

Japan-China tensions sink tourism stocks

- A Monitor Desk Report

Date: 19 November, 2025



Dhaka: Japanese tourism and retail shares tumbled after China warned its citizens to avoid the country, in a dispute over Prime Minister Sanae Takaichi's remarks on Taiwan.

A senior Japanese official arrived in Beijing seeking to calm tensions after Takaichi suggested Tokyo could intervene militarily if the self-ruled island were attacked.

China is Japan's largest source of tourists, with nearly 7.5 million visiting in the first nine months of 2025. Attracted by a weak yen, Chinese visitors spent more than \$1 billion a month in the third quarter, representing almost 30pc of all tourist spending in Japan.

Japan was also the fourth-most popular destination for Chinese tourists last year, helping the country set records for foreign arrivals, drawn by attractions such as Mount Fuji, sushi, and geishas.

Concerns that tourism could now slow sent investors fleeing Japanese equities. Shares of cosmetics giant Shiseido dropped 9pc, department store operator Mitsukoshi fell 11.3pc, and Pan Pacific, which runs discount retailer Don Quijote, slid 5.3pc.

Japan Airlines shares were down 3.4pc, though the airline said it had not yet seen major flight cancellations to or from China.

Before taking office last month, Takaichi was a vocal critic of China's military build-up in the Asia-Pacific. On Nov. 7, she told parliament that a Taiwan crisis involving "battleships and the use of force" could pose a threat to Japan's survival. Under Japan's constitution, the country can use military force only in cases of existential threat.

Taiwan lies roughly 100 km (60 miles) from the nearest Japanese island.

Japan said it scrambled aircraft after detecting a suspected Chinese drone near Yonaguni, a southern island close to Taiwan.

Beijing, which claims Taiwan as part of its territory, has strongly condemned Takaichi's comments. Chinese diplomats in Japan have issued threats, and both countries have summoned each other's ambassadors.

Beijing has also advised Chinese citizens to avoid travel to Japan and warned the roughly 100,000 Chinese students there about safety risks.

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