



CLOSE UP: Tourism

Japan's New Tourism Basic Plan: From Volume Growth to Sustainable Value

Key Takeaways

- **Shift to value-driven tourism:** Policy moves beyond visitor volume to focus on higher spending, repeat travelers, and sustainable economic impact.
- **Structural challenges shaping policy:** Overtourism, regional concentration, labor shortages, and shifting inbound demand are key risks to long-term growth.
- **Targeted reforms to sustain growth:** Emphasis on regional tourism, digital transformation, demand management, and sustainability to balance expansion with resilience.

High visitor concentration in major urban hubs highlights the growing need for demand management and more balanced tourism flows.



Overview

Japan's tourism policy has entered a new phase. Following a rapid post-pandemic rebound, the government has adopted a new Tourism Nation Promotion Basic Plan, the fifth in the series of the 5-year plans, which reframes tourism not only as a growth engine but also as a policy tool for regional revitalization, industrial productivity, and international positioning, setting policy directions for 2026-2030.

The new plan reflects a clear **shift in priorities**. While Japan continues to pursue ambitious inbound targets, policy emphasis has moved decisively **from volume expansion to value creation and sustainability**. This transition is driven by mounting structural challenges, including overtourism, regional imbalances, labor shortages, and changing global demand patterns.

Overtourism has been an increasingly unwelcome buzzword in the political discourse about tourism recently, drawing community backlash and the unwanted confluence with the so-called "foreigner problem". These dynamics risk undermining the strong positive momentum of the tourism sector. It was obvious that the new policy must reflect these concerns.

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Policy Direction: From Volume to Value

The plan maintains headline targets of **60 million inbound visitors** and **¥15 trillion in tourism spending by 2030** but introduces a more nuanced objective: maximizing economic impact per visitor. Increasing **average spend** and expanding **high-value tourism segments** are central to this approach. A notable feature is the target of **40 million repeat visitors**, signaling a strategic pivot toward travelers with deeper engagement and higher propensity to explore regional destinations.

This marks a departure from the pre-pandemic model, which relied heavily on first-time, high-volume demand concentrated in major urban centers, while the new approach also seeks to take advantage of Japan's significantly high repeater rate among inbound visitors. Two-thirds of foreign tourists are returnees, making them ideal and likely to look for travel experiences outside the so-called Golden Route, where prime destinations suffer the most from heavy tourist traffic.

Key Policy Challenges

Overtourism and Social Sustainability

The rapid recovery of inbound tourism has intensified pressure on major destinations such as Tokyo, Kyoto, and Osaka. Congestion, environmental strain, and dissatisfaction among local residents have emerged as policy risks. The most recent plan recognizes that without effective management, tourism growth could erode local support and undermine long-term sustainability.

Regional Imbalance

Tourism demand remains structurally concentrated in a limited number of urban areas. Despite overall growth, many regional destinations have yet to capture significant inbound demand.

Addressing this imbalance is critical not only for tourism policy, but also for broader regional economic revitalization.

Labor Shortages and Productivity Constraints

The tourism sector faces acute labor shortages, particularly in accommodation and transport services. Combined with capacity constraints in high-demand areas, this raises concerns about service quality and scalability. Improving productivity has therefore become a central policy objective.

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Changing Inbound Demand Structure

Post-pandemic recovery has been uneven across source markets, with a broader mix of visitors compared to the pre-COVID period. This has reinforced the need to diversify demand and reduce reliance on specific countries.

Recent developments have underscored the risks of over-reliance on specific source markets. Visitors from mainland China – traditionally a key segment – declined sharply amid political headwinds. Notably, despite a reported 45% drop in Chinese arrivals during February, typically a peak travel period due to the Lunar New Year, Japan still recorded overall growth in inbound tourism.

Environmental Pressures

Increased tourism activity places growing pressure on natural and cultural assets. Sustainability is no longer a peripheral issue, but a core component of tourism policy.

Policy Responses

Managing Demand and Mitigating Overtourism

The plan introduces a more proactive approach to demand management. This includes measures to disperse visitors geographically and temporally, as well as the use of reservation systems, congestion monitoring, and data-driven visitor management. The objective is to maintain growth while reducing pressure on high-density destinations.

Strengthening Regional Tourism Ecosystems

Regional tourism development is a central pillar of the plan. The government aims to expand tourism beyond flagship destinations by strengthening Destination Management Organizations (DMOs), improving infrastructure, and developing distinctive local tourism products. Repeat visitors are expected to play a key role in this strategy, as they are more likely to travel beyond established routes.

Expanding High-value Tourism Segments

Policy measures focus on attracting higher-spending visitors and encouraging longer stays. This includes the development of luxury tourism, experiential travel, and specialized segments such as cultural, nature-based, and gastronomic tourism. The shift toward value-based tourism is intended to increase economic returns while mitigating the negative externalities associated with mass tourism.

Advancing Tourism Digital Transformation

The digital transformation is positioned as a cross-cutting enabler. The tourism promotion plan promotes the use of data, AI, and digital platforms to improve marketing, demand forecasting, and operational efficiency.

Tourism DX is also expected to support more effective destination management and enhance the overall visitor experience. This is particularly important in regional areas, where lower levels of digitalization continue to limit visibility among non-Japanese-speaking inbound travelers. These regions are expected to play a central role in redistributing visitor flows and, in turn, alleviating congestion in heavily visited destinations such as Kyoto.

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Enhancing Sustainability Frameworks

The plan incorporates sustainability standards into tourism policy, aligning with international frameworks and encouraging environmentally responsible practices at the destination level. This reflects a broader shift toward integrating sustainability into core tourism governance.

Addressing Industry Capacity and Productivity

To respond to labor shortages and capacity constraints, the government promotes digitalization, automation, and workforce development. Improving productivity across the tourism value chain is seen as essential to sustaining growth.

Outlook

Japan’s new Tourism Basic Plan represents a recalibration rather than a retreat from growth. The government remains committed to expanding inbound tourism, but with a clearer focus on **quality, resilience, and long-term sustainability**.

The success of this approach will depend on the effective implementation of demand management tools, the ability to scale regional tourism ecosystems, and progress in digital transformation and productivity improvements.

If these measures are realized, Japan will not only strengthen its position as a leading global tourism destination but also offer a policy model in mature markets for managing tourism growth.

Regional destinations offer strong potential to redistribute demand and advance sustainable, value-driven tourism growth.



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