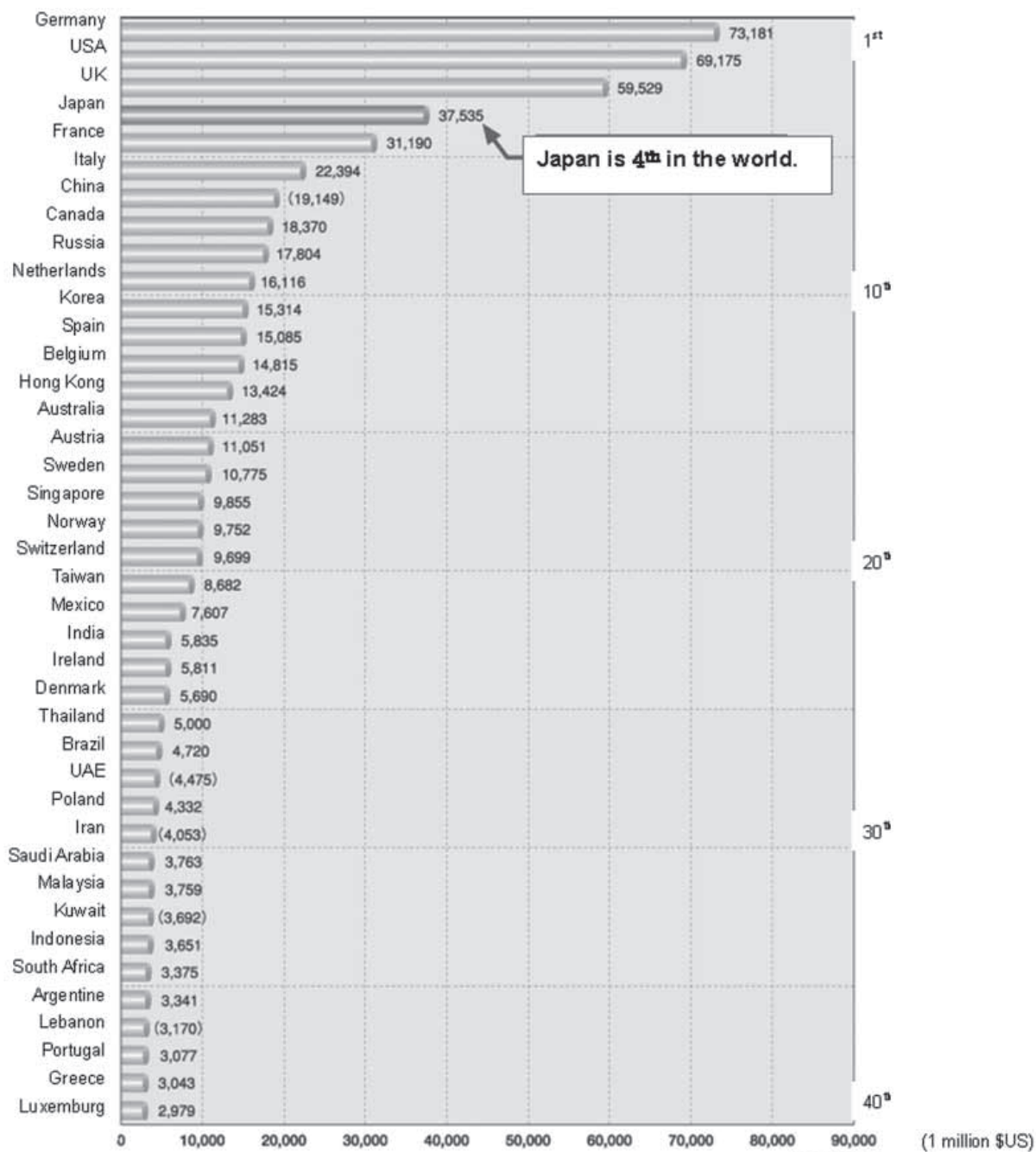


Fig. 3 Expenditure rankings for internal travel (2005)



Note 1. Prepared by Policy Bureau, MILT from information of UNWTO, Japan National Tourist Organization and tourists bureaus in each country

2. Figures in this table are estimates valid as of June 2006. 2005 figures were unavailable for China, United Arab Emirates, Iran, Kuwait and Lebanon, therefore figures from 2004 are used.

3. Revenue from international travel in this table does not include international travel fares.

(Source) 2007 “White Paper on Tourism”

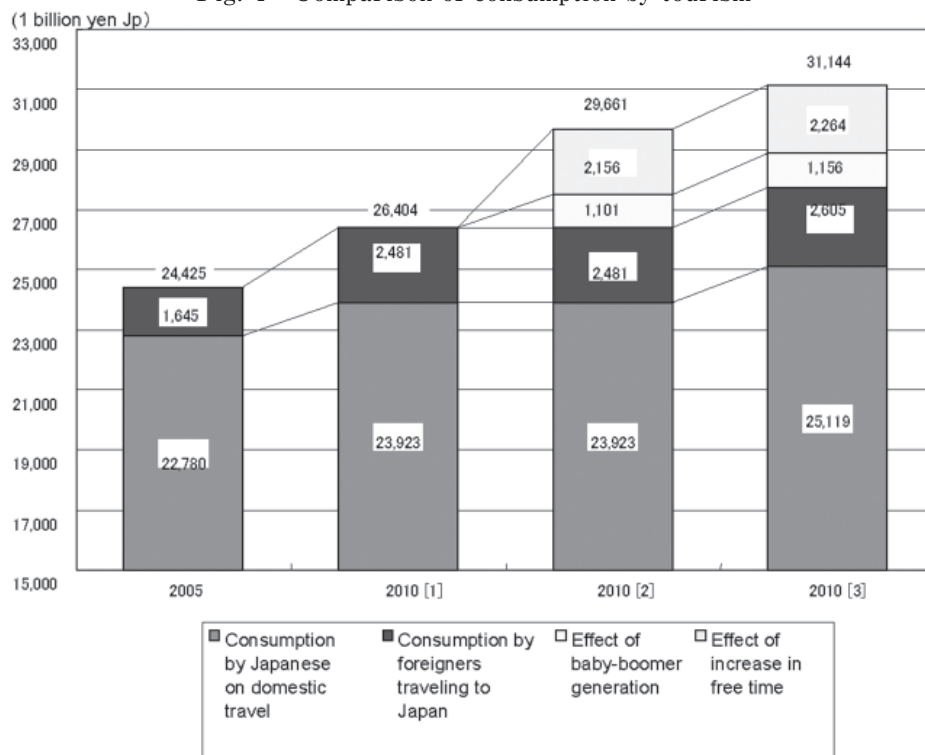
Given the situation, tourism in Japan is still in the “developing” stage towards becoming a tourism country. Nonetheless, if flipped inside-out, we can expect the tourism industry of Japan to play a major role in supporting the Japanese economy in the future. Domestic tourism has also continued growing healthily since 2002, therefore tourism consumption is highly expected in the future.

On this point, let me introduce the “Economic Effect and Industrial Analysis of Tourism” that was done by the Ministry of Infrastructure, Land and Transport in March 2007 to identify and highlight the degree to which tourism contributes

and will contribute in the future to the Japanese economy.

The report first estimates the amount of consumption by tourism from the “Study into the Economic Effect of Travel and the Tourism Industry” conducted by the Ministry of Infrastructure, Land and Transport and industrial tables. To begin with, the amount of consumption by tourism in 2005 was 22.78 trillion yen Jp by Japanese on domestic travel and 1.645 trillion yen Jp by foreigners traveling to Japan, the total of which was 24.425 trillion yen Jp.

Fig. 4 Comparison of consumption by tourism



The report estimates consumption in 2010 based on the following three hypothetical cases.

Standard Case (FY2010 [1])

- Consumption by Japanese on domestic travel increases because of rising prices and population changes, and more foreigners travel to Japan.

Case 1 (FY2010 [2])

- In addition to the standard case, consumption by tourism increases because of an increase in persons taking paid holidays and the increase in retirements amongst the baby-boomer generation.

Case 2 (FY2010 [3])

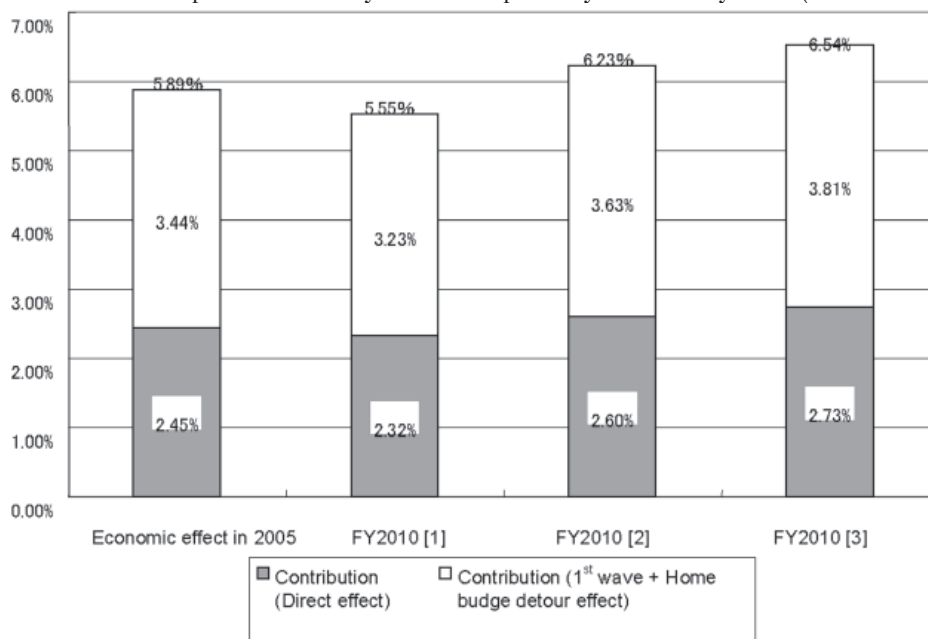
- Each of the factors causing an increase in consumption by tourism in Case 1 (FY2010 [2]) increases by 5%.

Estimates from the 24.425 trillion yen Jp consumption in tourism that serves as the base resulted in 26.4040 trillion yen Jp for the Standard Case, 29.661 trillion yen Jp for Case 1 and 31.114 trillion yen Jp for Case 2, which are respectively increases of 8.1%, 21.4% and 27.4%.

Because of the increase in consumption by tourism, not only will demand grow directly for

industries that produce products for tourism but production will also increase in other industries because of intermediary demand. This increase in production will invite also an increase in jobs. Those who land these new jobs will start consuming and that will stir production still again. Figure 5 illustrates the contribution to the Japanese economy of the wave effect produced from tourism. At present, the tourism industry's contribution to the GDP is 5.89%, but it will increase to 6.23% under Case 1 and 6.54% under Case 2 by 2010.

Fig. 5 Contribution to Japanese economy of consumption by tourism by case (Share of 2010 GDP)



Note: Estimates for 2010 were calculated using the equation: (Induced added-value of each case/2010 GDP [574.2 trillion yen Jp]) x 100. Values for 2005 were calculated using the equation: (Added-value of each case/2005 GDP [503.4 trillion yen Jp]) x 100.

(Source) “Economic Effect and Industrial Analysis of Tourism” , MILT, March 2007

There are various opinions as to why there were not many foreign visitors to Japan until now. In any case, one reason is not that Japanese culture is uninteresting. There have been several Japanesque booms in the West and there are many fans of Japanese animation and games overseas today as well. And, Japanese food and tableware are enjoyed

around the world.

Yakumo Koizumi loved Japanese culture in the smiling faces of the stone Jizo statues that line Japan's roads as well as taking a bug cage into the garden in autumn and listening to the orchestra of insects.

The charm of Japan is not something made

specifically to enthrall others but has been cultivated over its long history and is something that the Japanese already possess.

(Here following is reference information to be presented if there is time.)

Amidst the stores closing their shutters across Japan, there are some inner-city shopping arcades that have quickly regained their fame. Shinmachidori Shotengai in Bungotakada, Oita is one such shopping arcade.

Bungotakada is a small town of 26,000 people located on the western end of the Kunisaki Peninsula that juts into the Suo-nada Sea. It is home to Fukiji Temple, Kumano Magaibutsu Buddha carvings and other National Treasures, and is, thus, known as a tourist spot. However, because it is about a one-hour drive from Oita Airport, the shopping arcade is a complete lack of exuberance. The fact that the arcade has survived despite the situation is because most of buildings along the street belong to the shop owners. Because there is no rent, they can stay in business even if they lose customers. Of course, because of the sales slump, there has been very little remodeling or rebuilding. In any case, they did not consider themselves lucky. That was the trigger for revitalizing the shopping arcade of Bungotakada.

In 2001, the idea of “restoring the shopping arcade to its architectural look of the 1950s” was born. A study of the cityscape revealed that 70% of the shops along the arcades were built before the 1950s. Therefore, the facades of the 1950s could be easily restored in many cases by simply stripping off the parapet signboards and hanging new wooden signs. This Showa restoration project immediately went work. In time, it became a Showa boom.

Of course, that alone would not be enough to lure customers back. To draw visitors from all over Japan, core facilities were necessary. That came as the Dagashiya no Yume Museum that opened in October 2002.

The museum puts on display some 50,000 articles from the Showa Era amongst which are records, food packages and toys such as menko (game similar to bottle caps), robots, masks, and tin and celluloid toys. It drew great acclaim when it opened and the number of visitors in 2002 reached 100,000. It also draws 200,000 people annually to the shopping arcade, and people are still coming even today. A rusty old shopping arcade selling B rated merchandise was suddenly transformed into a popular attraction. The B rated merchandise with mom-and-pop candies most likely captivates common people more than anything else.

The building that houses the museum was a rice storehouse built by the former Nomura Bank. It was bought and managed by Japan Agricultural Cooperatives. It was Toshiki Kanaya of the Chamber of Commerce and Industry who thought of converting the rice storehouse into a museum of Showa Era products so that this “quaint old building might have some sort of useful purpose.” But, to draw people in flocks, the museum would have to have a prized collection of memorabilia. Since there was no such memorabilia in Bungotakada, this meant time and money, which were hard to come by. That is when Kanaya turned to Hironobu Komiya, the largest collector of memorabilia in Japan at the time and a resident of nearby Fukuoka. It took Kanaya three years to persuade Komiya to move to Bungotakada.

Listening to Komiya, he laughingly says, “I am not a collector.” Originally in the imported sundries business, Komiya and his wife opened a

store called “Natsukashiya” in Fukuoka in 1990 to sell nostalgic toys. He, therefore, combed Japan searching for old toys to sell in his store. In his journeys, he heard rumor of a “memorabilia store in Shiidamachi, Fukuoka that had lots of toys from along ago.” However, the owner refused to sell his collection to a business. Since that would not work, Komiya decided to pay him a friendly visit. Fortunately, the old man took a liking to Komiya and sold half of his collection, equal to about 30 boxes of toys, to him. Moved by the toys, Komiya felt that they should be left to future generations. He continued from there to buy other nostalgic toys.

When you visit the museum you can easily tell that Komiya merely loved toys; he was not a collector. Amongst the items on display, there are some reproductions and often series are incomplete. Nevertheless, that is fine with the museum visitors. That is because they come to see the Showa Era and culture. Even if it is not an expensive original, as long as they can enjoy the atmosphere of the Showa Era, it is enough.

There should be some hints on how to activate tourism in Japan in this story.



Panel Discussion

“How will we apply Tourism Statistics and Analysis to Tourism Policy Making and Marketing”

【Moderator】

Yuichi Hirooka

Professor, Faculty of Economics, Wakayama University

【Panelists】

Stanley Fleetwood

UNWTO consultant

Stephen Lebruto

Associate Dean & Professor, Rosen College of Hospitality Management & University of Central Florida

Takuro Morinaga


Professor, Faculty of Economics, Dokkyo University

Noboru Nishisaka


Deputy Director-General for Tourism Policy, Ministry of Land, Infrastructure and Transport, Japan



“Tourism Statistics in Japan”



Tourism Statistics in Japan



October 15, 2007
Ministry of Land, Infrastructure,
Transport and Tourism

II. Basic Direction to Establish Tourism Statistics

1. To enable international comparisons, Japan is to establish tourism statistics as close to the UNWTO guidelines as possible. In particular, Japan is preparing TSA (Tourism Satellite Accounts) to indicate the scale of tourism in the economy.
2. To enable regional comparisons in Japan, a realistic approach to preparing statistics of the number of day visitors and consumption by region has to be taken, adding to expanding lodging statistics approved this January.

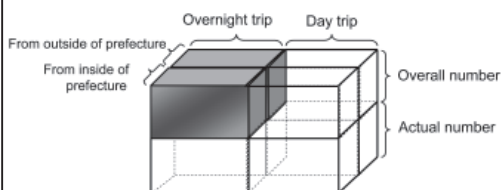
IV. Future Directions

1. Lodging statistics

- (1) Identify net numbers of tourists staying overnight at hotels and ryokans. (To identify average number of nights per person)
⇒ Planned in next fiscal year.
- (2) Publication of municipal data. ⇒ It is necessary to improve response rate, which varies greatly by municipality. Many municipalities currently have an excessive margin of error.
- (3) Identify particular factors. (Natural disasters, large events, etc.) ⇒ Identify arbitrary values. (Especially number of foreign visitors)

V. Elements of Tourism Statistical Data

1. Overnight / day trip
2. Overall number / actual number
3. From outside of prefecture / within prefecture



→ Total of overnight visitors and day trip visitors from inside and outside prefecture are the “number of visitors”.

I. Why Need to Establish Tourism Statistics

1. Tourism data is essential for national or local governments, and industries to set targets and evaluate results.
2. For that reason, comparable statistical data
 - (1) Between countries
 - (2) Between regions
 must be established.

III. Current State of Tourism Statistics

1. Lodging statistics (Already approved)

- (1) Target facilities: Hotels, inns and simple lodgings with 10 or more employees
- (2) Samples: 10,406 facilities across Japan (All points sampling)
- (3) Survey period: Every quarter (From January 2007)
- (4) Survey items: Percentage by lodging objective, extended number of guests, extended number of foreign guests, extended number of foreign guests by place of residence, extended number of foreign guests by nationality, etc.
- (5) Data publication: Comparable number of guests by prefecture

2. Tourism consumption and travel statistics (Already approved)

- (1) Survey method: Random sampling of 15,000 Japanese ages 20 ~ 79 from across Japan, 4 times a year (From April 2003)
- (2) Survey content: Number of trips (day, overnight, business or international trip [domestic leg only]) made in past 3 months or 6 months, and amount of money spent on 1 recent trip and what it was spent on

3. Tourism statistical survey conducted by prefectures

- * Prefectures are conducting various surveys of the number of incoming tourists, consumption by tourists, etc in different ways.

2. Number of Visitors and Consumption by Area

- (1) Standardize criteria of surveys conducted by prefectures (Adopt common criteria that is highly practical to use.)
- (2) the government total up and publishes all prefectural data.
- (3) Prefecture can enlarge survey items, frequencies and so on for their own use.

To begin our panel discussion, Mr. Noboru Nishisaka will present tourism statistics of Japan. Mr. Nishisaka, if you would please.

○ **Nishisaka:**

To touch off this panel discussion, I would like to briefly explain the current state, various topics and future directions of tourism statistics in Japan. I hope this will serve as reference for the panel discussion.

First of all, Japan has dealt with its tourism policy in various ways in the past, but it wasn't until recently that tourism promotion was raised as a major policy issue of the country and dealt with via a national strategy. For that reason, there are still many, many issues regarding tourism statistics in Japan.

Mr. Fleetwood spoke of the need to prepare tourism statistics; we feel the same way. For public and private sectors to jointly promote tourism, as can be expected, targets must be set and those results evaluated. Objective data is indispensable for doing that. To do that, it is necessary to prepare statistical data that allows comparisons to be made between countries, between local governments and between regions.

As the basic direction of these tourism statistics, we believe that, from an international perspective, the UNWTO guidelines that were presented by Mr. Fleetwood, or in other words, TSA are needed.

As for Japan's preparation of statistics, Japan started collecting lodging and travel statistics this January so as to compare regions within the country, but we understand that these efforts will have to be upgraded.

In addition to that, we feel it is necessary to get started as quickly as possible building a realistic approach to tracking the number of persons taking daytrips and tourism-based consumption by region.

As for the situation regarding tourism statistics in Japan, the first and foremost thing to point out is that the only statistics officially approved by the national government at present are lodging and travel statistics. The facilities that qualify for statistical tracking are lodgings with ten or more employees. We are tracking about 10,000 of them all together. We officially launched quarterly surveys in January this year and results have been announced twice already for the January to March period and April to June period.

Survey items include the percentage of guests by lodging objective, the extended number of guests, the extended number of foreign guests, a breakdown of guests by domestic residence in Japan and a breakdown of foreign guests by nationality. We presently announce comparable data on a prefectural base.

Another parameter set as officially approved statistics of the nation is consumption trends in tourism, which we have been doing slightly longer than lodging statistics. Four times a year, we extract 15,000 Japanese persons aged 20 to 79 for a survey. We ask about any travels they may have made in the past three to six months and whether they took day trips, overnight trips or trips overseas to identify their movement behavior, and then we analyze the amount of consumption and content thereof.

Also, in Japan's efforts to collect tourism statistics, each of the nation's prefectures conducts its own tourism statistical surveys. Many prefectures follow the number of incoming tourists including day visitors. And, within that, the total amount of consumption is tabulated.

As for specific future directions in tourism statistics, with regards first of all to lodging and travel statistics collected by the national government, we feel it is necessary to get a grasp of the actual number of tourists, though at present we follow the extended number of lodgers. We want to know how many nights the average person stays. We think it is particularly important to increase long-term travel and leisurely travel even in Japan. To do that, we need to identify the current situation. Plans are to collect those statistics starting next year.

As far as publishing data, currently data is released on a prefecture base, but we feel that it is necessary towards promoting efforts in each region to a greater extent, to release data on a municipal base as well in the future. However, the survey recovery rate varies widely amongst municipalities at present, therefore improving this or at least improving the excessive margin of error is a topic.

Moreover, when peculiar results are obtained, those peculiarities need to be identified. For this reason, we think it is necessary to upgrade the content of our surveys to highlight this.

For what regards the number of visitors and their consumption by area, Japan's prefectures are individually doing a number of things, but in order to enable comparisons

and compile uniform statistics as a country, we think common implementation standards for the prefectures are essential. Since the prefectures conduct the surveys, standardizing the criteria to some extent should make it possible for us to tabulate and publish data for the country. The prefectures will more than likely be asked to add various surveys to their own in order to achieve that.

This is our idea of doing statistical surveys of tourism on the national level in the future and currently wisdom of key figures have been brought together to discuss this.

On this figure, a colored part is for lodging statistics that we currently have a hand on. There are still day trips, actual counts and the number of visitors that should be targeted in the survey statistics. Understanding these parameters and identifying the related consumption amounts are fundamental matters for developing future tourism policy. So, this is the situation today, topics of interest and future directions of Japan's tourism statistics.

○ **Hirooka:**

That was Mr. Nishisaka speaking about tourism statistics in Japan. Thank you, Mr. Nishisaka.



In the very beginning of the keynote lecture, Stan Fleetwood explained about TSA in considerable detail. Some of you today may have heard about calculations using 10 tables for the first time, but completing Table 6 was one target. It was pointed out that there are many countries that have not made it to Table 6 yet, but how things were doing in Australia,

which was given today as an example? And, we heard about the situation in Japan from Mr. Nishisaka, but I would like to ask Mr. Fleetwood to comment on any proposals or issues he might see for Japan to use or incorporate TSA into their future direction.

○ **Fleetwood:**

I will, all in 5 minutes. Well, I've learned from Mr. Nishisaka everything I know about tourism statistics in Japan, so I can't make too many comments in detail but I've been asked about the experience of the TSA in Australia. We first started looking at the TSA in, it was about 1993-94 I think. We eventually produced it in the year 2000 relating to the year 1998. It took us a lot of work to do it and it cost more to do the first one than we had expected. The reason for that was because at the time we were developing it, the very early days, was also the time that the UNWTO and the other agencies were working on developing the international standards, so we didn't have all the international standards available at the time which you would have now. So, you have that advantage in terms of the time that we took. We had many many hours of discussions about how we would deal with many of the various issues, the technical issues. Also, because it involved so many departments and other sectors, like the academic sector and the private sector, we had lots of seminars and meetings to discuss what [the TSA] was and to try to educate them. I mentioned in my speech that we didn't do enough of that. We thought that we had done plenty of it but we hadn't done enough of it and so there was a misunderstanding on

the part of the private sector in particular as to what was going to come out of the TSA. So, I would strongly warn you against that failure. The extra money that we spent on the extra cost that was involved was mostly... came down to all the various discussions that we had both formal and informal. We had many hours of informal discussions within the Australian Bureau of Statistics in particular. It was the Australian Bureau of Statistics who produced our TSA because they produce our national accounts. At that time, I was working in the Australian Bureau of Statistics -- not in national accounts but in the tourism statistics area so I had many discussions with the people in the national accounts and in the input output areas and we were basically trying to learn. But you have the advantage now, that you have. You could call on the experience of countries like ourselves and, as I said, nearly 80 countries now, we think, are, have either produced a TSA or are in the process of producing a series of TSA, so you shouldn't have those problems. But I think you can still expect that it will probably cost you more than you think it will. Now, one advantage that we did have that you may not have as much as we did, was that we were very well served with the actual basic data that we needed, particularly the demand side data. We had very good statistics on the demand side. We had as well as having arrivals and departure cards at our ports of entry, and we're lucky, like Japan, we're an island country so we can control the travelers coming in and out of the country. So, everybody who comes into the country has to fill out a card and I think that's true in Japan.

I certainly filled one out myself yesterday. So, that gives you very good basic information on the total number of visitors. In addition to that, we have an international visitor survey. This is a survey that's conducted at the departure point and the departure lounges at the airports, because in Australia, 99% or thereabout of our visitors come by air because we're so far away from any other country. So, we only deal with travelers by air and we interview, all during the whole year, travelers or visitors in the departure lounges and we collect a lot of information. It's about a 15-20 minutes interview on their expenditure, what they did in the country, where they visited in Australia and what they spent their money on, what they liked and didn't like. It's also used for marketing purposes as well as for economic purposes. Various characteristics of the visitors themselves, how many times they visited Australia, how many in the group, whether they are male, female, young, old, household income, etc. With the extra money we got from the government that I mentioned in my speech we've improved the size of that survey. We've doubled the size of it to, I think it might be about 40,000 people in a year. We also have a very good domestic tourism survey. It's a household survey and conducted during the year. It's conducted by telephone and that collects very similar information, quite detailed on what people did if they traveled recently. Anyway, to keep within the time, I'll just say that we had those two basic surveys, which virtually provided us with all the demand side data we needed for the tourism satellite account. So, we were very lucky that we already had

access to that data and we didn't have to pay anything extra for it. Now, where we did have to pay for some extra data was on the supply side. As I mentioned the TSA table 6, it matches the tourism demand data with the supply of tourism related products. Our national accounts people do economic surveys every year for the national accounts, but we had to expand those surveys to collect more detail on the tourism related industries. Now, from what I've learnt from your Japanese statistics, I didn't hear any mention of supply side statistics, so for all the satellite accounts you need to have the supply side statistics. I suspect that your national statistical office probably does have many but they might not have the data in sufficient detail to focus on the tourism related industries, that it might be done at a more broad level. I think that's probably my 5 minutes on this. Does anyone want to raise any other issues?

○ **Hirooka:**

That is Australia. Mr. Fleetwood, have any other countries been successful?

○ **Fleetwood:**

Oh well I couldn't answer for all other countries. The main country that we were involved with was Canada. They were pioneers in this area and it was certainly very successful there. It's very difficult for me to -- for anybody to -- say whether a TSA was successful or not. The countries themselves might consider them successful but we in UNWTO might not, and the reason for that is some people, or some countries, are producing what they call a tourism satellite account but

it isn't a tourism satellite account because it doesn't comprise those ten tables and particularly doesn't comprise table 6. They produce tourism economic impact studies which nowadays everybody calls the tourism satellite account. The term has caught on and anybody who does an investigation into the economics of tourism seems to call it a tourism satellite account. So, while they might feel quite happy about what they've done, we in UNWTO wouldn't agree, and we wouldn't support that unless they have table 6 and the related tables and unless the satellite account is part of the national accounts.

○ **Hirooka:**

Mr. Fleetwood has presented a few leading examples of TSA, but these were government level studies. But, what kind of effect do statistics have for the private sector and especially the industrial world? Earlier, Professor Lebruto gave Orange County as an example where a tax revenue effect was seen. This, to me, sounds like evidence of what statistics can do, but could you explain perhaps with some examples what these kinds of tourism statistics can do for industry?

○ **Fleetwood:**

Well, tourism is now such a highly competitive industry or activity that any business that's serious and it doesn't know about the market that it's operating in -- and I think some of our presentations today have reflected that -- if you don't know your market, you're not going to survive in today's competitive climate. We've talked about the increasing numbers of destinations both

nationally and particularly internationally, in terms of products coming out. If you don't know about these, you don't know who your market is, you really are not going to survive for very long. You'll survive a very short time. We talked about the accommodation survey. Mr. Nishisaka mentioned the Japanese one, which is very good, and it's one of the basic surveys that most countries try to do. Now, it's hard to see how the hotel, the accommodation sector, could really operate effectively without that. How do you know how you are doing against your competitors if you don't have statistics on your municipality or nationally? If you don't know the statistics on what are the types of visitors that are coming to your region from the accommodation survey, or from the other surveys I mentioned, how do you know what your market is? How do you know how you can -- whether you're providing the right product? You just don't. And it's increasingly important in this day and age that businesses become professional, that the managers become professional, that they understand the market that they are working in, or they're just not going to survive. Basically, the bottom line is, the benefits of the statistics and the descriptions of the visitors that are coming to the area, and those that are not coming to the area, are absolutely crucial, increasingly, and the benefit is survival. There is no greater benefit than that -- survival, and competitiveness is all part of it too.

○ **Hirooka:**

Mr. Fleetwood was kind enough to give us his opinion on the industrial world, but

could we also get a comment from Professor Lebruto?

○ **Lebruto:**

I would be delighted to. Tourism statistics are very important in the private sector, because as we've already heard, the comparability of data is so important, in order to manage your business. In the private sector, you can look at different areas. Let's first look at the hotel or the lodging segment. In most statistical markets, what happens is the hotels are segregated into their own competitive sets. And then the data are reported in an aggregate fashion, so you can compare how you're doing with your competitive set. Some of the key statistics that would show up in these types of surveys would be occupancy percentage, number of rooms sold divided by number of rooms available. It would also show average daily rate, which is the total rooms revenue divided by the number of rooms sold. And the third, from the hotel perspective, is revenue per available room, and that's the total revenue of the hotel divided by the total number of rooms that are available for sale. Of course, there are many more, but these are the three key ones where you can identify trends, you can plan for the future, you can schedule for peaks and valleys, you can show your economic power with these kinds of data, and it can also become the launching spot for performing different analytical exercises, all driven by comparability to a competitive set. The restaurant side of the business, or the food service, that's similar measurements. Probably the most common that you see in a food type operation is food cost percentage,

which would be the cost of goods sold divided by the revenue of the restaurant. In addition, you can get into some labor statistics. You can also get into some table turnovers, and some things like that, that all build a compelling case of data for the comparability function. We have similar things in the club segment of the hospitality and tourism business. But where we don't have anything is in the convention center, convention center businesses, because of the linkage of most convention centers to governments, and governments have different accounting methods and accounting rules depending on the municipality, the state, the country, what happens is, we lose that comparability feature, which is so coveted and so important in the rest of the industry. Now, there is a uniform system of accounts for the lodging properties, the club operations, and for restaurant operations, and in those properties that all subscribe to these accounting practices, definitions, layouts, way to handle transactions, all can enjoy this comparability feature which is so important. And so in summary, when we look over to the private sector, although the public sector can produce some good generic data, when the true analysis comes, it's how you're doing against your competitive set, in order to identify the power that this industry does have to your local community, and those will do it for you.

○ **Hirooka:**

Next, I have a question for Professor Morinaga. Mr. Fleetwood just said that there are some countries that insist that they have created TSA but that is not TSA actually.

Would you say something, based on what has been said, about the stance Japan should take in regards to utilizing statistics?

○ **Morinaga:**

On the topic of TSA, Professor Kazuyuki Matsumoto of Rikkyo University here in Japan stated in a paper that “Japan experimented with TSA through the Ministry of Land, Infrastructure and Transport, but it was not considered TSA in the strict sense advocated by the UNWTO, leaving Japan today as one of the countries that has not prepared TSA.” Though Japan has not officially created TSA, in a much broader sense, as I pointed out in my keynote lecture, Japan has something like TSA.

Where's the problem? For example, accurate statistics on deflators cannot be obtained unless the Cabinet introduces breakdown series using the commodity flow method. Looking at Professor Matsumoto's paper, the problem lies in the inability of the Ministry of Land, Infrastructure and Transport and the Economic and Social Research Institute of the Cabinet, formerly the Economic Planning Agency, to closely share data between themselves. Japan knows the rough figures, but the time has come for greater detail. If awareness grows of tourism as an important industry and the Ministry of Finance can set aside a budget for it, I think we can obtain the detail we need. For example, developing nations do not have GDP statistics. Accordingly, Japan should be treated as a developing nation when it comes to tourism, so I think we should improve that.

○ **Hirooka:**

In the paper mentioned by Professor Morinaga, Japan's TSA is unauthentic. That's because other sectors are not providing information because they do not see the importance of it. So, I want to ask Mr. Fleetwood something: in Australia, is cooperation between governmental offices or with local governments going smoothly?

○ **Fleetwood:**

Yes, surprisingly smoothly, actually. Certainly, at the national level, there is a very good informal relationship -- as I said, Australians like to be informal. There is a very good relationship between the Australian Bureau of Statistics and the Ministry of Tourism, and that was the starting point. I should add, too, that the Ministry of Tourism actually funded, to the extent of two-thirds, the cost of the satellite account, which was produced by the Australian Bureau of Statistics, and they covered one-third of the cost, so it was a joint exercise, and still is -- that's still the arrangement. So they have worked very well together indeed. But with the immigration department, there wasn't such close contact, but where contact was needed, that was quite satisfactory. And at the state level, the research managers of all of our state tourism commissions. Each of our eight states have their own tourism commission, as well as the Australian Tourist Commission at the top, and the research managers meet twice a year, with the Australian Bureau of Statistics, and with our universities. There is a research committee, and that maintains regular relationships between the state-level

governments and the national government. And because of that, again, there was quite good relations, because people knew each other, and the personal relations -- this is something that I found extremely important, how people got on at a personal level. That's come home to me very much recently, how much it depends on personalities. But because people knew each other, there was a good relationship there. However, the state governments weren't actively involved in the production of the satellite account, because the satellite account is produced at the national level only, not the state level. But the state governments supported it, because they felt that once we had a national level satellite account, at least that could be used as a benchmark for what is happening in the economics of tourism in the states. So there was a good relationship with them, yes, but they weren't actually crucial to the production of the national TSA.

○ **Hirooka:**

Now, I have a question for Professor Lebruto. In order to emphasize the importance, that is to say, to ask for cooperation and earn their consent, it is seemingly necessary to emphasize the importance in every sector. However, TSA is not well known in Japan even in the tourism industry and there are many in other industries that have never heard of it. Given your position in the academic world, what roles do universities fulfill and are there any examples that you can give of cooperation between industry and academia? You may go beyond TSA to comment on tourism statistics in general, if you'd like.

○ **Lebruto:**

Yes. The university should, and does, pick up as part of its mission, research. Research for the hospitality and tourism industry. What we have to do is, with the TSA, and in Japan in particular, it's important to have the TSA established, so we'll give the tourism industry at least able to define its size. It will say how large it is in the global area for the country in total. It won't break it down by regions, but you'll have some feeling for the total size. You'll also at that point be able to quantify the benefits that the industry will give to the citizens of the country, and that, in turn, will garnish support and help to influence some planning policies and hopefully, some political decisions, so that the tourism industry will be accepted and supported. Now, while all this is going on, what it will do is, it will define some problems that can go to university researchers, and use the university to solve the problems of the industry, at least to study the problem, and come up with a solution using their academic training. They are trained in the most university faculties in hospitality and tourism not only are academically qualified, but they also have significant industry experience, because of the very nature of our business, where it's a high-touch, high-tech, type industry. And that's what you'll find. They're more than willing to participate in this type of applied research. This is one other area, I'd just like to get into for a moment, and we'll start talking about research that comes out of the university in the hospitality and tourism area. What you will find is that it's very much applied, and

it's written for the customer, for the industry, in a way that the practitioners can take it back into their operations and use parts of it to solve immediate operational problems. A little bit different from other research that goes on in the university. Um, in different types of studies but these studies are much more applied. You'll find competent university faculty who would be willing to help with that. Thank you.

○ **Hirooka:**

Right now, Professor Lebruto spoke that cooperative relations are needed with TSA or tourism statistics as well as about the roles to be played by universities, but statistics are extremely important for watching the economy. In that regards, I would like to turn to Professor Morinaga who said in his keynote lecture that the true “goodness” of Japan lied in the “kindness”, *kawaii* (cuteness), *wabi* (considerate nature) and *sabi* (simplicity). Tourism statistics are compiled to develop tourism, but how should this goodness of Japan relate to statistics?

○ **Morinaga:**

That is a very difficult question. I myself have analyzed data such as the number of visitors on the municipal level, but to be honest, these are only rough estimates. For example, the various tourism facilities are releasing the number of guests, but this number suddenly increases. When you ask why this happened, the answer is that “someone else was placed in charge at the city office.” Moreover, when you go to take a look at some place that claims to have tens of thousands of

visitors, you discover there aren't any people. Unless the most fundamental statistics are not compiled according to truly standardized criteria, you have no idea of the kind of policy to formulate over time and what sort of result it will have. And, you cannot compare the cross-sections or other municipalities or countries.

In Japan's case, something very difficult is that there are many people who come specifically for tourism and many others who don't know why they came. I'd like to tell when I talked to a French economist some time ago a story to show how complicated the Japanese are. I understood every Japanese woman visiting the Champs Elysées was there for tourism, but they all carried big heavy shopping bags. The economist asked if “all Japanese women were buyers.” Many people are subtle in their behavior. For example, they visit a religious site and then go shopping. It seems rather hard just to divide – for example – the people who visit a local shopping arcade into tourists or shoppers, which need some sort of criteria to be based on. For that reason specifically, we need solid criteria.

○ **Hirooka:**

If tourism statistics are irresponsible, then the people at the frontline will think so as well. I myself often feel that way, but, as Professor Morinaga pointed out, that is precisely the reason why we need to build a foundation. And, as Mr. Fleetwood said shortly ago, without cooperation between governmental offices and good relations with regions and the private sector, those foundations cannot be built. In the case of

Australia, that is working well. On that point, I would like to ask Mr. Fleetwood something else: looking from the public sector's position of organizing tourism statistics, what role do you want them to play in bringing tourism statistics to the private sector?

○ **Fleetwood:**

Well, the main role of the private sector in collection of data, if I understand your question correctly, is to provide the data mainly from the supply side, and the accommodation survey that we spoke about earlier is a typical example. It's very important that that information is provided, the supply side surveys I mentioned, which collect the economic data that enables the TSA to be produced. It's very important that that's collected on a correct statistical basis, which usually means a sample survey, which means that those people who were sampled really have to respond to the survey. Otherwise you get non-response bias and you get all sorts of problems. In Australia, the Australian Bureau of Statistics has legislative backing so that any business or any person who is approached for information is legally required to provide information to it. So the Bureau of Statistics generally gets a very high response rate because people understand that. I guess another element too, is that while businesses never like being asked to fill in questionnaires and to provide information -- they think it's a waste of time usually -- but, in Australia, the Australian Bureau of Statistics has a very high reputation. It never discloses confidential information and that's very important of course to businesses

responding to any surveys. They must trust the statistical collector that the data would be kept confidential, and the ABS -- the Bureau of Statistics, I'm sorry -- has a very very strong policy about that. They will not publish any data that can possibly betray any individual company's information. While the businesses don't like the Bureau of Statistics sending them forms, at least they trust them and they know that they are legally required to [provide the information]. So the importance of that is that it makes the figures credible. The Bureau of Statistics has a very high reputation in producing credible data. The other aspect of it too is that the Bureau of Statistics is independent. While it's part of the Treasury, it is quite independent and is not subject to political influences, and the politicians cannot by law, influence any of the results of ABS surveys. So the Bureau of Statistics very often produces results that the politicians don't like, especially that the government doesn't like, but that's just the way -- that's one of its great strengths that everybody knows. Well, the providers of information and the users of the information, they know that while they might disagree with the methodology or conducting the survey at all, they know that the data that's been produced by the government's statistical office is objective and credible, and that again also leads into one of the great strengths of why the Australian Bureau of Statistics rather than some other organization producing the TSA, gives the TSA a degree of credibility. I don't think on the demand side there's very much involvement of businesses because those are surveys of individuals, the tourists

themselves. So, the industry, the private sector is not involved there, unless they are involved in what might be to contribute to the cost. The private sector is not very good at contributing to the cost of statistics but is very good at criticizing government agencies for not producing statistics. They like to have it both ways. When we were first producing the tourism satellite account, our policy was to get the industry to actually contribute to the cost, but very quickly we decided we would just spend and waste more time and energy trying to get the industry to contribute and it wouldn't happen. So the Minister for Tourism decided that he would find the money somewhere to contribute to two-thirds of the cost. Part of the problem with the private sector too, in tourism, is that it's not a unified area with common interests. The interests of people in transport, like the major international airlines may not be the same as the interests of a small hotel or motel owner in some tourism destination. They have very different interests. The taxi drivers might have a different interest, etc. So it's very hard to get the tourism industry, the private sector, to come together with one voice and that's a problem in communication with the private sector. Usually you have to deal with the industry associations at the industry level, like the hoteliers association or the transport operators associations and usually you have to deal with them individually unless you're lucky enough to be in a country where there is an umbrella group that represents all industries. But that doesn't happen very much.

○ **Hirooka:**

Let me ask Professor Lebruto now going the opposite way; from the perspective of the private sector or academia, what do you hope for in building statistics and how do you want to cooperate?

○ **Lebruto:**

It's a little bit different in our situation because we don't have government agencies producing data for us. So, the private sector has had to look to other means to get the information that they need who feel very fortunate that the private sector has realized that they need this information to manage their businesses and now they've embraced the university systems and we've developed partnerships where the research can be funded either through the hotelier association, the # associations, individual companies and properties that are looking for these data. Hospitality and tourism education never existed 75 years ago at the collegiate level and it has taken a long time to become accepted as a peer discipline at universities and I'm pleased to announce that it is today. With that, comes all the expectations of a university, university faculty and we're able to produce quality research that can be reviewed and meet all the requirements and the standards established by other disciplines and at the same time be useful to the university as well as to the industry. What we've learned in our academic programs at the tourism level and hospitality education is that we've been able to successfully move away from training vocational people and instead training the leaders and the managers for tomorrow and

let the industry train the hourly employees and we think that model is working pretty well and that's been part of our success and part of the reason that we've reached this new level of acceptance and are able to produce quality research. Now certainly, another solution and suddenly something that would be good is if we had TSA data at the country or at the state level and that would add another layer of comparability to us. We've also found that there are private accounting firms and other research firms that specialize in tourism and hospitality that have picked up on this void that has been out there without support of a government and to which industry subscribes to their newsletters and alike and pay the fees associated with it. But slowly, we at the university chip away at that and they're coming to us now for these same types of data and same types of reports, which would be done cheaper for them, more customized, and we think, at a high rate of quality. Thank you.

○ **Hirooka:**

We have heard comments on both what the private sector and government hope for and the roles they should play, but let me ask Professor Morinaga what sort of benefit will each individual actually gain from tourism statistics. Talking about individuals is kind of small, therefore would you please give us your opinion as to what sort of merits local governments on the municipal and prefectural level will enjoy and what sort of merits should there be?

○ **Morinaga:**

If that data can be successfully compiled,

it would give the specific area a big clue as to how they could activate the town or tourism industry. Take Kurokawa Hot Spring in Kumamoto Prefecture as an example. People from all over Japan go there. But, Amagase Hot Spring in nearby Oita is very similar in terms of location, hot spring resources and natural environment, yet the town is deserted and less than a third of the guest rooms have been filled for the longest time. Until recently, Kurokawa Hot Spring was like that, too. If they had solid data on how these two governments differ, if they had data on day visitors or overnight guests or how the number of visitors changes when epoch-making events are staged, they could scientifically analyze what might draw people to tourist spots and that would be a big help in improving management.

I have been to many places, but I could not persuade anyone what specifically was bad. For example, if a 70-year old owner of an inn was told by his young son to “make these or those changes” , the owner would say, “You borrow money from the bank, invest it and no one will come, then we'll lose our home as collateral, right? As long as we do as in the past, though you can't expect an increase, we won't die of hunger.” But, if we can compare governments and provide him with solid data that compares the same criteria over time, we can convince him that he is wrong. Without numbers, we cannot gain his understanding. Therefore, I think how to provide highly reliable data that can be useful to business is a major issue.

○ **Hirooka:**

We heard both Mr. Fleetwood and Prof.

Morinaga say shortly ago that it would become necessary for multiple organizations and governmental offices to work together in building statistics. We are at the end, but I want to ask Mr. Nishisaka to comment on what the roles of the national government are.

○ **Nishisaka:**

As Professor Morinaga said, in building statistics, the statistics must be recognized as reliable and people from government and industry must use them as reliable information. I see it as the role of the country to build tourism statistics as the basis for promoting tourism policy in the future. To do that, it is imperative to comply with what the UNWTO is promoting as best possible and, as it was mentioned earlier, it is necessary to standardize the statistical studies that governments conduct to enable comparisons and so that each government and business can objectively look at itself in the numbers. That, I believe, is the role of our country.

Moreover, without the cooperation of the persons from government and related industries here today in various ways, solid data cannot be obtained, therefore it is necessary that not only concerned persons but also we in government aggressively explain how important tourism will be to Japan from here out. On that point, statistical preparations will need to be budgeted, which will require the understanding of statistics by financing authorities. As a country, I would like us to establish a tourism agency to promote tourism, therefore the preparation of tourism statistics that lies at that foundation is very important.

○ **Hirooka:**

Thank you very much. Hopefully the next time, we can invite countries where tourism is growing that were not here this time, especially countries from Asia, and approach this symposium from different angles. Thank you for giving us so much of your time.

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