

**CHINA-JAPAN TOURISM EXCHANGES:
A SPOTLIGHT IN BILATERAL
RELATIONS**

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Executive Summary

1. Despite bilateral diplomatic and political tensions from time to time, Chinese visitors to Japan surged to 6.4 million, accounting for 27% of Japan's total visitor arrivals in 2016 and surpassing South Korea's 21% and Taiwan's 17%.
2. With more inbound tourists, Japan's inbound tourism receipts had doubled from US\$12,438 million in 2005 to US\$24,983 million in 2015, making Japan the fifth largest tourism destination in East Asia. Forty-one per cent of Japan's inbound tourism consumption in 2015 was contributed by China.
3. A weak Japanese yen, the rise of budget airlines, China's gradual easing of outbound tourism, Japan's visa deregulation and the growing Chinese middle class are reasons for the quick growth of Chinese tourists to Japan in the recent years.
4. Japan also became an alternative destination for Chinese shoppers after growing local discontent with mainland visitors in Hong Kong. In 2015, 57% of Chinese tourist spending was in shopping which accounted for 56% of total foreign tourists' spending in Japan.
5. The Chinese tourists to Japan are mostly the young middle class living in big cities. In 2015, the Chinese female and independent travellers outnumbered the male and group travellers. Thirty-seven per cent were repeat travellers.
6. Unlike the growing number of Chinese tourists to Japan, Japanese visitors to China dropped from 3.7 million in 2011 to less than 2.5 million in 2015. Japan's declining investment in China, its stagnant economy and weaker yen were factors.
7. Despite the relatively insignificant number of Japanese tourists, Japan remains China's third largest source of inbound tourism, after Taiwan and South Korea (excluding Hong Kong and Macao tourists) in 2015. For Japan, China was the second largest outbound tourism destination after the United States in 2014.

8. The growing number of Chinese tourists showed that many Chinese are not anti-Japan in spite of the long-term patriotic education in China. Many Chinese travellers considered Japan as the most hospitable country and a “must visit country” in their lifetime according to a survey.
9. The growing bilateral tensions might have discouraged the Japanese from visiting China in addition to the economic factors. Japan’s official survey in 2016 showed that 80.5% of Japanese felt that China was “unfriendly”, a clear rise from 48.1% in 2002.
10. The Abe administration has set a target of 40 million visitors in 2020 and 60 million in 2030. The smooth relations with China remain vital for Japan to maintain a steady growth of inbound tourists in the future. However, the reliance on Chinese tourists could leave Japan’s tourism industry vulnerable to China’s economic and political changes.