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Will Nationwide Travel Support Act as a Catalyst for Travel Demand?

Economic effect of 2 tril yen exceeding Go To Travel Campaign, with implementation from beginning of October until spring of next year

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Summary

- The Nationwide Travel Support, which had been postponed due to the seventh wave of COVID-19, is expected to begin this autumn. Based on data released by the Japan Tourism Agency in June, Nationwide Travel Support will be designed with consideration given to strengthening support for local tourism and controlling the risk of spread of COVID-19. In addition, the discount rate for travel fees is uniformly 40%, exceeding the 35% rate for the Go To Travel Campaign (hereinafter referred to as Go To Travel), which is likely to stimulate demand for travel outside local prefectures at low prices.
- If Nationwide Travel Support is provided from the beginning of October until the end of March 2023, the additional demand is estimated to be around 2.0 tril yen (direct effect: around 1.5 tril yen, ripple effect: around 0.4 tril yen). If implemented as planned, it is expected to have an economic effect in excess of Go To Travel. After the implementation of Nationwide Travel Support, issues will be whether accommodation businesses can respond to the increasing demand, and how to respond to last-minute demand before the program ends, and reactionary decline expected after it ends.

Attention

This report is a summary translation. The official document is only in Japanese.