
Important relationships with Taiwan as seen in the flow patterns of foreigners visiting Japan

InfoCom Research Inc., Senior Consultant, Machida Kazuhisa

The 2020 Tokyo Olympics and Paralympics is an excellent opportunity to change the notion of “global” as a concept that only goes in one direction from Japan to other countries (outbound flow patterns) to one that goes in the opposite direction from other countries to Japan (inbound flow patterns). Recently, the question of how to interpret the flow patterns of foreigners visiting Japan for either sightseeing or business has become important in the ICT field. Due to the relatively inexpensive Japanese yen and increased Chinese labor costs, there are also flow patterns wherein attempts are being made to re-establish manufacturing locations in Japan. When considering ICT in terms of tackling with various social challenges, the perspective of these flow patterns is important.

Table 1. Rankings of foreigners visiting Japan
by country/region

Taiwan was the top-ranked country among foreigners visiting Japan in 2014

The flow patterns of foreigners visiting Japan along with the online reviews are changing by the moment; however, they generally go unnoticed by the Japanese. The number of foreigners visiting Japan in 2014, announced by the Japan National Tourism Organization (JNTO) in January 2015 (for preliminary features, refer to Table 1), reached a historical high of 13 million, which is a considerable increase from the 10 million visitors in 2013. The number of foreign visitors to Japan has been extremely high in the past years and among these the highest growth in the past year can be seen among Chinese visitors, whose numbers increased by more than 80%. Despite the outward relationship between these two countries, this substantial increase is still surprising.

In terms of absolute numbers, Taiwanese visitors were the most prevalent, with more than 2.8 million visiting Japan. Considering that the population of Taiwan is approximately 23 million, this means that approximately one out of eight Taiwanese people visited Japan last year. This proportion of visitors to the total population is much higher than that of neighboring countries such as Korea and China (incidentally, the proportion is the same in Hong Kong). As shown by Taiwan's contribution of significant relief funds to the Japanese people at the time of the Great East Japan Earthquake (the overall amount was 18.7 billion JPY, according to "The Recent Relationship Between Japan and Taiwan and the Situation in Taiwan" by the Ministry of Foreign Affairs in April 2014), there are many people in Taiwan with pro-Japanese sentiments.

Country/ region	2013	2014	Growth rate
Taiwan	2,210,821	2,829,800	28.0%
Korea	2,456,165	2,755,300	12.2%
China	1,314,437	2,409,200	83.3%
Hong Kong	745,881	925,900	24.1%
USA	799,280	891,600	11.6%
Other	686,862	823,100	19.8%
Thailand	453,642	657,600	45.0%
Australia	244,569	302,700	23.8%
Malaysia	176,521	249,500	41.3%
Singapore	189,280	227,900	20.4%
England	191,798	220,100	14.8%
Philippines	108,351	184,200	70.0%
Canada	152,766	182,900	19.7%
France	154,892	178,600	15.3%
Indonesia	136,797	158,700	16.0%
Germany	121,776	140,200	15.1%
Vietnam	84,469	124,300	47.2%
India	75,095	87,900	17.1%
Russia	60,502	64,100	5.9%
Total	10,363,904	13,413,600	29.4%

The JNTO's (Japan National Tourism Organization) analysis of Taiwanese visitors to Japan states that, "In addition to the success of efforts to promote Japanese tourism through videos and websites, increases in commercial and charter flights during peak times also helped boost tourism in Japan. As the cost of group tours increases due to the jump in prices for travel arrangements within Japan, the continual opening of flight routes by LCCs (low-cost carriers) is invigorating individual travel."



Photo 1. So-net prepaid SIM card vending machine (Naha Airport International Terminal, photographed by the author in December 2014)

The spread of free Wi-Fi aimed at foreigners as well as recent increased rollouts of prepaid SIM cards by MVNO companies, seem to be early indicators of the same transformation in flow patterns. Photos 1 and 2, taken at the Naha Airport International Terminal in December 2014, show So-net prepaid SIM card vending machines. These vending machines are already in place in other major airports.

The flight from Taipei to Naha is approximately one hour. It is important to note that new flow patterns, including tourist routes like this one that do not stop in Tokyo, are taking shape as LCCs add more flights.

It is common to find vending machines, such as this one, soon after entering the country in overseas airports, but they only began to appear in Japan around the summer of 2014. In June 2014, the

Ministry of Foreign Affairs began the “SAQ² (Sakusaku) JAPAN Project,” which aims to make ICT easier to use for foreigners. This has also contributed to the trend. By taking a deeper look at the trend toward Wi-Fi and prepaid SIM cards with reference to the flow patterns of foreign visitors to Japan (among whom the Taiwanese are the most prevalent), it should help develop “hospitality for travelers that puts ICT to the best possible use.”

Changes in flow patterns created by foreign visitors to Japan

To digress somewhat, there is a misconception that the flow patterns of foreign visitors, including the Taiwanese, who come from abroad to visit various parts of Japan, tend to only visit stereotypical sites like Kyoto and Mt. Fuji. According to *JAPAN CLASS: Only in Japan* (Toho Publishing), the most-visited site in Tokyo after Shinjuku Gyoen, the top-ranked destination among foreign travelers, is the “Robot Restaurant” in Kabukicho (Photo 2). This restaurant has a popular show that is symbolic of Japanese robot culture, but few people, including residents of Tokyo, are aware that flow patterns include visiting this location. In addition, the shopping street at Kuromon Market in Osaka, where visitors can take a stroll while enjoying snacks, is particularly popular among tourists from Asia, and one of the new “golden routes” of Japanese tourism stretches from the Nagoya area to the Shirakawa-go World Cultural Heritage Site (Gifu Prefecture). Furthermore, a hamburger shop in the city of Takayama, where visitors stop on the way to Shirakawa-go, bases its business on foreign travelers who are tired of Japanese food, and these travelers visited the shop even more than famous Michelin-starred restaurants, according to a recent popularity ranking. Judging by the comments made on well-known travel sites, such as TripAdvisor, the destinations of flow patterns are rapidly diversifying.



Photo 2. Robot Restaurant
(Photographed by a researcher at this company)

Incidentally, a series of changes in flow patterns have been occurring. For example, there was the opening of the Hokuriku Shinkansen in March and the opening of the Shuto Expressway Central Circular Route Shinagawa Line and the JR Ueno Tokyo Line in the Tokyo area. It is possible that the changes in the flow patterns of people and commodities will cause economic and social currents to meet, thus bringing significant changes. Now that ICT has penetrated all types of fields, including everything from solutions for real-life social issues to “regional revitalization” as well as hospitality for foreign visitors through tourism promotions, we should watch to see what types of changes the three new flow patterns planned for this March will bring.

Taiwan’s position

Let us now discuss the situation on the Taiwanese side as well as that in relation to ICT trends. In Taiwan, the relationship with China once characterized by conflict has dramatically changed ever since the establishment of the Ma Ying-jeou administration in May 2008. In addition, while Japan and Taiwan have no official diplomatic relations, economic and cultural relationships have grown deeper over the past few years, including the

above-mentioned increase in the number of visitors to Japan. The 2014 Taiwanese economic growth rate (announced in January) was 3.51%, which is the highest percentage over the past three years. It is possible that this is due to the top ranking of the Taiwanese among visitors to Japan. In the ICT market, as seen in the increased presence of companies, such as Hon Hai (Hon Hai Precision Ind. Co., Ltd.), which are part of the electronic manufacturing service (EMS) industry that is so important in Taiwan, ICT-related manufacturers are making a considerable effort to drive the Taiwanese economy. In the mobile field, there are trends that are unique to Taiwan, such as alliances between players spurred on by the start of 4G networks.

Among East and Southeast Asian countries, Taiwan’s per-capita gross domestic product (GDP) is the fifth highest, after Singapore, Hong Kong, Japan, and Korea. It is worth noting that, as economic growth continues and more females enter the workforce, Taiwan will eventually share social issues, such as low birth rates, with Japan and other neighboring countries.

When discussing Taiwan, it is impossible to overlook the country’s relationship with China. As mentioned earlier, ever since the Ma Ying-jeou administration took office, China and Taiwan have been enjoying a so-called honeymoon period. In June 2008, Taiwan executed its first written agreements with China in fifteen years including direct charter flights and lifting of restrictions on travel by Chinese citizens to Taiwan. Previously, it was necessary to go through either Hong Kong or Macao in order to travel between China and Taiwan. In 2010, the Economic Cooperation Framework Agreement (ECFA), effectively a free trade/economic cooperation agreement, was signed. Moreover, in June 2013, the “Cross-Strait Service Trade Agreement” was signed to open markets in the service field, mutually opening 64 areas, such as telecommunications, finance, and medicine in Taiwan, along with 80 such areas in China.

However, a backlash began last year, including demonstrations and the occupation (the Sunflower Student Movement) of the Legislative Yuan (which corresponds to parliament) by students alarmed by what they saw as an overly cozy relationship between China and Taiwan, and the agreements that have not actually taken effect. Due to Ma Ying-jeou's resignation as Chairman of the Kuomintang Party, following the incumbent party's loss in the Taiwanese regional elections at the end of November, and due to the influence of the recent student demonstrations in Hong Kong, it is necessary to watch the developments in the relationship between China and Taiwan, including negative aspects.

The ICT market in Taiwan

One of the unique policies in Taiwan thus far is the granting of permission to six companies to use WiMAX broadband by a 2007 national policy. However, since WiMAX did not spread as expected, in 2010, regulatory authorities announced that they would approve a renewal of LTE for WiMAX carriers. In 2013, competitive bidding was held for the assignment of 4G frequencies, thus resulting in six companies being selected, and three companies, including Chunghwa Telecom, starting LTE services in

May 2014. In the 4G frequency auction, in addition to the bids of the four established telecommunications carriers (Chunghwa Telecom, Taiwan Mobile, FarEasTone, and Asia Pacific Telecom), the bids by Ambit, a subsidiary of the previously mentioned major EMS (Electronic manufacturing services) company Hon Hai, and Taiwan Star, a subsidiary of the major food and distribution group Ting Hsin, were accepted as well. However, with Ambit planning a merger with Asia Pacific Telecom and Taiwan Mobile making a strategic investment in Ambit (as seen in Table 2), alliances between the carriers have been making rapid progress since the turning point of the 4G auction, with Taiwan Star announcing that it will make Vibo Telecom a 100% subsidiary (see Figure 1). Amid all this activity, the Taiwanese government prohibited Chinese-made equipment, such as that which Hon Hai intended to procure for its subsidiary Ambit, from being used in Taiwan. In addition, it is possible that TD-LTE, the main standard in China, will replace WiMAX in Taiwan, and the ICT market shows distinctly Taiwanese characteristics, for instance, Hon Hai's acquisition of a mainland Chinese MVNO trial license through a subsidiary.

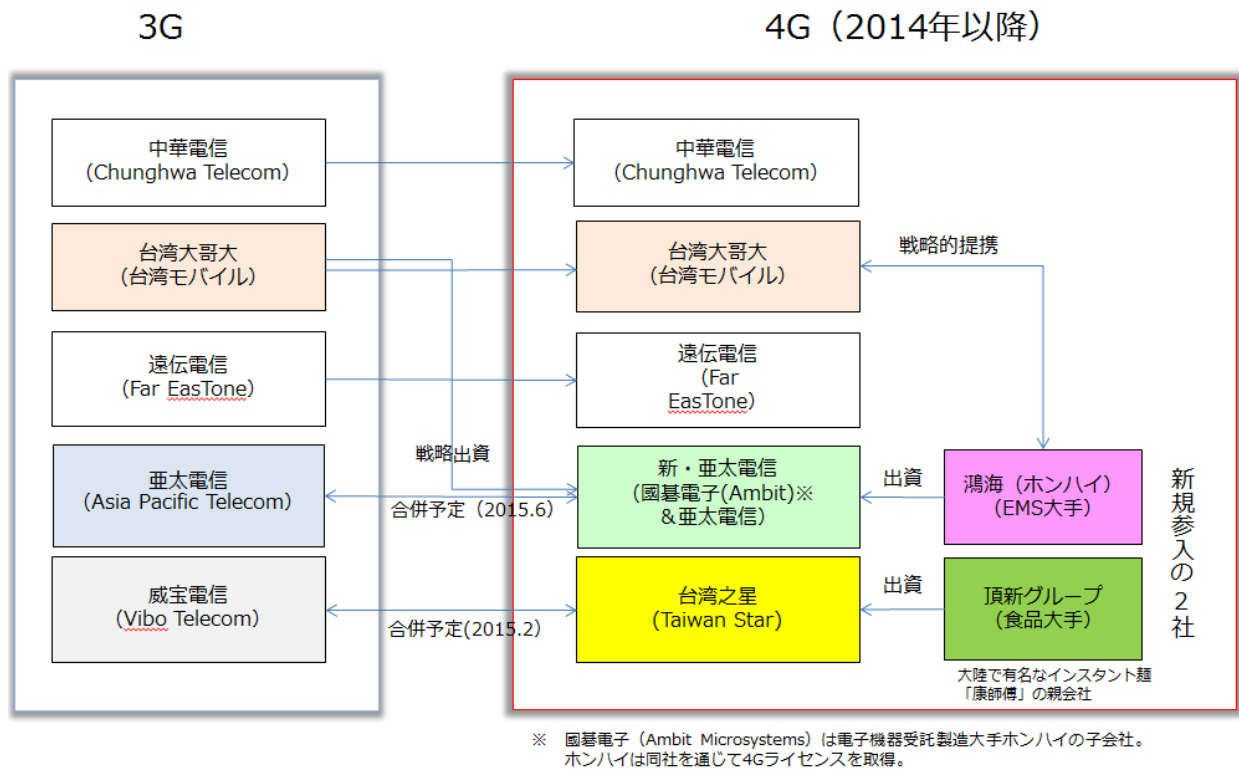


Figure 1. Alliances between Taiwanese carriers with the start of 4G networks

his/her friends.

Taiwanese “hospitality”

Let us now return to discussing the future enhancement of “hospitality” for foreigners in Japan using ICT. Taiwan is placing more effort into increasing free Wi-Fi spots than ever before. Programs include iTaiwan, provided by the Taiwanese government, and Taipei Free (see Figure 2), which is provided by the city of Taipei and includes a Japanese language site. The latter allows users to apply for registration in advance and proactively works to make tourism more convenient for overseas visitors to Taiwan. Wi-Fi spots have been established not only in high-speed train stations and airports but in many other locations as well. Moreover, the use and application of ICT in tourism is progressing in easily understood formats, with large touchscreen information terminals for tourists deployed in various locations (see Photo 3). These large terminals not only provide tourist information but can also be used to take photographs (similar to “selfies” on a smartphone), which can then be sent to the user or to



Figure 2. Top page of the Taipei Free Wi-Fi service

Focusing on Taiwan’s unique position

Finally, let us briefly discuss the opinions

regarding Japan among the younger generation in Taiwan. According to a survey conducted by JETRO (Japan External Trade Organization) in May 2014, 85% of Taiwanese stated that they felt affection for Japan, with the greatest number of those in their late 20s (95%) for males and early 30s (90%) for females. The most prevalent reasons for such affection included nature/scenery (68%), culinary culture (64%), and contemporary/pop culture (45%). Meanwhile, 35% of the respondents stated that they have visited Japan. However, if the respondents who indicated that they had not visited Japan but planned to visit in the future are added, then the resulting total is 94.7%.

These survey results support the top ranking of foreign visitors to Japan, as discussed in the introduction. In addition, we cannot overlook the fact that the degree of affection for Japan in Taiwan is higher than ever before in many respects. One Taiwanese national even described Taiwan as a blend of Japan, China, and the United States. When

considering the outbound market, which includes expansion into mainland China and Southeast Asia as well as the inbound market, which includes travel by tourists from these regions to Japan, it is important to remember that ICT occupies a unique position as a gateway and hub. This is also the case in the EMS field, and considering that Taiwan functions as a “catalyst” connecting various stakeholders (similar to the function of ICT), we should continue to be aware of the significance of this unique position in the future.

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Photo 3. Large tourist information terminal where users can take “selfies” (Taipei Station, photographed by the author in September 2014)