

For Immediate Release

January 15, 2008  
(Translation of Japanese Release No.145)**Outlook for Travel Trends in 2008**

- **Overseas Travelers Will Increase Slightly Over 2007 (+0.1%) and Reach 17.35 Million. -**
- **Domestic Travelers to Increase Again (+0.5%) After Five Years to 316.1 Million. -**
- **Overseas Visitors to Rise 8.4%, Taking Them Over Nine Million for the First Time. -**

JTB Corp. has just released the results of a survey of travel trends for 2008. The survey covers all Japanese spending at least one night away from home (including business trips and visits to the family home) and overseas visitors to Japan, based on economic predictions, travel-related market research into consumer purchasing, and estimates of other travel-related trends. It is the 28<sup>th</sup> such survey since the first in 1981. The estimated scale of the travel market in 2008 is shown below.

**Table 1: Projections**

	Projections for 2008		Estimates for 2007		
	Numbers	% of prev. yr.	Numbers	% of prev. yr.	Initial Forecasts
Total Number of Travelers	333,450,000	100.5	331,870,000	99.7	337,900,000
Domestic Travelers	316,100,000	100.5	314,540,000	99.8	320,000,000
Overseas Travelers	17,350,000	100.1	17,330,000	98.9	17,900,000
Average Domestic Expenditure	¥34,700/\$315	100.2	¥34,620/\$315	99.6	¥34,800/\$316
Average Overseas Expenditure	¥307,000/\$2,791	100.5	¥305,600/\$2,778	102.8	¥299,000/\$2,718
Total Expenditure on Travel	¥16,300bn/\$148.2bn	100.7	¥16,190bn/\$147.2bn	100.1	¥16,490bn/\$149.9bn
Domestic Travel	¥10,970bn/\$99.7bn	100.7	¥10,890bn/\$99.0bn	99.4	¥11,140bn/\$101.3bn
Overseas Travel	¥5,330bn/\$48.5bn	100.6	¥5,300bn/\$48.2bn	101.7	¥5,350bn/\$48.6bn
Average Number of Trips	2.61 trips	+0.01	2.60 trips	+0.01	2.64 trips
Number of Overseas Visitors	9.00mn	108.4	8.30mn	113.2	7.70mn

**Notes 1:** Domestic expenditures include everything spent while away from home. Overseas expenditures include everything spent at the destination, including meals and purchases of souvenirs, etc. Both exclude pre- and post-travel expenses such as clothing and photography, etc.

**Notes 2:** No estimates of expenditures were made for overseas visitors to Japan, only their numbers.

**Notes 3:** Dollar amounts are calculated, for information only, at a nominal rate of ¥110/US\$.

## The Outlook for 2008

(Figures in parentheses are percentages of the previous year)

### A Mature Market

Uncertainties in the economic outlook for the US and soaring oil prices have started to cause concern over the Japanese economy, but government and private research institutes forecast growth of about +2.0% in 2008, and managements are expecting business results similar to those for 2007, maintaining acceptable levels.

Domestic travel has been affected by the trends towards a slowly declining population that began in the late 1990s and towards lower consumption figures. While travelers from the major conurbations are maintaining healthy trends, increasing financial weaknesses in the regions and the ongoing ageing of the population are causing local declines in demand even within otherwise healthy regions. Tokyo Disney Resorts® will celebrate their 25<sup>th</sup> anniversary in 2008, and attention will be focused on the G8 summit meetings to be held in Hokkaido, so demand is respected to recover somewhat in and after the summer vacation season.

For overseas travel, the market appears to be maturing. While the demand for business travel expanded in the Great Tokyo area and the region in Central Japan surrounding Nagoya, leisure demand continued to drift lower, with fewer departures among those of the younger generation and those coming from other regions. In 2007, this trend appears to have been accelerated by higher fuel surcharges, blunting demand among those with little experience of overseas travel. Some airlines made steep increases in their fuel surcharges from January 2008, and demand is expected to continue declining in the first half of the year, However, as the entire Japanese travel industry gears up to respond to the government's policy of making Japan a nation built on tourism and increasing the number of overseas travelers to 20 million, numbers are expected to rise in the autumn following the Beijing Summer Olympics.

**Table 2: Changes in JAL Fuel Surcharges (per flight sector, JPY/USD)**

Departing Japan for:	Feb. 2005	Mar. 2006	Oct. 2006	Apr. 2007	Oct. 2007	Jan. 2008
Europe	¥2,500/\$23	¥8,000/\$73	¥13,600/\$124	¥12,000/\$109	¥13,000/\$118	¥17,000/\$155
N. America	¥2,500/\$23	¥8,000/\$73	¥13,600/\$124	¥12,000/\$109	¥13,000/\$118	¥17,000/\$155
Hawaii	¥2,500/\$23	¥8,000/\$73	¥10,000/\$91	¥8,700/\$79	¥9,900/\$90	¥12,500/\$114
Oceania	¥2,500/\$23	¥8,000/\$73	¥13,600/\$124	¥12,000/\$109	¥13,000/\$118	¥17,000/\$155
China	¥1,000/\$9	¥1,300/\$12	¥4,800/\$44	¥4,100/\$37	¥4,700/\$43	¥5,900/\$54
Singapore	¥1,800/\$16	¥6,500/\$59	¥10,000/\$91	¥8,700/\$79	¥9,900/\$90	¥12,500/\$114
Korea	¥500/\$5	¥1,300/\$12	¥2,000/\$18	¥1,700/\$15	¥2,000/\$18	¥2,400/\$22

**Note:** All dollar amounts rounded to the nearest whole number.

## **1. Overseas Travel Will be Similar to 2007**

The number of overseas travelers is expected to be virtually the same as the previous year, at 17.35 million (100.1%). Average expenditure per person per journey, reflecting higher fuel surcharges and the downward trend in exchange rates for the yen, will be higher, at ¥307,000 or \$2,791 (100.5%). The result will be to take total expenditure on overseas travel to ¥5,330 billion or \$48.5 billion (100.6%).

### **(1) The Beijing Olympics Will Revive China's Popularity**

One of the main attractions in overseas travel during 2008 will undoubtedly be the Beijing Olympics. Japanese interest will naturally be high, as they are taking place in the country next door, and will concentrate on those events in which Japan has the best prospects of winning gold medals where they have previously proved elusive, including baseball, with a strong team under famous Manager Hoshino, soccer, the marathon, gymnastics, and swimming events. And while the numbers of Japanese heading for China have recently been growing more slowly, the Olympics promise to revive its popularity.

### **(2) Healthy Demand Will Continue for Asia**

Demand for travel to Bali Island recovered completely in the summer of 2007, and will generally continue strong in 2008 with the ongoing popularity of both Asian beach resorts and the ranks of Las Vegas type hotels and casinos in Macao.

## **2. Domestic Interest Will Focus on Hokkaido and Tokyo, with Drive Packages Shrugging Off the High Price of Gasoline.**

For the last several years interest has focused on Okinawa, but in 2008 eyes will turn to Hokkaido and Greater Tokyo. Hokkaido's peak tourist season begins when the G8 Summit ends, in early July. Tokyo Disney Resorts® celebrate their 25<sup>th</sup> anniversary in April, and luxury hotels in and around Tokyo will attract keen interest. As a result, the number of domestic travelers is expected to rise slightly to 316.1 million (100.5%). Higher gasoline prices and stronger interest in more remote destinations should result in an increase in average expenditures on travel for the first time in four full years to ¥34,700 or \$315 (100.2%) and is expected to take total expenditure to ¥10,970 billion or \$99.7 billion (100.7%).

### **(1) The G8 Summit at Lake Toya Will Boost Hokkaido's Popularity Again from the Summer Onwards.**

According to the Office of Prefectural Tourism Promotion in the Hokkaido Government's Department of Economic Affairs, some 6.35 million people from outside Hokkaido have visited the prefecture in most recent years, but the first significant increase for some time is expected in 2008. If the experience of Okinawa is anything to go by, there may actually be a slight decline in the number of visitors in the months leading up to the G8 Summit, but once it is over, the high season for tourism will begin. The worldwide publicity given to the variegated attractions of Hokkaido are expected to make it more popular with both domestic and overseas visitors.

## **(2) Greater Tokyo Will Thrive in the 25<sup>th</sup> Year of Tokyo Disney Resorts®.**

April 15 will mark both the 25<sup>th</sup> anniversary of the opening of Tokyo Disney Resorts® and the start of an entire year's program of special events. On July 8, there will be the grand opening of the Tokyo Disneyland® Hotel, and on October 1, the opening is planned of the *Cirque du Soleil* Theater Tokyo, the first such permanent show outside of North America. Combined with the popularity of luxury hotels in the heart of Tokyo, strong interest is sure to focus on Greater Tokyo this year.

## **(3) Developments in “New Tourism” Will Encourage Drives to Areas Adjoining Metropolitan Areas.**

Interest is focusing on more strongly theme-oriented travel that includes experiential elements and/or brings people more naturally into closer contact with each other, as exemplified by industrial tours, ecological and “green” tourism, health tourism, long stays and other forms of “new tourism.” In 2008, “Drive Packages” are attracting attention for their potential of expanding travel to regions close to major conurbations. These innovative packages spring from collaboration between travel companies and the companies running express turnpikes. They offer deeply discounted toll charges combined with accommodation plans.

## **3. For the First Time Over Nine Million Visitors Head for Japan!**

The numbers of overseas visitors to Japan is expected to rise in 2008, supported by healthy growth in tourists from neighboring Asian nations, with more French visitors expected due to the popularity of Japanese “anime” in France and the publication of the first French Michelin Guide to restaurants in Japan.

These visitors are not expected to confine themselves to the major conurbations but, with worldwide publicity being given to Hokkaido in connection with the G8 Summit, Hokkaido will also be even more popular.

When the Tokai-Hokuriku express turnpike is opened, routes linking Toyama and Shirakawa-go, the Tateyama-Kurobe Alpine route, Kisoji and Nagoya are expected to attract many travelers.

These factors will, it is thought, combine to take the total of overseas visitors to Japan from 8.3 million to break through the nine million barrier!

## The Calendar of Events for 2008

A year of cultural exchanges with Brazil, marking the 100<sup>th</sup> anniversary of Japanese emigration to Brazil.

The 50<sup>th</sup> anniversary of the establishment of diplomatic relations with Indonesia.

A year of cultural and sporting exchanges with Mexico.

The 150<sup>th</sup> anniversary of the establishment of diplomatic relations with France.

The 30<sup>th</sup> anniversary of the treaty of peace and friendship with China.

The 80<sup>th</sup> anniversary of the opening of friendly relations with Canada.

A year of cultural exchanges with Korea.

The 100<sup>th</sup> anniversary of the publication of “Anne of Green Gables” (*Akage no An*)

The 1,000<sup>th</sup> anniversary of the “Tales of Genji.”

<b>January</b>	13 <sup>th</sup> (Sun.) 25 <sup>th</sup> (Fri.)	Mountainside burn-off ceremony, Nara City. Quebec Winter Carnival, Canada (through Feb.10).
<b>February</b>	2 <sup>nd</sup> (Sat.) 8 <sup>th</sup> (Fri.)	Rio de Janeiro Carnival, Brazil (through the 5 <sup>th</sup> ). 10 <sup>th</sup> Otaru Snow Gleaming Festival (through the 17 <sup>th</sup> ).
<b>March</b>	14 <sup>th</sup> (Fri.) 27 <sup>th</sup> (Thu.)	14 <sup>th</sup> Honolulu Festival, Hawaii (through the 16 <sup>th</sup> ). Tokyo International Anime Fair 2008 (at Tokyo Big Sight, through the 30 <sup>th</sup> ).
<b>April</b>	15 <sup>th</sup> (Tue.)	<b><u>Tokyo Disney Resort ® 25<sup>th</sup> Anniversary (varied program of events runs through April 14, 2009)</u></b>
<b>May</b>	Golden Week 6 <sup>th</sup> (Tue.) 20 <sup>th</sup> (Tue.)	<i>La folle journée au Japon</i> Music Festival 2008 (Schubert in Vienna) at the Tokyo International Forum. First national holiday to be moved to a Tuesday following changes in the law. 30 <sup>th</sup> Anniversary of the opening of Narita International Airport, Tokyo.
<b>June</b>	14 <sup>th</sup> (Sat.) 18 <sup>th</sup> (Wed.) 26 <sup>th</sup> (Thu.)	Zaragoza Expo, Spain, on the theme “Water and Sustainable Development” (running through Sep.14). 100 <sup>th</sup> Anniversary of first Japanese emigration to Brazil. 40 <sup>th</sup> Anniversary of the reversion of the Ogasawara Islands to Japan.
<b>July</b>	7 <sup>th</sup> (Mon.) 8 <sup>th</sup> (Tue.)	Planned opening of the Tokai-Hokuriku express turnpike. <b><u>34<sup>th</sup> G8 Summit Meeting (Lake Tova, Hokkaido) through the 9<sup>th</sup>.</u></b> Opening of the Tokyo Disneyland® Hotel.
<b>August</b>	2 <sup>nd</sup> (Sat.) 8 <sup>th</sup> (Fri.)	90 <sup>th</sup> High School Baseball Tournament <b><u>29<sup>th</sup> Summer Olympic Games (the Beijing Olympics) through the 24<sup>th</sup>.</u></b>
<b>September</b>	13 <sup>th</sup> (Sat.) 20 <sup>th</sup> (Sat.)	Yokohama Triennale 2008 (3 <sup>rd</sup> International Exhibition of Modern Art) through November 30. 100 <sup>th</sup> Anniversary of the death of Pablo de Sarasate.
<b>October</b>	1 <sup>st</sup> (Wed.) 10 <sup>th</sup> (Fri.)	<i>Cirque du Soleil</i> Theater Tokyo (permanent show) opens at Tokyo Disneyland® Japan Motor Racing F1 World Grand Prix, Fuji Speedway, running through the 12 <sup>th</sup> .
<b>November</b>	4 <sup>th</sup> (Tue.)	Voting in the U.S. presidential elections.
<b>December</b>	22 <sup>nd</sup> (Mon.) 23 <sup>rd</sup> (Tue.)	150 <sup>th</sup> Anniversary of Puccini’s birth. 50 <sup>th</sup> Anniversary of the Tokyo Tower.

## Summarizing Provisional Figures for 2007

### Domestic (Japanese) Travel

- **Numbers of Travelers:** Estimated at 314.54 million (down 0.2% year-on-year)

In 2007, while the ongoing popularity of Okinawa was a major feature of domestic travel, the unusually hot summer led to fewer visitors than expected, and figures were about the same as the previous year. On the other hand, the opening of the Tokyo Mid-Town complex and of the Ritz-Carlton and the Peninsular luxury hotels are making Tokyo an increasingly attractive destination.

- **Average Expenditure**

This is estimated at ¥34,620 (\$315), a decrease of 0.4% year-on-year.

### Overseas Travel

- **Numbers of Travelers:** Estimated at 17.33 million (-1.1% year-on-year)

The numbers of overseas travelers continued to drop below the previous year from the start of the year. While Asian beach resorts recovered more-or-less completely from the effects of terrorism and the tsunami disaster, the boom in travel to Korea ran out of steam, and demand for travel to China, which had underpinned the figures, also lost momentum.

Since 1964, when Japanese official restrictions on overseas travel were abolished, the years in which the numbers of overseas travelers declined below those for the previous year were as follows:

- 1980 (the second oil shock)
- 1991 (the Gulf War)
- 1998 (the Asian financial crisis)
- 2001 (the 9/11 US multiple acts of terrorism)
- 2003 (the Iraq War and the SARS epidemic)

In each of these five years there were identifiable reasons for the drop—war, financial crisis, or epidemic. However, the absence of any such factors or events in 2007 suggest that the market is becoming mature. While demand for business travel expanded in the Greater Tokyo area and the region around Nagoya in Central Japan, demand for leisure travel has drifted lower, with fewer departures among young people and those living in other regions. This was compounded last year by the higher fuel surcharges and lower exchange rates for the Japanese yen.

- **Average Expenditure**

This is put at ¥305,600 (\$2,778), an increase of +2.8% year-on-year.

## **Overseas Visitors To Japan**

**Number of Visitors:** An estimated 8.3 million, an increase of +13.2% year-on-year.

The number of overseas visitors to Japan broke through the eight million barrier, supported by continued increases in tourists from East Asia, who visited various destinations in Kyushu, Hokkaido and Central Japan, as well as the major conurbations including Greater Tokyo.

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**Statistics for 1997~2006, Provisional Figures for 2007, and Estimates for 2008.**

	Travelers (millions) (and % of prev. year)			Average Expenditure (per person, Yen)		Total Expenditure (billions of Yen)			Average No. of Journeys	Overseas visitors (millions)
	Total	Domestic	Overseas	Domestic	Overseas	Both	Domestic	Overseas		
1997	341.70	324.90	16.80	38,540	396,500	19,180	12,520	6,660	2.71	4.22
	100.7%	100.7%	100.7%	101.2%	98.1%	100.8%	101.9%	98.8%	+0.01	109.9%
1998	334.54	318.73	15.81	38,080	384,100	18,210	12,140	6,070	2.64	4.11
	97.9%	98.1%	94.1%	98.8%	96.9%	94.9%	97.0%	91.1%	-0.07	97.4%
1999	336.04	319.68	16.36	37,390	370,000	18,000	11,950	6,050	2.65	4.44
	100.4%	100.3%	103.5%	98.2%	96.3%	98.8%	98.4%	99.7%	+0.01	108.0%
2000	343.26	325.44	17.82	36,940	337,900	18,040	12,020	6,020	2.70	4.76
	102.1%	101.8%	108.9%	98.8%	91.3%	100.2%	100.6%	99.5%	+0.05	107.2%
2001	338.40	322.18	16.22	36,500	317,100	16,900	11,760	5,140	2.66	4.77
	98.6%	99.0%	91.0%	98.8%	93.8%	93.7%	97.8%	85.4%	-0.04	100.2%
2002	340.42	323.90	16.52	35,550	313,500	16,690	11,510	5,180	2.67	5.24
	100.6%	100.5%	101.8%	97.4%	98.9%	98.8%	97.9%	100.8%	+0.01	109.9%
2003	337.81	324.51	13.30	35,590	296,300	15,490	11,550	3,940	2.64	5.21
	99.2%	100.2%	80.5%	100.1%	94.5%	92.8%	100.3%	84.1%	-0.03	99.4%
2004	337.42	320.59	16.83	34,680	290,200	16,000	11,120	4,880	2.64	6.14
	99.9%	98.8%	126.5%	97.4%	97.9%	103.3%	96.3%	123.9%	+0.00	117.9%
2005	335.03	317.63	17.40	34,620	287,000	15,990	11,000	4,990	2.62	6.73
	99.3%	99.1%	103.4%	99.8%	98.9%	99.9%	98.9%	102.3%	-0.02	109.6%
2006	335.95	318.30	17.65	34,760	297,200	16,310	11,060	5,250	2.63	7.25
	100.3%	100.2%	101.4%	100.4%	103.6%	102.0%	100.5%	105.2%	+0.01	107.7%
2007	331.87	314.54	17.33	34,620	305,600	16,190	10,890	5,300	2.60	8.30
	99.7%	99.8%	98.9%	99.6%	102.8%	100.1%	99.4%	101.7%	+0.01	113.2%
2008	333.45	316.10	17.35	34,700	307,000	16,300	10,970	5,330	2.61	9.00
	100.5%	100.5%	100.1%	100.2%	100.5%	100.7%	100.7%	100.6%	+0.01	108.4%