

## Inbound tourism consumption contributed to turn “Travel Balance” in surplus

The “travel balance” is the difference between the dollar amount Japanese tourists spent abroad and that spent by visitors to Japan. This is included as an item in the balance of services and the Ministry of Finance Japan reports it in the balance of payments every month. The amount of consumption expenditures by foreign visitors, called “Inbound tourism consumption” leads to travel balance surplus these days.

### Point 1

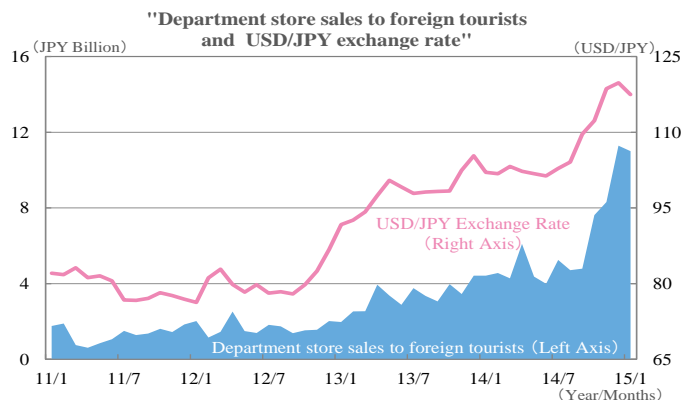
**December “Travel Balance” recorded three consecutive months surplus Turned to surplus last April for the first time in almost 44 years thanks to increase in foreign visitors to Japan**

- Traditionally, Japanese travel balance has been in deficit for a long time due to vigorous expenditures by Japanese overseas travelers. However, thanks to the weaker Yen, both of the number of foreign tourists and their consumption expenditure in Japan are recently rapidly increasing. The monthly “Travel Balance” turned to surplus for the first time in almost 44 years last April and keeps the surplus after October as the deficit was only 3 months of the 9 months until December.
- The “Travel Balance” surplus is expected to continue for 2015 full year due to increase in “inbound tourism consumption” as the number of foreign visitors is likely to grow further.

### Point 2

**Foreign tourists number increased by nearly 30% y-o-y Department store sales of “Inbound tourism consumption” expanded by 2.5 times**

- The number of foreign visitors to Japan increased by 29% y-o-y to 13.41 million in 2014. It continues favorably growing from last year and rose by 29% y-o-y in January. In addition to weakening Yen, this resulted from several government’s measures to increase foreign tourists visiting Japan such as relaxation of visa issuing rules, expansion of duty free item range, and “Visit Japan” promotion advertisement to overseas countries.



(Note) Data Period: Department store sales is from Jan. 2011 to Jan. 2014.  
USD/JPY exchange rate is from Jan. 2011 to Jan. 2015 using month end closing price.  
(Source) SMAM, based on Bloomberg L.P. and the Japan Department Store Association data

- Department stores is the most benefited sector from the increase in “Inbound tourism consumption”. According to the report by the Japan Department Stores Association as of February 19, January general merchandise sales to foreign tourists (excluding consumer expendables newly listed as duty free items in October 2014) expanded by 2.5 times y-o-y to approximately JPY11billion. The sales of luxury brand goods and women’s clothes performed well.

## Aiming to increase foreign visitors to 20million and spread the benefit to regional economy

### ■ Increase in production and employment expected

The government has set a goal to double the number of foreign tourists in Japan to 20 million by 2020 when the Tokyo Olympic Games is held, compared with that in 2013. The increase in foreign visitors to Japan could benefit to not only boost consumption expenditures but also grow Japanese economy as the increase in demand stimulates production and employment.

### ■ Ripple effect of consumption at tourists spots in regional areas is anticipated

The net surplus of “Travel Balance” in 2014 accounts for only 0.7% of the total consumption in Japan. However, this gives relatively large impact on the consumer expenditures for regional economy such as local sightseeing places and the contribution to the consumption by foreign tourists is highly desirable to boost the regional economy. We should keep an eye whether the surplus in “travel balance” can be sustainable, going forward.

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