

This Week in Asia / Economics

JAPAN'S OSAKA WEIGHS NEW TAX ON INBOUND VISITORS IN BID TO MAKE REGION 'MORE ATTRACTIVE AND COMFORTABLE'

- Osaka currently imposes an accommodation tax and plans to set up a panel to consider the new levy, which could be introduced in 2025
- The extra funds could go towards creating new tourist information materials, repairing roads and replacing old-fashioned facilities such as squat toilets



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Boats sail along a river in Osaka, Japan during the Tenjin Festival on July 25, 2023, with fireworks lighting up the night sky. Photo: Kyodo

Another popular tourist destination in [Japan](#) is planning to introduce a new levy on foreign visitors, with the governor of Osaka prefecture vowing that the funds generated from the tax will be reinvested into the region's tourism infrastructure.

Industry insiders and analysts broadly agree that an additional small daily levy would not place too much of a burden on travellers or put others off visiting Osaka – but they emphasise that the prefecture must keep its promise to plough those funds back into the tourism sector.

Osaka Governor Hirofumi Yoshimura announced on Wednesday that he would set up a panel to consider the new levy in April and to examine the effectiveness of an existing accommodation tax.

Kyoto to ban visitors from geisha district area over 'out-of-control' incidents

The prefecture currently imposes a levy of 100 yen (68 US cents) per person per at hotels that charge between 7,000 yen and 15,000 yen per night. The levy rises to 200 yen for hotels costing between 15,000 yen and 20,000 yen a night, and up to 300 yen per night for more expensive rooms.

The existing room tax earned Osaka 1.06 billion yen in 2022 and is expected to bring in a great deal more now that more foreign tourists are returning to Japan's third-largest city after the [pandemic](#).

While no figures have been decided upon for the proposed levy hike, Yoshimura is bullish about the plan, saying in a press conference, "For us to make Osaka prefecture more comfortable and attractive by

implementing various tourism policies, why shouldn't we ask for a little more?"

The new levy is likely to be introduced shortly before Osaka hosts the [2025 World Expo](#).



■ Kyoto to ban tourists from accessing famous geisha district after surge in harassment cases

Naomi Mano, president and CEO of high-end inbound travel firm Luxurique, supports the proposal as funds are needed to upgrade tourist facilities across Japan.

“Coming to Japan as a tourist today is not very expensive at all and there are a lot of places that require either new infrastructure for tourists or an update to existing facilities,” she told This Week in Asia.

The windfall would go towards creating new tourist information materials in multiple languages, she said, as well as replacing old-fashioned infrastructure in tourist areas, such as squat toilets and other facilities that foreign visitors were not comfortable using.

“The tax is likely to be minimal, maybe a couple of hundred yen, and the vast majority of visitors will not even notice, but those additional funds can be put to good use,” she added.



Tourists visit the Osaka Castle in Japan. Photo: Xinhua

Inbound [tourism](#) to Japan has bounced back strongly this year (**any numbers so far?**) and the country is on course to surpass the record 31.88 million arrivals in 2019, the last full year of unrestricted travel before the pandemic.

According to domestic travel giant JTB, total arrivals in 2024 is expected to reach 33.1 million. Arrival figures topped 2 million for an eighth straight month in January, when 2.69 million foreign tourists visited the country.

With the number of tourists soaring, however, some locations in Japan are introducing additional levies.

The mayor of Koya, the mountain town in Wakayama prefecture famous for its historical links with the Buddhist monk Kukai, founder of the Shigon school of Buddhism, confirmed in March that the town council was considering implementing an entrance tax.

The Unesco World Heritage site received some 1.39 million domestic and foreign tourists in 2023, with numbers spiking to 30,000 a day in the peak spring and autumn seasons – and dwarfing the 2,700 permanent residents. The mayor suggested the additional funds would be spent on repairing roads, constructing new public toilets and improving access to the town’s famous temples.

In October 2023, the city government that administers Miyajima, the holy island off Hiroshima that is another World Heritage site and home to the famous “floating” Itsukushima shrine, introduced a 100 yen surcharge for all visitors.

The governor of Yamanashi prefecture, meanwhile, declared that hikers heading for the peak of [Mount Fuji](#) would each be charged 2,000 yen at the start of the climbing season this year. The measure is designed to reduce congestion on the route, one of three to the summit, and to pay for improved public toilets and shelters.



Tourists in a Japanese traditional oar boat pass under the wooden O-Torii (Grand Torii Gate) of the Itsukushima Shrine, on Miyajima island, Hiroshima Bay, western Japan, in May 2023. Photo: EPA-EFE

“There is quite a lot of evidence from [Europe](#), and especially [Italy](#), that when charges are introduced in places that are popular with tourists that the number of short-stay, ‘passing’ tourists decreases at the same time as others extend their ‘dwell time’,” said Ashley Harvey, a travel marketing analyst who has worked in Japan’s travel sector for more than 15 years.

“That has helped deter some tourists and reduce overcrowding, which is such a hot topic here in Japan at the moment, but if Japan is going to go down this route, then they also have to make sure they ... absolutely ring-fence that additional revenue and make sure that it really does go back into tourism,” he said.

“It cannot just be a cash grab for the prefecture or the city to go into a general account and be squandered on a new road that nobody wants or needs,” he said.

“There are lots of ways the money can be spent to benefit the tourism sector, but the authorities need to be transparent on where it is going,” he added. “These taxes can be a good solution if they are done properly.”