

# Chapter 5

## GREATER EXPO DEVELOPMENT AND DX

### Section 1

#### GREATER EXPO AND THE ECONOMIC IMPACT OF PROMOTING TOURISM TO A WIDER EXTENT

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#### Introduction

This section lists examples of initiatives already underway in the Kansai region aimed at creating “profitable industries” and “profitable regions,” and presents an overview of these initiatives, and their economic impact. The section also focuses on the Osaka-Kansai Expo, which will be held in 2025. However, for the future economic growth in Kansai, it is necessary to ensure that the economic effects of the Osaka-Kansai Expo are not temporary and localized, but are sustained and spread over a wide geographical area. In consideration of this, this section discusses the key concepts of 1) a Greater Expo and 2) the promotion of region-wide sightseeing tours.

The first part of this article (Subsection 1.1) discusses the Greater Expo, which was also the subject of last year’s Economic Outlook. In particular, this year we present an updated version of the economic effects of the Greater Expo, we outline, Yao City’s “Open Factory” initiative the Hanazono Expo held in Higashi-Osaka City in 2022 as examples of Expo expansions in various regions in Kansai.

The second part of this article (Subsection 1.2) focuses on the promotion of region-wide sightseeing tours for foreign visitors in Kansai. In view of the upcoming Expo, various efforts have been made to promote tourism throughout the Kansai region. We outline several such initiatives, and we discuss their economic impact on travel demand and higher value added by inbound tourism in Kansai. We pay special attention to the tour programs created as part of “The

Exciting Kansai” initiative by the Kansai Tourism Bureau.

## 1. A “Greater Expo”: Economic Impact and Examples

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Subsection 1.1 presents an updated version of the economic impact of the Greater Expo, which was featured in last year’s white paper.

The “Greater Expo” refers to efforts to expand the concept of the Expo theme, time axis, and spatial axis, and to develop a variety of economic activities with the entire Kansai region as a virtual pavilion. The extension of the time axis includes long-term activities before and after the Expo. Spatial expansion could include the development of activities that are highly compatible with Expo, not only in the Yumeshima site where the Expo will be held, but also in the greater Kansai region (and even the entire country). Examples of Greater Expo activities include special events, such as special visits to temples and shrines, music festivals, lighting, illumination, food festivals, and other events that reflect the Expo’s concept of a “People’s Living Lab” and the SDGs. The use of MaaS (Mobility as a Service) is also being considered to facilitate transportation between regions. In addition to encouraging Expo visitors to tour the Kansai region, it is hoped that the Expo will not be a one-time event, but will become a permanent event.

Below, Subsection 3.1 (1) presents an updated version of the economic effects of the Greater Expo. Next, Subsection 3.1 (2) introduces the Open Factory in Yao City and the Hanazono Expo held in Higashi-Osaka City in November 2022 as examples of Greater Expo in practice.

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### (1) The Economic Impact of a “Greater Expo”: An Update in our Estimations

Here, we re-estimate the economic impact of the Osaka-Kansai Expo and Greater Expo using the 2015 Interregional Input-Output Table for the Kansai Region (final version), which was developed by the APIR<sup>1)</sup>. In the Greater Expo scenario, we assume an increase in repeat visitors due to the momentum created by participation in the Expo and additional participation in events held at locations other than the Yumeshima site. In the re-estimation, assumptions, such as trends of one-day trips were reexamined based on the recent developments. In addition, the daily expenditures by domestic and overseas visitors were updated based on the latest data. In addition to the case in which final demand is generated mainly by the pavilion at the Yumeshima site (hereinafter referred to as the

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1) See Inada, Irie, Shimoyama, and Nomura (2023) for details of the analysis method and results in Subsection 3.1 (1).

“baseline scenario”), we estimate the economic impact for the case in which the number of participants and related events increases in the entire Kansai region (i.e. the “Greater Expo scenario”).

### (1) Assumptions about final demand

Final demand generated by the Expo can be roughly divided into operating expenses incurred by the organizers and exhibitors, and consumption expenditures by visitors.

The project operation cost is JPY 727.5 billion, based on data released by the Association for International Expositions and the City of Osaka, which reflects the progress of Osaka-Kansai Expo related projects. The breakdown is JPY 337.4 billion for venue construction, JPY 238.6 billion for operations, JPY 30.6 billion for related infrastructure development and JPY 15.6 billion municipal expenses for hosting the Expo. These amounts are unchanged from the previous year’s estimates and are the same for both the baseline scenario and the Greater Expo scenario.

The consumption expenditure by visitors is calculated by multiplying the per capita consumption unit price by the estimated number of visitors.

In the baseline scenario case, per capita spending per day for transportation, lodging, food and beverages, shopping, and entertainment services is calculated for one-day visitors, domestic overnight visitors, and international visitors based on the Japan Tourism Agency’s “Survey of Travel and Tourism Consumption Trends” and “Survey of Foreign Visitors to Japan”. The number of visitors in the baseline scenario is assumed to be approximately 28.2 million, based on the “Basic Plan” of the Japan Association for International Expositions. Of the total 18.2 million visitors, 15.6 million are expected to come from the six prefectures in Kansai, 9.1 million from domestic areas outside Kansai, and 3.5 million from overseas. It is assumed that visitors from the two and four prefectures in Kansai will visit the Expo on a one-day trip, while those from other parts of Japan will stay overnight in the Kansai region. Visitors from overseas are assumed to stay in Kansai for three nights (four days).

The Greater Expo scenario assumes an increase in repeat visitors due to the momentum created by participation in the Expo and additional participation in events held at locations other than the Yumeshima site. In this case, two patterns are considered: one in which the number of overnight stays increases (hereinafter referred to as Greater Expo Case 1), and the other in which the number of day-trippers increases by an additional 20% relative to Greater Expo Case 1 (hereinafter referred to as Greater Expo Case 2).

In both Greater Expo Cases 1 and 2, the number of nights for domestic

guests is assumed to increase from one to two, and the number of nights for overseas guests is assumed to increase from three to five. Within the two-night increase for overseas guests, one night is assumed to be spent in Osaka and the other night is assumed to be spent either in Osaka or in another place in the same proportion as domestic guests.

Greater Expo Case 2 assumes a 20% increase in transportation, food and entertainment expenses by day-trippers on top of the increase in Greater Expo Case 1. This is based on the assumption that the efforts of each municipality in the Kansai region will lead to the pavilionization of the entire Kansai region, and that domestic day-trippers will increase by another 20% and visit areas outside of Osaka. The above assumptions about consumption expenditures by visitors are shown in Table 5-1-1. The total consumption expenditure would be JPY

**Table 5-1-1** Consumption Expenditures by Visitors

Conventional Expo		Unit: JPY 100 million		
	Domestic day visitors	Domestic over-night visitors	Overseas	
Transportation expenses	1,241	803	224	
Lodging expenses	0	1,054	681	
Food and drinks expenses	665	495	459	
Shopping expenses	941	421	505	
Entertainment services expenses	964	370	117	
Total	3,784	3,784	1,986	

Greater Expo Case1				
	Domestic day visitors	Domestic over-night visitors	Overseas	
Transportation expenses	1,241	1,204	335	
Lodging expenses	0	2,108	1,136	
Food and drinks expenses	665	743	688	
Shopping expenses	941	421	505	
Entertainment services expenses	964	555	175	
Total	3,784	5,031	2,839	

Greater Expo Case2				
	Domestic day visitors	Domestic over-night visitors	Overseas	
Transportation expenses	1,457	1,204	335	
Lodging expenses	0	2,108	1,136	
Food and drinks expenses	798	743	688	
Shopping expenses	1,129	421	505	
Entertainment services expenses	1,157	555	175	
Total	4,541	5,031	2,839	

Source: Prepared by the author

891.3 billion in the Conventional Expo (baseline scenario), JPY 1,165.4 billion in Greater Expo Case 1 (+29.0% over the baseline), and JPY 1,241.1 billion in Greater Expo Case 2 (+35.4% over the baseline).

## (2) Estimation Results and Discussion

Based on the final demand assumptions shown in (1), we calculate the induced production for the baseline scenario and the Greater Expo scenario based on the 2015 Interregional Input-Output Table for the Kansai Region (tentative version). Table 5-1-2 shows the induced production in each region, the difference between the cases, and the share of induced production by region.

Induced production in the Kansai region as a whole would be JPY 2,745.7 billion in the baseline scenario, and JPY 3,238.4 billion in Greater Expo Case 1, an increase of JPY 492.7 billion. The Greater Expo Case 2 shows an increase of JPY 621.0 billion to JPY 3,366.7 billion. The difference between Greater Expo Case 2 and Greater Expo Case 1 is at least JPY 128.3 billion.

Looking at the differences between Greater Expo Case 2 and the baseline scenario by region (Greater Expo 2 -Conventional in Table 5-1-2), the largest increase was JPY 188.2 billion in Kyoto Prefecture, followed by JPY 104.4 billion in other regions, JPY 99.7 billion in Hyogo prefecture, and JPY 50.6 billion in

Table 5-1-2 Induced production by region

Unit	Conventional Expo	Greater Expo case1	Greater Expo case2	Greater Expo1-Conventional	Greater Expo2-Conventional	Greater Expo1-Expo2	Conventional Expo share	Greater Expo case1 share	Greater Expo case2 share
	JPY 100 million	JPY 100 million	JPY 100 million	JPY 100 million	JPY 100 million	JPY 100 million	%	%	%
Fukui	78	278	359	199	280	81	0.3	0.9	1.1
Mie	359	719	865	360	506	146	1.3	2.2	2.6
Shiga	201	452	535	251	334	83	0.7	1.4	1.6
Kyoto	242	1,963	2,124	1,721	1,882	161	0.9	6.1	6.3
Osaka	20,621	20,874	21,069	254	448	194	<b>75.1</b>	<b>64.5</b>	<b>62.6</b>
Hyogo	722	1,515	1,719	793	997	204	2.6	4.7	5.1
Nara	76	165	246	88	170	81	0.3	0.5	0.7
Wakayama	192	385	436	193	244	51	0.7	1.2	1.3
Tottori	32	156	193	125	161	37	0.1	0.5	0.6
Tokushima	89	210	232	121	142	22	0.3	0.6	0.7
Other regions	4,846	5,668	5,889	822	1,044	221	17.6	17.5	17.5
Total	27,457	32,384	33,667	4,927	<b>6,210</b>	<b>1,283</b>	100.0	100.0	100.0

Source: Prepared by the author

Mie Prefecture.

The share of economic impact by region shows that the share of Osaka Prefecture decreases from 74.5% in the baseline scenario to 62.4% in Greater Expo Case 2. It can be said that the increase in the number of extra nights and day-trippers further increases the economic impact on prefectures other than Osaka in the Kansai region. A comparison of the baseline scenario and the Greater Expo scenario shows that the increase in overnight stays and day-trippers associated with the development of the Greater Expo will have a relatively higher economic impact on areas outside of Osaka Prefecture. By developing a Greater Expo with contents that are attractive to tourists, day-trip and stay-over consumption can be expected to increase in areas outside of the Expo site. In other words, the economic effects of the Expo can be expected to ripple out over a wider area and into other prefectures in the Kansai region, thereby turning the entire Kansai region into a pavilion. There have already been a number of events that aim at the development of a Greater Expo and the pavilionization of the Kansai region. The following subsection introduces some examples of such efforts.

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## (2) Examples of a Greater Expo: Open Factories in Yao City and Higashi-Osaka City

As described in Subsection 3.1 (1), the development of a Greater Expo envisions additional participation in events held at locations other than the Yumeshima site as well as the creation of pavilions throughout the Kansai region that will have an economic effect on the Greater Kansai region. This subsection introduces Yao City's "Open Factory" initiative called "*Miseruba-Yao*" and its efforts toward the Osaka-Kansai Expo, as well as the Hanazono Expo held in Higashiosaka City in 2022 as examples of the Greater Expo in practice.

### (1) What is an "Open Factory"?

According to the Kinki Bureau of Economy, Trade and Industry, Yao City's "Open Factory" is an initiative in which manufacturing companies open their production sites to the outside world and allow visitors to experience the manufacturing process. In addition, in recent years, many companies, mainly in regions with a certain level of industrial concentration, have begun to organize events together rather than independently. Such events attract many visitors from within and outside the region by showing the attractiveness of the region in an integrated manner. In the Kansai region, in particular, such open factory events are expected to serve as a means of communicating the attractiveness of Kansai in anticipation of the 2025 Osaka-Kansai Expo.

According to the Kansai Bureau of Economy, Trade and Industry (METI-Kansai), as of March 2023, 41 regionally integrated open factories have been held nationwide. Of these, 14 have been held in two in Kansai (including Fukui Prefecture), or about one-third of all open factory events. Figure 5-1-1 shows the number of open factories in the Kansai region, mainly in Osaka and Kyoto prefectures. In Osaka Prefecture, in particular, there are areas where the manufacturing industry is flourishing, such as Higashi-Osaka City and Yao City, and each municipality is taking advantage of its regional strengths.

### (2) “Miseruba-Yao” and “Osaka Health Care Pavilion” in Yao City

“Miseruba-Yao”, inaugurated in Yao City in 2018, is a typical example of the open factory described in (1) (see Figure 5-1-2). It is a consortium (joint venture) of local small and medium-sized companies, major companies, universities,

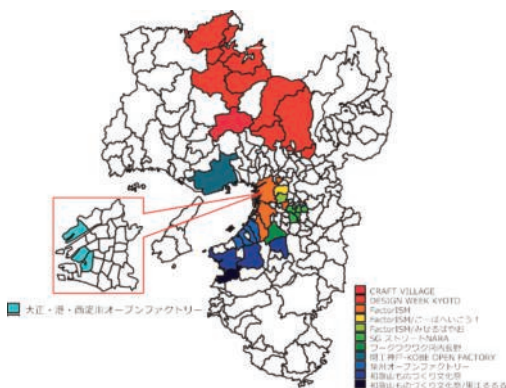


Figure 5-1-1 Open Factories in Kansai

Source: Compiled by METI Kinki from “OPEN FACTORY REPORT 1.0



Figure 5-1-2 View of “Miserubayao”

Source: Courtesy of Yao City



financial institutions, and the government, aiming at promoting co-creation among companies to bring about new innovations. Specifically, the consortium contributes to the local community through “manufacturing workshops,” communicates the attractiveness of manufacturing and the appeal of manufacturing companies, and conducts collaborative projects, product development, and events among the companies. In the five years since its establishment, more than 50 new collaborative projects and products have been created. As of the end of January 2023, there were 130 participating companies. The total number of visitors as of the end of January 2023 was about 84,000, and the goal is to attract 100,000 visitors during the period of Osaka-Kansai Expo.

Yao City will be the only municipality to have a booth at the Osaka-Kansai Expo in the “Osaka Health Care Pavilion,” where Osaka Prefecture and Osaka City will exhibit their products. In addition, the city is actively promoting Yao City to attract visitors from the Expo site in cooperation with the “*Miseruba-Yao*” mentioned above.

### (3) Hanazono Expo in Higashi-Osaka City

A similar initiative to Yao City’s “Open Factory” was the Hanazono Expo held by Higashi-Osaka City in 2022. The city held the “Hanazono Expo: Let’s experience ‘the future society full of shining lives’<sup>2)</sup>” at Hanazono Central Park on November 5 and 6, 2022 (see [Figure 5-1-3](#)). The purpose of this event was to allow visitors to experience new lifestyles and values in a post-pandemic society,



Figure 5-1-3

Hanazono Expo poster and scenes from the day

Source: Provided by Higashi-Osaka City

2) An adapted translation of the official the logo of the Osaka-Kansai Expo,



as well as digitalization through cutting-edge technology, and to publicize the significance and the potential of the Expo. Hanazono Central Park was used as the Expo site, and nearly 200 booths of companies and other organizations were lined up to display actual “flying cars,” performances by Expo producers, a corner where visitors could try using VR goggles, and a drone piloting experience. The official Expo character *Myaku-myaku* was also on display.

According to the city of Higashi-Osaka, the event attracted 70,000 visitors compared to the originally planned 20,000, resulting in a production inducement effect of JPY 420 million for Osaka Prefecture as a whole and JPY 160 million for Higashi-Osaka City. It can be said that the event succeeded in fostering momentum toward the Osaka-Kansai Expo, and in generating economic effects. Aiming to promote local small and medium-sized businesses, the city is planning to hold the same event in 2023 and 2024, before the Osaka-Kansai Expo.

## 2. Economic effects of promoting sightseeing tours

In Chapter 5, it was pointed out that a major challenge for tourism in Japan is to eliminate the phenomenon of overtourism in urban areas and to attract visitors to other regions. With the Osaka-Kansai Expo scheduled to be held in 2025, several promotions and specific tour programs are under consideration to promote wide-area tourism in the Kansai region.

Subsection 3.2 (1) introduces efforts to promote sightseeing tours in the Kansai region. Subsection 3.2 (2) presents a model case of a high value-added tour as exemplified by the Kansai Tourism Bureau, as well as the results of our analysis of its impact on the regional economy using the Kansai Interregional Input-Output Table.

### **(1) Efforts to promote sightseeing tours, wide-area expansion, and high value-added tourism in Kansai**

Below, we introduce two initiatives by various institutions working toward the development and promotion of tourism in Kansai.

#### **(1) Action Plan for the 2025 Osaka-Kansai Expo (an initiative by the International Exposition Promotion Headquarters)**

The “Action Plan for the 2025 Osaka-Kansai Expo” (Version 3, released in December 2022), published by the Expo Promotion Headquarters, outlines the policies and measures to be implemented by each ministry and agency in the lead-up to the 2025 Osaka-Kansai Expo. The first version was released in December 2021 and it has been revised every six months since then. The key

themes for tourism are “Promotion of inbound travel to Japan using the opportunities provided by the Osaka-Kansai Expo” (Versions 1 and 2) and “Promotion of the Osaka-Kansai Expo as an opportunity to attract visitors to the entire country” (Version 3). The basic idea of the project is that the Cabinet Secretariat and the Japan Tourism Agency will take the lead and work with exposition associations and DMOs (Destination Marketing/Management Organizations) to refine tourism resources, enrich contents, and promote digital technologies, which will lead to the rebranding of the region. The project also envisions the construction of high-quality, attractive sightseeing routes, the creation of model courses including wide-area tours, and the enrichment of sightseeing content.

### **(2) Kansai Tourism Action Plan for Osaka-Kansai Expo (a joint initiative by the Kinki Regional Development Bureau, Kinki District Transport Bureau, Kansai Tourism Bureau)**

Next, the “Kansai Tourism Action Plan for Osaka-Kansai Expo” (Ver. 2, revised in August 2023) by the Kinki Regional Development Bureau, the Kinki District Transport Bureau, and the Kansai Tourism Bureau, based on the “Action Plan for the 2025 Osaka-Kansai Expo” above, provides more specific details of efforts specifically for the tourism industry. For example, the plan lists the creation of new tourism contents based on changes in travel demand (improvement of attractiveness), the creation of sustainable tourism regions (regional initiatives), and the strengthening of the tourism industry (introduction of digital technologies, etc.) as initiatives to promote the recovery of tourism in the Kansai region. In order to make Kansai an internationally competitive tourist region, the Bureau aims to create a tourist region that is “good to live in and good to visit” by linking regions from the four perspectives of “theme and story,” “human resources,” “information,” and “transportation” to coordinate regional tourist resources as an “area. For inter-regional travel, the Bureau plans to use MaaS (Mobility as a Service) to promote seamless inter-regional travel by public transportation.

In preparation for the Osaka-Kansai Expo, it is stated that “the entire Kansai region will be transformed into a pavilion to encourage Expo visitors to tour the Kansai region” (Figure 5-1-4). The Bureau also states that efforts will be made to create content that takes advantage of regional characteristics and to promote high value-added tourism, which is the plan of action that we suggested in last year’s white paper.

### **(3) “The Exciting Kansai” (an initiative by the Kansai Tourism Bureau)**

The Kansai Tourism Bureau has created “The Exciting Kansai,” an initiative aiming at promoting sightseeing route for foreign visitors in the Greater Kansai



Figure 5-1-4

A representation of the pavilionization of the entire Kansai region

Source: "Kansai Tourism Action Plan for Osaka-Kansai Expo" by Kinki Regional Development Bureau, Kinki District Transport Bureau, and Kansai Tourism Bureau.

Table 5-1-3

Tourist Routes in "The Exciting Kansai"

Area Name	target prefectures
KII PENINSULA	WakayamaPref., Nara Pref., Mie Pref.
HARIMA	Hyogo Pref.
WEST LAKE BIWA & FUKUI	Shiga Pref., Fukui Pref.
FUKUI, EAST LAKE BIWA & MIE	Fukui Pref., Shiga Pref., Mie Pref.
KOBE, AWAJI ISLAND & TOKUSHIMA	Hyogo Pref., Tokushima Pref.
SAN'IN COAST	Tottori Pref., Hyogo Pref., Kyoto Pref., Fukui Pref
ISE & NARA	Nara Pref., Mie Pref.
TANABA	Kyoto Pref., Hyogo Pref

Source: Compiled by KANSAI Tourism Bureau from "The Exciting Kansai" website and materials.

region. The initiative has developed eight sightseeing routes in the Kansai region. The idea is that Kyoto, Osaka, Kobe, and Nara are core areas, from where visitors can go on tours around in the Greater Kansai region (see Table 5-1-3 for the routes). The website of "The Exciting Kansai" provides examples of model courses and experience programs for each of the eight routes based on the key concepts of touring, wide-area tourism, and high value added.

In the next paragraph, we introduce a model self-guided tour course in the

San'in Kaigan area, one of “The Exciting Kansai” tourist routes<sup>3)</sup>. The results of an analysis of the impact on the regional economy using the Kansai Interregional Input-Output Table are also presented.

## (2) Economic effects of the promotion of region-wide sightseeing tours by Kansai Tourism Bureau

We selected the San'in Kaigan area as an example, because it straddles multiple prefectures, and is therefore a concrete example of a wide-area, round-trip tour that includes overnight stays.

Table 5-1-4 shows an overview of the San'in Kaigan area tour. Using a rental car, visitors will tour the area centering on Toyooka City in Hyogo Prefecture and the Tango region along the sea in the northern part of Kyoto Prefecture. On the first day, visitors will rent a car at Kansai International Airport, explore Izushi Town in Hyogo Prefecture, visit the Toyooka Bag Factory in Toyooka City, and stay at a luxurious hotel in Kinosaki (a famous hot spring resort). On the third day, visitors will experience activities such as a sightseeing boat ride in the area near Amanohashidate before returning to Kansai International Airport. The tour is characterized by the fact that it incorporates a wide variety of tourist resources (food, local specialties, and souvenirs from each region), and by the fact that it is a value-added plan that increases tourist satisfaction through accommodation in luxurious facilities and a higher value added than conventional individual tours.

Using the Kansai Interregional Input-Output Table (tentative table), we measure the economic impact on the regional economy of increased tourism demand and higher value added by international visitors to Japan (referred to as the “high value-added scenario”), based on the assumption of the excursion tours shown in Table 5-1-4. As a comparison, we also measure the economic effects of conventional tours to Hyogo and Kyoto prefectures (hereinafter referred to as the “baseline scenario”).

Table 5-1-5 compares the per capita cost (unit cost) in the baseline scenario and the high value-added case. In the baseline scenario, the per capita costs in Hyogo and Kyoto prefectures are taken from the Japan Tourism Agency's “Survey on Trends in Foreign Visitor Consumption in Japan.” In the high value-added scenario, each unit cost was assumed based on the program shown in Table 5-1-4.

3) Self-guided tours are a form of travel that is spreading mainly among wealthy Europeans and Americans, in which travelers arrange their itinerary, transportation, and accommodations in advance, and enjoy sightseeing and staying at their own pace with a dedicated map and guidebook in hand.

Table 5-1-4

## Outline of San'in Kaigan Area Tour (part of "The Exciting Kansai")

Tour Name: Kinosaki ~ Tango Peninsula ~ Amanohashidate 3 days / 2 nights
Fee: JPY 128,000 per person
Route: Kansai International Airport → Kinosaki Hot Spring → Amanohashidate → Kansai International Airport
Day1: Kansai airport to Kinosaki Onsen Arrival at Kansai Airport and depart after renting a car. Depart for Izushi Town by self-drive. [Recommended Model Course] Izushi soba lunch and walking around Izushi castle town. Izushi Castle Town Highlights: Shinkoro Clock Tower, Eirakukan, Takumi Crafts [Recommended Options] (Izushi Area) Soba making experience and lunch (reservation required / time required about 1 hour) (Toyooka Area) Shopping at Toyooka KABAN Artisan Avenue Genbudo Cave Park & Genbudo Cave Museum Accommodation: Nishimuraya Hotel Shougetsutei or similar *dinner & breakfast is included
Day2: Breakfast at the ryokan and Check-out. Depart for self-drive tour. Kinosaki Onsen to Amanohashidate [Recommended Model Course] Kinosaki Onsen Ropeway to Matsudaisan Onsenji temple and observation deck Lunch at Wakuden MORI Arts and Crafts Restaurant Chirimen (crepe) road / Former Bito Family House [Recommended options] (Kinosaki Area) Kinosaki straw work experience (reservation required / time required about 1 hour) (Kyotango Area) Authentic crepe kimono dressing & walking experience (reservation required / time required about 4 hours) Crepe coaster making and hand-weaving experience (reservation required / time required about 1 hour) Accommodation: Amanohashidate Rikyu Hoshi no Oto or similar
Day3: Breakfast at the hotel and Check-out. Self driver tour Tango peninsula. Amanohashidate to Kansai Airport [Recommended Model Course] Walking around the Ine Funaya (boat house) area (please enjoy recommended options) Sea food lunch at "Funaya Restaurant" or "Wadatsumi" Amanohashidate (Motoise Konos Shrine / Kasamatsu Park) [Recommended options in Ine] (Ine) Ine experience with Funaya guide (reservation required / group tour about 1 hour) Ine e-bike / electric assist bicycle rental (reservation required) Sightseeing around Ine Funaya by sea taxi (reservation required / time required about 30 minutes) Ine Bay Sightseeing Boat (time required: about 30 minutes)

Source: Compiled by KANSAI Tourism Bureau from "THE EXCITING KANSAI" website.

The first difference between the baseline scenario and the high value-added case is the cost of lodging. The baseline scenario includes relatively inexpensive hotels, but the high value-added case assumes that the tourists will stay at luxurious facilities, resulting in a higher cost per person. Second, in the high value-added case, the purchase of Toyooka bags in Hyogo Prefecture and traditional crafts in Kyoto Prefecture are assumed based on the tour itinerary, and these purchases are reflected in the shopping costs. Therefore, the unit price of

the shopping cost is larger than that of the baseline scenario. Third, in the high value-added case, it is assumed that the travel expenses include car rentals and expressway charges in Osaka Prefecture.

Based on the unit costs in **Table 5-1-5**, the economic impact was calculated by multiplying 41,000 (person-nights), which is the total number of foreign overnight stays in Toyooka City in 2019, and assigning it to each industry in each region using the Kansai Interregional Input-Output Table (tentative version). The induced production, value added, and employment income for both cases are shown in **Figure 5-1-5**. The induced production amount is JPY 5.0 billion in the baseline scenario case and JPY 13.4 billion in the high value-added scenario. Meanwhile, the induced value added is JPY 2.7 billion in the baseline scenario and JPY 7.0 billion in the high value-added scenario. Finally, the induced employment income is JPY 1.3 billion in the baseline scenario and JPY 3.4 billion in the

Table 5-1-5

Comparison of Per Capita Expenditures in the baseline versus the high value-added scenario

(Unit: JPY/person)	Base Case		high value added case		
	Hyogo	Kyoto	Hyogo	Kyoto	Osaka
Lodging expenses	7,600	10,531	45,000	60,000	0
Food and drinks expenses	8,412	8,598	1,200	6,030	0
Transportation expenses	545	778	935	1,953	8,599
Entertainment services expenses	1,630	1,319	1,200	3,200	0
Shopping expenses	7,445	7,593	20,000	10,000	0
Other	4,261	4,840	1,000	3,500	0

Source: Compiled by the author based on the Japan Tourism Agency's "Survey of Foreign Visitor Spending Trends" and the Kansai Tourism Bureau' "The Exciting Kansai" program, etc.

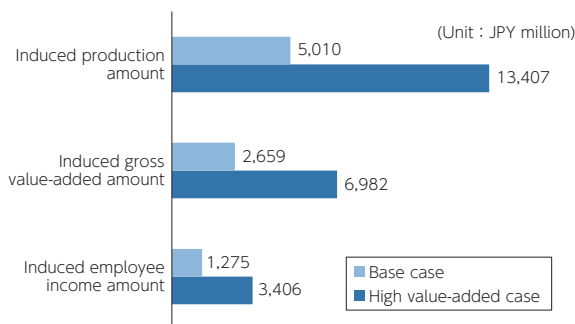


Figure 5-1-5

Comparison of the economic impact of the baseline versus the high value-added scenario

Source: Prepared by the author

high value-added scenario. In both cases, the economic effect in the high value-added scenario is about 2.5 times larger than that of the baseline scenario.

Table 5-1-6 shows the economic impact by region in terms of induced production. In both the baseline scenario and the high value-added scenario, Kyoto Prefecture accounts for about 40% of the total induced production effect, while Hyogo Prefecture accounts for about 35%. In both cases, Kyoto Prefecture receives the largest share of the induced production effect because the cost of lodging is higher in Kyoto Prefecture. In the high value-added scenario, Kyoto Prefecture's share increases while the share of the rest of the Kansai region decreases by 1.1 %pt. These results suggest that the economic ripple effects of tours that effectively utilize regional tourism resources remain within the region.

Table 5-1-7 shows the production inducement effect by region and industry. In the baseline scenario, the service industry has the largest effect, followed by the manufacturing and commerce industries. In the high value-added case, the service sector also has the largest effect, but its share of the total is slightly lower than in the baseline scenario case. Instead, the shares of the manufacturing and transportation/communication sectors increase. In the high value-added case, the induced production effect in the manufacturing sector in Hyogo Prefecture is about five times larger than in the baseline scenario, while the manufacturing sector in Kyoto Prefecture also increases by about 2.5 times.

Finally, we outline the impact of the promotion of region-wide sightseeing tours on value added in the regional economy. In Table 5-1-8 we compare the gross value added in Kyoto and Hyogo prefectures, as well as the ratio of the effect to the gross regional product (nominal GRP) of the Tango region in

Table 5-1-6 Production Inducement Effects by Region

	Base case		High value-added case		Difference between the two cases (JPY million)
	Induced production amount (JPY million)	Share by Region	Induced production amount (JPY million)	Share by Region	
Kyoto Pref.	2,011	40.1%	5,523	41.2%	3,512
Hyogo Pref.	1,734	34.6%	4,595	34.3%	2,861
Osaka Pref.	273	5.5%	768	5.7%	495
Other Kansai	152	3.0%	414	3.1%	262
Other regions	841	16.8%	2,108	15.7%	1,267
Total	5,010	100.0%	13,407	100.0%	8,397

Note: Other Kansai includes Fukui, Mie, Shiga, Nara, Wakayama, Tottori and Tokushima prefectures. The "Other Kansai" includes Fukui, Mie, Shiga, Nara, Wakayama, Tottori, and Tokushima prefectures.

Source: Prepared by the author



**Table 5-1-7** Production Inducement Effects by Region and Industry

Base case (Unit: JPY million)

Industry	Kyoto Pref.	Hyogo Pref.	Osaka Pref.	Other Kansai	Other regions	Total	Share (%)
Agriculture, forestry and fisheries	11	13	1	9	61	94	1.9%
Manufacturing	187	137	66	86	252	729	14.6%
Commerce	203	194	63	16	127	603	12.0%
Transportation and communications	142	121	52	15	149	479	9.6%
Service and others	1,228	1,077	61	13	177	2,555	51.0%
Others	240	192	30	12	74	549	11.0%
Total	2,011	1,734	273	152	841	5,010	100.0%

High value-added case (Unit: JPY million)

Industry	Kyoto Pref.	Hyogo Pref.	Osaka Pref.	Other Kansai	Other regions	Total	Share (%)
Agriculture, forestry and fisheries	15	21	1	19	128	184	1.4%
Manufacturing	462	635	176	233	589	2,095	15.6%
Commerce	365	532	159	40	312	1,407	10.5%
Transportation and communications	431	368	173	48	421	1,442	10.8%
Service and others	3,507	2,499	169	37	460	6,671	49.8%
Others	744	540	90	36	197	1,607	12.0%
Total	5,523	4,595	768	414	2,108	13,407	100.0%

difference (Unit: JPY million)

Industry	Kyoto Pref.	Hyogo Pref.	Osaka Pref.	Other Kansai	Other regions	Total
Agriculture, forestry and fisheries	4	8	1	10	67	90
Manufacturing	275	498	110	147	337	1,366
Commerce	162	338	95	24	185	804
Transportation and communications	289	248	121	33	272	963
Service and others	2,279	1,422	108	24	283	4,116
Others	503	348	60	24	123	1,058
Total	3,512	2,861	495	262	1,267	8,397

Note: Regional classification is the same as in Table 5-1-6.

Source: Prepared by the author

**Table 5-1-8** Impact on the local economy (in terms of gross value added)

(Unit: JPY million)

Tango Area Nominal GRP	300,612	Toyooka City Nominal GRP	302,512
Kyoto Prefectural Effect	1,471	Hyogo Prefectural Effect	1,783
Ratio (%)	0.49%	Ratio (%)	0.59%

Note: Nominal GRPs are based on the latest available data for 2019. The Tango region includes Miyazu City, Kyotango City, Ine Town, and Yosano Town.

Source: Prepared by the author based on "Statistical Report of Toyooka City for FY 2022" by Toyooka City and "Kyoto Prefecture's Municipal Accounts for FY 2022" by Kyoto Prefecture.

Kyoto Prefecture and Toyooka City in Hyogo Prefecture. The ratio of the effect in Kyoto Prefecture to the economy of the Tango region is 0.49%, and the ratio of the effect in Hyogo Prefecture to the economy of Toyooka City is 0.59%. The results show that changing the tour itinerary to a high value-added course generates an additional economic ripple effect in the region.

## Conclusion: Kansai's Economy Should Aim for High Value-Added Opportunities related to Expo 2025

In Section 1 we discussed the possibility for a Greater Expo and introduced examples of how to brand and add value to regions and industries in the Kansai region, or more simply put, how to create profitable industries and profitable regions.

Subsection 1.1 presented an updated version of our estimates of the economic impact of the Osaka-Kansai Expo and a potential Greater Expo, and introduced the concept of “open factories” which can be integrated into a Greater Expo, with specific examples from Yao City and Higashi-Osaka City. Subsection 1.2 outlined efforts to promote sightseeing tours in the Kansai region, introducing examples of high value-added tours in the San'in Kaigan area by the Kansai Tourist Organization, and measuring the economic impact of such tours. Our analysis indicates that the promotion of sightseeing tours and high value-added tours has an economic impact not only in the region concerned, but also more broadly throughout the Kansai region.

The Osaka-Kansai Expo is scheduled to be held in 2025, and it is necessary to work toward expanding the economic effects of the Expo throughout the entire Kansai region in a sustainable. Rather than limiting the economic effects of the Expo to specific regions or specific times, it is necessary to proactively prepare mechanisms to ensure that the effects are sustained and spread over a wider area. Even after the Expo, it is important to design events and tour programs that fully utilize the characteristics and attractions of each region and succeed in attracting tourists. We hope to see more initiatives in the Kansai region similar the ones described in Section 1 of this article, as we believe that such initiatives will lead to the rebranding of the region and generate high added value.

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