

CACCI

Tourism Newsletter

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Message from the ACT Chairperson

As Chairman of the Asian Tourism Council, I am pleased to present the 8th Volume of the Newsletter of Asian Tourism Council (ACT) to all our colleagues in the tourism sector.

This issue not only highlights the trends in the Asia-Pacific region, but also includes the latest news and interesting reports on tourism from the region. I hope that you will find the articles included in this Newsletter of great value, and look forward to your contribution to the Newsletter in the future. Interested parties may visit the CACCI website (www.cacci.org.tw) for previous volumes.

I hope that you will find the content of this issue interesting and informative, and that future issues will continue to serve as an effective platform for an exchange of ideas and information not only among ACT members but also among the industry players in the Asia-Pacific region as a whole. We therefore encourage you to use the Asian Council on Tourism as an additional vehicle for networking and collaboration with other CACCI members.

My best wishes

Anura Samarawickrema Lokuhetty
Chairperson, ACT

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Southeast Asia Continues Its Impressive Tourism Arrivals Growth

The following article is reprint of a press release issued by the Pacific Asia Travel Association (PATA) in its website (www.pata.org).

International arrivals into Asia/Pacific¹ destinations grew by a collective 7% year-on-year during the first two months of 2012, according to preliminary data released by the Pacific Asia Travel Association (PATA) today. At this point Southeast Asia is the fastest growing destination, followed by South Asia, however, both sub-regions generated somewhat slower growth than last year while North America and Northeast Asia saw an encouraging recovery after relatively sluggish growth in 2011.

North America gained positive momentum reporting 6% year-to-date growth – an outstanding performance compared to the 2% year-on-year increase in the corresponding period last year. Both Canada and the US showed healthy results of 9% for the month of February 2012. Growth for Mexico was relatively slow with a 2% decline followed by a 3% increase for the first two months of 2012.

Northeast Asia has seen an upward growth trend since the last quarter of 2011, posting an aggregate 6% increase for the first two months of this year. Intra-regional flow between each of China and the SARS of Hong Kong and Macau was the main contributor to this volume gain for the sub-region. Korea (ROK) has reported remarkable gains of almost 29% and 22% for the months of January and February respectively, inching closer and closer to the one million visitors mark per month for the first time.

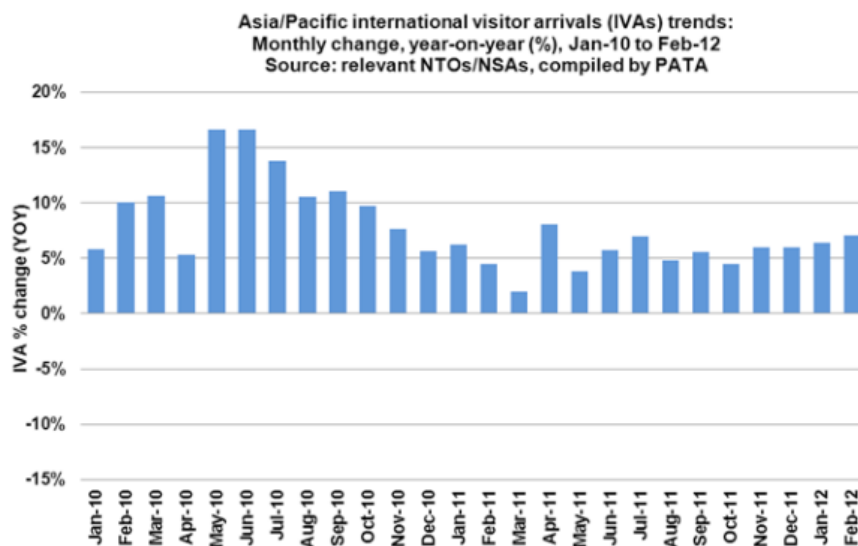
Growth in international arrivals into South Asia was up by almost 10% after the first two months of the year; January saw a robust 12% increase year-on-year, but this was followed with a somewhat slower 7% increase in February. The political situation in the Maldives has had a negative impact on its tourism industry. In February, among a total of four reporting destinations from the sub-region, only the Maldives recorded a decline (-5%) – the first negative result since September 2009. Sri Lanka (+27%) and

Nepal (+14%) maintained their strong pace of expansion, leading the sub-region in term of growth while in terms of volume gain, India remains the top destination with an additional 40,000 international arrivals added during the January-February period of 2012, relative to the same period last year.

Southeast Asia reported growth of 14% and 11% in January and February 2012 respectively. Cambodia, Myanmar, the Philippines, Singapore and Vietnam all showed a healthy expansion in foreign arrivals for both months while Thailand registered somewhat slower growth of 8% and 2% for the respective months. Overall the sub-region registered a 13% increase in foreign arrivals for the first two months of 2012.

Foreign arrivals to the Pacific increased by 4% for the first two months of the year; growth was robust at 6% in January, but much lower at 2% in February. Australia saw an increase of 2% while New Zealand saw a decline (-2%), while travel demand to most reporting Pacific Islands has held up well.

Martin Craigs, PATA CEO, said: “Even under the current constraints of the global economy, Asia Pacific continues to produce strong performances in international travel flows. This result, after just two months, has generated more than three million additional foreign arrivals into Asia Pacific destinations and puts the region on track to reach our forecast of 450 million arrivals for calendar year 2012.”



¹Asia/Pacific is defined as including the following sub-regions for the purposes of press releases:

- * North America = Canada, Mexico and the US
- * Northeast Asia = China, Chinese Taipei, Hong Kong SAR, Japan, Korea (ROK), Macau SAR and Mongolia
- * Southeast Asia = Cambodia, Indonesia, Lao PDR, Malaysia, Myanmar, Philippines, Singapore, Thailand and Vietnam
- * South Asia = Bhutan, India, Maldives, Nepal, Pakistan and Sri Lanka
- * The Pacific = Australia, Cook Islands, Fiji, Guam, Hawaii, Kiribati, Marshall Islands, New Caledonia, New Zealand, Niue, Northern Marianas, Palau, Papua New Guinea, Samoa, Tahiti, Tonga, Tuvalu and Vanuatu

Results are preliminary; estimates are used for missing data. All comparative figures are year-on-year unless otherwise stated.

For more market trends and insights, please visit <http://mpower.pata.org/>

Issued by: PATA Communications, Bangkok, Thailand.

More Travelers From Chinese Mainland Going Overseas

By Xin Dingding, China Daily/Asia News Network

The Chinese mainland is on its way to becoming the largest source of cross-border tourists in the world, according to a report released by the national tourism authority on Wednesday.

Experts urged overseas destinations to not solely work to take Chinese tourists' money but also to furnish more convenient and comfortable conditions to win over Chinese tourists' hearts.

The Annual Report of China Outbound Tourism Development 2012, released by the National Tourism Administration and China Tourism Academy, said mainland tourists made 70 million trips to foreign countries, as well as to Hong Kong, Macao and Taiwan last year, up 22 percent from 2010.

Jiang Yiyi, director of China Tourism Academy's International Tourism Development Institute and one of the main compilers of the report, said that was 1.2 times the number of U.S. citizens going to foreign countries in 2011 and 3.5 times the number of Japanese citizens going abroad.

Of the 4.4 percent increase seen in cross-border tourism last year, Chinese tourists contributed 30 percent of that. That came even as the tourism industry coped with the effects of the European debt crisis, the nuclear disaster in Japan and unrest in the Middle East and North Africa, she said.

"In the near future, the world's largest source market of international trips will take shape in China," she said.

The report estimates that mainland tourists will make 78 million trips to overseas destinations this year, up 12 percent from 2011.

They are expected to spend US\$80 billion overseas this year, up from an estimated US\$69 billion last year.

The greatest part of mainland tourists' expenditures are expected to go toward shopping, accounting for 32 percent of the total. Following that is

transport, taking up 21 percent of the total, the report said.

"Domestic inflation and the appreciation of the yuan against the U.S. dollar have worked together to strengthen the yuan's purchasing power abroad," she said. "That has bolstered people's willingness to travel."

The academy's studies found that the number of overseas trips made by mainland tourists will increase by 4.36 percent if the yuan appreciates by 1 percent against the U.S. dollar. During last year's National Day holiday, which came in the first week of October, mainland tourists' spending on luxury goods overseas was equal to the total revenue from domestic sales of luxury goods over the course of three months, according to the report.

Dai Bin, head of the tourism academy, said a survey by the academy found that mainland tourists expressed less satisfaction than expected with some popular shopping destinations such as Hong Kong and France.

"Tourists are more satisfied with Spain, Malaysia, Russia and Germany, which have done a lot to improve tourist attractions and services," he said. The academy has yet to release its survey results.

"Destinations should bear in mind that Chinese tourists care about more than just getting loads of goods from abroad. They want good travel experiences, too," he said, calling on overseas destinations to improve the services they offer to Chinese tourists.

Li Meng, deputy director of the outbound tourism department of China International Travel Service, said nearby destinations such as Japan and South Korea have started to do more for Chinese tourists. Some, for instance, have put up signs written in Chinese.

Countries including the United States and Australia have meanwhile taken steps to simplify the procedures mainland tourists must go through to obtain visas. But obstacles still remain

in the application process of some other countries, he said.

Travel services are calling on European countries to simplify their visa procedures for Chinese citizens.

"A visa to go to Europe is now the most difficult (visa to get) for Chinese tourists," said Zeng Song, chairman of Hua Yuan International Travel. Each year the company sends about 600 tourists to Europe.

"European countries' requirement that hukou (permanent household registration) documents be presented when someone applies for a visa has caused big troubles for both tourists and travel services," he said.

"China has changed in the past three decades. It's a mobile society now, and the use of hukou has changed a lot."

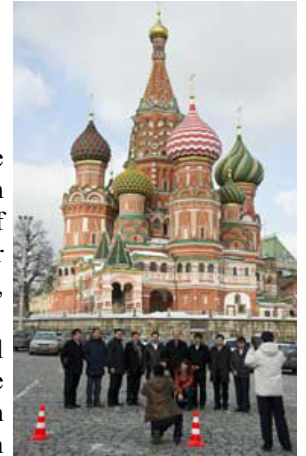
He called on European countries to adjust their visa policies in accordance with current conditions.

Chen Ruiping, a retired worker from Jiangsu province, said her travel plans will depend in part on how easy it is to obtain visas from certain countries.

"My family had wanted to visit Japan, but my daughter's passport was issued in Beijing and ours were issued in Jiangsu," she said. "According to Japan's current visa policy, we have to apply for visas in Beijing and Shanghai, which is really troublesome." She said her family has decided to visit Thailand this year.

Dai Bin said countries and regions could also improve the services they offer by providing more TV programs in Chinese and more tour guides who speak Mandarin. They could also do more to protect Chinese tourists' safety and property.

Source: China Daily News, April 16, 2012. ❀



Medical Tourists Flock to Singapore

By Poon Chian Hui, The Straits Times/Asia News Network

Travelers from across Asia are making a beeline for Singapore — not to holiday here, but to seek medical treatment.

Health-care providers say they are handling more patients from India and China, on top of traditional sources such as Indonesia and Malaysia.

Two years ago, Russia and the Middle East were identified as growing markets. Now, patients from less developed nations such as Cambodia and Mongolia are turning up on the republic's shores in greater numbers as well, according to health care providers.

This trend is in line with one identified by the Singapore Tourism Board in 2010, where Asia was expected to be a key player in driving the industry's growth as it recovered from the global recession. Even back then, there were signs that more patients from India and other parts of South Asia would head here, said the agency.

Among them was Indian national Timir Patel, 48. Two years ago, with both his kidneys failing, the jeweler took a leap of faith and came here for a transplant.

"For me, it was a fresh experience because I had never traveled for

medical reasons," said the Mumbai native, who had his surgery at Mount Elizabeth Hospital. His 29-year-old cousin was the donor.

"The approach to medicine here is very modern. In India, there is, for example, a tendency to over-medicate."

Many of his countrymen are also making their way here. Parkway saw a 38-percent spike in patients from India last year compared with 2010.

Treatment for blood disorders, and kidney and liver transplants rank among the top three areas where patients seek help.

Last year, Parkway carried out about 20 such transplants on patients from India.

"Privacy and Singapore's reputation as a safe country are among the reasons Bollywood stars and wealthy businessmen choose to fly to Singapore for treatment," said Dr. Lim Suet Wun, executive vice president of Parkway's Singapore operations.

"They can relax and recover in peace, away from public attention."

He added that Parkway had seen strong growth in medical travelers from Vietnam and Myanmar as well in the past three years or so.

Meanwhile, Raffles Hospital — the other major private hospital in Singapore — received more foreign patients last year, especially from Cambodia, Myanmar, Vietnam and even Papua New Guinea.

The number from each of these countries grew 20 to 50 per cent last year compared with 2010. Most sought costly treatments for ailments such as cancer and heart disease.

Over at the Singapore Medical Group, which has 19 clinics, patients from China and India are a fast-growing group.

Chief Executive Cheryl Baumann said medical tourists formed 25 percent of its patient base. A substantial number of Indian nationals make use of the group's obstetrics and gynecology expertise — for example, the women sometimes fly here to give birth.

All in all, the group has served people from more than 50 countries in the past three years. Baumann said the trend was not as obvious before.

Commenting on the growth in the number of patients from China and India, she said: "People in these markets have more spending power now, and they also love to travel. In addition, many feel more comfortable with the language, culture and food here, which are similar to their own."

Source: The Straits Times, April 10, 2012 ✿

Tourist arrivals in the Philippines' top tourist destination Boracay Island could hit the one million mark this year, well ahead of the 2013 target, according to the Department of Tourism (DOT).

Tourist arrivals from January to November last year reached 813,708, 14.56-percent higher than the 713,738 arrivals recorded over the same period in 2010, DOT data showed.

December is among the peak months on the island and the 2011 total could reach more than 900,000 arrivals. Revenues from tourism in Boracay were also expected to surpass 14 billion pesos (US\$318 million) as earnings from January to October already reached 13.775 billion pesos

Boracay Could See 1 Million Tourists This Year

By Nestor P. Burgos Jr., Philippine Daily Inquirer/Asia News Network

(US\$313.5 million).

Helen Camarista, officer in charge of the DOT in Western Visayas, said Boracay has become more attractive to tourists because the island now offers more leisure activities and experiences aside from its famous white beaches and crystal clear waters.

Party-themed

Camarista said the island continues to be a party-themed destination but at the same time a family oriented island-resort. Tourist arrivals have been boosted by direct international flights between key cities in China and South Korea and the capital town of Kalibo in

Aklan. More domestic flights have also been added going to Caticlan, the jump-off point to the 1,032-hectare island.

Domestic tourists continue to compose the bulk of tourist arrivals reaching 437,003 from January to November last year. The number of foreign tourists reached 319,425 while overseas-based Filipinos accounted for 61,280 arrivals.

Among foreign arrivals, East Asians continued to dominate with the most visitors coming from Korea (98,635), followed by Taiwan (69,030) and China (58,800).

Source: Philippine Daily Inquirer, Jan. 4, 2012 ✿

Deregulation to Boost Taiwan's Cruise Industry

TAIPEI--Taiwan can become a new star in the cruise tourism market once the restrictions on foreign ships traveling across the Taiwan Strait are eased later this year, an operator said recently.

The removal of such restrictions will allow cruise operators to obtain permission for several trips with each application, which will encourage more ships to stop in Taiwan, said Royal Caribbean Cruises, a major cruise ship company based in the U.S.

The company said Taiwan's strategic location in maritime transportation lanes in Asia makes it possible for Keelung Port in the north of the island to become a major cruise ship hub like Hong Kong, Singapore and Tianjin.

Royal Caribbean plans to put a 140,000-ton cruise ship into service on its Asia routes in May, introducing the biggest cruise liner operating in the region.

Starting in August, the massive ship will sail routes between Keelung and Shanghai, as well as to destinations in Japan and South Korea, Royal Caribbean said.

Taiwan and China have agreed to allow foreign cruise ships to operate between the two sides of the Strait without having to apply for permission before each trip, according to the Ministry of Transportation and Communications (MOTC).

The agreement, negotiated by shipping associations of Taiwan and China in late 2011, is expected to be officially signed during bilateral talks in China in the first half of this year, the MOTC said Sunday.

Because very few cruise ships are registered in China or Taiwan, cruise operators have not benefited from a 2008 cross-strait pact that allows direct services across the Strait by ships registered on either side.

As a result, cruise operators have had to obtain approval before each trip between Taiwan and China.

Keelung Port, which handles the heaviest cruise ship traffic among all ports in Taiwan, recorded over 461,000 visits by cruise ship passengers in 2011, a 2.6-percent increase from the previous year.

Source: Central News Agency, April 9, 2012



'Miracle Thailand Year 2012' Campaign to Cost US\$200M

By Watchiranont Thongtep, The Nation/Asia News Network



The Thai government has earmarked 6.34 billion baht (US\$200 million) for the "Miracle Thailand Year 2012" campaign set to start in March, the Tourism and Sports Ministry says.

A source at the Tourism Ministry said it would fund the budget along with the Agriculture and Culture ministries and the Prime Minister's Office. The Tourism Ministry's share is 5.4 billion baht, including 4.8 billion baht from the Tourism Authority of Thailand (TAT).

TAT, the Thailand Convention and Exhibition Bureau and tourism associations will work together on the details of the campaign.

Tourism Minister Chumpol Silapa-archa said yesterday that the campaign would develop key cultural events such as the Songkran festival, Thailand Grand Sales, the Candle Festival and Loy Krathong as world-class events. For example, the length of such events could be extended from a week to month, as well as expanding single areas to tourism clusters.

Meanwhile relevant ministries will join forces to organize new events to stimulate spending by local and foreign visitors. The Tourism and Agriculture ministries plan to make Ratchadamnoen Nok Avenue a walking

street to sell One Tambon One Product items and feature artistic performances. TAT will also be responsible for creating events related to highlighted products in each district in key tourist destinations.

However, not everyone in the tourism business is enthusiastic about the scheme in and of itself.

Sisdhivachr Chevarattanaporn, president of the Association of Thai Travel Agents, called for a long-term plan from the government to ensure the sustainability of Thai tourism and the travel industry.

"Creating world events luring tourist arrivals is not enough for long-term business. Promotion plans for strengthening local tourism enterprises and incentive plans for overseas investors should be among the first priorities," Sisdhivachr said.

Source: The Nation, January 30, 2012



Australian Tourism to Target Second-Tier Cities in Mainland China

Australia recently said it plans to tap into China's fast-growing second tier cities to boost tourism revenue after research found Chinese travelers increasingly favor Down Under as a destination.

China, also a key trade partner, is already Australia's fastest growing and most valuable international tourism market, worth more than AU\$3.8 billion (US\$4 billion) in 2011, up 15 percent on the previous calendar year.

And tourism chiefs see huge potential to build on the 558,600 Chinese who visited Australia in the 12 months to Jan. 31, 2012.

Currently their focus is the big three centers of Beijing, Shanghai and Guangzhou, but growing middle and upper classes outside these places sparked research into the tourism

behavior of consumers living in secondary cities.

It found the place many people wanted to visit was Australia.

"We plan to use these findings to help prioritize our marketing activities in China," Tourism Australia managing director Andrew McEvoy said.

"Tourism Australia will make a further record investment in marketing resources in China in 2012, for the market is unprecedented in terms of its high growth and high value."

The research covered Chongqing, Chengdu, Hangzhou, Nanjing, Qingdao, Shenyang, Shenzhen, Tianjin, Wuhan and --iamen — many of which boost bigger populations than global cities such as New York.

McEvoy said long-term success in a highly competitive China depended

on a greater understanding of the many millions of customers who live outside of Beijing, Shanghai and Guangzhou, and what drives their travel decisions.

"That's where the real China growth opportunities lie," he said.

The findings showed Australia was seen as an aspirational, highly regarded destination among many of the more wealthy Chinese.

Respondents indicated a strong desire to see the country's most famous attractions, with the Sydney Opera House, the Great Barrier Reef, kangaroos and koalas all high on the list.

Conducted in late 2011, the findings were based on a targeted sample of almost 2,800 Chinese leisure travelers aged between 30 and 49 years of age with an above average annual household income of more than US\$25,000.

Source: Agence France Press, March 13, 2012



Vietnam is forecast to grow in popularity as a destination for British tourists this year, according to the Holiday Money Report 2011, recently issued by the Post Office, the UK's largest foreign currency provider.

"Movie stars and backpackers have long-since discovered its beaches but 2011 was the year when Vietnam finally seems to have made it onto the world stage," states the report. The document reviews UK travel trends from previous years and identifies holiday hotspots for 2012 based on exchange rates, trends and resort costs.

After 106-percent growth year-on-year in sales of the dong between August-November of 2011, Vietnam, together with Argentina, is tied for the top position on the Post Office's first list of emerging holiday destinations.

With the December launch of the first nonstop service from London to Hanoi and Ho Chi Minh City, the floodgates are "likely to open as a crop of new beach hotels compete head to head with Thailand on price," according to the report.

Vietnam Expects to Welcome More British Tourists in 2012

"Vietnam could finally prove to be the next big thing in long-haul tourism," the Post Office forecasts.

The Post Office's worldwide holiday cost barometer, which compares costs for holiday travel packages, puts Vietnam as the 10th cheapest of the 40 destinations surveyed.

Thailand is still the cheapest South East Asian country surveyed, but Vietnam has emerged as a good value with just 50.71 pounds (US\$80) for eight tourist items, including dinner for two with wine, in resort areas. Sri Lanka was the cheapest place and Australia the most expensive of all for British travelers.

Vietnam is a little more expensive, 9 percent more than Thailand, but still it's a better place than other regional countries, including Malaysia, Indonesia and Singapore.

Some British tourists said Vietnam is even cheaper in reality, with a bottle

of local beer sold at about 10,000 dong (US\$0.47), instead of US\$2.76 as reported by the barometer.

Vietnam received more than 156,000 UK visitors in 2011, up by almost 90 percent compared to 2005, according to the Vietnam Administration of Tourism (VNAT).

Although the UK is not in Vietnam's top 10 tourism markets of 2011, which is headed by China, it has been one of major European markets.

"Everyone is going to Vietnam," said Anne Smith, a retired Briton who has planned for a trip to Vietnam herself this summer.

VNAT's Travel Department director Nguyen Quy Phuong said the country would focus on promotions in the UK, given that the direct flights and the Post Office's ratings were opportunities for a tourism boom after economic downturns.

Source: Vietnam News, February 16, 2012



Okinawa Sets Sights on Foreign Tourists

Tourism has become the backbone of Okinawa's economy.

The visitor count to the prefecture, with its subtropical climate and rich natural environment, grew nearly tenfold from 560,000 in fiscal 1972 to 5.52 million last year. This is thanks in large part to promotional campaigns run by airlines as well as the floodlights cast by television dramas trained on the island paradise.

But while on the surface it may

Okinawa, a wedding planner in Naha, arranged a wedding for a couple from Hong Kong — Wu Kuo-tung and Chen Meng-chih, both 31 — at a chapel by the emerald sea in a resort in the village of Kunigami.

The couple said they were looking for a place surrounded by nature and found the ceremony moving. Of note to the tourist industry, they brought along numerous relatives.

Bridal House Tutu Okinawa



look like tourism has been steadily expanding, Okinawa is now at a critical juncture.

Ninety-five percent of all visitors to Okinawa come from other parts of Japan. Local officials are concerned that many of these domestic visitors are going to be eyeing other destinations, such as South Korea and Hawaii, because the continuing strength of the yen against other key currencies is making overseas travel much more affordable.

Against this backdrop, prefectural officials have been stepping up efforts to draw tourists from outside Japan, mainly from Asia, and are also tapping new resources to get Japanese to keep coming back.

Wedding services are one way local officials and businesses are focusing on to lure foreign visitors.

In late April, Bridal House Tutu

says inquiries from abroad have been increasing since about 2½ years ago.

Another planner, Chiyoda Bridal House, located in Chatan, says about 80 percent of foreign wedding guests want to be photographed by the sea. It is planning to open a new building combining a chapel and a photo studio to meet this demand.

The prefectural government has meanwhile been keen on sending staff to promote Okinawa at tourism exhibitions whenever they are held abroad.

They are also hoping multiple-visit visas issued since last July for Chinese nationals visiting Okinawa on their first trip to Japan will be a booster. This new visa requires travelers to stay at least one night in Okinawa Prefecture on their first stays.

China's Hainan Airlines opened a service linking Beijing and Naha the

same time the new visa was launched.

In fiscal 2011, foreign visitors hit a record 300,000 at a time when the prefecture's overall visitor count dropped 3.1 percent from a year earlier, mainly owing to the impact of the Great East Japan Earthquake, which discouraged many people in Japan from traveling anywhere.

The prefecture is still host to the bulk of U.S. military facilities in Japan, but some assets have been returned to locals, and at least some of them have been used to attract tourists.

One such example is American Village, a shopping mall complex in Chatan with a variety of shops. Featuring music and other attractions, it serves as a magnet for young people.

One visitor, a 23-year-old nursing home worker from Yokohama, said, "I wanted to enjoy what an American atmosphere is like."

It was one of the major development projects spawned after the return of some land by the U.S. military in 1981. Residential areas have also been built around it. The town's population rose by 40 percent between 1985, when the home construction started, and 2008.

The mall was initially built for locals but is now listed in many guidebooks and draws people from outside the prefecture looking for interesting shopping facilities and restaurants.

A town official said it was an unintended consequence that produced a happy ending.

"It has come to be known as a tourist spot," the official said.

The U.S. military, once a bigger source of revenue for the prefecture, has been eclipsed by tourism.

In fiscal 2010, the prefecture earned ¥403.3 billion from tourism, up from ¥32.4 billion just after the reversion 40 years ago. Revenue generated by the military comes to a

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Exporting Culture Via 'Cool Japan'

By Kazuaki Nagata, Staff writer, Japan Times

The auto and electronics industries have served as the economy's main locomotives for decades, but now they are being eclipsed by heavier global competition, particularly from their aggressive Asian rivals.

To offset the dip in dominance, the government is turning to Japan's cultural exports, including animation, fashion and food, to promote Japan's "soft power" in a PR strategy called "Cool Japan."

Following are questions and answers about Cool Japan:

What is the strategy about?

The Ministry of Economy, Trade and Industry is in charge of Cool Japan, the goals of which are to promote the nation's creativity-based industries both at home and overseas.

These industries have about a ¥2 trillion share of the global market, which is projected to surpass ¥900 trillion in 2020. Cool Japan aims to expand that share to between ¥8 trillion and ¥11 trillion by then.

METI hopes to facilitate the global entry of some of Japan's small



and midsize companies, while luring their creative foreign counterparts here to give them a competitive edge.

It is hoped that the increased presence of Japanese cultural products will attract more international travelers and boost domestic tourism, METI said.

The trade ministry uses the term "creative industries" to describe the businesses targeted by the soft power strategy. But since there is no strict definition of them, the term can cover everything from manga, "anime" and art to food, traditional crafts, fashion, tourism and music.

METI formed the Creative

Industries Division last July to take on the job of promoting the Cool Japan strategy.

Aren't cultural mainstays like manga and anime already popular overseas?

Yes, but their global expansion has been scattershot, a disorganized approach that has not significantly cultivated merchandising opportunities.

In many cases, such creative industries are represented by small and midsize firms that often lack the wherewithal or finances to run a global operation, said Saeko Tani, chief administrator of Creative Industries Division.

For example Japanese fashion magazines for women are popular in China, but not many designers and apparel makers have entered that market despite the business potential, Tani said. Smaller firms face high hurdles in exporting their items, including high costs and the cumbersome procedures that come with running a business in China, she added.

Anime is definitely popular, too, but creators have been struggling amid a decline in sales of packaged media, such as DVDs, and the increase in free content from video-sharing sites.

Japan's anime industry saw overseas sales peak at ¥16 billion in 2006, but by 2010 sales had fallen to ¥9.2 billion.

What are the challenges facing the Cool Japan drive?

A panel at METI has been discussing ways to improve the promotion and sales of cultural exports, but they say strategic footholds are needed overseas to promote and supply such products.

Even if foreigners find Japan's cultural goods attractive, if they aren't supported by a platform in the target market the business opportunity will go

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Okinawa

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little more than ¥200 billion.

Yet Moritatsu Higa, a senior researcher at Ryugin Research Institute, affiliated with the local Bank of the Ryukyus, points out that Okinawa has some hurdles to overcome if it wants to become a world-class resort area.

The prefecture "is not fully equipped to receive visitors," he says. "It's necessary to speed up enhancements in infrastructure such as airport facilities. We lack human resources as well."

He adds that for Japanese visitors, Okinawa needs to offer activity options in winter or when it rains.

The prefecture has set a target of 10 million tourists in fiscal 2021, including 2 million foreigners.

Achieving these goals would mean a projected ¥1 trillion in tourism revenue. For fiscal 2010, the prefectural government estimates around 80 percent of all tourists were repeat visitors, with many of them individual travelers.

Source: *The Japan Times*, May 23, 2012 ❄

Exporting Culture

...Continued from page 8

down the drain, just like fashion did in China.

The panel thinks small providers should tie up with department stores or shopping malls to open stores overseas and create space for their goods.

Another problem is profit margins. While popular, anime and other cultural media turn little profit if marketed solely through TV.

“It’s crucial for anime (firms) to engage in the content-related product business or copyright business to make a profit. Otherwise, we can’t earn enough to create the next anime content,” said Hidenori Oyama, an executive at Toei Animation Co., during a panel discussion March 28.

Then there’s the government, which experts say should focus on being an intermediary to facilitate

collaboration in different fields. Japan should look to South Korea to learn how various businesses collaborate to promote Korean products, they said.

They also said the government should actively negotiate with other countries to ensure overseas markets are more receptive to Japanese competition there. For instance, the government should push for curbs on the distribution of pirated Japanese content to level the playing field.

Have there been any actual projects?

During fiscal 2011, METI sponsored 13 Cool Japan projects in eight countries — the United States, France, China, South Korea, Singapore, Brazil, Italy and India. All of the ideas were generated by private-sector players and screened to determine if they qualified for government subsidies.

One success story was a fashion

project in Singapore in which 15 popular apparel makers from Tokyo’s Harajuku district teamed up to hold sales in a 50-sq.-meter site in a shopping mall for three months, selling more than ¥20 million in goods. The project made it easier for smaller makers to go overseas by teaming up and securing a hub to sell their wares. Because of the popularity of the project, the team gained a distribution channel to sell their products in Singapore, said Tani at METI.

Also in March, the ministry hosted a gathering of companies looking to sell their products overseas and those hoping to collaborate with them.

The event drew 53 content providers and 36 product suppliers, and some have paired up and are preparing to enter the Indonesian market, METI said.

Source: *The Japan Times*, May 15, 2012 ❁

ABOUT CACCI

The Confederation of Asia-Pacific Chambers of Commerce and Industry (CACCI) is a regional grouping of apex national chambers of commerce and industry, business associations and business enterprises in Asia and the Western Pacific.



It is a non-governmental organization serving as a forum for promoting the vital role of businessmen in the region, increasing regional business interaction, and enhancing regional economic growth. Since its establishment in 1966, CACCI has grown into a network of national chambers of commerce with a total now of 29 Primary Members from 27 Asian countries. It cuts across national boundaries to link businessmen and promote economic growth throughout the Asia-Pacific region. CACCI is a non-governmental organization (NGO) granted consultative status, Roster category, under the United Nations. It is a member of the Conference on NGOs (CoNGO), an association of NGOs with UN consultative status.

About CACCI Asian Council on Tourism

CACCI held its first breakout session on Tourism during the 60th CACCI Council Meeting held on 18-19 May 2004 in Phnom Penh, Cambodia and formally organized a CACCI Asian Council on Tourism (ACT).

The current Chairman of ACT is Mr. Anura Samarawickrema Lokuhetty from Sri Lanka. He is concurrently Deputy Chairman and Chief Executive of Serene Pavilions, and President of Tourist Hotels Association of Sri Lanka, the apex body representing all hotels in Sri Lanka.

ACT is one of the PSCs under the CACCI umbrella. The PSCs have been formed with the primary aim of promoting greater business interaction among CACCI members who are in the same product or service line. There are currently twelve PSCs that are operating within the CACCI umbrella.

The PSCs meet at least once a year, usually in conjunction with the Annual CACCI Conference held in various member countries. Occasionally, officers and key members of the PSCs conduct teleconferences to discuss their activities for the year.

For more information on the PSCs, please visit the CACCI website at www.cacci.org.tw and go to the “Product and Service Councils” page.

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David Liu - Director-General

Amador R. Honrado, Jr. – Editor; Wendy Yang / Mark Ko – Contributing Editors; Julia Hsu – Assistant Editor

14/F, No. 11, Songgao Road, Taipei 11073, Taiwan

Tel: (886 2) 2725-5663/4; Fax: (886 2) 2725-5665; Email: cacci@cacci.org.tw