPAN ENJOYING AN ECONOMIC BOOST DUE TO TOURISM



Just when you thought Japan's economy would remain stagnant as it has been for decades, tourism came in and injected some life to it. With numerous tourism sites dotting Japan, tourists flocking the nation to have an experience of what Japan has to offer have greatly been instrumental in the economic boost.

Foreign visitors' spending in Japan skyrocketed to an all-time high in what may be the past two decades. This ultra-high spending has added about 0.1 percent points to the gross domestic product. If you think the change is small, then re-think. For an economy that has been crippled to dormancy for a very long time, a positive change of 0.1% in GDP is not a small achievement!

According to Yuichi Kodama, who is an economist at Tokyo's Meiji Yasuda Life Insurance, **Japan can effectively seep into the rising purchasing power of the Asian market through foreign tourism.** He attributes this to the declining local population that has led to a decrease in the domestic demand. Thus, the domestic market cannot be looked up to for substantial economic gain.

The economic boost from tourism in Japan has been influenced by two major factors – China and the dwindling Yen.

There was a Chinese tourist inrush of about 113% from the previous year translating to over 400,000 visits in April. Based on the data of the Japan National Tourism Organization this was the largest group of the record 1.8 million international visits that Japan welcomed in April. Also, the Cabinet Office data showed that the overall spending by all tourists increased to 551.2 billion Yen (\$4.6 billion). **Close to 174 million Chinese visitors are estimated, by Bank of America Merrill Lynch, to spend \$264 billion on visits to Japan by 2019.**

The Yen has also been a contributing factor in the lately experienced economic boost. Over the past three years, the Yen has depreciated by over 33% against the dollar. This has ultimately provided leverage for the smart U.S. tourist to visit Japan and get the most value for their money therefore, boosting Japan's economy.

Date: 2015-05-25

Article link:

<http://www.tourism-review.com/tourism-helping-the-stagnant-japanese-economy-news4568>