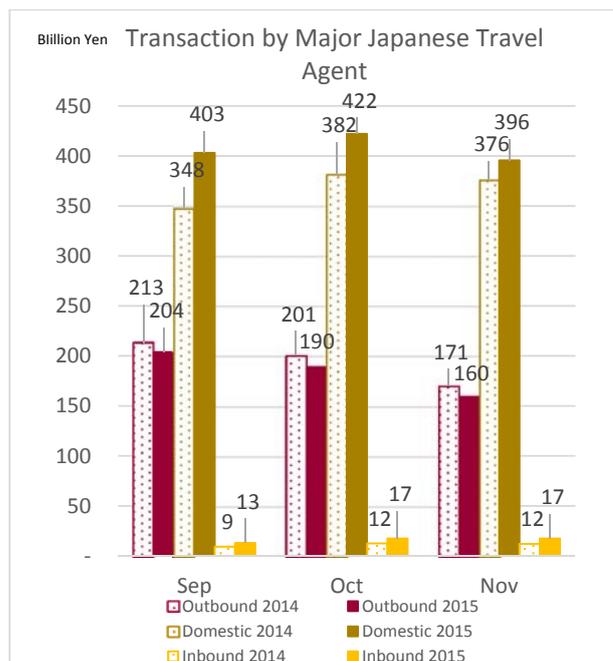
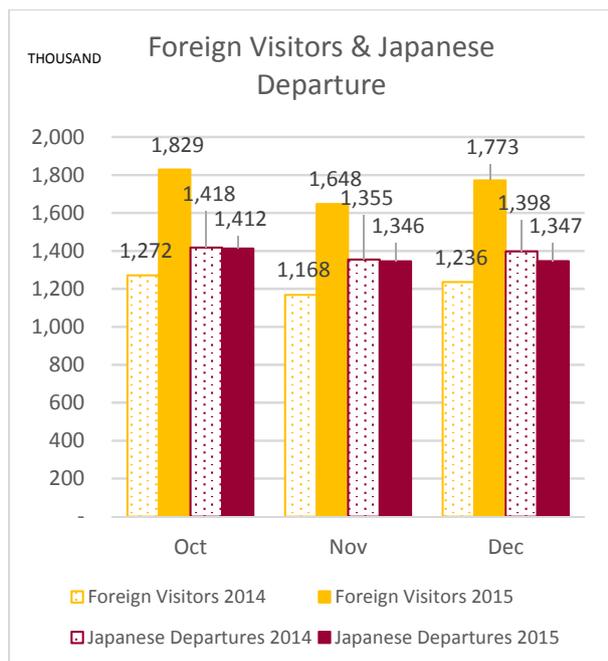


Japan Travel Market & JATA Activity Update

Quarterly Report, October-December 2015 Issue

1. DATA



Foreign Visitors & Japanese Departure

International arrivals in Japan in October were 43.8% over the same period last year, reaching 1.829 million. Following July's 1.918 million foreign arrivals, the number is the second highest ever monthly result. The number of inbound tourists grew by 41.0% up to 1.648 million in November and by 43.4% up to 1.773 million in December. The number of Japanese who traveled abroad fell by 0.4% in October, 1.2% in November and 3.7% in December.

Transaction by Major Japanese Travel Agent

Compared to the same period of last year, the outbound travel continued to slide down. Sales were down by 4.3% in September, 5.5% in October and 6.0% in November. On the other hand, the foreign visitor arrivals continued to increase, growing by 37.9% in September, 39.3% in October and 44.7% in November. Domestic travel continued the upward trend in all three months.

2015 Overview

According to the data published by the Japan National Tourism Organization(JNTO), the number of foreigners who visited Japan in 2015 grew by 47.1%, reaching 19.737 million, the highest ever number since 1964 when JNTO began compiling statistical data. The number exceeds that of the previous year's record of 13.413 million (2014) by more than 6 million and for the first time since 1970, foreign visitors surpassed Japanese outbound travelers.

China became the largest source market for the first time with 4.99 million Chinese visiting Japan (107.3% growth over the previous year).

The increase of cruise tours, expansion of flight networks, lower fuel surcharges, and continuous tourism promotion are major factors for the increase in travel demand. Their effect has been magnified by additional factors like the established image of Japan as a good value-for-money destination, visa deregulations, expansion of the tax-free system, etc.

2. MARKET TRENDS & TOPICS

Outbound

Market

The sales by major travel agencies decreased by 4.3% in September, 5.5% in October and 6.0% in November on year-on-year basis. The drop of sales of tours to Europe was the most noticeable and under the influence of the weak yen, overseas travel continued to decline. In September, however, there was an improvement over August (13.6% decrease on year-on-year basis) resulting from the larger number of travelers during the five successive holidays of the Golden week.

Inbound

Market

The major travel agencies reported a 37.9% increase in September, 39.3% more visitors in October and 44.7% more arrivals in November. The visitors from South-East Asian visa waiver countries continued to increase.

Domestic

Market

Sales of domestic tours by major travel agencies continued to grow, increasing by 16.0% in September, 10.7% in October, and 5.2% in November. Thanks to the Silver week in September sales in September were good. During the three months, Kansai and Hokuriku were popular, with the latter's popularity sustained by the operations of Hokuriku Shinkansen.

JATA Activity



The promotional video features the Japanese music dance group WORLD ORDER. While the 2014 commercial was produced in Hokuriku, which attracted attention with the extension of the Hokuriku Shinkansen tracks, the 2015 year's commercial is staged in Kyushu in April and in Tohoku in July. The performance of WORLD ORDER appeals to young Japanese who are not interested in travel by promoting the beauty of Japan and conveying the fun of "Enjoying Japan to the full" The campaign will continuously increase the appeal to its target audiences.



<http://asobitsukuse.jp/>

3. HOT NEWS

New Year's Greeting of JATA Chairman Hiromi Tagawa "2016 –the Renaissance Year of Overseas Travel"

I wish you all a very Happy New Year!

Last year marked a point in Japan's inbound travel history as, for the first time in 45 years, the number of foreign visitors exceeded that of outbound travelers. Visitor spending overpassed the 2.278 trillion yen generated in 2013, which was considered the highest ever, and is expected to rise high above the three trillion level, making the travel industry in a manner of speaking a big export industry in Japan.

The international human exchange in 2030 is expected to grow up to 1.8 billion people and the Japanese tourism industry has to determine its direction and goals with that number in mind.

The Rio de Janeiro Olympics will be held this year and, at the closing of the games, Tokyo and Japan will come under the spotlight as the host of the next games. Therefore, this year will highlight the increasing significance of tourism and, even more importantly, its development after 2020.

For JATA, 2016 is the year of the "renaissance of overseas travel." Stimulating market demand so that we can reach the goal of 20 million overseas travelers, nurturing a robust market, and expanding mutual travel exchange are the steps which will take us to the establishment of a leading nation based on various exchanges. Through strengthening the relations with local regions we will work for the revitalization of domestic travel, and in the 6th year after the Great East Japan Earthquake and Tsunami, will continue to support the recovery of Tohoku through exchange with the people of the region. As for inbound travel, our goals for the stage following the 20 million target are to not only increase the number of overseas visitors but also to improve the quality of tour products and ensure safe and trouble-free tours for the tourists coming to Japan. In addition, we will continue the realization of the three-pillar – inbound, outbound and domestic travel – policy which JATA published in 2015.

Last year, Japan became a member of the UNWTO Executive Council. From the position of a private-sector organization, JATA will support the endeavor of the country to become a leader in the field of international tourism through, among other activities, education of human resources that can work on the preservation of cultural heritage through tourism. JATA will continue to participate in the projects of UNWTO that aim at ensuring and enhancing the compatibility between cultural heritage and tourism.

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After a new beginning, Tourism EXPO Japan, which has become symbolic of JATA's activities, has entered the year of the "jump" from the "hop, step, jump" three-year period. In terms of both BtoB and BtoC promotion, the event is a huge stage from which we can popularize the power and the great possibilities of tourism and JATA will continue to make the presence of Japanese tourism known domestically and overseas.

This year again, we will be grateful for your understanding and support for our endeavors.

Exchange Group for Culture, Economy and Tourism of 1,100 People Visit Indonesia Events Include Evening of Exchange, Symposium, and Business Meeting

The Japan-Indonesia Exchange Group for Culture, Economy and Tourism visited Indonesia Late November, led by Toshihiro Nikai, head of the Japan-Indonesia parliamentary Friendship league (also chairman of the liberal Democratic Party's General Council, member of the House of Representatives, chairman of All Nippon Travel Agents Association).

The exchange group was made up of 1,100 people including 17 diet members along with Chairman Nikai, government officials local government officials including three prefectural governors from Yamanashi, Ehime, and Kochi, travel industry officials, representatives of the economic and industrial world including Keidanren (Japan Business Federation), and travel and tourism industry personal. As part of the visit to Indonesia, events held at the destination included the Evening of Exchange with the Exchanges Group for Culture, Economy and Tourism, the Symposium on Expansion of Japan-Indonesia Tourism Exchange and the Business Meeting on Inbound Travel to Japan.

This visit to Indonesia by the exchange group aimed to further promote mutual exchanges between Japan and Indonesia in response to the Indonesia government's introduction of visa exemptions for Japanese people visiting Indonesia for tourism purposes starting in June this year.

At the Evening of Exchange held at Hotel Mulia Senayan in Jakarta on November 23, there were approximately 1,300 participants including political and economic representatives of the two countries. Indonesian President Joko Widodo and Chairman Toshihiro Nikai entered the venue together and announced their strong commitment to further promotion of mutual exchanges between Japan and Indonesia from their respective standpoints.

Memrandum of Understanding Signed with UZBEKTOURISM Aim's at Expanding the Bilateral Tourism Exchange



The chairman of JATA Mr. Hiromi Tagawa, signed a Memorandum of Understanding in Tashkent, on October 25th. Mr. Farrukh Rizaev, Chairman of National company "UZBEKTOURISM" signed the memorandum on behalf of his company. The memorandum is aimed at expanding the mutual exchange between the two countries.

The signing ceremony was held at the Business Forum hosted by the Japan External Trade Organization (JETRO) and Japan-Uzbekistan Economic Committee attended by 100 Japanese and

200 Uzbek representatives. The forum was attended by Prime Minister Shinzo Abe who was on an official visit to Uzbekistan at the time.

The fifteen representatives of Japanese businesses and universities who accompanied Mr. Abe during his visit, delivered presentations on development of infrastructure, natural resources, and industrial cooperation. Mr. Tagawa made a presentation on the topic “Development of Travel and Tourism.”

Mr. Tagawa revealed plans for charter flights to the Old City of Samarkand known as a world heritage site. Scheduled for April 2016, the flights will be utilized in new tour products created under the theme “Experience.” The theme is indicative of the innovative approach to the matured Japanese overseas travel market, based on developing brand new tours. Chairman Tagawa called for the assistance of all related authorities and individuals in Uzbekistan.

TAT signed memoranda of understanding with JATA, JETRO, and TV Asahi



The Tourism Authority of Thailand (TATA) signed memoranda of understanding for mutual assistance with the Japan Association of Travel Agents (JATA), the Japan External Trade Organization (JETRO), and TV Asahi on November 27th, 2015. In order to achieve the goal of 2 million Japanese visitors by 2020, TAT set forth the intent to exchange information and establish cooperative partnerships with the members of JATA.

JETRO Bangkok has pointed out that with the sharp increase of the Thai visitors to Japan, it is necessary to attract investments by Thai travel industry players. TV Asahi has revealed intentions to collaborate with the Thai government and through the creation of TV

programs on travel between Japan and Thailand and travel promotion events will work to contribute to the expansion of the travel exchange between the two countries.

30th Japan-Korea Tourism Council held in Pyeongchang-gun



30th Japan-Korea Tourism Council was held in Pyeongchang-gun, Gangwon-do, Republic of Korea on December 3rd, 2015. Twenty six Japanese and twenty eight Korean representatives attended the meeting. The council, which works for the Japan-Korea travel and tourism exchange, is held regularly and attended by executive level representatives of national tourism agencies, tourism-related authorities, and the private sector of the travel industry. 2015 marked the 50th anniversary of the normalization of the bilateral relations between the two countries. It was designated as the year for “Expansion of the

travel exchange between Japan and the Republic of Korea” and a number of projects and activities were conducted on this purpose. On December 4th in Seoul, 118 Japanese and 200 Korean tourism-related professionals

took part in the “Japan-Korea Travel and Tourism Expansion Symposium.” Mr. Hiromi Tagawa, Chairman of JATA, and Mr. Yang, Moo Seung, Chairman of KATA, made presentations on the “Revitalization of the Travel and Tourism Exchange between Japan and Korea” as a step toward the “expansion of the travel exchange between the two countries.”

4. AROUND THE WORLD

The following is a list of courtesy calls to JATA from October to December 2015.

Mr. Hiran Cooray, former Chief Executive Officer of PATA, visited the Head Quarters of JATA on October 7th, Wednesday

https://www.jata-net.or.jp/about/jata/visit/2015/151007_pata.html#pata

Mr. Frank Kruppenbacher, Chairman, Greater Orlando Aviation Authority, and Ms. Victoria Jaramillo, Director of Marketing, Marketing & International Development, Greater Orlando Aviation Authority, USA, visited Mr. Tatsuro Nakamura, President of JATA, on October 9th, Friday

http://www.jata-net.or.jp/about/jata/visit/2015/151009_usa.html#usa

Mr. Earnest Wooden Jr., President and CEO, Los Angeles Tourism & Convention Board, visited Mr. Tatsuro Nakamura, President of JATA, on October 9th, Friday

http://www.jata-net.or.jp/about/jata/visit/2015/151009_usabis.html#usabis

Mr. Rodolfo Lopez-Negrette, General Director of the Mexico Tourism Board, visited Mr. Tatsuro Nakamura, President of JATA, on October 15, Thursday

http://www.jata-net.or.jp/about/jata/visit/2015/151015_mexico.html#mexico

H.E. Mr. Rufin Zomahoun, Ambassador of the Republic of Benin in Japan, and H.E. Mr. Francois Oubida, Ambassador of Burkina Faso in Japan, visited Mr. Tatsuro Nakamura, President of JATA, on October 15th, Thursday

http://www.jata-net.or.jp/about/jata/visit/2015/151015_benin.html#benin

Mr. Marcin Celejewski, Acting President of LOT POLISH AIRLINES, visited the Head Quarters of JATA on October 29th, Thursday

http://www.jata-net.or.jp/about/jata/visit/2015/151029_poland.html#poland

Mr. Fu Yingchun, President of Guizhou Tourism Association, China, visited Mr. Tatsuro Nakamura, President of JATA, on November 11th, Wednesday

http://www.jata-net.or.jp/about/jata/visit/2015/151111_china.html#china